

2020

CORPORATE
SUSTAINABILITY
REPORT

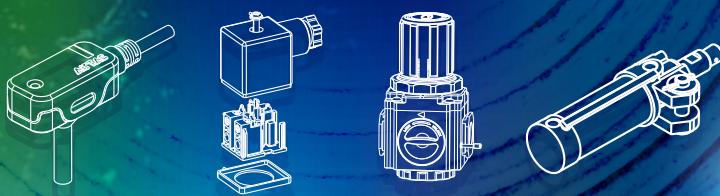


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ABOUT THE REPORT

AIRTAC INTERNATIONAL GROUP (AIRTAC) enables stakeholders to further understand AIRTAC through the disclosure of the corporate sustainability report (CSR). Since our CSR report was released in 2021 for the first time, it is our commitment to continue to compile and release a CSR report each year to respond to issues concerning stakeholders while at the same time truthfully and transparently disclosing the 3 principles of sustainable management: economy, environment, and society.

Reporting Period and Disclosure Scope The content of the report covers the period of January 1, 2020 to December 31, 2020. In addition to the financial performance provided in the form of consolidated financial statements, the rest of the statements consider the significance of the disclosure information and actual management needs, covering major sales locations, major production bases and operating headquarters. The total disclosure proportion will account for 96% of consolidated operating income in 2020 and 100% of production output value in 2020. See page 3 for the scope boundary of the report for global operations and main production bases.

| | |
|--|--|
| The reporting period of the information provided | January 1, 2020 to December 31, 2020 |
| Date of the previous Report | January, 2021 |
| Reporting period | Once a year |
| The effect and reasons for any restatement of information given in previous reports | The energy use data and greenhouse gas emissions data for 2017-2019 are incorrect, so they are re-edited in this report. See the appendix for details. |
| Significant changes in material topics and topic boundaries from the previous reporting period | The report is consist with the major themes and thematic boundaries during the previous reporting period. |
| Release date for the current version | December, 2021 |
| Release date for the next version | Next version estimated to be released in September, 2022 |

Compilation basis This Report has compiled in accordance with the Global Reporting Initiative (GRI) Standards for Sustainable Reporting as the core disclosure principle and concerning the “Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies” issued by the Taiwan Stock Exchange (TWSE) as well as the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” to disclose related CSR actions and results of AirTAC to stakeholders.

Information Disclosure The financial data disclosed in the Report is based on the International Financial Reporting Standards (IFRS) and is calculated in New Taiwan Dollars (NT\$). Numbers are presented using the general numeral description and are rounded to the nearest whole number. Other data is gained and calculated by AirTAC and presented using the general numeral description, numbers are rounded to the nearest whole number. This Report is also disclosed on AirTAC’s website.

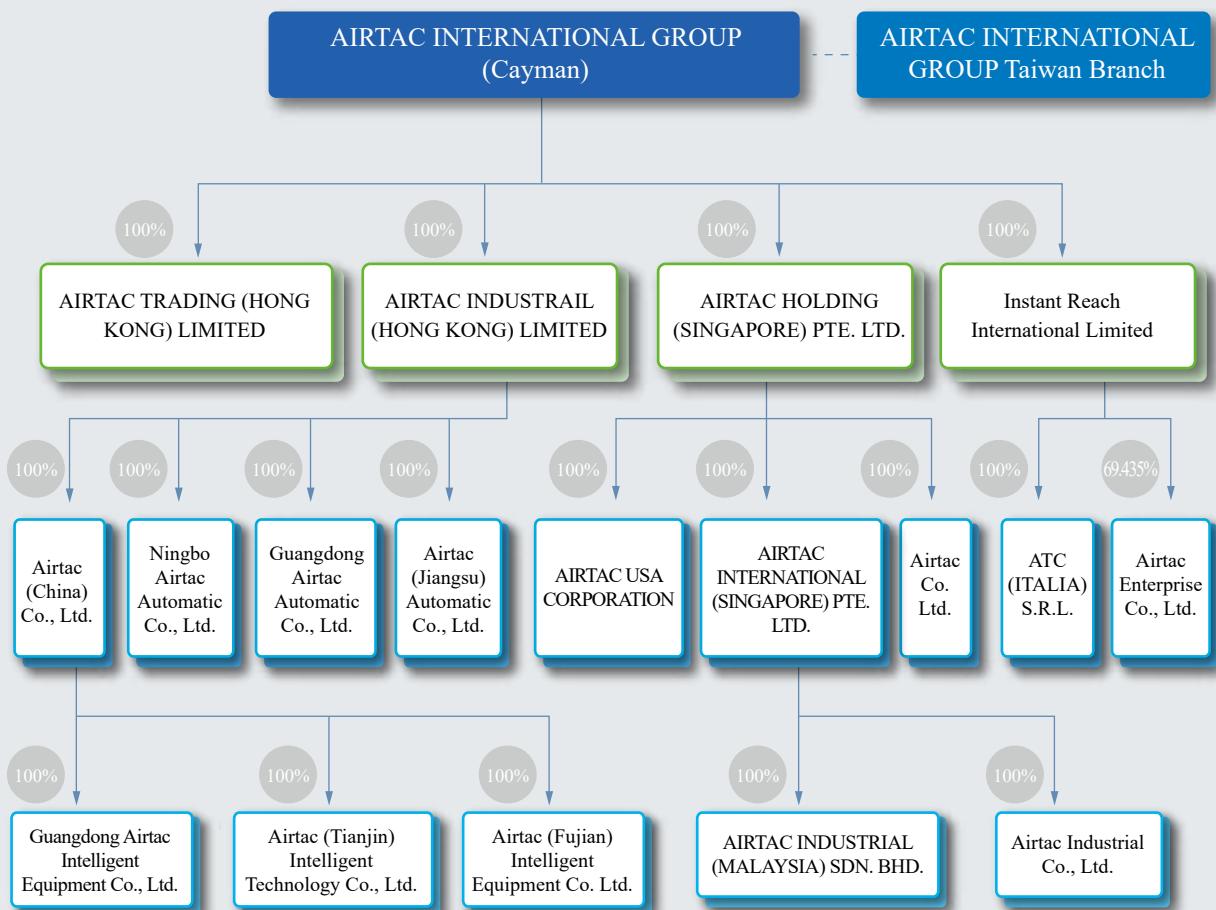
Inspection and Verification Internal inspection: Data or information disclosed is provided and compiled by various authorized departments and sent to the supervisor of each department for confirmation before being viewed and approved by the Chairman.

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SCOPE BOUNDARY OF THE REPORT

This report covers the scope and principles, considering the significance of the disclosure information and actual management needs, covering major sales locations, major production bases and operating headquarters. The total disclosure ratio will account for 96% of the combined operating income in 2020 and 100% of the production output value in 2020. The group organization chart is as follows:



The operations and main production sites mentioned in the report are listed as follows:

| Operation centers | Detail |
|---|---|
| AIRTAC INTERNATIONAL GROUP Taipei Headquarter | Consolidated and referred to as AirTAC Taiwan in the report, accounting for approximately 3% and 14% of the Group's operating revenue and output value in 2020. |
| AIRTAC INTERNATIONAL GROUP Taiwan Branch | |
| Ningbo Airtac Automatic Co., Ltd. | Consolidated and referred to as AirTAC Ningbo in the report, accounting for approximately 69% of the Group's output value in 2020. |
| Guangdong Airtac Automatic Co., Ltd. | Consolidated and referred to as AirTAC Guangdong in the report, accounting for approximately 17% of the Group's output value in 2020. |
| Airtac (China) Co., Ltd. | |
| Airtac (Jiangsu) Automatic Co., Ltd. | |
| Guangdong Airtac Intelligent Equipment Co., Ltd. | |
| Airtac (Tianjin) Intelligent Technology Co., Ltd. | Consolidated and referred to as AirTAC China in the report, accounting for approximately 93% of the Group's operating revenue in 2020. |
| Airtac (Fujian) Intelligent Equipment Co. Ltd. | |



Chairman

Wang, Shihchung

王世忠

MESSAGE FROM THE CHAIRMAN

We are in an age full of challenges, turbulence and rapid changes. Climate change has entered a state of emergency, the China-US trade deadlock continues, regional political disputes and the new crown virus epidemic have caused humanity to face an unprecedented new life style, and enterprises are facing the need for transformation. The strength is more obvious and urgent. There was an epidemic in the past year, but AirTAC has relied on spreading risks to minimize the damage. The epidemic in China has been properly controlled, and it has also helped AirTAC to quickly revive. The achievements given to us from the society are clearly told through joint efforts. We have created another historical milestone. As China moves towards smart manufacturing, automation, and green sustainability, it also develops a new stage for AirTAC's pneumatic components. In terms of the 14th Five-Year Plan adopted by China, the emphasis on expanding domestic demand, investing in new industries such as 5G and electric vehicles, and focusing on green development are all AirTAC's future niche markets. Pneumatic components are widely used, with customers in the electronics, battery, and automotive industries, which can take advantage of China's transformation and domestic demand business opportunities; and pneumatic components are powered by air, which also fits China's green and zero-carbon policy.

It is our goal to thoroughly implement the CSR concept in the operation process. We have successfully reduced greenhouse (GHG) emissions caused by the use of electricity by installing a solar power system at the AirTAC Ningbo plant in China. The plant is now partly powered by a solar power system to reduce the consumption of general electricity. Solar power reduces the use of electricity, and it is estimated to reduce entire AirTAC Ningbo plant's electricity consumption by 8% to 10%. AirTAC Taiwan has also installed an area of 13,500 square meters of solar panels, together making an effort for the environment. In addition, AirTAC Ningbo has invested approximately NT\$453 million in the construction of a surface treatment plant that meets environmental protection standards by the end of 2020. It is expected to recover 795 tons of phosphoric acid, 339.6 tons of recycled water, and reduce sludge production by 2,400 tons after completion in 2021. Reduce energy consumption by 828,000 kWh and reduce the environmental risk of soil pollution.

In recent years, severe global climate changes have caused frequent disasters, and the "sustainable development" of the symbiosis and integration of the overall environmental ecosystem has become a challenge and opportunity that global enterprises must face together. As one of the global corporate citizens, we will continue to uphold the concept of "people-oriented, symbiotic with the environment, and prosperous with the society" and strengthen our own advantages. We promise to give full play to the influence of AirTAC in industry and society, actively follow the new international vision and norms, and continue to work with all stakeholders to contribute to sustainable development. We continue to advance on the road of sustainable business operation, and provide the greatest contribution to the positive development of the overall environment, society and economy.

2020 SUSTAINABILITY PERFORMANCE

AirTAC follows the Sustainable Development Goals (SDGs) published by the UN and incorporates these goals in its sustainable business strategies as the goal and direction for future sustainable development strategy blueprints.

Environmental

Type

Focus

Key Performance

| | | | |
|--|---|--|---|
| Energy / Environmental Protection Management |    | <ul style="list-style-type: none"> Both the AirTAC Taiwan and AirTAC Ningbo plants have installed more than 90% of the LED tubes, and the AirTAC Guangdong plant has installed 60% of the LED tubes, and continue to replace traditional fluorescent tubes with LED tubes in batches to reduce energy consumption. Investment in environmental protection totaling NT\$104,240,000. The total GHG emissions were 10,319 tons of CO₂e, 68,965 tons of CO₂e, and 12,079 tons of CO₂e, respectively Air-cooled air conditioning has been installed to improve equipment efficiency, air conditioning power consumption reduced by 30% and saving 149,000 kWh According to China's 13th Five-Year Plan, the energy consumption generated by every 10,000 yuan of output value in 2020 will be reduced by 20% compared with 2015, and the interim goal has been reached. In order to manage climate-related issues, employees are encouraged to make proposals and offer bonuses for proposals, and reduce energy consumption by improving manufacturing processes and equipment efficiency. In 2020, it will also save approximately NT\$37.96 million in operating costs. 2.8 MW of solar power generation has been installed at Ningbo Plant 1 and 5.8 MW of solar power generation has been installed at Ningbo Plant 2 An inspection of the entire plant's electrical machinery was carried out which resulted in 27 low-efficient air compressors being eliminated; new permanent magnetic frequency conversion energy-saving air compressor was introduced In China, distribution approach and route optimization have been adopted, vehicles were replaced and packaging materials are optimized according to demand to reduce energy consumption while optimizing the customer experience. |  <p>6 CLEAN WATER AND SANITATION</p> |
| | | <ul style="list-style-type: none"> Water-saving project investment, saving a total amount of 74,270 M³ of water Industrial wastewater recovery rate of 76% Reaching 100% wastewater discharge rate standard Industrial wastewater recovery rate of 97% |  <p>7 AFFORDABLE AND CLEAN ENERGY</p> |
| | | <ul style="list-style-type: none"> Negative pressure ventilation systems have been installed to reduce air odors in the process All devices are equipped with appropriate treatment equipment, such as devices that release oil mist exhaust are equipped with oil mist filtration; devices that release dust exhaust are equipped with a dust collector; devices that release exhaust from the surface treatment process are equipped with an exhaust purification system Reaching 100% flue gas discharge rate standard |  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> |
| | | <ul style="list-style-type: none"> The amount of waste treated was 371 metric tons, 12,559 metric tons and 1,786 metric tons, respectively; among the waste treated, 1,297 metric tons were reused 83% waste recycling rate 87% waste recycling rate |  <p>13 CLIMATE ACTION</p> |
| Water Resources Management |  | <ul style="list-style-type: none"> Water-saving project investment, saving a total amount of 74,270 M³ of water Industrial wastewater recovery rate of 76% Reaching 100% wastewater discharge rate standard Industrial wastewater recovery rate of 97% | |
| Air Pollution Management |  | <ul style="list-style-type: none"> Negative pressure ventilation systems have been installed to reduce air odors in the process All devices are equipped with appropriate treatment equipment, such as devices that release oil mist exhaust are equipped with oil mist filtration; devices that release dust exhaust are equipped with a dust collector; devices that release exhaust from the surface treatment process are equipped with an exhaust purification system Reaching 100% flue gas discharge rate standard | |
| Waste Management |  | <ul style="list-style-type: none"> The amount of waste treated was 371 metric tons, 12,559 metric tons and 1,786 metric tons, respectively; among the waste treated, 1,297 metric tons were reused 83% waste recycling rate 87% waste recycling rate | |

Note:AirTAC



AirTAC Taiwan
Ningbo and Guangdong



AirTAC
Taiwan



AirTAC
Ningbo

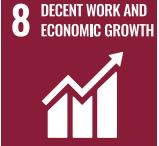


AirTAC
Guangdong



AirTAC
China

| Type | Focus | Key Performance |
|----------------------------------|--|---|
| Social | | |
| Occupational Safety Management | <ul style="list-style-type: none"> No major incidents of employee or contractor injuries have occurred A total of 6,143 people received occupational safety and health training courses, totaling 15,314 hours. A total of 951 people took part in the emergency response drill Passed ISO45001 certification in 2020 100% execution rate on operational environment-monitoring 100% execution rate on safety and health management regulations 100% execution rate on general on-the-job health examinations and specific health examinations for night-shift workers; 100% execution rate on examinations for special operations 100% rate for specific health examinations, and examinations for special operations |  1 NO POVERTY |
| Supplier Management | <ul style="list-style-type: none"> 97% local procurement rate 93% local procurement rate 94% local procurement rate |  3 GOOD HEALTH AND WELL-BEING |
| Employee Benefit and Cultivation | <ul style="list-style-type: none"> A total of 106,398 hours of employee education and training for talent cultivation was carried out 100% performance evaluation rate Employee satisfaction survey - a score of 85.9 |  4 QUALITY EDUCATION |
| Operation Management | <ul style="list-style-type: none"> A total of NT\$62.51 million was invested in the Sunshine Action; a total of NT\$37.48 million was invested in the Blue Student Aid Project A total of 2,053 households were benefited from the Sunshine Action; a total of 1,395 people were benefited from the Blue Student Aid Project AirTAC Youmei Scholarship has provided long-term financial support to 1,500 underprivileged students from 9 universities to finish their education |  17 PARTNERSHIPS FOR THE GOALS |

| | Type | Focus | Key Performance |
|----------------------|--|--|---|
| Governance |  | <ul style="list-style-type: none"> • Consolidated revenue reached a new record high, reaching NT\$19.103 billion • Continual development of weight-saving, space-saving and energy-saving products, reducing the loss of energy efficiency • No violations of major environmental, economic and social laws and regulations • 100% attendance rate for members of Audit Committee and Remuneration Committee |  8 DECENT WORK AND ECONOMIC GROWTH |
| Operation Management |    | <ul style="list-style-type: none"> • Manage customer service through a CRM system to increase efficiency and competitive advantages • 86% rate of positive customer feedback from customer complaints • 70% of customers gave a score of 10 out of 10 with the top 3 categories being: service attitude, response speed, and professional skills. More than 90% of customers gave a score of 10 |  9 INDUSTRY, INNOVATION AND INFRASTRUCTURE |
| |  | <ul style="list-style-type: none"> • Green R&D performance to achieve lightweight, reduced size, space-saving, and low power consumption products • Holds 27 patents for inventions, 93 patents for utility models, 55 patents for designs | |

Note:AirTAC



AirTAC Taiwan
Ningbo and Guangdong



AirTAC
Taiwan



AirTAC
Ningbo



AirTAC
Guangdong



AirTAC
China



HONORS AND RECOGNITIONS FOR THE PAST THREE YEARS

AirTAC

was included in the “**MSCI Taiwan Index**”
for 3 consecutive years from 2018 to 2020

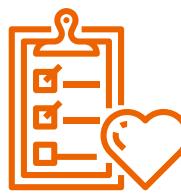


was included in “Taiwan Index Plus” for
TIP Customized Foreign Shareholding
50 Total Return Index in 2019

was ranked **13** th in “Taiwan’s Top
100 Most Valuable Companies” by
“Business Next” in 2020

AirTAC Taiwan

Passed **ISO 45001:**
2018 Occupational
Safety and Health
Management in 2020



was awarded the **Health Start-up**
Mark for Healthy Workplace
Certification by the Ministry of
Health and Welfare in 2019.

AirTAC Ningbo



passed the “**National High-tech Enterprise**
Recognition” in 2020

passed the “**ISO 9001:2005**
Management System” in 2018

passed the “**IATF 16949:2016**
Management System” in 2018

- 1.1 Stakeholder Communication
- 1.2 Sustainability Issue Identification
- 1.3 Management Policy

CH 1

LEADERSHIP • Transparent
Communication



The exchange and communication between enterprises and stakeholders are an important foundation for facilitating the development of corporate sustainability. AirTAC upholds the principle of transparency and openness to ascertain sustainability issues through ongoing communication with stakeholders; they are also included in AirTAC's corporate sustainability blueprint. Regarding GRI Standards, market trends and industry characteristics, AirTAC adopts a systemic approach in preparing questionnaires for sustainability issues. The stakeholders' opinions are collected through the distribution and recovery of questionnaires, while sustainability issues are used as consideration for assessing the Company's business impact and risks to further identify material issues that will be prioritized, handled and responded to.

Stakeholder and Materiality Assessment Process

1 Identifying Stakeholders

Quantitative Performance

The director of each department will fill in the Stakeholder Identification Questionnaire to determine the relationship between the stakeholders and the Company, and to identify key stakeholders.

Identification of 8 types of stakeholders

2 Determining Issues of Concern

Quantitative Performance

Based on the result of the stakeholder identification, a questionnaire or interview will be conducted to understand the stakeholders' issues of concerns and the level of concern.

200 valid questionnaires

3 Evaluating Impacts on Business Operations

Quantitative Performance

AirTAC's senior management conducts an impact and risk analysis of the degree of various issues' impact on the Company.

Opinions from 4 senior supervisors

4 Identifying Material Issues

Quantitative Performance

Based on the issues concerning stakeholders and the degree of impact on the Company, the evaluation outcome of each issue will be used to create a materiality matrix as a reference for determining materiality.

Identification of 10 material issues

5 Reviewing Material Issues

Quantitative Performance

Reviewing the outcome of materiality assessment to ensure compliance with the requirements of sustainability context and integrity.

100% of issues meet sustainability objectives and overall goals



1.1 Stakeholder Communication

We understand the sustainability issues concerning the stakeholders through diverse communication channels, formulate relevant management policies, and execute plans based on these issues to effectively respond to concerns and expectations of our stakeholders. In 2020, we collected the opinions of stakeholders via stakeholder questionnaires. The design of the questionnaire is based on the AA 1000 Stakeholder Engagement Standard according to the 5 principles of assessment: Dependency,

| Stakeholder Identity | Significance on AirTAC | Communication Method and Frequency |
|---|--|--|
| Government agencies | Key stakeholders are those who are concerned about the environmental, economic, and social compliance of AirTAC as well as those who make policies and affect the development of the industry. | <ul style="list-style-type: none">■ Unscheduled meetings, such as seminars and public hearings■ Unscheduled official correspondence■ Unscheduled visits■ Unscheduled emails, calls |
| Employees | Employees are an important asset to an enterprise; they are important stakeholders in facilitating the sustainable development and breakthrough of the enterprise | <ul style="list-style-type: none">■ Physical suggestion box (unscheduled)■ General Manager Office mailbox (unscheduled)■ Weekly supervisor meeting■ Quarterly employee meeting■ Quarterly labor-management meeting■ Quarterly Welfare Committee meeting■ Quarterly performance interview |
| Customers | Customer demand is the key stakeholder that provides AirTAC with future market trends and facilitates AirTAC's R&D progress | <ul style="list-style-type: none">■ 1 annual customer satisfaction survey is conducted■ Unscheduled communication with customers by phone or email■ Unscheduled customer service and exchange |
| Shareholder/Investor | Key stakeholders that provide financial support to AirTAC and are most concerned with Company's sustainable development | <ul style="list-style-type: none">■ Annual shareholders' meeting■ Quarterly board meeting■ Unscheduled institutional investor conference■ Unscheduled replies to investor relations mailbox and hotline■ Monthly information is published on the Market Observation Post System (MOPS)■ Unscheduled supplier meeting in the plant■ Unscheduled suppliers come to the factory for meetings■ Periodic supplier on-site audit/meeting■ Formulate and implement annual supplier counseling plans |
| Suppliers/Contractors | Business partners who develop, manufacture products and improve with AirTAC are stakeholders that face environmental suitability issues with the Company | <ul style="list-style-type: none">■ Unscheduled email, phone contacts and replies■ Annual shareholders' meeting |
| Media | Media are stakeholders who effectively communicate the sustainable performance of the Company to the public | <ul style="list-style-type: none">■ Quarterly report meeting■ Unscheduled exchange and education, and training courses |
| Industry association/Industry and academic institutions | Industry associations and industry and academic institutions are partners that promote industry development with AirTAC; they are also stakeholders that take part in the business process | <ul style="list-style-type: none">■ Unscheduled visits and exchange |
| Local community | Stakeholders located nearby AirTAC are the most affected by the operations of AirTAC; they are also the ones who are most concerned about the operations of AirTAC | <ul style="list-style-type: none">■ Unscheduled visits and exchange |

