



**2022**  
Environmental  
Social  
Governance  
Report

# In This Report

02	About This Report
03	Message from our Chairman
04	Sustainable Performance
06	Respond to UN Sustainable Development Goals
71	Appendix
	GRI Content Index
	Comparison Table of the Sustainability Accounting Standards Board
	Independent Assurance Statement

## 1 Overview

08	1.1 Company Profile
11	1.2 Industry Introduction

## 2 Identification of Stakeholders and Material Topics

15	2.1 Sustainability Material Topics
17	2.2 Stakeholder Communication

## 3 Corporate Governance and Ethical Management

19	3.1 Corporate Governance
23	3.2 Ethical Management
29	3.3 Management Performance

## 4 Sustainable Product and Customer Management

32	4.1 Sustainable Product
44	4.2 Supply Chain Management
46	4.3 Marketing and Service

## 5 Sustainable Environment

49	5.1 Environmental Report
51	5.2 Quantitative Management of Energy Conservation and Carbon Reduction

## 6 Employee Care and Social Participation

56	6.1 Employee Rights and Labor Relations
62	6.2 Talent Cultivation
64	6.3 Healthy and Safe Occupational Environment
69	6.4 Social Participation



## About This Report

Since its establishment, AblereX Electronics Co., Ltd. (hereinafter referred to as “AblereX”) has persistently valued corporate sustainable development as a long-term commitment and obligation of the company. In order to make investors, customers, suppliers, employees, community, government authorities and other stakeholders aware of the Company's efforts and achievements in sustainable development, AblereX has been proactively disclosing the AblereX Corporate Social Responsibility Report since 2015. The report is available on the official website under the section of corporate governance for all stakeholders to refer to (Website: [http://www.ablerex.com.tw/ch/csr\\_3\\_7.php](http://www.ablerex.com.tw/ch/csr_3_7.php)).

In order to continuously improve the disclosure quality of the report and keep up with the global trends, AblereX has compiled this Report according to the principles of the GRI Standards issued by the Global Reporting Initiative (GRI) for sustainability reports. It is hoped that the information disclosed is appropriate and can meet the expectations of stakeholders and fully demonstrate AblereX's actions and performance in sustainable development.

### Scope and Year

The information disclosed in this Report is mainly to demonstrate the information and performance of AblereX in finance (excluding foreign investment companies), quality service, environmental safety and management as well as the working environment and social benefits during the year of 2022. Most of the information disclosed covers the status of all locations in Taiwan. If indicators of other regions are involved, further explanations will be provided in the contents of the report.

### Report Preparation Guidelines and Verification

The report is prepared in accordance with the GRI Universal Standards 2021 issued by the Global Reporting Initiative (GRI), and complies with the requirements of the "Rules Governing the Preparation and Filing of Sustainability Reports by TPEX Listed Companies" and adopts the framework of the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB) Standards. The

appendix of the report also provides the content index of the GRI and SASB standards for stakeholders' reference. This report has been verified by Great Certification, and passed the AA1000: AS (2018) Accountability Principle for Type 1 moderate assurance. The assurance statement is attached to the appendix of the report.

In addition, the content of 3. Management Performance Data of Chapter Three of this Report refers to the financial annual report information certified by PricewaterhouseCoopers Taiwan (PwC Taiwan). For details, please refer to Chapter Three of this report or the company's annual report.

### Issuance of Report

2022 ESG report: Issued in September 2023

Report Period: January 1, 2022 to December 31, 2022

Report Period: 1 year

The previous edition 2021 ESG report: Issued in September 2022

To cope with the trend of environmental protection and eco-friendliness, the company promotes paperless operations. Accordingly, this report is an electronic version and is published on the company's website.

Shall you have any suggestions or questions on this report, please feel free to contact us.

#### Contact Window: AblereX Electronics/ Headquarters



02-2917-6857



02-2914-8126



[ablerex.service@ablerex.com.tw](mailto:ablerex.service@ablerex.com.tw)



### Message from our Chairman



Corporate sustainability is the goal that Ablerex continues to pursue and the purpose it adheres to. In response to changes in the environment, society and laws and regulations and the issues of concern to stakeholders, we keep up with the ever-changing business environment and take steps in promoting sustainability.

The development of the pandemic and the geopolitics of Russia and Ukraine in 2022 have made everyone in the world more aware of the impact on business operations and social life. The pandemic has brought along huge challenges, and provided enterprises with opportunities for transformation and innovation. It has also enabled us to pay more attention to the health and safety of our employees, further protecting their rights and interests. At the same time, changes and developments in geopolitics directly affect the global economy, prompting companies to be more flexible in their operational decisions.

Ablerex has responded to the United Nations' initiative on resources and environmental protection. In addition to developing innovative solar power technologies along with a focus on the research of enhanced energy storage systems in light of providing assistance to the government, organizations and society in the evolution of power supply equipment, the Company achieves continuous improvement in the energy usage efficiency and functional stability.

Due to the impacts caused by climate change and the COVID-19 pandemic, countries around the world have continued to pay attention to the sustainable development of the environment and society. In order to cooperate with national policies, Ablerex has actively developed large-scale energy storage systems. In 2022, the Company's 1MW energy storage system in the Pingtung plant became the first in the country to pass the safety assessment and on-site testing conducted by the certification body Metal Industries R&D Center for energy system project sites.

Ablerex has long been involved in the protection of the natural environment and social welfare, helping stakeholders through practical actions to jointly create a virtuous cycle. Our contributions to the environment and society enable us to realize the spirit of ESG. Ablerex will achieve balanced development in the three dimensions of environment, society and governance. We will continue to focus on the core business and refine our technology to achieve corporate governance and improve customer and shareholder satisfaction, which will lead to the fulfillment of corporate social responsibility and sustainable development. With a mindset of "Cherishing resources for sustainable operations", the Company implements the humanistic rationale of "Return benefits gained from the society" to care more for

the environment and the society, so that the Company and employees can align their goals with the expectations of the society and the world. In response to the UN SDGs, resources are committed to several social care projects which cover areas in Taiwan and Medan of Indonesia. For details, please refer to the section on social care.

It has been 7 years since the Company began to voluntarily release the Corporate Social Responsibility Report in 2015, and starting last year, we began to release the ESG Report renamed in accordance with the law. This report presents the Company's operation related to three aspects, environment, society and governance, and uses several indicators to evaluate the Company's performance in promoting sustainable development, and at the same time tests the appropriateness of the Company's business policy. Overall, the Company aligns itself with the expectations, directions and efforts of stakeholders. We will continue to pay attention to the trends and policies of corporate social responsibility as the basis of our efforts.

In terms of the sustainability performance, Ablerex was ranked in the top 6% to 20% of the 1st Corporate Governance Evaluation held in 2014. After active efforts in improving operating conditions, the Company has stayed in the top 5% among those who were ranked in the subsequent evaluations. Although the score and ranking in each evaluation varies, the Company has stayed committed to adhering to the business philosophy of continuous improvement and sustainable development, ensuring that all stakeholders can receive complete and relevant information and supervise the Company to keep up with the ever-changing business environment through attention and communication. We will also continue to issue sustainability reports in the future to demonstrate the Company's core value in fulfilling its corporate social responsibility, hoping that all partners and stakeholders will empathize with our efforts to move forward in the future.

Let's cheer each other on

Steven Hsu/Chairman



## Sustainable Performance

### Corporate governance performance

#### Company's performance in corporate governance evaluation over the years

2014	1st	Top 6% to 20%
2015	2nd	Top 5%
2016	3rd	Top 5%
2017	4th	Top 5%
2018	5th	Top 5%
2019	6th	Top 6% to 20%
2020	7th	Top 5%
2021	8th	Top 6% to 20%
2022	9th	Top 6% to 20%

### Business performance return to shareholders

#### <Dividend distribution for the last five years. The Company mainly pays dividends in cash>

Dividends policy		Unit: NT\$
Year	Cash dividend	Total
2018	1.50	1.50
2019	1.00	1.00
2020	1.00	1.00
2021	1.25	1.25
2022	2.00	2.00

### Green product development

In its early years in business, Ablerex focused on the on-site application of uninterruptible power supply (UPS) and other power conversion equipment. After years of experience with uses and on-site services, the Company began to introduce the in-house design and manufacturing of power and electronic products in 2000. In addition to the UPS systems, the product lineup includes active power filters (APF), battery management system (BMS) and smart power distribution units (PDU).

In response to the development of the green energy industry, the Company launched its first grid-connected photovoltaic inverter (PV Inverter) product series in 2009. In 2015, the Company announced its first smart photovoltaic cloud management platform which can help domestic small and medium-sized system integrators and users manage their projects and operation and maintenance jobs and even automate software upgrades and parameter

adjustment, which can greatly reduce labor costs and improve return on investment.

In order to facilitate the development of the domestic photovoltaic industry, the Bureau of Standards, Metrology and Inspection of the Ministry of Economic Affairs issued the updated grid-connection regulations for photovoltaic converters CNS 15382:2017 in 2018, so that converters are no longer just a simple power generation device, but has become a smart converter. It can help stabilize the power grid and improve the penetration rate of new energy, and the Company fully promotes the certification for localization. Ablerex took the initiative in applying for voluntary product certification (VPC), and became the first photovoltaic inverter supplier to be awarded a VPC.

In order to cooperate with national policies, Ablerex has actively developed large-scale energy storage systems. In 2022, the Company's 1MW energy storage system in the Pingtung plant became the first in the country to pass the safety assessment and on-site testing conducted by the certification body Metal Industries R&D Center for energy system project sites.

- **Photovoltaic inverter (PV inverter) - Energy conservation benefits of three-phase grid-connected PV inverter**  
The PV inverters manufactured by the Company conform to the best specifications for solar panels currently in the market. They adopt smart maximum power tracking technology and incorporate the I-V curve scanning technology to detect project site conditions in real time, so that the reasons for low power production efficiency can be screened out to generate higher power production efficiency.
- **Uninterruptible power supply (UPS) - Three-phase UPS KRONOS 40kVA**  
Adopt the multi-level architecture which has better power factor improvement function over the traditional two-level architecture. Product efficiency is improved, saving overall power.
- **UPS - On-line UPS ARES Plus 1-3k RT Series**  
The efficiency of the 3rd-generation machine is 1-2% higher than the 2nd-generation product, and the 3rd-generation product can meet the Energy Star V2.0 performance standard. The products can be used in communication/telecom/data equipment rooms, etc., which shall not be powered off, or in load equipment applications that require higher power quality in the power supply system.
- **Energy Storage System (ESS) - ESS500KW**  
Conduct scheduling according to the time-of-use price, so it can release electricity at



## 2022 Environmental Social Governance Report

the peak time to reduce the contracted capacity of the users, and then fully recharge the battery at night. Products can be used in energy storage solutions incorporating bidirectional power conversion system, battery, system controller and cloud energy management system, and can conduct real-virtual power coordination with according to grid scheduling.



VPC certificate



Chunghua Telecom Sustainability Gold Award



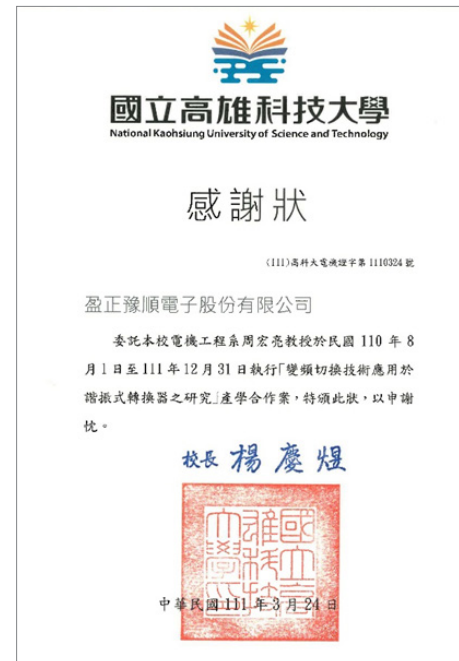
10th Taiwan Excellent PV Award held by the Bureau of Energy of the Ministry of Economic Affairs in 2022

Introduction of the Excellent PV Award: In order to encourage domestic PV industry operators to produce value-added products and improve the quality image and international competitiveness of locally manufactured products, the Bureau of Energy of the Ministry Economic Affairs (sponsor) has been organizing the annual "Selection of High-Value Photovoltaic Products" for the "Excellent PV Award" since 2013. New selection standards and stricter testing conditions are formulated every year in accordance with the latest and highest standard of the IEC for photovoltaics, so that fair and impartial review measures can be adopted to select the most representative high-value PV products from Taiwan.

