

ABC-ATEC ELECTRONICS GROUP
2023 SUSTAINABILITY REPORT





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An isometric illustration of a business dashboard. The scene is set on a blue floor with various data visualizations and people interacting with them. In the center, a large monitor displays a bar chart. To the left, a person stands next to a laptop showing a pie chart. To the right, a person stands next to a monitor showing a line graph. In the foreground, a person sits on a stack of blue cubes, working on a large spreadsheet. Another person stands near a stack of blue cubes. The background features three vertical pillars with network diagrams on them. The overall color scheme is blue and white, with yellow accents.

Basic Information

0.1 About this Report

0.2 Company Profiles

0.3 Sustainability Strategy and Performance

0.4 Management of Material Topics

Basic Information

0.1 About this Report

0.1.1 Reporting Period (GRI: 2-3 a.-c.)

ABC-ATEC Taiwan Electronics Corp.(Stock Code: 3236, hereinafter referred to as "the Company" or "ABC-ATEC ", representing the headquarters in Taiwan) was established in 1979 and is mainly engaged in the research and development, production and sales of inductors, with its headquarters in Yangmei District, Taoyuan City, Taiwan. The Taiwan factories include Yangmei Factory 1 and Yangmei Factory 2, and the Company has also established manufacturing factories in Shanghai, Guangzhou and Malaysia, collectively known as the ABC-ATEC Electronics Group.

In accordance with the "Taipei Exchange Rules Governing the Preparation and Filing of Sustainability Reports by TPEX Listed Companies" published by the Taipei Exchange (TPEX), the first sustainability report of ABC-ATEC was issued in 2021, and was published in both English and Chinese simultaneously. This year (2024), in accordance with the "Regulations Governing the Preparation and Filing of Sustainability Reports by TPEX Listed Companies" announced by the Taipei Exchange on September 26, 2022, we have prepared our fourth sustainability report. This report is based on the international reporting standards of the Global Reporting Initiative (GRI) and the requirements of the United Nations Sustainable Development Goals (SDGs), disclosing our actions in the three key areas: Environment, Social, and Governance (ESG). Relevant information is also published on our company's website to promote two-way communication with internal and external stakeholders. Through the publication of this report, we aim to demonstrate our commitment to sustainable development and continuous improvement.

This is the sustainability report issued by ABC Taiwan Electronics Corp. (hereinafter referred to as the " Report "). The Report discloses the ABC-ATEC's performance, management policies, and goals for the five major aspects of governance, products, supply chain, environment, and society for the year 2023 (January 1, 2023 to December 31, 2023).

The reporting period of this report is consistent with the consolidated financial statements. For the completeness and comparability of the report, some chapters will cover the information before January 1, 2023 and after December 31, 2023, and notes were added to the chapters.



0.1.2 Compliance with Standards

This report complies with the GRI Standards issued by the Global Sustainability Standards Board (GSSB) and the Electrical & Electronic Equipment SASB Standards published by Sustainability Accounting Standards Board (SASB), and the Task Force on Climate-Related Financial Disclosures (TCFD) issued by the Financial Stability Board (FSB).

0.1.3 Boundary Scope (GRI: 2-2 all)

For the first time, the material topics in this report cover the entire ABC-ATEC Group, including the Yangmei Factory 1, Yangmei Factory 2, Shanghai, Guangzhou, and Malaysia Factories as important manufacturing sites. The financial information contained in this report is consistent with our consolidated financial statements.

If the scope of the disclosure in each chapter of this report is different from the above, supplementary explanations will be provided in each chapter. The various statistical data in the report are calculated based on the following:

Financial Data	The income distribution table adopts the data from the consolidated financial statements certified by CPAs. Unless otherwise stated, financial data are in "New Taiwan Dollar (NTD)".
Environmental Data	Greenhouse gas emissions are based on the inventory of ISO 14064-1:2018, which had approved by an external third party in July. The statistical data on water resources and waste are the data reported by each operating location to the local authority.
Other Data	Aggregate statistical data of each operating location.

0.1.4 Restatement of Information (GRI: 2-4 all)

Some previously reported information in this report has been revised, as shown in the table below:

2022 Report Chapters	2023 Report Chapters	Reason for Restatement	Impact of Restatement
3.2.2 Energy Consumption	4.3.1 Energy Management	Among the non-renewable energy sources for 2021 and 2022, the use of liquefied petroleum gas is added.	Increase in non-renewable energy consumption in 2021 and 2022

0.1.5 Internal Control

ABC-ATEC has established procedures for the preparation and verification of sustainability reports, and the ESG Committee is responsible for the overall planning, communication and integration of the annual sustainability reports. The Chairman Office is responsible for compiling the information required for the report and writing the contents of the report every year. After the preparation of the annual sustainability report, the report is submitted to the ESG Committee for preliminary review and the Chairman's approval before finalizing the report.

0.1.6 External Guarantee/Assurance (GRI: 2-5 all)

The disclosure of information related to sustainability reports has a significant impact on stakeholders. Therefore, we must make every effort to pay attention to every detail, ensuring the accuracy and completeness of the information disclosed. Data and statistics in this report were provided, consolidated, analyzed, and integrated by ABC-ATEC's internal departments to ensure that they meet the requirements of the sustainability report. All information have been confirmed and approved by the heads of the respective departments, and reviewed by the Chairman, whereas financial data has been audited by Deloitte Taiwan. After reviewing the final version of this report, an external and independent third-party review institution was commissioned to verify that this report meets the requirements of the GRI. This year, we commissioned SGS to implement Type 1 medium assurance in accordance with AA 1000 AS v3 (AccountAbility 1000 Assurance Standard v3). Please refer to the appendix for the relevant assurance methods and results.

0.1.7 Contact Information (GRI: 2-3 d.)

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0.2 Sustainability Strategy and Performance

0.2.1 Message from the Manager

1. Message from the Chairman

The United Nations World Meteorological Organization pointed out in the "State of the Global Climate Report" that 2023 was the hottest year on record, and 2024 is very likely to set a new record again. In the future, high temperatures brought about by climate change will continue to occur, causing serious impacts on the global environment and human life. The global economy has been tense since the COVID-19 pandemic in 2019, the ongoing geopolitical conflicts in the past two years, record inflation, climate disasters and other events and variables continue to deepen the doubts about the outlook of the global economy. In addition to changing people's way of life, these have also posed severe challenges to businesses and tests the resilience of business operations.

After 45 years of business, ABC-ATEC has always upheld the ideal of "Group entrepreneurship," and continued to forge ahead in a volatile business environment. In 2023, ABC-ATEC continued its sustainability efforts and published the fourth "Sustainability Report" to demonstrate its firm determination to become a world-class passive electronic component manufacturer. In recent years, the risks posed by climate change to the environment and people have intensified. How to mitigate climate change has become a common issue around the world. As a member of the global village, ABC-ATEC is also making great efforts to reduce greenhouse gas emissions. In 2023, ABC-ATEC has for the first time proposed the group's carbon reduction targets: The recent goal is to keep temperature rise within 1.5°C, and we committed to reduce Scope 1 and Scope 2 emissions by 42% by 2030 compared to the baseline year of 2021, and to achieve net-zero emissions by 2050. In pursuit of this goal, we launched the renewable energy utilization strategy in 2023. Besides green power procurement, we have also built solar panels in the factories for self-generation and self-use. In the future, we plan to gradually increase the proportion of green power procurement and solar panel installation to reduce greenhouse gas emissions in order to achieve the goal of net zero emissions and demonstrate ABC-ATEC's environmental responsibility.

R&D and innovation are the driving force for ABC's sustainable development. In order to respond to customer needs and the ever-changing international market, ABC has medium and long-term plans for future product expansion and investment. Our forward-looking plan includes the establishment of a plant in Vietnam, active deployment in the U.S. market in

response to geopolitical policies, and the establishment of an industry-academia cooperation project with Kansas State University on electric vehicle charging piles and unmanned aerial vehicles. In terms of product development, the Low Temperature Co-fired Ceramics (LTCC) production line layout of ABC-ATEC is ready, and trial production will begin in 2024 to provide customers with brand new products and services, expand the sales map, and to lay the groundwork for ABC-ATEC's vision of "NTD 10 billion in revenue within 10 years" with excellent manufacturing and professional services, moving towards becoming a world-class supplier.

As a major manufacturer of inductor components, ABC-ATEC not only provides high-quality products, but also strengthen competitiveness. The Company is also devoted to take on corporate social responsibility. Recently, we collaborated with National Taipei University to open an R&D center to bring more innovative value to society through talent cultivation and technology R&D. The "ABC-ATEC and National Taipei University Joint R&D Center" was launched in June 2023 at National Taipei University Sanxia Campus. It aims to help deepen the university's research capabilities and allow ABC Taiwan Electronics to strengthen its forward-looking technology deployment. Resources and talents are the key to technological innovation. Industry and academic institutions need to work together. The establishment of the R&D Center enables the integration of the professional knowledge of academia and the practical industry experience of ABC-ATEC to create a win-win situation for industry and academia.

At present, ESG has become a global trend and a corporate development trend, and it is also an important indicator for corporate sustainable development. ABC is steadfast in its commitment to become a diversified and sustainable business. With a vision to "To create and develop a premium inductive components," the Company aims to expand its operational advantages and enhance its competitiveness. It continues to integrate ESG (Environmental, Social, and Governance) principles into its core business, striving to create new values for customers, shareholders, employees, and society at large. With a shared belief in achieving the goal of "ABC means satisfaction," everyone works together with a common purpose to create a sustainable future. This vision reflects ABC's dedication to long-term success and making a positive impact on various stakeholders and the world.

Chairman




2.Message from the Group President

Although the pandemic gradually subsided in 2023, geopolitical tensions continue to disrupt global supply chains. When coupled with the intensifying threat of climate change, it has become a major challenge for businesses. According to the "2023 Global Climate Change Index" released by NOAA, the temperature in 2023 was 1.8°C higher than the 100-year average, and the carbon dioxide concentration had reached 419 ppm. The anomalies in sea surface temperature (SST) and air temperature have affected a series of extreme weather events. ABC upholds the business philosophy of sustainable use of resources and continuous improvement management, we gradually implement the goals of sustainability, the spirit of innovation, and fulfill our social responsibilities to ensure sustainable operations.

To actively connect with the world and deepen the capability of sustainable management, ABC-ATEC's 2023 Sustainability Report adheres to the GRI standards and added the TCFD and SASB frameworks for disclosing sustainability information, while continuing to complete the group-wide "ISO 14064-1: 2018 Organizational Greenhouse Gas Inventory" to fulfill the requirements planned by the FSC ahead of time. By 2027, all parent companies and domestic and foreign subsidiaries of listed companies have completed the greenhouse gas inventory blueprint. In addition, with reference to the science-based carbon reduction targets, in 2023, we announced that ABC will move towards net zero carbon emissions: the recent goal is to keep temperature rise within 1.5°C, and we have committed to reducing Scope 1 and Scope 2 emissions by 42% by 2030 compared to the baseline year and achieve net zero emissions by 2050. In pursuit of this goal, in 2023, ABC-ATEC promised to steadily introduce renewable energy. The Group's Guangzhou factory signed a green power procurement agreement and officially changed the power supply in May 2023; the Plant's construction of solar power supply system for self-use was officially activated on January 8, 2024; the construction of the solar panels for Taiwan Headquarters is expected to be officially commenced in the second half of 2024.

With the increasing penetration rate of 5G mobile phones and the increasing popularity of Wi-Fi applications, the gap between the supply and demand of Low-Temperature Co-fired Ceramics (LTCC) continues to expand. This is coupled with the smart phones entering the 5G era driving a surge in demand for LTCC. ABC-ATEC has invested resources in the establishment of an LTCC production line in 2022, with trial production began in 2024 and the expectation that the brand-new LTCC products will bring another wave of growth to the Company towards its goal of "NT\$10 billion in revenue in 10 years"

To ensure a healthy and friendly workplace, ABC arranges health services and related activities every year to track employees' physical and mental health and improve their health awareness, such as Protect Physical and Mental Health & Happy Workplace Seminars, Unlawful Harassment Seminars, and General Hazards Education and Training to raise the health awareness of employees. In 2023, we continued to receive the "Badge of Accredited Healthy Workplace" from the Ministry of Health and Welfare. We abide by the labor laws and regulations of our operating locations, protect the legal rights of employees, and comply with the human rights protection spirit and standards promulgated by various international human rights conventions, and treat all employees equally and with respect. ABC has been recognized by the Occupational Safety and Health Administration of the Ministry of Labor for its work on occupational safety and health, and has been selected as one of the top 10% performers in the 2023 Healthy Workplace Sustainability Guide.

At ABC-ATEC, we have long upheld the philosophy that "With a joyful society first, we can have an industry that touches the world; arts and cultural activities are the living water that fills social sensibility and motivation, that is, the source of creative life and creative industries." For the promotion of arts and cultural activities, ABC continues to sponsor the Tainan Museum of Art in various exhibitions each year at home and abroad to demonstrate its diverse creativity and vitality, and to support the development of arts and cultural activities in Taiwan. The recognition by the 16th Arts & Business Awards of the Ministry of Culture in 2023 demonstrates the importance that ABC-ATEC places on arts and cultural activities in Taiwan, and encourages more enterprises to participate in cultural and arts causes, promotes innovation and creativity, and jointly develops the field of culture and arts. We look forward to continuing to contribute to the Taiwan culture prosperity in the future.

In 2024, ABC's medium and long-term business policy was to "earn customer recognition for LTCC process components and expand global inductor market share. Establish QM modules to trace the production history, and create SF module reserve talent echelon energy." ABC-ATEC will make close linkages for all of its work and its management guidelines. We will continue to share our entrepreneurial values with employees, shareholders, and customers, and move toward a better future together with all stakeholders.

President

Francis Fan



0.2.2 Sustainability Performance



Governance

- Voluntary publication of the 4th Sustainability Report with reference to the GRI 2021 Standards.
- 2023 Release of the first Information Security Policy.
- ABC-ATEC and National Taipei University officially opened its Joint R&D Center to bring more innovative value to society through talent cultivation and technology R&D.
- In the corporate governance evaluation, we ranked in the 21% - 40% range among the 816 TPEX listed companies with a market capitalization of less than NTD 5 billion; and the 754 TPEX listed companies in the 21% - 35% range; all of the ranking results were medium or above.



Environment

- This is the first time that the ABC-ATEC has introduced renewable energy. In 2023, renewable energy consumption accounted for 12.56% of the Group's total electricity consumption.
- ABC-ATEC demonstrates its commitment to net zero emissions by 2050.
- The greenhouse gas inventory management platform has been adopted for two consecutive years to ensure the authenticity of data.
- ABC-ATEC obtained the ISO 14064-1 certification.
- Electricity consumption decreased by 18.39% compared to the previous year.
- In 2023, the waste recycling rate increased by 16.35% compared to the previous year.
- Green Building Taiwan H.Q Building C was officially put into use.



Social

- Received the 2023 Wenxin Awards from the Ministry of Culture, Executive Yuan.
- The Company is evaluated as a distinguished corporation in the 2023 "Leading Corporation for Sustainable Employment" by the Occupational Safety and Health Administration.
- The gender ratio of male to female employees was nearly 1:1.
- The proportion of female supervisors in the Group reached 47.24%, which is close to half of the total number of managers.

0.3 Stakeholder Engagement

0.3.1 Identification of Stakeholders (GRI: 2-29-a-i)

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

ABC-ATEC considered the company's industry nature and operation model, and the ESG Committee made reference to the five principles of Stakeholder Engagement Standard, AA1000 SES 2015: Dependency, Responsibility, Tension, Influence, and Diverse Perspectives to determine the groups or organizations that ABC-ATEC have influenced on or which have influence on ABC-ATEC, and formulate the "Regulations Governing the Identification of stakeholders and Material Topics Assessment for Sustainable Operations Management" to plan and promote various sustainable development policies and systems, and ensure the implementation of the corporate social responsibility policy. We have identified 6 stakeholders directly related to ABC-ATEC, including employees, suppliers, shareholders/investment institutions, customers, government agencies, and academic institutions.

0.3.2 Stakeholder Communication (GRI: 2-29-a-ii, GRI: 2-29-a-iii, GRI: 2-12-b-i)

To understand and respond to the concerns of stakeholders, we provide various communication channels for regular communication and engagement with stakeholders, so that stakeholders can express their opinions at any time to gain an understanding of the ESG topics of interests to different stakeholders, and give responses or strategies for coping with related topics. The communication mechanism and topics of concerns to various stakeholders in 2023 are summarized as follows:

ABC-ATEC's Stakeholder Communication Mechanism and Management Procedures

Serial Number	Communication Procedures	Explanation
1	Identification of Stakeholders and Topics of Concerns	Each ESG team is responsible for collecting concerns from relevant stakeholders.
2	External Disclosure	Publish the stakeholders' engagement results in the sustainability report and official website every year

Major Stakeholders of ABC-ATEC

Stakeholders	Relationship Description	Frequency of Communication	Major Topics of Concerns	Responsible Unit
Employees	Indirect Employees Direct Employees	<ul style="list-style-type: none"> Employee Welfare Committee (once a quarter) Occupational Safety and Health Committee (once a quarter) Labor Pension Supervisory Committee (once a quarter) Labor-Management Meeting (once a quarter) Employee Health Examination (once a year) Education and Training (carried out according to plans) Contracted Medical Health Service (once a monthly) Self-Management Activities and Proposal System (once a year) Communication Meetings with all Employees and Talks with Employees (carried out according to requirements) Work Rotation (carried out according to requirements) 	<ul style="list-style-type: none"> Labor-management Relations Employee Benefits and Rights Education and Training and Promotion Occupational Safety and Health Employee Communication Company's Sustainable Management and Vision Internal Control System Execution Confidentiality Obligations Salary and Benefits Harmonious Industrial Relations Career Development 	Contact Person: Human Resources Department Mr. Lin TEL: (03)4788-188 Ext.: 1662
Suppliers	Raw Material Suppliers Subcontractor	<ul style="list-style-type: none"> Filling-in of Supplier Information (as needed) Procurement Contracts (annually) Commodity Quality Review Meeting (from time to time) Supplier Visit Meeting (from time to time) Supplier Audit (each year) Supplier Assessment (each month) Promotion of Green Procurement (as needed) 	<ul style="list-style-type: none"> Supplier Management Financial Health Ethical Management Risk Management Environmental Protection and Reduction of Waste Green Products Conflict Minerals Supplier Environment and Management of Hazardous Substances 	Contact Person: Planning Department Ms. Li TEL: (03)4788-188 Ext.: 1700 Complaint/suggestion mailbox: atec.suggest@atec-group.com
Shareholder/ Investment Agencies	General Shareholders Institutional Shareholders Rating Agencies Financial and Insurance Agencies	<ul style="list-style-type: none"> Convening of Annual General Shareholders' Meetings (annually) Corporate Governance Evaluation (annually) Update on MOPs and the Company's official website (irregularly) Respond to shareholders' questions by phone or letter (irregularly) 	<ul style="list-style-type: none"> Operational Performance Ethical Corporate Management Sustainable Management Transparent Information Disclosure 	Contact Person: Spokesperson: Mr. Tommy Hsu, TEL : (03)4788-188 Ext.: 1111
Customers	Existing Customers Potential Customers	<ul style="list-style-type: none"> Business Meetings (from time to time) Research and Sales Meetings (each month) Regular Business Visits (3-4 days a week) Customer Satisfaction Survey (once a year) Customer Complaint Management System (from time to time) Response Management of Customers Carrying Out an Audit at the Plant (from time to time) Talks and Meetings with Senior Managers/Business Personnel (from time to time) Website Product Introduction and Services (anytime) Product Presentation (from time to time) 	<ul style="list-style-type: none"> Providing Products and Services According to Market Trends and Customer Needs Management of Environmentally-friendly and Non-Hazardous Substance Products Professional Technical Support and Services Customer Services and Supplier Management Business Integrity and Ethics Risk Management Confidentiality Agreement Product Quality Service Quality 	Contact Person: Marketing Department Mr. Lin TEL: (03)4788-188 Ext.: 1225 Complaint/suggestion mailbox: atec.suggest@atec-group.com

Stakeholders	Relationship Description	Frequency of Communication	Major Topics of Concerns	Responsible Unit
Government Agencies	National Taxation Bureau Ministry of Economic Affairs	<ul style="list-style-type: none"> Official Correspondence (as required by law) Promotion of Laws and Regulations (handled according to the regulations) Symposiums or Seminars (handled according to the regulations) 	<ul style="list-style-type: none"> Information Transparency Economic Performance 	Contact Person: Accounting Department Ms. Cheng, TEL: (03)4788-188 Ext.: 1810
	Securities Regulation Authority	<ul style="list-style-type: none"> Official correspondence and important information (handled according to the regulations) Promotion of Laws and Regulations (handled according to the regulations) Symposiums or Seminars (handled according to the regulations) 	<ul style="list-style-type: none"> Corporate Governance Legal Compliance 	Contact Person: Chairman's Office Ms. Wang TEL: (03)4788-188 Ext.: 1120
	Occupational Safety and Health Administration Environmental Protection Administration/ Environmental Protection Bureau	<ul style="list-style-type: none"> Meeting of Promotion on Competent Authority Policies (from time to time) Telephone Consultation (from time to time) Official or Written Correspondence (from time to time) 	<ul style="list-style-type: none"> Waste Management Water Conservation Legal Compliance Energy Conservation and Carbon Reduction Occupational Safety and Health 	Contact Person: General Affairs Department Ms. Chang TEL: (03)4788-188 Ext.: 1610
	Labor Authority	<ul style="list-style-type: none"> Meeting of Promotion on Competent Authority Policies (from time to time) Telephone Consultation (from time to time) Official or Written Correspondence (from time to time) 	<ul style="list-style-type: none"> Greenhouse Gas 	Contact Person: Chairman's Office Ms. Wang TEL: (03)4788-188 Ext.: 1120
Academic Institute	Industry-academia Collaboration Partners	<ul style="list-style-type: none"> External project meeting (once a month) Internal project meeting (once a week) 	<ul style="list-style-type: none"> Innovative Technology Development 	Contact Person: Chairman's Office Ms. Wang TEL: (03)4788-188Ext.: 1120

0.4 Management of Material Topics

0.4.1 Material Topics Assessment Process (GRI: 2-14, 3-1, 3-2)

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

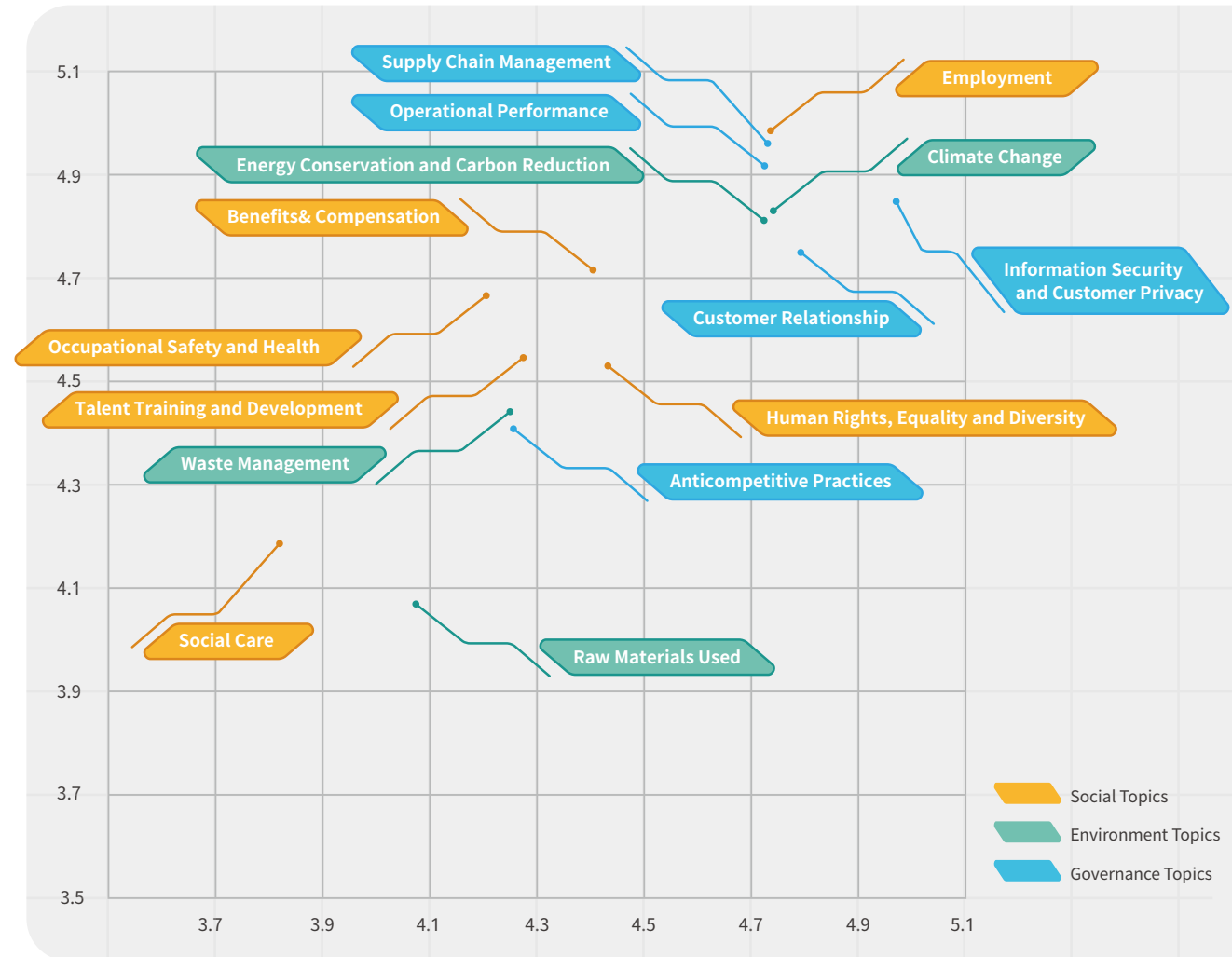
1. Assessment and Identification of Material Topic

ABC-ATEC creates CSR questionnaires based on GRI standards after taking into account global trends, industry characteristics, and the topics of concern gathered through stakeholder communication. A total of 15 material topics were identified. Surveys were distributed to stakeholders through the online questionnaire system and paper questionnaire, and their feedbacks are a good indication of how concerned stakeholders are about each issue, as well as the level of impact each issue has on the Company.

2. Material Topics Matrix

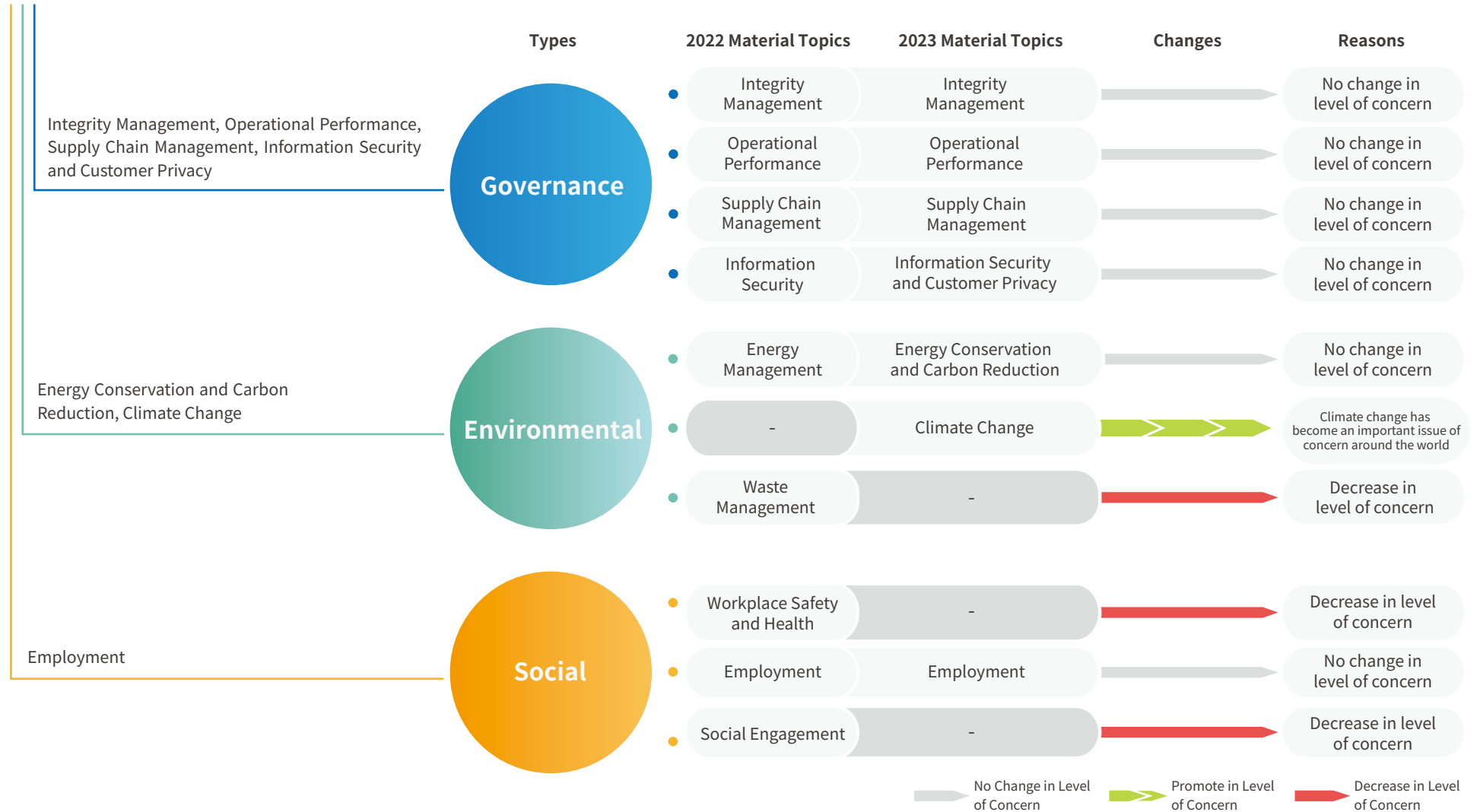
In order to establish knowledge on stakeholders' concerned topics, the ESG Committee conducted a materiality analysis that cross-examined the "level of stakeholders' concern," as gathered through questionnaires, against "the degree of impact on the environment, social and governance" that each topic has on the Company's operations. Topics that fall within the range of (3.8,4.18)-(5,4.83) were shortlisted as material topics, following internal meetings and resolutions, six material topics have been selected, along with the necessary disclosures related to "Ethical Corporate Management". In total, there are seven material topics identified. Each topic was prioritized in terms of materiality with short-, medium-, and long-term goals determined for regular follow-up in team meetings, during which team members would review the accomplishment of short-term goals and solutions, and then report the results of the analysis to the Board of Directors.