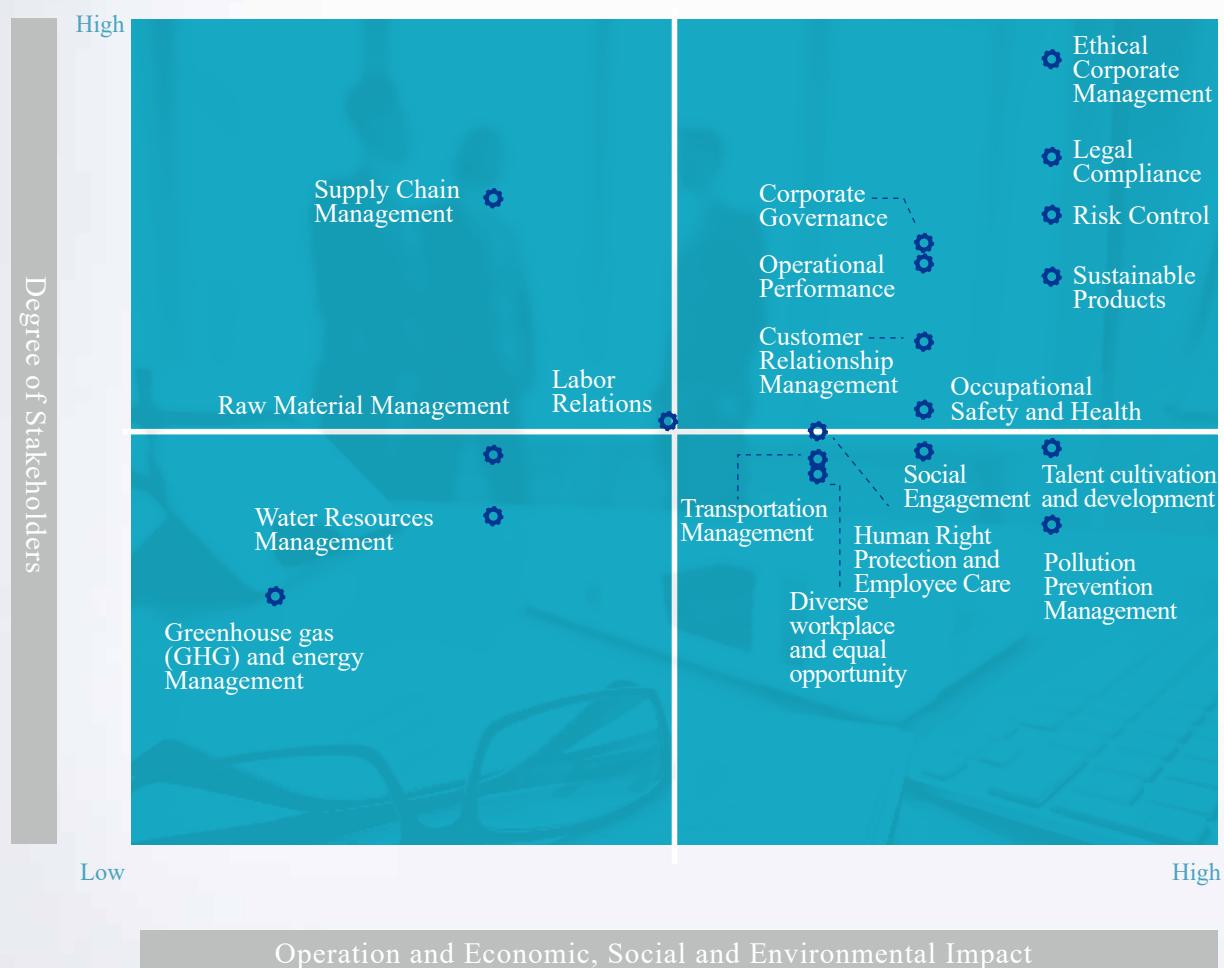
Responsibility, Influence, Tension, and Diverse Perspectives to identify and rank the degree of relationship between stakeholders. Based on such results, key stakeholders are categorized in descending order: government agencies, employees, clients, shareholders/investors, suppliers/contractors, media, industry associations/industries and academic institutions, and local communities.

| 2020 Communication Effectiveness | Reflections and Countermeasures | Material issues |
|--|--|--|
| <ul style="list-style-type: none"> Participated in the “LCD TV and Industry Support Industrial Zone Meeting in Southern Taiwan Science Park” held by Tainan City Government Economic Development Bureau twice. Participated in the Environmental Assessment Conference at the Tree Valley Park twice. Participated in the briefing session on the key points of sewer management in the Tree Valley Park once Participated in a briefing on the promotion of water-saving promotion by the Economic Development Bureau of Tainan City Government once Participated in the 2020 Cathay Pacific Sustainable Finance and Climate Change Summit Forum once Participated in the Stock Exchange's Climate-Related Financial Disclosure Recommendations (TCFD) education training once Participated in SinoPac ESG under Spotlight online seminar once | <ul style="list-style-type: none"> Continuing to focus on policies, laws and regulations implemented by the government, enforce legal compliance and proactively cooperate with the competent authorities to create a prosperous industry. | <ul style="list-style-type: none"> Operational performance Legal compliance Customer relationship management Raw material management Labor relations Human rights protection and employee care |
| <ul style="list-style-type: none"> A total of 17 copies were recovered from the physical suggestion box with a 100% response rate A total of 34 copies were recovered from the General Manager Office mailbox with a 100% response rate A total of 20 supervisor meetings A total of 2 employee meetings A total of 4 labor-management meetings A total of 4 welfare meetings Over 200 people took part in the quarterly performance interviews; 2,501 people received EAP counseling | <ul style="list-style-type: none"> Salary, benefits and the diversity of communication channels provided are better than the industry standard; employee opinions are always taken into consideration to create better benefits | <ul style="list-style-type: none"> Human rights protection and employee care Talent cultivation and development Occupational safety and health Labor relations Diversity in the workplace and equal opportunity |
| <ul style="list-style-type: none"> Conducted customer satisfaction survey on 886 customers with 99% of satisfaction rate Keeping in contact with over 3,500 customers by phone, email, and visits Over 500 technical exchange sessions with customers are conducted on average | <ul style="list-style-type: none"> Thoroughly understanding customer demand through ongoing telephone communication and visiting them in person to resolve the problems | <ul style="list-style-type: none"> Ethical corporate management Customer relationship management Legal compliance Risk control Sustainable products |
| <ul style="list-style-type: none"> A total of one Shareholders' meeting was held Invited to participate in a total of 20 institutional investor conferences More than 200 visits or conference calls by shareholders and investors | <ul style="list-style-type: none"> Continuing to maintain positive communication with shareholders and investors through annual plans | <ul style="list-style-type: none"> Operational performance Corporate governance Ethical corporate management Legal compliance Risk control |
| <ul style="list-style-type: none"> A total of 458 in-site audits were carried out A total of 15 annual supplier counseling plans were conducted | <ul style="list-style-type: none"> Establishing supplier management regulations to ensure that suppliers can steadily provide high-quality products in the long run, enabling suppliers and the Company to grow together | <ul style="list-style-type: none"> Ethical corporate management Supply chain management Sustainable products Safety and health in the workplace Customer relationship Management Operational performance |
| <ul style="list-style-type: none"> A total of 4 self-assessed and assessed statements were sent Revenue information were sent 12 times | <ul style="list-style-type: none"> Continuing to maintain a good relationship with the media in order to create a positive market image for the Company | <ul style="list-style-type: none"> Corporate governance Ethical corporate management Operational performance Risk control |
| <ul style="list-style-type: none"> Participated in the Occupational Safety and Health Administration's "2020 Industrial Intelligent Intrinsic Safety Enhancement Plan On-site Diagnosis and Technical Assistance" for a total of two sessions Handle 29 occupational safety and health education and training sessions Participated in the intelligent technological transformation action of Ningbo manufacturing enterprises, interpretation training once Participated in 29 campus recruitments for the Campus and Enterprise Project and 12 collaborative discussion, re-visits and visits in China | <ul style="list-style-type: none"> Develop products based on academic theory and the experience of associations through collaboration on projects to increase the efficiency of products while reducing the waste of manufacturing resources, thereby achieving a win-win situation for both manufacturing and environment. | <ul style="list-style-type: none"> Corporate governance Legal compliance Customer relationship Management Talent cultivation and development Human rights protection and employee care |
| <ul style="list-style-type: none"> Visited the Tree Valley Service Center twice Participated in community/fire department visits and meetings 8 times in China Visited the local certification center for commercial certificates in China 1 time | <ul style="list-style-type: none"> Building a harmonious community relationship and jointly improve the environmental quality | <ul style="list-style-type: none"> Pollution prevention management Social engagement Greenhouse gas (GHG) and energy management Water resources management Talent cultivation and development |

1.2 Sustainability Issue Identification

In consideration of international sustainable development trends, industry characteristics, sustainability issues concerning enterprises, as well as CSR regulations and standards, AirTAC has designed a list of sustainability issues encompassing aspects such as economy, environment, and society.

Based on the 2020 stakeholder identification results, we conducted a questionnaire in an effort to understand issues concerning stakeholders, and 200 effective questionnaires were recovered; 4 senior executives in the Company carried out a risk evaluation in terms of short, medium, and long-term financial impacts or non-financial impacts on the Company. The evaluation result of the Company's 2020 material issues contains 10 aspects including ethical corporate management, human rights protection and employee care, legal compliance, operational performance, sustainable products, pollution prevention management, corporate governance, talent cultivation and development, risk control, and customer relationship management.



Material Issues and Material Topics

Regarding the material issues of the GRI Standards, AirTAC has established a management policy and evaluation mechanism to systematically manage relevant sustainability issues. Sustainability performance is disclosed based on stakeholders' key concerns to achieve the purpose of communication and materialize the Company's commitments in sustainable development.

| Material Issues | GRI Standards Material topics/ Customized Topics | Significance of Material Issues to AirTAC | Value chain impact boundaries | | | Corresponding Chapter |
|---|--|--|----------------------------------|-----------------------|------------|---|
| | | | Upstream | Midstream (AirTAC) | Downstream | |
| Corporate Governance | GRI-205 Anti-corruption GRI-206 Anti-competitive Behavior | Compliance with ethical corporate management is an important factor for us to realize corporate value and development | | | ▲ | 2.2.2 Ethical Corporate Management |
| Ethical Corporate Management | GRI-205nti-corruption GRI-206 Anti-competitive Behavior | Compliance with ethical corporate management is an important factor for us to realize corporate value and development | | | ▲ | 2.2.2 Ethical Corporate Management |
| Operational Performance | GRI-201 Economic Performance | We strive for operational performance growth intending to further become a forerunner in product specifications as a way to effectively promote development in the industry | ▲ | ▲ | ▲ | 2.1.2 Operational Performance |
| Legal Compliance | GRI-307 Environmental Compliance GRI-419 Socioeconomic Compliance | Compliance is the basic principle of a company. We regularly keep track of laws and regulations, and we demand all our branch offices to comply with relevant regulations that serve as AirTAC's CSR benchmarks. | | | ▲ | 2.2.2 Ethical Corporate Management |
| Risk Control | Risk Control | In an effort to protect shareholders' interests, we have created a comprehensive risk map and systematically evaluate potential risk factors while establishing thorough strategies to understand risks | ▲ | ▲ | ▲ | 2.3 Risk Control |
| Sustainable Products | Sustainable Products | At AirTAC, we have abundant R&D capacity to develop green products through ongoing innovation to enhance the products' added values while fulfilling social responsibility. | ▲ | ▲ | ▲ | 2.5 Smart Machinery and Sustainable Innovation |
| Customer Relationship Management | Customer Relationship Management | Customer-orientation is a key management policy at AirTAC. Maintaining high customer satisfaction is one of the most important factors in increasing competitiveness | ▲ | ▲ | ▲ | 2.4 Customer Service |
| Pollution Prevention Management | GRI-306 Effluents and Waste | Waste generated during the product manufacturing processes is a global concern; AirTAC has already implemented strict pollution prevention management | ▲ | | | 3.2 Water Resources and Wastewater Management 3.4 Waste Management |
| Human Rights Protection and Employee Care | GRI-403 Occupational Safety and Health | "People-orientation" has always been an Important corporate core value at AirTAC | ▲ | | | 4.3 Safe Workplace |
| Talent Cultivation and Development | GRI 404 Training and Education | Employees are an important driving force behind a company's ongoing innovation and breakthroughs. We take talent cultivation very seriously, aiming to grow with our employees | ▲ | | | 4.2 Employee Training |

Note: We identified our value chain impact boundary with reference to the Taiwan Industry Value Chain Information Platform. The core of the value chain is AirTAC itself, including our employees, upstream raw material suppliers, and downstream customers.

1.3 Management Policy

Material Topics

Management Policy

Assessment Mechanism

Corporate Governance

- A comprehensive corporate governance framework to implement sustainable business in order to pursue the maximum interests of shareholders

- The Audit Committee and the Remuneration Committee help the Board of Directors to carry out supervision duties and the operation is regularly reported to the Board meeting
- The internal audit supervisor communicates with and reports the audit results to the Audit Committee. The audit results are reported during the quarterly meeting

Ethical Corporate Management

- Integrating ethical corporate management into operational management strategies to avoid unethical behaviors that may affect the corporate image and sustainable management
- Ensuring all employees stay informed through various communication channels

- Regularly confirms that there are no major violations

Operational Performance

- Continuing to expand the brand image, develop new products and new customers and increase market share to support turnover growth

- Analysis of market share, financial income, expenditure and profitability

Legal Compliance

- To ensure compliance with related business management laws and regulations to help reduce fines and the damage to goodwill while minimizing possible financial risks

- Regularly confirms the number and amount of fines issued by the competent authorities

Risk Control

- Identifying and analyzing risks regularly, confirming major risks and various contingency measures
- Risk assessment and inspection model

- Assessing the potential scope of impact based on the risk assessment plan

Sustainable Products

- Ongoing innovation to accommodate customer needs based on the foundation of existing products

- The R&D team engages in effective communication with the sales and customer end and promptly proposes solutions based on the exchange of experience and feedback.

Customer Relationship Management

-  ▪ Establishing prompt customer complaint Mechanism
-  ▪ Customer feedback management
-  ▪ Customer-oriented and stratified management; CRM management platform has been adopted

-  ▪ Handling of Customer complaints and customer feedback
-  ▪ Customer satisfaction survey
-  ▪ Annual satisfaction survey

Pollution Prevention Management

-  ▪ Reduction at source and effective classification
-  ▪ Focusing on prevention, prevention integration, energy-saving and emission reduction, as well as commitment and accountability
-  ▪ Reduction at source, effective classification, and prevention integration.

-  ▪ Evaluating the recycling ratio of waste and wastewater
-  ▪ Inspecting the intensity of emissions; achievement rate of pollutant emissions
-  ▪ Evaluating the recovery ratio of waste and industrial wastewater

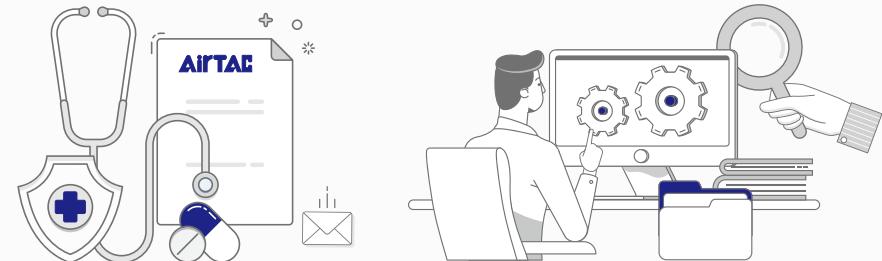
| 2020 Management Performance | Short-Term Goals | Mid to Long-Term Goals |
|--|---|--|
| <ul style="list-style-type: none"> In 2020, 6 board meetings and 6 Audit Committee meetings were held to establish an effective corporate governance framework Formulate performance evaluation methods for the board of directors and conduct performance evaluations regularly | <ul style="list-style-type: none"> Improve corporate governance evaluation ranking Priority is given to strengthening independent directors' training hours and setting up full-time corporate governance personnel, to link the performance of each unit's authority and responsibility, and each project is evaluated by a dedicated unit and improvement plan planning in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies". | <ul style="list-style-type: none"> Becoming a benchmark company for sustainable management |
| <ul style="list-style-type: none"> No major violations in 2020 | <ul style="list-style-type: none"> Enforcing ethical corporate management policies and conducting related education and training Implementation effectiveness is disclosed in the annual report, on the Company's website and MOPS | <ul style="list-style-type: none"> To cooperate with applicable anti-corruption and anti-bribery policies set out by the competent authorities, United Nations Convention against Corruption (UNCAC), and the Corporate Bribery Prevention Act (Draft) while enforcing the Company's ethical corporate management policy. Furthermore, applicable internal control and internal audit systems are also incorporated. |
| <ul style="list-style-type: none"> In 2020, the consolidated revenue of the Group hit a new record high and continues to generate positive profits | <ul style="list-style-type: none"> Product sales are expected to increase by at least 30% in 2021 compared to 2020 | <ul style="list-style-type: none"> Pneumatic products will account for 30% of the market share in China by 2025 |
| <ul style="list-style-type: none"> In 2020, there were no violations of major environmental, economic and social laws and regulations | <ul style="list-style-type: none"> Enforcing legal compliance, continuing to carry out education and training | <ul style="list-style-type: none"> Environmental, social and economic aspects - No major violations for the year Comprehensive legal compliance management system and sophisticated legal compliance management process |
| <ul style="list-style-type: none"> Completing annual audit plan and self-evaluation of the internal control system Complete risk indicator assessment and follow-up for all overseas and domestic companies | <ul style="list-style-type: none"> Control and handle possible risks | <ul style="list-style-type: none"> Comprehensive advanced assessment and subsequent performance follow-up for all strategies and operations |
| <ul style="list-style-type: none"> Implementing related product research and development on wire transmission devices for different application areas based on customers' feedback while synchronizing the manufacturing processes and optimizing functions for existing products | <ul style="list-style-type: none"> Expanding product development areas, so that customers can enjoy more versatile application choices for the existing products | <ul style="list-style-type: none"> Pursuing professional technology breakthroughs and improving self-manufacturing competitiveness through automated production management |
|  <ul style="list-style-type: none"> 86% of the customer complaints were dealt with satisfactorily  <ul style="list-style-type: none"> In the customer satisfaction survey, 70% of customers gave a score of 10 out of 10 with the top 3 categories being: Service attitude, response speed, and professional skills. More than 90% of customers gave a full score |  <ul style="list-style-type: none"> 90% of the customer complaints were dealt with satisfactorily  <ul style="list-style-type: none"> Increasing customers' internal share and market share |  <ul style="list-style-type: none"> 98% of the customer complaints were dealt with satisfactorily AirTAC China  <ul style="list-style-type: none"> Long-term strategic partnership with global automation equipment manufacturers |
|  <ul style="list-style-type: none"> 83% waste recovery rate, totaling 308 tons; 76% industrial wastewater recovery rate, totaling 853tons  <ul style="list-style-type: none"> 100% compliance with wastewater and flue gas standards  <ul style="list-style-type: none"> 87% waste recovery rate; 97%industrial wastewater recovery rate |  <ul style="list-style-type: none"> 85% waste/industrial wastewater recovery target  <ul style="list-style-type: none"> Maintaining 100% compliance with wastewater and flue gas standards  <ul style="list-style-type: none"> 95% waste recovery rate; 98% industrial wastewater recovery rate |  <ul style="list-style-type: none"> Waste/industrial wastewater recovery rate increases each year  <ul style="list-style-type: none"> Maintaining 100% compliance with wastewater and flue gas standards  <ul style="list-style-type: none"> Waste/industrial wastewater recovery rate increases each year |



Material Topics

Management Policy

Assessment Mechanism



Human Rights Protection and Employee Care

- Free employee health examinations (including health examinations for workers carrying out special operations) that are better than the legal requirements. Doctors' visits are regularly provided in the plant for medical consultation
- A safe working environment is provided to employees



- Annual health examination rate and plant doctor service execution rate
- Completion rate for work targets



Talent Cultivation and Development

- Diverse education and training courses



- Regular confirmation of education and training execution rate

2020 Management Performance



Health Examination

- 100% rate for on-the-job health examinations, specific health examinations and examinations for night workers
- 100% examination rate for workers carrying out special operations

Labor Safety

- A total of 2 operational environment-monitoring sessions carried out, with 100% execution rate
- Safety and health management standards came into effect with 100% execution rate
- Occupational on-the-job education and training hours totaled 2,291 hours with 954 participants

Short-Term Goals



Mid to Long-Term Goals

Health Examination

- 100% examination rate for workers carrying out special operations

Medical Service at the Plant

- 98.4% consultation rate

Labor Safety

- One operational environment-monitoring sessions carried out, with 100% execution rate
- Safety and health management standards came into effect with 100% execution rate
- Occupational on-the-job education and training hours totaled 11,877 hours with 4,871 participants



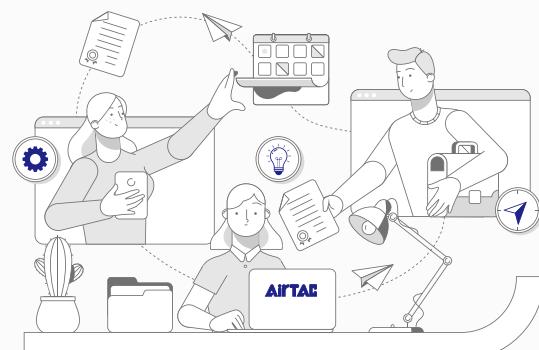
- 100% annual health examination rate, and 100% plant doctor service execution rate
- 100% achievement rate of annual work safety target



- 100% follow-up rate on those with irregular health examination reports
- Establishing a comprehensive safety management system

Health Examination

- 100% examination rate for workers carrying out special operations
- Occupational on-the-job education and training hours totaled 1,146 hours with 318 participants



- Attendance record of training courses and post-course knowledge application development



- 100% achievement rate for new employee education and training courses as well as occupational safety and health training



- The completion of internal/external course plans; execution rate for courses has gradually increased

Note: AirTAC



AirTAC Taiwan
Ningbo and Guangdong



AirTAC
Taiwan



AirTAC
Ningbo



AirTAC
Guangdong



AirTAC
China



CH²

International Power • Robust
Governance

- 2.1 About AirTAC
- 2.2 Corporate Governance
- 2.3 Risk Management
- 2.4 Customer Service
- 2.5 Smart Machinery and Sustainable Innovation
- 2.6 Sustainable Supply Chain Management

2.1 About AirTAC

AirTAC is a leading manufacturer of pneumatic components, mainly producing specialized cylinder products. Our products cover 10 categories, ranging over 40 series with over a hundred articles including solenoid valves, pneumatic valves, manual valves, hand-draw valves, mechanical valves, and throttle valves. Our broad range of products is used in the automation industry including automobiles, machinery manufacturing, metallurgy, electronic technology, textiles, ceramics, medical instruments, food packaging, and more. We provide inclusive pneumatic application solutions through vertically integrated manufacturing processes from product design, research and development to mass production. Our integrated service largely shortens the product development lead time and manufacturing processes which are widely applied in the automation industries.