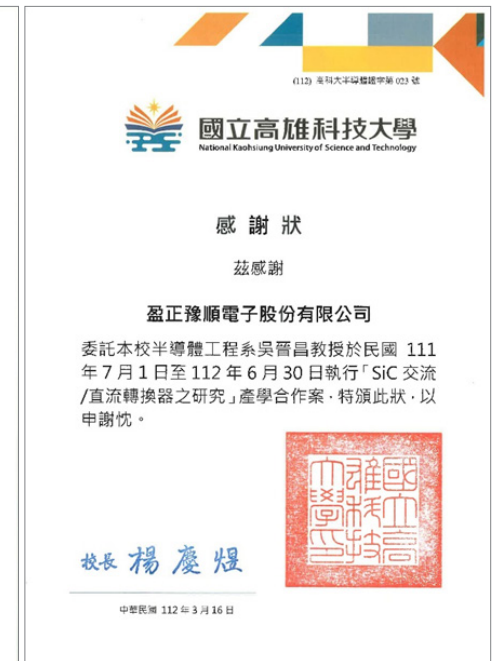
## Social care public welfare activities

Industry-academia collaboration to cultivate student and professional talents.

For details, please refer to Chapter Six on employee care and social participation.



Certificate of appreciation from National Kaohsiung University of Science and Technology



Certificate of appreciation from National Kaohsiung University of Science and Technology



## Respond to UN Sustainable Development Goals

### 2022 promotion performance and response to the UN SDGs

Item	Aspect	2022 Performance Highlights	Corresponding SDGs
1	<b>Corporate Governance and Ethical Management</b>	<ul style="list-style-type: none"> <li>Starting in 2015, the Corporate Social Responsibility Report has been voluntarily disclosed every year, which has been renamed the ESG report since 2021.</li> <li>Ranked in the top 6% to 20% in the 9th corporate governance evaluation held in 2022.</li> </ul>	
2	<b>Sustainable Product and Customer Management</b>	<ul style="list-style-type: none"> <li>Has obtained 109 patent certificates as of 2021.</li> <li>Published a total of 63 journal papers and seminar papers as of 2022.</li> <li>10th Taiwan Excellent PV Award held by the Bureau of Energy of the Ministry of Economic Affairs in 2022.</li> <li>Awarded the Gold Class of the Sustainability Rating Certificate as an excellent supplier in the Sustainability and Low-Carbon Alliance by Chunghwa Telecom and SGS in 2020.</li> <li>In 2022, the Company's 1MW energy storage system in the Pingtung plant became the first in the country to pass the safety assessment and on-site testing conducted by the certification body Metal Industries R&amp;D Center for energy system project sites.</li> </ul>	
3	<b>Sustainable Environment</b>	<ul style="list-style-type: none"> <li>The waste intensity decreased year by year from 2020 to 2022, and in 2022, it decreased 13.6% over 2021.</li> <li>In 2022, there were no fines or penalties for violations of environmental laws and/or regulations.</li> </ul>	
4	<b>Employee care</b>	<ul style="list-style-type: none"> <li>In 2022, the work resumption rate and retention rate of female employees after their parental leave were 62.5% and 86%, respectively.</li> </ul>	
5	<b>Social Participation</b>	<ul style="list-style-type: none"> <li>Between the end of 2019 and the end of 2022, a total of NT\$2,487,000 was put into the support efforts for several industry-academia research projects.</li> </ul>	

# 1

## Overview







## 1.1 Company Profile

### 1.1.1 Company information

<b>Stock Code</b>	3628	<b>Industry Type</b>	Other electronics business	<b>Country where the foreign company is registered</b>	---
<b>Company Name</b>	Ablerex Electronics Co., Ltd.		<b>Contact Number</b>	02-29176857	
<b>Address</b>	1F, No. 3, Lane 7, Baogao Road., Xindian District, New Taipei City		<b>Ownership and legal form</b>	Limited company	
<b>Chairman</b>	Steven Hsu		<b>President</b>	Ming-Zhou Huang	
<b>Spokesman</b>	Jeff Lin		<b>Title of Spokesperson</b>	Manager of Finance Department	
<b>Phone Number of Spokesperson</b>	02-29176857		<b>Deputy Spokesman</b>	Damon Chao	
<b>Main Operating Business</b>	Uninterrupted Power Supply (UPS) system research, development, manufacturing, sales and agency Power quality improvement system and equipment manufacturing and sales Photovoltaic power system equipment manufacturing and sales Maintenance and technical service business				

### 1.1.2 About Ablerex

Ablerex Electronics Co., Ltd. with its headquarter stationed in Xindian, New Taipei City, R.O.C. is a world leading manufacturer in Uninterruptible Power Supply (UPS) systems and Power Quality Devices (PQD). The main products include UPS, active power filters, photovoltaic (PV) inverters, power monitoring systems and automatic transfer switches etc. With a strong R&D team and advanced professional production equipment, the Company is committed to the development and production of fast and high-efficient power electronic products that are capable of satisfying the market demands.

To satisfy the market demands and price competition for power electronic devices, the company established its first manufacturing facility plant in Suzhou, China in 2005. Subsequently, as the company continues to launch new products, to meet the rapid development of the market demand, the company has completed the construction of Suzhou Plant 2 in 2008, and its scale is five time greater than Plant 1. The Company and the Suzhou plant have qualified and received the international certification of ISO9001 and

ISO14001. In addition, the products of the company have also qualified for certifications of the international quality control system one after another along with the acquisition of TLC product certification and various international certificates, such as: CE, UL, CB and VDE etc.

As of the end of 2022, the Company has not yet signed the economic, environmental and social regulations, principles or other initiatives established and approved by external organizations. In response to the emergence of the concept of green and environmental protection, the Company's R&D team is committed to developing renewable energy solutions. In 2005, the PV inverter was the Company's first achievement for the initiative of environmental protection and green products. In recent years, the Company has been granted 14 patents aiming to improve products' energy efficiency technology. In the future R&D, we will expand to wind power inverters and fuel cell inverters.

“Experts in Power Conversion” is the sustainability goal we seek to achieve with dedication. Our vision is to be the best energy solution provider in the fields of industrial application and information application.

With the expansion of the market and business operation scope, Ablerex presently has operation offices in Taiwan, China, Italy, Singapore and the U.S.A. For the region of Taiwan, in addition to the headquarters of the company, we also have offices in Hsinchu, Taichung and Tainan. Furthermore, we have also established R&D centers and manufacturing sites in Kaohsiung and Pingtung. The total number of employees in Taiwan is approximately 330 people. In response to the growth, the Company has built locations around the world and partnered





with thousands of professionals with excellent R&D and manufacturing capabilities. With a solid competitive fundamental, Ablerex will be the best choice for providing consumer power solutions.

In 2022, countries around the world have gradually recovered from the pandemic. It was originally expected that the global economy would continue to recover. However, due to the war between Russia and Ukraine, China's continued strict lockdown control against the pandemic, the FED's quick rate hikes and the pressure from inflation, the demand in the US, Europe and China has all declined significantly. The Company turned conservative in their investment approach, and Taiwan's export growth slowed down. Amid the unfavorable conditions, the Group was able to grasp the opportunity involving the rushed

inventory replenishment demand from customers in various regions during the early phase of the lifting of pandemic control, and cooperate with major sales locations to quickly and flexibly adjust the production lines and inventory. Overall, the performance was better than in 2021, and the revenue grew by 2.45%.

In recent years, the carbon emissions reduction and net-zero trends around the world and Taiwan's energy transition policy have facilitated the adoption of renewable energy and energy storage, which are favorable for the sales and promotion of PV converters and energy storage equipment supplied by the Company.

### 1.1.3 Company history

Please refer to the English version of Company's annual report



2022 annual report for shareholder meeting  
<https://reurl.cc/Ny67me>





#### 1.1.4 Employment status of employees

All of the present employees of Ablerex are regular employees and there are no contractual employees. Relevant information on employees is as follows:

Up to the date of December 31, 2022, the number of employees, and the average period of employment in the last three years classified according to the gender and employment contract (regular and temporary) of employees in Taiwan show no non-regular employment contracts:

Unit: people

Year		2020	2021	2022
Number of employees	Direct Labor	22	25	29
	Indirect Labor	53	58	54
	Administrative Staff	248	250	247
	Total	323	333	330
Average age		37.5	37.9	38.2
Average service tenure		8.1	8.0	8.5

Note: This is statistical data for employees in the region of Taiwan

#### Employees classified according to the gender and employment contract (regular and temporary, full-time and part-time) in Taiwan

Unit: people

Year/Type	2020		2021		2022	
	Male	Female	Male	Female	Male	Female
Full-time/ Regular	248	75	251	82	250	80
Temporary/ Part-time	0	0	0	0	0	0
Total	248	75	251	82	250	80





## 1.2 Industry Introduction

### 1.2.1 Relations in the industry

Relationships between the upstream, midstream and downstream of the industry for the Company's main products

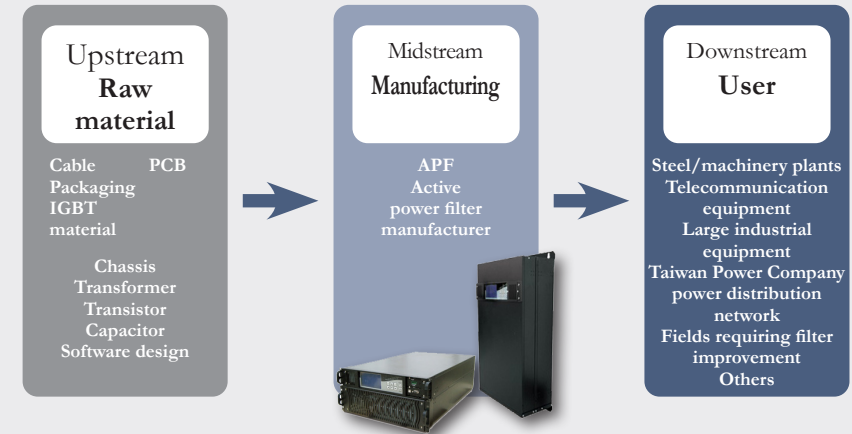
#### ◆ Upstream, midstream and downstream of UPS



Ablerex is a professional design and production manufacturer of UPS systems, and the upstream of the product mainly includes the component parts (transformers, chassis, cables, capacitors, PCB etc.) suppliers, battery supplier and software development company. All of the products are provided to the downstream terminal users, such as: various industries of medical, aviation, military equipment, financial, security, nuclear power, petroleum, telecommunication and computer equipment etc., through an integrated sales network.

With the rapid development of internet network, information and telecommunication industries, the demand for power supply quality also becomes more rigorous, which attracts more enterprises to the use of UPS to protect the computer equipment of companies and drives the demand for UPS. Accordingly, the future potential industrial growth of the company is remarkable.