Major Topics Matrix



Based on the above results, we have identified the following material topics for the ABC-ATEC in 2023:

Changes in material topics from 2022 are summarized below. For each material topic, the responsible department will propose an implementation plan and short-, medium-, and long-term goals, and regularly review performance.



0.4.2 Operational Impact of Material Topics (GRI: 2-14, 3-1, 3-2)

Impact of Material Topics on Governance Impact Boundaries

Direct Impact: ●
Indirect Impact: ○

Material Topics	Corresponding GRI Topic	Impact on Operations		Value Chain			Other Stakeholders			
		Risks	Opportunities	Upstream	Operations	Downstream	Government Agencies	Community	Academic Institutions	Media
				Suppliers	Employees/Shareholders	Customers				
Integrity Management	GRI 205 Anti-Corruption	Sound corporate governance is the cornerstone of business operations. Failure to operate with integrity will affect corporate image and competitiveness.	We will uphold the principle of ethical management, incorporate integrity and ethical values into our business strategies, and strengthen the operation and responsibilities of the Board of Directors in sound corporate governance.	●	●	●	●	○	○	○
Operational Performance	GRI 201 Economic Performance	The Company's operations and profitability will be affected by repeated disruptions caused by the COVID-19 pandemic if relevant epidemic prevention measures are not implemented, resulting in the suspension of work or the adoption of quarantine measures.	We have set up an epidemic prevention command system and a backup mechanism to ensure uninterrupted operations, improve operational performance, and reward employees and investors, and continue to expand our manufacturing factories to promote industry development.	●	●	●	○	○	○	○
Supply Chain Management	GRI 308 Supplier Environmental Assessment GRI 414 Supplier Social Assessment	Some suppliers of raw materials are agents or importers in Taiwan, so it is difficult to directly audit whether the product production process meets environmental standards or low carbon to meet social standards for on-site auditing.	Through questionnaire surveys, we tracked the procurement status of our suppliers and assess their impact on the environment and society to ensure that all suppliers meet ABC-ATEC's requirements.	●	●	●	○	○	○	○
Information Security and Customer Privacy	* Specific Topics of the Company	Activate the mechanism of off-site or Work From Home (WFH) policies. Inadequate security awareness of the Company's employees and external attacks will result in information security incidents, which would result in losses to the Company.	Implement information security maintenance, formulate plans related to the continuous operation of information system business and contingency plans for network threats, and effectively protect the company to maintain the normal operation of core systems.	○	●	○	●	○	○	○

Impact of Material Topics on Environmental Impact Boundaries

Direct Impact: ●
Indirect Impact: ○

Material Topics	Corresponding GRI Topic	Impact on Operations		Value Chain			Other Stakeholders			
		Risks	Opportunities	Upstream	Operations	Downstream	Government Agencies	Community	Academic Institutions	Media
				Suppliers	Employees/Shareholders	Customers				
Energy Conservation and Carbon Reduction, Climate Change	GRI 302 Energy	ABC-ATEC's needs to increase costs to cope with the low-carbon transition, which in turn affects profitability.	Installation of solar panels and purchase of green electricity to achieve CO ₂ emissions reduction through environmental management systems and reduce operating costs.	●	●	●	●	○	○	○

Note: Since the Company relies on Scope 2 emissions as its main source, the disclosure of the material topics energy management and climate change is combined.





Impact of Material Topics on Social Impact Boundaries

Direct Impact: ●
Indirect Impact: ○

Material Topics	Corresponding GRI Topic	Impact on Operations		Value Chain			Other Stakeholders			
		Risks	Opportunities	Upstream	Operations	Downstream	Government Agencies	Community	Academic Institutions	Media
				Suppliers	Employees/Shareholders	Customers				
Employment	GRI 401 Employment	Failure to establish a fair, open, reasonable and competitive compensation and benefits system results in high employee turnover and increases the cost of recruiting talent.	Creating an attractive work environment and establishing a comprehensive benefits package and competitive compensation system can reduce the turnover rate of new employees and talent development costs.	●	●	●	●	●	○	○

0.4.3 Short-, Medium- and Long-term Goals

ABC's Sustainability Performance and Short/Mmedium/Long Term Goals Governance

Corresponding SDGs	Corresponding SDG Sub-goals	SASB Metrics Code	Material Topics	Corresponding GRI Topic	GRI Standards	Short-term Goals (1-2 Years)	Mid- and Long-term Goals
	16.5 Substantially reduce corruption and bribery in all its forms	RT-EE-510a.1 RT-EE-510a.2 RT-EE-510a.3	Integrity Management	GRI 205 Anti-Corruption	205-2 Communication and Training about Anticorruption Policies and Procedures	<ul style="list-style-type: none"> Comply with "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"; continually improve corporate governance evaluation results by targeting areas with poor scores. Improve evaluation results, corporate governance evaluation ranking: medium to high Group-wide signing of the "Employee Integrity Pledge": 95% of employees Group-wide participation rate in integrity management education and training: 95% Group-wide compliance with the anti-corruption management system model, with no corruption incidents. 	In compliance with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"; we continuously work to improve areas where the company governance evaluation has not received a satisfactory score. Our aim is to enhance the evaluation results and prevent any instances of corruption within the group. We uphold the principles of integrity in operations and strive for the enhancement of corporate governance.
	8.2 Achieve high levels of productivity of economies through diversification, technological upgrading and innovation, including through a focus on high value added and labor-intensive sectors	RT-EE-250a.1 RT-EE-250a.2 ET-EE-000.A	Operational Performance	GRI 201 Economic Performance	201-1 Direct Economic Value Generated and Distributed	<ul style="list-style-type: none"> R&D expenses increased by 5% compared to the previous year 	Enhance ABC-ATEC's capitalization, expand our production capacity, and grow our global market share in the field of inductors. Our ultimate goal is to challenge the vision of achieving a group revenue of over NT\$10 billion within the next decade.
	17.14 Enhance policy coherence for sustainable development.	RT-EE-440a.1	SupplyChain Management	GRI 308 Supplier Environmental Assessment GRI 414 Supplier Social Assessment	308-1 New Suppliers that Were Screened Using Environmental Criteria 414-1 New Suppliers that Were Screened Using Social Criteria	<ul style="list-style-type: none"> Group-wide anti-corruption promotion: 90% Group-wide actual compliance rate of environmental/social assessment of new suppliers: 100% Group-wide compliance rate for existing supplier audits: over 95% Group-wide new supplier's conflict-free mineral declaration: 100% 	Ensure that the quality of materials, labor, and services provided by suppliers meet ABC's requirements. Choosing suppliers that emphasize corporate social responsibility and consider the environment, human labor rights and ethics, and establishing a co-prosperity relationship with suppliers. There are no conflict minerals throughout the value chain.
	9.c. Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in the least developed countries by 2020.	NA	Information Security and Customer Privacy	NA	Specific Topics of the Company	<ul style="list-style-type: none"> Promote information security education and training and confirm that the pass rate must reach 90%. Number of major information security incidents: 0 cases/critical system recovery RTO: 2 days System disaster drills and social engineering and information security phishing drills: 2 times/year. 	Pursue new knowledge and stay ahead of technologies and trends; develop next-generation materials and products; and adopt green and sustainable governance practices that are appropriate in modern times.

ABC's Sustainability Performance and Short/Medium/Long Term Goals

Environment

Corresponding SDGs	Corresponding SDG Sub-goals	SASB Metrics Code	Material Topics	Corresponding GRI Topic	GRI Standards	Short-term Goals (1-2 Years)	Mid- and Long-Term Goals
	7.1 By 2030, ensure universal access to affordable, reliable and modern energy services.	RT-EE-130a.1	Energy Conservation and Carbon Reduction Climate Change	GRI 302 Energy	302-1 Energy Consumption within the Organization 302-3 Energy Intensity	<ul style="list-style-type: none"> Compared to the baseline year of 2021, greenhouse gas emissions in Scope 1 and Scope 2 decreased by 12.6% compared to the baseline year. Group-wide renewable energy utilization rate reached more than 10%. 	<p>Through energy-saving measures, we are reducing electricity consumption and gradually planning the use of green energy. This includes installing solar power systems at our facilities and purchasing green energy agreement. These efforts aim to enhance the Group's use of renewable energy, reduce greenhouse gas emissions, and facilitate the transition to green energy.</p> <p>The recent goal is to keep temperature rise within 1.5°C, and we commit to reduce Scope 1 and Scope 2 emissions by 42% by 2030 compared to the baseline year of 2021, and to achieve net-zero emissions by 2050.</p>
	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse.	RT-EE-150a.1	Non-Material Topics			<ul style="list-style-type: none"> The Group's per capita daily general waste generation is less than 1.5 kg. 	Continuously improve the recycling rate of waste to ensure that all waste generated by the Group's operations is properly disposed of, strengthen the reuse of resources, and reduce the burden on the environment.
	6.4 By 2030, significantly improve the water use efficiency of all industries, ensure a sustainable supply and recycling of freshwater to address water shortages, and significantly reduce the number of people facing water shortages	NA				<ul style="list-style-type: none"> The Group's per capita daily water consumption is less than 150 liters. 	Reduce the Group's wastage of water resources, increase water recycling and reuse rate, and ensure that the wastewater generated from the Group's operational activities is properly treated.

ABC's Sustainability Performance and Short/Medium/Long Term Goals // Society

Corresponding SDGs	Corresponding SDG Sub-goals	SASB Metrics Code	Material Topics	Corresponding GRI Topic	GRI Standards	Short-term Goals (1-2 Years)	Mid- and Long-term Goals
	<p>10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other statuses. Reduce inequality within and among countries.</p> <p>10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.</p>	RTEE-000.B	Employment	GRI 401 Employment	<p>401-1 New Employee Hires and Employee Turnover</p> <p>401-2 Benefits Provided to Full-time Employees (Exclude Temporary or Part-time Employees)</p> <p>401-3 Parental Leave</p>	Group-wide average monthly turnover rate: 10% for direct staff, 8% for indirect staff (regular severance, retirement, and involuntary severance are excluded)	Maintain the stability of employee employment, retain suitable talent, provide comprehensive benefit packages, and cultivate a friendly working environment to create a happy workplace.



01

Corporate Governance

- 1.1 Management Approach
- 1.2 Company Profile
- 1.3 Governance Structure
- 1.4 Economic Performance
- 1.5 Responsible Business Conduct
- 1.6 Risk Management
- 1.7 Information Security



Corporate Governance

1.1 Management Approach

1.1.1 Management Approach

Material Topics Integrity Management, Operational Performance, Information Security and Customer Privacy

GRI Standards 201 Economic Performance, 205 Anti-Corruption, Company Specific Issues*

Impact of
Material Topics
on ESG

Integrity Management

Physical impact: Helps prevent corruption and bribery, and ensures that the ESG performance of the enterprise is not compromised, maintain a company's reputation and ensure sustainable operations.

Potential impact: The public's expectations of enterprises are getting much higher, including expectations for environmental and social responsibility, and the risk of possible regulatory violations. Enterprises need to establish a management mechanism for integrity management to ensure compliance with relevant laws and regulations.

Operational Performance

Physical impact: In terms of the environment, effective environmental management can help reduce waste of resources, lower energy costs, and increase revenue. Conversely, if a company causes problems such as pollution to the environment, it may affect sustainability and corporate image. In terms of the social aspect, good social contribution and community participation helps to build a good corporate image and attract customers and investors. On the contrary, human rights violations, misconducts, and so on problems may affect corporate reputation and revenue.

Potential impact: Including the risk of possible regulatory violations. Enterprises need to comply with relevant regulations to ensure that their revenues are not affected.

Information Security and Customer Privacy

Physical impact: Effective information security management can help protect an enterprise's data, systems, and customer privacy and reduce the risk of cyberattacks. However, data leakage, hacker attacks on systems, and violation of customer privacy may lead to actual damages to our ESG performance.

Potential impact: Emerging technologies such as AI may bring potential risks to the Company's information security. It is necessary to constantly pay attention to the latest technological developments, formulate appropriate information security measures, and cultivate employees' information security awareness. This will enhance the customer's sense of trust and be beneficial to the Company's development.



Policy

The Company has always adopted the business philosophy of "service, innovation and seeking for excellent" since it was first incorporated, and managed to create a distinctive set of corporate values that "ABC means satisfaction." Through the implementation of a joint group entrepreneurship, ABC-ATEC aligns the Personal achievement will be realized while company reached its target.

Commitment

Sound corporate governance is closely related to operating performance. In 2015, the Board of Directors approved "Business Integrity Code of Conduct" to outline commercial practices that conform with integrity principles. Members of ABC-ATEC Group, including directors, supervisors, employees, agents, and controllers are expected and required to take part in the enforcement of integrity policies, and to achieve the Company's vision of NT\$10 billion in revenue in 10 years.

Responsibility

- External responsibilities: The Company Act, Securities and Exchange Act, Business Entity Accounting Act, Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
- Board of Directors Conference Rules, Shareholder Meeting Conference Rules, Compensation Committee Charter, Director Election Policy, Ethical Behavior Guidelines, Business Integrity Code of Conduct, Insider Trading Prevention Policy, Articles of Incorporation, Misconduct Reporting Policy for Illegal and Unethical Conducts Involving Insiders and Outsiders, Audit Committee Charter etc.

Resources

- Comply with "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and related laws.
- (Independent) Directors' participation in corporate governance courses.
- Organize employee training courses to raise employees' regulatory awareness.

Contact Information

Spokesperson: Mr. Tommy Hsu, TEL: (03) 4788-188 ext. 1111

1.1.2 Performance

2023 Target	2023 Performance	Whether Accomplished
Comply with "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"; continually improve corporate governance evaluation results by targeting areas with poor scores. Improve evaluation results, corporate governance evaluation ranking: medium to high.	In the corporate governance evaluation, we ranked in the 21% - 40% range among the 816 TPEX listed companies with a market capitalization of less than NTD 5 billion; and the 754 TPEX listed companies in the 21% - 35% range; all of the ranking results were medium or above.	Accomplished
Group-wide signing of the "Employee Integrity Pledge": 100% of employees.	"Employee Integrity Pledge" signing rate reached 100%.	Accomplished
Training rate of integrity management education training: 100% of employees.	Training rate of integrity management education training reached 74.47% of employees.	Not achieved For the implementation status and improvement measures, please refer to 1.5.1 Integrity Management.
Training rate of anti-corruption training program: 60% of employees.	Training rate of anti-corruption training program reached 74.18% of employees.	Accomplished
Compliance with the anti-corruption management system model, with no corruption incidents.	No occurrence of corruption incidents.	Accomplished
Maintain 5% annual revenue growth.	Affected by the macro environment, the demand has slowed down, reducing by 34.31% from 2022.	Not achieved For the implementation status and improvement measures, please refer to 1.4.1 Economic Value.
Establishment of information security policy in compliance with the requirements of the Corporate Governance Assessment.	The information security policy is published after it is approved by the Board of Directors.	Accomplished
Number of major information security incidents: 0.	No major information security incidents occurred.	Accomplished
Systematic disaster drills: 2 times/year.	Systematic disaster drills are conducted once in the first and second half of the year.	Accomplished
Occasional e-mail notification of recent information security incidents.	A total of 2 notifications were sent by email in 2023.	Accomplished

1.2 Company Profile

1.2.1 Basic Information (GR: 2-1, 2-7, 2-8, 2-28)

ABC Taiwan Electronics Corp. (stock code: 3236) was founded on May 25, 1979, and is headquartered in Yangmei District, Taoyuan City, Taiwan, with Taiwan manufacturing facilities including Yangmei Factory 1 and Yangmei Factory 2. In addition, the Company has overseas manufacturing operations in Shanghai, Guangzhou, and Malaysia, and is collectively known as ABC-ATEC Electronics Group. Initially, the Company's products were used in radio, audio, and small motors, before offering applications in televisions and computers. Today, ABC-ATEC focuses on the research, development, and production of inductors for a multitude of applications from IT, communication, consumer electronics, industrial control, medical equipment to auto electronics. In the future, the Company will continue exploring base materials and applications, and develop automated production procedures that further improve the quality of inductors and heat sinks in terms of performance, reliability, features, size, energy efficiency, and environment-friendliness, and thereby making sustainability a competitive advantage for the organization.

Company Name	ABC Taiwan Electronics Corp.
Company Type	OTC & Company Limited
Date of Incorporation	May 25, 1979
Headquarter Location	No. 98, Lane 298, Huandong Road, Yangmei District, Taoyuan City
Industry Category	Electronic Components and Products Manufacturing
Main Products or Services	Inductors, Precision Metal Parts, Ceramic Heat Sinks
Paid-in Capital	NT\$1,050,006,130
Net Sales	NT\$1,992,295 thousand
Employee Number	Total number of employees of the Group: 896 (as of December 31, 2023, Yangmei Factory 1 and Factory 2 in Taiwan: 203, Shanghai Factory: 131, Guangzhou Factory: 318, Malaysia Factory: 244)

ABC-ATEC Electronics Group Introduction Video:

<https://www.atec-group-main.com/about-71-page91>

Company name: ABC Taiwan Electronics Corp.

Chairman: Joseph Hsu

President: Francis Fan

Yangmei Factory 1: No. 422, Section 1, Yanghu Road, Yangmei District, Taoyuan City

Yangmei Factory 2: No. 98, Lane 298, Huandong Road, Yangmei District, Taoyuan City

Shanghai Factory: No. 8130 Jinda Road, Fengxian, Shanghai, China

Guangzhou Factory: No. 25 Shihua Road, Shanmen, Hualong, Panyu, Guangzhou, Guangdong, China

Malaysia Factory: No.5, Jalan BS 7/7, Off Jalan Cempaka, Seksyen 9, Taman Bukit Serdang, 43300, Seri Kembangan, Selangor, Malaysia



Member of Associations

ABC-ATEC continues to participate in relevant public associations and organizations to exchange industry knowledge, information, and practical experience with peers and professionals, with the aim of improving the industry's standards in response to the changing international situation. In 2023, the Company joined 8 public associations and organizations, as follows:

Public Associations and Organizations	Membership Status
Chinese Management Association	Regular Member
Taiwan Climate Alliance	Regular Member
Taoyuan City Industrial Association membership fee	Regular Member
Chinese International Economic Cooperation Association (CIECA)	Regular Member
Taiwan Eastbound Alliance	Regular Member
Association of Small and Medium Enterprises	Regular Member
National Award of Outstanding SMEs	Regular Member
Taiwan Electrical and Electronic Manufacturers' Association (TEEMA)	Regular Member

1.2.2 Operating Locations

ABC-ATEC is headquartered in Taiwan and has factories established in Taiwan, Guangzhou, Shanghai, and Malaysia, along with an R&D center and reliability test center. The Company not only introduces the latest automated equipment, but also develops its own equipment and makes ongoing improvements to raise performance. Today, ABC-ATEC is an IATF 16949-certified producer of automotive electronics.

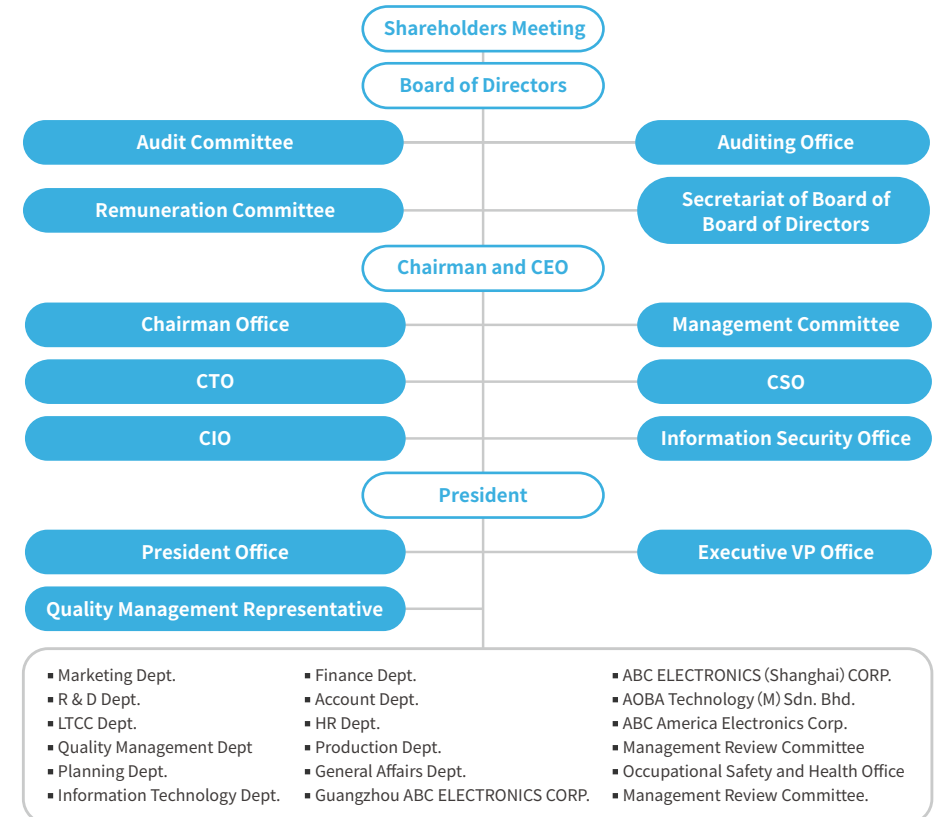


1.3 Governance Structure

1.3.1 Governance Structure (GRI: 2-9)

1. ABC-ATEC Management Organizational Structure

The Company's highest authority is the shareholders' meeting. The shareholders elect directors to form the Board of Directors. The Board of Directors is the Company's highest governing body and is responsible for the Company's overall business decisions. Functional committees, including the Remuneration and Audit Committees, oversee the Company's operations, director remuneration, financial reports, and ESG performance targets.



2. Operation and Composition of the Board of Directors (GRI: 2-9, 2-10, 2-11, 2-15, 405-1 a.)

The Board of Directors plays a role of check and balance and supervision between the Company's owners and the Company's managers. It exercises the rights and obligations conferred by shareholders and formulates business policies based on the rights and interests of stakeholders. It also determines the Company's management, supervises the Company's business performance, and makes resolutions for sustainability relevant strategies and track the implementation results.

The term of office of the Company's directors is three years, and they are eligible for re-election. The nomination and selection criteria are based on the candidates' independence and professional backgrounds that are relevant to the Company's operational development, while taking into account the diversity of the Board composition. The current Board of Directors consists of 10 directors (including 3 independent directors), and the male to female ratio is 4:1.

ABC-ATEC convenes board meetings at least once a quarter. In 2023, a total of 8 board meetings were convened, with an average attendance rate of 95%.

ABC-ATEC's Director Information / Term of the Board of Directors: June 9, 2023 to June 8, 2026

Title	Name	Gender	Age	Concurrently Hold Positions in the Company	Hold Important Positions in Other Companies	Functional committee		Remark
						Audit Committee	Remuneration Committee	
Chairman	Joseph Hsu	Male	51+	ABC-ATEC Chairman	Chairman of Guangzhou ABC Electronics Corp., ABC Electronics (Shanghai) Corp., Qian Hua Investment, ABC America Electronics Corp., ATEC Holding Company, and Yuan Yu Limited. Director of Qian Jung Investment; Director of AOBA Technology (M) Sdn. Bhd.			
Corporate Director	CTBC Bank Was Entrusted with the Custody of the Investment Account of Bourns, Inc. Representative: Dan-Wei Kuo	Male	51+	-	President of Bourns Electronics (Taiwan) Ltd.			
Director	Francis Fan	Male	51+	ABC-ATEC President	Director of Guangzhou ABC Electronics Corp., ABC Electronics (Shanghai) Corp., AOBA TECHNOLOGY(M) SDN.BHD, Qian Hua Investment, ATEC UNIVERSAL COMPANY, Yuan Yu Limited			
Director	Tommy Hsu	Male	30-50	ABC-ATEC Executive Vice President	Director and President of AOBA TECHNOLOGY(M) SDN.BHD, Director of Guangzhou ABC Electronics Corp., ABC Electronics (Shanghai) Corp., ABC America Electronics Corp, Qian Hua Investment; Qian Jung Investment			
Director	Chin-Yi Chen	Male	51+	ABC-ATEC Vice President	President of Guangzhou ABC Electronics Corp., President Director of ABC Electronics (Shanghai) Corp.			
Director	Huei-Tsung Hsu Chen	Female	51+	-	Chairman of Qian Jung Investment			
Director	Shun-Hsing Hung	Male	51+	-	Director of Guangzhou ABC Electronics Corp., ABC Electronics (Shanghai) Corp., AOBA Technology (M) Sdn. Bhd.			
Independent Director	Yung-Cheng WangHung	Male	51+	-	-	✓	✓	
Independent Director	Lan-Fen Wang	Female	51+	-	Independent Director of Taiwan Cooperative Bank	✓	✓	Resigned on August 10, 2023
Independent Director	Yue-Shan Chang	Male	51+	-	-	✓	✓	

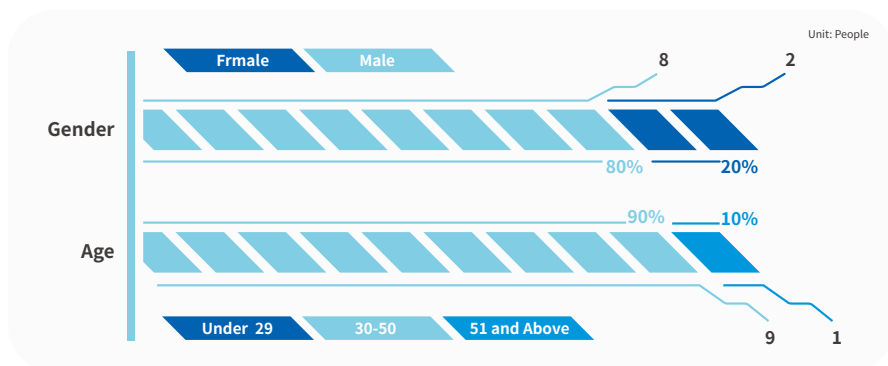
Distribution of Professional Capabilities and Experience of Directors

Director's Name	Title	Country of Citizenship	Gender	Core Projects						
				Operational Judgment Ability	Accounting and Financial Analysis Ability	Business Management Ability	Crisis Management Ability	Industry Knowledge	International Market Expertise	Leadership Skills
Joseph Hsu	Chairman	R.O.C.	Male	✓	✓	✓	✓	✓	✓	✓
CTBC Bank was Entrusted with the Custody of the Investment Account of Bourns, Inc. Representative: Dan-Wei Kuo	Director	R.O.C. USA	Male	✓	✓	✓	✓	✓	✓	✓
Francis Fan	Director	R.O.C.	Male	✓	✓	✓	✓	✓	✓	✓
Tommy Hsu	Director	R.O.C.	Male	✓	✓	✓	✓	✓	✓	✓
Chin-Yi Chen	Director	R.O.C.	Male	✓		✓	✓	✓	✓	✓
Huei-Tsung Hsu Chen	Director	R.O.C.	Female	✓						
Shun-Hsing Hung	Director	R.O.C.	Male	✓	✓	✓	✓	✓	✓	✓
Yung-Cheng Wang	Independent Director	R.O.C.	Male		✓					
Lan-Fen Wang	Independent Director	R.O.C.	Female		✓					
Yue-Shan Chang	Independent Director	R.O.C.	Male	✓				✓		

Note: 1.Director Chin-Yi Chen was newly elected at the shareholders' meeting on June 9, 2023.

2.Independent Director Yung-Cheng Wang re-elected at the shareholders' meeting on June 9, 2023 resigned on August 10, 2023 due to personal career planning.

3.Director Yue-Shan Chang was newly elected at the shareholders' meeting on June 9, 2023.



▲ Gender and age of the Directors

3. Director Training (GRI: 2-17)

ABC-ATEC arranges annual training courses for its directors, focusing on professional skills, knowledge, and sustainability-related topics. These programs aim to enhance the directors' expertise and their ability to address operational challenges faced by the company. In 2023, all members of the Board of Directors complied with the regulations of the "Guidelines for the Continuing Training of Directors and Supervisors of Listed Companies" by completing at least 6 hours of training per person as required by law. The total training hours for the board in 2023 amounted to 66 hours.