For more basic information
on AirTAC, please scan the
QR CODE



Basic information about AirTAC

| | |
|--|--|
| Company Name | AIRTAC INTERNATIONAL GROUP |
| When did the stock of AirTAC start trading on TWSE | December 13, 2010 |
| Date of Incorporation | <ul style="list-style-type: none"> • Established in May 1989, mainly produced solenoid valves • In 1990, it was renamed as “Airtac Enterprise Co., Ltd.” • The group’s holding parent company, AirTAC International Group was established in the Cayman Islands in September 2009 |
| Location of the Group’s General Management | 4F, No. 129, Section 3, Minsheng East Road, Songshan District, Taipei City 105, Taiwan (R.O.C.) |
| Location of the Operation Center | No. 88, Siming East, High-tech Park, Fenghua District, Zhejiang, China |
| Capital Amount | NT\$1,890,250 thousand |
| Revenue | AirTAC Group’s 2020 consolidated operating revenue totaled NT\$19,103,001 thousand |
| Industry Category | Pneumatic industry |
| Number of Employees | 6,666 employees |
| Markets in where we Provide Products and Services to | Consumer market for pneumatic products |
| Primary Products and Services | Manufacturing of all types of pneumatic control components, pneumatic actuator, air preparation units and pneumatic accessories, and more |
| Customer Types and Sectors | Covering primarily the machine tool, automobile manufacturing equipment, automated production equipment, special-purpose equipment and other equipment industries |



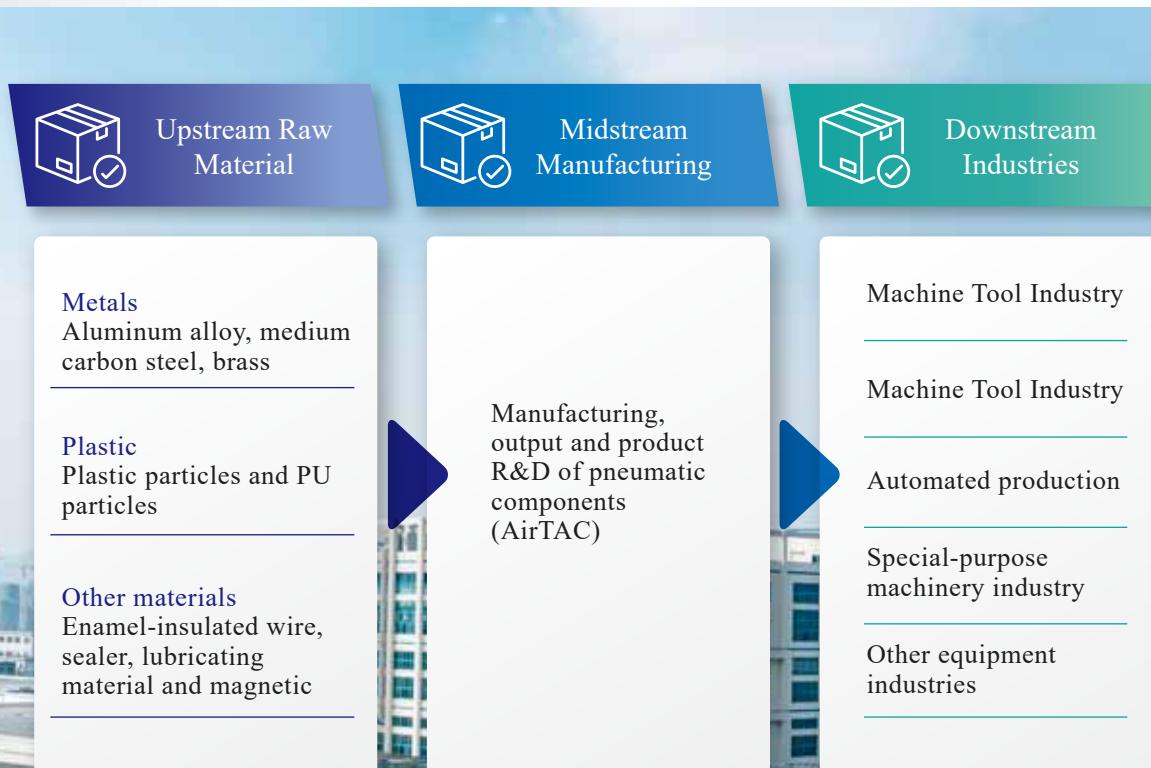
Corporate Values



Industry Value Chain

Pneumatic components are mainly applied on various automated manufacturing processes or testing equipment. AirTAC's pneumatic products are the foundation and an indispensable part of the automation industry chain. AirTAC continues to invest in R&D to improve product quality and lifespan. By offering affordable product prices, we enhance the degree of automation and stability of customers' equipment and further help their automation equipment to be more competitive while hoping to expand application uses to various industries and manufacturing processes.

Value Chain for the Automated Machinery Industry



Participation in International Initiatives and Associations

As a means to guide the industry and improve industrial standards, we have been proactively participating in associations to share knowledge, information and best practice experiences to effectively exercise corporate influence and demonstrate the positive benefits brought by the development of the industry.

2.1.1 Company Organization

AirTAC's Organizational Chart



Global Market Planning

AirTAC has production and sales bases in major industrial countries in the Asia-Pacific, Europe and North America, such as Japan, Malaysia, Thailand, Singapore, the United States and Italy. AirTAC will continue to expand the scale of our overseas business to increase market share and profitability.

Over the past few years, we have set up sales branches and offices in mainland China as well as a logistics center to enhance operational efficiency. Furthermore, we have been tirelessly expanding our existing business capacity and have established a second R&D center in AirTAC Taiwan where we avidly develop components and parts for high-end pneumatic and linear transmission products while simultaneously planning to develop electric cylinders in the future.

So far, AirTAC's 2020 capital expenditures were NT\$3 billion, and are expected to be NT\$4 billion in 2021 to increase manufacturing capability and expand mid-to-high-end product specifications, making AirTAC the world's top 3 pneumatic component companies in terms of market share. In the future, AirTAC will persevere in enhancing the R&D center and building high precision process plants to fulfill market demand and provide customers with better services as a means to reach RMB 10 billion in sales in the next 5 years.

There is **1** sales center with assembly capacity in Europe: Italy

There are **2** production bases in Mainland China with more than **130** operating locations

There is **1** production base in Taiwan with **3** operating locations

There is **1** sales center in North America.

There are over **40** distributors overseas that work stably with the Company to establish a global sales network

There are **3** sales centers in Southeast Asia: Singapore, Malaysia and Thailand

There is **1** sales center in Northeast Asia: Japan



Main Manufacturing Items at AirTAC's 3 Production Bases

1. AirTAC Taiwan: Produces precision cylinders, electronic products, digital display pressure switches, sensor switches, linear actuators and there is an R&D department
2. AirTAC Ningbo: Produces standard cylinders, air-preparation units, linear actuators, PU tubes, fittings, parts, and accessories and there is an R&D department
3. AirTAC Guangdong: Produces fully automatic production of solenoid valves

AirTAC's Short, Medium and Long-Term Market Strategy



2.1.2 Operational Performance

We have been focusing on the Taiwan and China markets and continue to develop overseas markets via development strategies of both direct sales and distribution. Furthermore, we have established a comprehensive service network to focus closely on customer trends. We proactively enhance customer value to increase our competitiveness and maintain stable operations.

Financial Performance

Our consolidated revenue for 2020 reached NT\$191.03 billion and profit from operation reached NT\$5.964 billion, showing that the operating strength has increased year by year.

AirTAC's Consolidated Financial Performances for the Past 3 Years

| Item | 2018 | 2019 | 2020 |
|---------------------------------------|-----------|-----------|-----------|
| Operating revenue | 15,600.74 | 15,896.32 | 19,103.00 |
| Gross profit | 7,533.08 | 7,425.72 | 9,453.13 |
| Operating expenses | 3,373.15 | 3,397.67 | 3,488.94 |
| Operating profit | 4,159.94 | 4,028.04 | 5,964.20 |
| Non-operating income and expenditures | (352.23) | (325.62) | 378.45 |
| Profit before tax | 3,807.70 | 3,702.42 | 6,342.65 |
| Net Income after taxes | 2,839.21 | 2,726.05 | 4,844.20 |

Unit: NT\$ million

Tax Governance

It is our commitment to be an honest entity and fulfill our tax obligations. We support the government's tax-related policies that encourage corporate innovation, R&D and economic growth while implementing 5 aspects of tax governance policy

- 1.Compliance with local tax laws and regulations: We comply with local tax laws and regulations in all countries and declare tax with honesty to fulfill our social responsibility as a taxpayer. We do not engage in tax planning specifically for the purpose of tax avoidance.
- 2.Information transparency: The disclosure of tax is handled in accordance with the requirements of applicable regulations and standards.
- 3.Mutual trust and honest communication: We establish mutual trust and honest communication with tax bureaus while maintaining a harmonious relationship.
- 4.A thorough assessment of tax risks and impact: We use the management mechanism to implement effective risk control for major transactions and when determining a thorough assessment of related tax risks and impact to promptly assess the impact on the Company while making the appropriate decisions.
- 5.Regular education and training to improve tax professionalism: Continue to get hold of new knowledge/changes of laws and regulations of various countries. Strengthen professional tax capabilities by carrying out internal education and training.

AirTAC's Effective Tax Rates

| Item | 2018 | 2019 | 2020 |
|------------------------|----------|----------|----------|
| Profit before tax | 3,807.70 | 3,702.42 | 6,342.65 |
| Income tax expenses | 968.50 | 976.37 | 1,498.45 |
| Effective tax rate (%) | 25.4% | 26.37 | 23.63 |
| Income tax payment | 983.99 | 1,008.51 | 1,357.02 |
| Cash tax rate (%) | 25.84 | 27.24 | 21.40 |

Unit: NT\$ million

2.1.3 Brand Value and Product Introduction

AirTAC has always practiced its 6 management principles as a means of creating brand value.



AirTAC's products are largely divided into 2 categories: pneumatic components and guides. Standard pneumatic components are mainly air-preparation units, control components, actuation components, and pneumatic accessories which are widely applied in various sectors. Furthermore, we have established a customized development team in an effort to fulfill our customers' special demands. Various types of products are produced according to customers' needs and we also provide customized integration systems and basic training on industrial automation, such as pneumatic technology, sensor technology, programming design controller technology, providing customers with a wide variety of products and services.

For more products,
please visit our official
website



AirTAC's Standard Products

| | | |
|-----------------------|--|--|
| Air-preparation units | G Series A/B Series Other Series |  |
| Control components | Solenoid valve Fluid control valve Air valve Manual/Mechanical control valve |  |
| Actuation components | Standard cylinder miniature cylinder Compact/Ultra-compact cylinder Precision cylinder Other cylinders |  |
| Accessories | Buffer Fitting PU tube Silencer |  |
| Linear guide | LRM Series Miniature Linear Guide LSH Series Standard Linear Guide |  |

2.2 Corporate Governance

2.2.1 Operation of the Board of Directors

Board Composition and Diversification

The Company's Board is made up of 9 directors (including 3 independent directors) including 1 female Board member. Directors are elected by shareholders meeting as required by the Company Act and the Articles of Incorporation. The term of office is 3 years. Among the directors, 3 directors are aged 31-50, accounting for 33.33%; 5 directors are aged 51-60, accounting for 55.55%; 1 director is aged 61 above(inclusive) accounting for 11.12%.

All directors of AirTAC have an extensive professional background, talent, and comprehensive industry experience in their respective sectors. They carry out their responsibility of thorough supervision and management of the Company improving operating systems and help protect the interests of investors.

| Title | Name | Gender | Core competencies | | | | | | Capability of leadership | Global market observation | Capability of decision making |
|----------------------|-------------------|--------|---------------------------|----------------------|---------------------------------|------------|-----------|--------------------|--------------------------|---------------------------|-------------------------------|
| | | | Capability of Operational | Ability of Judgement | Ability of Accounting & Finance | Management | Awareness | Industry knowledge | | | |
| Chairman | Wang, Shih-Chung | Male | • | | • | • | • | • | • | • | • |
| Director | Lan, Shun-Cheng | Male | • | | • | • | • | • | | • | |
| Director | Wang, Hai-Ming | Male | • | | • | • | • | • | | • | |
| Director | Li, Huai-Wen | Male | • | | • | • | • | • | | • | • |
| Director | Tsao, Yung-Hsiang | Male | | • | • | • | | | • | • | |
| Director | Chen, Jui-Lung | Male | | | • | | | • | | | |
| Independent Director | Leong Kam-Son | Male | | | • | • | • | | • | • | |
| Independent Director | Renn, Jyh-Chyang | Male | | | | | • | • | | | |
| Independent Director | Lin, Yu-Ya | Female | | • | | • | | | | | |

Board Operation and Performance Assessment

A Board meeting must be convened at least once each quarter as required by the regulations. In 2020, a total of 6 meetings were held with a 98% attendance rate (including 100% attendance rate by proxy). Important resolutions are promptly published on MOPS for full information disclosure. On March 12, 2020, the Board meeting passed the amendment to the “Corporate Governance Principles.” “Board of Directors Performance Evaluation Method”, “Self-Evaluation Questionnaire for the Performance of the Board,” and the “Self- Evaluation or Peer Evaluation Questionnaire of the Board of Directors” had been reported to Board of directors in the first quarter of 2021. An evaluation is performed on the Board and functional committee members as a means of effectively enforcing corporate governance and improving the function and operation efficiency of the Company’s Board of Directors.

In an effort to effectively perform the functions of the Board and to improve the quality of the Board’s decision-making, the Audit Committee and the Remuneration Committee have been established under the Board of Directors according to their authority and functions. Functional committees are made up of independent directors so that decisions and recommendations made by them are forward-looking, objective, and in-depth. By effectively implementing the independent supervision and balance mechanism, resolutions and actions of the Board of Directors are ensured to be carried out. All motions are submitted to the Board meeting for report and discussion, any directors or their representing institutional investors must recuse themselves if a motion concerns their personal interests; some motions are also submitted to the shareholders’ meeting for report and discussion. The Board also invites CPAs to attend the Board meeting to exchange views and engage in communication face to face with directors in order to meet the best interests of the stakeholders.

Audit Committee and Remuneration Committee

The Audit Committee is responsible for assisting the Board of Directors in performing their duties as well as carrying out tasks stipulated in the Company Act, Securities and Exchange Act and other applicable laws and regulations, including monitoring the fair expression of financial statements, the appointment (dismissal) and independence of the CPA, the Company’s internal control system, internal auditors, while carrying out appraisals on the internal auditors’ work and controlling the Company’s existing or potential risks. The “Remuneration Committee” is responsible for establishing and regularly reviewing the annual and long-term performance of directors and managerial officers as well as the remuneration policy, system, standard, and structure.

In 2020, a total of 6 meetings were held by the Audit Committee with 100% actual attendance. In 2020, a total of 2 meetings were held by the Remuneration Committee with 100% actual attendance.

Corporate Governance Result

The Company has formulated the “Corporate Governance Principles” and the “Corporate Social Responsibility Best Practice Principles.” The Company’s management is strictly handled in accordance with these regulations. The Company scored 36 % and 50 % in the 7th Corporate Governance Evaluation. Improvement plans will be proposed at the senior supervisor meetings. Responsible personnel will carry out the improvement measures based on relevant indicators. Improvements that have been enforced include: succession planning for board members and important management reported on the website and annual report, at least once a year to implement the self-assessment, the results of the evaluation will be disclosed to the Company's website and annual report.

In the future, we will prioritize the strengthening of the regulations for independent directors in accordance with training hours and the establishment of corporate governance dedicated personnel, as well as the link of corporate governance to the performance of each unit's authorization supervisor as required by the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies." A dedicated unit will conduct evaluation and improvement planning for each project.

2.2.2 Ethical Corporate Management

With a strong emphasis on ethics and discipline, we have formulated the "Ethical Corporate Management Best Practice Principles" and the "Measures for Handling Material Inside Information and Prevention of Insider Trading Management." All misconduct of management is strictly prohibited. All management is strictly required to follow these measures. In addition, we attach great importance to employee ethics and have formulated specific rules outlined in our Code of Conduct Employee Handbook. We have also set up a reward and discipline system for ethical regulation through new employee training and employee conferences as a standard for all employees to follow. In 2020, we promoted ethical corporate management through employee conferences and department meetings.

In addition, the "Rules on Whistle-Blowing of Illegal, Unethical and Dishonest Conducts" has been formulated to promote an internal whistleblower system. A grievance channel has been set up and only the general Manager, senior officers and the administrative management division have the authority to access the complaint channel. The name of the person making a complaint must be provided. Upon receipt of a complaint, the Company sets up a special team to investigate the case and regularly update its status. In 2020, there was no violation of corporate governance rules, anti-corruption, or Fair Trade Act that incurred fines, nor was there any violation of insider trading laws by managerial officers.

2.2.3 Internal Audit

We have set up a Group general audit unit (Internal Audit Office) to perform regular re-audits in all subsidiaries, ensuring the efficient implementation of the audit mechanism. The Internal Audit Office of the Company is under the Board of Directors, and appointment, dismissal, evaluation, and remuneration of the internal audit supervisor must be approved by the Audit Committee and the Board of Directors, ensuring that internal auditors thoroughly carry out duties in a professional, independent, objective and fair manner.

AirTAC's current internal control system is divided into overall level and operational level and five major components (control of the environment, risk assessment, control operations, information and communication, and supervision) have been included in the internal control system of each transaction cycle in the operational level. In recent years, the Company has been enhancing the management of corporate risk to include: risk detection, assessment, report, handling and prevention in accordance with the latest "Regulations Governing Establishment of Internal Control Systems," corporate governance, development of internal auditing theories and techniques as well as related requirements.

An internal audit is carried out mainly based on the audit plans approved by the Board, and audit plans are drafted according to risks that have been identified. A special audit or re-audit is carried out as required by operational needs. A general audit, or a special audit provides the management with the status of the internal control system functions; the status of already existing or potential deficiencies are also provided to the management so that they are aware and can make timely recommendations for improvement, ensuring that the internal control system is continuously and effectively implemented. Moreover, internal auditors review the self-assessment of the internal control system carried out by each unit each year, including checking if such operations have been enforced and double-checking to ensure the quality of the implementation. Self-assessment results are compiled for reporting to the Board of Directors.

For more details of AirTAC's internal audits,
please visit our official website



CN



EN

2.2.4 Legal Compliance

Legal compliance is fundamental to corporate governance. All subsidiaries and branches of the Company as well as the employees are required to follow applicable business laws and regulations. We establish related regulations, procedures, and regularly review laws and regulations. We keep a close eye on the formulation of laws and regulations and development which may pose an impact on the Company. Any department that receives information regarding a major law change must notify the General Manager Office in order to carry out the appropriate system change. Employee education and training will be performed upon the change to the system.

We follow laws and regulations through steps of information updates, internal reviews, regulation modifications, and implementation to ensure that we follow legal regulations at all times. In 2020, there were no major fines issued concerning the environment or society.

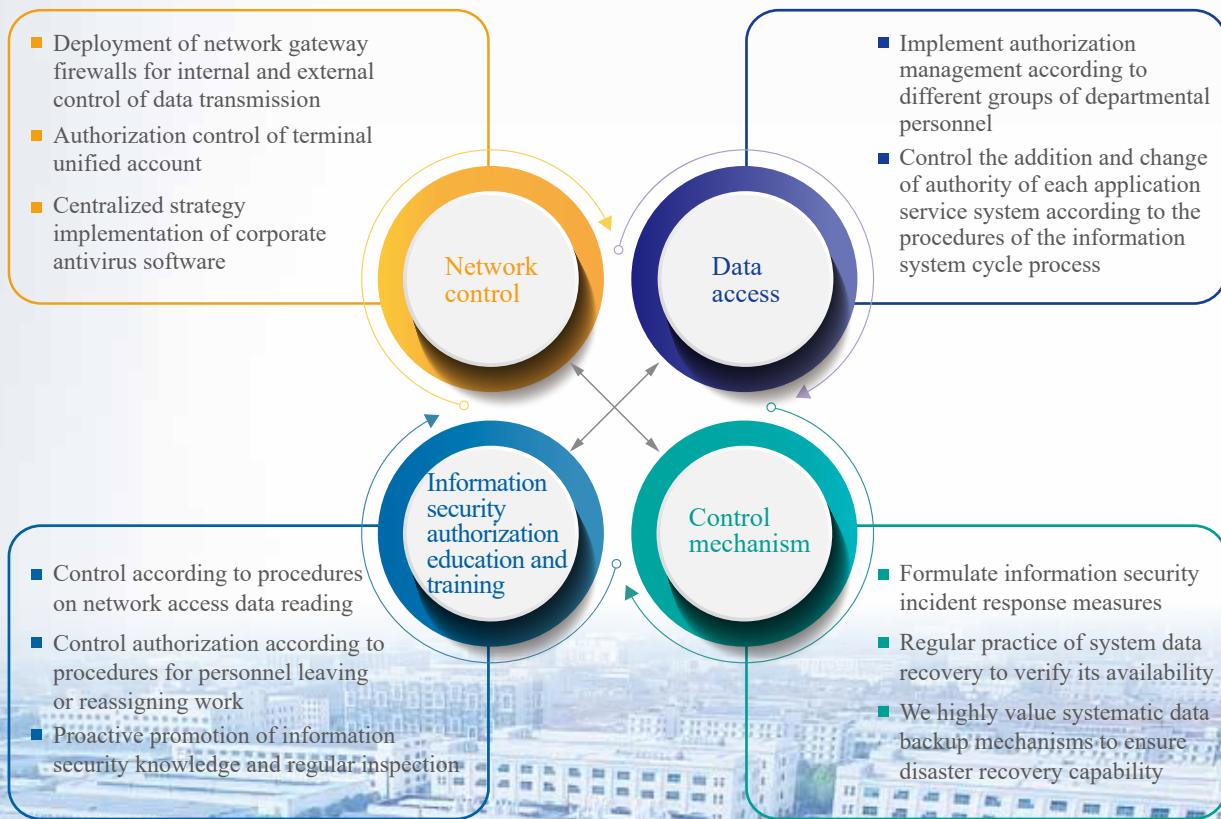
2.2.5 Informational Security

In AirTAC, we take information security management very seriously. We have established information security control standards targeting computer viruses, cyber-attacks, data breach, legal compliance, and risk control. Information instrument and analysis framework systems have been introduced to effectively ensure customers' information security while protecting their

privacy. AirTAC performs an information security audit regularly in order to effectively prevent information security risks caused by human error. Related information security education and training is regularly carried out at the same time to ensure that employees understand applicable principles regarding information security control.

From 2020 to 2021, the use of modular room count has completed the new support room and the main room upgrade project. The system data security and hardware environment of several centers of the company have been improved, and the comprehensive energy consumption of the room has been greatly reduced, which is in line with the development direction of green carbon reduction, while the new next generation firewall equipment detects and filters network traffic and enhances the protection against network threats.

Information security control system



2.3 Risk Management

Passed the IATF 16949:2016 - Automotive Quality Management System Certification

Passed the ISO 9001:2015 Quality Management System certification

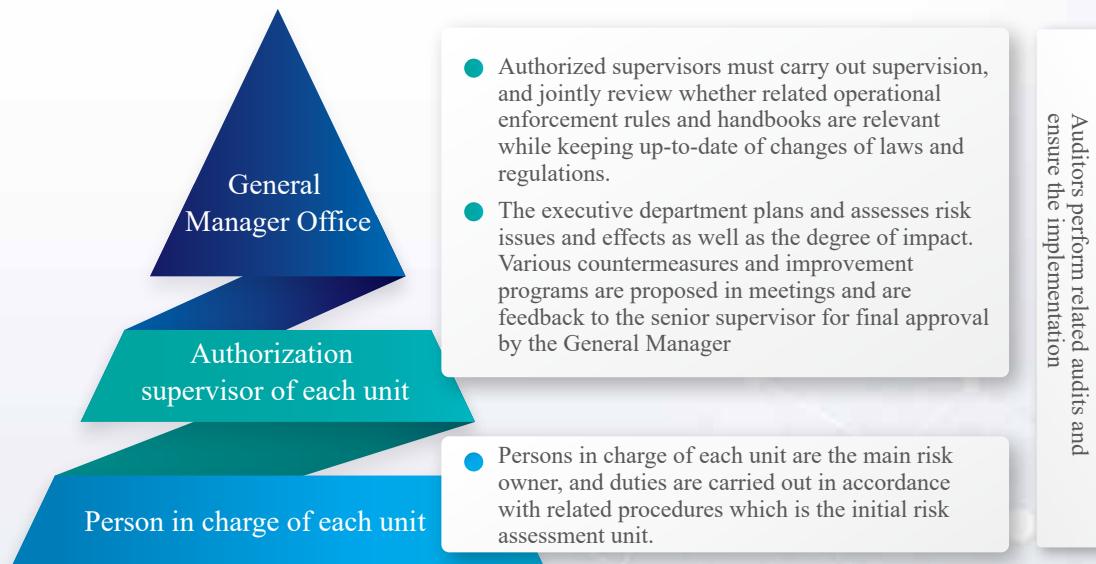
Risk management is the core of business operations. Through the identification and management of risk, we measure and analyze risk factors that bring the Company short, medium- and long-term impact, enhancing the effectiveness of decision-making and corporate value.

We regularly perform a risk assessment in accordance with the “Risk and Opportunity Management Regulations” while creating a risk map to continue to improve the risk management mechanism and identify numerous risks, including development strategies, sales management, product development, production, delivery services, human resources, supplier management, equipment assembly, quality management, document management, internal auditing, management review, and continuous improvement. We also emphasize risk management concerning climate change and information security. Identified risks are categorized into low, medium, and high risk to facilitate formulated response strategies and programs.