#### ◆ Upstream, midstream and downstream of APF

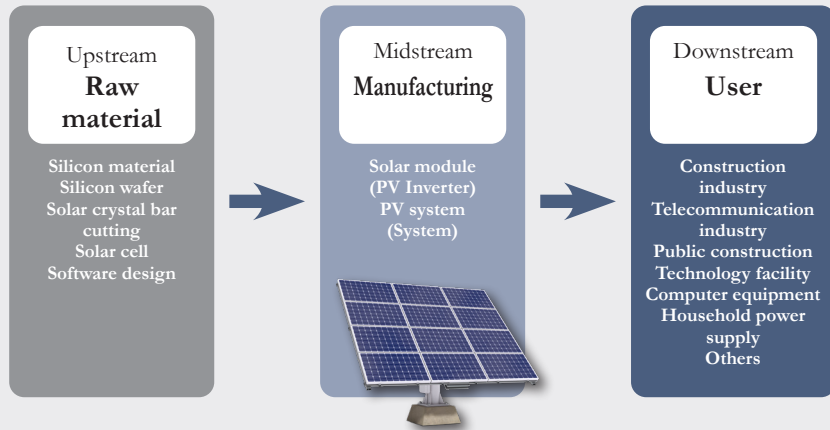


Ablerex is a professional design and production manufacturer for Active Power Filters (hereinafter referred to as "APF"). The upstream of the product mainly includes the component parts (transformers, chassis, cables, capacitors, PCB etc.) suppliers, battery supplier and software development company. All of the products are provided to the downstream terminal users, such as: various industries of steel machinery manufacturers, telecommunication equipment, large industrial equipment, Taiwan Power Company power distribution network and other fields or equipment requiring filter improvement etc., through an integrated sales network.

The demand for power supply quality of various industries has become more rigorous nowadays, which drives more industries to use APF to improve the power usage quality and to reduce the power consumption loss. In addition, the technical barrier of such product is high such that there are only a few domestic and foreign manufacturers for such product. Consequently, APF product of the company is of great competitive advantage in the market and is one of main products promoted by the company.



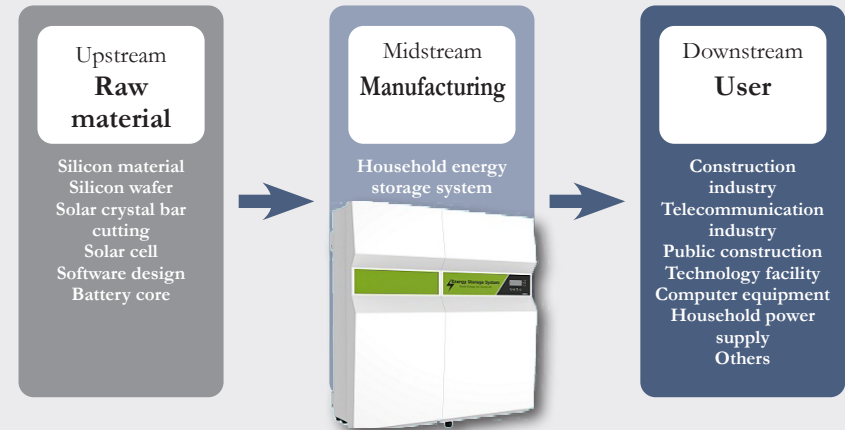
◆ Upstream, midstream and downstream in photovoltaic applications



Ablerex is in the system and converter sectors of the PV industry chain. The company designs and manufactures PV Inverters. The products manufactured by the company are provided to the downstream system integration and various industries, such as: construction industry, telecommunication industry, public construction, technology facilities etc., through integrated sales network.

Due to the huge marketing opportunity of energy storage system in the future, and presently, the number of domestic competitors is small due to the limitation of the advanced technology barrier, the PV Inverters manufactured by the company have certain advantages in terms of the quality and price competitiveness. Currently, Ablerex has become one of the leading global manufacturers of PV inverters, and a great number of international giants have designated Ablerex as the ODM supplier; therefore, PV inverter is one of the products capable of increasing the revenue of the company.

◆ Upstream, midstream and downstream applications in household energy storage systems



Ablerex is in the system and converter sectors of the household energy storage system industry chain. The company designs and manufactures ESS converters. The products manufactured by the company are provided to the downstream system integrators and various industries, such as: construction industry, telecommunication industry, public construction, technology facilities etc., through an integrated sales network.

Due to the huge marketing opportunity of energy storage system in the future, and presently, the number of domestic competitors is small due to the limitation of the advanced technology barrier, the ESS converters manufactured by the company has certain advantages in terms of the quality and price competitiveness. Currently, Ablerex has become one of the leading global manufacturer in PV inverters, and numerous domestic giants have designated Ablerex as the ODM supplier; therefore, ESS converter is one of the products capable of increasing the revenue of the company.











1.2.2 Main sales areas for products and services

Unit: NT\$ thousand; %

Year	2020		2021		2022		
Item	Amount	%	Amount	%	Amount	%	
Domestic Sales	1,124,709	47.62%	1,483,828	49.71%	1,537,222	50.27%	
Export	Asia	688,379	29.14%	871,588	29.20%	879,697	28.77%
	America	136,084	5.76%	178,795	5.99%	227,093	7.43%
	Europe	410,100	17.36%	434,326	14.55%	412,341	13.48%
	Others	2,651	0.11%	16,140	0.55%	1,414	0.05%
Total	2,361,923	100.00%	2,984,677	100.00%	3,057,767	100.00%	

1.2.3 External association participation status

Name of associations	Member
 台灣智慧能源產業協會 Taiwan Smart Energy Industry Association	✓
 台灣區電機電子工業同業公會 Taiwan Electrical and Electronic Manufacturers' Association	✓
 台北市電腦公會 Taipei Computer Association	✓
 Electricity Industry Association R.O.C.	✓
 Pingtung County Industrial Association	✓
 台灣智慧型電網產業 Taiwan Smart Grid Industry Association	✓
 台灣太陽能光電產業協會 Taiwan Photovoltaic Industry Association	✓
 中華民國太陽能光電系統 商業同業公會 Photovoltaic Power Generation System Association	✓



The background features a stylized landscape with a blue sky and green hills. A silhouette of a hiker is visible on a path. Various trees and plants are scattered across the scene, including a large tree on the right and several smaller trees on the left. The overall aesthetic is clean and modern.

# 2

## Identification of Stakeholders and Material Topics

As a corporate citizen, Ablerex respects social ethics and values sustainable development. In addition, the company also cares about the rights and benefits of stakeholders while taking up the social responsibilities required to be borne by corporate entities. During the seeking of sustainable operations and stable profits, the company also improves on the aspects of Environmental, Social, Governance (ESG) by management. In addition, the company also analyzes and summarizes the material topics that concern stakeholders in order to provide active response and to continuously improve in all aspects of the business operations.

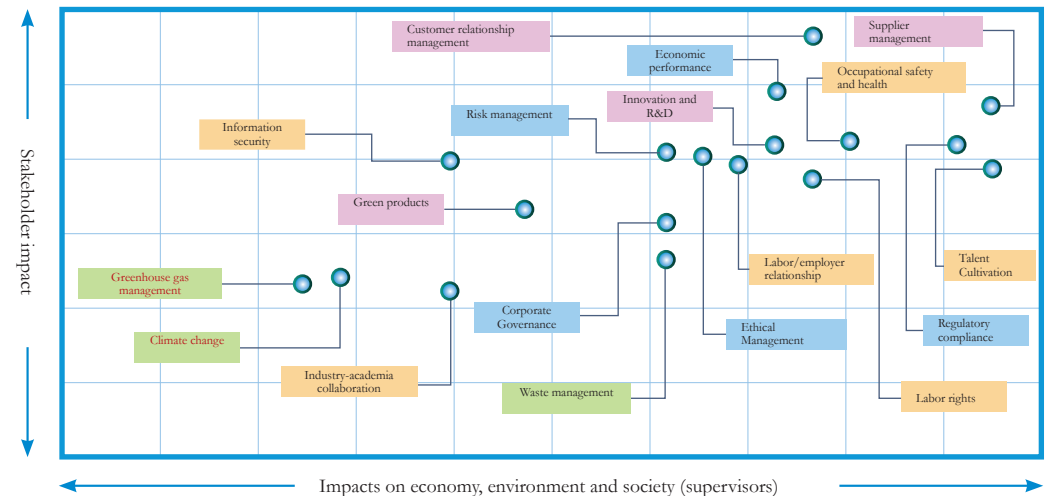
The corporate governance and sustainable development committee of Ablerex upholds the principle of AA1000 Stakeholder Engagement Standards (AA1000 SES) along with the international trends and viewpoints, including the ESG development, in identifying that the main stakeholders of the company include employees, government agencies, suppliers/contractors, shareholders/investors and banks who also have been identified in the past.

## 2.1 Sustainability Material Topics

### 2.1.1 Identification of Material Topics

In order to understand stakeholders' interests on the Company's corporate governance, environmental, customer and product, and social aspects of considerations, the Company's Corporate Governance and Sustainability Committee conducts comprehensive evaluations and discussions of impacts and concerns through internal policy, shareholder meetings, implementation performance of each department, trends of sustainable development and internal review. Every two years, survey questionnaires are distributed to investigate and analyze the extent of impacts on stakeholder concerns and sustainability, hoping to fully disclose all information on all aspects, to meet stakeholders' expectations. In 2022, the Company conducted a survey to analyze and identify material issues of concerns to stakeholders, which are illustrated by the following diagrams.

Results of materiality assessment



Remarks: The blue background is the governance aspect, the green background is the environmental aspect, the red background is the product aspect, and the yellow background is the social aspect. Black letters indicate positive impacts, and red letters indicate negative impacts.

Aspect	2022 material topics
Corporate governance	Regulatory compliance
	Management performance
Customer and product	Customer relationship management
	Supplier management
	Innovation and R&D
Environmental	Greenhouse gas management
Social	Talent Cultivation
	Occupational safety and health





### 2.1.2 Material topics order list

Order	2021 material topics	2022 material topics	Comparison
1	Corporate Governance	Customer relationship management	↑ 3
2	Management performance	Supplier management	↑ 6
3	Regulatory compliance	Regulatory compliance	-
4	Customer relationship management	Talent Cultivation	Added
5	Labor/employer relationship	Economic performance	↓ 3
6	Sustainable Environment	Occupational safety and health	↑ 3
7	Green products	Innovation and R&D	-
8	Supplier management	Greenhouse gas management	↓ 2
9	Occupational safety and health		







Note: sustainable environment in 2021 was renamed as greenhouse gas management in 2022, and green product was renamed as innovation and R&D.



### 2.1.3 [Description of boundaries of material topics]

Aspect	Material Topics	Chapter of management approach disclosure	Within the boundary	Outside of the boundary				
			AblereX	Government agencies	Customers	Suppliers or contractors	Shareholders or investors	Banks
Corporate Governance	Regulatory compliance	3.2 Ethical Management	●	●	●	●	●	●
	Economic performance	3.3 Management Performance	●				●	●
Customer and product	Customer relationship management	4.3 Marketing and Service	●	●	●		●	●
	Supplier management	4.2 Supply Chain Management	●	●	●	●	●	
	Innovation and R&D	4.1 Sustainable Product	●		●		●	●
Environmental	Greenhouse gas management	5.1 Environmental Report	●	●			●	●
Social	Talent Cultivation	6.2 Talent Cultivation	●	●	●		●	
	Occupational safety and health	6.3 Healthy and Safe Occupational Environment	●	●	●	●	●	