For more information on the training for the directors of ABC-ATEC, please refer to the 2024 Shareholders' Meeting Annual Report:

<https://www.atec-group-main.com/extrabold-52-53-page637>

4. Performance Evaluation of Board of Directors (GRI: 2-18)

The Company conducts a self-performance evaluation of the Board of Directors, functional committees (including the Audit Committee, and Remuneration Committee) and individual directors in accordance with the "Procedures for Self-Evaluation on the Performance of the Board of Directors" every year, which serves as a reference for the Company to improve the operational performance of the Board of Directors.

(1) 2023 Performance Evaluation Results:

The internal evaluation results of ABC-ATEC this year are positive, indicating that the Board of Directors and all functional committees are operating well, in line with corporate governance requirements. The Company will continue to improve the functions of the Board of Directors based on the results of this performance evaluation to improve corporate governance effectiveness. In addition, in accordance with Article 9 of the "Procedures for Self-Evaluation on the Performance of the Board of Directors," the results of the performance evaluation of the Board of Directors shall be used as a reference for the selection or nomination of directors. The performance evaluation results of individual directors shall be used as a reference for determining their respective remuneration.

(2) Conflicts of Interests Management (GRI: 2-15)

ABC-ATEC's Rules of Procedures for Board of Directors Meetings and Audit Committees all contain provisions on recusal due to conflicts of interests. Directors shall explain their interests at the next meeting of the Board of Directors if the proposal is of interests to them or that it involves their spouse or a second-degree relative by blood, or a company which has a controlling or subordinate relationship with the director. The directors shall recuse themselves from discussions and voting, and may not exercise voting rights on behalf of other directors; the names of relevant directors, a description of important contents, and the recusal situation shall be detailed in the meeting minutes.

For more information on the recusal due to conflicts of interests by the directors of ABC-ATEC, please refer to the 2024 Shareholders' Meeting Annual Report:

<https://www.atec-group-main.com/extrabold-52-53-page637>

Implementation of the Board of Directors Evaluation

Evaluation Cycle: Once a Year | Evaluation Period: 2023.01.01-2023.12.31

Evaluation Scope	Evaluation Type	Evaluation	Evaluation Results
Board of Directors	Internal Self-evaluation	<ul style="list-style-type: none"> Participation in the Company's operations Quality of the Board of Directors' decision making Composition and structure of the Board of Director Election and continuing training of the Directors 	Good
Individual Director	Self-evaluation of Board Member	<ul style="list-style-type: none"> Alignment of the goals and missions of the company Awareness of the duties of a director Participation in the Company's operations Management of internal relationship and communication The director's professionalism and continuing education. Internal control 	Good
Audit Committee	Internal Self-evaluation	<ul style="list-style-type: none"> Participation in the Company's operations Awareness of the duties of the Audit Committee Improvement of quality of decisions made by the Audit Committee Composition and structure of the Audit Committee Internal control 	Good
Remuneration Committee	Internal Self-evaluation	<ul style="list-style-type: none"> Participation in the Company's operations Awareness of the duties of the Remuneration Committee Improvement of quality of decisions made by the Remuneration Committee Composition and structure of the Remuneration Committee 	Good

convenes a meeting every six months. In 2023, a total of two meetings were convened with an attendance rate of 100%.

For more information on the operation of the Remuneration Committee of ABC-ATEC, please refer to the 2024 Shareholders' Meeting Annual Report:

<https://www.atec-group.com/tw/extrabold-52-53-page637>

1.3.2 Functional Committees (GR: 2-9, 2-14)

1. Remuneration Committee (GR: 2-19, 2-10)

The current term of the Remuneration Committee has a total of 4 members, including 3 independent directors and 1 external independent third party, which satisfies the independence required by law. As 2023 coincides with the replacement of the new members, the previous members will serve until June 8, 2023. The term of office of the new members is from June 9, 2023 to June 8, 2026. The Company has established the Remuneration Committee Charter to regulate the powers and duties of the Remuneration Committee, which is responsible for formulating and regularly evaluating the remuneration system and standards for directors and senior management. The Remuneration Committee

Operation of the Remuneration Committee

Identity	Name	Professional Qualifications and Experience	Number of Serving Members of the Remuneration Committees of Other Public Companies	Attendance Rate
Independent Director (Convener)	Yung-Cheng Wang	Professor and Dean of General Affairs, College of Business Administration, National Chung Hsing University Professor, Department of Business Administration, National Taipei University		100%
Independent Director	Lan-Fen Wang	Associate Professor and Professor, Department of Accounting, National Taipei University	1	100%
Independent Director	Yue-Shan Chang	Dean, College of Electrical Engineering, National Taipei University Distinguished Professor, Department of Information Engineering, National Taipei University		100%
Other	Tung-Chun Huang	Dean, School of Management, Chien Hsin University of Science and Technology; Executive Director, EMBA, School of Management, National Central University; Professor, Institute of Human Resource Management, National Central University	1	100%

Resigned on August 10, 2023

2. Audit Committee

The Company's Audit Committee is composed of three independent directors. As 2023 coincides with the replacement of the new members, the term of office of the old members is until June 8, 2023, and the term of office of the new members is June 9, 2023 to June 8, 2026. Their duties include reviewing the Company's financial statements, supervising the appointment and independence of CPAs, establishing or amending the internal control system, supervising the compliance of the Company's internal rules with relevant laws and regulations, and appointing department heads, internal auditors, accountants, legal consultants, and so on to attend the meeting as necessary. In 2023, the outgoing Audit Committee held 2 meetings, while the newly appointed Audit Committee held 3 meetings., for a total of five meetings, with an attendance rate of 100%.

For more information on the operation of the Audit Committee of ABC-ATEC, please refer to the 2024 Shareholders' Meeting Annual Report:

<https://www.atec-group-main.com/extrabold-52-53-page637>

The Attendance of the Outgoing Audit Committee Members

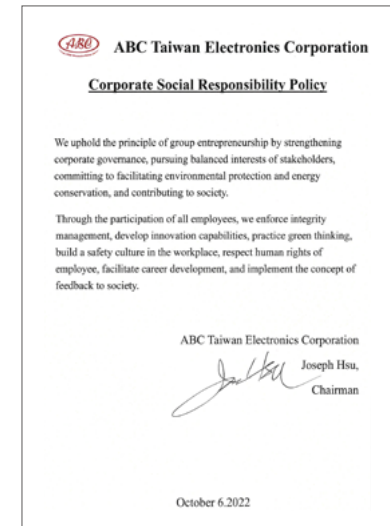
Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rate (%)	Remarks
Convener	Yung-Cheng Wang				
Member	Lan-Fen Wang	2	0	100%	-
Member	Sen-Tien Wu				

The Attendance of the Newly Audit Committee Members

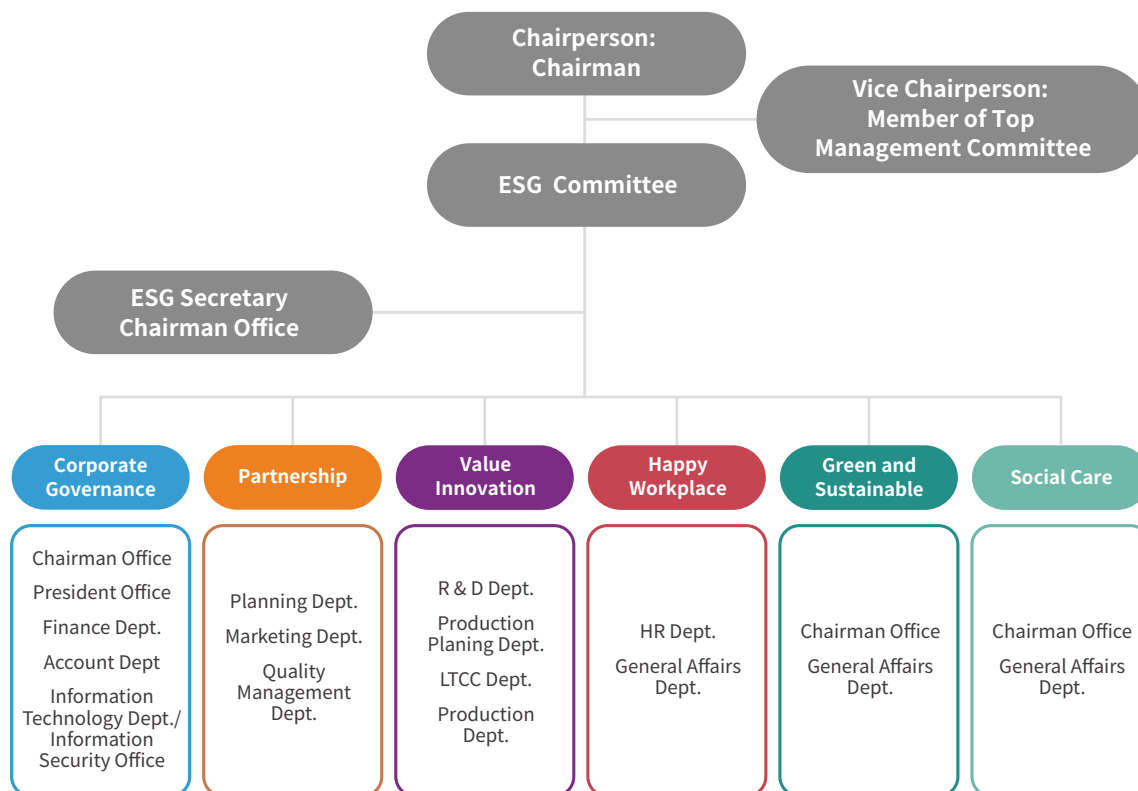
Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rate (%)	Remarks
Convener	Yung-Cheng Wang	3			
Member	Lan-Fen Wang	2	0	100%	Resigned on August 10, 2023
Member	Yue-Shan Chang	3			

1.3.3 ESG Committee

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



▲ Organizational chart of the ESG Committee



1.3.4 Internal Control

In accordance with the determining criteria for the effectiveness of the internal control system prescribed in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies", the Company evaluated the effectiveness of the design and execution for its internal control system. The determining criteria of the internal control system prescribed in the "Regulations" are based on the process of management control, dividing the internal control system into five composite factors: 1. Control of the environment, 2. Risk evaluation, 3. Control of operations, 4. Information and communication, and 5. Supervision. Based on the inspection results in the preceding paragraph, the Company's internal control system, including understanding the achievement of the objectives of effectiveness and efficiency of its operations, reliability, timeliness and transparency of its reporting and compliance with the applicable laws and regulations, was effective in design and execution, and can be reasonably assured of the achievement of the aforementioned objectives.

For more information on the internal control of ABC-ATEC, please refer to the 2024 Shareholders' Meeting Annual Report:

<https://www.atec-group-main.com/extrabold-52-53-page637>

1.4 Economic Performance

2023 Strategic Objectives of ABC-ATEC is "Upgrade Information System, Expand Product Line, Support Marketing Campaign and Operation Activity." and "Commit to Cost Reduction, Enhance Product Competitiveness, Achieve 5% Annual Growth.", a total of 9 basic strategies to vigorously launch solid operations:

1. Modular design and process development of LTCC 3D structure electronic components, and diversified extension development of CMC products.
2. Optimize regional distribution management, cultivate and develop prospective A-class customers, promote product application technology, and establish self-brand value.
3. Launch the SAP upgrade plan, continue to deepen the AOI+AI process, and improve customer satisfaction, delivery time, and quality.
4. Innovative organizational development, AGZ Phase II expansion; production integration, construction of high-efficiency and economic scale production lines.
5. Establish continuous procurement cost reduction measures, and use actuarial management to rationalize costs and improve product competitiveness.
6. Promote the new group human resource development system, the professional function development, the integration of knowledge management and documents of the Group, as well as the training of management talent.
7. Research low-energy and environmentally-friendly production processes, material recovery and reuse, and implement ESG sustainable management.
8. AES transformed and its China operation headquarters upgraded; continued to operate in the EV-Tier 2, energy storage, and heat dissipation materials market in China.
9. The production plant in AVN New Economic and Trade Zone was put into operation.

In 2023, the Group's consolidated net revenue was NT\$1,992,295 thousand, representing a decrease of 34.31% compared to 2022. In 2023, the subsidy income received by ABC-ATEC from the government amounted to NT\$2,672 thousand.

1.4.1 Economic Value

1. Economic Revenue and Distribution (GRI: 201-1, 201-4)

Affected by the macro environment and slowing demand, the operating revenue in 2023 decreased by 34.31% compared to 2022. In order to increase revenue, the Group implemented a strategy to increase revenue and reduce expenditure. In addition, after the LTCC investment plan was approved by the board of directors in 2022, the Taiwan factory, after two years of preparations and the LTCC production line will be officially launched in 2024 to attract more customers and create a new source of revenue for ABC-ATEC. For LTCC-related contents, please refer to 3.1.2 Low Temperature Co-fired Ceramics (LTCC) of the Sustainability Report.



▲ Group Photo from the 2023 Strategic Objectives Presentation Meeting

Comparative Financial Performance

Unit: NT\$ Thousand

Year	2021	2022	2023
Operating Revenues	2,478,376	3,033,092	1,992,295
Gross Profit	492,296	669,251	449,631
Operating Profit and Loss	148,335	225,470	35,343
Non-operating Income and Expenses	-11,691	68,508	18,111
Net Profit before Tax	136,644	293,978	53,454
Earnings per Share	1.02	2.24	0.36

2. Direct Economic Value Generated and Distributed

Unit: NT\$ Thousand

2023			
Economic Performance	Items	Definition	2023 - Actual
Direct Economic Values Produced	Operating Revenues	Sales Revenues	2,029,435
Economic Values Distributed	Operating Costs	Cost of Sale	1,260,634
		Operating Expenses	197,083
	Employee Salary and Benefits	Employee Salary and Benefits	488,518
	Payments to Investors	Cash Dividend for 2022 to Be Paid in 2023	22,301
		Interest Expense	19,029
	Payments to Government	Taxation	26,815
		Taxation	102
	Community Investments	Donations and Sponsorships	1,914
Residual Economic Value			13,039

Note: 1. Payments to the government for this year will be presented on a consolidated basis for the entire Group.

2. Payments to the government for this year will be disclosed based on accrued income tax.

1.5 Responsible Business Conduct

■ 1.5.1 Integrity Management (GRI: 2-23, 2-24, 2-26, 205-1, 205-2, 205-3, 206-1)

1. Integrity Management Regulations

The Company has formulated its ethical management policies and regulations in accordance with the ethical code of conduct for TWSE/TPEX listed companies, identified the possible adverse impacts on different stakeholders in the Company's business relationships, and formulated relevant preventive measures and post-event remedial systems for specific risks. The Company will follow-up on the subsequent handling status, dynamically improve the optimization of the company's responsibility on business conducts and commitments to ensure that it can meet the requirements and goals of the ethical corporate management standards.

It has also formulated the Code of Ethical Conduct for personnel of different levels, the Code of Ethical Conduct for Directors and Managers, and the Employee Code of Ethics, and regularly report the implementation results to the Board of Directors. As of the end of 2023, ABC-ATEC has not encountered any significant conflicts of interest.

2. Stakeholder Communication and Prevention

To guide and ensure that members at each operating location and the Company's stakeholders understand the Company's ethical corporate management policy, the Company has implemented a series of measures and management mechanisms, including the signing of relevant documents, and an integrity and anti-corruption-related education and training for new employees. In 2023, the achievement rate of the ethical management education and training for the Company's current employees was 74.47%, the reason that it did not reach 100% was because of an employee in the Taiwan plant who was unable to participate due to a traffic accident. In 2023, the Malaysia plant did not implement ethical management education and training for in-service personnel, but only conducted ethical management education and training for new recruits. In order to enhance the Group's employees' awareness of ethical management, the Taiwan plant provided ethical management education and training presentations for overseas plants as a reference, and plans to arrange ethical corporate management education and training every year starting from 2024.

Identity		Point of Time	Required Documents or Education and Training	Completion Percentage
Workers	New Employees	Upon Onboard	Signing the "Employee Integrity Pledge"	100%
	Current Employees	Year	Ethical Corporate Management and Employee Integrity Awareness Investigation Education and Training	74.47%
	Management Committee			100%
Business Partners	New Suppliers	Year	Sign the "Supplier Integrity Commitment"	100%
	Existing Suppliers			81.42%

Note: Due to company policy, some suppliers cannot sign the Letter of Commitment of Integrity. If the supplier provides integrity-related policies, it is also deemed as a supplier of integrity.

The Company organizes training courses related to integrity management, and the prohibited behaviors in the Company's business are explained in the courses, including courses on professional ethics, anti-corruption courses (including bribery, offering or accepting improper benefits, fraud, blackmail, money laundering, etc.), preventing the occurrence of dishonest conducts.



In 2023, the employees at each operating location participated in training courses related to integrity management as follows:

Items	Taiwan Factory					
	Employee Category				Employee Type	
	Governing Unit	Senior Managers	Mid-level Managers	General Staff	Direct	Indirect
No. of People Trained	5	4	47	151	50	151
Total	5	4	47	151	50	151
% of People Trained	100%	100%	100%	100%	100%	100%
Items	Guangzhou Factory					
	Employee Category			Employee Type		
	Senior Managers	Mid-level Managers	General Staff	Direct	Indirect	
No. of People Trained	3	41	273	161	156	
Total	3	41	273	161	156	
% of People Trained	100%	100%	100%	100%	100%	
Items	Shanghai Factory					
	Employee Category			Employee Type		
	Senior Managers	Mid-level Managers	General Staff	Direct	Indirect	
No. of People Trained	1	26	101	68	60	
Total	1	26	101	68	60	
% of People Trained	100%	100%	100%	100%	100%	
Items	Shanghai Factory					
	Employee Category			Employee Type		
	Senior Managers	Mid-level Managers	General Staff	Direct	Indirect	
No. of People Trained	1	8	37	37	9	
Total	1	38	205	164	80	
% of People Trained	100%	21.05%	18.05%	22.56%	11.25%	

Note: 1.Data is collected based on current employees on December 31, 2023.

2.The governance unit is the Board of Directors, of which 4 incumbent directors are listed as senior managers.

3.Senior Executives: Assistant Vice President (inclusive) or above; Mid-level Executives: Manager (included) or below; General Employees: non-supervisory staff.

4.Expatriates and employees without pay have been deducted from the employees trained in the integrity management education and training.

3. Whistleblowing and Grievance Mechanism

To mitigate the impact of any conduct that violates ethical corporate management and professional ethics, employees of every location of ABC-ATEC can make reports utilizing the internal whistleblowing report procedures, while suppliers and stakeholders can make reports and grievances against any illegal or unethical conducts through the whistleblowing and grievance reporting channels.

The whistleblowing and grievance reporting channels allow complaints to be made through the complaint/suggestion email (atec.suggest@atec-group.com), and the Chairman's Office will accept and investigate the reporting content and relevant facts. If the reporting matter involves directors and managers, it should be reported to independent directors. If it is found after investigation that the respondent has indeed violated laws and regulations, the Company's business integrity policies and regulations, or the Company's business integrity policies and regulations, the respondent shall be requested to stop the relevant behavior immediately and appropriate punishment shall be imposed. To protect the Company's reputation and rights, the Company will request for damages according to legal procedures where necessary.

1.5.2 Human Rights Policy

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

1. With the provisions of the Labor Standards Act and other relevant laws; implement working hour management, prohibit child labor, and prohibit all forms of forced labor and discrimination.
2. Establish a gender-equal workplace; the Company implements the parental leave system without pay and provides employees with family leave, menstruation leave, childbirth leave, paternity leave and nursing rooms.
3. The Company attaches great importance to the health of the employees and arranges regular health checkups and special occupational disease health examinations for employees. Health seminars are also held and there are doctors and nurses regularly visiting the plant for health consultations.

4. In 2023, the Company held three courses on human rights-related education and training. A total of three training sessions were conducted, with a total of 84 participants.

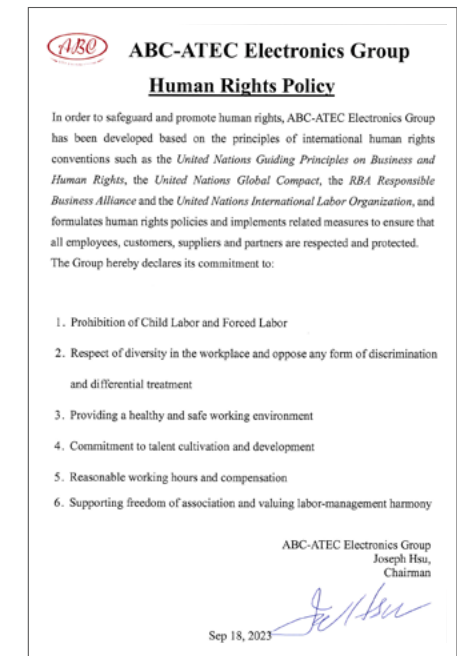
In addition, ABC-ATEC Employee Handbook clearly stipulates the prohibition of child labor, and the Company shall not make female employees work between 10:00 a.m. and 6:00 a.m. However, this requirement shall not apply with the approval of the labor-management meeting and if the following requirements are met:

- Provide necessary safety and health facilities.
- Provide transportation or arrange dormitory for female workers when no public transportation is available.

ABC-ATEC provides protection for female employees before and after childbirth. Female employees may apply for transfer to a easier job. They are provided with parental leave after childbirth in accordance with the law.

- Communication and remedies regarding human rights policies or cases

ABC-ATEC has set up internal and external grievance channels and procedures to protect its reputation. A complaint/suggestion mailbox and hotline have been made available to prevent illegal, unethical, and dishonest conduct that may compromise the interests of shareholders, employees, and business partners (suppliers). A stakeholder section has been created on the Company's website to be used as a communication channel for stakeholders' suggestions, queries, and disputes to ensure the right of the stakeholders. In addition, the Company has established the "Regulations Governing the Reporting of Illegal and Unethical Behaviors by Internal/External Personnel" to protect whistleblowers and to regulate confidentiality and reward and punishment mechanisms. There were no reported items in 2023.



▲ Human Rights Policy

1.5.3 Legal Compliance (GRI: 2-27)

As a Company that started business in Taiwan, we are very passionate about the country and we know how important it is for companies to co-exist with the land to reach sustainable management and development, we therefore take environmentally friendly manufacturing processes seriously. The Company has obtained certifications relating to environmental protection, including ISO 14001 and IECQ QC080000, that prohibit the use of hazardous substances. Products are developed in accordance with EU RoHS, REACH, WEEE, EuP Directives, halogen-free and lead-free requirements, as well as international laws. The Company did not violate any environmental law in 2023 for which it was penalized.

As a corporate citizen in the electronics industry, we support and respect internationally recognized human rights policies, including principles disclosed in international human rights treaties such as: "UN Guiding Principles on Business and Human Rights," the "UN Global Compact," "Responsible Business Alliance" and "UN International Labor Organization." The Group has established a human rights policy applicable to the Company, its subsidiaries and each of its operating locations, and complies with the labor and gender equality laws and regulations in its local place of business operations. We have established human rights protection and labor policies and implemented related measures to prevent any violations and infringements of human rights. The Company did not violate any social or economic law in 2022 for which it was penalized. The Company's major violations are defined according to the "Taiwan Stock Exchange Corporation's Procedures for Verification and Disclosure of Listed Material Information." In 2022, there was no occurrence of violations of laws and regulations that result in penalties for ABC-ATEC. In 2023, there was 1 fine incurred, the amount of fines was NT\$102 thousand, which was due to an illegal construction of the Guangzhou Plant of the Group. The fine has been paid and rectification has been made.

1.6 Risk Management

1.6.1 Risk Identification and Countermeasures

ABC-ATEC adheres to the business philosophy of "To create and develop a premium inductive components and mechanical parts industry through practical operation, creative innovation and continuous development." and manages its businesses based on principles of materiality. The Company regularly identifies and monitors risks that are relevant to its operations, which in turn allows timely response to crises and the possibility of minimizing threats or even turning them into opportunities. A total of 4 risks were identified in 2023; risk factors, threats, and response strategies are explained below:

Risk Category	Risk Factors	Threats	Response Strategies
Strategic Risks	Risks of industry Competition	Taiwanese businesses currently account for a relatively low percentage of the global market. There are more than 100 manufacturers of inductors and coils in Taiwan, and most of which specialize in the production of coils.	<p>The Company actively analyzes the markets and industries it is involved in, and commits significant resources to develop new products and technologies in line with the latest market trends.</p> <p>The Company maintains a strong cooperative relationship with upstream and downstream partners, and works with customers in as early as the design stage. By engaging customers as our R&D partners, we are able to develop up-to-date knowledge of product trends and market demands.</p>
Financial Risks	Interest Rate Risks	The Company is exposed to interest rate risks due to capital borrowed at both fixed and floating rates.	In the future, the Company will source capital through a combination of floating rate and fixed rate debts to mitigate the effect of interest rate changes on the Company's profitability.
	Exchange Rate Risks	<p>The Company is prone to the impact of changes in USD, EUR, and RMB exchange rates.</p> <p>The purpose of the Company's exchange risk management practices is to avoid risks, and not to profit from risks.</p>	<p>Foreign currency sales proceeds received from overseas are first placed in foreign currency deposit accounts, and later converted into NT Dollars at an appropriate time to mitigate exchange rate risks.</p> <p>The Company pays constant attention to financial news and exchange rate changes, and maintains active relationships with banks. The Company also evaluates and purchases currency forwards as a means to hedge exchange rate risks.</p>
	Financial Structure Risks	The Company is currently taking debts to expand its operations, and the debt ratio is increasing, resulting in more interest expenses.	In the future, the Company shall carefully evaluate major investment projects and make investments only with the approval of the Board of Directors, and keep an eye on the financial structure, cash flow and return on assets.

Risk Category	Risk Factors	Threats	Response Strategies
Business Risks	Business Integrity Risks	The Company's operations are prone to worker and morality risks and incidents that may harm its goals, personnel, assets, the environment, and reputation.	The Company's "Business Integrity Code of Conduct" has outlined preventive measures for business activities that are prone to higher risk of dishonesty. Issues that are of concern to internal and stakeholders are subjected to risk assessment at the end of each year to ensure that the system remains effective.
	Supply Chain Risks	Downstream buyers are constantly squeezing the prices of components produced by the upstream, whereas the growing number of small- and medium-size manufacturers provokes price competition as a means to increase market share. In some situations, suppliers may be heavily affected by the pandemic that they are unable to ship supplies.	Continue to foster good relationships with existing suppliers.
	Raw Material Risks	Abnormal test results in raw materials and improper uses of tools, fixtures, jigs, and auxiliary materials may contaminate the final product.	Establish a dedicated production line for automobile electronics, enforce the IATF16949 system, and aim to take part in the supply chain of the world's major brands.
	Cybersecurity Risks	IT server disruption, leakage of confidential information, leakage of customers' information, hacker attack, loss of employees' PC terminals.	<ol style="list-style-type: none"> 1. Establish the Information Security Office and establish information security policies 2. Backup files and store them at an alternative location. 3. Entrust external experts to perform information security evaluation 4. Establish an integrated automated information security maintenance and operation platform. 5. Strengthen network firewalls and network control to prevent the spread of computer viruses across machines and factories. 6. Implement endpoint anti-virus measures by computer type. 7. Introduce advanced solutions to detect and handle malware. 8. Design and develop security-enhancing personal computers for use by employees. 9. Design and develop cloud application security policy. 10. Introduce new technologies to strengthen data protection. 11. Enhance phishing email detection. 12. Regularly perform employee alertness tests. 13. Organize employee information security training.
	Employment Relations Risks	High attrition rate or penalty caused by poor employment relations or failure to comply with regulations.	The Company has implemented and enforced internal policies in accordance with labor regulations on all matters concerning personnel management, such as appointment, dismissal, and retirement of employees. An Employee Welfare Committee has been assembled in accordance with laws to oversee employees' benefits.
	Customer Relationship Risks	Due to the rebound in demand after the pandemic subsided, orders have increased significantly, resulting in the production capacity not being able to meet customer demand in a timely manner.	We will strengthen the cooperation between production and sales, flexibly adjust the production capacity planning, and grasp the delivery schedule and production capacity situation, review and improve the orders with long delivery time, and make budget planning so that each unit can have sufficient time to arrange the production scheduling and production capacity deployment operations.
Hazard Risks	Environment, Safety, and Health Risks	Sudden or unexpected occurrence of public health incident, accident, or natural disaster may threaten continuity of the business and cause financial burden or give rise to other risks.	The Company has developed an emergency response plan and a business continuity plan. Regular drills have been organized to ensure the safety of equipment operations, enhance employees' response to a crisis, shorten the time of business disruption, and minimize impact.
	Risks of Climate Change	Risk of natural disaster continues to rise due to climate change.	The Company plans to adopt the ISO 14064-1 standard on greenhouse gas surveys, and manage data in a systematic manner that would provide a useful reference for reduction solutions in the future.

1.7 Information Security

ABC-ATEC established the Information Security Office in November 2022 to build an information security management system for the Company, ensuring the confidentiality, integrity, and availability of information about the Group, and respond to the requirements of the Financial Supervisory Commission and its efforts to strengthen the cyber security management policy of TWSE/TPEX listed companies. The Taiwan Stock Exchange requires TWSE/TPEX listed companies to deploy appropriate human resources and equipment to plan, monitor, and execute cyber security management operations.