2.3.1 Risk Management Mechanism

Risk Management Framework

Strategies for various risk management of the Company are planned by the Board and various Committees. Strategies are put into force after the execution direction has been discussed by the senior team, and risks are classified in levels





Overall Risk Management Process



Risk Management Measures

| Risk category | Potential risk | Response measure |
|---------------------------|-----------------------------|---|
| Financial risk | Interest rate fluctuations | <ul style="list-style-type: none"> Regular evaluation of market capital status and bank interest rates to assess the impact of interest expenses of financing. |
| | Exchange rate fluctuations | <ul style="list-style-type: none"> Natural off-setting principles are adopted in terms of currency risks. Forward foreign exchange contracts and borrowing foreign currency debt may be adopted as necessary and appropriate. Keeping in close contact with the bank and monitoring changes of the foreign currency market at all times in order to provide related supervisors with exchange rate change trends. Adjustments can be made immediately if there is an occasional change in the currency of receipt or payment. |
| | Inflation | <ul style="list-style-type: none"> Flexible adjustment of procurement and sales strategies, cost structures and transaction conditions to effectively respond to the impact of inflation or deflation |
| Investment risk | Loaning funds to others | <ul style="list-style-type: none"> The objects that AirTAC lends fund to, in principle, are affiliated companies with centralized capital allocation. The balance of these loans is handled in accordance with Article 15 of the Company Act and implemented after approval by the Board of Directors. |
| | Endorsements and guarantees | <ul style="list-style-type: none"> The Company mainly provides endorsements/guarantees to subsidiaries and it is handled in accordance with AirTAC's "Operating Procedures Governing Loaning of Funds and Making of Endorsements/Guarantees." |
| | Derivatives transactions | <ul style="list-style-type: none"> Derivative transactions are not for arbitrage and speculation purposes. |
| Purchase risk | Supply interruption | <ul style="list-style-type: none"> Regularly review the safety stock quantity of all raw materials and make a timely request of reasonable quantities Proactively develop qualified suppliers to increase supply sources. |
| Climate change risk | Climate disaster | <ul style="list-style-type: none"> Implement energy conservation by setting up related facilities, such as lightning rods, water pumps, ventilators, municipal water storage equipment, special air-conditioning equipment in the machine room, standby generators and waterproof gates, and more. |
| Information security risk | Abnormal information system | <ul style="list-style-type: none"> Information security-related regulations have been established to strengthen the prevention of disasters, information security, monitoring, notification mechanism, and the handling of abnormalities. In terms of the management and backup important systems, an off-site back-up system has been established and a dedicated unit has been set up to oversee related matters. |

Note: There are no merger or acquisition plans for AirTAC at the moment; therefore, there are no merger and acquisition risks. Where the Company performs a merger and acquisition in the future, full discussion and thorough evaluation with shareholders must be conducted prior to submitting it to the Board of Directors for resolution.

2.3.2 Climate Change Risk and Governance

We have always managed disaster risks with proactive and preventive management to reduce the impact and effect on production and operations posed by climate change.

Response to Climate Change

We perform risk assessment targeting the internal and external environments of the plant as well as previous disaster situations. We assume possible disaster categories (extreme high temperatures, heavy rainfall, drought and water shortage, strong winds, and lightning strike) for identifying potential risks and opportunity items (assets, manufacturing processes, personnel, supply chain, and finances) that affect the organization. After the assumption, risk analysis and rankings are performed to further develop a response plan to confirm, report, handle, repair, and eliminate abnormal conditions.

Climate change risk

| Type | Risk | Potential Financial impact | Response strategy | Resources invested |
|------------------|---|----------------------------|--|--|
| Transition Risks | GHG emission cost | Increase in operating cost | <ul style="list-style-type: none"> ▪ Install corresponding water, electricity, and gas meters in each plant according to the energy meter configuration specifications. Statistical analysis is conducted to facilitate the detection of abnormalities and make improvements accordingly ▪ Formulate corresponding usage regulations for public facilities such as air-conditioning and fans to avoid energy waste ▪ Promote energy conservation and carbon reduction in the workplace, such as purchasing energy-efficient machinery ▪ Bulk replacement of traditional lighting to LED lighting | <ul style="list-style-type: none"> ▪ As of the end of 2020, AirTAC Ningbo has invested about NT\$453 million to build a surface treatment plant that meets environmental protection standards. It is expected to reduce energy consumption by 828,000 kWh every year after completion in 2021. ▪ NT\$28.88 million has been invested for 27 new energy- saving air compressors (permanent magnetic frequency conversion air compressor) to reduce energy consumption in AirTAC Ningbo ▪ NT\$210,000 – NT\$420,000 is invested for routine maintenance of solar power equipment each year ▪ A total of NT\$30 million was invested in the construction of air-cooled/water-cooled air- conditioning in AirTAC Taiwan ▪ The coverage rate of LED lights in AirTAC Taiwan and AirTAC Ningbo has reached more than 90%. The coverage rate of LED lights in AirTAC Guangdong has reached more than 60% and they continue to replace them in batches. |
| | Existing and emerging energy laws and regulations | Increase in operating cost | <ul style="list-style-type: none"> ▪ An inspection of motors was performed, and low-efficient air compressors were eliminated | <ul style="list-style-type: none"> ▪ NT\$28.88 million has been invested for 27 new energy- saving air compressors (permanent magnetic frequency conversion air compressor) to reduce energy consumption in AirTAC Ningbo |
| Physical Risks | Extreme weather that resulted in operation interruption | Increase in operating cost | <ul style="list-style-type: none"> ▪ Establish a notification mechanism for major incidents ▪ Establish an emergency response team ▪ Enhance the recovery time of key systems to quickly resume operations ▪ Establish a major event notification mechanism ▪ Establish an emergency response team | <ul style="list-style-type: none"> ▪ Install waterproof gates ▪ Evaluation of water tanker sectors and signing of contract |

Climate change risk

| Type | Risk | Potential Financial impact | Response strategy | Resources invested |
|---------------------|-----------------------------------|---|--|---|
| Resource efficiency | Reduce the use of water resources | Operating cost Reduction | <ul style="list-style-type: none"> Build a sewage treatment system so that industrial washing wastewater is reused for industrial washing operations after being treated; as well as additional rainwater recycling and storage systems for wastewater treatment. | <ul style="list-style-type: none"> AirTAC Taiwan built a sewage treatment station and treatment system, with a total investment of approximately NT\$15.35 million. As of the end of 2020, AirTAC Ningbo has invested about NT\$453 million to build an environmentally friendly surface treatment plant. After the sewage treatment system is put into use, it is estimated that 339.6 tons of water can be recycled every year. Sewage treatment station in AirTAC Guangdong is invested NT\$4.06 million. |
| | Reduce energy-use | | <ul style="list-style-type: none"> Introduce air compressor inverters Replace lighting with LED energy-efficient lights | <ul style="list-style-type: none"> A total of NT\$28.88 million was invested in purchasing energy-saving and high-efficiency equipment in AirTAC Ningbo. The coverage rate of LED lights in AirTAC Taiwan and AirTAC Ningbo has reached more than 90%. The coverage rate of LED lights in AirTAC Guangdong has reached more than 60% and they continue to replace them in batches. |
| Products | Develop low-carbon products | Products are more competitive to allow revenue increase | <ul style="list-style-type: none"> Develop lightweight, space-saving and energy-saving products to increase energy efficiency Select eco-friendly and recyclable materials Select co-friendly packaging without ink printing | <ul style="list-style-type: none"> Through the efforts put in by the R&D team, we continue to research and develop with the concept of energy-saving, environmental protection, and weight-saving. |
| | R&D and innovation | Increase corporate competitiveness and industry chain value | <ul style="list-style-type: none"> Point-to-point technology development cooperation with leading enterprises in new energy sectors - lithium industry, cleaning industry, electronics industry and rail transportation to develop highly applicable and high energy-efficient green products | <ul style="list-style-type: none"> Set up a dedicated team to be responsible for the development and maintenance of products in corresponding sectors |
| Service | Consumer preference change | Consumers prefer energy-saving products | <ul style="list-style-type: none"> Through optimizing the route of logistics vehicles (energy saving and emission reduction), and the use of many environmentally friendly packaging materials, increase the recognition of customers who are concerned about the green concept, and thus increase the willingness to purchase AirTAC's products. Design or develop energy-saving products | <ul style="list-style-type: none"> Carry out reviews annually regarding routes and vehicles and budgets adjusted Low-energy consumption products are launched in phases to meet the increased customer demand for energy-saving products. As a leading brand in the pneumatic market, we use the advantage of the promotion of energy-saving products to widen the gap between us and our competitors. |

2.4 Customer Service

AirTAC is committed to providing outstanding product quality and customer service through wide information collection. Customer complaints and return issues due to abnormal quality of products or audit deficiencies are used as future improvement direction. We comply with the ISO 9001 international quality management system standard, establish the quality management system, and formulate a quality handbook. These regulations serve as an outline for the comprehensive quality management implementation and basis for each department to practice quality management in order to meet the service and product requirements of market trends and customer demand while achieving customer satisfaction and sustainability. We strive to become a long-term strategic partner of global automation machinery and equipment manufacturers.

It is our goal and responsibility to listen to the voice of our customers and fulfill their needs. As we are committed to providing excellent product quality and customer service, we adhere to the corporate core value of “people-oriented, sharing, development and responsibility” and have always implemented the concept of “respect our customers and customers first.” We have over 100 direct and independent distributors, and service operating locations worldwide. We provide a full range of special and satisfying customer service experience with our more than 100 sales personnel and a highly skilled after-sales service team, while at the same time offering personalized and customized services such as warranties.

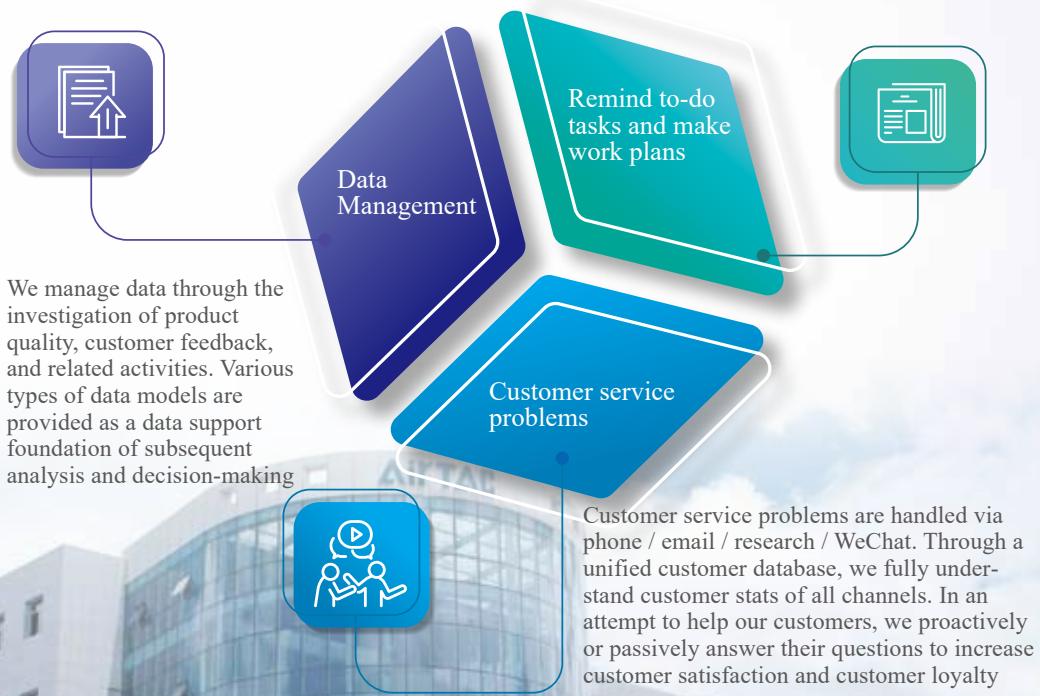
Establishment of Customer Relationship Management (CRM) System, Providing Customized Products and After-Sale Services

The Company manages customer service via the CRM system. CRM system has several big data analysis and linkage including data analysis, error warning, warranty service to increase customer service efficiency, and data analysis basis. We enhance customer service, and customer satisfaction to increase customer delivery value and build a long-term, stable, trusting relationship with customers to further attract new customers so as to maintain existing ones, increase efficiency, and competitive advantage.

CRM System Features

Through CRM system features, AirTAC can get hold of product status and customer status promptly. We also analyze data to provide customers with personalized products and excellent after-sale service protection.

Reminders and work plans can be clearly formulated, and the system can record the entire process of a customer service case, enabling the service personnel to arrange work with high efficiency; the manager can clearly see the work of the service personnel at the same time



2.4.1 Customer Communication

Customer satisfaction survey

AirTAC provides multiple service communication channels and values customer feedback and suggestions. We collect information and conduct analysis and improvement to enhance service satisfaction through various communication channels such as frequent customer visits, distributor management, and satisfaction surveys.

The subjects of the Company's customer satisfaction survey are customers who have business relations with AirTAC. The customer satisfaction survey of AirTAC China is conducted in 10 parts. In 2020, 70% of customers gave a score of 10 out of 10 with the top 3 categories being: service attitude, response speed, and professional skills. More than 90% of customers gave a score

of 10 which suggests that our customer satisfaction has been improving over the years. In terms of investigations with room for improvement, we adhere to the service concept of "respect customers and customers first" when making improvements.

Moreover, we use the customer satisfaction survey results as our benchmark to make continuous improvements. We explore customer needs through proactive services and provide our improvement record back to our customers to create differentiated competitiveness. Innovative proactive customer service, internal process optimization, and improvement innovation are implemented into daily operations. We provide customers with extensive solutions with our positive attitude from assurance to quality improvement.

Customer Satisfaction Survey Items



Customer Complaint Management

Customer Complaint Handling Process



Customer Experience

In order to optimize our customer service and transport efficiency, we have adopted the following 3 measures in mainland China to maximize the customer experience:

1 Delivery method and route optimization

- All branches in the country have been restricted into restructured logistics centers to centralize the distribution of orders and product transportation.
- Orders of regional logistic warehouses are placed in AirTAC China, and they are directly delivered by AirTAC China's self-owned vehicles and drivers. In addition to direct delivery, we combine subcontractors' logistics to arrange the shipment in accordance with the needs of customers.

2 Replacement of old vehicles

- 14-ton vans have been replaced with trailers to increase the load of each trip and reduce the number of trips. Each year, an evaluation of vehicles is carried out to check whether they meet updated environmental protection laws and regulations and perform a necessary replacement. Vehicles with National IV emission standard have been replaced with those with National V emission standard.

3 Packaging material optimization according to requirements

- Long-distance companies: The outer packaging of the product is regular packaging with an outer carton to ensure product quality and transportation safety.
- Companies that are close by and directly delivered by dedicated vehicles: Parts of goods are directly palletized in plastic pallets, then shrink-wrapped to reduce packaging material consumption.

Customer Privacy Protection

AirTAC adheres to the principle of confidentiality regarding customer privacy data protection. We do not disclose customer names and project information to irrelevant third parties. We continue to protect customers' privacy with the aim of zero data breach. In 2020, there were no complaints regarding customer privacy.

Customer Privacy Management Measures



2.5 Smart Machinery and Sustainable Innovation

At AirTAC, we have strong R&D capacity. Through product research and development, system integration, inspection, and testing carried out by the R&D center, AirTAC Ningbo has developed as a Provincial High-tech Enterprise Research and Development Center in mainland China and Provincial Enterprise Research Institute, making the Company a rule setter in the pneumatic components industry. The Company is currently involved in the formulation and revision of industry and national standards while proactively engaging in the industry. Our R&D center maintains long-term, stable, and sound cooperation with the electronics industry, rail transportation industry, lithium-ion industry, automobile manufacturing industry, and textile industry as well as development cooperation with various large enterprises.

Electronics industry

R&D cooperation with large electronics groups for electronic machining systems to resolve clamping positioning accuracy and fast response problems.

Rail transportation industry

Work with rail transportation industry for the development of pneumatic modules used in photographic systems, pneumatic modules used in wiper systems, pneumatic modules used in urinal systems, pneumatic modules used in sliding door systems, and more.

Lithium-ion industry

Cooperation with large battery manufacturers to develop special pneumatic components.

Research institution

We carry out regular research projects with the National Pneumatic Products Quality Supervision and Inspection Center, each year for product quality inspection, improvement research on product performance, and performance inspection on the R&D process of new products.



立方体 Innovative Objectives

Short-term

Expand the development areas of products so that customers can have more flexible application options based on existing products



Medium-term

Pursue professional technological breakthroughs and improve manufacturing competitiveness through automated production management



Long-term

Introduce AI and big data to build an automated plant to achieve “smart manufacturing”



立方体 Patent Management

In an effort to protect AirTAC's current patented technologies and related intellectual properties, the Company has formulated the “Patent Management Rules.” A patent management team has been set up to supervise and implement the Company’s patent-related matters. We cooperate with a professional law firm and entrust fixed professional teams to carry out related matters, from the research of patents at the first stage of new product development to the subsequent patent application, licensing, protection, and utilization of patents.

Professional R&D Talents

The Company has been keen on nurturing R&D personnel, investing in R&D and creating a corporate environment conducive to innovation. Since 2007, 85 new products developed by the Company, including "Regulator," "Precision Slide Table," and "Magnetic Coupled Rodless Cylinder" have been included in the Ningbo City New Product R&D Initiative. The Company's R&D Center was also rated as a provincial level R&D Center and provincial level technology center and provincial level enterprise institute. AirTAC Ningbo currently has 27 invention patents including "Pneumatic Finger", "Integrated Valve", "Precision Pressure Regulating Valve", "Oil Mist Separator" and "Linear guideway", and 93 utility model patents such as "Sensor" and "Angle Cylinder" 55 appearance patents such as "air source treatment element (GL300 oil feeder)". One invention patent, 10 utility model patents and 3 appearance patents, including the new product 6D integrated valve and belt-type linear slide developed in 2020, have been accepted by the State Intellectual Property Office.

AirTAC is currently developing new products in line with market needs and outpacing customer needs to set a solid foundation for the Company in market competition. In 2017, AirTAC prepared to build the second construction in Tainan plant and the new factory in Ningbo, 170,000 square feet. These two plants will be used to produce high-end pneumatics and electromotive components. AirTAC has invested a lot of capital to hire professional personnel in linear guide area and to design and produce the linear guide products with high quality and fair price. The linear guide will be utilized in the new products of AirTAC and make the products of AirTAC more diverse.

In the near future, the Company will focus on upgrading the level and precision of existing products and developing pneumatic products for application in high-tech industries in the efforts to develop more advanced products in terms of materials, technology and quality.

Product Development Process



Future R&D Direction

The Company is gradually developing towards “smart production.” We have introduced automation equipment in machining, surface treatment, injection molding, and assembly. Not only is the production capacity increased, the quality of products can also be more stable. On the other hand, product data management and application environment can be optimized through introducing product data management (PDM) to track data relating to product lifecycles, increasing the speed of development while ensuring the quality of production.

In the future, we plan to integrate AI into the automated manufacturing system with the help of big data analysis, to be used in the scheduling and dispatching of work, personnel production productivity, machine productivity, manufacturing processes and machine control, quality defense, and equipment wear and tear, in order to improve production efficiency and quality, and maximize cost-effectiveness.

Green Production

AirTAC Ningbo Green Production Goal

- Selection of materials: Using environmentally friendly materials and renewable resources as well as raw materials that meet RoHS 2.0 regulations
- Packaging: Using eco-friendly packaging without ink printing
- Design: We insist on the concept of energy-saving, weight-saving, and high reliability and are fully committed to reducing energy consumption, reducing product area, improving product efficiency, improving the service life, reducing maintenance, and operating costs
- Improve the decomposability of products, reduce the number of substances in use to facilitate the disposal treatment after the end of the product life cycle

“Energy conservation and reduction of consumption, clean production, and green production” is AirTAC’s commitment and responsibility to society. In an attempt to reduce the burden on the environment, AirTAC has always upheld the principle of “energy- saving, space-saving, and weight-saving” and we are dedicated to the development of energy-saving and eco-friendly products. We enforce environmental protection from various stages of product lifecycles (design, manufacturing, packaging, transportation, use, and disposal) to further develop and provide more energy-efficient products. At the same time, we value the importance of energy conservation and carbon reduction generated from manufacturing processes. By adopting a recycling green production method, we can achieve friendly integration of modern industrial production and ecological civilization.

Green R&D Performance

1 Produce as lightweight as possible under the reduction of energy intensity; the proportion of secondary materials is simultaneously considered at the production stage to achieve environmental protection and material reduction

- Lightweight cylinders used for automobile manufacturing: Through innovative technology, the original forged aluminum has been replaced by extrusion casting, increasing efficiency by over 50% while reducing body weight by over 20%. In terms of customer use, the lightweight design allows customers to have a broad range of equipment options to better adapt to customer requirements of robot arms. We help customers to reduce power consumption under the same condition. Taking the 50-cylinder bore as an example, it has the latest lightweight design that can reduce power consumption by nearly 20% under the same condition.

2 Reducing Size, Saving Space and Reducing Power Consumption

- Solenoid valve specifications: The 6V200 series solenoid valves are smaller than 4V solenoid valves of the same specification by 34%; the new 10mm coil size is 66% smaller than the old model. In terms of energy efficiency, the new coil consumes 0.9W power (the old model 3W), a reduction of over 70%.

3 Design Optimization

- Reducing product weight and reducing loss: The new GAR300 weighs 293g, 13.1% lighter than the old GR300 product weight.

2.5.1 Product Quality and Safety

Quality Declaration

- AirTAC ensures the quality of our products and services by following the laws and regulations of the government and relevant standards of the industry. We follow relevant laws, regulations and international guidelines when marketing or labeling our products and services and should not deceive, mislead, commit fraud or engage in any other acts which would betray the trust of consumers or damage consumers' rights and interests.
- We take responsibility for our products and services and take marketing ethics seriously. In the process of research and development, procurement, production, operations, and services, the Company ensures the transparency and safety of their products and services. We establish and disclose policies on consumer rights and interests, and enforce them in the course of our business operations, in order to prevent the products or services from adversely impacting the rights, interests, health, or safety of consumers.

As a means to manage product quality, aside from establishing production process standards and inspection standards for various products, we have also established corresponding quality and control processes. For example, the “Measuring Instrument Management Program” has been formulated to define the maintenance, repair, calibration, and inspection requirements to ensure the measurement accuracy of the measuring instruments. For nonconforming products, we have formulated the “Nonconforming Product Control Process” to define the corresponding handling process and operating regulations when an abnormality occurs at each stage of the production. In addition, we introduced the UL safety certification in 2018 to continue to strengthen the power of product safety management as a means to provide customers the best quality and affordable products.

On the other hand, we have also formulated the “Nonconforming Product Control Program” to ensure nonconforming raw materials, parts, work-in-progress and finished products are immediately identified, isolated, determined, and handled to prevent further processing or use.

MIS Quality Management System and the Integration of Big Data and Quality Management

AirTAC Ningbo has been dedicated to quality smart management innovation and uses intelligentization, Industry 4.0, and big data for its intelligent production platform. It has imported 24 sets of high-precision inspection tools including a spectrum analyzer, universal length measuring instrument, Image length measuring instrument, comparison instrument, and 3-coordinate-measuring machine from Germany, Japan, and the U.K. Big data is used to link the front end and back end of intelligent plants, supply chains, smart offices and smart management, and the development of a quality management system (MIS) has achieved data quality management.

In an attempt to build a smart plant, a total of RMB 15 million was spent to build the MIS system. The MIS is used to facilitate manufacturing process inspection control such as the implementation of automatic inspection, automatic tool compensation, intelligent diagnosis, real-time early warning, implementation monitoring, and information visualization. With the automatic control of the computer, independent and standard self-operations can be carried out and risks of operational errors can be further reduced while enhancing product quality.



Product Responsibility

At AirTAC, we attach great importance to product manufacturing responsibility. We ensure that there is no violation of health and safety laws and regulations during the life cycle of products and services. In an effort to fulfill corporate social responsibility such as protecting the health, the safety of customers and end users while enforcing environmental protection, our raw materials are all tested by a third-party unit. Our raw materials all meet health and safety requirements, such as RoHS 2.0. In 2020, there were no fines concerning violations of health and safety laws and regulations.