## 2.2 Stakeholder Communication

Stakeholder	Issues concerned	Communication channels, response methods and frequency of communication	Status of communication in 2022	
 <b>Employees</b>	Customer relationship management Economic performance Talent Cultivation Innovation and R&D	Supplier management Regulatory compliance Occupational safety and health Greenhouse gas management	<ul style="list-style-type: none"> <li>■ Set up internal communication channels and hold regular labor-employer meetings for two-way communication.</li> <li>■ Established the employee welfare committee to coordinate and announce various employee welfare matters.</li> <li>■ Hold employee education and training sessions for new hires and current employees.</li> </ul>	<ul style="list-style-type: none"> <li>■ Information being disseminated through internal announcements and email notifications.</li> <li>■ Positive communication in the four times labor-employer meetings held during the year.</li> <li>■ Employee Welfare Committee operates properly and announces welfare matters.</li> <li>■ Four sessions were held during the year, totaling 164 hours for employee training and education.</li> </ul>
 <b>Government agencies</b>	Regulatory compliance Talent Cultivation Customer relationship management Economic performance	Occupational safety and health Innovation and R&D Supplier management Greenhouse gas management	<ul style="list-style-type: none"> <li>■ The official website provides information on the spokesperson and the communication channels available for stakeholders.</li> <li>■ Corporate website discloses information related to corporate governance, finances and sales performance in a timely manner.</li> <li>■ The interactions between the liaison of official document exchange and the competent authority adopt proper corporate governance and regulatory compliance procedures.</li> </ul>	<ul style="list-style-type: none"> <li>■ The Company's website discloses information related to operations, finances and corporate governance.</li> <li>■ Starting 2022.9.1, the Company voluntarily discloses the 2021 sustainability report on the Market Observation Post System and the Company's website.</li> <li>■ Good communication with the competent authority, and there are no violations.</li> </ul>
 <b>Customers</b>	Customer relationship management Innovation and R&D	Occupational safety and health Supplier management	<ul style="list-style-type: none"> <li>■ The official website provides information on the communication channels available for stakeholders.</li> <li>■ There are customer service personnel who provide consultation and handle suggestions and grievances filing to protect the rights and interests of customers.</li> <li>■ Annual customer satisfaction survey as the focus of the Company's internal management.</li> </ul>	<ul style="list-style-type: none"> <li>■ Properly conduct customer relationship management and implement customer satisfaction survey according to schedule as the basis for management improvement.</li> <li>■ Two customer satisfaction surveys were conducted during the year, and the total average score of 87.1 achieved the target.</li> </ul>
 <b>Suppliers or contractors</b>	Supplier management Economic performance Occupational safety and health	Customer relationship management Regulatory compliance Talent Cultivation	<ul style="list-style-type: none"> <li>■ The official website provides information on the communication channels available for stakeholders.</li> <li>■ Actively invite suppliers to sign the Supplier Social Responsibility Commitment to jointly promote governance, environment and social responsibilities for sustainability.</li> <li>■ Supplier evaluation and management</li> </ul>	<ul style="list-style-type: none"> <li>■ Worked with suppliers to fulfill their corporate social responsibilities, and new suppliers affirmed the actions and signed the Commitment in response.</li> <li>■ Twice evaluated suppliers with whom the Company has consistent transactions during the year, and the total average score of 92.5 achieved the target.</li> </ul>
 <b>Shareholders or investors</b>	Economic performance Occupational safety and health Customer relationship management Supplier management	Innovation and R&D Greenhouse gas management Regulatory compliance	<ul style="list-style-type: none"> <li>■ The official website provides information on the communication channels available for stakeholders.</li> <li>■ Corporate website discloses information related to corporate governance, finances and sales performance in a timely manner.</li> <li>■ Hold annual general meetings and disclose the annual reports in both Chinese and English versions.</li> </ul>	<ul style="list-style-type: none"> <li>■ The Company's website discloses information related to operations, finances and corporate governance.</li> <li>■ Investor relations platform complies with laws and sincerely provides answers to shareholder and investor inquiries.</li> <li>■ The shareholder meeting held on 2022.6.23 had positive results.</li> </ul>
 <b>Banks</b>	Regulatory compliance Greenhouse gas management Customer relationship management	Economic performance Occupational safety and health Innovation and R&D	<ul style="list-style-type: none"> <li>■ Corporate website discloses information related to corporate governance, finances and sales performance in a timely manner.</li> <li>■ Establish communication and information channels, maintain contact with banks and properly handle finances and operations.</li> </ul>	<ul style="list-style-type: none"> <li>■ The Company's website discloses information related to operations, finances and corporate governance.</li> <li>■ Maintain good communication with banks, comply with laws and regulations and sincerely respond to banks' inquiries.</li> </ul>

# 3

## Corporate Governance and Ethical Management





### 3.1 Corporate Governance

Covid-19 has ravaged to the entire world and affected all industries, causing business owners all over the world to scramble for backup solutions. In the past, companies' operations focused on EPS (earnings per share), but now they pay more attention to ESG (Environment, Social and Governance), which has thus become an important intangible asset. Among them, the function of corporate governance is to "create corporate value" and "fairly distribute value". The better the corporate governance, the lower the chance of a company getting involved in financial problems. Good corporate governance is achieved by the board of directors and the management acting in the best interests of the company and all shareholders, assisting the management and operation, and providing an effective supervision practice to motivate the company to make good use of resources and improve efficiency and competitiveness to promote the social well-being of the public.

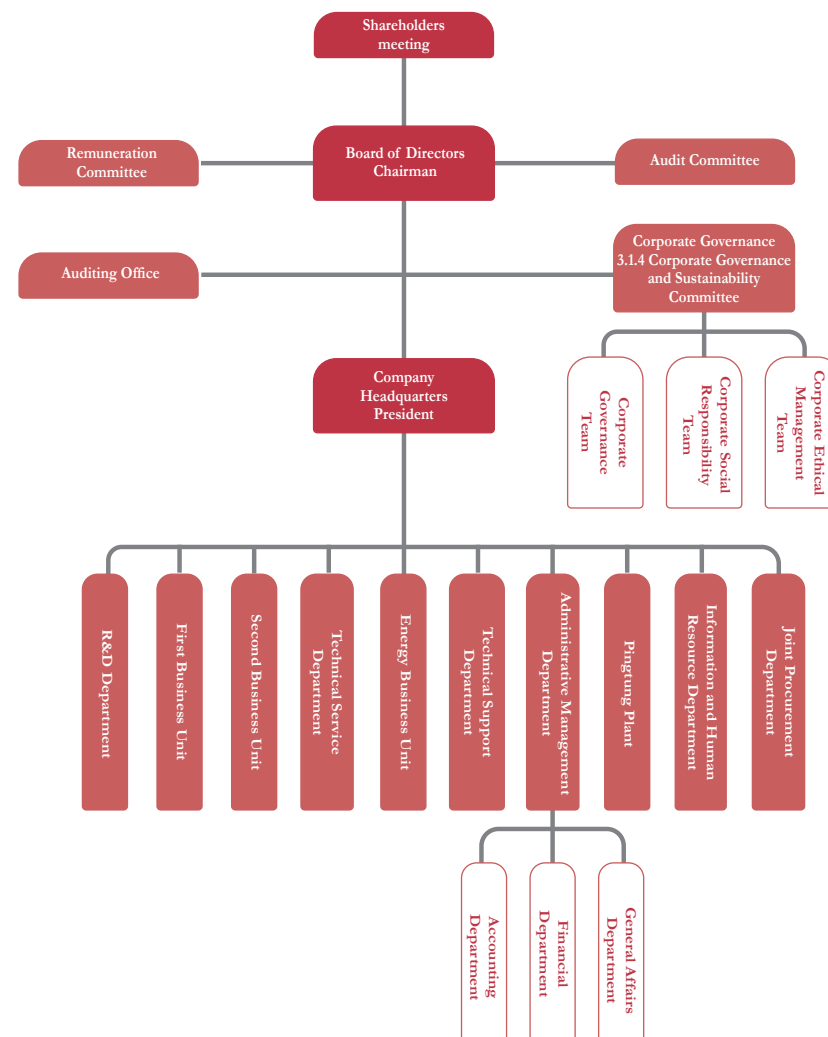
On March 22, 2013, the board approved the formulation of the Corporate Governance Best Practice Principles based on the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. Under the supervision of the board, the Company established the Corporate Governance and Sustainability Committee based on the indicators of corporate governance evaluation on May 2, 2018. On December 1, 2018, a Chief Governance Officer was assigned. On August 5, 2019, the board reviewed and approved the amendments to standards such as the Corporate Governance, the Sustainable Development Best Practice Principles and the Ethical Corporate Management Best Practice Principles and appointed personnel responsible for various tasks. In response to regulatory changes, the board has made amendments to maintain regulatory compliance and effectively promote the operation of corporate governance structure, which can protect shareholder and stakeholder interests, reinforce board capacity, exert supervisor influence and improve information transparency.

The board of the company is dedicated to the concept of sustainable management, and the corporate governance information is transparent. Financial statements, material information, etc. are simultaneously published in the Market Observation Post System in both Chinese and English to meet stakeholders' needs. The Company has been ranked in the top 5% of performers 5 out of the last 9 years.



Sustainable Development Best Practice Principles  
<https://reurl.cc/K3jaqR>

Company organizational chart



### 3.1.1 Board of Directors

The responsibilities of the Board of Directors include the appointment and supervision of the management level of the company, and is in charge of the overall operating status of the company as well as the establishment of proper goals and achievement thereof in its efforts. In addition, the Board of Directors is also committed to maximizing the benefits for the shareholders. The election of directors (including independent directors) shall adopt the nomination approach in accordance with the Articles of Incorporation.

The Company has established professional independent directors such that during the major decision making operations of the company, they are able to provide recommendations based on an objective and just position along with the utilization of their profession and experience. In addition, during the discussion of any proposals, the directors uphold a high degree of self-discipline to avoid conflicts of interest. In the event that the directors and the juridical persons they represent have conflicts of interest with an agenda item at a board meetings, they explain the key content of the interest at the meetings. If they are likely to be hurtful to the Company's interest, they shall recuse themselves from the discussion and voting, and not exercise their voting power on behalf of other directors. The Company also sufficiently considers the opinions of independent directors, and records the reasons for or comments on agreement or disagreement thereof into the meeting minutes in conjunction with the consideration of the principle of recusal based on conflict of interest. The chairman also does not concurrently serve as the president.

Job title	Name	Expected Attendance in Person, A	Actual Attendance in Person, B	Attendance by Substitution	Actual Attendance Rate (%) (B/A)
Chairman	Steven Hsu	6	6	0	100%
Director	Y.A. Chen	6	5	0	83.3%
Director	Corporate representative of UIS - B.C. Chen	6	5	0	83.3%
Director	Corporate representative of UIS - S.C. Tseng	6	6	0	100%
Director	J.K. Sung	6	6	0	100%
Director	J.H. Ho	6	6	0	100%
Independent director	Y.J. Ding	6	6	0	100%
Independent director	S.G. Wang	6	6	0	100%
Independent director	Y.L. Su	6	6	0	100%

The Company currently has nine directors, including three directors who concurrently work as employees (accounting for 33.3% of directors) and three independent directors (accounting for 33.3% of directors). Members have extensive experience in business management, industry knowledge, financial accounting, environmental protection, etc. It is hoped that the board will have female directors and those who specialize in laws and risk management to achieve the goal of board diversity. For the name, education and professional background of directors, please refer to the related sections in the annual report.

Board meetings are held at least once a quarter to review the business performance and discuss key material events such as impacts, risks and opportunities involving the economy, environment and society. The meetings confirm the responsible units for follow-up tasks, and report on the progress in the next meeting. In 2022, no key material events needed to be reported at board meetings.

The board of directors had 6 (A) meetings in the most recent fiscal year (2022), and the attendance of directors is shown as follows: (The total annual attendance rate of all directors is 96.3%).

### Continuing education of directors in 2022

Job title	Name	Course hours	Meeting the requirements of the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies?
Director	Steven Hsu	6	Yes
Director	Y.A. Chen	6	Yes
Director	B.C. Chen	6	Yes
Director	S.C. Tseng	6	Yes
Director	J.K. Sung	6	Yes
Director	J.H. Ho	6	Yes
Independent director	Y.J. Ding	6	Yes
Independent director	S.G. Wang	6	Yes
Independent director	Y.L. Su	6	Yes

For the information on the board members, election, diversity and important resolutions on annual operations, please refer to the Company's website at ([http://www.ablerex.com.tw/ch/csr\\_2\\_1.php](http://www.ablerex.com.tw/ch/csr_2_1.php)).

For the information on the performance appraisal of the Board of directors and Functional Committee, please refer to the Company's website ([https://www.ablerex.com.tw/ch/csr\\_2\\_7\\_3.php](https://www.ablerex.com.tw/ch/csr_2_7_3.php)).

**Remuneration for directors (including independent directors)**

Directors and supervisors currently do not receive fixed remuneration. Only when the Company has earned surplus at the end of the year will the remuneration for directors and supervisors, no more than 2% of the current year's profit, be allocated in accordance with the provisions of Article 25-1 of the Articles of Incorporation. The procedures for determining remuneration are based on the "Operating Performance Evaluation Measures", which evaluate the Company's overall operating performance, the industry's future operational risks and development trends, each director's performance the board's performance as a whole and the Company's operations before reasonable remuneration is paid. The relevant appraisal and rationality of remuneration are reviewed by the Salary and Remuneration Committee and the board. The remuneration distribution measures are reviewed to align with the actual status of operations and relevant laws and regulations to achieve a balance between sustainability and risk control.