The responsibilities of the Information Security Office cover a wide range of important duties, including:

- Formulation of Regulations Related to Information Security Management
- Promote Information Security-related Activities
- Information Security-related Education and Training
- Executive Risk Management
- Establish Information Security Incident Emergency Response and Recovery Measures
- Implement Audit Improvement Suggestions
- Discussion of New Information Security Products or Technologies
- Research Information Security-related Laws and Regulations



The Information Security Office reports to the manager's meeting every month and keeps track of the information on the effectiveness of information security, including the promotion of information security policies, checking the software list of computer information equipment, education and training, and regularly exposing new information security issues.

1. Information Security System Vulnerability Scanning Analysis Report

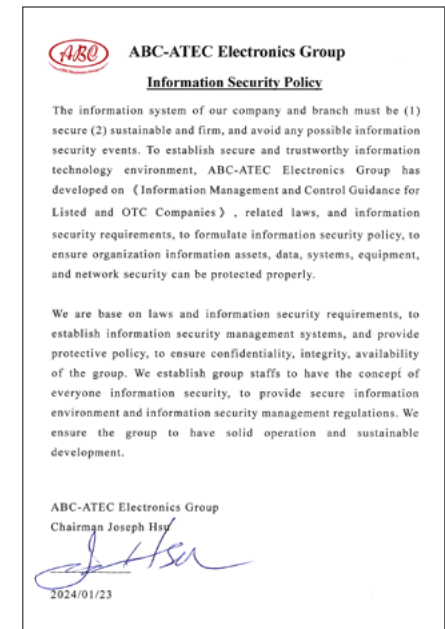
2. Strengthen the Information Security Inspection of the Employee Resignation Procedures, Including the Account Number and Information Equipment

3. Clear Data from Unused IT Equipment

In the future, the Company's Information Security Office plans to focus on information security risk management, various information security-related operations within the Group will be monitored and supervised. Moreover, the Company's Information Security Office also regularly collects information security laws and policies to respond to changes in the Group's regulations.

1.7.1 Information Security Management Policy

The information security policy, as approved by the Board of Directors, ensures the security and durability of the Group's information system, eliminates any possible information security incidents, maintains the confidentiality, integrity, and availability of information, and establishes a correct concept of information security for employees to maintain the Group's sustainable operations. The Group is committed to protecting customer information security to protect customers' rights and interests, and regards this as the Company's most important information security management goal. The goal is to establish long-term mutual trust and cooperation with customers.



▲ Information Security Policy

1.7.2 Information Security Management and Control Measures

1. Data Access Control

To protect the company's information system and data security, appropriate management measures are established for security control, personnel access control, environmental maintenance (such as temperature and humidity control), and physical monitoring in server rooms and key areas.

2. Anti-virus Software Management

- Anti-virus software is installed on all internal computers and server hosts, and is set to automatically update.
- Access rights and data encryption measures are set for important or confidential files to prevent document leakage and hacker intrusion.

3. Backup Management

Perform daily tape and off-site backup, and will gradually implement more complete off-site backup (such as cloud backup) to ensure that important data is properly preserved. In 2024, it is expected to establish system backup for important machines, configure internal firewalls, email external reminder function to facilitate employee identification. Quarantine spam or cyber-attack emails, as well as forged emails, will continue to be implemented through annual software updates.

4. Software and Hardware Maintenance

Software and hardware maintenance is outsourced as needed, and employees are prohibited from installing or removing any software and hardware, and will be held responsible for any damage or loss.

5. Internal Information Security Disaster Drills

To ensure the safety of information operation system, equipment, network and data, the Company conducts systemized disaster drills every six months, mainly to test the recovery of the host system. In 2023, the success rate of systematic disaster drills was 100% (one in each of the first and second half of the year), and the Company did not have any information security incidents.

Site	Testing Department	Drill Record	Achievement Rate
Taiwan Factory	IT Department	2023/04/24	100%
		2023/10/23	

In addition, in order to raise the awareness of information security among employees, the Company has implemented the following measures through information security management and security awareness training for personnel:

(1) Plan Annual Information Security Education and Training

- Starting from January 2024, the employees of Taiwan plants shall undergo information security awareness education training in batches. The contents include information security awareness promotion and random inspection of computers to ensure that no illegal software has been installed.

(2) Personnel Information Security Management

- All employees shall sign a confidentiality contract and shall not disclose internal confidential information to the outside world.
- In the event of the departure or transfer of personnel related to security work, the supervisor in charge shall undertake appropriate arrangements for handling procedures to prevent unnecessary security deficiencies.

(3) Information Security Awareness Training

- If a major information security incident occurs inside or outside the Company, the information security supervisor will announce it promptly to Company employees to raise their awareness of information security risks.
- Information security education training is held regularly or publish via emails to raise the awareness.
- When employees violate information and communication security, disciplinary measures shall be imposed.
- Enhances training for IT personnel to enhance information security management capabilities.
- Information Security Enhancement Planning
- The Information Security Office will periodically send email notifications regarding recent and frequent information security events, along with relevant news content, to enhance employee information security awareness.
- Information Security Management
- Formulate and disclose the information security policy and specific management plan: Information Security Operation Management Regulations; and joined the joint defense organization in November 2023.

02

Product Information

2.1 Products and Services

2.2 Industry-academia Collaboration

2.3 ABC Means Satisfaction



Products and Services

2.1 Products and Services

2.1.1 Introduction to Products and Services

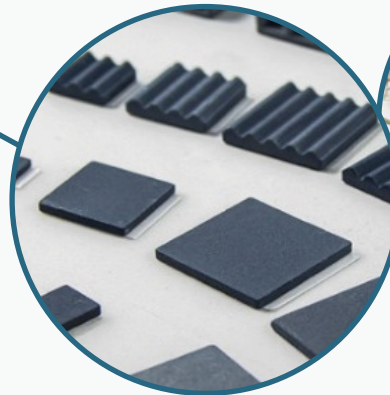
ABC-AETC Group insist on the spirit of service, innovation and seeking for excellent. Based on the commitment “I am doing the excellent all the time” and participation of everybody. We provide our customers products with best quality, quick delivery and best price.

In addition to Taiwan, the company has established production bases in Guangzhou and Shanghai, China, as well as Malaysia, employing around a thousand employees. ABC-AETC accurately grasps trends in the electronics industry and develops quality passive component products. As a professional manufacturer of inductive components, it focuses on the research and development of chip inductors, wire-wound inductors, SMD inductors, and more. ABC-AETC has mastered key core technologies of inductive components, including glaze electrode termination technology and low-temperature sintered porous ceramic process. In order to provide customers with a more comprehensive selection of inductive components, ABC-AETC's R&D team has developed a wide range of high efficiency, high-stability, and reliable inductive components to provide customers with a full range of solutions.

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

Ceramic Heat Sink

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



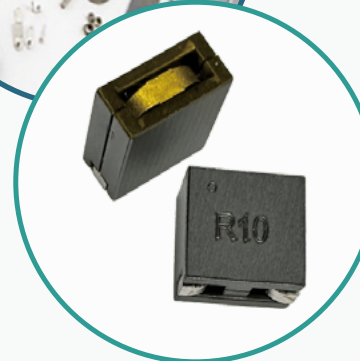
Stamping and Molding

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



Inductors

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



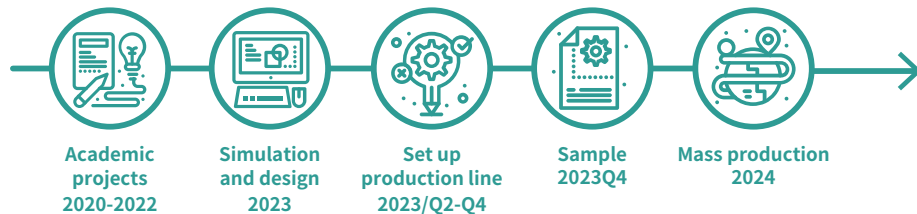
▲ Main Products and Their Key Applications

2.1.2 LTCC (Low Temperature Co-fired Ceramics)

Low Temperature Co-fired Ceramic (LTCC) technology is a new material technology developed in the mid-1980s in the United States. It involves producing precise and dense green tapes using ceramic powder in a roll-to-roll technique. The processes involve laser drilling to create vias, filling them with metal slurry to provide connections between layers, screen printing the patterns based on the circuit design, stacking layers accordingly, and sintering at 850~900°C to make small and compact components. This technology can integrate multiple passive components (inductors, capacitors, etc.) into one small device which is suitable for consumer thin and lightweight electronics. At the same time, ceramic materials have excellent high-frequency and high-Q characteristics that are suitable for high-frequency communication applications. Ceramics and silicon have similar thermal expansion coefficients and are also suitable for connecting to IC chips.

As the penetration rate of 5G cell phones increases and the widespread adoption of Wi-Fi, the supply-demand gap for LTCC for RF components continues to grow. ABC-ATEC started LTCC product design simulation research from 2020 to 2022, and started to build its own LTCC production line and clean room at Yangmei Factory 2 in 2023. After the new LTCC team members reported to work in mid-2023, they immediately began the evaluation and development of high-precision equipment, instruments, fixtures, and materials for each process, as well as product simulation and design for customer demand samples. After the machine inspection in Japan was completed in the third quarter of 2023, the construction of major mass production equipment was completed in the fourth quarter of 2023. After the completion of the production line construction, the production of samples for the previously designed new products began at the end of 2023. As of the first quarter of 2024, LTCC has accumulated 14 new product designs, and sampling and production will begin later.

In January 2024, the installation of the tape casting machine, the last piece of equipment in ABC Taiwan Electronics' LTCC stage 1 production line, was completed. It is the main equipment used in LTCC to make green tapes. It uses ceramic powder to mix into slurry. The dense green tapes are produced by the roll to roll coating method. The accuracy of the thickness control of the green tapes determines the stability of the LTCC component. It is a critical tool for ABC Taiwan Electronics. After the test for the machine, the equipment was officially put into production, hoping that the brand-new LTCC products would bring another wave of growth to the company and move towards the company's goal of "NT\$10 billion in revenue in 10 years"



▲ LTCC production line development schedule

2.1.3 Product Sales Region

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

Unit: NT\$ Thousand

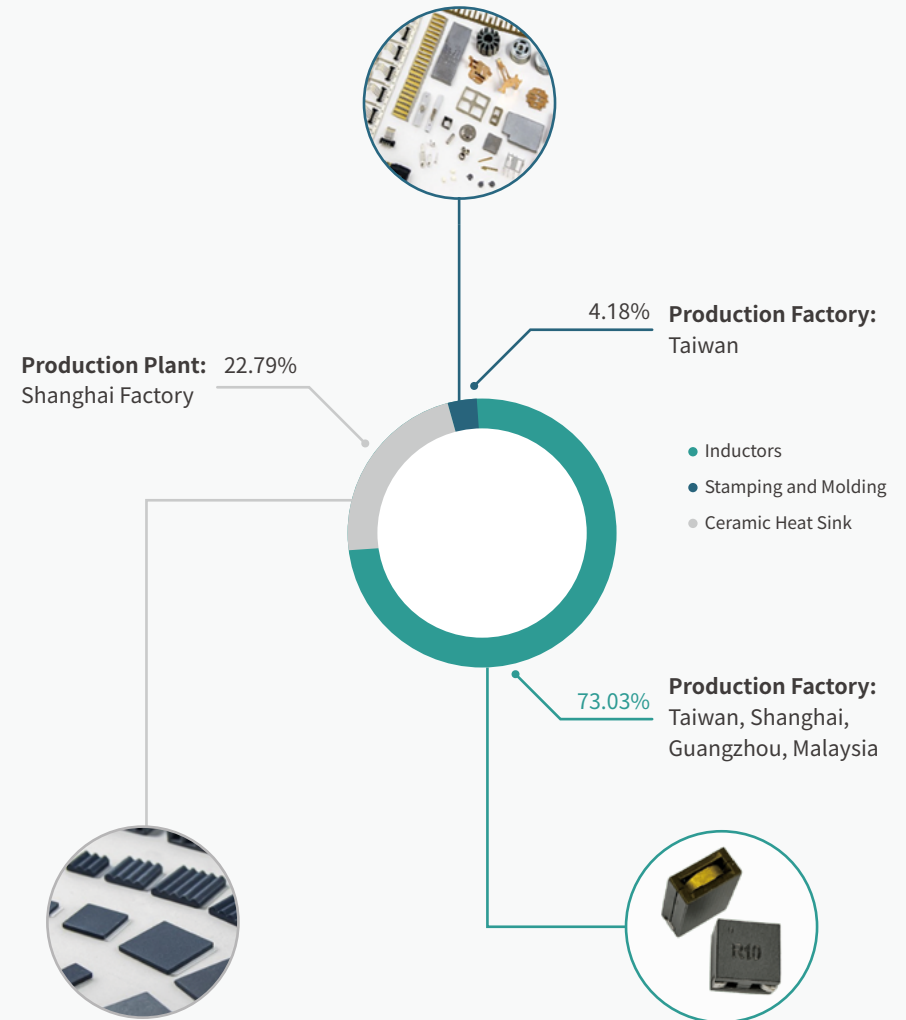
Year		2022		2023	
Area		Amount	%	Amount	%
Domestic Sale	Taiwan	111,346	3.67	93,675	4.70
	Germany	724,658	23.89	445,526	22.36
	USA	1,549,095	51.07	908,704	45.61
	Tunisia	61,871	2.04	28,964	1.45
	China	320,604	10.57	242,350	12.16
	Hong Kong	146,232	4.82	122,004	6.12
	Other	119,285	3.93	151,072	7.58
	Total	2,921,745	96.33	1,898,620	95.30
Total		3,033,091	100	1,992,295	100

2.1.4 Production Volume of Main Products

ABC-ATEC mainly produces inductors, heat sinks, precision metal components. Among them, inductors are the primary sales products. The production value in 2023 reached NT\$1,360,259 thousand.

Unit: KPCS; NT\$ Thousand

Year	Products	Production Capacity (KPCS)	Production Volume (KPCS)	Production Value (NT\$ Thousand)
2021	Inductors	1,300,893	1,207,207	1,855,578
	Ceramic Heat Sink	95,502	95,502	31,685
	Precision Metal Parts	38,917	38,917	41,277
	Total	1,435,313	1,341,627	1,928,540
2022	Inductors	1,384,608	1,328,899	2,245,957
	Ceramic Heat Sink	156,077	156,077	23,905
	Precision Metal Parts	50,680	50,680	54,339
	Total	1,591,364	1,535,655	2,324,202
2023	Inductors	1,048,340	802,662	1,282,768
	Ceramic Heat Sink	250,445	250,445	28,015
	Precision Metal Parts	45,994	45,994	49,474
	Total	1,344,779	1,099,101	1,360,259



2.2 Industry-academia Collaboration

2.2.1 Launched the Joint R&D Center by ABC TAIWAN ELECTRONICS and National Taipei University

ABC-ATEC provides high-quality products to help customers strengthen their competitiveness, and also strive to assume corporate social responsibility. In 2023, it partnered with National Taipei University to establish an R&D Center to bring more innovative value to society through talent cultivation and technology R&D. Resources and talents are the key to technological innovation and it requires collaboration between industry and academia. The establishment of the joint R&D Center at National Taipei University aims to combine the professional knowledge of academia with the practical experience of ABC-ATEC to create a win-win situation for industry and academia.

ABC-ATEC supports the exchange and cooperation between schools and industries. Especially in the rapidly fluctuating passive component market, mastering market dynamics has become a crucial factor for continued survival in the industry. ABC Group has signed six industry-academia cooperation projects with National Taipei University to conduct industry-academia cooperation in AOI, AI and IM and to promote the "Long-term Technology Talent Cultivation Industry-Academia Cooperation Program", with the goal of smart, unmanned chemical plant production and effective utilization of industry-academia research resources to integrate academic research with practical applications in the industry.



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

2.2.2 E-commerce Center, National Taipei University Business School - Concept Application of Metaverse

The industry-academia cooperation projects of the E-commerce Center, National Taipei University Business School include the " Multi-modal Cross-Language Task-Oriented Dialogue System" and the "5G Campus Private Network Construction" project. The " 5G Campus Private Network Deployment Project " applies artificial intelligence natural language processing. The end-to-end deep learning neural network model architecture is used to construct a cross-language and multi-modal task-oriented dialogue system for AI in the metaverse.

In recent years, task-oriented dialogue systems have become an important research topic, aiming to complete specific tasks to improve efficiency and convenience. This industry-academia collaboration started with the establishment of cross-language and multi-modality metaverse AI in the healthcare field is the starting point of research, and further extending to the fields of business and education. It is expected to achieve brand new breakthroughs in the field of task-oriented dialogue systems.

ABC is gradually moving toward the digital transformation of its smart plant and has launched the "5G Campus Private Network Construction" project. Through the 5G private network technology, synchronous cloud monitoring, online conferencing, and other smart manufacturing applications can effectively improve production management efficiency to accelerate the realization of smart manufacturing scenarios.



▲ ABC Taiwan Electronics visited National Taipei University.

2.2.3 Metaverse Value Community Project

The second phase of ABC Taiwan Electronics' collaboration with National Taipei University, combines CSR (Corporate Social Responsibility), USR (University Social Responsibility), and PSR (Personal Social Responsibility) to advocate net-zero carbon emissions and environmental protection. Starting from sustainable topics of common concern to community fans, attracting more people who identify with them to join the community, and gradually condensing enough power and social influence. At the same time, by integrating the concept of the metaverse, we embrace the mission of the metaverse from attention to action. As of the end of January 2024, we have accumulated more than 3,800 professional followers, 120 posts, and over 140,000 followers.

In the future, in addition to the operation of the fan page, we will also organize offline sustainability-related activities to shorten the distance with our fans through a diversified business model and attract more fans with the same philosophy to join.



▲ The fan club operated by the project.

2.2.4 Industry-academia Collaboration Project between ABC-ATEC and Kansas State University, USA

To better understand the needs of U.S. customers and participate in the initial design introduction, ABC-ATEC first entered into the U.S. auto industry through industry-academia collaborations with universities and further expanded the U.S. market based on the design needs of customers. Kansas State University (KSU), a close partner introduced by the customer, first signed a memorandum of cooperation with Paul R. Lowe, the vice president of academic affairs, in October 2023 after the chairperson visited and negotiated several times. After both parties established the cooperation intention, we began to discuss the possible cooperation with the main cooperation department, the Mike Wiegers Department of Electrical and Computer Engineering, and signed the first industry-academia cooperation agreement with Dr. Behrooz Mirafzal in March 2024 "A 12kW GaN -Based Isolated Charger," launched a 14-month project. The cooperation content mainly develops the circuit design of small household charging piles. The project will focus on designing a high-efficiency and high-stability EV charger circuit structure at the same time. In the past, Prof. Mirafzal's main research project was the development of power electronics in renewable energy conversion systems. Through this cooperation, we will expand the application scope of the Company's existing products, and at the same time, further develop new products with higher current and high efficiency as needed, and based on this, we will enter the EV industry in the United States.

When signing the industry-academia plan, the ABC-ATEC Chairman also handed over a letter of intent for cooperation from President Chia-Cheng Li of National Taipei University. It is hoped that such connection through the chairman can bring about closer collaborations based on the premise that both universities are sister schools, we have the opportunity to form a new model of industry-academia cooperation with Taiwan and the United States in the future.



▲ ABC-ATEC and Kansas State University industry university cooperation project

2.2.5 ABC-ATEC's SAP S/4 Upgrade Project

ABC-ATEC introduced the SAP system more than 20 years ago to simplify internal management processes. With the expansion of business and the increasing complexity of management, the Group decided to upgrade the long-used SAP ERP system to the more advanced SAP S/4HANA and completed the upgrade in 2023. This technological innovation not only improves system efficiency, but also enhances the Group's overall operational capabilities and consolidates the foundation for digital transformation. It also fully prepares for future market challenges and demonstrates the Group's commitment for continuous improvement and adaptation to the new technological environment.



▲ Kick-off meeting of SAP S/4 upgrade project

2.3 ABC Means Satisfaction

2.3.1 Customer Satisfaction

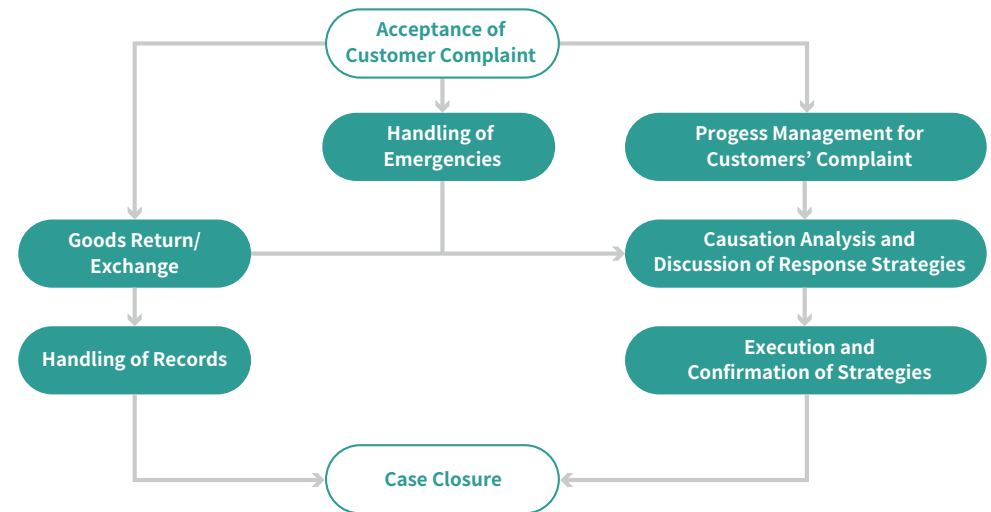
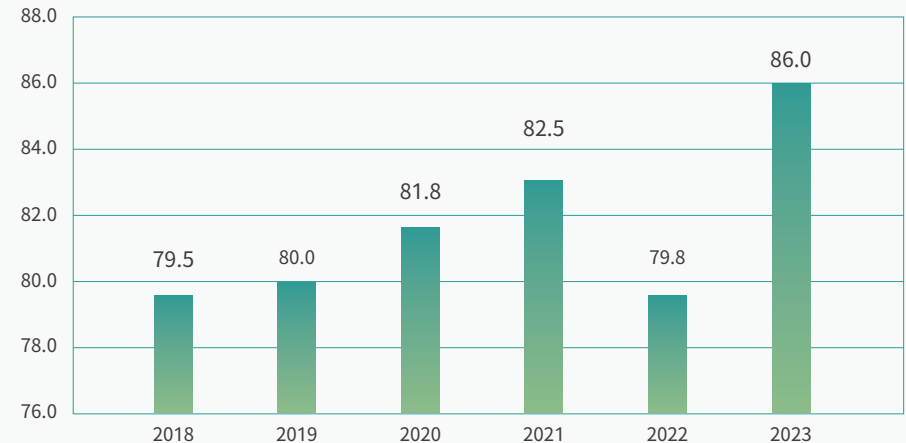
ABC-AETC's commitment to improving product quality has been awarded ISO 9002 certification in 1996, the 10th National Award of Outstanding SMEs in 2001, ISO9001 certification in 2002, TS16949 certification in 2006, and IECQ080000 certification in 2007. In 2017, the entirety of ABC-AETC Group passed certification for IATF16949. In addition, the Guangzhou Factory also obtained ISO 9002 certification in 1997 and TS16949 certification in 1997. Throughout the years, ABC-AETC has established a good reputation through outstanding product quality and won strong recognition from customers. Our company promises and upholds the quality policy "I'm doing the excellent all the time.". As an IATF 16949 certified automotive components supplier, we have installed AECQ200 reliability testing equipment at each of our plants to ensure product quality and reliability and to identify potential quality problems.

ABC-AETC implements a "Customer Satisfaction Survey" every year to understand customers' opinions on the Group's quality, delivery, engineering/R&D capabilities, and services, and to improve the Group's service quality. In 2023, a total of 40 customers responded to the satisfaction survey questionnaire. The survey content includes customer satisfaction with the Company's quality, delivery, engineering/R&D capabilities, and services. Compared with 2022, customer satisfaction in 2023 significantly increased by 7.84%. For the items that received high satisfaction ratings, the Company's service enthusiasm and communication skills were most recognized by customers. In the future, the Company will propose operational optimization strategies based on the survey results, focusing on customers' responses, new product development, manufacturing process, quality, cost, and price and their reasonableness to formulate an effective response and improvement plan, use the sales funnel to target the various needs of customers, manage and respond to service in a timely manner, and ensure that the company's product quality, delivery, and service meet customer needs and requirements.

2.3.2 Customer Complaint Handling Mechanism

ABC-AETC does not manufacture products directly for end consumers; all products sold are labeled in accordance with EU REACH, RoHS, WEEE, EuP Directives, halogen-free requirements, international laws, and requirements of downstream customers. The Company complies with confidentiality agreements and the Personal Data Protection Act with respect to customers' privacy, and has a customer service unit in place along with complaint channels. In 2023, there were 4 major customer complaints and product recalls as a result of 3 product labeling issues and 1 product defect. In the future, we will optimize the process based on customer complaints.

Overall Customer Satisfaction Score



▲ Customer Complaint Handling

03

Sustainable Supply

3.1 Management Approach

3.2 Industry Supply Chain

3.3 Supply Chain Management



Sustainable Supply

3.1 Management Approach

3.1.1 Management Approach

Material Topics Supply Chain Management

GRI Standards 308 Supplier Environmental Assessment
414 Supplier Social Assessment.

Impact of Material Topics on ESG

Physical impact: The physical impact of the supply chain may involve human rights and environmental issues. If the supplier suffers from inappropriate working hours, low wages, or child labor, these will have a negative impact on the Group's corporate image and excessive greenhouse gas emissions will aggravate impacting climate change.

Potential impact: The supply chain may affect a company's brand reputation. If a supplier engages in inappropriate conduct, it may damage the company's image. On the contrary, when a supplier has good characteristics, they will be able to provide quality raw materials and services to ensure product quality.

Policy

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

Commitment

- Service: ABC means satisfaction.
- R&D: To be our customers R&D partner and the consultant of inductors & mechanical parts technology.
- Innovation: Tracing the market demand and technology trend, to create everlasting innovation and development.
- Excellence: To create and develop a premium inductive components.

Responsibility

- External responsibilities: Comply with EU REACH, RoHS, WEEE, EuP Directives, halogen-free and lead-free requirements, and other international laws.
- Internal policies: Suppliers selected according to environmental and social standards and regular annual supplier audits.

Resources

Supplier Audit

Contact Information

Planning Department, Ms. Li, TEL: (03) 4788-188 ext. 1700

3.1.2 Results

2023 Target

— Anti-corruption awareness for new suppliers: 100%

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

— Existing supplier audit program completion rate: 90%

2023 Performance

▶ Anti-corruption awareness for new suppliers: 100%

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

▶ Existing supplier audit program completion rate: 90%

Whether Accomplished

✓ Accomplished

✓ Accomplished

✓ Accomplished

3.2 Industry Supply Chain

3.2.1 Supply Chain Structure

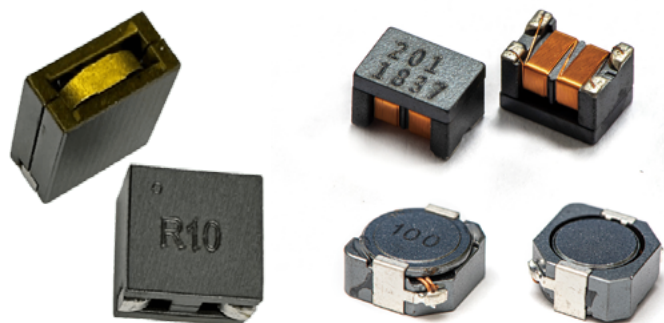
ABC-ATEC's Main Business Scope

- ABC-ATEC manufactures, processes, and sells various filters, converters, chip coils, transformers, delay lines, convergence coils, deflection yokes and their magnet cores, and various ferrite cores.
- Manufacture, processing and sales of ceramic heat sinks (devices) with porous structures.