2.6 Sustainable Supply Chain Management

Supplier Management Declaration

AirTAC evaluates the environmental and social impacts of procurement posed on the community of the supplier sources and works with suppliers to jointly implement corporate social responsibility. We have formulated the “Supplier Management Policy.” Suppliers are required to abide by regulations in relation to issues concerning environmental protection, occupational safety and health and human labor rights. Prior to having business relationships with suppliers, the Company evaluates whether the supplier has a record for affecting the environment and society. The Company avoids doing business with suppliers that conflict with corporate social responsibility policies. When the Company signs an agreement with a major supplier, the content of the agreement includes compliance with the corporate social responsibility policies of both parties. If the supplier is suspected to have violated the policy and that the source of the supplier has posed a significant effect on the environment and society, the terms and conditions of the agreement may be terminated or canceled.

Note: The contents of supplier management have been disclosed in Article 6.8 of the CSR Best Practice Principles

At AirTAC, we attach great importance to the sustainable development of industry chains. We continue to facilitate a sustainable supply chain management system, such as including the consideration of environmental and social factors in the contract with the supplier. AirTAC requires suppliers to strictly abide by local environmental protection laws and regulations, and fully implement green procurement. The purchasing Department is responsible for publicizing AirTAC’s “Green Procurement Statement” to suppliers. AirTAC requires all suppliers to comply with RoHS2.0 requirements and requires regular inspection reports from suppliers. We have also adopted the reward approach to “prioritize procurement” to encourage suppliers to obtain IATF 16949 and ISO 14001 environmental management certifications. We also plan to gradually facilitate the supplier ESG selection system by establishing a supplier classification system and conducting supplier on-site audits to promote supplier sustainability risk assessment and counseling as a means to further implement the spirit of sustainable procurement.

Supplier Management

AirTAC’s supplier management includes evaluating key suppliers. An audit is conducted on key suppliers every quarter and an evaluation is conducted on other suppliers on an annual basis. Evaluation items include delivery time, quality, price, coordination, and handling of customer complaints. We guarantee that our suppliers provide good quality, reasonably priced products, and services for a long period of time, and we can understand their operation and quality maintenance status through the evaluation method. All suppliers must submit for inspection or provide a third-party RoHS 2.0 inspection report, and the finished products cover all series.

ESG Section System for New Suppliers

As a means to build shared sustainability awareness with our business partners, we require our newly developed suppliers to provide their written audit information. We also assign personnel to conduct on-site audits, and audit items are based on both the written audit information provided and on-site risk identification. Through an investigative sector, we are aware of the governance status of suppliers such as: whether they have ISO 14001 environmental certification, ISO 45001 Occupational health certification, restriction of hazardous substances (RoHS), or whether employee training has been conducted so that suppliers are ensured to have met basic requirements in relation to sustainability prior to becoming our suppliers.

Establishment of Supplier Classification System

In an effort to effectively manage suppliers, we categorize our suppliers to fully grasp the situation regarding the overall supply chain. At the moment, the Company’s supply chain has been divided into 6 categories according to procurement types: raw materials, parts, auxiliary materials, equipment, outsourcing, and general miscellaneous.

| Category | Raw Materials | Parts | Auxiliary materials | Equipment | Outsourcing | General miscellaneous |
|-------------|--|--|---|---|--|-------------------------|
| Description | The main or key components that make up the final product (including raw materials such as aluminum / copper / iron / steel) | Materials that have auxiliary functions and constitute the general part of the final product (including screws/nuts stamped parts/ packaging materials / glue / oil) | Substances that are not directly used in the product but have auxiliary functions (Packaging materials, oils, knives, etc.) | Machinery and equipment, office equipment and information equipment, etc. | Outsourcing surface treatment, processing supplies, etc. | Administrative supplies |

Supplier Evaluation

In terms of delivery time, quality, price, coordination and handling of customer complaints, AirTAC carry out a supplier evaluation on an annual basis. The evaluation is classified into 4 levels: A, B, C, and D. Suppliers who are classified as level D will be required to make improvements over a given period of time, of which improvement related education and training must be conducted. However, if improvements are not made as required, the partnership will be terminated.

| | AirTAC Ningbo 2020 supplier evaluation result | AirTAC Guangdong 2020 supplier evaluation result |
|---------|---|---|
| Level A | 89 suppliers; among these, 3 suppliers were new: accounting for 19.4% (new suppliers account for 0.7%) | 102 suppliers; among these, 2 suppliers were new: accounting for 63.3% (new suppliers account for 1.2%) |
| Level B | 359 suppliers; among these, 7 suppliers were new: accounting for 78.4% (new suppliers account for 1.5%) | 59 suppliers; among these, 8 suppliers were new: accounting for 36.7% (new suppliers account for 5.0%) |
| Level C | 8 suppliers; there were no new suppliers: accounting for 1.8% | 0 |
| Level D | 2 suppliers; there were no new suppliers: accounting for 0.4% | 0 |

Local Procurement

At AirTAC, we are fully aware of the environmental impact raw materials and components may have an impact on the environment during transportation. We, therefore, adhere to the principle of local supply. We work hard to develop local suppliers as a means to achieve timely and appropriate procurement to further reduce carbon emissions caused by remote transportation while creating local job opportunities and economic prosperity. In 2020, AirTAC Taiwan's local procurement (Taiwan) accounted for 97%. AirTAC Ningbo's and AirTAC Guangdong's local procurement (China) accounted for 93% and 94%.

CH 3

Sustainability • Environmental protection

3.1 Energy and GHG Management

3.2 Water Resources and Wastewater Management

3.3 Pollutants and Raw Materials Management

3.4 Waste Management



3.1 Energy and GHG Management

Environmental Declaration

1. We abide by applicable environmental laws and regulations as well as related international standards and protect the natural environment accordingly. We strive for environmental sustainability when carrying out operating activities and internal management.
2. We are committed to improving the efficiency of resource utilization and we use renewable materials that pose a low environmental impact so that resources can be sustainable.
3. According to industry characteristics, we have established appropriate environmental management. The system includes the following:
 - Collect sufficient and timely information and evaluate the impact on the natural environment posed by operating activities.
 - Establish measurable environmental sustainability goals and regularly review the sustainability and relevance of their development.
 - Establish execution measures including specific plans or action programs and regularly review the effectiveness of the implementations.
4. We have established a dedicated environmental management unit and personnel to formulate, promote, and maintain the applicable environmental management system and specific action programs. Environmental education courses are also regularly organized for management and employees.
5. In consideration of the ecological impact posed by operations, we facilitate and promote the concept of sustainable consumption and carry out the following operating activities of R&D, procurement, production operation and service in the following principles to reduce the impact of company operations on the natural environment and people:
 - Reduce resources and energy consumption of products and services.
 - Reduce discharges of pollutants, toxic substances and waste, and ensure waste is properly treated.
 - Increase recyclability and reuse of raw materials and products.
 - Maximize the sustainability limit of renewable resources.
 - Extend the durability of products.
 - Increase the performance of products and services.
6. In an attempt to increase the consumption effectiveness of waste resources, we use water resources properly and have formulated related management measures. We build and strengthen related environmental protection treatment facilities to avoid polluting water, air, and land. We will do our utmost to reduce any adverse effect on human health and the environment while adopting the best available pollution prevention measures and control technology measures.
7. Current and future potential risks and opportunities of climate change on the Company are assessed, and corresponding measures are adopted to address climate issues.

As we are fully conscious of the impact of global climate change; we therefore persist with the optimization of our internal energy management. The power consumption goal for AirTAC in Taiwan is a reduction of 1% each year; the AirTAC Ningbo plant in China continues to pursue improved performance of energy consumption through increasing renewable energy. Not only can the cost of energy consumption be reduced, but energy management intensity is also increased, gradually improving the performance in GHG reduction. In 2020, AirTAC Taiwan, AirTAC Ningbo, AirTAC Guangdong invested a total of NT\$104.24 million in environmental protection.

The energy AirTAC uses in the manufacturing process is mainly electricity and a small number of petrochemicals. The types of GHG produced are CO₂, CH₄, and N₂O. In 2020, the total GHG emissions produced by AirTAC Taiwan, AirTAC Ningbo, and AirTAC Guangdong were 10,319 tons of CO₂e, 68,965 tons of CO₂e, and 12,079 tons of CO₂e, respectively.

Energy Saving Performance

AirTAC Ningbo, in line with China's 13th Five-Year Plan, has set an energy-saving target of reducing energy consumption by 20% per 10,000 yuan of output by 2020 compared to 2015. Energy consumption per million yuan in 2020 is 0.389, and in 2015 it is 0.485, and energy saving targets have been achieved.

To effectively use resources and reach the goal of energy conservation and carbon reduction and prevent the use of ineffective or waste power and air conditioning consumption, AirTAC Ningbo has formulated the "Lighting Energy Conservation Regulations." We adhere to the principle of "who consumes, who calculates, quota management, reasonable use of energy" and include energy conservation evaluation into the performance appraisal of each department and employee. In accordance with the "Energy Meter Configuration Specifications," AirTAC Ningbo allocates the corresponding meters for water, electricity, and gas in the plant. Statistical analysis is conducted to facilitate the detection of abnormalities and make improvements accordingly. Corresponding usage regulations have been formulated for public facilities such as air-conditioning and fans to avoid energy waste. At the same time, we will also conduct technical modifications on equipment. Outdated motors will be replaced, and solar power introduced.

On the other hand, NT\$30 million has been invested by AirTAC Taiwan in building air-cooled air-conditioning to improve equipment efficiency and reduce energy consumption. At the same time, the output pressure of air compressors was reduced, saving 149,000 kWh in 2020; air-cooled air conditioning equipment was installed in Phase 2 and Phase 3 plants, and energy consumption for air conditioning reduced by 30%.

Establish Employee Sustainability Proposal Channels for a Sustainable Business

AirTAC Ningbo has formulated the "Sustainability Proposal Improvement System" to encourage employees to have a voice regarding related issues concerning sustainability. In recent years, one of the innovative proposals was: improvement proposal for treatment process of the wastewater treatment station - through an adjustment of the sedimentation tank treatment parameters and the introduction of a high-pressure filter press, the repetition of treatment of part of the wastewater has reduced and so has the power consumption and sludge production. Incentives are also offered for proposals to improve workflow and improve efficiency. AirTAC Ningbo's proposed production improvement had saved approximately NT\$37.96 million in operating costs by 2020.



Power Saving Program

| Company | Energy conservation program | Base year | 2020 energy saving volume |
|------------------|----------------------------------|-----------|---------------------------|
| AirTAC Taiwan | Air compressor improvement (kWh) | 2019 | 148,932 |
| AirTAC Ningbo | Air compressor improvement (kWh) | 2019 | 6,109,714 |
| AirTAC Guangdong | Energy saving on lighting (kWh) | 2018 | 898,978 |

Note 1: The energy saving of the air compressor improvement program is calculated based on the theoretical data of the Bureau of Energy and operating hours.

Note 2: The energy saving of lighting energy conservation is calculated based on the energy-saving volume and saving hours

Note 3: AirTAC's Guangdong's LED light replacement is mainly completed in the second half of 2019, so the 2018 benchmark is used to express the energy savings for the entire year after replacement.

Renewable Energy Installation

At AirTAC, we attach great importance to the utilization of renewable energy. Based on the area for which solar power systems could be installed, a 1.8434 MW solar power system has been installed on an area of 13,500 square meters by AirTAC Taiwan. 2.8 MW and 5.8 MW of solar power has already been installed in AirTAC Ningbo Plant 1 and Plant 2 respectively. The installation capacity at Plant 2 will reach 10 MW in the future, and total solar power will account for 8% to 10% of the total power consumption of the AirTAC Ningbo Plant.



Green Construction

We have planned appropriate green space outside each building of the AirTAC Taiwan production base so that there is adequate ventilation, lighting, and safe distance between buildings while allowing spaces that are pleasing to the eye.

The office building is core to the plant and with the building being in a north-south position, it receives a great deal of natural lighting. We have also considered blocking the sunlight from the south and have built some multi-level semi-outdoor spaces to diversify the building as well as providing a comfortable and relaxing environment for office personnel. Different types of flora have been planted in these multi-level semi-outdoor spaces, bringing "greenery" into the office environment.

Transportation management

In recent years, we continue to strengthen transportation management, such as the shipment amount - customers may only arrange the shipment when a certain amount of capital is reached; customers may also work with logistics companies to distribute goods together with other goods to reduce expenses invested in logistics by the Company. By shipping goods at the same time, it also reduces GHG emissions produced from transportation.

We carry out one-time procurement of several products to reduce the number of shipments as well as thorough evaluation of special packaging requirements to avoid over-packaging of products. Products should be delivered in a pallet or logistics boxes to replace disposable cartons. On the other hand, to prevent products from colliding with each other during sea transport in the past, polystyrene pellets and bubble wrap were often used in cartons. Nowadays, air injection has been adopted reducing the use of plastic, reaching the target of sustainable development.

3.2 Water Resources and Wastewater Management

AirTAC is dedicated to ensuring the protection and effective use of water resources. We conduct evaluations for the use and conservation of water resources while monitoring the risk of water shortage due to drought. Our manufacturing processes do not consume high quantities of water. In terms of the use of water resources in the plant, the Company has applied for the approval of water pollution preventive measures as required by law. The Company's source of sewage is mainly domestic sewage. Self-inspection is carried out every month and an inspection agency approved by the Environmental Protection Administration is entrusted to inspect the discharge situation at the plant.

3.2.1 Water Resource Management

AirTAC Taiwan regularly conducts a discussion of water resource risks with external units regarding water source issues; for example, AirTAC Taiwan attended the 2020 Tree Valley Park Environmental Assessment Conference. The conference content included sustainable development issues such as manufacturing process recovery, waste reduction, difficult-to-biodegrade wastewater treatment, and recovery technology. We formulate management strategies that meet sustainable management spirit through having a full control of water resource-related risks.

At AirTAC, we try our utmost to promote water reduction measures. We have implemented several water-saving facilities including the installation of water-saving taps in the toilets, the installation of recovery equipment for process cleaning water, recovery system at the wastewater station, wastewater from machine cleaning reused in the vibration cleaning process after being treated at the wastewater station, boiler steam condensate partially reused in the boiler room for recycling, and more. The above measures have been enforced to save water while at the same time effectively using water resources.

In AirTAC Ningbo, water-saving leading teams have been established and the manager of the General Manager's office serves as the head of the team. Members are made up of the supervisors of each department. Quantitative management of water consumption is carried out in each department and actual water consumption exceeding the standard will be inspected and analyzed. Award-discipline management is also performed to encourage our employees to save water.

Saving Water Program

| Company | Water saving Program | 2020 Water Savings |
|------------------|---|--------------------|
| AirTAC Taiwan | Machine cleaning wastewater reused | 853 |
| | Landscape water irrigation greening | 2,658 |
| AirTAC Ningbo | Landscape water irrigation greening | 5,460 |
| | Boiler condensate recycled and reused | 9,602 |
| AirTAC Guangdong | Concentration water of the pure water machine reused | 13,500 |
| | Multi-stage counter-current rinsing of surface treatment and cleaning lines | 37,644 |
| | Machine cleaning wastewater reused | 4,538 |
| | Landscape water irrigation greening | 15 |
| | Total | 74,270 |

Unit: cubic meter

By 2020, AirTAC Ningbo has invested NT\$453 million in environmentally friendly surface treatment plants, and the following environmental performance is expected when it opens in 2021:

AirTAC Ningbo Wastewater System Improvement Performance

| Item to be improved | Contents | Savings |
|--------------------------|---|---|
| Phosphoric acid recycled | <ul style="list-style-type: none"> ▪ 100 tons of wastewater recycled; 2.65 tons per day (85% phosphoric acid concentration) | <ul style="list-style-type: none"> ▪ 795 tons of phosphoric acid recycled per year |
| Water recycled | <ul style="list-style-type: none"> ▪ Recycled general water consumption: 960 tons per day ▪ Recycled electroplating water consumption: 172.8 tons per day ▪ Total recycled water usage: 1,132.8 tons per day | <ul style="list-style-type: none"> ▪ 339.6 tons of water recycled per year |
| Sludge output | <ul style="list-style-type: none"> ▪ 15 tons of sludge treated per day; 8 tons of water output per day ▪ Energy consumption per unit: 115 kWh | <ul style="list-style-type: none"> ▪ 2,400 tons of sludge reduced per year ▪ 828,000 kWh of energy consumption reduced per year |

3.2.2 Wastewater Management

Our manufacturing process wastewater is strictly treated by the wastewater recovery system in accordance with the wastewater standards of all areas.

A water quality inspection is conducted every 6 months by an external professional institution. In May 2019, nearly NT\$10 million has been continued to invest in the manufacturing process wastewater recovery system to strengthen wastewater management practices. In 2020, AirTAC Taiwan produced 35,000 tons of wastewater.

According to different water quality, AirTAC Ningbo's wastewater treatment inspection is performed each day on PH, COD, ammonia nitrogen, total phosphorus, total nickel, and hexavalent chromium. In 2020, 243,600 tons of wastewater was produced by the plant and was pre-treated through the wastewater treatment station in the plant. 117,700 tons of domestic sewage (dormitory and canteen) was produced and was pre-treated through the septic tank or grease trap in the plant. The above 2 types of wastewater that were pre-treated was discharged into the municipal sewer; it then went through the city sewage treatment plant for in-depth treatment before being discharged into the river (Fenghua River).

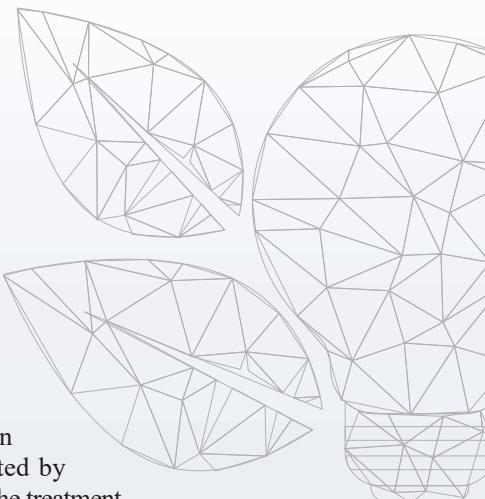
AirTAC Guangdong monitors surface treatment cleaning wastewater and inspection is carried out on PH and COD, respectively each day. In 2020, 4,500 million tons of production wastewater was produced in the plant. After being treated by the plant sewage treatment station, it was reused at the surface treatment cleaning line. 19,700 tons of domestic sewage (dormitory and canteen) was produced, and after being treated by the plant's Level 3 septic tank, was discharged into Songgang Sewage Treatment Plant for centralized treatment before being discharged into the Yayaowaterway through the municipal sewer.

3.3 Pollutants and Raw Materials Management

3.3.1 Pollutants Management

The principle of our environmental protection work insists on prevention, integration of prevention and treatment, and comprehensive management. We thoroughly implement pollution control throughout the entire production process, implement management of pollutant discharge reaching standards and total pollutant control. AirTAC has plant environmental monitoring and inspection management practices in place. Daily environmental monitoring, including online monitoring by the Environmental Protection Agency, regular monitoring by third parties, and self-testing by sewage stations and environmental protection teams, is mainly for wastewater, rainwater, river water and waste gas treatment facilities. The inspectors shall test the sewage and exhaust gases in the plant in accordance with the water quality indicators, exhaust gas indicators, inspection frequency requirements and inspection specifications. The test results should be reported.

AirTAC Taiwan has installed in negative pressure ventilation systems to reduce process odors, for oil mist exhaust gas, equipment is also equipped with the corresponding oil mist purifier. The types of air pollution at the AirTAC Ningbo plant mainly include oil mist exhaust produced from mechanical processes, sandblasting and polishing exhaust, and surface treatment process exhaust. Devices that release oil mist exhaust are equipped with oil mist filtration and oil mist recovery rate of more than 95%; devices that release dust exhaust are equipped with a dust collector; devices that release exhaust from the surface treatment process are equipped with an exhaust purification system. Inspections are conducted by subcontractors regularly to verify the treatment results of the facility.



3.3.2 Raw Material Management

AirTAC attaches great importance to raw material management. All raw materials have been tested by a third party, and materials and contents comply with applicable health and safety requirements such as the RoHS 2.0 standard. Through material control, we can maximize the efficiency of resource utilization to better facilitate the practice of corporate sustainable development.

Raw Material Control

In an effort to maximize the capacity of the production line, each planning department (division) and production management personnel help in coordinating the data of machines in the plant production cycle, and tool life. Production details will then be digitized to facilitate accurate management of human-machine ratio, inventory as well as the use of materials and auxiliary materials to reduce waste. Moreover, material costs have increased due to the friction between the U.S and China. Our planning division is responsible for calculating production costs and helping reduce expenses incurred by other non-materials.

Raw Material Management

In order to effectively regulate the Company's warehouse operations management, we have formulated the Inventory and Storage Procedures to increase work efficiency, the usage ratio of materials in the inventory while reducing costs, and saving storage space to satisfy the needs of the production department and the Company's business development. At the same time, as a means for resources to be recycled and reused, we have been working hard to reduce the purchase of natural materials while also researching the utilization of renewable raw materials to reduce consumption during the production process through reusing semi-finished products including metal, plastic, rubber, and reused packaging materials (such as paper and wood). In 2020, the proportion of recycled raw materials for AirTAC Ningbo and AirTAC Guangdong were 0.21% and 2.72%, respectively.

Hazardous Substance Management

In order to strengthen the safety management of hazardous chemicals and prevent the occurrence of hazardous chemical accidents, a hazardous chemical safety management system has been formulated. Chemicals used in the plant are tiered and managed according to their hazardousness and an operating-site inspection is performed every 6 months. Aside from labeling each container in the operating site, safety data sheets are given, and personal protective equipment (PPE) is provided. Newcomers receive

education and training to enhance their awareness of risks regarding hazardous chemicals. On-the-job training is conducted every 3 years for all employees so that they understand the hazards of chemicals and use them correctly and safely.

3.4 Waste Management

We strive for resource recycling and are committed to cutting waste at source and effectively classifying waste. We implement the concept of waste-free manufacturing by continuously improving the recycling proportion of waste. In 2020, the waste recycling ratio at AirTAC Taiwan, AirTAC Ningbo and AirTAC Guangdong were 83%, 61% and 87% respectively.

Waste Management Measures

We have set up different recycling methods according to different types of waste. For example, waste oil is distilled and reused as fuel oil, and scrap iron is recycled and reused. We have also purchased equipment for recycling to reduce waste output.

On the other hand, we have set up a physical extrusion system in the plant. For example, the physical extrusion equipment reduces the volume of iron and aluminum and waste oil water separator concentrates waste oil to reach the target of reducing the volume of waste. We outsource an external recycling company to collect the waste that cannot be recycled on-site. For resources that cannot be reused, we commission a legal waste removal firm to remove the waste. By doing so, we identify, classify, and collect hazardous waste to a storage area dedicated to hazardous waste according to local and national laws and regulations. The waste is then managed by designated personnel. Licensed local hazardous waste treatment companies are entrusted for subsequent transportation matters. The Company is required to provide appropriate treatment documentation, route confirmation, photographs, and a hazardous waste transfer form to ensure waste is removed effectively. In 2020, the amount of waste treated in AirTAC Taiwan, AirTAC Ningbo, and AirTAC Guangdong were 371 metric tons, 12,559 metric tons, and 1,786 metric tons, respectively; among the waste treated by AirTAC Taiwan, AirTAC Ningbo and AirTAC Guangdong, 1,297 metric tons were reused.