**Remuneration to president and vice presidents**

Officers are paid salaries and given bonuses based on their annual performance appraisal in accordance with the employee remuneration management measures. If there is any earned surplus, the employee remuneration is then allocated in accordance with the employee remuneration distribution measures.

The Company's ESG goals and performance are not currently linked to the personal remuneration of the board and officers. We will continue to pay attention to the issue and discuss it again after the ESG implementation matures.

According to the Articles of Incorporation, the Company shall allocate 6% to 10% of the profit of the year as employee remuneration and no more than 2% of the profit as director and supervisor remuneration. However, where the company has accumulated losses, such loss shall be compensated. The proposal for the employee and director remuneration is subject to the board resolution before being reported at the shareholder meeting.

**3.1.2 Audit Committee**

After the re-election of directors conducted in the shareholder meeting held on June 19, 2020, the Company established an Audit Committee. It operates in accordance with the Audit Committee Charter and the Management of Operation of the Audit Committee in order to reinforce the functional committees of the board to fulfill corporate governance. The Audit Committee consists of 3 independent directors. The purpose of the Committee is to assist the board to fulfill its supervision of the quality and integrity involved in performing accounting, auditing, financial reporting and financial control tasks. According to the Securities and Exchange Act, its requirements, as well as that of the Company Act and other laws, for supervisors also apply to the audit committee established by companies. For the information on the Audit Committee Charter, committee members and annual operations, please refer to the Company's website at ([http://www.ablerex.com.tw/ch/csr\\_2\\_2.php](http://www.ablerex.com.tw/ch/csr_2_2.php)).

The Audit Committee had 4 (A) meetings in the most recent fiscal year (2022), and the attendance of independent directors is shown as follows: (The total annual attendance rate of all directors is 100%).

Job title	Name	Expected attendance number (A)	Actual attendance number (B)	Substitution number	Actual Attendance Rate (%) (B/A)
Convener	Y.J. Ding	4	4	0	100%
Member	S.G. Wang	4	4	0	100%
Member	Y.L. Su	4	4	0	100%

When convening the Board of Directors' meetings in 2022, more than half of the independent directors attended the meetings. For the information on the communication between the independent directors in the Audit Committee, the head of internal audit and the CPAs, please refer to the relevant sections of the Company's annual report and the website at ([http://www.ablerex.com.tw/ch/csr\\_2\\_1\\_2.php](http://www.ablerex.com.tw/ch/csr_2_1_2.php)).

### 3.1.3 Remuneration Committee

The function of the Remuneration Committee is to evaluate the salary and remuneration policy and system for supervisors and managerial officers based on its professional and objective position in order to propose recommendations to the Board of Directors as references for the decision making of the Board.

There are 3 members in the Remuneration Committee. Starting the 4th session of the Committee, all members are the newly elected independent directors. The qualifications and attendance of the members in 2022 are as follows: (The total annual attendance rate of all committee members is 100%).

Job title	Name	Expected attendance number (A)	Actual attendance number (B)	Attendance by Substitution	Actual attendance (%) (B/A)
Convener/Independent director	Y.J. Ding	2	2	0	100%
Committee member/Independent director	S.G. Wang	2	2	0	100%
Committee member/Independent director	Y.L. Su	2	2	0	100%

\* Term of office of the 4th session of committee: June 19, 2020 to June 18, 2023. The Remuneration Committee had 2 meetings in the most recent year (2022).

For the information on the Remuneration Committee Charter, committee members and annual operations, please refer to the Company's website at ([http://www.ablerex.com.tw/ch/csr\\_2\\_2.php](http://www.ablerex.com.tw/ch/csr_2_2.php)).

### 3.1.4 Corporate Governance and Sustainability Committee

Under the supervision of the board, the Company established the Corporate Governance and Sustainability Committee on May 2, 2018. On December 1, 2018, a Chief Governance Officer was appointed. On August 5, 2019, the board reviewed and approved the amendments to relevant standards on the environmental and social aspects of sustainability and assigned personnel responsible for various tasks. The Committee is the highest-level decision-making center for sustainable development within the Company. It is chaired by the Company's chairman, and the Chief Governance Officer serves as the convener to review the Company's core capabilities with a number of senior executives in various functions, and then formulate mid-term and long-term sustainability plans.

The Corporate Governance and Sustainability Committee reports to the board on the implementation results of sustainable development every year. On December 26, 2022, it reported the 2022 implementation status of promotion of CSR to the board. The contents include (1) Identifying the concerns of stakeholders that require attention, and formulating action plans; (2) Goals and policy revisions on sustainability-related topics; (3) Supervising the implementation of sustainable management matters and evaluating the implementation status. The board understood and affirmed the operations and implementation of the Corporate Governance and Sustainability Committee.

On December 1, 2018, the Company established a position of Chief Governance Officer. On August 5, 2019, the board approved the appointment of Damon Chao as the Chief Governance Officer. The Chief Governance Officer is responsible for coordinating matters related to board and shareholder meetings, assisting in the production of meeting minutes of board and shareholder meetings, helping directors and supervisors in the onboarding and attend continuing education courses and comply with laws and regulations, and providing them with information needed for them to perform their duties For the information on the performance of duties and the status of continuing education in 2022, please refer to the Company's website ([https://www.ablerex.com.tw/ch/csr\\_2\\_7\\_3.php](https://www.ablerex.com.tw/ch/csr_2_7_3.php)).

Corporate governance generally refers to the methods adopted by companies for management and supervision. The main purpose is to reinforce the internal control and audit measures and improve information disclosure to improve companies' competitive advantages. As a small and medium-sized enterprise, the challenges we face when establishing internal control may include the inability to achieve proper division of labor due to lack of manpower, the management team improperly exercising its power above the internal control, difficulty in finding accounting personnel with sufficient professional skills, business owners not valuing financial reporting and inadequate information system, etc. With limited resources, the Company was still able to be ranked in the top 5% of the corporate governance evaluation in 5 out of the last 9 years. We will adhere to the business philosophy of continuous improvement and sustainable development.



## 3.2 Ethical Management

### 3.2.1 Culture of Ethical Management

The amended Ethical Corporate Management Best Practice Principles has been implemented after being approved in the board meeting held on May 12, 2014. On December 1, 2018, the Corporate Governance Committee announced the implementation status by showing the related indicators. The results are disclosed in the Company's website and the annual reports and reported to the board every year. Both internal and external business activities adhere to the Principles in a transparent manner. Furthermore, the company will continue to refine the English version of the Corporate Governance section on the company website in order to sufficiently disclose the company operation status and to allow overseas stakeholders to understand the execution strategies and measures of the company. ([http://www.ablerex.com.tw/about\\_4.php](http://www.ablerex.com.tw/about_4.php))

In order to meet the above-mentioned requirements, the Company's website has made the investor relations platform, stakeholder contact information, and customer service webpages available, so that those who would like to find information or give feedback can contact the Company's various responsible personnel. The information is available at [https://www.ablerex.com.tw/ch/csr\\_3\\_5.php](https://www.ablerex.com.tw/ch/csr_3_5.php) and in 2022, we did not receive any grievances filed.



Education and training sessions on ethical behaviors for new hires



### 3.2.2 Ethics and code of conduct

The company establishes the “Procedures for Ethical Management Operation and Guideline for Contact”, “Codes of Ethical Conduct for Directors, Supervisors and Managerial Officers” and the “Codes of Ethical Conduct for Employees” according to relevant laws in order to define unethical conduct and to specify matters to be cautious about, prohibition and handling operating procedures for personnel of the Company during the execution of duties. Each year, the relevant audits items are listed into the audit plan in order to continuously implement the supervision audits, and to report the execution status to the members of the Board of Directors.

The corporate governance section in the website discloses the contact information which can be used by stakeholders to contact the Company's various responsible personnel. Contact information for stakeholders is available at [https://www.ablerex.com.tw/ch/csr\\_3\\_5.php](https://www.ablerex.com.tw/ch/csr_3_5.php)

Between 2020 and 2022, we did not receive any internal or external complaints.

To emphasize on the promotion of labor and business policy on ethics, the company has established and executed relevant human rights related policies according to the GRI



standards and spirit of the Global Reporting Initiative (GRI); in addition the company has also establish the “Work Rules” for regulating the relevant rights and obligations of the human rights of the company and employees, ensuring that every employee is treated fairly and humanely and with respect. We also have formulated the Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace and provided grievance filing channels to protect the rights and interests of female employees. The company has established the labor human rights policies in order to provide guidance to the entire company in the handling of social responsibility and labor criteria related to labor human rights. Furthermore, to fulfill the social responsibility, the company established the “Supplier Social Responsibility Rules” jointly with the cooperating partners in order to expand the influence thereof.



### 3.2.3 Implement anti-corruption measures

Based on the business philosophy of integrity, transparency and responsibility, we have formulated the Ethical Management Best Practice Principles, the Procedures for Ethical Management and Guidelines for Conduct, the Directors and Managers Ethical Code of Conduct, and the Code of Conduct for Employees. These standards serve as the basis for the Company's personnel conducting their business activities. Prevent corruption and bribery, including avoidance of providing donations to political parties or candidates. Conduct education and training and promotion sessions for directors, officers, employees and substantial controllers, so they can understand the Companies' resolve to implement ethical corporate management, preventing the consequences of committing unethical conduct.

The company also provides proper reporting channels (such as company websites - stakeholder communication channels), and thoroughly keep the identity of reporters and the content of reports confidential. After careful investigations by the headquarters and Auditing Office, it is reported to the President for subsequent handling. In cases where senior management is involved, it is reported to the supervisors directly. Furthermore, the ethical management policy and performance evaluation are combined with the human resource policy.

During the execution of audit work, the Auditing Office conducts the investigation according to its professional duties such that attitude of constant awareness and alertness is maintained in order to audit possible frauds, errors, omissions and conflicts of interests, etc. In cases where suspicious or possible corruption incidents occur, they are reported to relevant supervisors directly for appropriate investigation handling. During the recruitment of new employees, the Company always considers ethics-based personal qualities as one of the main criteria, and for senior supervisors, they are requested to make a proper example for their staff. Therefore, since the Company's establishment up to the year 2022, there has been no recurrence of any corruption and bribery incidents in the company.

In December 2015, the company formulated the "Supplier Social Responsibility Rules", and began to request suppliers to sign the new version of the “Corporate Social Responsibility Declaration” (including the periodic and irregular feedback on the ethical status of AblereX) and to guarantee that suppliers have not engaged in any bribery or payment of other illegal benefits, or any actions seeking illegal profits directly or indirectly. In case of any of the aforementioned matters, suppliers shall report to the company immediately. If any supplier engages in unethical conduct, it is treated as a severe breach of contract, and AblereX may terminate or rescind the relevant contract or orders signed with such supplier. For serious violation, the company will revoke the qualification of the supplier.



### 3.2.4 Operational risk and management

We have recognized risks as potentially unfavorable factors such as behaviors, events or circumstances which may affect the Company's operating policies or goal achievements, or hinder the finances, business and operational functions, further weakening or losing the competitive advantage. Therefore, the Company places risk management as the core of enterprise operation and management, so that it can evaluate, prevent, control and deal with the risks and crises that may occur or appear in the complex and ever-changing business environment. The risks with material topics are put under supervision to correspond to the Company's policies and objectives and within a tolerable level. The measures ensure the stable and healthy growth of various businesses and overall operations, which help the Company fulfill sustainable operation, corporate governance and social responsibilities.

#### Risk management organizational structure

The risk management organizational structure includes the board, Corporate Governance and Sustainability Committee, Audit Office, and the management team.

I. Board of directors: The top-level decision-making unit for risk management policies. It appoints and supervises the management team, and is responsible for the overall operations and the establishment of specific objectives. It confirms the overall effectiveness of risk management and internal control systems.