- Stamping, manufacturing, processing and trading of various metal parts.
- Manufacture, processing, and sales of tooling molds and production equipment for various products.
- Import/export trading business

1. Inductor Components

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



Upstream	Upper to Midstream	Midstream to Downstream	Downstream
Raw Materials	Inductors	Modular Electronics	Consumer Electronics
Ferrite cores (including manganese zinc, nickelzinc, ceramic cores, alloy powder cores, etc.)	Wire-wound inductors	Switching AC/DC convertors	Mobile phones, tablets, computers, servers and other consumer electronics
Enameled wire (general coating, TIW, FIW, etc.)	Multilayer inductors	Computer motherboards	Printers, scanners, modems, switches, wireless routers and other peripheral products
Plastic holders (LCP, PP, PE, Bakelite, etc.)	Ferrite bead	EMI filter module	TVs, stereos, refrigerators and other home appliances
Silver paste	Thin film inductors	RF communication module (e.g. Wi-Fi module)	Any wearable electronic products

2. Ceramic Heat Sink



Good Heat Dissipation Capabilities

No Electromagnetic Interference

Fin Type/Flat Type

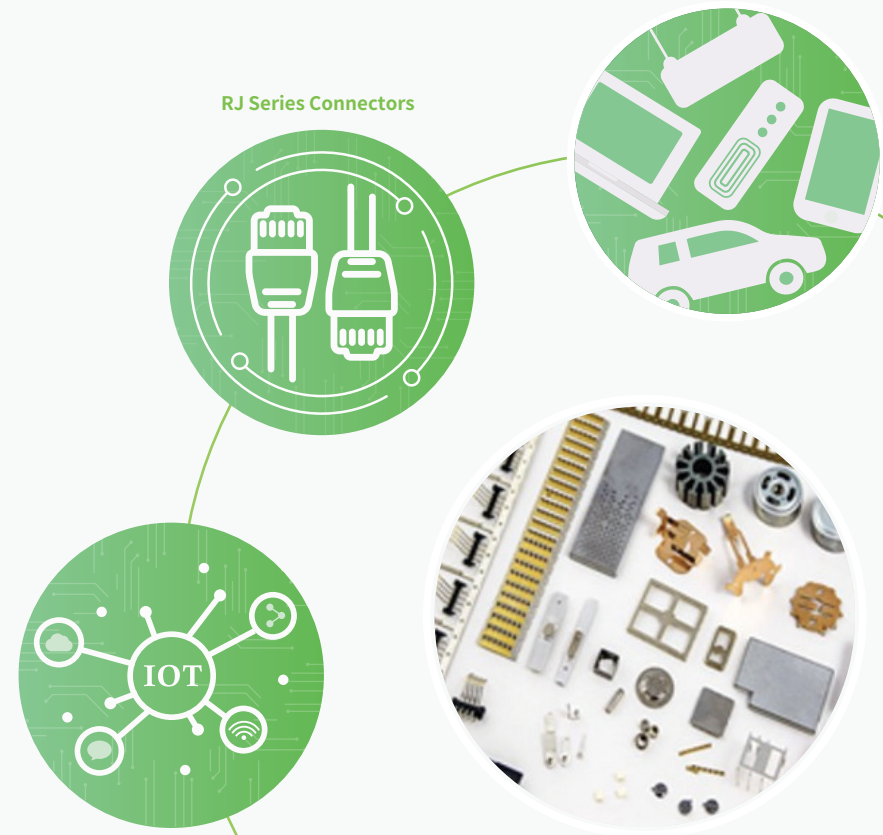
Excellent Insulating Effect



3. Precision Metal Parts



RJ Series Connectors



3.3 Supply Chain Management

3.3.1 Supply Chain Management Policy

The practice of sustainable supply chain management is to add a series of actions for environmental protection, social feedback, and maintaining the organization's economy into the traditional supply chain. It includes the Company's internal and external practices, and enables the supply chain to achieve true sustainability from the environment, social and economic aspects. The scope of sustainable supply chain management practices ranges from green procurement to product life cycle management, from suppliers to manufacturers and customers, the Group strengthens the relationship between partners, including the flow of goods, information flow, and sustainable practices.

According to the latest survey of global CEOs by PwC Taiwan, supply chain disruption is one of the top 10 threats to enterprises, and more than 50% of enterprises have begun to adjust supply chain management and procurement strategies. A sustainable supply chain has become an important part of business continuity.

ABC-ATEC Group has obtained ISO 14001 and IECQ QC080000 certifications for environmental protection, and has adopted the idea of life-cycle and source management to strictly follow the requirements of environmental regulations from technology development, design, manufacturing, transportation to reuse and recycling. No hazardous substances are used, and products are developed in compliance with EU RoHS, REACH, WEEE, EuP directives, including halogen-free, lead-free requirements and other international regulations. The Group's production sites are located in Taiwan, Guangzhou, Shanghai and Malaysia, and its main suppliers are the suppliers of raw materials. The Group also maintains good cooperation with upstream and downstream partners, and strives to become the R&D partner of customers at the design stage in order to keep abreast of the latest product and market demands and dynamics.

3.3.2 Supply Chain Audit Effectiveness

1. Evaluation of New Suppliers

This year, we had 11 new suppliers, and 11 of them (100%) passed the environmental, social and governance assessment. All new suppliers were recognized by unit managers and registered on the list of ABC-ATEC's qualified suppliers.

2. Annual Supplier Audit

In 2023, ABC-ATEC audited a total of 50 suppliers. The audit results for the suppliers were good, with their ratings falling within the A-B range. Please refer to the table below for the audit status and rating results of each plant:

Factory	Taiwan	Shanghai	Guangzhou	Malaysian	Total
A	11	11	15	2	39
B	0	5	6	0	11
Total	11	16	21	2	50

Note: 1.A: Advantages of prioritizing orders.
2.B~C: Still maintains its Qualified Supplier status, but needs to strengthen tracking management.
3.D: Find new replacement suppliers, stop procurement and cancel the its qualification as qualified supplier, if necessary.

3.3.3 Local Procurement

In 2023, there will be no significant changes in supplier management procedures. For two consecutive years, ABC-ATEC maintained local procurement for more than 90% of its total procurement amount, and localized production to reduce transportation costs and CO₂ emissions.

Units		Taiwan Factory	Shanghai Factory	Guangzhou Factory	Malaysian Factory
Number of Suppliers		44	67	88	36
Ratio of Total Procurement Amount Using Local Suppliers	Local Procurement Amount	19.68 /NT\$- Million	84.98 /NT\$- Million	124.68 /NT\$- Million	18.66 /NT\$- Million
	Total Procurement Amount	20.73	88.83	125.37	39.43
	Local Procurement as a Percentage of Total Procurement	94.9%	95.6%	99.4%	47.3%
Percentage of Local Procurement Expenditure	2021	95%	87.6%	98.8%	34.6%
	2022	92.3%	98.3%	99.6%	36.5%
	2023	94.9%	95.6%	99.4%	47.3%



04

Environmental Friendliness

- 4.1 Management Approach
- 4.2 Climate Strategy and Task Force on Climate-Related Financial Disclosures(TCFD) Commitments
- 4.3 Energy Governance
- 4.4 GHG Inventory and Reduction Strategy
- 4.5 Water Source Control
- 4.6 Waste Supervision

Environmental Friendliness

4.1 Management Approach

4.1.1 Management Approach

Material Topics	Energy Conservation and Carbon Reduction Climate Change
GRI Standards	302 Energy
<div>Impact of Material Topics on ESG</div>	
<h3>Energy Conservation and Carbon Reduction</h3> <p>Physical impact: Effective energy management and energy conservation and carbon reduction help to reduce carbon emissions. If there is excessive use of energy, it may increase the GHG emissions of ABC-ATEC.</p> <p>Potential impact: Need to comply with relevant regulations to ensure that energy management is not affected</p> <h3>Climate Change</h3> <p>For impact descriptions, please refer to "4.2 Climate Strategy and Climate-related Financial Disclosure Commitments"</p>	
Policy	ABC-ATEC has committed and upheld the spirits, "Regulatory Compliance, Pollution Prevention, Resource Sustainability, and Continuous Improvement". Through participation in "Environmental Management System," we strive to fulfill corporate social responsibility, promote corporate image, and ensure sustainable management.
Commitment	<ul style="list-style-type: none"> Actively reduce greenhouse gas emission Assessment of energy management measures for machinery and equipment Encourage all employees to contribute to energy conservation and environmental protection in their daily routines
Responsibility	<ul style="list-style-type: none"> External Responsibilities: Climate Change Response Act, Environmental regulation Internal policies: Environmental management handbook
Resources	ISO 14001& ISO 14064-1
Contact Information	General Affairs Department: Ms. Chang, Tel: (03) 4788-188 ext. 1610

4.1.2 Performance

2023 Target	2023 Performance	Whether Accomplished
Compared to the baseline year of 2021, the entire group achieved a 4% reduction in electricity intensity (electricity consumption/revenue; excluding green electricity).	The electricity intensity in 2021 was 4.96, and the electricity intensity in 2023 was 4.71, a decrease of 4.98%.	✓
Taking 2021 as the base year, Scope 1 and 2 greenhouse gas emissions will decrease by 8.4% compared with the base year.	Scope 1 and scope 2 decreased by 24.67% compared to the base year.	✓
ABC-ATEC Group's renewable energy utilization rate reached over 5%.	In 2023, ABC-ATEC Group's renewable energy utilization rate reached 12.55%.	✓
Increase the Group's waste recycling rate by 1~5% compared to the previous year.	The Group's waste recycling rate was 33.60% in 2022 and 49.94% in 2023, an increase of 16.35% from the previous year.	✓

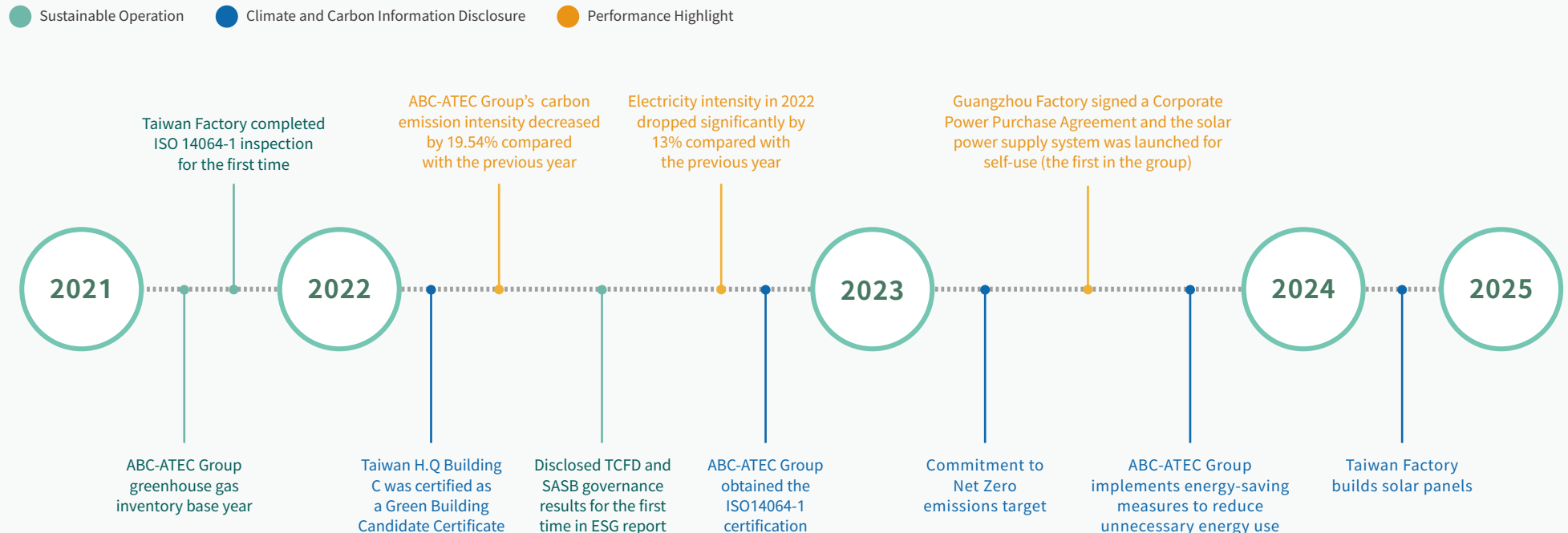
4.2 Climate Strategy and Task Force on Climate-Related Financial Disclosures(TCFD) Commitments

■ 4.2.1 Actions in Response to Climate Change (Milestones)

ABC-ATEC's carbon emission hotspot is Scope 2 electricity usage, which accounts for about 70% of the group's total carbon emissions. To effectively reduce carbon emissions, ABC-ATEC has adopted energy management measures and actively formulated a carbon reduction strategy focusing on renewable energy to reduce dependence on traditional energy and enhance environmental sustainability. This not only aligns with the Company's carbon reduction strategy, but also demonstrates ABC-ATEC's strong commitment to the challenge of global climate change.

In 2023, ABC-ATEC commits to gradually adopting renewable energy, with the Guangzhou factory signing a Power Purchase Agreement(PPA) and officially switch to green power supply in May 2023. In addition, Guangzhou factory solar power supply system was officially launched on January 8, 2024. The construction of the solar panels at the Taiwan headquarters is scheduled to commence in 2024 H2. The group's annual green energy usage had reached 1.35 million kWh, accounting for 13% of the group's total electricity consumption in 2023. Furthermore, in 2024, The group's annual green energy usage are expected to reach 2.5 million -kWh, accounting for 23.28% of the group's total electricity consumption. The Malaysia factory, solar energy usage plan has also been initiated as ABC-ATEC continues to strategically deploy green energy, gradually achieve the goals of net-zero carbon emission.

In addition to the use of green power, ABC-ATEC has formulated a power management strategy to reduce carbon emissions from electricity consumption. The first phase is to implement energy conservation and carbon reduction and reduce non-essential energy use; the second phase is to increase electricity efficiency to maximize the benefits per kWh.



4.2.2 TCFD Management Process

The increasing frequency of extreme weather in recent years indicates that the crisis brought about by global warming is imminent. As a result, governments around the world are paying more attention to the issue of climate change, and through the enactment of regional laws and regulations in various countries, including the European Union's Carbon Border Adjustment Mechanism (CBAM), and the enactment of Taiwan's own Climate Change Response Act, we have been compelled to incorporate the issue of climate change into the management of ABC's operations.

ABC-ATEC not only identifies the operational risks associated with climate change but also references the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) issued by the Financial Stability Board (FSB). We incorporate the four core areas of disclosure – "governance," "strategy," "risk management," and "metrics and targets" – into our operational management. We also disclose our governance performance in our sustainability report. Our aim is to provide stakeholders with insights into how we address the impacts of climate change, related risks, opportunities, and our corresponding mitigation measures.

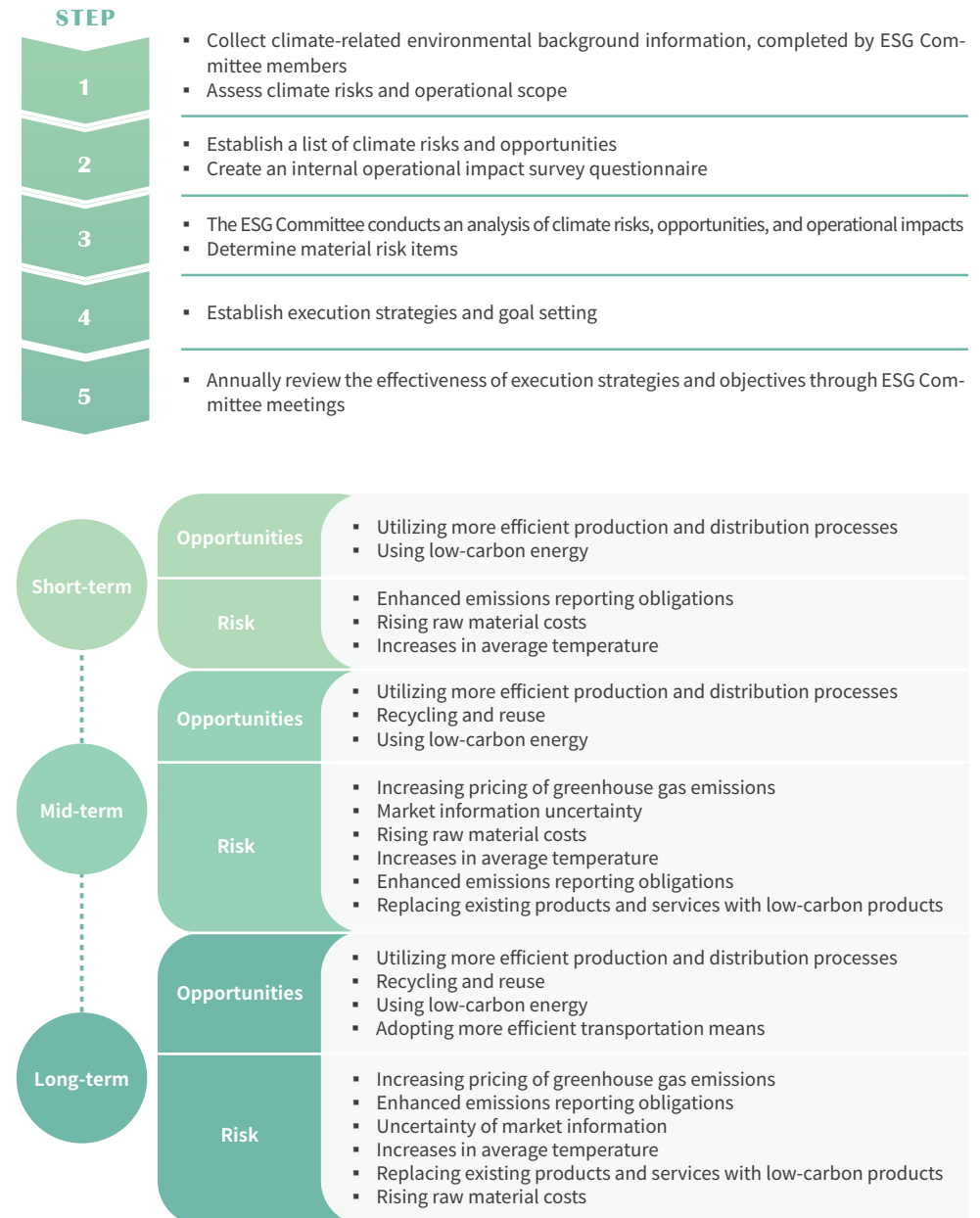
4.2.3 Core Elements of TCFD

1. Governance

- (1) When making major decisions, the Board of Directors incorporates climate change transition risks and physical risks into the key topics of the annual work goals. It also plans short-, medium-, and long-term goals. Department heads serve as members of ABC-ATEC's ESG Committee, urging each department to implement the annual and medium- to long-term sustainability development goals, covering the three key areas of environmental, social, and corporate governance (ESG).
- (2) The Company's TCFD questionnaire will be jointly filled out by the executives and Management Committee to assess the probability of the occurrence of risks or opportunities and the impact on the Company. The ESG Committee, as the highest internal organization promoting corporate sustainability, discusses response plans after evaluating the TCFD risks and opportunities for the year. Subsequently, improvement measures are implemented, and annual follow-ups are conducted to discuss areas for continuous improvement.

2. Strategies

- (1) The short-, medium-, and long-term climate risks and opportunities identified by the Company are as the right chart:



- (2) In 2023, the Group's renewable energy utilization rate reached more than 10%. For the achievement of this goal, please refer to 4.3.1 Energy Management.

Financial Impact Corporate Action Plan

5. Financial Impact Corporate Action Plan

Risk Category	Risk/ Opportunity	Items	Financial Impact Corporate Action Plan
Transformation Risk	Policies and Regulations	Enhanced Emissions Reporting Obligations	ABC-ATEC began publishing its first sustainability report in 2020, and has disclosed the Group's annual operating results in the sustainability reports and annual reports on a regular basis. Issuing the report brings about a significant financial impact on ABC-ATEC. First, the Taiwan central government authority will promote the full issuance of sustainability reports by TPEx-listed companies in 2025, and ABC-ATEC has responded and prepared reports earlier. Secondly, the operating status of the Company is disclosed in the sustainability report and this enables the investors to have comprehensive understanding of our information, increase the stakeholders' willingness to invest, enhance the corporate image, and maintain a good employer-employee relationship. Third, this is helpful for the Group to march toward sustainability to cope with the impact of climate change. We plan for short, medium, and long-term major goals and set greenhouse gas reduction targets to contribute to environmental sustainability. ABC-ATEC's report covers the ESG system framework, policies and action plans, issues of concern to stakeholders, ESG implementation performance review, future improvement directions, and goals.
	Market	Rising Raw Material Costs	According to the 2023 Taiwan Electronic Parts and Components Industry Outlook, the overall output value of electronic parts and components is expected to decline slightly by 0.5%. Currently, enterprises are facing unfavorable factors such as high inventory levels, production shutdown obstacles, US-China competition, and inflation. As a result, the prices of raw materials soared which led to the rising costs of raw materials having a financial impact on ABC-ATEC's purchase of raw materials. ABC-ATEC needs to be cautious about inflation and adopt countermeasures to reduce geopolitical risks and protect its financial health. In response to the risk of rising raw material costs, the ABC-ATEC has adopted four measures when purchasing raw materials: 1. Prioritize the procurement of raw materials in the area where the production factory is located: reduce transportation costs, shorten delivery times, and reduce geopolitical risks. 2. Find a second supplier: Establish a diversified supply chain to cope with the risk of a single supplier. Helps mitigate the impact of raw material shortages or rising prices. 3. Sign a purchase contract: Ensure that the price, delivery terms, quality standards and payment terms are specified in the contract to reduce cost uncertainty. 4. Request suppliers to prepare goods in stock: Improve the resilience of the raw material supply chain to ensure that production is not affected in a short period of time, and there is sufficient time to restore the supply of raw materials, or find alternative suppliers.
Physical Risk	Long-term	Increases in Average Temperature	Since the industrial revolution, mankind has been rapidly developing technology, and at the same time, it has also emitted a large amount of greenhouse gases. Excessive greenhouse gases accumulate in the atmosphere and cause climate change, which has a significant impact on the environment and human life. For enterprises, disasters caused by extreme weather may disrupt the delivery of raw materials and goods, or power outages that prevent normal factory operations. As a result, ABC may not be able to produce as scheduled or meet customer expectations. Furthermore, the reduction in profits brings significant financial risk to the ABC-ATEC. Currently, thermal power generation is the main method of power generation in Taiwan, which is one of the major sources of greenhouse gas emissions. Furthermore, the ABC-ATEC's carbon emissions hotspot is a Category 2 power generation. Its carbon emissions account for about 70% of the Group's total carbon emissions. ABC-ATEC has adopted energy management measures to effectively reduce carbon emissions. They first inventoried the hotspots of electricity consumption in the factory, formulated corresponding energy-saving measures, and tracked the factory's electricity consumption on a monthly basis. At the same time, ABC-ATEC has actively formulated a carbon reduction strategy that focuses on renewable energy. Since 2023, the Group has introduced the use of green electricity and installed solar panels in its factories for self-generation and self-use, in order to reduce the dependence on traditional energy and enhance environmental sustainability. This not only aligns with the Company's carbon reduction strategy, but also demonstrates ABC-ATEC's strong commitment to the challenge of global climate change.
Opportunities	Resource Efficiency	Utilizing More Efficient Production and Distribution Processes	In an inflationary environment, the correlation between climate change and the production and distribution process is further magnified. Climate change may lead to fluctuations in raw material prices, supply chain disruptions, and production shutdowns, which in turn affect the Company's financial status. Efficient processes will help reduce these risks and improve the Company's financial stability. Although climate change poses risks, it also brings new opportunities for ABC-ATEC to adopt efficient production and distribution processes. To capitalize on this new opportunity with more efficient production and distribution processes, ABC-ATEC has planned the following measures: 1. Adoption of automated production lines: Reduce the need for manual operations and errors, and improve production efficiency. 2. AI& AOI testing: AI+AOI testing improves production efficiency and discrimination accuracy to reduce human error and production costs. 3. Paperless operation: The software has been upgraded to improve work efficiency through paperless operation, reduce the frequency of recording and operations, and reduce paper consumption. 4. Local procurement of raw materials: Low transportation costs, shortened delivery times, and reduced geopolitical risks.
	Energy Sources	Using Low-carbon Energy	Category 2 electricity consumption accounts for about 70% of ABC-ATEC's total carbon emissions. To effectively reduce carbon emissions, ABC-ATEC has adopted energy management measures and actively formulated a carbon reduction strategy focusing on renewable energy to reduce dependence on traditional energy and enhance environmental sustainability. This not only aligns with the Company's carbon reduction strategy, but also demonstrates ABC-ATEC's strong commitment to the challenge of global climate change. In 2023, the Company promised to steadily introduce renewable energy. The Guangzhou Factory of the Group signed a green power procurement contract and officially changed the power supply in May 2023; also, the Factory's solar power supply for self-use was officially activated on January 8, 2024; the construction of the solar panels for Taiwan Headquarters is expected to be officially commissioned in 2025. In 2023, ABC-ATEC commits to gradually adopting renewable energy, with the Guangzhou factory signing a Power Purchase Agreement(PPA) and officially switch to green power supply in May 2023. In addition, Guangzhou factory solar power supply system was officially launched on January 8, 2024. The construction of the solar panels at the Taiwan headquarters is scheduled to commence in 2024, with official operation in 2025. The group's annual green energy usage had reached 1.35 million KWH, accounting for 13% of the group's total electricity consumption in 2023. Furthermore, in 2024, The group's annual green energy usage are expected to reach 2.5 million KWH, accounting for 23.28% of the group's total electricity consumption. The Malaysia factory(AOBA Technology), solar energy usage plan has also been initiated as ABC-ATEC continues to strategically deploy green energy, gradually achieve the goals of net-zero carbon emission.

4.3 Energy Governance

4.3.1 Energy Management

ABC-ATEC is a leading manufacturer of inductors, and its main energy source is externally purchased electricity, followed by gasoline, diesel, and liquefied petroleum gas. In 2023, the total energy consumption will decrease by 18.19% compared to the previous year, and the energy intensity will increase by 9.20%. ABC-ATEC introduced a new process, LTCC in 2023, which led to an increase in overall electricity consumption. In addition, due to the impact of the overall macro environment and slowing demand, the energy intensity increased. In the future, we will continue to monitor and formulate energy-saving strategies to improve power utilization efficiency and achieve energy conservation and carbon reduction.

Total Energy Consumption

Year	Non-renewable Energy				Renewable Energy	Total
	Gasoline	Diesel	Liquefied Petroleum Gas	Grey Electricity	Green Electricity	
	GJ	GJ	GJ	GJ	GJ	
2021	280.21	1,268.47	106.67	44,262.67	-	45,918.01
2022	394.08	307.41	64.31	47,376.12	-	48,141.94
2023	454.46	173.23	92.09	33,811.04	4,854.31	38,358.13
Change in Energy Consumption in 2023 Compared to the Previous Year	15.32%	43.65%	43.20%	-28.63%	NA	-18.19%

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

Energy Intensity of ABC-ATEC

Unit: GJ/NT\$1,000 Revenue

Year	Gasoline Intensity	Diesel Intensity	Electricity Consumption Intensity	LPG Intensity	Total
2021	0.0001	0.0005	0.0179	0.00004	0.0185
2022	0.0001	0.0001	0.0156	0.00002	0.0159
2023	0.0002	0.0001	0.0170	0.00005	0.0173
Change in Energy Consumption in 2023 Compared to the Previous Year	75.57%	-14.21%	8.65%	118%	9.20%

- Note: 1. The main production factories are Taiwan Headquarters (Factory 2), Taiwan Factory 1, Guangzhou Factory, Shanghai Factory, and Malaysia Factory.
2. Electricity intensity does not include green electricity.

4.3.2 Energy Conservation Measures and Results

Although ABC-ATEC is not in a highly energy-intensive industry, it is still actively committed to improving the energy efficiency of its factories. In 2023, the Group gradually introduced energy-saving measures for its factories to effectively reduce energy consumption. In 2023, a total of 27 energy-saving measures were implemented in Taiwan and Guangzhou factory, saving 1,243.82 GJ of energy and a projected reduction of 187.57 tCO₂e. In 2024, ABC-ATEC continued to implement a series of energy-saving management measures, including energy saving of air-conditioning, lighting, standby energy-saving, production machines energy-saving, and power consumption management. The Group conducts a review of results every three months.

Energy Conservation Measures and Results

Category	Power Saving Measures	Actual Electricity Savings in 2023 (kWh)	Actual Energy Savings in 2023 (GJ/year)	2023 GHG Emissions (tCO ₂ e)
Air Conditioning Energy Saving	<ul style="list-style-type: none"> Air-conditioning temperature control tube Control of air-conditioning usage time Seasonal control of chiller temperature Dehumidifier humidity control Refrigeration system temperature control Optimization of material cold storage management 	117,929.6	424.55	58.26
Lighting Energy Saving	Lighting equipment usage management	353.16	1.27	0.17
Usage Control	Power management for air compressors, instruments, and information equipment	5,824.00	20.97	2.88
Unit Replacement	Replacement of waste gas treatment equipment	221,400	797.04	126.26
Total		463,436.36	1,243.82	187.57

Note: 1. The scope of data disclosure in the above table includes Taiwan Headquarters (Factory 2) and Guangzhou Factory.

2. Power coefficient of Taiwan Factory: 0.494 kgCO₂e/kWh; power coefficient of Guangzhou Factory: 0.5703 kgCO₂e/kWh, data sourced from the Taiwan Energy Administration's carbon emission coefficient in 2023 and the national power grid emission factor of the Ministry of Ecology and Environment of the People's Republic of China (2022).

4.4 GHG Inventory and Reduction Strategy

4.4.1 Greenhouse Gas Inventory

1. Greenhouse Gas Inventory Standards

ABC-ATEC complies with ISO 14064-1:2018 greenhouse gas inventory standard, adopts the control rights approach to set organizational boundaries, and measures the significance of emission sources based on frequency of occurrence, level of impact, quantification method, and level of risk,

and more, and classify them as Category 3 to Category 6, decide whether the criteria are included in the inventory, and the verification is entrusted to an external third party. Since 2021, the Company has conducted an annual greenhouse gas inventory, and therefore uses this as the base year to regularly assess and control the organization's greenhouse gas emissions.

2. Organizational and Reporting Boundaries

The organizational boundary of the current year includes Taiwan Factory, Shanghai Factory, Guangzhou Factory, and Malaysia Factory, and the reporting boundary includes Category 1 (stationary emission sources, mobile emission sources, fugitive emission sources, and process emission sources), Category 2 (externally purchased electricity), For Category 3 (employee business transportation) and Category 4 (purchase and use of products), the main sources of greenhouse gas emissions within the reporting boundary are identified. The types of greenhouse gases include CO₂, CH₄, N₂O, HFCs, and HCFCs, a total of 4 greenhouse gases.