CH 4

The Power Happiness • People-orientation



4.1 Employee Benefit

4.2 Employee Fostering

4.3 Safe Workplace

4.1 Employee Benefit

Human Rights Declaration

1. AirTAC abides by relevant laws and regulations as well as the International Bill of Human Rights to guarantee gender equality, the right to work, and the prohibition of discrimination. We have formulated appropriate management policies and procedures to exercise the responsibility of human rights protection, and these include:
 - Presenting a corporate policy or statement on human rights on the official website.
 - Evaluating the impact of the Company's business operations and internal management on human rights and adopting corresponding handling processes.
 - Reviewing the effectiveness of the corporate policy or statement on human rights regularly.
 - In the event of any infringement of human rights, the Company discloses the processes for handling the matter concerning the stakeholders involved.
2. AirTAC complies with the internationally recognized human rights of labor, including the freedom of association, the right of collective bargaining, caring for disadvantaged groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment discrimination, and ensuring that their human resource policies do not discriminate based on gender, race, socioeconomic status, age, or marital and family status. The aim is to achieve equality in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities.
3. The Company provides information for our employees so that they are aware of the labor laws and rights they can enjoy in the countries where the Company's business operations are conducted.
4. At AirTAC, we provide safe and healthy work environments for our employees, including necessary health and first-aid facilities. Moreover, we endeavor to prevent occupational accidents by minimizing hazards that affect our employees' safety and health.
5. We aim to create a conducive environment for the development of our employees' careers and establish effective training programs to foster career skills.
6. We establish and implement reasonable employee welfare measures (including remuneration, leave and other welfare, etc.) and appropriately reflect the Company's performance or achievements in the employees' remuneration, so as to ensure the recruitment, retention, and motivation of human resources, and achieve the objective of sustainable operations.
7. We have established a platform to facilitate regular bilateral communication between the management and the employees, so that the employees may obtain relevant information and express their opinions on the Company's operations, management, and decisions.
8. The Company respects the employee representatives' rights to negotiate working conditions and provide the employees with necessary information and hardware for the sake of facilitating negotiations and cooperation between employers, employees, and employee representatives. We provide an effective and appropriate grievance mechanism with respect to matters adversely impacting the rights and interests of the labor force to ensure the equality and transparency of the grievance process. Channels through which a grievance is made should be clear, convenient, and unobstructed; employee's grievances should be responded to appropriately.
9. The Company, by reasonable means, informs employees of operational changes that might have material impacts.

Note: The contents of the declaration of human rights have also been disclosed in Article 6 of the CSR Best Practice Principles

4.1.1 Employee Benefits

Employees are one of the most important factors for driving AirTAC's sustainable development. We provide complete and diverse employee benefits in 4 aspects of care: health, life, holiday, and insurance. For instance, we have established employee lounges, organized recreational activities, and unscheduled employee activities or trips to alleviate work pressure and build a friendly, happy workplace. Also, AirTAC Ningbo conducted an employee satisfaction survey in 2020 focusing on the aspects of food, housing, transportation and employee activities, attaining a satisfaction score of 85.9. In the future, we will continue to provide our employees with a better work environment and benefits.

| Healthcare | Life Care | Holiday Benefits | Insurance Care |
|---|--|--|---|
| | | | |
| Annual health examination | Free meals at the canteen | New employees are entitled to 1.5 days of annual leave | Five social insurances and one housing fund |
| | | | |
| Employee gym | A total of 2 sets of uniform a year | Natural disaster leave with pay | Health and labor insurances |
| | | | |
| Organizing internal employee sports activities, competitions, and group activities to facilitate the engagement between departments. For example: men's and women's basketball games, photography contests, table tennis games, and talent contests | Free indoor parking space, transportation allowance for sales personnel | Employee trips | |
| | | | |
| | Exclusive employee lounge | Special leave proportional to employee's length of service | |
| | | | |
| | Gifts and bonuses for 3 major festivals | | |
| | | | |
| We encourage employees to take part in external sports, arts, and cultural activities to expand their social circles. For example: marathons, professional football matches, choral competitions, city social activities | Purchase of train tickets for employees to go home during Chinese New Year | | |
| | | | |
| | Provide cool drinks on hot days | | |
| | | | |
| | Emergency relief for employees in need | | |
| | | | |
| | Internet cafe and library | | |
| | | | |
| | | | |

Note: AirTAC Taiwan

AirTAC Ningbo

AirTAC Guangdong

AirTAC China

4.1.2 Remuneration System

AirTAC provides comprehensive employee promotion and remuneration systems such as "Standards M/T", where we provide remuneration superior to that of the industry standard and above the local minimum wage. Salary for new employees is determined by job requirements and educational background; salary adjustment and promotion are subject to job performance after becoming a full-time employee. We offer a robust financial system and allocate stable retirement funds in accordance with the Labor Standards Act and Labor Pension Act in the countries where we operate. AirTAC offers a better severance pay package than the ones stipulated by the local laws and regulations to employees who are retiring or terminating their employment. The aim is to help them through job transitions. In addition, AirTAC Taiwan also offers better overtime pay superior to that of the government's regulations.

4.1.3 Human Rights Protection

AirTAC adheres to relevant laws and regulations as well as the International Bill of Human Rights to guarantee gender equality, the right to work, and the prohibition of discrimination. Airtac also clearly stipulates a protection and management system for female workers and underage workers. It regulates that no discrimination against women is allowed in the ranks, upgrades and wage adjustments of employees. It insists on equality between men and women, and does not allow marriage, pregnancy, childbirth, or breastfeeding as reasons for refusal, dismissal or pay cut of female employees. In AirTAC Taiwan, a Gender Equality Committee was formed in a bid to build an employee-friendly work system and work environment. For example: a lactation room has been established for female employees, as well as parking spaces dedicated to pregnant employees. We adjust the workplace for pregnant employees and hire those who have disabilities but can still work. The number of aforementioned employees we hire is higher than that required by local laws and regulations.

We also enforce maternal labor health protection regulations by notifying our employees of their rights and obligations, carrying out self-health assessment, evaluating their work environment and operational hazards, as well as arranging interviews and consultation with a physician during the maternity protection period. In 2020, there were 22 cases of pregnancy with 100% execution rate and 89% retention rate after paternity leave.

AirTAC promoted human rights education and training in the staff meeting. There were 2 courses and 1,359 trainees.

AirTAC implements the concept of localization worldwide, with local residents working in all plants and no cases of discrimination, child labor or forced labour at all plants in 2020.

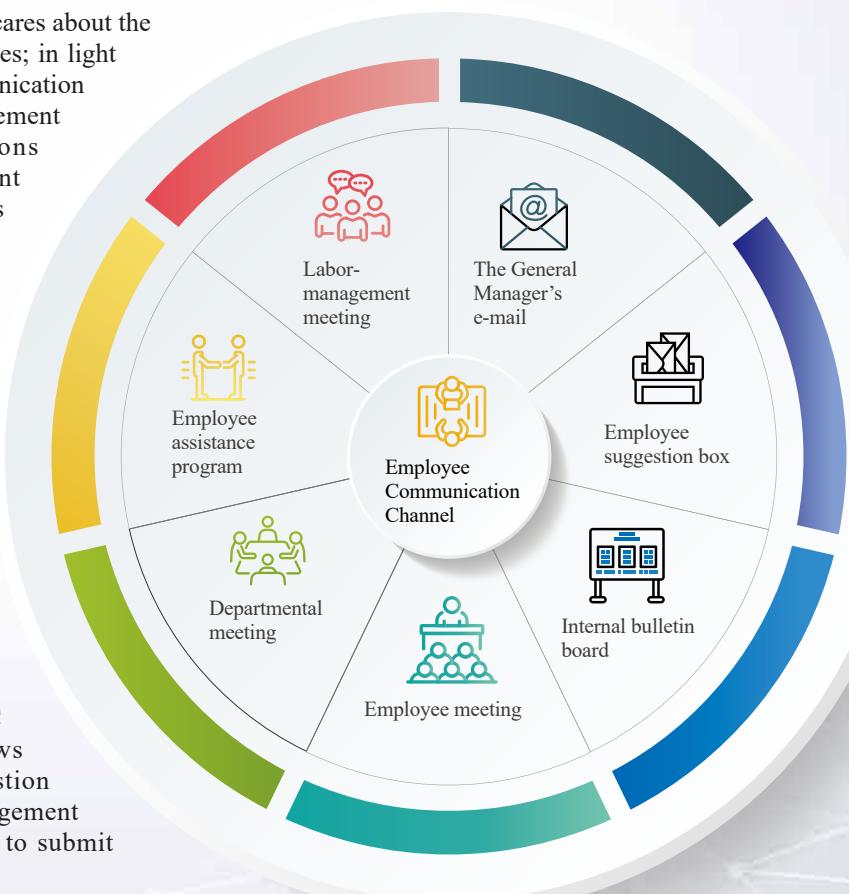
4.1.4 Labor Relations

AirTAC insists on “people first,” and cares about the involvement and interests of employees; in light of this, a variety of employee communication channels have been set up. We implement labor-management communications through quarterly labor management meetings, the General Manager’s e-mail, and employee meetings. Employees are notified prior to major operational changes that may have an impact on their interests in accordance with legal regulations.

AirTAC Taiwan offers the Employee Assistance Program (EAP), where one-on-one counseling between the supervisor and employee is conducted to understand the employee’s problems in life or at the workplace, so as to provide appropriate assistance. If there are issues that cannot be discussed with direct supervisors, AirTAC Taiwan will also arrange interviews with indirect supervisors. A suggestion box accessible only by senior management has also been set up for employees to submit suggestions on any issue.

Furthermore, the Company upholds the spirit of fairness and impartiality when handling an investigation or complaint, providing employees with reasonable feedback and treatment. The Company also strives to reach a consensus with various parties in major meetings such as labor-management meetings and employee meetings to ensure harmonious labor relations.

Employee Communication Channel



4.2 Employee Training

Human resources are the foundation of a company's sustainability. As a means of improving employee capabilities and quality, and maintaining their long-term competitive advantage, AirTAC designs employee training programs each year. The Company organizes suitable internal, external, and professional training to train talents based on the employees' functions and abilities. In total, we have conducted 106,398 hours of training. Meanwhile, in embracing the global challenges of the future and fostering the Company's sustainable development, we have adopted several programs regarding talent attraction and retention. For example, we have created a comprehensive recruiting and talent training mechanism to build a talent-friendly workplace.

4.2.1 Diverse Recruitment

We attract suitable talents via a variety of approaches such as internet recruiting, campus recruiting (campus hiring or campus job training programs), job fairs, internal recommendation

mechanisms, and more. In 2020, AirTAC Taiwan, AirTAC Ningbo, AirTAC Guangdong and sales branches of AirTAC China successfully recruited 194, 2016, 252 and 351 people respectively through our diversified recruiting channels. In order to foster and retain talents, we will provide extensive education and training to employees based on their traits and expertise.

4.2.2 Learning Development

We are dedicated to fostering talents in the automated machinery industry through a comprehensive training program covering new and on-the-job training, internal and external training, and basic and supervisor development, providing multi learning channels. At the same time, we assess the effectiveness of employee learning development alongside education and training, while continuing to observe whether the employees under training has made progress in an effort to generate talent values necessary for sustainable development.



Talent Training

General Level

New employee Training

- The training includes Company history, corporate culture, various administrative and personnel systems, ethical conduct regulations, safety education, and more.

Basic (Pre-employment) Training

- Training includes work objectives, workflow and specifications, business knowledge and capabilities, and safety knowledge of the workplace

On-the-job Training (Including internal and external training and plant interactions)

- Through the OJT (on-the-job training) approach, education and training are arranged according to knowledge, skills, and work methods while emphasizing both theory and practice.
- In addition to selecting outstanding internal and external lecturers, we also commission external agencies to carry out training and exchange training at all plants. The training contents include quality management, product knowledge, management capability, operational skills, teamwork, office software, and more.

Technical Level

Professional training

- Necessary skills such as learning to use basic machinery, programming instructions, standard drawing programming, panel operation, tooling, and claw repair are received during training. An examination must be passed being promoted to technician status. This approach is adopted to cultivate potential production-site management and technical talents.

Supervisor Level

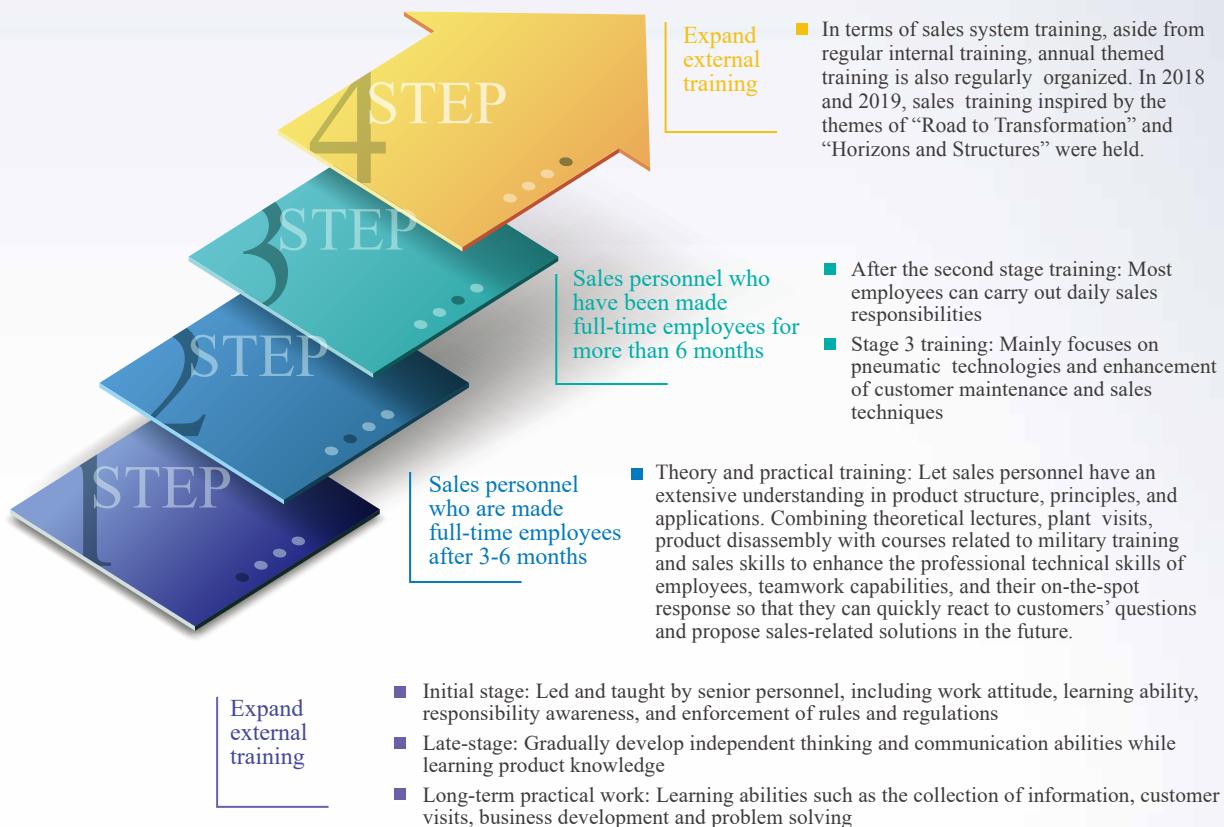
Supervisor training (Training of Taiwanese employees included)

- Training of talent pool and the General Manager's office training focuses on skills including accountability and role positioning, management capability, communication skills, quality concept, and efficiency improvement. These trainees will also undergo training at different units and with qualified personnel in order to become supervisors.

Reserve Personnel Training Course

Talent Training for AirTAC China's Sales Personnel

As an important sales operations company in mainland China, AirTAC China carries out unconventional training compared to other manufacturing plants, where 4 stages of training programs have been stipulated based on the duties of sales personnel. AirTAC China has devised a comprehensive development program for sales talent incorporating guidance of senior sales personnel to cultivate the new employees' fundamental skills, as well as professional training of pneumatic knowledge or sales ability training and themed external training.



In order to enable AirTAC China's colleagues to fully implement all aspects of epidemic prevention work, while still being able to invest strongly in market demand and services, and maintain the brand image, the AirTAC China school online training model was created in 2020. In 2021, on the premise that the epidemic slows down, through the online-based training model, offline-assisted training mode, the supervisor and business team will continue to explore and innovate while actively performing social obligations while providing new sales strategies. Promote the company's brand reputation to reach new heights, go hand in hand with the company, and become an excellent technical sales team.



Helping to Cultivate Students in Schools

AirTAC Ningbo's industry-academia cooperation includes 3 major series such as practical training programs and providing teaching equipment to schools for setting up laboratories, allowing students to conduct experiments under the guidance of AirTAC personnel; launching campus collaborative research programs so that the school can help propose solutions to cater to the end-customers' needs while also improve the performance of AirTAC's products through the school's scientific research capabilities; AirTAC provides sponsorships including equipment and products for campus projects, allowing schools to organize robotics design competitions or formula racing.

4.2.3 Performance Assessment

We have established a robust performance appraisal system. A standard has been formulated to promote employees based on their individual ability and years of service. We also offer a benefits system second to none to inspire the potential of employees and promote them based on their performance assessment. All AirTAC Taiwan employees must receive a performance appraisal every 6 months and all employees at AirTAC Ningbo, AirTAC Guangdong, and AirTAC China should receive one quarterly; a career development assessment is conducted every year and in 2020 the performance appraisal rate was 100%.

2020 the
performance
appraisal rate was
100%

4.3 Safe Workplace

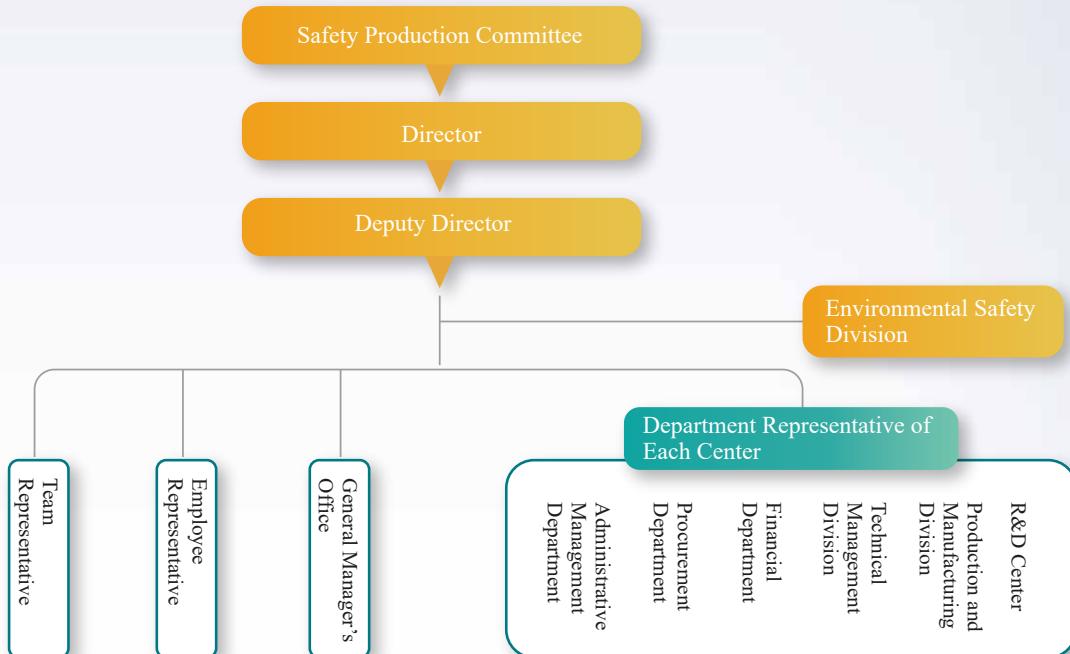
Employees with physical and mental wellbeing produce high-efficiency and high-quality performance at work. Consequently, the Company strives to provide employees with a safe and healthy work environment. We have established a comprehensive safety management system regarding work safety and implemented safety management in compliance with the Standard for Work Safety Standardization of the Machinery Manufacturing Industry. While identifying and investigating dangerous and hazardous elements, we also work hard to adopt technical improvement measures. Our employees' occupational safety awareness is strengthened through ongoing education and training, as well as promotion, enabling them to apply emergency response skills and safety concepts in everyday life. Meanwhile, we have implemented a work injury prevention and follow-up system, hoping to minimize workplace accidents. In terms of environmental equipment, we have invested in the improvement of mold-casting and surface treatment production lines. Parts of the manual operations in our plants are replaced by robotics as a means of reducing possible impacts on our employees' health during the production process.



4.3.1 Occupational Safety and Health

At AirTAC, we have established an Occupational Safety and Health Committee (OSH Committee) responsible for occupational safety management, target setting, and achieving the goal of zero occupational accidents. There are more labor representatives in our OSH Committees in all plants than required by the law.

OSH Organizational Framework



Note: Using the organizational framework of AirTAC Ningbo's Safety Production Committee as an example

Occupational Safety and Health Management

AirTAC Taiwan passed the certification of Occupational Safety and Health Management System-ISO45001 in 2020. In 2020, a total of 22 procedural documents were reviewed/amended/amended as the basis for relevant business execution. A total of 14 unacceptable risks were assessed and identified, all set up plans for improvement, and continue to track the improvement effects. Actively use engineering improvement/equipment replacement methods to reduce work risks, such as replacement of grinders, additional installation of protective enclosures for assembly lines, prevention of wire groove collisions, installation of dead-angle convex lenses for stackers... etc. Establish employee industrial safety and health participation/consultation platforms (such as industrial safety officer meetings, safety committees..., etc.) to conduct workplace safety improvement and related program discussions (such as replacing scouring oil with non-hazardous substances, etc.). AirTAC Taiwan sets safety and health performance indicators every year, such as the completion rate of acceptable risk improvement programs of the Ministry of Safety and Health > 80%, regulatory compliance, education and training, operating environment monitoring, health inspections, etc., and establishes a scoring mechanism. The overall score for 2020 is 82 points.

AirTAC Taiwan passed the certification of ISO45001 in 2020

AirTAC Ningbo promotes safety production standardization management according to the Standard for Work Safety Standardization of the Machinery Manufacturing Industry. AirTAC Ningbo carries out management improvements from safety management, hidden danger identification and mitigation, and equipment protective measures. In 2020, the OSH Committee launched team safety management exploration to improve the basic management of on-site safety; at AirTAC Ningbo, monthly themed safety activities are also organized at least twice so that more employees are involved in safety management.

2017 AirTAC Ningbo received the second level certification for the "Standard for Work Safety Standardization of the Machinery Manufacturing Industry"

AirTAC Ningbo's 2020 annual safety production goal is zero fatal accidents, zero major fires, electric shocks, chemical burns, and poisoning accidents, no occupational diseases, and the company's overall 1,000 labor injury rate is controlled at 9 per thousand and below, the number of injuries and disabilities above level 10 to 15 or less, the main person in charge of safety production, safety management personnel and operators at all levels have a production safety knowledge training rate of 100%, transfer and return to work safety production, 100% transfer, reinstatement, safety production knowledge training rate, 100% third-level safety education rate for new employees, 85% compliance rate for team safety assessment, 100% on-duty and off-job inspection rate, 100% inspection pass rate for special equipment and safety accessories, 100% certificated employment rate for special operators, and 100% or more of the company's annual hidden danger rectification rate. Except that the goals of overall 1,000 labor injury rate is controlled at 9 per 1,000 or less, and the number of injuries above grade 10 is controlled at 15 or less, the other goals have been achieved.

In 2020, there were no major work injuries at AirTAC Taiwan, AirTAC Ningbo, and AirTAC Guangdong.

In 2020, a total of 6,143 people received occupational safety and health training courses at various AirTAC operation locations, totaling 15,314 hours.

Occupational Injury Management

When an occupational injury happens to an employee of AirTAC, the incident will be handled according to the accident reporting and investigating system. The supervisor, industrial safety personnel, and nurse must be notified after the accident. If it is a serious occupational injury (resulting in the injury or death of at least 3 people), the competent authorities must be notified in accordance with the relevant regulations. When an occupational injury occurs to a contractor, the industrial safety personnel must investigate the accident alongside the labor representative. An occupational disaster report will be filed by HR in the following month.

Implementation of Safety Management Responsibilities

The signing of a level-3 safety management responsibility certificate

Implementation of Hidden Danger Identification and Mitigation

Implementation of safety checks in the Company, workshops, teams, as well as the identification and mitigation of hidden danger promptly.

Improvement of Equipment Protection Measures

Installing safety devices such as light curtains for hydraulic presses, riveting jigs, and other equipment to reduce the accident rate of similar equipment by more than 80%.