II. Corporate Governance and Sustainability Committee: Promotes and evaluates corporate governance, environment, social responsibility and other related affairs. Reviews and evaluates the Company's risk management policies and objectives for operation, and the appropriateness of the relevant internal control procedures and scope adopted by the Company.

III. Audit Office: Formulate audit plans and implementations according to the Company's risk management policies and assessments. Provide improvement suggestions in a timely manner. Promotes the annual self-directed evaluation of the Company's internal control system for each unit to facilitate the Company's risk control.

IV. Management team: Plan and revise the risk management system in response to the internal and external environment and regulatory changes, and takes corresponding countermeasures for risk management and internal control.

#### Scope of operational risk management

The Company values stakeholders' concerns with material topics in environment, society and corporate governance. The scope of risk management corresponding to the nature of the industry includes the operations, finances, environment, hazards, regulations and the management of other international laws and initiatives, and the risk items include but are not limited to the list below:

1	Ethical management and anti-corruption
2	Shareholders' rights and interests
3	Socioeconomic compliance
4	Operational and market risks
5	Financial, liquidity, credit
6	Interest rate and exchange rate changes
7	Information security management
8	Intellectual property management
9	Climate change and management
10	Wastewater and waste management
11	Occupational safety
12	Product safety
13	Supplier management

**Risk assessment and management strategy**

The Company takes an active and cost-effective approach to manage all potential strategy, operational, financial and hazard risks which may affect the operations and profits, and uses a risk matrix to assess the severity of impact on the Company's operations. The risk levels are defined and put in order, and then adopt the corresponding risk management strategy. The management strategies or countermeasures for the major risks items assessed are listed as follows.

Material Topics	Risk Assessment Items	Risk Management Policy or Countermeasures
Corporate Governance	Ethical management and anti-corruption	<ul style="list-style-type: none"> <li>Formulate the Corporate Governance Best Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct, and establish communication channels for external stakeholders.</li> </ul>
	Shareholders' rights and interests	<ul style="list-style-type: none"> <li>Commission specialized shareholder services agents to handle shareholder matters, establish communication channels between the spokespersons and external stakeholders, and discloses information on finances, business, products, corporate governance, etc. on the Company's website.</li> </ul>
	Socioeconomic compliance	<ul style="list-style-type: none"> <li>Analyze changes in relevant regulations and other international regulations and take various countermeasures for continuous evaluation and control.</li> <li>The Company has fulfilled corporate governance and CSR, formulated internal control measures and various management regulations for daily operations in accordance with the Company Act and the Securities and Exchange Act, and obtained the ISO 9001 Quality Management System and the ISO 14001 Environmental Management System certification to meet the requirements of risk management and regulatory compliance.</li> </ul>
Operation	Operational and market risks	<ul style="list-style-type: none"> <li>Each business unit analyzes changes in the industries and adopt various countermeasures to control and handle potential market risk crises.</li> </ul>
	Financial, liquidity, credit	<ul style="list-style-type: none"> <li>Establish internal control systems, and control and implement procedures related to acquisition or disposal of assets, endorsement and guarantees, and lending funds to others.</li> </ul>
	Interest rate and exchange rate changes	<ul style="list-style-type: none"> <li>Use online exchange rate real-time reporting systems and improve the interactions with financial institutions to determine the trends of exchange rates. Before providing quotations to customers, we first assess the future exchange rate trends and factors which may affect the exchange rates.</li> </ul>
	Information security management measures	<ul style="list-style-type: none"> <li>The policy objectives of information security risk management are met in three aspects, information security governance, regulatory compliance, and technology application. From the system to application, and individual to overall, we fully implement the information security management and control measures to ensure the correctness, integrity and security of information and communication, so as to achieve information security risk management and protect the results of the Company's operations.</li> </ul>
	Intellectual property management measures	<ul style="list-style-type: none"> <li>We are one of the leading companies specializing in UPS and power quality disturbance (PQD) equipment in the technical fields of power conversion and clean energy technologies. We value intellectual property rights and have formulated the IP Acquisition, Maintenance and Operation Procedures, the Computer Operation Procedures and others to enforce the protection of the Company's intellectual property rights.</li> </ul>
Environment	Climate change and management	<ul style="list-style-type: none"> <li>By identifying potential climate risks and opportunities and incorporating the GHG inventory operations, we analyze trends and hotspots of GHG emissions over the years and make them the follow-up objectives for GHG reduction.</li> <li>We integrate the concept of reducing environmental impact into all stages of product life cycles and work together with the supply chain to continue developing energy-saving products.</li> </ul>
	Wastewater and waste management	<ul style="list-style-type: none"> <li>Formulate the Energy and Resources Management Procedures to properly manage water, electricity and other energy resources.</li> <li>The Company specializes in assembly and manufacturing, and only domestic waste water is discharged to the sewer system. We have requirements for domestic water use in order to conserve water and reduce waste water.</li> </ul>
		<ul style="list-style-type: none"> <li>According to our Waste Management Procedures, general wastes are sorted and delivered to qualified recycling operators, and industrial wastes are entrusted to qualified resource processors for disposal.</li> </ul>
Society	Occupational safety	<ul style="list-style-type: none"> <li>Establishment of various strategies according to laws and execution thereof</li> <li>Employee health examinations are held regularly</li> <li>The production workshops are regularly inspected for their noise intensity</li> <li>Promote labor safety education, lectures on fire protection and fire drills.</li> </ul>
	Product safety	<ul style="list-style-type: none"> <li>The laboratory established by the R&amp;D center collaborates with certification agencies to comply with international energy efficiency standards, ensuring that products can be legally sold in various regions around the world and meet customer and product requirements.</li> <li>Since the laws of various countries are different, the approval of electronic products shall be made based on the test reports or certificates submitted according to the relevant local regulations.</li> </ul>
	Supplier management	<ul style="list-style-type: none"> <li>We have formulated the Procurement Management Procedures, the Supplier Assessment Procedures and the Supplier Environmental Impact Assessment Procedures, and we assess their quality and the status of environmental impact, and verify the actual situation before transactions with suppliers.</li> </ul>



**Implementation Status**

The Corporate Governance and Sustainability Committee assists the board and functional committees in promoting and assessing matters related to corporate governance, environment, and social responsibilities. It reports the performance of ethical management and CSR to the board once a year and discloses the operation of corporate governance in the annual reports. The results of corporate governance are considered goods.

Based on these procedures, the Corporate Governance and Sustainability Committee has prepared the Risk Management Assessment Questionnaire focusing on the scope and items of risk management and distributed it to each responsible unit in October 2021. The work units judge and analyze the possibility and the severity of impact of risk events based on their actual circumstances. The results on the 2021 risk management implementation have been reported to the Audit Committee and the board in November 2021, and the ESG topics have been included in the future risk assessment according to the instructions of the board.

1. The disclosure covers the sustainability performance of main locations between January 2022 and December 2022. The risk assessment boundary is mainly included in the scope based on the relevance to the operation of the industry and the degree of impact on the material topics.
2. The Corporate Governance and Sustainability Committee conducts analysis based on the principle of materiality communicates with internal and external stakeholders, and evaluates the materiality of ESG issues, formulates risk management policies for effective identification, measurement, monitoring and control, and takes specific action plans to reduce the impact of related risks.
3. Based on the assessed risks, formulate relevant risk management policies or countermeasures as follows:

**2022 Risk assessment and countermeasures**

Material Topics	Risk Assessment Items	Risk levels	Risk Management Policy or Countermeasures	Assessment of implementation of risk management
Corporate Governance	Ethical management and anti-corruption	Low	■ Formulate the Corporate Governance Best Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct, and establish communication channels for external stakeholders.	Excellent
	Shareholders' rights and interests	Low	■ Commission specialized shareholder services agents to handle shareholder matters, establish communication channels between the spokespersons and external stakeholders, and discloses information on finances, business, products, corporate governance, etc. on the Company's website.	Excellent
	Socioeconomic compliance	Low	■ Analyze changes in relevant regulations and other international regulations and take various countermeasures for continuous evaluation and control. ■ The Company has fulfilled corporate governance and CSR, formulated internal control measures and various management regulations for daily operations in accordance with the Company Act and the Securities and Exchange Act, and obtained the ISO 9001 Quality Management System and the ISO 14001 Environmental Management System certification to meet the requirements of risk management and regulatory compliance.	Excellent

Material Topics	Risk Assessment Items	Risk levels	Risk Management Policy or Countermeasures	Assessment of implementation of risk management
Operation	Operational and market risks	Low	■ Each business unit analyzes changes in the industries and adopt various countermeasures to control and handle potential market risk crises.	Effective
	Financial, liquidity, credit	High	■ Establish internal control systems, and control and implement procedures related to acquisition or disposal of assets, endorsement and guarantees, and lending funds to others.	Excellent
Operation	Interest rate and exchange rate changes	Medium	(1) Continue to strengthen financial personnel's mindset of exchange risk hedging. Use online exchange rate real-time reporting systems and improve the interactions with financial institutions to determine the trends of exchange rates and respond to the negative impact caused by exchange rate fluctuations. (2) Before providing quotations to customers, comprehensively consider and evaluate the future exchange rate trends and the factors affecting the exchange rates to determine appropriate and reasonable quotations, further minimizing the impact. (3) Use the offsetting control between the recurring foreign currency receivables and payables to achieve a certain degree of hedging. (4) Evaluate and purchase various derivative financial instruments in accordance with the Operating Procedures for Acquiring and Disposing of Assets, and have responsible supervisors strictly control the hedging positions to prevent improper transactions and reduce exchange losses from exchange rate risks.	Effective
	Information security management measures	Low	■ The policy objectives of information security risk management are met in three aspects, information security governance, regulatory compliance, and technology application. From system to application and individual to overall, we fully implement the information security management and control measures to ensure the correctness, integrity and security of information and communication, to achieve information security risk management and protect the results of the Company's operations.	Excellent
	Intellectual property management measures	Low	■ We are one of the leading companies specializing in UPS and power quality disturbance (PQD) equipment in the technical fields of power conversion and clean energy technologies. We value intellectual property rights and have formulated the IP Acquisition, Maintenance and Operation Procedures, the Computer Operation Procedures and others to enforce the protection of the Company's intellectual property rights.	Excellent
Environment	Climate change and management	Low	■ By identifying potential climate risks and opportunities and incorporating the GHG inventory operations, we analyze trends and hotspots of GHG emissions over the years and make them the follow-up objectives for GHG reduction. ■ We integrate the concept of reducing environmental impact into all stages of product life cycles and work together with the supply chain to continue developing energy-saving products.	Effective
	Wastewater and waste management	Low	■ Formulate the Energy and Resources Management Procedures to properly manage water, electricity and other energy resources. ■ The Company specializes in assembly and manufacturing, and only domestic waste water is discharged to the sewer system. We have requirements for domestic water use in order to conserve water and reduce waste water. According to our Waste Management Procedures, general wastes are sorted and delivered to qualified recycling operators, and industrial wastes are entrusted to qualified resource processors for disposal.	Excellent
Society	Occupational safety	Low	■ In accordance with laws and regulations, regularly hold employee health examinations, production workshop noise intensity inspections, and sessions on labor safety education and promotion, fire protection and fire drills. Promote labor safety education, lectures on fire protection and fire drills.	Excellent
	Product safety	Low	■ The laboratory established by the R&D center collaborates with certification agencies to comply with international energy efficiency standards, ensuring that products can be legally sold in various regions around the world and meet customer and product requirements. ■ Since the laws of various countries are different, the approval of electronic products shall be made based on the test reports or certificates submitted according to the relevant local regulations.	Excellent
	Supplier management	Low	■ We have formulated the Procurement Management Procedures, the Supplier Assessment Procedures and the Supplier Environmental Impact Assessment Procedures, and we assess their quality and the status of environmental impact, and verify the actual situation before transactions with suppliers.	Effective

Note: The Corporate Governance and Sustainability Committee conducts risk assessment and analysis based on stakeholders' concerns with material environmental, social and corporate governance topics and the operational risks of the nature of the industry. The risk management policy or countermeasures have been reported to the board meeting on November 8, 2021, together with the Risk Management Policy and Procedures for review.