3. Emission Coefficient

We adopt the emission coefficient method, which involves multiplying the activity data by an emission coefficient and the global warming potential (GWP value) to convert them into carbon dioxide equivalents (CO₂e) in metric tons of carbon dioxide equivalent (tCO₂e) as the unit. The source of the emission factor is the latest "Greenhouse Gas Emission Factor Management Table" (version 6.0.4) announced by the Environmental Protection Administration, Executive Yuan. The GWP value adopts the value of the IPCC Sixth Assessment Report for the GWP value announced by the IPCC.

4. GHG Emissions and Intensity

In 2023, the ABC-ATEC's total GHG emissions was 7,460.049 tCO₂e. Using a total revenue of NTD 1,992.30 (NTD Million) as the intensity conversion unit, the emission intensity was 3.74/NTD Million of operating revenue.

This year's total emissions decreased by 33.10% compared to the base year, and the greenhouse gas emission intensity decreased by 16.78% compared to the base year. If only scope 1 and scope 2 emissions were to be considered, they decreased by 24.67% compared to the base year. In 2023, a green power procurement contract was signed to install solar panels as energy for the factory, which effectively reduced Scope 2 greenhouse gas emissions.

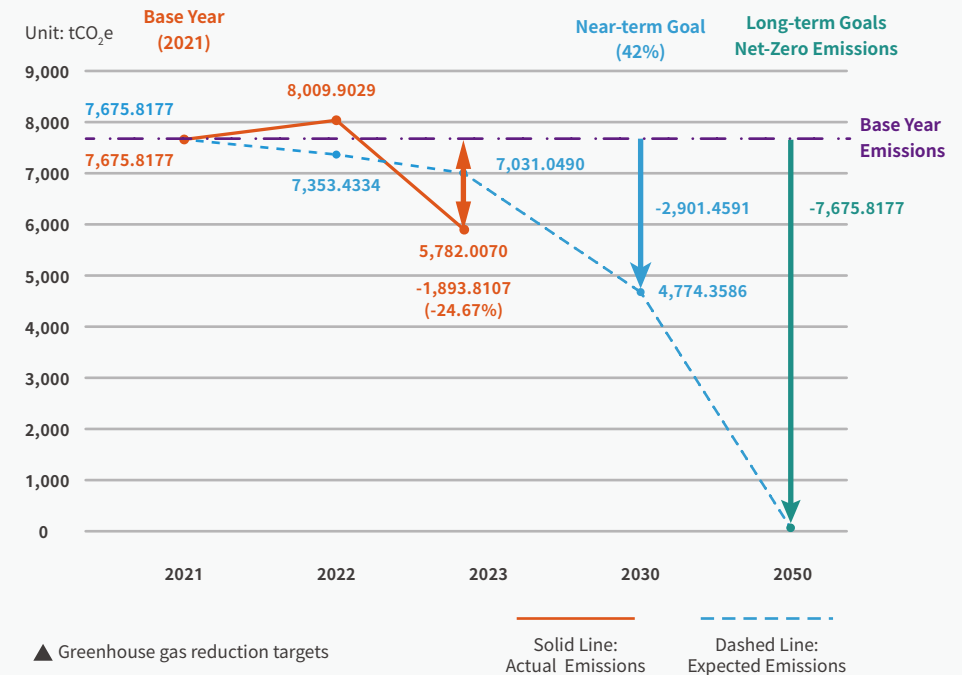
Analysis of Greenhouse Gas Emissions

Unit: tCO₂e

Greenhouse Gas Emissions	2021	2022	2023
Category 1	438.7271	370.4333	358.4912
Proportion (%)	3.93%	3.38%	4.81%
Category 2	7,237.0906	7,639.4696	5,423.5158
Proportion (%)	64.90%	69.72%	72.70%
Category 3	70.9842	114.9225	114.4624
Proportion (%)	0.64%	1.05%	1.53%
Category 4	3,403.8953	2,832.6190	1,563.5799
Proportion (%)	30.53%	25.85%	20.96%
Category 5	0	0	0
Proportion (%)	0	0	0
Category 6	0	0	0
Proportion (%)	0	0	0
Total GHG Emissions	11,150.697	10,957.444	7,460.059
Emission Intensity (tCO ₂ e/NT\$ Million Revenue)	4.50	3.61	3.74

4.4.2 Greenhouse Gas Reduction Targets

The Group has set 2021 as the baseline for greenhouse gas emissions tracking. In the future, we will continue to monitor the emissions from various operational locations, establish carbon reduction goals, and develop corresponding strategies to gradually transition to renewable energy sources. This is aimed at reducing the Group's greenhouse gas emissions and mitigating climate risks. The Group has established medium to long-term greenhouse gas reduction goals: The recent goal is to keep temperature rise within 1.5°C, and the Group is committed to reducing scope 1 and scope 2 emissions by 42% by 2030 compared to the baseline year 2021, and achieving net-zero emissions goal by 2050.



4.4.3 GHG Reduction Highlights of ABC-ATEC Guangzhou Factory

Starting from February 2023, the Guangzhou Factory has begun to evaluate its own solar power generation system and purchase green energy to start the green journey with a two-pronged approach. Guangzhou Factory began to transfer the power supply to green electricity in May 2023. A total of 1,348,420 kWh was supplied throughout the year, accounting for 35.38% of the annual electricity consumption, and the annual carbon reduction was 769 tCO₂e. In 2024, it was planned to switch to 2 million kWh of green electricity, accounting for 45% of the annual electricity consumption.

Moreover, after 11 months of project evaluation, contract signing, project approval, steel structure construction, solar panel installation, grid connection, and acceptance, the Group's first solar power generation system will achieve self-generation and self-use in 2024. The estimated annual power generation capacity is more than 500,000 kWh. It is estimated that the total amount of green power conversion and solar power generation and self-use of the Guangzhou Factory will reach 2.5 million kWh in 2024, accounting for 55% of the total power consumption of the Guangzhou Factory. It is a 20% increase in green power use compared to 2023, with a planned annual carbon reduction of 1,426 tCO₂e. The introduction of green energy and the construction of solar panels is an important milestone for the ABC-ATEC towards the goal of net zero emissions. In order to follow the global trend of net zero emissions, the Group continues to work hard towards the goal of low-carbon development.



▲Solar panels at Guangzhou Factory

4.5 Water Source Control

ABC-ATEC does not use water for production and manufacturing, and mainly uses domestic water. Water withdrawal and drainage complies with local government regulations. All wastewater is managed and discharged into the sewer system designated by the city government. There is no threat to the river basin ecology or natural water bodies. The Guangzhou Factory has established a wastewater recycling mechanism, and the recycled water is used for flushing toilets, watering green spaces, and adjusting wastewater.

ABC-ATEC Water Control Form

Unit: Tons

Factory	Items	2021	2022	2023
Taiwan	Water Withdrawal	6,128	6,514	5,361
	Water Reused	-	48	28
	Water Recycling and Reuse Rate	-	2.24%	1.48%
Guangzhou	Water Withdrawal	21,309	18,927	13,609
	Water Reused	8,466	9,722	5,685
	Water Recycling and Reuse Rate	31.50%	35.12%	32.96%
Shanghai	Water Withdrawal	6,991	6,526	11,750
	Water Reused	-	-	-
	Water Recycling and Reuse Rate	-	-	-
Malaysia	Water Withdrawal	10,865	10,353	10,540
	Water Reused	-	-	-
	Water Recycling and Reuse Rate	-	-	-
Group	Water Withdrawal	45,293	42,320	41,260
	Water Reused	8,466	9,770	5,713
	Water Recycling and Reuse Rate	18.69%	23.09%	13.85%
Water Use Intensity		38.81	41.61	46.05

Note: 1.The water reused by the Taiwan Factory is the first-class and second-class recycled water from the wastewater treatment in Block B; the Guangzhou Factory's recycled water is the recycled water after the sewage treatment in the Factories.

2.Water use intensity = water withdrawal / number of employees on the last working day at the end of the year

4.6 Waste Supervision

4.6.1 Waste Management

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

For the overall disposal of waste, ABC-ATEC follows the Waste Disposal Act's regulations, establishes waste management plans within the organization, collaborates with vendors approved by the competent authorities and signs valid contracts to ensure the legal disposal of waste, with waste classification management implemented in accordance with the "Waste Management Act." Regular inspections and evaluations of business waste treatment facilities are scheduled each year to effectively prevent improper waste disposal. In 2023, there were no incidents of penalties related to waste violations.

4.6.2 Strategies for Reducing the Environmental Impact of Products

The main products of ABC-ATEC are inductors, ceramic heat sinks and precision metal parts. In order to grasp the impact on the environment in the value chain, the Company evaluates the process from raw material procurement, product design, and manufacturing process to waste generation to reduce the impact of operations on the environment.

4.6.3 Waste Generation

In 2023, the total amount of waste generated by the ABC-ATEC was 208 metric tons, of which the total amount of hazardous waste was 40.15 metric tons, and the total amount of non-hazardous waste was 167.85 metric tons. The waste recycling rate in 2023 increased by 16.34% compared to the previous year. We will continue to strengthen waste recycling management, and promote resource recycling and waste reduction to employees. Please refer to the following table for the waste generation status of each factory and the waste items generated by ABC-ATEC.

Strategies for Reducing the Environmental Impact of Products

Items	Raw Materials	Manufacturing	Downstream
Core Focus	Use of locally produced nontoxic raw materials	No water use, energy-saving and waste minimization processes value chain	Consider impacts down the value chain
Implementation Strategies	Prohibit hazardous materials at the source.	Source reduction and recycling and reuse	Taiwan Factory 2 Building B Material Factory has established a waste recycling mechanism to facilitate waste recycling and wastewater recycling and reuse value chain
	Prohibit the use of products from conflict mines.	Taiwan Factory 2 Building B Material Factory is equipped with a pure water recycling system	Classification of hazardous waste and recyclable waste in the Guangzhou Factory.
	Prioritize the purchase of Environmentally friendly products.	Guangzhou Factory reuses process wastewater and domestic wastewater treated by recycling equipment.	Strengthening the management of waste manufacturers.

Waste Generation

Unit: Tons

Year	Factory	Total Weight of Waste	Hazardous Waste	Non-Hazardous Waste
2021	Taiwan	88.37	6.65	81.72
	Shanghai	19.24	0.94	18.31
	Guangzhou	142.48	42.11	100.36
	Malaysia	120.17	11.89	108.29
	Total	370.26	61.59	308.68
2022	Taiwan	79.19	9.28	69.91
	Shanghai	15.91	0.83	15.08
	Guangzhou	132.97	48.46	84.51
	Malaysia	119.17	12.47	106.71
	Total	347.24	71.04	276.21
2023	Taiwan	53.66	7.75	45.91
	Shanghai	5.86	0.86	5.00
	Guangzhou	77.78	23.77	54.01
	Malaysia	70.70	7.77	62.93
	Total	208	40.15	167.85

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

Waste Disposal Method

Unit: Tons

Year	Factory	Total Weight of Waste	Hazardous Waste	Non-Hazardous Waste
2021	Taiwan	88.36	32.15	18.38%
	Shanghai	19.24	9.38	
	Guangzhou	142.48	18.12	
	Malaysia	120.17	8.4	
	Total	370.25	68.05	
2022	Taiwan	79.19	60.81	33.60%
	Shanghai	15.91	9.25	
	Guangzhou	132.97	23.27	
	Malaysia	119.17	23.34	
	Total	347.24	116.67	
2023	Taiwan	53.66	31.66	49.94%
	Shanghai	5.86	1.25	
	Guangzhou	77.78	54.01	
	Malaysia	70.70	16.96	
	Total	207.99	103.88	

Note: The disclosure boundary covers ABC's Taiwan Factories 1 and 2, Shanghai Factory, Guangzhou Factory, and Malaysia Factory

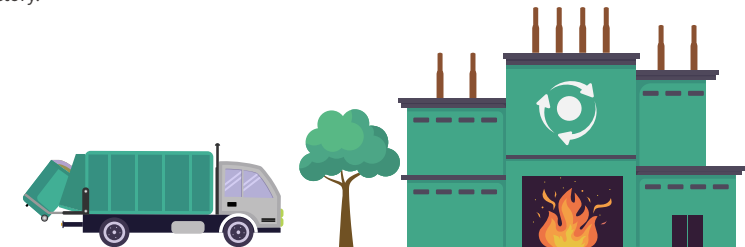


Waste treatment method

Unit: Tons

Items	Waste Items	Disposal Method	Off-site/On-site Processing
Hazardous Business Waste	Electronic Components Waste, Left-over Scraps, and Defective Products	Recycling and reuse	Off-site
	Waste Printed Circuit Boards	Recycling and reuse	Off-site
	Solvent-containing Waste Liquid	Incineration	Off-site
	Solvent-containing Waste	Incineration	Off-site
	Waste Motor Oil	Incineration	Off-site
	Waste Glue, Plastic Bottles	Incineration	Off-site
	Waste Dry Batteries	Warehousing	Off-site
	Waste Fluorescent Lights	Warehousing	Off-site
	Solvent-containing Waste Plastic Drums/ Bottles	Incineration	Off-site
	Solvent-containing Waste Steel Drums	Incineration	Off-site
	Motor Oil Stained Rags	Incineration	Off-site
	Waste Activated Carbon	Incineration	Off-site
	Iron Powder	Coagulant	Off-site
	Paint Sludge	Incineration	Off-site
	Waste Tin Slag Scraps	Recycling	Off-site
	Scrapped Magnetic Cores and Defective Products	Recycling	Off-site

Note: The disclosure boundary covers ABC-ATEC's Taiwan Yangmei Factories 1 and 2, Shanghai Factory, Guangzhou Factory, and Malaysia Factory.



Waste Treatment Method

Unit: Tons

Items	Waste Items	Disposal Method	Off-site/On-site Processing
General Business Waste	Domestic Waste	Incineration	Off-site
	Mixed Plastic Waste	Incineration	Off-site
	Scrap Metal	Recycling and Reuse	Off-site
	Scrap Copper	Recycling and Reuse	Off-site
	PE Film	Recycling and Reuse	Off-site
	Waste Cardboard	Recycling and Reuse	Off-site
	Tin and Aluminum Cans	Recycling and Reuse	Off-site
	PE Bottles	Recycling and Reuse	Off-site
	Plastic and Rubber	Recycling and Reuse	Off-site
	Recycled Copper Goods	Recycling and Reuse	Off-site
	Recycled Steel Goods	Recycling and Reuse	Off-site
	Waste Enameled Wire	Recycling and Reuse	Off-site
	Tin Slag	Recycling and Reuse	Off-site
	Needle Guide	Recycling and Reuse	Off-site
	Waste Cardboard	Recycling and Reuse	Off-site
	Waste Copper Frames	Sold to Waste Disposal Contractor for Recycling	Off-site
	Copper Clip Waste Materials	Sold to Waste Disposal Contractor for Recycling	Off-site

Note: The disclosure boundary covers ABC-ATEC's Taiwan Yangmei Factories 1 and 2, Shanghai Factory, Guangzhou Factory, and Malaysia Factory.





05

Employee Care

5.1 Management Approach

5.2 Human Capital

5.3 Compensation and Benefits

5.4 Talent Training and Development

5.5 Occupational Safety

Employee Care

5.1 Management approach

5.1.1 Management Approach

Material Topics Employment

GRI Standards 401 Employment

Impact of Material Topics on ESG

Physical impact: A good labor relationship can help improve employees' job satisfaction and loyalty, thereby reducing employee turnover. Poor labor relationships may lead to employee dissatisfaction, strikes, legal proceedings, and so on, impacting an enterprise's reputation and operating costs.

Potential impact: Good labor relations help maintain employee stability. Excessive employee turnover may lead to the loss of organizational knowledge, job instability, and recruitment difficulties.

Policy

Policies are formulated based on the Company's vision, management concept, and annual goals. We build development plans and learning channels for employees using 4 aspects: selection, utilization, education, and retention so that employees are allowed to have space for self-development and growth.

Commitment

- Offering highly competitive compensations and benefits.
- Providing various insurance benefits and contributions to retirement funds in accordance with local laws and regulations.

Responsibility

- External responsibilities: Labor Standards Act and Labor Inspection Act.
- Internal policies: Compensation Committee, Personnel Evaluation Panel, Performance Evaluation Policy, Employee Transfer Policy, Personnel Recruitment Policy, and Employee Welfare Committee Charter.

Resources

- Regulations for Labor-Management Meetings.
- Subsidizing staff to conduct professional training in 2023.
- Subsidies included holiday gift vouchers, birthday bonuses, wedding and bereavement benefits, education subsidies, hospitalization support, injury and illness assistance, maternity benefits, and scholarships, among others.

Contact Information

Human Resources Department: Mr. Lin, TEL: (03) 4788-188 ext.1662

5.1.2 Performance

2023 Target

- Group average monthly turnover rate in 2023: 10% for direct employees and 8% for indirect employees.

2023 Performance

- Direct staff 2.94%, indirect staff 1.11%

Whether Accomplished

✓ Accomplished

5.2 Human Capital

5.2.1 Human Resource Management

At ABC-ATEC, employees are the Company's most important asset. Therefore, we have formulated human resource management practices, reward and remuneration mechanisms, and work rules in accordance with the labor laws and regulations of the countries where we operate. We also regularly review the latest laws and regulations to ensure the employees' basic labor rights and interests. At ABC-ATEC, we explicitly prohibit child labor, discrimination, workplace sexual harassment, and forced labor. We have established independent complaint channels to provide employees with a safe, equal, and free work environment.

ABC-ATEC emphasizes the importance of academic experience, professional skills, integrity, and enthusiasm in the employment of employees. Meanwhile, we hire persons with disabilities in accordance with the law to protect their work rights. Employees at the same level are entitled to the same welfare measures, salary standards, and education and training systems, regardless of gender, age, nationality, and other factors. Performance evaluation is conducted on a regular basis every year as the basis for employee retention, promotion, salary adjustment, or distribution of bonus.

5.2.2 Recruitment (GRI: 2-7, 202-2, 401-1, 402-1, 405-1)

1. Employees at ABC-ATEC in 2023

As of the end of 2023, ABC-ATEC had a total of 896 employees, including 847 full-time employees and 49 temporary employees; by employment type, there were 896 full-time employees, 0 part-time employees, and 0 employees without guaranteed hours. There has been no significant change in the number of employees in the last three years.



Employee Structure at the End of 2023

Units: People

Type	Gender	Factory				Total
		Taiwan	Shanghai	Guangzhou	Malaysian	
All Employees	Male	100	46	150	165	461
	Female	103	85	168	79	435
	Other	0	0	0	0	0
	Total	203	131	318	244	896
Unscheduled	Male	100	46	117	165	428
	Female	103	85	152	79	419
	Other	0	0	0	0	0
	Total	203	131	269	244	847
Term	Male	0	0	33	0	33
	Female	0	0	16	0	16
	Other	0	0	0	0	0
	Total	0	0	49	0	49
Full-time Employee	Male	100	46	150	165	461
	Female	103	85	168	79	435
	Other	0	0	0	0	0
	Total	203	131	318	244	896
Part-time Employee	Male	0	0	0	0	0
	Female	0	0	0	0	0
	Other	0	0	0	0	0
	Total	0	0	0	0	0
Non-Guaranteed Hours Employee	Male	0	0	0	0	0
	Female	0	0	0	0	0
	Other	0	0	0	0	0
	Total	0	0	0	0	0

- Note: 1.The disclosure boundary covers Taiwan Yangmei Factory 1, Yangmei Factory 2, Shanghai Factory, Guangzhou Factory, and Malaysia Factory.
 2.Full-time employees: The employment contract is for an indefinite term (indefinite contract).
 3.Temporary employees: Those whose employment contract is for a fixed term (term contract).
 4.Full-time employees: The number of hours worked per week by the employee meets the definition of full-time employees in local regulations.
 5.Part-time employees: The employee's weekly working hours do not meet the definition of a full-time employee in local regulations.
 6.Employees without guaranteed hours: Employees with variable working hours per week, such as on-call employees.

2. Employees by Gender and Employment Contract

Employee Changes in the Recent Three Years

Unit: People

Year		2021		2022		2023	
Number of Employees		1,167		1,071		896	
Form of Employment		Unscheduled	Term	Unscheduled	Term	Unscheduled	Term
Gender	Male	368	383	344	282	428	33
	Female	204	226	271	174	419	16
Region	Taiwan	100	115	164	59	198	0
	Overseas	472	480	381	467	650	49
Form of Employment		Full Time	Part Time	Full Time	Part Time	Full Time	Part Time
Gender	Male	540	32	504	22	461	0
	Female	532	63	494	51	435	0
Region	Taiwan	215	0	223	0	197	0
	Overseas	857	95	775	73	699	0

3. Employee Diversity

(1) Multiple Indicators of Employees

The ratio of male and female employees of ABC-ATEC is 51.45% and 48.55%, respectively. The ratio of each age range of the total employees is: 31.58% for aged 29 and below; 59.82% for aged 31-50; and aged 51 and above accounting for 8.59% of the total number of employees. There are 2 persons with physical or mental disabilities hired according to the laws.

ABC-ATEC is actively cultivating female employees and is committed to creating an equal working environment. To provide a comfortable working environment for female employees during and after pregnancy, ABC has established lactation rooms to ensure that new mothers can work with peace of mind and retain talented female employees. In addition to this, ABC-ATEC adjusts night shift schedules for female employees during their pregnancy period. In ABC's Taiwan plants, dedicated parking spaces for pregnant women are also provided to ensure that employees can commute to work with peace of mind. In 2023, females accounted for 47.24% of managerial positions, demonstrating that we provide a level playing field and implement gender equality.

Employee Multiple Indicators in 2023

Unit: People

Job Level		Senior Managers		Mid-level Managers		Entry-level Personnel		Total	
Total Number of Employees by Grade Level		9		154		733		896	
Total Number of Employees by Grade Level as a Percentage of the Total Number of Employees (%)		1%		17.19%		81.81%		100%	
Multiple Indicators									
Category		Number of People	%	Number of People	%	Number of People	%	Total	%
Gender	Male	9	100%	77	50%	375	51%	461	51.45%
	Female	0	0%	77	50%	358	49%	435	48.55%
	Other	0	0%	0	0%	0	0%	0	0%
Age	Under 29	0	0%	15	9.74%	268	37%	283	31.58%
	30-50	3	33.33%	112	72.73%	421	57%	536	59.82%
	51 and Above	6	66.67%	27	17.53%	44	6%	77	8.59%
Indigenous Identity		0	0%	0	0%	0	0%	0	0%
Persons with Disability		0	0%	0	0%	2	0.27%	2	0.22%

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

2.Senior managers: Supervisors at or above the Assistant Vice President level.

3.Mid-level managers: Executives below the Assistant Vice President level.



(2) Employee Mobility

We have a comprehensive recruitment system in place. We look forward to co-prosperity and development between employees and the Company, and respect the career change options of employees. In 2023, a total of 323 new employees were recruited, including 181 males and 142 females. There were 185 new employees under the age of 29; 135 new employees aged 30-50 years old; 3 employees aged 51 years and above; and 454 employees resigned. There are 248 males and 206 females. The reasons for leaving the company include family care, relocation of residence, and change of jobs. To protect the rights of employees and improve the recruitment system, the responsible unit supervisors interviewed all the resigned employees to understand the specific reasons for resignation as a reference for subsequent improvement of human resource management.

▪ ABC-ATEC's Severance Notice Period:

The Company must notify the employee in advance according to the notice period stipulated by the Labor Standards Act and pay severance pay in the event of major operational changes, such as adjustment of the operating organization, adjustment of manpower requirements, force majeure factors, or the belief that an employee is unfit for duty.

- i. If you have worked for more than 3 months but less than 1 year: 10 days in prior
- ii. If you have worked for more than 1 year but less than 3 years: 20 days in prior
- iii. Work for more than 3 years: 30 days in prior
- iv. Table. Total number and proportion of new employees in 2023

New Employees in 2023

Unit: People

Item	Factory							
	Taiwan		Shanghai		Guangzhou		Malaysian	
	Male	Female	Male	Female	Male	Female	Male	Female
Under 29	6	3	16	13	66	48	28	5
%	3.24%	1.62%	8.65%	7.03%	35.68%	25.95%	15.14%	2.70%
30-50	18	5	2	47	36	20	7	0
%	13.33%	3.70%	1.48%	34.81%	26.67%	14.81%	5.19%	0.00%
51 and Above	1	1	0	0	1	0	0	0
%	33.33%	33.33%	0.00%	0.00%	33.33%	0.00%	0.00%	0.00%
Total	25	9	18	60	103	68	35	5
%	1.08%		2.44%		2.62%		1.04%	

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

2.Percentage of new recruits by age range: (Number of new male (female) employees for a given age range in the year/total new recruits for the given age range in the year)*100%

3.Monthly average new recruit rate: (New recruits/(New recruits at the beginning of the year+ New recruits this year))/12

Resigned Employees in 2023

Unit: People

Item	Factory							
	Taiwan		Shanghai		Guangzhou		Malaysian	
	Male	Female	Male	Female	Male	Female	Male	Female
Under 29	22	4	25	28	81	53	23	15
%	11.89%	2.16%	13.51%	15.14%	43.78%	28.65%	12.43%	8.11%
30-50	17	12	11	47	50	40	14	3
%	12.59%	8.89%	8.15%	34.81%	37.04%	29.63%	10.37%	2.22%
51 and Above	3	4	0	0	2	0	0	0
%	100.00%	133.33%	0.00%	0.00%	66.67%	0.00%	0.00%	0.00%
Total	42	20	36	75	133	93	37	18

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

2.Percentage of resign recruits by age range: (Number of resign male (female) employees for a given age range in the year/total new recruits for the given age range in the year)*100%

3.Monthly average resign recruit rate: (resign/(New recruits at the beginning of the year+ New recruits this year))/12

5.2.3 Labor-management Agreement (GRI: 2-30)

ABC-ATEC strives to create a harmonious and equal communication platform between employees and the Company. We have established diverse and smooth communication channels, including labor-management meetings, welfare committees, employee feedback mailboxes, and employee feedback surveys to protect the rights and obligations of both parties, and improve the labor environment and labor regulations in a timely manner.

ABC-ATEC has factories in Shanghai and Guangzhou with a collective bargaining agreement. For employees not covered by the collective bargaining agreement, ABC-ATEC determines the working conditions and terms of employment of other employees based on the collective bargaining agreement.

2023 Collective Bargaining Agreements

Item	Taiwan Factory	Shanghai Factory	Guangzhou Factory	Malaysian Factory
Number of Employees Covered by the Collective Bargaining Agreements	No Collective Bargaining Agreements	131	269	No Collective Bargaining Agreements
Number of Employees		131	318	
Percentage Covered		100%	84.59%	

5.3 Compensation and Benefits

5.3.1 Equal and Favorable Remuneration (GRI: 2-21, 405-2, 202-1)

ABC-ATEC attaches great importance to the retention and cultivation of talents, and is committed to providing competitive salaries and comprehensive employee benefits. The Group's salary standard is determined with reference to local laws and regulations, industry standards, and local living standards. Gender, race, language, religion, age, political affiliation, marital status, and so on factors will never affect the remuneration of employees. In this equal and inclusive workplace environment, the starting salary of men and women is equal, but the final salary (basic salary plus salary) varies depending on the number of years of work, experience, or position bonus. The ABC-ATEC employee remuneration covers basic salary (including basic pay, food allowance, transportation allowance, and special duty allowances), performance rewards, bonuses, and year-end bonuses. Meanwhile, the Company's HR Department carries out a regular salary review based on related indicators such as market trends and the company's operations in an effort to provide a competitive and attractive salary so that more talents are happy to join our big family.

The Taiwan headquarters, in order to appropriately reflect business performance or results in employee compensation, allocates 12% to 16% for employee remuneration in accordance with Article 34 of the company's bylaws. The distribution, whether in stock or cash, is determined by the board of directors. In 2023, the average employee salary expense was NT\$623,000.

Year 2021	Basic Salary		Average Compensation	
Gender	Non-managerial Staff	Managerial Staff	Non-managerial Staff	Managerial Staff
Male	1	1	1	1
Female	0.94	0.84	0.95	1

▲ Taiwan Headquarters Salary Ratio Table for Male and Female Employees for 2021

Year 2022	Basic Salary		Average Compensation	
Gender	Non-managerial Staff	Managerial Staff	Non-managerial Staff	Managerial Staff
Male	1	1	1	1
Female	1.01	0.79	1	0.7

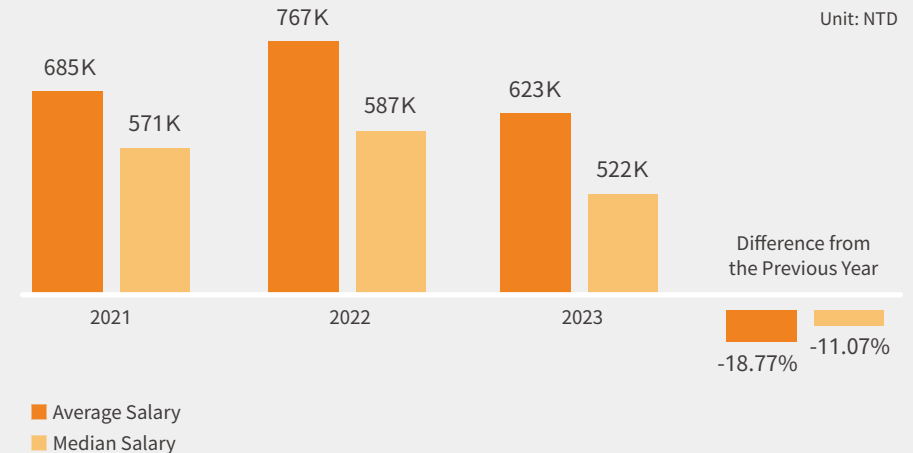
▲ Taiwan Headquarters Salary Ratio Table for Male and Female Employees for 2021

Year 2023	Basic Salary		Average Compensation	
Gender	Non-managerial Staff	Managerial Staff	Non-managerial Staff	Managerial Staff
Male	1	1	1	1
Female	0.82	0.52	0.87	0.53

▲ Taiwan Headquarters Salary Ratio Table for Male and Female Employees for 2023

Note: 1. Base salary refers to approved salary; average salary refers to base salary plus other bonuses.
2. Before 2022 (inclusive), the scope of calculation of the salaries of general employees was the salaries of active employees on December 31. In 2023, the calculation was based on the data of full-time employees, and the salaries of employees who had served for six months or more in the whole year were calculated.
3. Before 2022 (inclusive), the scope of calculation of supervisor salaries included managers and financial and accounting supervisors; in 2023, all management positions were included in the calculation.