Contractor Safety Management

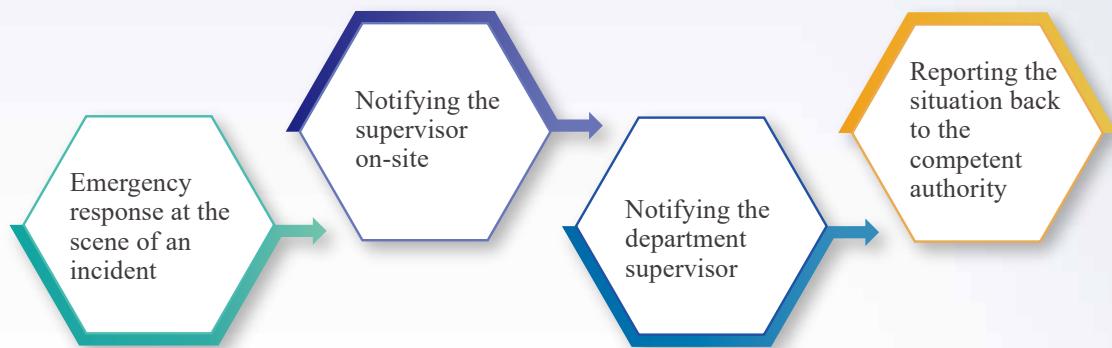
Contractors are AirTAC's principal working partners, and they have been required to sign a safety agreement to ensure the working safety of their employees since 2008. Contract workers must provide a certificate of labor safety education and training, as well as submit an entry application for approval before they are permitted to work in the plant. In 2020, there were no contractor injuries at any of the 3 AirTAC plants in Taiwan, Ningbo, and Guangdong.

In 2020, AirTAC Guangdong held 4 training sessions for contractors with a total of 20 people.

4.3.2 Emergency Response

We have established an emergency response and reporting procedure, while emergency response drills are conducted regularly. In 2020, AirTAC Taiwan organized 2 “Self-guard Fire Protection Grouping,” with 78 participants. AirTAC Ningbo handled the chemical leakage drill in the surface treatment workshop, with a total of 230 participants. AirTAC Guangdong held 2 emergency response drills, and the course content included firefighting, emergency evacuation, practical training, etc., with a total of 643 participants.

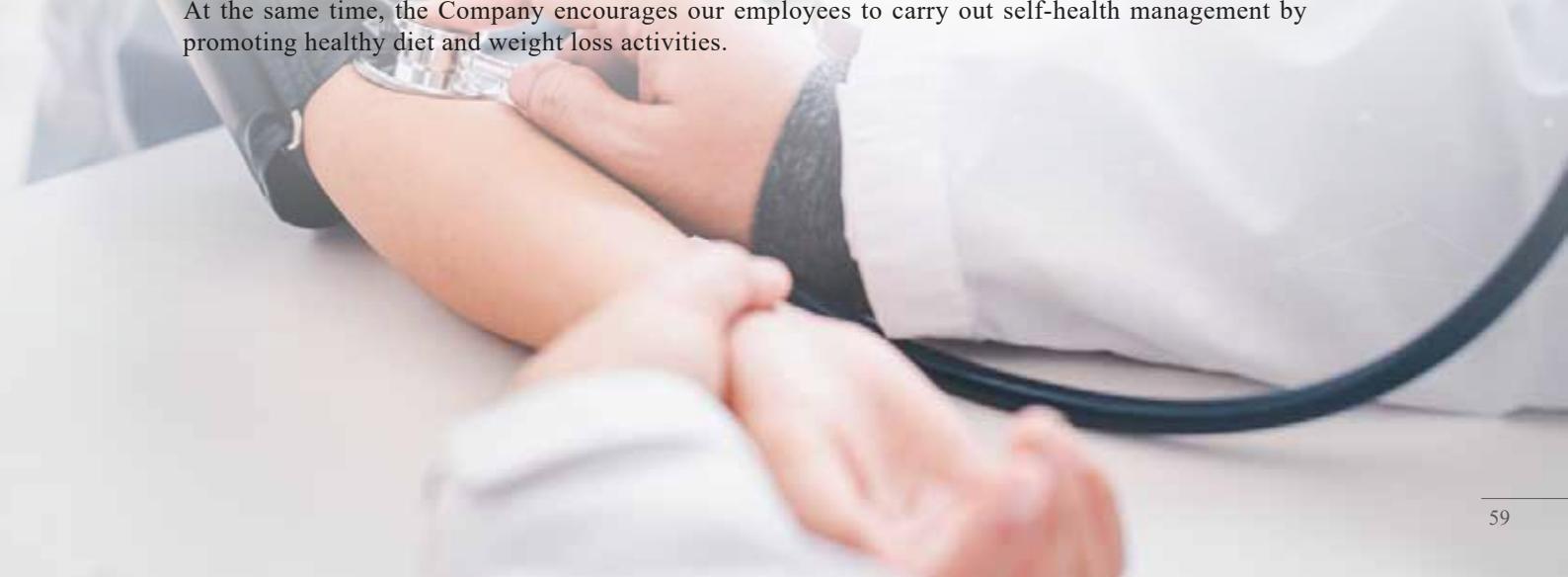
Emergency Response and Reporting Procedure



4.3.3 Protecting the Health of Employees

AirTAC provides annual health examinations for our employees and those carrying out special operations by applying standards that are superior to the legal requirements. In AirTAC Taiwan, general health examinations are performed every two years for employees under 65 years old, and once a year for those over 65 years old. The check rate is 99.7% (A total of 387 persons, of which 1 was not inspected due to postpartum nursing stay). Employees carrying out special operations are managed in different levels, and the employees above the second level arrange health consultations with professional specialists and provide professional medical advice. As for Regulations for Preventing Diseases Caused by Abnormal Workload, we have assessed employees with more than 10% risk of cerebrovascular or cardiovascular diseases within 10 years and their workload; interviews and consultation are arranged with occupational specialists and if necessary, they may receive follow-up treatment at the hospital. 100% of the employees chosen received interviews and consultations.

On the other hand, we provide health promotion measures including regular physician visits to the plant to provide services such as health promotion and medical consultations to offer employees more comprehensive care. We have also set up a well-lit, hygienic canteen serving free, healthy meals. At the same time, the Company encourages our employees to carry out self-health management by promoting healthy diet and weight loss activities.



CH 5

Influence • Local Empowerment

5.1 Community companion - Sunshine Action

5.2 Social Welfare Charity - Blue Student Aid Project



Social Participation Declaration

AirTAC assesses the impact of the Company's operations on the community and hires local talents to enhance community recognition. Through business activities, donations, corporate volunteer services or other welfare professional services, we have invested resources in organizations that provide solutions to social or environmental problems, social organizations engaging in communication development and education, as well as charitable organization and government agency-related activities to facilitate community development.

We take charity seriously. Compared to compassion and benevolence, persistence and perseverance are the key elements to sustain charitable causes. AirTAC's 2 main social welfare campaigns are "Sunshine Action" and "Blue Student Aid Project". The Company continues to pay attention to impoverished regions and disadvantaged groups to care about social welfare. We have also organized various charitable events and promoted social welfare. With a proactive, optimistic attitude, AirTAC is devoted to social welfare and charity by offering warmth to those in need. It is hoped that more enterprises and individuals will join us to continue the heritage and affection of public welfare and charity. In 2020, a total of NT\$62.51 million was invested in the Sunshine Action, while a total of NT\$37.48 million was invested in the Blue Student Aid Project.



In 2020, AirTAC Chairman, Mr. Wang Shihchung, won the 6th Ningbo Top Ten Charity Stars, highlighting the effectiveness of AirTAC's fulfillment of social responsibility.

In the 2020 Taiwan warm winter activity, Chairman Mr. Wang Shihchung donated NT\$3 million to the Tainan City Government to bring care and warmth to 300 disadvantaged families on the eve of the Lunar New Year.



5.1 Community Companionship-Sunshine Action

"Sunshine Action" aims at the people's lives in areas where long-term relationship resources are scarce

- Charity events: Annual winter warmth events are held to provide many families in need with money and supplies, helping them to get through cold winters
- Long-term support for underprivileged families: We support underprivileged families regularly. About 320 households are cared for every month.
- Donations: We donate money to charitable organizations and disadvantaged groups on a regular basis.
- Emergency relief: In response to sudden changes in the family or individual, assistance is provided in urgent need of cash or supplies, as well as funeral expenses subsidies for families with financial difficulties.
- Other: COVID-19 epidemic is raging. AirTAC donated donations to aid epidemic prevention

Sunshine Action

| Region | Long-term Care | Emergency Relief | Event |
|----------------|---|---|---|
| Taiwan |  703 families |  9 families | <ul style="list-style-type: none">• Subsidies provided to Tucheng Social Welfare Center for hosting various activities in 2020• Donated 12 rehabilitation buses to the Hualien County Government• Tainan City's 2020 Winter Warming Activities• Food Bank of Taitung County Government• Teresa Children Center, Hsinchu• Hsiang Yuan Nursing Home, Hsinchu County• Maria Theresia Social Welfare Foundation, Taitung County• The Association of South-Link Health Care Promotion for Taitung County• Keelung Association for Liver Disease Prevention and Control• New Life Foundation |
| Mainland China |  1,350 families |  3 people | <ul style="list-style-type: none">• Donate Fenghua District Charity Federation-Ningbo Waste Sorting Public Welfare Fund-Fenghua District Excellent Waste Sorting Project• Donation to Fenghua District Charity Federation-Ningbo Anti-New Pneumonia Special Project |



To provide rehabilitation and travel convenience for the physically and mentally handicapped in Hualien County, Mr. Wang Shihchung, the chairman of AirTAC donated 6 new rehabilitation buses worth about NT\$12 million to Hualien County in 2020. In addition, in order to care for disadvantaged families in local economic difficulties, AirTAC adheres to the concept of not only donating money, but also caring, and visits and supports families on the spot every quarter.



5.2 Supporting Social Welfare-Student Aid Project

“The Blue Student Aid Project” aims to help underprivileged students to grow up healthy and complete their studies successfully. The project also promotes various charitable activities in elementary schools, junior high schools and higher education institutions. The main projects include: Student Aid Fund, AirTAC Youmei Grants, Campus Teaching Equipment and Living Facilities Renovation, etc.

- Student Aid Fund: Sustained funding for single mothers, unemployed women, disadvantaged students, and children with severe illness.
- AirTAC Youmei Grants: We have financed approximately 1,500 disadvantaged students from 9 universities on a long-term basis to help them complete their studies, and some students have been financed to carry out public welfare activities during the winter and summer vacations.

Blue Student Aid Project

| Taiwan | | Mainland China | |
|--|---|--------------------|---|
| Name | Number of persons assisted/ donated items | Name | Number of persons assisted/ donated items |
| Gan-Yuan Elementary School | Newly added and updated equipment to classrooms | Guangdong Province | 600 persons |
| National Cheng Kung University | 120 persons | Fujian Province | 100 persons |
| National Yunlin University of Science and Technology | 120 persons | Gansu Province | 84 persons |
| Feng Chia University | 120 persons | Shaanxi Province | 70 persons |
| Southern Taiwan University of Science and Technology | 80 persons | Sichuan Province | 100 persons |
| New Taipei City | 1 person | Program | ▪ Nanhai District Scholarships, Foshan City, Guangdong Province |

Appendix

Data performance Environmental

Environmental Investment

| Company | AirTAC Taiwan | AirTAC Ningbo | AirTAC Guangdong |
|---|---------------|---------------|------------------|
| 2020 Environmental Investment (Amounts in \$10 Thousands of New Taiwan Dollars) | 3,000 | 6,855 | 569 |

GHG emissions for the past 4 years (Only the production plants are calculated, which already covers more than 90% of the Group's greenhouse gas emissions)

| Item | AirTAC Taiwan | | | | AirTAC Ningbo | | | | AirTAC Guangdong | | | |
|---------|---------------|-------|-------|--------|---------------|--------|--------|--------|------------------|-------|-------|--------|
| | 2017 | 2018 | 2019 | 2020 | 2017 | 2018 | 2019 | 2020 | 2017 | 2018 | 2019 | 2020 |
| Scope 1 | 37 | 37 | 25 | 32 | 2,937 | 4,642 | 5,088 | 4,584 | 106 | 77 | 92 | 88 |
| Scope 2 | 6,312 | 7,752 | 6,749 | 10,287 | 54,187 | 51,956 | 54,480 | 64,381 | 9,237 | 8,095 | 7,757 | 11,991 |
| Total | 6,349 | 7,789 | 6,774 | 10,319 | 57,124 | 56,598 | 59,568 | 68,965 | 9,343 | 8,172 | 7,849 | 12,079 |

Unit: Metric tons of CO₂

Note1: Scope 1 – the calculation method at AirTAC Taiwan, AirTAC Ningbo, and AirTAC Guangdong is based on the “GHG Emission Factor Table (6.0.4), EPA”(natural gas greenhouse gas emission factor: 1.8790 kgCO₂/M³; diesel: 2.6060kgCO₂/L); the GHG types include CO₂, CH₄, and N₂O.

Note 2: Scope 2 – the CO₂ emission factor for AirTAC Taiwan is 0.509kgCO₂/kWh as released by the Bureau of Energy, BOE in 2020; both AirTAC Ningbo and AirTAC Guangdong used the “2010 Average Carbon Dioxide Emission Factor on Regional and Provincial Power Grid in China”, and the average CO₂ emission factor for Zhejiang Power Grid is 0.6822 kgCO₂/kWh, while the average CO₂ emission factor for Guangdong Power Grid is 0.6379 kgCO₂/kWh.

Note 3: In the 2019 report, the statistical unit quantities of natural gas and diesel for 2017-2019 were incorrectly planted, and the greenhouse gas emissions for 2017-2019 are corrected in this report.

Energy Use for the Past 4 Years (Only the production plants are counted, and more than 90% of the energy consumption of the group has been covered)

| Item | AirTAC Taiwan | | | | AirTAC Ningbo | | | | AirTAC Guangdong | | | |
|-----------------------------------|---------------|--------|--------|--------|---------------|---------|---------|---------|------------------|--------|--------|--------|
| | Energy Use | | | | | | | | | | | |
| | 2017 | 2018 | 2019 | 2020 | 2017 | 2018 | 2019 | 2020 | 2017 | 2018 | 2019 | 2020 |
| Natural (thousand cubic meters) | 20 | 20 | 13 | 17 | 1,336 | 2,338 | 2,600 | 3,038 | 56 | 41 | 49 | 47 |
| Diesel (thousands of liters) | - | - | - | - | 162 | 94 | 76 | 72 | - | - | - | - |
| Purchased energy GWh | 12 | 15 | 13 | 20 | 79 | 76 | 80 | 94 | 15 | 13 | 12 | 19 |
| Purchased energy-Green energy GWh | - | - | - | - | 3 | 3 | 5 | 6 | - | - | - | - |
| Purchased energy Total GWh | 12 | 15 | 13 | 20 | 82 | 79 | 85 | 100 | 15 | 13 | 12 | 19 |
| Energy use | | | | | | | | | | | | |
| Natural gas (GJ) | 655 | 654 | 450 | 568 | 49,380 | 86,428 | 96,122 | 112,332 | 2,080 | 1,513 | 1,807 | 1,733 |
| Diesel (GJ) | - | - | - | - | 5,792 | 3,343 | 2,691 | 2,552 | - | - | - | - |
| Purchased energy (GJ) | 44,640 | 54,828 | 47,736 | 72,756 | 295,408 | 283,068 | 306,576 | 360,072 | 52,128 | 45,684 | 43,776 | 67,680 |
| Total (GJ) | 45,295 | 55,482 | 48,186 | 73,324 | 350,580 | 372,839 | 405,389 | 474,956 | 54,208 | 47,197 | 45,583 | 69,413 |

Note 1: AirTAC Taiwan's heat value is calculated based on the Emission Factor Table 6.0.4 provided on the website of BOE, Taiwan; natural gas: 8,000(kcal/m³), diesel: 8,400(kcal/l), and electricity: 3,600(GJ/million kWh)

Note 2: AirTAC Ningbo and AirTAC Guangdong's heat value is calculated based on Energy Conservation Supervisory Center, China; natural gas: 8,832kcal/m³, diesel: 8,517kcal/L, and electricity: 3,600(GJ/million kWh)

Note 3: The value of natural gas is based on meter readings or payment records; the value of purchased electricity is based on the electricity bill statistics.

Note 4: 1 Kilocalorie Kcal = 4,186.8 Joules

Note 5: In the 2019 report, the statistical unit quantities of natural gas and diesel for 2017-2019 were incorrectly planted, and the greenhouse gas emissions for 2017-2019 are corrected in this report.

| Item | 2017 | 2018 | 2019 | 2020 |
|---|---------|---------|---------|---------|
| Electricity consumption in China and Taiwan (million kWh) | 106 | 107 | 110 | 139 |
| Operating income in China and Taiwan (Millions of New Taiwan Dollars) | 13,024 | 14,869 | 15,159 | 18,411 |
| Energy intensity (energy used / Operating income) | 0.00814 | 0.00720 | 0.00726 | 0.00755 |

Water Resource Use for the Past 3 Years (Only the production plants are counted, and more than 90% of the group's water consumption has been covered)

| Item | AirTAC Taiwan | | | AirTAC Ningbo | | | AirTAC Guangdong | | |
|--|---------------|--------|--------|---------------|---------|---------|------------------|--------|---------|
| | 2018 | 2019 | 2020 | 2018 | 2019 | 2020 | 2018 | 2019 | 2020 |
| Municipal water | 54,502 | 53,930 | 64,852 | 448,240 | 448,441 | 462,391 | 87,452 | 94,443 | 108,444 |
| Recycled water | | | | | | | | | |
| (Rainwater or process water reclamation) | 2,309 | 4,582 | 3,511 | 28,134 | 28,647 | 28,382 | 1,560 | 1,500 | 4,583 |
| Total | 56,811 | 58,512 | 68,363 | 476,374 | 477,088 | 490,773 | 89,012 | 95,943 | 113,027 |

Unit: cubic meter

Use of Raw Materials

| Company | AirTAC Ningbo | | AirTAC Guangdong | |
|--------------------------------------|---|-------------------------------------|---|-------------------------------------|
| Raw material category | Non-renewable raw materials (tons/year) | Renewable raw materials (tons/year) | Non-renewable raw materials (tons/year) | Renewable raw materials (tons/year) |
| Sub-materials in the process | 3,677 | - | 83 | - |
| Semi-finished products or components | 19,578 | 4.2 | 3,050 | - |
| Packaging materials | 46 | 46 | 90 | 90 |
| Total | 23,301 | 50.2 | 3,223 | 90 |
| Percentage | 99.79% | 0.21% | 97.28% | 2.72% |

Note: 1. Sub-materials in the process include oil and chemicals; 2. Semi-finished products or parts include metal, plastics, and rubber; 3. Packaging material statistics are paper and wood

Waste Treatment Status for the Past 3 Years (according to treatment method) (Only the production plants are counted, and more than 90% of the group's waste disposal volume has been covered)

| Treatment Method | AirTAC Taiwan | | | AirTAC Ningbo | | | AirTAC Guangdong | | |
|------------------|---------------|------|------|---------------|--------|--------|------------------|-------|-------|
| | 2018 | 2019 | 2020 | 2018 | 2019 | 2020 | 2018 | 2019 | 2020 |
| Reused | 70 | 39 | 65 | 827 | 925 | 1,203 | 13 | 15 | 29 |
| Recycled | 221 | 167 | 243 | 5,643 | 5,489 | 6,880 | 1,044 | 981 | 1,683 |
| Incinerated | 32 | 30 | 33 | - | - | - | - | - | 2 |
| Buried | 22 | 28 | 30 | - | - | - | - | - | - |
| Other (Note) | - | - | - | 3,875 | 4,027 | 4,476 | 66 | 53 | 72 |
| Total | 345 | 264 | 371 | 10,345 | 10,441 | 12,559 | 1,123 | 1,049 | 1,786 |

Unit: Tons "—"No such treatment

Note: Other waste from AirTAC Ningbo, Guangdong is considered dangerous waste

Waste Treatment Status for the past 3 Years (according to recyclables and non-recyclables) (Only the production plants are counted, and more than 90% of the group's waste disposal volume has been covered)

| Item | AirTAC Taiwan | | | AirTAC Ningbo | | | AirTAC Guangdong | | |
|----------------------------------|---------------|------|-------|---------------|---------|---------|------------------|-------|-------|
| | 2018 | 2019 | 2020 | 2018 | 2019 | 2020 | 2018 | 2019 | 2020 |
| Paper | 23.5 | 15.6 | 18.7 | 230.5 | 208.4 | 265.9 | 28.3 | 28.6 | 40.0 |
| PET bottles, iron, aluminum cans | 4.0 | 3.4 | 2.8 | 0.8 | 0.8 | 0.6 | 9.3 | 9.7 | 4.0 |
| Food waste | 4.4 | 3.6 | 7.2 | 236.3 | 248.4 | 260.8 | 81 | 69.3 | 85.5 |
| Metal | 106.9 | 85.5 | 132.6 | 2,126.3 | 2,081.1 | 2,609.7 | 110.3 | 104.3 | 150.3 |
| Aluminum | 78.9 | 58.0 | 79.3 | 2,551.9 | 2,484.4 | 3,198.9 | 671.1 | 620.1 | 925.3 |
| Copper | 3.9 | 1.0 | 2.5 | 749.5 | 828.9 | 1,071.4 | 359.2 | 345.2 | 492.7 |
| Waste oil | 69.9 | 38.9 | 64.8 | 45.6 | 50.6 | 54.0 | 30.2 | 30 | 54 |
| General garbage | 32.1 | 30.4 | 32.8 | 171.0 | 180.0 | 200.5 | 59.9 | 50.5 | 62.3 |
| Waste grinding wheels | 1.7 | 6.8 | 2.2 | - | - | - | 0.03 | 0.04 | 0.05 |
| Sandblasting waste | 2.0 | 3.7 | 4.6 | 22.1 | 24.6 | 30.0 | 6.6 | 6 | 8.4 |
| Grinding waste | 18.4 | 17.4 | 22.9 | 10.9 | 12 | 24.0 | 15 | 13.5 | 18.9 |

Unit: Tons

Note: Waste oil includes cutting oil and Naphtha

Social

Remuneration and Benefits

2020 Supervisor and Non-supervisor Remuneration Proportion (by gender)

| Gender | AirTAC Taiwan | | AirTAC Ningbo | | AirTAC Guangdong | | AirTAC China | |
|--------|---------------|----------------|---------------|----------------|------------------|----------------|--------------|----------------|
| | Supervisor | Non-supervisor | Supervisor | Non-supervisor | Supervisor | Non-supervisor | Supervisor | Non-supervisor |
| Female | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Male | 1.45 | 1.2 | 1.81 | 1.13 | 1.49 | 1.14 | 1.42 | 1.22 |

Note: Supervisors at AirTAC are defined MT9 (above) and section manager (above), others are non-supervisors

Parental Leave Information

| Item | Applicant |
|--|-----------|
| Number of applicants eligible for parental leave in 2020 | 22 |
| Number of applicants for parental leave without pay in 2020 | 22 |
| Number of persons due to be reinstated after parental leave without pay in 2020 (A) | 18 |
| Number of persons taking parental leave without pay and were due to be reinstated and did reinstate in 2020(B) | 16 |
| Number of persons reinstated after parental leave without pay in 2019 (C) | 16 |
| Number of persons who reinstated in 2019 and have been in employment for one year in 2020 (D) | 9 |
| Retention rate after a parental leave without pay= B/A | 88.89% |
| Return rate after a parental leave without pay= D/C | 56.25% |

Note: In China, maternity leave benefits are offered

Education and Training

Average Number of Hours of Employees' Training (by course/gender)

| AirTAC Taiwan | | | | | | |
|---------------------------|------------|--------------|--------------|--------------|--------------|--------------|
| Course Type | Female | | Male | | Total | |
| | Total Hour | Average Hour | Total Hour | Average Hour | Total Hour | Average Hour |
| Internal Training Courses | 7 | 0.02 | 67 | 0.14 | 74 | 0.10 |
| External Training Courses | 98 | 0.34 | 182 | 0.38 | 280 | 0.37 |
| New employee Training | 356 | 1.24 | 1,002 | 2.12 | 1,358 | 1.78 |
| Other | 461 | 1.60 | 894 | 1.89 | 1,355 | 1.78 |
| Total | 922 | 3.20 | 2,145 | 4.53 | 3,067 | 4.03 |