### 3.2.5 Regulatory compliance

#### (1) Improve corporate governance and protect shareholders' rights and interests

In accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and relevant laws and regulations promulgated by the competent authority, the Company has established the Corporate Governance Best Practice Principles; the Ethical Corporate Management Best Practice Principles; the Directors and Managers Ethical Code of Conduct; the Code of Conduct for Employees; the Human Rights Policy and the Corporate Social Responsibility Best Practice Principles to be followed by all employees. The measures are to fulfill corporate governance, communicate with stakeholders on their concerns and protect shareholders' rights and interests. In 2022, the Company had no complaints or reports of violations of ethical management, corruption, or illegal activities.

#### (2) Fulfill CSR and comply with social, economic and environmental regulations

The Company has fulfilled corporate governance and CSR, formulated internal control measures and various management regulations for daily operations in accordance with the Company Act and the Securities and Exchange Act, and obtained the ISO 9001 Quality Management System and the ISO 14001 Environmental Management System certification to meet the requirements of risk management and regulatory compliance for product safety, labeling specifications and international standards in regions or countries of sales. In 2022, the Company did not violate laws and regulations or suffer major fines (more than NT\$100,000) and penalties related to environmental protection, occupational safety and health, human rights, gender discrimination, intellectual property patents, etc.

## 3.3 Management Performance

Sustainable development is the mission of an enterprise, and maximizing performance and value is the objective and the action how an enterprise give back to its stakeholders. Stakeholders' concerns of enterprise growth, business performance and other rights and interests are important indicators for future investment and decisions. AblereX values stakeholders' concerns of economic performance, and, in order to fulfill corporate governance and sustainable development, focuses on developing diverse green products and solutions which can optimize the energy conservation benefits, and the approach achieves stable revenue growth and profitability to improve return on shareholders' equity. The Company expresses its business performance during the period with financial data, which comes from the financial reports audited by professional accounting firms.

### Consolidated Statement of Financial Position

Item	2020	2021	2022
Capital (NT\$ thousand)	450,000	450,000	450,000
Consolidated revenue (NT\$ thousand)	2,361,923	2,984,677	3,057,767
Gross profit (NT\$ thousand)	576,822	633,996	723,876
Income tax (NT\$ 1,000) (Note 3)	18,063	14,401	27,534
Net income for the period (NT\$ thousand)	42,626	72,801	113,824
After-tax earnings per share (NT\$)	0.93	1.60	2.55
Net Worth Per Share (NT\$)	32.58	33.06	38.58
Employee salary and benefits expenses	518,844	589,769	617,156
Payments to funders: Distributed as stock dividends (NT\$)	0	0	0
Payments to funders: Distributed as cash dividends (NT\$)	1.0	1.25	2

Note 1: The consolidated financial position adopts the International Financial Reporting Standards, covering 12 invested subsidiaries (see page 167 of the 2022 Annual Report for details).

Note 2: The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income.

The 2022 revenue items include sales and labor service income. The total is NT\$3,057,767 thousand, an increase of NT\$73,090 thousand (2.45%) over NT\$2,984,677 thousand in 2021. Comparing the sales and labor service revenues of the five main product categories in the two years, the revenue from the sales of APFs, project engineering and other categories (components, batteries, etc.) showed a decline. The sales of UPS and PV converters and labor services income grown significantly; among them, the sales of PV converters increased by NT\$75,363 thousand, with the highest growth rate of 70.64%, and the amount of increase in UPS income was the most at NT\$100,895 thousand, which were almost enough to make up for the decline in revenue of the other three product categories. The increase in these two product categories is the main reason the revenue of the year grew substantially compared with the previous year and set the second highest revenue record.

The total operating expenses of 2022 were NT\$2,936,612 thousand, an increase of NT\$29,914 thousand (1.03%) over NT\$2,906,698 thousand in 2021. The continuous increase in R&D expenses is to meet the need of the development strategy, and the significant increase in market expenses is due to inflation and the expansion of the operating activities as the pandemic slows down.

#### Company's dividends policy

According to the Articles of Incorporation of the company, where there are surplus earnings for a fiscal year, the company shall make payment for the tax, compensate for the loss of previous years, followed by setting aside 10% as legal reserve, provided that if the legal reserve has been accumulated as to reach the paid-in capital of the company, such requirement may not be applied.

The Company's profit is distributed in the form of cash or stock. For the type and ratio of the distribution of such profit, according to the future fund demand and long-term operating plan of the company, the Board of Directors may establish a distribution proposal based on the consideration of the shareholders' rights, dividend balance policy and fund demand planning, etc. in order to report to the shareholders' meeting for resolution on the adjustment thereof.

In principle, the board proposes at least 30% of the profit as shareholders' dividends, of which cash dividends should not be less than 30%.

The 2022 earnings per share after tax is NT\$2.55, and a cash dividend of NT\$2 is distributed per common share (Note: The amount distributed includes the special surplus reserve) (Approved by the shareholders meeting on June 27, 2023).

#### Direct economic value generated and distributed

Unit: NT\$ thousand

Consolidated Financial Position		2020	2021	2022
Production and of Direct Economic Value	Operating Revenue	2,361,923	2,984,677	3,057,767
	Other income (including interest and others)	18,929	14,552	15,341
	Other gains and losses	-5,050	1,282	17,024
Economic value distributed	Operating costs	1,785,101	2,350,681	2,333,891
	Operating expenses	523,869	556,017	602,721
	Employee salary and benefits	518,844	589,769	617,156
	Paid to fund providers	6,143	6,611	12,162
	Cash dividend	31,500	47,250	90,000
	Income tax expenses	18,063	14,401	27,534
	Government transactions	Fines	0	0

# 4

## Sustainable Product and Customer Management







## 4.1 Sustainable Product

### 4.1.1 Product innovations and green products

In recent years, due to the extensive development of the industry, the traditional petroleum energy on earth is consumed rapidly, leading to severe impact on the global environment, such as environmental pollution and greenhouse effect. The question on how to reduce the reliance on the traditional petroleum energy has become an important issue to all countries around the globe. Based on the viewpoint of reducing pollution and developing permanent energy from various types of energies and diversity of sources thereof, the development of renewable energy is an inevitable trend, and it has been listed by governments of various countries as important administrative goals for developing focused projects. Among the most potential renewable energies, there are solar power, wind power generation and fuel cells, etc.

In response to the UN's initiative on resources and environmental protection and to reduce severe environmental impacts and to contribute efforts to our earth, Ablerex is devoted to the research and development of products with high efficiency Uninterrupted Power Supply (UPS) system, Active Power Filter (APF) capable improving power quality, Solar inverter for green energy system equipment and Energy Storage System (ESS) for relevant renewable energies, etc. in order to assist customers in the reduction of carbon dioxide emission and utilization of energy. We also adopt this mindset in our continuous efforts innovating and developing products.



#### 4.1.1.1 Product design strategy and concept

##### [R&D short-term and mid-term goals]

Short-term	Meet market demand	<ol style="list-style-type: none"> <li>1. Develop low-end single-phase UPS products to meet the low-price market demand</li> <li>2. Streamline and simplify mass production design to achieve manufacturing cost advantages</li> </ol>
Mid-term	Consolidate market demand	<ol style="list-style-type: none"> <li>1. Consolidate products in different fields to develop overall solutions</li> <li>2. Continue to fill products in different price ranges to meet diverse needs</li> <li>3. Focus on product research and development for the improvement of power quality and increase of power supply reliability</li> </ol>
Long-term	Technology innovation to enhance competitiveness	<ol style="list-style-type: none"> <li>1. Commitment in technology innovation and actively develop patent portfolio in order to enhance the technical competitiveness</li> <li>2. Continue to invest in the fields of new energies, renewable energies, energy recycling and energy saving, and engage in R&amp;D of relevant products for future markets</li> <li>3. Take into account manufacturing feasibility, customization flexibility, and diversity of function choices and make cost of products meet market demand</li> <li>4. Improve the development capability of high-power capacity products, and move toward the strategic planning of large-scale, industrialization, and modularization development.</li> </ol>

##### [Product design]

Products continue to head toward the design trend of high efficiency, compact size and light weight, while being equipped with the smart, modular and network functions as well as the direction of energy saving and carbon reduction. In addition, the company products are developed to fulfill the responsibility of safe use and health of customer ends as well as the environmental protection, and the WEEE Directive labels are applied to external packaging or stickers, ensuring that no violations against the health and safety related laws occur during the lifetime of company products.

Assessment and measures of product life cycle safety and health at each design stage

◆ Product Concept Development Stage

Through market information collection/survey, further product development and development trends are evaluated in order to reduce the safety and health concerns of end users on the products.

- ★ Market survey
- ★ Customer feedback information
- ★ Scholar researches and feedback information
- ★ Reports of research institutions

◆ Product Research and Development Stage

★ Materials aspect

During the early development and design stage, the company discusses with the suppliers the materials required and requests the suppliers to provide materials test reports in order to determine whether or not relevant component parts contain hazardous substances, and also requests that all materials shall be a lead-free manufacturing process, thus preventing the hazards of materials to the health and safety of end users.

★ Technical design aspect

a. Specification environmental protection/safety function improvement

- ◆ Design the new product structure in order to reduce the harmonic pollution and to improve the grid power quality.
- ◆ Automatic shutdown during the environmental variable abnormality in order to ensure the safety of terminal users.

b. Increase efficiency

Continuous research products of increased efficiency and energy saving, and integrate various products in order to assist customers to save more energy, costs and harmonic pollution.

◆ Product Certification Stage

Develop products complying with the environmental protection as well as health and safety regulations based on the safety standards information specified in various countries and customer demands

- ★ United States: UL / cTUVus / FCC / ENERGY STAR / DOE
- ★ Europe: CE / TUV / EMC / GS&CB / GS / VDE-AR-N4105 / G83 / 39 / CGC
- ★ Taiwan: BSMI / VPC
- ★ Thailand: ETS
- ★ Australia: SAA
- ★ United Kingdom: UKCA

[Future Product Design Direction]

1. Development of multi-functions of high efficiency, compact, light-weight, smart, modularized, network and decentralized UPS new technologies.
2. Three-phase, high frequency and parallel connected Medium and large UPS
3. APF of high efficient power quality management technology
4. Grid-connected type of high power SOLAR INVERTER
5. Power management monitoring software technologies AC PDU, DC PDU
6. SMART GRIDS and cloud application related products
7. Wireless battery monitoring system BMS
8. Large energy storage system (ESS)

### 4.1.1.2 Investment in R&D

#### a. Personnel committed to R&D and their experience

As of December 31, 2022, the Company has a total of 122 R&D personnel, and their education background is as follows:

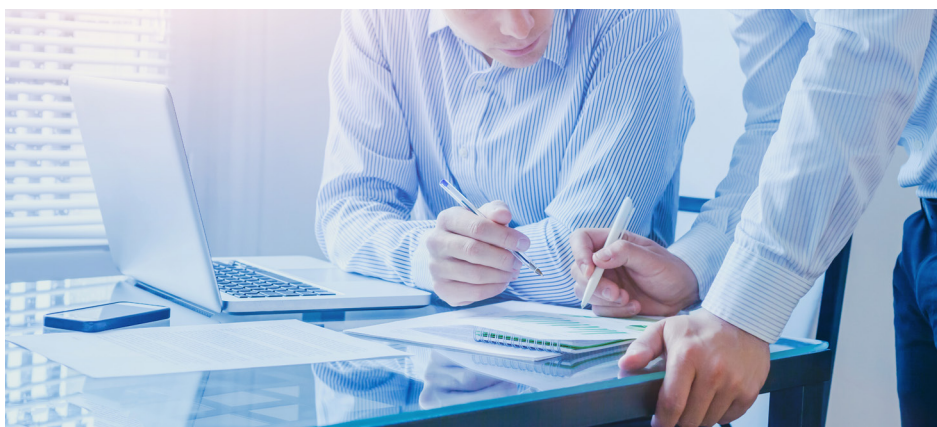
Education	Doctoral degree	Master's degree	Bachelor's degree	College	Senior high school	Total number of people in various educational backgrounds
Number of people	2	66	48	2	4	122
Percentage	1.64%	54.10%	39.34%	1.64%	3.28%	100.00%

December 31, 2022 / Unit: people

#### b. R&D expenditure

R&D expenses already committed in the last three years:

Item \ Year	2020	2021	2022
Research and development expenses	147,421	157,541	165,063
Net operating income	2,361,923	2,984,677	3,057,767
Percentage (%) of net operating income as R&D expenses	6.24%	5.28%	5.40%



### 4.1.1.3 R&D results

#### 4.1.1.2 Improvement of efficiency of various types of products

According to the types of products, the efficiency of various types of products is as follows

Product type	Efficiency	Benefit
UPS (Uninterruptible Power Supply system)	95.28 %	Provide stable power quality and backup power to help enterprises reduce costs, and also reduce the use of generator equipment to reduce carbon emissions, air pollution and noise
SOLAR INVERTER	98.01%	Using the power inverter to transform the solar energy into usable electricity to be used for loads or put into the mains (wholesale), and to assist enterprises in achieving the objective of energy saving and carbon reduction.
APF (Active Power Filter)	97.62%	With the use of APF, it is able to reduce the harmonic pollution/virtual power compensation and balance loads in order to stabilize power quality and to reduce the power distribution loss; in addition, it is able to also increase the power factor in order to achieve the objective of carbon reduction.
ESS (Energy Storage System)	98.07%	The power generated by solar energy and wind energy is provided to household loads through power converters, and the remaining electricity can be stored in batteries, providing benefits of self-sufficiency or time-of-use pricing, while reducing energy consumption, carbon emissions and costs.