Salary of Full-time General Employees of the Taiwan Headquarters from 2021 to 2023



■ 5.3.2 Improvement of Welfare Measures (GRI: 401-2, 201-3)

1. Welfare Measures of ABC-ATEC

ABC-ATEC, a thriving company with a 45-year history, has implemented various benefits to enhance employee loyalty and improve market competitiveness. These benefits include leave entitlements beyond legal requirements, insurance, wedding, funeral, and maternity gifts, among others. Additionally, the company organizes multiple social events to boost employee morale. ABC-ATEC also has an Employee Welfare Committee, responsible for promoting and planning various welfare initiatives. All full-time employees enjoy these benefits.

The company allocates a fixed amount of welfare funds to the Welfare Committee's account each month, which are used for various activities or subsidies. The Welfare Committee regularly monitors the use of these funds and gathers employee feedback to ensure proper utilization.



Welfare Committee Allowances

The company provides various allowances and subsidies, including holiday gift vouchers (or cash), birthday gifts, and financial support for weddings, funerals, celebrations, academic advancement, International Women's Day, further education, hospitalization, illness, childbirth, and scholarships. Other benefits include employee trips, year-end bonuses, paid maternity leave incentives, and more. Employees can apply for subsidies based on their specific circumstances.



Group Insurance

ABC-ATEC fully covers and plans comprehensive employee group insurance, which includes medical insurance, occupational accident insurance, accident insurance, major illness insurance, and cancer insurance.



On-the-job Training

To enhance the qualifications of ABC employees and improve the overall corporate structure, we encourage employees to pursue further education in professional knowledge and skills. In our Taiwan operations, we provide subsidies for employees' continuing education programs at universities during each academic year, following the "Regulations Governing the Subsidizing Employees' Continuing Education and Training." Additionally, we offer subsidies to employees for professional knowledge training based on the "Regulations Governing Education and Training Management." For our overseas operations, we have established an "Education and Training Operations Procedure" to provide training to employees, helping them enhance their skills and knowledge.



Employee Health

The company conducts regular annual health check-ups and specialized health examinations for employees working in specific environments. It also offers employee self-health management programs, regularly organizes health seminars, and tests the quality of drinking water to ensure a healthy workplace.



Care for Female Employees

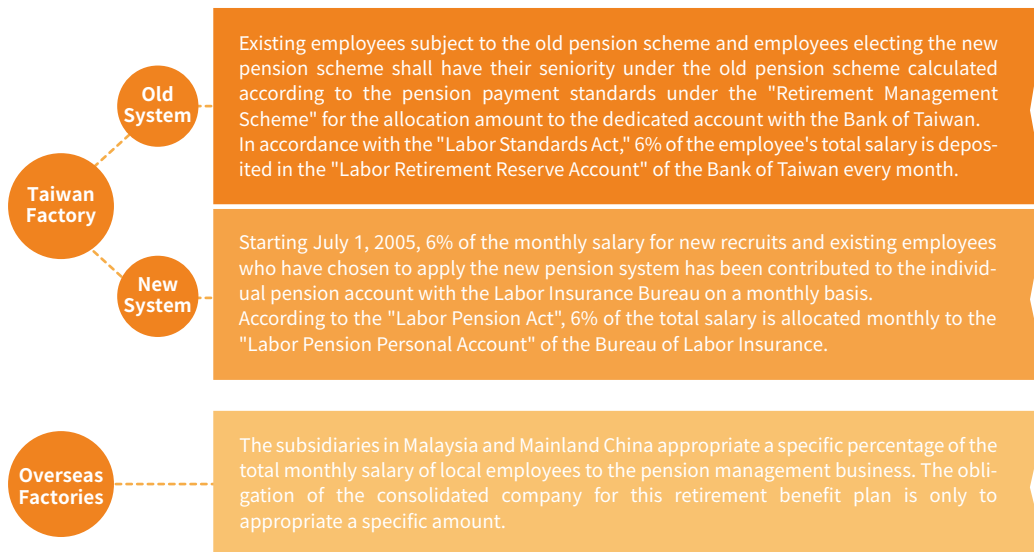
We adjust night shifts for female employees during their pregnancy and apply for exclusive parking spaces for pregnant women. Pregnancy care measures and lactation rooms are provided at our Taiwan Factory with nursing staff stationed. At our Guangzhou factory, we provide lactating female employees with 1 hour of paid breastfeeding leave per day, as mandated by labor regulations. This leave is available until the child reaches one year of age. Employees can request specific time periods for their breastfeeding leave based on their individual needs and circumstances.



2. Retirement Benefit System

The Group has established retirement management measures in accordance with the pension provisions of the Labor Standards Act and the Labor Pension Act. Since July 1, 2005, for new employees and existing employees who opt for the new pension system, the Company contributes 6% of employees' monthly salaries into their pension account of the Bureau of Labor Insurance. At the same time, the Company continues to retain the seniority of the existing employees who opt for the old pension measures and existing employees who adopted the old system but have switched to the new pension measures. The allocation of retirement reserve funds is calculated according to the payment standards of the "Regulations for the Retirement Management" which are deposited into a personal account at Bank of Taiwan. Also, the Company shall assess the balance in the labor retirement reserve fund account by the end of every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make up for the difference by the end of next March.

To protect the rights and interests of retired employees, the Company makes pension contributions according to law. In Taiwan, for employees adopting the old pension system, when they meet the retirement requirements and claim pension, the approval is paid out of the "Labor Retirement Reserve Fund Account." For employees adopting the new pension system, the pension is paid out from the "Labor Pension Personal Account".



Note: For detailed pension contributions, please refer to ABC-ATEC's 2023 Annual Report: <https://www.atec-group-main.com/tw/extrabold-52-53-page530>.

3. ABC Taiwan Electronics Family Day in 2023

On the morning of November 25 (Sat), ABC Taiwan Electronics held the "2023 ABC Taiwan Electronics' Family Day - Prairie Adventure and Walking" event at the Pushin Ranch, which employees and their family members actively participated in. This time, the "prairie adventure" was the focus of the event to demonstrate "ABC Group entrepreneurship and adventurous spirit." The activities were divided into exciting orchestra performances and fun puzzles, along with the children's favorite creative balloonist. The event site was meticulously arranged with the specialties of the food truck and the lucky draw activity at the end of the event, where people could spend a happy family time and return with a lot of prizes.

ABC Taiwan Electronics has always been committed to creating a healthy, safe, and user-friendly work environment. We pay attention to the work-life balance of our employees, and have organized a Family Day event to thank our employees for their dedication and their families for their full support. The goal is to inspire the vitality and enthusiasm of the employees, consolidate a solidarity and a sense of identity with the Company, shape the corporate values and common culture, and fulfill the responsibility to love the earth through the walking activity. At the same time, this event promotes the concept of sports health care to the public and reminds the people to maintain good exercise habits in their busy lives and take time out for a walk outside, which is conducive to achieving physical, mental and spiritual health.



5.3.3 Parent-friendly Workplace (GRI: 405-2)

We are committed to creating a child-friendly environment. In addition to the statutory parental leave without pay, we also provide maternity subsidies and family care leave to show consideration for the hard work of parenting parents. We have also installed refrigerators in the offices. We have a comfortable breastfeeding room and other facilities, so that female employees who are breastfeeding can have a peace of mind. In 2023, the reinstatement rate for unpaid parental leave at ABC-ATEC was 100%.

Analysis of Employees on Parental Leave													Unit: People
Year	2021				2022				2023				
Factory	Taiwan				Taiwan				Group				
Items	Male	Female	Other	Total	Male	Female	Other	Total	Male	Female	Other	Total	
Eligible for Parental Leave in the Current Year (A)	9	3	0	12	5	2	0	7	10	16	0	26	
Applied for Parental Leave in the Current Year (B)	1	1	0	2	1	2	0	3	4	13	0	17	
Expected to Return from Parental Leave in the Current Year (C)	1	3	0	4	1	2	0	3	3	11	0	14	
Returned from Parental Leave in the Current Year (D)	0	2	0	2	1	1	0	2	3	11	0	14	
Returned from Parental Leave in the Previous Year (E)	1	1	0	2	0	1	0	1	3	11	0	14	
Still Employed 12 Months after Returning from Parental Leave in the Previous Year (F)	1	1	0	2	0	0	0	0	3	11	0	14	
Parental Leave Application Rate (%) (=B/A)	11.11%	33.33%	NA	16.67%	NA	25%	NA	43%	40.00%	81.25%	NA	65.38%	
Return Rate (%) (=D/C)	0%	66.67%	NA	50%	NA	100%	NA	67%	100%	100%	NA	100%	
Retention Rate (%) (=F/E)	100%	100%	NA	100%	NA	NA	NA	NA	100%	100%	NA	100%	

Note: 1. Recognition criteria for the number of employees eligible for parental leave without pay in the current year: Employees applying for maternity leave, paternity leave, and parental leave without pay.
2. When the denominator of the percentage is 0, it is presented as NA instead.

5.4 Talent Training and Development

5.4.1 Talent Learning and Development (GRI: 404-1, 404-2)

At ABC-ATEC, we embrace the mindset that "individual accomplishments are realized only when the group achieves its goals." Employees are the foundation of a company's longevity, and the most important source for a company's continuous growth and to stay competitive. Our human resource development strategy is formulated based on the Company's vision, management concept, and annual goals. We build development plans and learning channels for employees using 4 aspects: selection, utilization, education, and retention so that employees are allowed to have space for self-development and growth.

1. Talent Training and Transformation Plan

ABC's training roadmap is divided into four stages:

- (1) Basic Training: Employees will learn company culture and foundational skills for further development.
- (2) OFF-JT (Off-the-Job Training): Employees will receive professional training for deeper knowledge and skills.
- (3) OJT (On-the-Job Training): Experienced colleagues or supervisors provide direct guidance, enabling quick learning and application of skills.
- (4) SD (Self Development): Employees are encouraged to self-improve, with company support and resources for career goals.

Type	OFF-JT			OJT	SD
	Management Functions	Core, General Functions	Professional Functions		
Management senior executive	Senior executive development courses	Achievement-oriented Proactive Effective communication	Financial and accounting management Marketing and sales Research and development (R&D) technology	Project assignment Job rotation Work coaching Meeting facilitation Trainer system	Continuing education Language learning Internal instructors Reading journals and reports Study group Professional conferences and exhibitions
Mid-level executive	Mid-level executive development courses	Talent development Team leadership Teamwork	Production management Quality management Process technology Equipment management		
Junior supervisor	Junior supervisor development courses	Analytical thinking Corporate integrity and ethics Occupational safety and health	Human resources management Procurement, warehouse management, and materials management		
General colleagues	-	New staff training- Common training, department awareness			

2. Talent Recruitment

In the post-pandemic era, ABC has continued to use diverse talent recruitment channels to address the challenges of rapid changes in the market and technology. We actively cooperate with academic institutions in Taiwan and the United States to promote industry-academia and research cooperation projects. We not only provide students with internship opportunities, but also jointly conduct research and development to ensure the continuous promotion of innovation. Moreover, we expand the scope of talent search through online job application platforms and professional social media websites to attract outstanding talents from various backgrounds and professional fields, and strive to create a diverse, inclusive, and prosperous workplace environment.

(1) Research

▪ Joint R&D Center by ABC TAIWAN ELECTRONICS and National Taipei University

ABC Taiwan Electronics established the "ABC Taiwan Electronics - National Taipei University Joint R&D Center" at National Taipei University. The Center focuses on the in-depth development of core fields such as basic materials and intelligent manufacturing processes, in order to realize the basis of intelligent and unmanned plant production. This move will effectively integrate the resources of industry, academia, and research, strengthen the combination of academic research and industry practice, and improve the fit between the two.

(2) Learning

▪ Internship Program

ABC-ATEC has maintained a strong presence on campuses at home and abroad, actively identifying and nurturing talented individuals. ABC offers internship opportunities to students, allowing them to gain a deeper understanding of industry trends and dynamics, which helps students develop their employability skills early and aligns them with the industry's needs and expectations. For young individuals about to leave school and embark on their first steps into the professional world, ABC offers substantial, warm, and steadfast support.

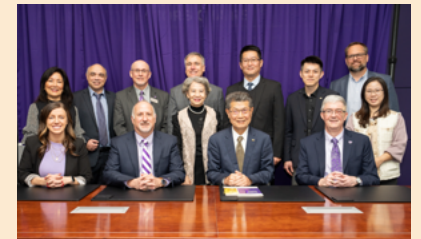
▪ Campus Talent Recruitment

ABC Taiwan Electronics campus recruitment activities offer students insight into the corporate culture and job opportunities while enhancing the Company's academic reputation. These events expand the talent pool, support future recruitment, and build strong partnerships with schools, providing valuable resources. The Company aims to attract more outstanding young talent through ongoing campus initiatives.



(3) Industry-Academia Cooperation

ABC Taiwan Electronics has been actively promoting talent development programs on campus, and has entered into six industry-academia collaborations with National Taipei University. This not only provided the students with valuable practical experience, but also brought new and innovative thinking to the Company.



In 2024, ABC signed an industry-academia cooperation plan in the United States to expand the R&D fields of the existing industry and establish a new concept of business development at the same time. At the same time, ABC promotes tripartite academic collaboration between National Taipei University, American University, and ABC Taiwan Electronics, promoting academic and student exchange and collaboration. To further elevate the level of talent development, the Company plans to launch a dual degree program to sponsor domestic and overseas students and ABC Taiwan Electronics' employees to study for degrees at two institutions at the same time.

(4) Corporate Visit

The collaboration with National Taipei University helped the students gain an in-depth understanding of ABC Taiwan Electronics' R&D, production process, and company culture, stimulated the students' career interests, provided them with practical opportunities to get in touch with the industry, and inspired the students to have more enthusiasm and understanding for the technology industry.



3. ABC-ATEC Education and Training Achievements

(1) Overview of the Number of Courses Offered in the Year, the Number of Trainees, and the Number of Trainee Hours in the Year

In 2023, a total of 654 courses were offered, with a total of 6,286 persons trained, accumulating 15,198 training hours. Overall, the average number of training hours per person was 17 hours, demonstrating the Company's emphasis and investment in employee education and training.

Education and Training in 2023

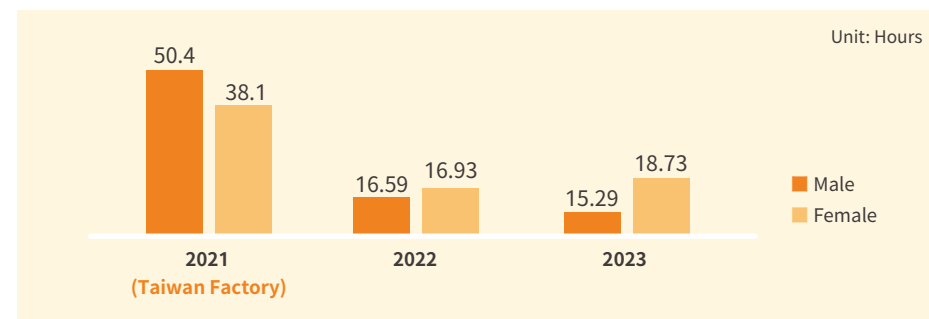
Course Category	Number of Classes	Number of Persons	Total Hours
New Employee Training	254	3,526	7,658.5
Professional Function Courses	321	1,880	4,351.0
General Courses	38	622	1,447.5
Intensive Foreign Language	27	133	259.5
Management Leadership	9	48	284.0
Other	5	77	1,197.0
Total	654	6,286	15,197.5

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



(2) Average Hours of Training by Gender

Our employee education and training policy does not differ based on gender. In 2023, the average training hours for males and females was 15.29 hours and 18.73 hours, respectively. For the other gender, the average training hours was 0 hours.



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

2.Average training hours = total training hours by gender / number of employees by gender at the end of the year

3.For 2021, only the data of plants in Taiwan are available, and the data for the years 2022-2023 are for the Group.

(3) Average Hours of Training by Grade Level

	2021 (Taiwan Factory)	2022	2023
Senior Managers	55.5	15.17	5.28
Mid-level Managers Junior Supervisor	73.35	27.34	26.93
Entry-level Personnel	40.95	14.61	15.01

Note: 1.Average training hours = total training hours of each grade / number of employees of each grade at the end of the year

2.In 2021, only the data of Taiwan Factories is available. For the years 2022 to 2023, the disclosure boundary covers Taiwan Yangmei Factory 1, Yangmei Factory 2, Shanghai Factory, Guangzhou Factory, and Malaysia Factory.

5.5 Occupational Safety

5.5.1 Performance

2023 Target	2023 Performance	Whether Accomplished
ABC-ATEC's Taiwan Factory continues to achieve Accredited Healthy Workplace Badge	The current health badge continues to be valid until December 31, 2024.	✓
ABC-ATEC's Taiwan Factory continue to promote 7S activities.	7S activities are ongoing.	✓
Group-wide occupational safety and health education and training for new employees: 100%	The occupational safety and health education and training rate for all new employees of the Group was 92.26%. It did not reach 100% rate as some employees resigned before completing the training.	○
Group-wide occupational safety and health education and training for employees: 1%~5% increase compared to the previous year	In 2023, the number of in-service employees throughout the Group increased by 339.87% compared to the number trained in 2022.	✓
Group-wide health promotion activities: 2 times; number of participants: 50 people.	Group-wide health promotion activities: 3 times, including 3 lectures, with 84 participants.	✓

5.5.2 Occupational Safety and Health Management

The Group complies with the relevant regulations of the Occupational Safety and Health Act, has formulated an occupational safety and health management plan, and established a safety and health organization and personnel to implement safety and health management, and refer to the ISO-45001:2018 management approach for group-wide occupational safety and health management. The Group has a total of 896 employees, 9 non-employee personnel, and 74 dispatch workers. For the number of contractors, please refer to 5.5.7 Contractor Safety and Health Management.

1. Occupational Safety and Health Committee

In accordance with the provisions of relevant regulations, ABC-ATEC has established an Occupational Safety and Health Committee (OHS Committee), with the Company's President as the chairperson. The OHS Committee meets every three months and has the following responsibilities:

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

Internal employees can report occupational health and safety-related opinions to their supervisors and labor representatives, and then submit them to the OHS Committee for discussion; non-workers (contractors) can report occupational health and safety issues to the company's occupational safety contractor through an agreement organization. ABC-ATEC has not yet obtained certification for occupational safety and health management system.



2. Occupational Health and Safety Committee Composition Ratio

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

Occupational Health and Safety Committee Composition Ratio

Year	2022				2023			
Factory	Taiwan	Shanghai	Guangzhou	Malaysia	Taiwan	Shanghai	Guangzhou	Malaysia
(A) Total Employee Count	229	188	372	282	203	131	318	244
(B) Number of the Committee Members	20	8	48	10	23	8	51	10
(C) Number of the Labor Representatives	6	3	8	4	9	3	8	4
% (C/B)	30%	38%	17%	40%	39%	38%	16%	40%
% (C/A)	2.62%	1.60%	2.15%	1.42%	4.43%	2.99%	2.52%	1.64%

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

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

5.5.3 Hazard Identification, Risk Assessment, and Accident Investigation

ABC-ATEC follows the risk assessment technical guidelines announced by the Occupational Safety and Health Administration of the Ministry of Labor. We have established procedures for hazard identification and risk assessment, and it proposes improvement or control measures for risks categorized as moderate or higher. Personnel responsible for hazard identification and risk opportunity assessment in each department have received training in risk assessment. In 2023, a total of 85 hazards were identified, and appropriate management and control measures were implemented for different risks. Currently, there are corresponding procedures to handle occupational diseases, cutting/crushing/impact/rolling, exposure to hazardous substances, electrical hazards, falls, and foreign object entry into the eyes, among others. For

example, there are safety operation standards for operating vertical injection molding machines, material handling safety operation standards, and educational training for cutting and inspection of GDD90-75, etc. All identified disaster risks have corresponding measures in place, and discussions within the Occupational Safety and Health Committee are conducted to improve high-risk activities in the workplace, thereby safeguarding the health of employees. The types of hazards are indicated below:

Types of Risks in Hazard Identification

Type of Hazard	2022			2023		
	Taiwan Factory	Shanghai Factory	Guangzhou Factory	Taiwan Factory	Shanghai Factory	Guangzhou Factory
Work-related Ill Health	4	NA	8	2	0	8
Cut/Crushing/Collision/Smashing/Jamming	14	10	13	2	10	13
Contact with Hazardous Substance	5	1	5	2	1	5
Electric Shock	7	16	1	5	16	1
Fall	1	5	1	2	5	1
Foreign Object in the Eye	1	NA	4	0	0	3
Total	32	32	32	13	32	31

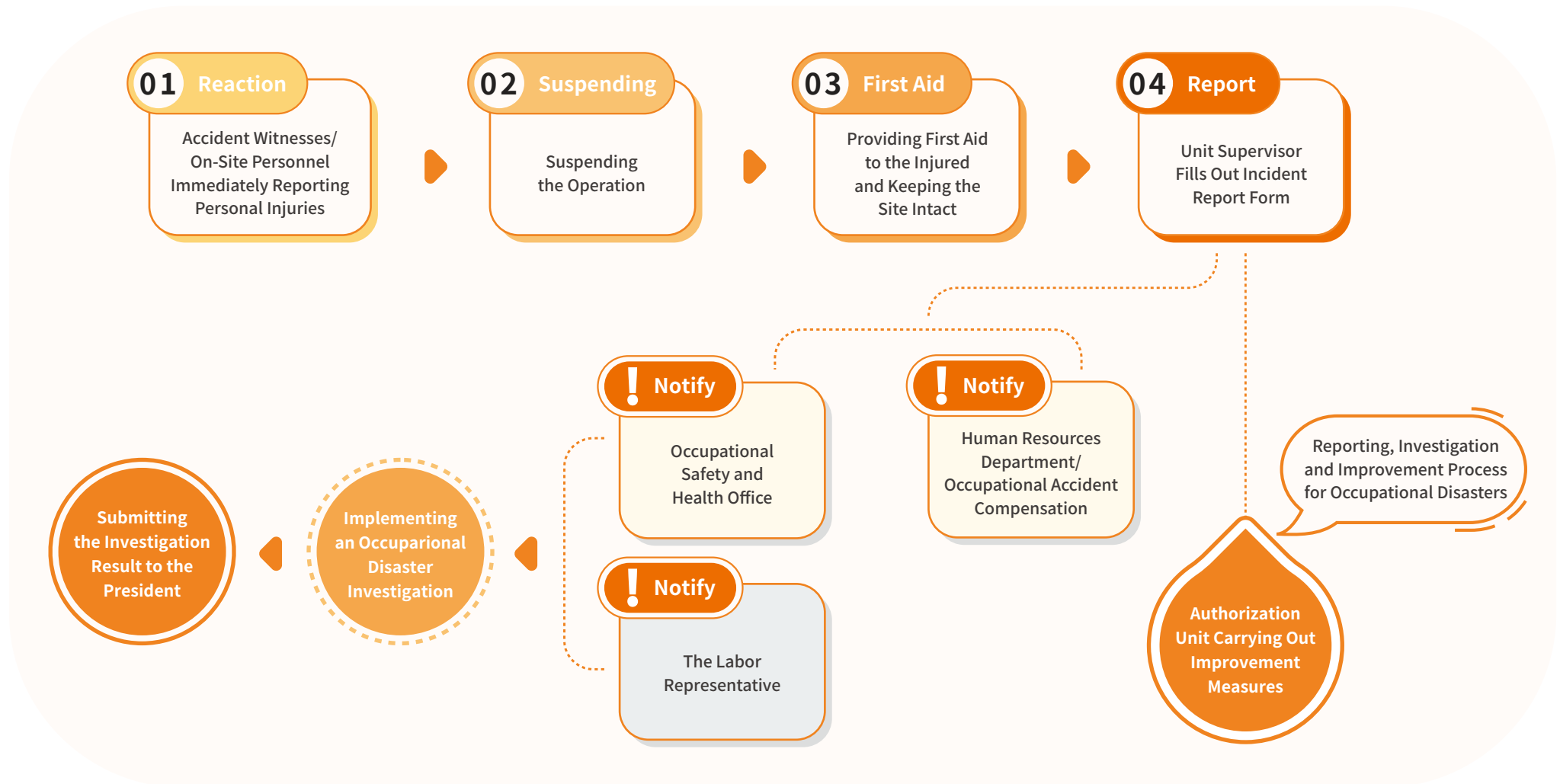
Note: The disclosure boundary covers Taiwan Factory 1 and 2, Shanghai Factory, and Guangzhou Factory.

Hazard identification and risk assessment shall be conducted again where new equipment or hazardous chemicals have been added or changed, or where an occupational disaster occurs in the factory. If an employee is faced with an emergency hazard while performing his or her duties, the employee may exercise his or her right to withdraw from work in accordance with the Occupational Safety and Health Act, and the Company protects employees that propose improvements from being penalized.

ABC-ATEC classifies each hazard by its work environment and characteristics; this classification provides reference for hazard identification, statistical analysis, and implementation of control measures afterwards. For intolerable hazards, the Company tries to address them through elimination, substitution, engineering control, management control, and personal protection gear in the stated priority, and adopts various control measures depending on the availability of technology, capability, and resources to reduce risks. Risks that are rated medium level and above are monitored as part of the management plan with annual targets set to facilitate regular tracking and improvement. Control measures taken to reduce risks are regularly followed up to ensure effectiveness and enable adjustments.

1. Occupational Hazard Investigation Procedures

ABC-ATEC has formulated reporting, investigation, and improvement procedures regarding occupational disasters. Occupational health and safety personnel, alongside labor representatives, carry out an investigation where an occupation disaster occurs, and would follow up on subsequent improvements. The Company reported no occupational accidents in 2023, with 0 recorded minor injuries. Continuous improvement and performance reviews are carried out based on the severity and frequency of occupational disasters.



2. Analysis of Occupational Hazards

ABC-ATEC Group complies with Article 18 of the Occupational Safety and Health Act. When an employee performing their duties finds that there is an urgent and serious risk to their life or health, and ABC-ATEC pledges not to penalize employees who propose improvements. ABC-ATEC emphasizes the importance of occupational health and safety to employees during new employee training and periodically educates employees to prevent occupational accidents. According to statistics, there were no work-related accidents at ABC-ATEC Group in 2023.

Analysis of Occupational Hazards

Year	2022								2023							
Items	Taiwan Factory		Shanghai Factory		Guangzhou Factory		Malaysia Factory		Taiwan Factory		Shanghai Factory		Guangzhou Factory		Malaysia Factory	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Total Employees (People)	115	114	179	193	58	130	174	108	100	103	150	168	46	85	165	79
Total Work Days	28,635	28,386	44,571	48,057	14,442	32,370	43,326	26,892	24,800	25,544	36,900	41,328	11,500	21,250	48,675	23,305
Total Work Hours	229,080	227,088	356,568	384,456	115,536	258,960	346,608	215,136	198,400	204,352	295,200	330,624	92,000	170,000	387,040	186,400
Deaths Caused by Occupational Injury (People)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
% of Deaths Caused by Occupational Injuries	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
People Suffering from Severe Occupational Injuries (People)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
% of People Suffered Severe Occupational Injury	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Documented Occupational Injuries	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
% of Documented Occupational Injuries	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: 1.The number of employees as of December 31 of the same year.

2.Total days worked: Total number of days of work performed by employees (total number of employees * number of days worked per year).

3.Total working hours: Total number of hours employees worked (total number of employees * daily working hours * annual working days).

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

5.The death rate due to occupational injuries, the number of people with severe occupational injuries, and the rate of documented occupational injuries are calculated at per million hours worked.

5.5.4 Occupational Health Services

The physical and mental health of employees is a key indicator of corporate sustainability. ABC-ATEC conducts health checks for new employees, and after one year of employment, employees are scheduled for regular health check-ups, exceeding current regulations. ABC-ATEC provides special health examinations to workers engaging in particularly hazardous workplaces (such as noisy, dust, and ionizing radiation workplaces). Adequate medical information is provided for individual cases that require follow-up management after being examined and determined by the doctor. ABC-ATEC's occupational doctors and nurses visit the factories in Taiwan headquarters six times a month and arrange at least 2 hours of health-related activities. The content includes the analysis and guidance of health check-up results, health education, health counseling and assessment, health promotion, assessment and improvement suggestions for workplace environment, assessment of resumption of work/transfer after injury or illness, regular reporting to employers, and suggestions for labor health services to maintain employee health. In 2023, the number of general health check-ups was 411, with an achievement rate of 99.76%. The number of special health check-ups was 52, with an achievement rate of 100%.