Note: Other includes occupational safety and health training and external development courses.

| AirTAC Ningbo | | | | | | |
|---------------------------|--------------|--------------|---------------|--------------|---------------|--------------|
| Course Type | Female | | Male | | Total | |
| | Total Hour | Average Hour | Total Hour | Average Hour | Total Hour | Average Hour |
| Internal Training Courses | 3,136 | 3.55 | 60,993 | 22.39 | 64,129 | 17.77 |
| New employee Training | 3,981 | 4.50 | 18,209 | 6.68 | 22,190 | 6.15 |
| Total | 7,117 | 8.05 | 79,202 | 29.07 | 86,319 | 23.92 |

| AirTAC Guangdong | | | | | | |
|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Course Type | Female | | Male | | Total | |
| | Total Hour | Average Hour | Total Hour | Average Hour | Total Hour | Average Hour |
| Internal Training Courses | - | - | 432 | 1.05 | 432 | 0.67 |
| New employee Training | 1,920 | 8.31 | 2,192 | 5.32 | 4,112 | 6.40 |
| Total | 1,920 | 8.31 | 2,624 | 6.37 | 4,544 | 7.07 |

| AirTAC China | | | | | | |
|---------------------------|------------|--------------|------------|--------------|------------|--------------|
| Course Type | Female | | Male | | Total | |
| | Total Hour | Average Hour | Total Hour | Average Hour | Total Hour | Average Hour |
| Internal Training Courses | 936 | 2.30 | 11,444 | 10.05 | 12,380 | 8.01 |
| New employee Training | 44 | 0.11 | 44 | 0.04 | 88 | 0.06 |
| Total | 980 | 2.41 | 11,488 | 10.09 | 12,468 | 8.07 |

Average Number of Hours of Employees' Training (by job title/gender)

| AirTAC Taiwan | | | | | | |
|----------------|------------|--------------|------------|--------------|------------|--------------|
| Job title | Female | | Male | | Total | |
| | Total Hour | Average Hour | Total Hour | Average Hour | Total Hour | Average Hour |
| Supervisor | 23 | 3.29 | 115 | 6.36 | 138 | 5.50 |
| Non-supervisor | 899 | 3.2 | 2,030 | 4.46 | 2,929 | 3.98 |

Note: Supervisors at AirTAC Taiwan are defined MT9 (above) and section manager (above) and other personnel are non-supervisors

| AirTAC Ningbo | | | | | | |
|----------------|------------|--------------|------------|--------------|------------|--------------|
| Job title | Female | | Male | | Total | |
| | Total Hour | Average Hour | Total Hour | Average Hour | Total Hour | Average Hour |
| Supervisor | - | - | - | - | - | - |
| Non-supervisor | 7,117 | 8.12 | 79,202 | 30.17 | 86,319 | 24.65 |

Note: Supervisors at AirTAC Ningbo are defined MT9 (above) and section manager (above) and other personnel are non-supervisors

| AirTAC Guangdong | | | | | | |
|------------------|------------|--------------|------------|--------------|------------|--------------|
| Job title | Female | | Male | | Total | |
| | Total Hour | Average Hour | Total Hour | Average Hour | Total Hour | Average Hour |
| Supervisor | - | - | - | - | - | - |
| Non-supervisor | 1,920 | 8.46 | 2,624 | 6.69 | 4,544 | 7.34 |

Note: Supervisors at AirTAC Guangdong are defined MT9 (above) and section manager (above) and other personnel are non-supervisors

| AirTAC China | | | | | | |
|----------------|------------|--------------|------------|--------------|------------|--------------|
| Job title | Female | | Male | | Total | |
| | Total Hour | Average Hour | Total Hour | Average Hour | Total Hour | Average Hour |
| Supervisor | - | - | 391 | 7.53 | 391 | 6.53 |
| Non-supervisor | 981 | 2.46 | 11,096 | 10.21 | 12,077 | 8.13 |

Note: Supervisors at AirTAC China are defined MT9 (above) and section manager (above) and other personnel are non-supervisors

Occupational Safety and Health Training Courses

| Company | Training Course | Course/Session | Number of trainees | Number of training |
|------------------|---|----------------------------|--------------------|--------------------|
| AirTAC Taiwan | Pre-employment safety education for new employees | 35 courses(3 hours) | 194 | 582 |
| | In-service education and training on occupational safety and health | 29 sessions | 760 | 1,709 |
| AirTAC Ningbo | Pre-employment safety education for new employees | 14 sessions | 1,174 | 9,392 |
| | Safety training for on-job transfers | Daily execution | 158 | 632 |
| | Safety training for supervisors | 2 sessions | 139 | 278 |
| | Training for forklift truck operators | 4 sessions | 42 | 1,008 |
| | Training for safety management personnel | 5 sessions | 34 | 68 |
| AirTAC Guangdong | Annual safety training for in-service employees | 1 sessions | 3,324 | 499 |
| | Pre-employment safety education for new employees | 13 sessions (4 hours each) | 210 | 840 |
| | Training for safety management personnel | 2 sessions (12 hours each) | 18 | 216 |
| | Safety knowledge training at technician level and above | 1 session (1 hour) | 90 | 90 |
| Total | | | 6,143 | 15,314 |

Note: AirTAC China is a sales company and has not held occupational safety and health training courses

Workplace Diversity

New employee Statistics (by gender/age)

| Gender and Age | AirTAC Taiwan | | | AirTAC Ningbo | | | AirTAC Guangdong | | | AirTAC China | | |
|----------------|---------------|------|------|---------------|-------|-------|------------------|------|------|--------------|------|------|
| | 2018 | 2019 | 2020 | 2018 | 2019 | 2020 | 2018 | 2019 | 2020 | 2018 | 2019 | 2020 |
| Female | 72 | 2 | 50 | 212 | 261 | 391 | 32 | 43 | 74 | 84 | 95 | 106 |
| Male | 139 | 17 | 144 | 1,025 | 1,145 | 1,625 | 95 | 66 | 178 | 460 | 318 | 245 |
| Total | 211 | 19 | 194 | 1,237 | 1,406 | 2,016 | 127 | 109 | 252 | 544 | 413 | 351 |

| | | | | | | | | | | | | |
|------------------------|-----|----|-----|-------|-------|-------|-----|-----|-----|-----|-----|-----|
| Below 30 years old | 79 | 12 | 87 | 1,176 | 1,341 | 1,814 | 123 | 101 | 200 | 494 | 360 | 285 |
| 31-40 years old | 121 | 6 | 101 | 61 | 65 | 202 | 4 | 8 | 52 | 48 | 48 | 65 |
| 41-50 years old | 10 | 1 | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 5 | 1 |
| 51 years old and above | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 211 | 19 | 194 | 1,237 | 1,406 | 2,016 | 127 | 109 | 252 | 544 | 413 | 351 |

Statistics of Employee Turnover (by gender/age)

| Gender and Age | AirTAC Taiwan | | | AirTAC Ningbo | | | AirTAC Guangdong | | | AirTAC China | | |
|----------------|---------------|------|------|---------------|-------|-------|------------------|------|------|--------------|------|------|
| | 2018 | 2019 | 2020 | 2018 | 2019 | 2020 | 2018 | 2019 | 2020 | 2018 | 2019 | 2020 |
| Female | 28 | 2 | 21 | 244 | 251 | 262 | 57 | 61 | 50 | 68 | 67 | 78 |
| Male | 78 | 13 | 74 | 1,253 | 1,235 | 1,317 | 158 | 121 | 123 | 347 | 386 | 349 |
| Total | 106 | 15 | 95 | 1,497 | 1,486 | 1,579 | 215 | 182 | 173 | 415 | 453 | 427 |

| | | | | | | | | | | | | |
|------------------------|-----|----|----|-------|-------|-------|-----|-----|-----|-----|-----|-----|
| Below 30 years old | 40 | 10 | 30 | 1,400 | 1,393 | 1,398 | 194 | 160 | 135 | 317 | 351 | 305 |
| 31-40 years old | 61 | 4 | 58 | 90 | 90 | 171 | 21 | 22 | 38 | 83 | 95 | 114 |
| 41-50 years old | 5 | 1 | 7 | 4 | 3 | 6 | 0 | 0 | 0 | 12 | 4 | 7 |
| 51 years old and above | 0 | 0 | 0 | 3 | 0 | 0 | 0 | 0 | 0 | 3 | 3 | 1 |
| Total | 106 | 15 | 95 | 1,497 | 1,486 | 1,579 | 215 | 182 | 173 | 415 | 453 | 427 |

Statistics of Employee Types (by gender/age)

| Age | AirTAC Taiwan | | | | AirTAC Ningbo | | | | AirTAC Guangdong | | | | AirTAC China | | | |
|------------------------|---------------|-------|----------|------------|---------------|-------|----------|------------|------------------|-------|----------|------------|--------------|-------|----------|------------|
| | Female | Male | Subtotal | Percentage | Female | Male | Subtotal | Percentage | Female | Male | Subtotal | Percentage | Female | Male | Subtotal | Percentage |
| Below 30 years old | 93 | 129 | 222 | 29.2% | 456 | 1,831 | 2,287 | 63.4% | 124 | 243 | 367 | 57.1% | 202 | 658 | 860 | 55.6% |
| 31-40 years old | 170 | 275 | 445 | 58.5% | 379 | 768 | 1,147 | 31.8% | 84 | 150 | 234 | 36.4% | 183 | 423 | 606 | 39.2% |
| 41-50 years old | 17 | 56 | 73 | 9.6% | 49 | 101 | 150 | 4.1% | 23 | 18 | 41 | 6.4% | 21 | 49 | 70 | 4.5% |
| 51 years old and above | 8 | 13 | 21 | 2.7% | - | 24 | 24 | 0.7% | - | 1 | 1 | 0.2% | 1 | 9 | 10 | 0.6% |
| Subtotal | 288 | 473 | 761 | | 884 | 2,724 | 3,608 | | 231 | 412 | 643 | | 407 | 1,139 | 1,546 | |
| Percentage | 37.8% | 62.2% | | | 24.5% | 75.5% | | | 35.9% | 64.1% | | | 26.3% | 73.7% | | |

Note: The proportion of employees under 30 years old is high due to industry-academia cooperation, campus-enterprise cooperation, and campus recruitment.

Statistics of Governance Unit Members (by gender/age)

| Age | Female | Male | Subtotal | Percentage |
|------------------------|--------|-------|----------|------------|
| 31-50 years old | 1 | 2 | 3 | 33.33% |
| 51-60 years old | - | 5 | 5 | 55.55% |
| 61 years old and above | - | 1 | 1 | 11.12% |
| Subtotal | 1 | 8 | 9 | |
| Percentage | 11.1% | 88.9% | | |

Note: No members of the governance unit are under the age of 41

Local Executive Supervisor Proportion (by number of executive supervisor/ full-time employees)

| Item | AirTAC Taiwan | AirTAC Ningbo | AirTAC Guangdong | AirTAC China |
|---|---------------|---------------|------------------|--------------|
| Number of executive supervisors | 13 | 43 | 8 | 52 |
| Total number of full-time employees | 761 | 3,608 | 643 | 1,546 |
| Number of executive supervisors that are locals | 13 | 40 | 3 | 52 |
| As a proportion of senior executives | 100% | 93.02% | 37.5% | 100% |
| As a proportion of total full-time employees | 1.71% | 1.11% | 0.47% | 3.36% |

Note 1: AirTAC Ningbo refers to mainland China while AirTAC Taiwan refers to Taiwan

Note 2: Supervisors at AirTAC are defined MT9 (above) and section manager (above)

Employee Gender Proportion

| Gender | AirTAC Taiwan | Proportion | AirTAC Ningbo | Proportion | AirTAC Guangdong | Proportion | AirTAC China | Proportion |
|--------|---------------|------------|---------------|------------|------------------|------------|--------------|------------|
| Female | 288 | 37.8% | 884 | 24.5% | 231 | 35.9% | 407 | 26.33% |
| Male | 473 | 62.2% | 2,724 | 75.5% | 412 | 64.1% | 1,139 | 73.67% |
| Total | 761 | 100.0% | 3,608 | 100.0% | 643 | 100.0% | 1,546 | 100.0% |

Gender and Job Allocation for Employees of Different Regions

| Gender | AirTAC Taiwan | | | | AirTAC Ningbo | | | | AirTAC Guangdong | | | | AirTAC China | | | |
|------------|---------------|----------------|-------|------------|---------------|----------------|-------|------------|------------------|----------------|-------|------------|--------------|----------------|-------|------------|
| | Supervisor | Non-Supervisor | Total | Percentage | Supervisor | Non-Supervisor | Total | Percentage | Supervisor | Non-Supervisor | Total | Percentage | Supervisor | Non-Supervisor | Total | Percentage |
| Female | 7 | 281 | 288 | 37.8% | 7 | 877 | 884 | 24.5% | 4 | 227 | 231 | 35.9% | 8 | 399 | 407 | 26.3% |
| Male | 18 | 455 | 473 | 62.2% | 99 | 2,625 | 2,724 | 75.5% | 20 | 392 | 412 | 64.1% | 52 | 1,087 | 1,139 | 73.7% |
| Total | 25 | 736 | 761 | 100% | 106 | 3,502 | 3,608 | 100% | 24 | 619 | 643 | 100% | 60 | 1,486 | 1,546 | 100% |
| Percentage | 3.3% | 96.7% | | | 2.9% | 97.1% | | | 3.7% | 96.3% | | | 3.8% | 96.2% | | |

Work injury

Statistics of Occupational Injuries of Employees

| Item and Gender | | AirTAC Taiwan | AirTAC Ningbo | AirTAC Guangdong |
|-----------------------------|--------|---------------|---------------|------------------|
| Number of work injuries | Female | 5 | 4 | 1 |
| | Male | 6 | 28 | 5 |
| | Total | 11 | 32 | 6 |
| Number of days lost | Female | 43 | 391 | 329 |
| | Male | 179 | 1,388 | 330 |
| | Total | 242 | 1,779 | 659 |
| Total number of days absent | Female | 892 | 3,031 | 882 |
| | Male | 387 | 9,196 | 990 |
| | Total | 1,279 | 12,227 | 1,882 |
| Injury rate | Female | 9.06 | 0.41 | 1.81 |
| | Male | 8.85 | 1.04 | 5.07 |
| | Total | 8.93 | 0.80 | 0.78 |
| Percentage of days lost | Female | 85.34 | 38.62 | 593 |
| | Male | 245.73 | 44.78 | 334 |
| | Total | 184.22 | 44.13 | 427 |
| Absenteeism | Female | 1.42% | 1.20% | 1.29% |
| | Male | 0.38% | 1.19% | 0.80% |
| | Total | 0.78% | 1.19% | 0.98% |
| Number of deaths | | Total | 0 | 0 |

Note 1: Work injury data calculation is based on the monthly occupational accidents reported monthly in each plant

Note 2: Work injury rate = (total number of injuries/total actual number of hours worked) x 1,000,000. Work injury determination standard is with reference to the "Regulations of the Examination of Injuries and Diseases Resulting from the Performance of Duties by the Insured Persons of the Labor Insurance Program"

Note 3: Percentage of days lost = (number of days lost/total number of hours worked) x 1,000,000

Note 4: Absenteeism = (total number of days absent/ total number of hours worked) x 100%; absences include sick leave, menstrual leave, injury leave, family care leave, and personal leave

Note 5: Injury rate = (total number of injuries/actual number of hours worked) x 1,000,000. The "actual number of hours worked" refer to calendar days

Work Injury Type and Statistics

| Item | AirTAC Taiwan | AirTAC Ningbo | AirTAC Guangdong |
|-----------------------|------------------|--|-----------------------------|
| Number of occurrences | 11 | 32 | 6 |
| Type | Traffic accident | Such as vehicle injuries, mechanical injuries, being stuck by an object, and so on | Such as mechanical injuries |

Governance

Participation in International Initiatives and Associations

| Name of the Association Involvement | Name of the Association Involvement |
|--|-------------------------------------|
| Taiwan Fluid Power Association (TFPA) | Director |
| Taiwan Electronic Equipment Industry Association | Member Representative |
| Fenghua High-tech Enterprise Association | Vice President |
| Ningbo Foreign Investment Association | Vice President |
| Ningbo Intelligent Manufacturing Association | Vice President |
| Ningbo High-tech Enterprise Association | Vice President |

Government subsidies

| Item | Amount |
|---|--------|
| Tax deductions and tax credits | 54.33 |
| Investment subsidies, R&D subsidies and other type of related subsidies | 131.96 |

Unit: NT\$ million

The Handling of Customer Complaints

| Types of customer complaints | AirTAC Taiwan | AirTAC China |
|--|---------------|--------------|
| Production process | 20 | 41 |
| Design communication (customized products) | 8 | 56 |
| Outsourced products | 4 | 30 |
| Customer use | 93 | 320 |
| Other | 1 | 0 |

Unit: quantity

Signing and Screening New Suppliers

| Item | 2020 new suppliers or newly signed contracts | New suppliers selected by environmental standards | |
|------------------|--|---|------------|
| | | Total | Proportion |
| AirTAC Taiwan | 7 | 0 | 0% |
| AirTAC Ningbo | 29 | 8 | 27.6% |
| AirTAC Guangdong | 10 | 2 | 18.2% |

GRI Standards Comparison Table

| GRI Standards No. | Disclosure | Corresponding Chapters | Pages |
|-------------------|--|---|----------|
| 102-1 | Organizational profile | 2.1 About AirTAC | 21 |
| 102-2 | Activities, brands, products, and services | 2.1 About AirTAC | 21 |
| 102-3 | Location of headquarters | 2.1 About AirTAC | 21 |
| 102-4 | Location of operations | 2.1 About AirTAC | 21 |
| 102-5 | Ownership and legal form | 2.1 About AirTAC | 21 |
| 102-6 | Markets served | 2.1 About AirTAC | 21 |
| 102-7 | Scale of the organization | 2.1 About AirTAC | 21 |
| 102-8 | Information on employees and other workers | Appendix | 64 |
| 102-9 | Supply chain | 2.6 Sustainable Supply Chain Management | 42 |
| 102-10 | Significant changes to the organization and its supply chain | No such case in 2020 | |
| 102-11 | Precautionary principle or approach | 2.2 Risk Management | 31 |
| 102-13 | Membership of associations | 2.1 About AirTAC | 64 |
| 102-14 | Statement from senior decision-maker | Message from the Chairman | 5 |
| 102-16 | Values, principles, standards, and norms of behavior | 2.3 Ethical Corporate Management | 29 |
| 102-18 | Governance structure | 2.1 About AirTAC 2.3 Ethical Corporate Management | 21 29 |
| 102-22 | Composition of the highest governance body and its committees | Please refer to AirTAC's 2020 Annual Report | |
| 102-23 | Chair of the highest governance body | 2.1 About AirTAC | 21 |
| 102-26 | Role of highest governance body in setting purpose, values, and strategy | 2.1 About AirTAC | 21 |
| 102-40 | List of stakeholder groups | 1.1 Stakeholder Communication | 12 |
| 102-41 | Collective bargaining agreements | AirTAC does not sign group agreement; it communicates with employees on labor-management meetings | |
| 102-42 | Identifying and selecting stakeholders | 1.1 Stakeholder Communication | 12 |
| 102-43 | Approach to stakeholder engagement | 1.1 Stakeholder Communication | 12 |
| 102-44 | Key topics and concerns raised | 1.1 Stakeholder Communication | 12 |
| 102-45 | Entities included in the consolidated financial statements | Please refer to AirTAC's 2020 Annual Report | |
| 102-46 | Defining report content and topic boundaries | About the Report | 2-3 |
| 102-47 | List of material topics | 1.2 Sustainability Issue Identification | 14 |
| 102-48 | Restatements of information | About the Report and appendix | 2,64 |
| 102-49 | Changes in reporting | About the Report | 2 |
| 102-50 | Reporting period | About the Report | 2 |
| 102-51 | Date of most recent report | January 2021 | |
| 102-52 | Reporting cycle | About the Report | 2 |
| 102-53 | Contact point for questions regarding the report | About the Report | 2 |
| 102-54 | Claims of reporting in accordance with the GRI Standards | About the Report | 2 |
| 102-55 | GRI content index | Appendix | 71 |
| 102-56 | External assurance | Appendix | None |
| 201-1 | Direct economic value generated and distributed | 2.1 About AirTAC | 21 |
| 201-3 | Defined benefit plan obligations and other retirement plans | 4.1 Employee Benefit | 51 |
| 201-4 | Financial assistance received from government | 2.1 About AirTAC | 21 |
| 202-1 | Ratios of standard entry level wage by gender compared to local minimum wage | 4.1 Employee Benefit | 51 |

| GRI Standards No. | Disclosure | Corresponding Chapters | Pages |
|-------------------|---|---|-------|
| 202-2 | Proportion of senior management hired from the local community | Appendix | 64 |
| 204-1 | Proportion of spending on local suppliers | 2.6 Sustainable Supply Chain Management | 42 |
| 205-3 | Confirmed incidents of corruption and actions taken | No such case in 2020 | |
| 206-1 | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | No such case in 2020 | |
| 301-1 | Total weight or volume of materials | 3.3 Raw Materials Management | 48 |
| 301-2 | Recycled input materials used | 3.3 Raw Materials Management | 48 |
| 302-1 | Energy consumption within the organization | 3.1 Energy and Greenhouse gas Management | 45 |
| 302-4 | Reduction of energy consumption | 3.1 Energy and Greenhouse gas Management | 45 |
| 303-1 | Water withdrawal by source | 3.2 Water Resources and Wastewater Management | 47 |
| 303-3 | Water recycled and reused | 3.2 Water Resources and Wastewater Management | 47 |
| 305-1 | Direct (Scope 1) GHG emissions | 3.1 Energy and Greenhouse gas Management | 45 |
| 305-2 | Energy indirect (Scope 2) GHG emissions | 3.1 Energy and Greenhouse gas Management | 45 |
| 306-2 | Waste by type and disposal method | 3.4 Waste management | 49 |
| 307-1 | Non-compliance with environmental laws and regulations | No such case in 2020 | |
| 308-1 | New suppliers that were screened using environmental criteria | 2.6 Sustainable Supply Chain Management | 42 |
| GRI400 Social | | | |
| 401-1 | New employee hires and employee turnover | Appendix | 64 |
| 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | 4.1 Employee Benefit | 51 |
| 401-3 | Parental leave | 4.1 Employee Benefit | 51 |
| 403-1 | Workers representation in formal joint management–worker health and safety committees | 4.1 Employee Benefit | 51 |
| 403-2 | Types and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities | 4.3 Safe Workplace | 56 |
| 403-3 | Workers with high incidence or high risk of diseases related to their occupation | No such case in 2020 | |
| 404-1 | Average hours of training per year per employee | 4.2 Employee Fostering | 54 |
| 404-2 | Programs for upgrading employee skills and transition assistance programs | 4.2 Employee Fostering | 54 |
| 404-3 | Percentage of employees receiving regular performance and career development reviews | 4.2 Employee Fostering | 54 |
| 405-1 | Diversity of governance bodies and employees | Appendix | 64 |
| 408-1 | Operations and suppliers at significant risk of incidents of child labor | No such case in 2020 | |
| 414-1 | New suppliers that were screened using social criteria | 2.6 Sustainable Supply Chain Management | 42 |
| 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | No such case in 2020 | |
| 417-2 | Incidents of non-compliance concerning product and service information and labeling | No such case in 2020 | |
| 417-3 | Incidents of non-compliance concerning marketing communications | No such case in 2020 | |
| 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | No such case in 2020 | |
| 419-1 | Non-compliance with laws and regulations in the social and economic area | No such case in 2020 | |

Disclosure items of the “Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies”

| Item | Content of Regulations | Corresponding Chapters | Page |
|------------------------------|---|--|------|
| Article 3 | The Company shall disclose risk assessments of environmental, social and corporate governance while formulating related performance indicators to manage the identified material topics | 2.3 Risk Management | 31 |
| Paragraph 4 of Article 4 (2) | Corporate governance of climate-related risks and opportunities, actual and potential climate-related impacts, how to identify and manage climate-related risks and indicators used to assess and manage climate-related issues | 2.3.2 Climate Change Risk and Governance | 33 |



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