Occupational Health Service Examination Personnel Statistics

Unit: People

Year	2022		2023	
Check Category	Employees to Undergo Health Examination	Employees Actually Examined	Employees to Undergo Health Examination	Employees Actually Examined
General Health Examination	178	178	412	411
Health Examination for Dusty Workplaces	28	28	18	18
Health Examination for Ionizing Radiation Workplaces	3	3	3	3
Health Examination for Noisy Workplaces	8	8	12	12
Long-Term Night Shift Workers	0	0	0	0
Other Examinations	12	12	471	470

Note: 1.Other health examinations include that for noisy workplaces, soldering and welding operations, high temperature operations, laser printing operations, and for electrical engineering operations.

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

Occupational Disease Prevention

As a response to rules concerning the prevention of new occupational illnesses stated in the Occupational Safety and Health Act, the Company has implemented new measures accordingly to protect maternity health, prevent physical or mental abuse while performing duty, and prevent illnesses associated with shift, night-time working, long-hour working, and abnormal workload. No incident of occupational illness occurred in 2023. Relevant measures are as follows:

Health Care and Counseling Services

Item			People Benefiting
Occupational Health Services	Health Care	Prevention Plan for Unlawful Infringement of Duties at the Supervisory Level	15
		Seminar on Prevention of Unlawful Infringement of Duties (1.5 hours)	35
		Talking about Workplace Harm: Protecting Physical and Mental Health & Happy Workplace Life (2 hours)	30
	Maternal Health Care		4
Health Counseling Services	Number of Counseling Sessions Served		118

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



▲Seminar on Prevention of Unlawful Infringement of Duties

5.5.5 Occupational Health Promotion Activities

1. Implementation Performance in 2023

- (1) 43 sessions of health guidance and follow-up management were carried out for those with abnormal health examination results and a total of 389 people took part.
- (2) 3 sessions of health seminars were held and 65 people took part, to a total of 135 hours.

2. ABC Received the "Badge of Accredited Healthy Workplace"

ABC-ATEC considers health promotion as an integral part of corporate sustainability and adopts guidelines from the "Healthy Workplace Promotion Program" formulated by the Health Promotion Administration. ABC-ATEC plans several health promotion initiatives to promote health promotion step by step, such as: rope jumping and stepping competitions, weight loss activities, smoking cessation activities, muscle health seminars, Pittsburgh Sleep Quality Index (PSQI) survey, blood donation activity willingness survey, environmental monitoring, on-site health services and health promotion programs to care for employee safety and health. In 2021, ABC-ATEC was awarded the "Badge of Accredited Healthy Workplace" by the Health Promotion Administration of the Ministry of Health and Welfare, certifying it as a healthy workplace. This certification is valid for three years, and as a result, there are plans to renew it after 2024.

ABC-ATEC is committed to creating a better workplace environment and will continue to hold many health promotion activities in 2024 in the hope that our employees will achieve physical and mental health and self-management and build a healthy work environment.



▲ Badge of Accredited Healthy Workplace

3. Health Knowledge Promotion

ABC Taiwan Electronics launched a series of health promotion activities with various themes in 2023. We design health promotion materials with different themes every month to allow employees to easily acquire health knowledge.

In 2023, health promotion topics included cancer prevention, healthy diet, healthy knowledge, and healthy living. These promotions offer health information to help employees maintain physical and mental well-being.

In 2023, health promotion topics included cancer prevention, healthy diet, healthy knowledge, and healthy living. These promotions offer health information to help employees maintain physical and mental well-being.

五大癌症免費篩檢				
項目	補助對象	篩檢項目	頻率	檢查時間
肺癌	● 65歲以上男性 ● 65歲以上女性 ● 每日吸菸10支以上者	低劑量電腦斷層掃描 (LDCT)	每2年1次	約10-15分鐘
乳癌	● 45-69歲之婦女 ● 45-49歲有乳癌家族史婦女	乳房X光攝影檢查	每2年1次	約10-15分鐘
子宮頸癌	35歲以上婦女	子宮頸抹片檢查	每年1次	約5分鐘
大腸癌	50歲以上國民	糞便隱血檢查	每2年1次	憑健保卡至各醫療院所領取「採集器」，採集完畢後再送回醫療院所檢驗。
口腔癌	● 40歲以上國民 (含已戒煙) ● 曾有口腔癌病史 ● 曾有口腔癌家族史 (含已戒煙)	口腔黏膜檢查	每2年1次	約2-3分鐘

職業安全衛生室關心您



▲ Health knowledge propaganda



5.5.6 Occupational Health and Safety Training

In order to enhance employees' knowledge of occupational safety and health, ABC organized training courses in accordance with the Occupational Safety and Health Act in 2023. The internal and external training courses include: occupational safety and health education and training for new employees, on-the-job safety and health education and training (indirect), hazard education and training, dust hazard prevention training, job replacement education and training, workplace violence prevention promotion, respiratory protection education and training, Class C safety and health sales supervisor, risk assessment education and training, on-the-job safety and health education and training (direct), emergency response and fire drill.

Items	Factory	2022			2023		
		People Trained	Training Hours	Total (hours)	People Trained	Training Hours	Total (hours)
Safety and Health Training for New Recruits	Taiwan	91	3	273	29	3	87
	Guangzhou	519	24	12,456	146	24	3,504
	Shanghai	51	1	51	78	1	0
	Malaysia	89	2	178	45	2	90
On-job Safety and Health Training (Indirect)	Taiwan	90	3	270	86	1	86
	Guangzhou	4	16	64	559	2.2	1,236
	Shanghai	51	1	51	50	2	0
General Hazard Training	Taiwan	8	3	24	15	3	45
Dust Hazard Prevention Training	Taiwan	3	1	3	0	0	0
Work Rotation Training	Taiwan	0	0	0	9	3	27
Workplace Violence Prevention	Taiwan	217	1	217	74	1.5	111
Respiratory Protection Education and Training	Taiwan	0	0	0	7	2	14
Class C Safety and Health Business Supervisor	Taiwan	1	18	18	0	0	0
Risk Assessment Training	Taiwan	0	0	0	17	2	34
On-job Safety and Health Training (Direct)	Taiwan	36	1	36	72	1	72
Total		1,160	74	13,641	1,187	48	5,306

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

ABC-ATEC also regularly conducts emergency response and fire drills at each facility to enhance employees' response capabilities and develop correct evacuation and firefighting knowledge.



Disaster Notification



Crisis Drill



Fire Extinguishers Usage Drill



Evacuation Drill

5.5.7 Contractor Safety and Health Management

ABC-ATEC has a "Contractor Safety and Health Management Policy" to ensure contractor safety, prevent hazards, and protect the environment. Contractors are briefed on safety, hazards, and regulations before working on-site. Daily inspections of work sites and equipment are required. High-risk activities must be approved three days in advance. Periodic meetings cover legal updates, audit findings, improvements, and work requirements to prevent accidents and injuries. The total number of hours worked by the contractor in 2023 was 13,830, and there were no incidents of permanent injuries, partial permanent injuries, or temporary injuries during their operations.

Contractor Safety and Health Management

2022	Number of People	Hours	Days	Total Hours
	66	137.5	27	347.5
2023	Number of People	Hours	Days	Total Hours
	1,056	2,173	538	13,830

Note: Due to company policy, some suppliers cannot sign the Letter of Commitment of Integrity. If the supplier provides integrity-related policies, it is also deemed as a supplier of integrity.

5.5.8 Top 10% Performance Company in Healthy and Sustainable Workforce

ABC Taiwan Electronics participated in the "Healthy Workforce Sustainability Leaders" event organized by the Occupational Safety and Health Administration, Ministry of Labor in 2023. In an effort to recognize outstanding performance in occupational health and safety, the Agency took the initiative to assess 633 corporate sustainability reports. The survey selected 62 companies with excellent performance in the electronics, finance, building material construction, chemical industry, food industry, and other industries. Among the 94 TPEx-listed companies, ABC Taiwan Electronics was rated as one of the top 10% of the TPEx-listed companies, demonstrating the excellent performance of the ABC Taiwan Electronics in occupational safety management. By doing so, we will become a model for more companies to continuously implement occupational health and safety-related indicators and practices. ABC-ATEC will continue to promote and improve occupational health and safety, create a better working environment, attract outstanding talents, and practice sustainable corporate development.



06

Co-prosperity with Society

6.1 Social Investment Strategy

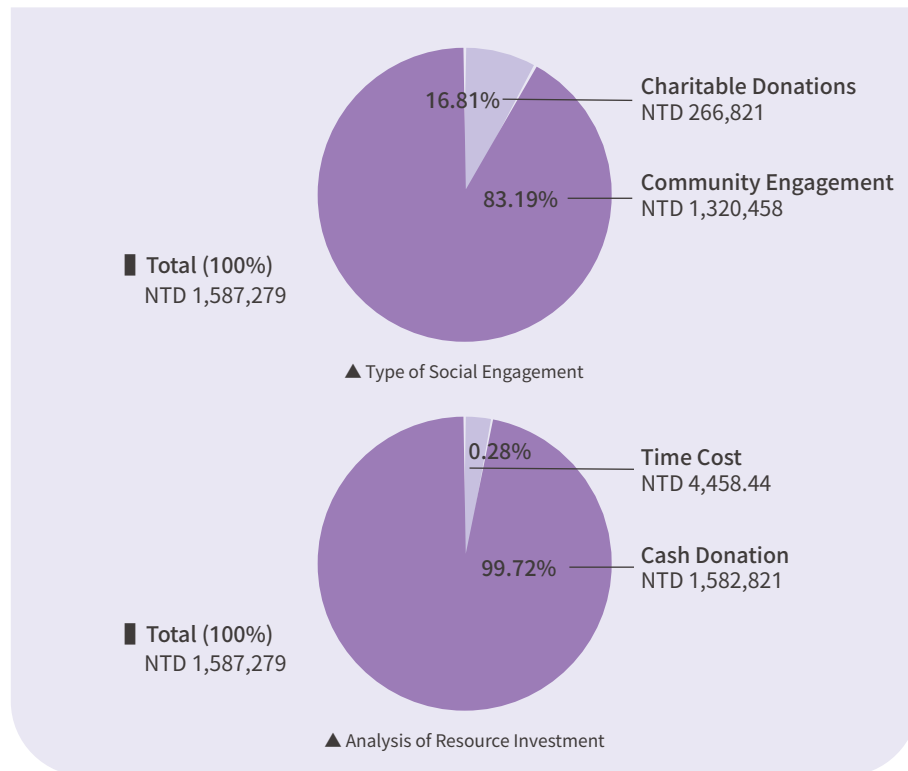
6.2 Social Engagement Outcomes



Co-prosperity with Society

6.1 Social Investment Strategy

ABC Taiwan Electronics is committed to being responsive to its stakeholders and investing resources in social engagement. The Sustainable Development Goals (SDGs) of the United Nations are the guiding principles for social engagement of the Company. Based on our operational capabilities, we take action to connect and respond to SDG1 Poverty Eradication; SDG3 Good Health and Well-being; SDG4 Quality Education; SDG5 Gender Equality; SDG8 Decent Work and Economic Growth; SDG11 Sustainable Cities and Communities; and SDG17 Partnerships and other key goals.



6.2 Social Engagement Outcomes

Social Engagement Projects and Resource

Unit: NTD

Social Engagement Development Aspect	Project Name	Resource Input		Corresponding SDGs
		Cash Donation	In-kind Donation	
Community Building	"Floating Colors" parade	0	4,458.44	SDG 11
Education and Training	Sponsored the academic conference of the "Academic Paper Symposium of GCSF Global Corporate Sustainability Forum" hosted by the College of business.	200,000	0	SDG 4
	Sponsored ICBA International Conference on Business Administration, Department of Business Administration, National Taipei University	196,000	0	SDG 4
	Sponsored the 75th anniversary sports games of Yang Mei Junior High School	20,000	0	SDG 4
Arts and Culture	Sponsored the "Power! Concrete! Let's Build the Island's Modern Dream!" exhibition	100,000	0	SDG 4
	Sponsored the exhibition "Yen Shui-long- The son of Tainan: Arts from Taiwan for the World"	200,000	0	SDG 4
	Sponsored the filming of Prof. Chiu Chui-Liang's documentary	300,000	0	SDG 4
Sports Promotion	Sports Diplomacy: Taiwan-USA Collaboration on Building the Asia-Pacific Gender Equality in Sports Exchange Platform	300,000	0	SDG 3 SDG 4 SDG 5
Public Welfare Donations	Sponsored the exhibition "Yen Shui-long - The son of Tainan: Arts from Taiwan for the World"	66,821	0	SDG 1
Assistance for the Disadvantaged	Sponsored the filming of Prof. Chiu Chui-Liang's documentary	200,000	0	SDG 17

1. Charitable Donations

(1) Respect for the Elderly in Shanmen Village

Since the establishment of a plant in Shanmen Village, Hualong Town, Panyu District, Guangdong Province in 1995, Guangzhou ABC Company have received strong support from the local government and village committee. The harmonious and friendly business environment has laid a good foundation for the Company's steady development in the area. Over the past 30 years since its establishment, the Company has continued to grow and develop, but it has never lost its original intention and mission, and has always fulfilled its corporate social responsibilities and commitments. In addition to solving the employment problem of nearby residents, we also actively participate in various public welfare activities organized by the local government. Every year on the 28th day of the ninth month in the lunar calendar, the father of Cantonese opera, Emperor Huaguang, was honored by the villagers and named this day as the "Respect for the Elderlies Day." The company made actual actions to support the promotion of the respect elderlies activities and made donations to give out cash supplements, so that the elderly can feel the deep care and warmth from the foreign enterprises. The Respect for the Elderly value at Guangzhou ABC Company not only promotes the traditional virtues of respecting and caring for the elderly but also spreads the local Cantonese opera culture, demonstrating Guangzhou ABC Company's corporate structure and philanthropy corporate culture.

(2) Donation to Turkey's Great Earthquake Relief

At 4:17 a.m. on February 6, 2023, a major earthquake struck southern Turkey on the border with Syria. According to relevant news reports, many affected people were in urgent need of material assistance. The Company launched an internal donation campaign, and the Company donated NT\$200,000; as long as the employees' quality of life and personal financial management were not affected and depending on the employees' willingness to donate one day of their pay which would be gathered as donations giving to the people affected by the earthquake in Turkey. By doing so, the Company has demonstrated social responsibility and care, and consolidated the emotion and solidarity of our employees. Donations not only help provide much-needed relief supplies and basic living support to those in need, but also have a profound impact on the psychological and emotional states of disaster victims.



65 employees of ABC Company participated in the fundraising event and donated NT\$103,071. ABC Taiwan Electronics Corporation donated NT\$200,000, totaling NT\$303,071.

2. Academic Development

ABC pays attention to the challenges and risks facing academic research institutes in Taiwan. Insufficient resources, competitive pressures, and the variability of research quality may all affect the development of Taiwan's academia. In order to raise the standard of academic research in Taiwan, ABC regularly sponsors academic conferences at National Taipei University every year.

(1) GCSF Global Corporate Sustainability Forum Academic Seminar

Currently in its sixth year, the Global Corporate Sustainability Forum (GCSF) invites domestic industry, government, academia and research institutions to connect with the academic research context and the latest trends in Taiwan, as well as communicate with the international community and implement sustainability education and grasp of corporate business opportunities.

ABC Taiwan Electronics has long sponsored the National Taipei University College of Business to hold the GCSF Global Corporate Sustainability Forum academic seminar. The theme this time was "Accelerating Global Change - On Opportunities and Challenges." The Chairman also gave explanations on the impact of exchange rate fluctuations on corporate profits in face of global change. From the perspective of academic research, National Taipei University explored the opportunities and challenges faced by ESG issues from the perspectives of different stakeholders. Papers on topics such as "ESG Indices and the Development Trend of Sustainable Investment in Taiwan," "Execution of Sustainable Strategies for Organizational Impact," "Enhance the Greening Level of Enterprises," and "Implement the Net Zero Knowledge Sharing Process for Sustainable Enterprises", and propose recommendations with policy implications for enterprises, leading them to accelerate global changes and transformation.



(2) ICBA International Conference on Business Administration, Department of Business Administration, National Taipei University

ABC Taiwan Electronics sponsors the "2023 National Taipei University ICBA International Symposium" every year and supports the Department of Business Administration, National Taipei University in organizing the ICBA seminar. Submissions came from universities, industrial organizations and government bodies showing that this symposium is not only an academic forum, but it is also a professional platform for participants to share, learn, communicate, and exchange opinions. We hope that with the power of ABC-ATEC, it will attract more management academia and practitioners to enthusiastically participate in the future and raise the standard of academic research on business management. In 2023, a total of 21 international papers and 61 domestic papers were included.



3. Arts and Culture

Taiwan is located in the center of Asia. Taiwan's culture is a blend of diverse ethnic groups, histories, and traditions. ABC understands that Taiwan's literary and arts scene is full of boundless potential and opportunities, and hopes to enrich the hearts and minds of the public through the power of literature and arts.

▪ Tainan Art Museum Exhibition

ABC-ATEC upholds the belief that "A joyful society leads to an industry that touches the world; arts and cultural activities are the lifeblood that nurtures social sensibility and motivation, serving as the foundation of creative life and industries." In 2023, ABC sponsored the Tainan Museum of Art to host two exhibitions: "Power! Concrete! Let's Build the Island's Modern Dream!" and "Shuilong Yan in Nanzai - An Art of Looking Forward to the World from Taiwan." We continue to promote arts and cultural activities aligned with this vision.



4. Community Building

▪ "Floating Colors" Parade

Every year on the 23rd of the third month in the lunar calendar, Guangzhou has a local tradition to hold the Niangma Birthday. Folklore and mythological stories are interpreted through the parade. It is a local folk intangible cultural heritage activity. The actors exhibit the beauty of the sky with the elaborately designed disguise steel branches. The Company actively participates in intangible cultural heritage activities, and appoints volunteers to assist in the work of pushing color boards, supporting steel branches, and maintaining order at the scene, contributing to the intangible cultural heritage activities, and wishing for a safe, prosperous and good climate together. With the "Floating Colors" parade as a link, the Company can closely connect with local residents, village committees and governments to share the charm of intangible cultural heritage, deepen cultural exchanges, enhance friendly exchanges between the Company and local residents, village committees, and government, enhancing the corporate image.



7. Appendix

■ 7.1 GRI Content Index

Statement of Use	ABC-ATEC has reported its activities in accordance with the GRI (Global Reporting Initiative) guidelines for the period from January 1st to December 31st in the year 2023.
GRI 1	GRI 1: Foundation 2021
Applicable GRI Standards	There are no applicable industry categories under GRI's existing industry guidelines.

Topic		Disclosed Item	Description	Chapter	Page	Reason for Omission/Required Explanations
GRI 2: General Disclosures 2021	Organization and Reporting Practices	2-1	Organizational details	1.2.1 Basic Information	18	
		2-2	Entities included in the organization's sustainability reporting	1.2 Company Profile	18	
		2-3	Reporting period, frequency and contact person	0.1.1 Reporting period	1	
		2-4	Restatements of information	0.1.4 Restatement of information	2	
		2-5	External assurance	0.1.6 External guarantee/assurance	2	
	Activities and Workers	2-6	Activities, value chain and other business relationships	3.2.1 Supply chain structure	42	
		2-7	Employees	5.2.2 Recruitment	60	
		2-8	Workers who are not employees	5.2.2 Recruitment	60	
	Governance	2-9	Governance structure and composition	1.3.1 Governance structure	19	
		2-10	Nominating and selecting of the highest governance body	1.3.1 Governance structure	19	
		2-11	Chair of the highest governance body	1.3.1 Governance structure	19	
		2-12	Role of the highest governance body in overseeing the management of impacts	1.3.1 Governance structure	19	
		2-13	Delegation of responsibility for managing impacts	1.3.3 ESG Committee	24	
		2-14	Role of the highest governance body in sustainabilityreporting	1.3.1 Governance structure	19	
		2-15	Conflicts of interest	1.3.1 Governance structure	19	
		2-16	Communication of critical concerns	1.5.1 Integrity Management	26	
		2-17	Collective knowledge of the highest governance body	1.3.1 Governance structure	19	
		2-18	Evaluation of the performance of the highest governance body	1.3.1 Governance structure	19	
		2-19	Remuneration policies	1.3.2 Functional Committees	22	
		2-20	Process to determine remuneration	1.3.2 Functional Committees	22	
		2-21	Annual total compensation ratio	5.3.1 Equal and favorable remuneration	63	
	Strategy, Policies and Practices	2-22	Statement on sustainable development Strategy	1.3.3 ESG Committee	24	
		2-23	Policy Commitments	1.3.3 ESG Committee	24	
		2-24	Embedding policy commitments	1.3.3 ESG Committee	24	
		2-25	Processes to remediate negative impacts	1.6.1 Risk Identification and Countermeasures	29	
		2-26	Mechanisms for seeking advice and raising concerns	0.3.2 Stakeholder Communication	5	
		2-27	Compliance with laws and regulations	1.5.3 Legal compliance	29	
		2-28	Membership of associations	1.2.1 Basic Information	18	
	Stakeholder Engagement	2-29	Approach to stakeholder engagement	0.3.2 Stakeholder Communication	5	
		2-30	Collective bargaining agreements	5.2.3 Labor-management agreement	62	
GRI 3: Material Topics 2021	Material Topics	3-1	Procedures for resolving material topics	0.4.1 Material topics assessment process	8	
		3-2	List of material topics	0.4.1 Material topics assessment process	8	

Governance					
Topic	Disclosed Item	Description	Chapter	Page	Reason for Omission/Required Explanations
GRI 3: Material Topics 2021	Economic Performance	3-3	Management of material topics	0.4.2 Operational Impact of Material Topics	8
GRI 201: Economic Performance 2016		201-1	Direct economic value generated and distributed	1.4.1 Economic Value	25
		201-2	Financial implications and other risks and opportunities due to climate change	0.3.2 Stakeholder Communication	5
		201-3	Defined benefit plan obligations and other retirement plans	5.3 Compensation and Benefits	63
GRI 3: Material Topics 2021	Supplier Assessment	3-3	Management of material topics	3.1 Management Approach	41
GRI 308: Supplier Environmental Assessment 2016		308-1	New suppliers that were screened using environmental criteria	3.3.2 Supply Chain Audit Effectiveness	44
		308-2	Negative environmental impacts in the supply chain and actions taken	3.3.1 Supply Chain Management Policy	44
GRI 414: Supplier Social Assessment 2016		414-1	New suppliers that were screened using social criteria	3.3.2 Supply Chain Audit Effectiveness	44
	Ethical Corporate Management	414-2	Negative social impacts in the supply chain and actions taken	3.3.1 Supply Chain Management Policy	44
GRI 3: Material Topics 2021		3-3	Management of material topics	1.1.1 Management Approach	16
GRI 205: Anti-Corruption		205-2	Communication and training about anticorruption policies and procedures	1.5.1 Integrity Management	26
GRI 3: Material Topics 2021		3-3	Management of material topics	1.7 Information Security	31

Environment					
Topic	Disclosed Item	Description	Chapter	Page	Reason for Omission/Required Explanations
GRI 3: Material Topics 2021	Energy Management, Climate Change	3-3	Management of material topics	4.1.1 Management Approach	46
		302-1	Energy consumption within the organization	4.3.1 Energy Management	51
GRI 302: Energy 2016		302-3	Energy intensity	4.3.1 Energy Management	51

Social					
Topic	Disclosed Item	Description	Chapter	Page	Reason for Omission/Required Explanations
GRI 3: Material Topics 2021	Employment	3-3	Management of material topics	5.1 Management Approach	59
		401-1	New employee hires and employee turnover	5.2.2 Recruitment	60
GRI 401: Labor Relations 2016		401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.3.2 Improvement of Welfare Measures	64
		401-3	Parental leave	5.3.3 Parent-friendly Workplace	66

■ 7.2 SASB

Topic	Criteria Code	Disclosed Item	Content	Charper
Energy Management	RT-EE-130a.1	1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Total energy consumption:39,412.53 GJ Percentage of purchased electricity: 100% Percentage of energy from renewable sources:12.56%	4.3 Energy Governance
Hazardous Waste Management	RT-EE-150a.1	Amount of hazardous waste generated(tons), percentage recycled(%)	Total amount of hazardous waste: 40.15 tons Percentage of recyclable waste: 49.94%	4.6 Waste supervision
	RT-EE-150a.2	Number and aggregate quantity of reportable spills(cases), quantity recovered(KG)	0 cases; 0 KG	
Product Safety	RT-EE-250a.1	Number of recalls issued, total units recalled	Customer complaint recall: 2,257,389 PCS	2.3.2 Customer complaint handling mechanism
	RT-EE-250a.2	Total amount of monetary losses as a result of legal proceedings associated with product safety	There were no financial losses due to lawsuits related to product safety	
Product Lifecycle Management	RT-EE-410a.1	Percentage of products by revenue that contains IEC 62474 declarable substances (%)	Not compliant with IEC 62474, but compliant with ROHS and REACH requirements	NA
	RT-EE-410a.2	Percentage of eligible products, by revenue, that meet Energy Star® criteria (%)	Not applicable	NA
	RT-EE-410a.3	Revenue from renewable energy-related and energy efficiency-related products	Not applicable	NA
Materials Sourcing	RT-EE-440a.1	Description of the management of risks associated with the use of critical materials	ABC-ATEC has developed an emergency response plan and a business continuity plan. Regular drills have been organized to ensure the safety of equipment operations, enhance employees' response to a crisis, shorten the time of business disruption, and minimize impact.	NA
Business Ethics	RT-EE-510a.1	Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behavior	ABC-ATEC's "Business Integrity Code of Conduct" has outlined preventive measures for business activities that are prone to higher risk of unethical behavior. Issues that are of concern to internal and stakeholders are subjected to risk assessment at the end of each year to ensure that the system remains effective.	1.5.1 Integrity Management
	RT-EE-510a.2	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	None	1.5.3 Legal compliance
	RT-EE-510a.3	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	None	
Activity Metrics	RT-EE-000.A	Number of units produced by product category	Inductors 802,662,000 PCS Ceramic heat sinks 250,445,000 pcs Precision metal parts 45,994,000 pcs	2.1.4 Production volume of main products
	RT-EE-000.B		896 employees	5.2.2 Recruitment

7.3 Third Party Verification Report



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE ABC TAIWAN ELECTRONICS CORPORATION'S SUSTAINABILITY REPORT FOR 2023

NATURE AND SCOPE OF THE ASSURANCE

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by ABC Taiwan Electronics Corporation (hereinafter referred to as ABC) to conduct an independent assurance of the Sustainability Report for 2023. The scope of assurance is based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standard v3 Type 1 Moderate level to assess whether the text and data in accompanying tables contained in the report presented and complies with the GRI Standards and AA1000 Accountability Principles (2018) during assurance (2024/05/03~2024/06/07) in ABC headquarter. The assurance process did not include the evaluation of specific performance information outside the scope, such as climate-related financial disclosures (TCFD) and sustainability accounting standards (SASB).

SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all ABC's Stakeholders.

RESPONSIBILITIES

The information in the ABC's Sustainability Report of 2023 and its presentation are the responsibility of the directors or governing body (as applicable) and management of ABC. SGS has not been involved in the preparation of any of the material included in the Sustainability Report.

Our responsibility is to express an opinion on the report content within the scope of assurance with the intention to inform all ABC's stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2 General Disclosure 2021 for organization's reporting practices and other organizational detail, GRI 3 2021 for organization's process of determining material topics, its list of material topics and how to manages each topic, and the guidance on levels of assurance contained within the AA1000 series of standards.

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

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

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SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of adherence to the following reporting criteria:

Reporting Criteria Options

1	GRI Standards (Reference)
2	AA1000 Accountability Principles (2018)

- AA1000 Assurance Standard v3 Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018) is conducted at a moderate level of scrutiny, and therefore the reliability and quality of specified sustainability performance information is excluded.
- The evaluation of the report against the requirements of GRI Standards is listed in the GRI content index as material in the report and is conducted with reference to the Standards.

ASSURANCE METHODOLOGY

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

LIMITATIONS AND MITIGATION

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

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and assurance, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from ABC, being free from bias and conflicts of interest with the organization, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

ASSURANCE / VERIFICATION OPINION

On the basis of the methodology described and the assurance work performed, we are satisfied that the disclosure with inclusivity, materiality, responsiveness, and impact information in the scope of assurance is reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria. We believe that the organization has chosen an appropriate level of assurance for this stage in their reporting.

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ADHERENCE TO AA1000 ACCOUNTABILITY PRINCIPLES (2018)

INCLUSIVITY

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

MATERIALITY

ABC has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders. It is recommended to establish a systematic and ongoing materiality determination process under the governance of senior management, including key cross-functional involvement.

RESPONSIVENESS

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

IMPACT

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

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, ABC's Sustainability Report of 2023, is reporting with reference to the GRI Universal Standards 2021 and complies with the requirements set out in section 3 of GRI 1 Foundation 2021. The significant impacts were assessed and disclosed with reference to the guidance defined in GRI 3: Material Topic 2021 and the relevant 200/300/400 series Topic Standard related to Material Topic have been disclosed. The report has properly disclosed information related to ABC's contributions to sustainability development. For future reporting, it is recommended to have more descriptions on how the organization has applied due diligence as a method for the identification and the evaluation of its impacts on the economy, environment, and people, as well as the role of the highest governance body in overseeing these processes.

Signed:
For and on behalf of SGS Taiwan Ltd.

Stephen Pao
Business Assurance Director
Taipei, Taiwan
16 July, 2024
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