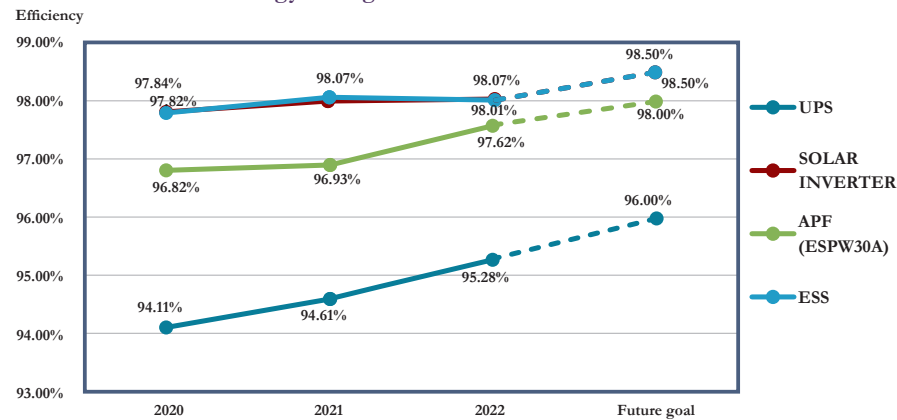
Note 1: The efficiency data is extracted from power analyzers HIOKI PW3390 and YOKOGAWA WT1600, using the maximum efficiency value of similar product in each year to generate the reports.

#### Improvement results of energy-saving benefits of new product technology over the years

Product / Year	2020	2021	2022	Future goal
UPS	94.11%	94.61%	95.28 %	96.0%
SOLAR INVERTER	97.82%	98.01%	98.01%	98.5%
APF (ESPW30A)	96.82%	96.93%	97.62%	98.0%
ESS	97.84%	98.07%	98.07%	98.5%

\*Note: The efficiency data is extracted from power analyzers HIOKI PW3390 and YOKOGAWA WT1600, using the maximum efficiency value of similar products in each year to generate the reports.

Product Energy-Saving Performance in Recent Years



4.1.1.3.2 Technology or product researched and developed successfully

Technologies or products successfully developed by AblereX in the last two years are described as follows:

Year	Product type	Technology or product researched and developed successfully	Description of features or usages
2021	UPS	Online single-phase UPS ARES Plus 1k~3k RT / Tower Model for 230Vac System	<ol style="list-style-type: none"> <li>Increase product capacity from power factor of 0.9 to 1.0</li> <li>Addition of WiFi for more friendly human-machine interface</li> <li>Battery quantity (1K: 2-3 units of batteries; 2K: 4-6 units of batteries; 3K: 6-8 units of batteries)</li> </ol>
		Online interactive single-phase UPS Columbus 750VA~3kVA For 230Vac/120Vac system	<ol style="list-style-type: none"> <li>Increase power factor of the existing products from 0.6 to 0.7</li> <li>Add SNMP and Dry Contact Card</li> <li>LCD panel display function</li> <li>UL Standards-certified model (For 120Vac)</li> </ol>
		A.T.S. (Auto Transfer Switch) ITS with CAM	<ol style="list-style-type: none"> <li>Fast conversion time 21ms to 16ms.</li> <li>Support USB firmware update</li> <li>Initial bypass output N.O. settings</li> <li>Support EPO emergency stop function</li> <li>High MTBF design</li> </ol>

Year	Product type	Technology or product researched and developed successfully	Description of features or usages
2021	UPS	Online three-phase UPS TAURUS 10K~100K	<ol style="list-style-type: none"> <li>Use of new three-level structure in order to significantly increase the operating efficiency of the entire machine</li> <li>Output power factor design can reach PF = 1.0</li> <li>Addition of accelerated ECO supply conversion mode, and conversion speed &lt; 3ms</li> </ol>
		Online three-phase UPS Kronos 10k~40k	<ol style="list-style-type: none"> <li>Use of new three-level structure in order to significantly increase the operating efficiency of the entire machine</li> <li>Reduce the specification of output power factor to PF 0.9 in order to allow the cost of the entire machine to be more competitive</li> <li>Equipped with fast ECO supply conversion mode, and conversion speed &lt; 3ms</li> </ol>
		Online three-phase UPS for UL Kronos 10k~40k	<ol style="list-style-type: none"> <li>Use of new three-level structure in order to significantly increase the operating efficiency of the entire machine</li> <li>Output power factor design can reach PF = 1.0</li> <li>Addition of accelerated ECO supply conversion mode, and conversion speed &lt; 3ms</li> <li>UL Standards-certified model</li> </ol>
	Active Power Filter ESD34 150/100A	Use of instant response control method. Such control method is able to optimize the transient response capacity of the Active Power Filter in such a way that at any point of each current cycle, instant compensation can be made, and the product compensation capacity is increased, and IP00/IP20 use demands are also satisfied.	
	APF	APF 80A Rack Module	New generation of product significantly increases the power density and reduces the installation space requirement New generation of hot swamp technology New controller with the addition of full order harmonic compensation and load balance mechanism Use of Multi-Level conversion structure to reduce IGBT switch loss and to increase the number of times of harmonic compensations; in addition, it is able to compensate the harmonic and correct the power factor simultaneously
		SVG 70Kvar	Boost VAR compensator responding within half a power cycle (10ms), which can affect the desired target of load compensation.

## 4 Sustainable Product and Customer Management

Year	Product type	Technology or product researched and developed successfully	Description of features or usages
2021	ESS	Single-phase household energy storage system Energy Storage System ESS5000/4000/3300	<p>Energy storage systems (ESS-MET), energy storage inverter (ESS-INV), energy storage battery module (ESS-BAT).</p> <p>After the voltage, current and power of the responsible boundary point at the user end are measured by the smart electric meter and calculated by the controller, command is transmitted to the energy storage inverter in order to adjust the power, battery charging/discharging power of the solar power generation in order to achieve the function of self-sufficiency.</p> <p>Users of the time use price can also use the smart electric meter to set the peak and off-peak power consumption time intervals, and the controller is able to perform charging/discharging control at the corresponding time intervals, such that it is able to purchase electricity for storage at the time interval of low price and to sell electricity at the time interval of high price. Consequently, it is able to achieve the objectives of energy saving and maximizing the power consumption benefit.</p> <p>The energy storage inverter (ESS-INV) allows free choice and use of batteries, and it only requires the battery voltage to be within the range of 40~60V. The original manufacturer provides the lithium battery set (ESS-BAT) equipped with built-in battery management system (BMS) for user selection. In addition, it can also use batteries, such as: Lead acid, lithium iron phosphate, tantalum carbide, brine battery etc.</p>
		Energy Storage System	<p>New generation of energy storage system, with a single unit capacity of 85kW. It can expand the system capacity in parallel according to user needs, up to 2MW. It can be equipped with high energy density lithium battery modules.</p> <p>Integrate PCS and PV inverter through a smart meter (ESS-MET) to perform the complete regulation function of the energy storage system.</p> <p>Time-of-use price, automatic scheduling, peak shaving and valley filling, self-sufficiency, emergency and disaster prevention output, and other functional modes.</p>
	GPS	Three-phase PV inverter ES75000	<p>This three-phase 75kW PV product is used in a 480Vac system to further provide the energy density of a single unit PV inverter. It can be connected to a photovoltaic module, and the number of parallel connections can reach the most optimal efficient working points in order to achieve the solar power generation system cost optimization. Smart MPPT tracking is able to effectively increase the solar system overall power generation amount such that the products can be more competitive.</p>

Year	Product type	Technology or product researched and developed successfully	Description of features or usages
2021	GPS	Single-phase PV inverter ES7200HC	<p>Due to the progress of the solar panel manufacturing process over the years, the power density has gradually increased.</p> <p>Develop new generation of 7.2kW PV inverter in order to satisfy the applications of the market trend</p> <p>In addition, with the design of 1000V DC input and single MPPPT, the power density can be further increased/overall unit weight can be reduced.</p>
		Taiwan CNS15382 Grid Connection Regulations	<p>To cope with the national grid connection regulations in Taiwan, the entire series of PV inverter models sold in the region of Taiwan shall comply with the standard requirements.</p>
2022	ESS	Battery Container Energy Storage System	<p>AblereX battery container energy storage system adopts the battery module framework and multi-level BMS, which can meet customer needs for system power capacity and batter capacity. AblereX can provide customers with integrated planning and design of various solutions for battery modules, energy storage systems and battery containers.</p> <p>Product characteristics:</p> <ul style="list-style-type: none"> <li>❖ Smoothen intermittent energy</li> <li>❖ Peak and frequency adjustment</li> <li>❖ Stable output of renewable energy</li> <li>❖ Ancillary services</li> <li>❖ Peak shaving and valley filling</li> <li>❖ Smooth load, curb demand</li> <li>❖ Improve grid reliability and power quality</li> <li>❖ Real and virtual power regulation</li> <li>❖ Energy arbitrage</li> <li>❖ Contract capacity compensation</li> <li>❖ Spare capacity</li> </ul> <p>The battery container energy storage system is composed of a battery rack with multiple battery modules, EPS (energy storage converter) and EMS (energy management system), which is realized in MW/MWh-level lithium battery systems.</p>
	APF	APF 30A ESPW30A	<ol style="list-style-type: none"> <li>1. Use of new three-level structure in order to significantly increase the operating efficiency of the entire machine</li> <li>2. Reduce noise, suitable for office building applications</li> <li>3. Improve power density to effectively reduce size</li> <li>4. Wall-mounted design</li> </ol>

Key innovation and R&D results in 2022

Item	Battery Container Energy Storage System
Descriptions	In response to the national development strategy and the frequency regulation services of Taiwan Power Corporation to conduct power storage when the frequency is high at TPC, we are able to conduct power discharge from our storage when the frequency is insufficient, which establishes a decentralized grid, further reducing the power loss on feeders from TPC's power plants to users that usually occurs.
Resources committed	(1) Plant No. 1: Invested about NT\$33,653,709. Already completed the registration with TPC on February 17, 2023 to obtain the status of a qualified trader. Approved as the trading resources of the ancillary services market in the on-grid energy storage equipment, and the operation has been launched. (2) Plant No. 2: Invested about NT\$62,364,056. Expected to complete the registration with TPC in mid-April, 2023 to obtain the status of a qualified trader. Approved as the trading resources of the ancillary services market in the on-grid energy storage equipment, and the operation has been launched.
Product characteristics	At present, many energy storage systems used domestically are manufactured overseas, which often leads to problems such as failure to connect to the grid, long waits for spare parts, and maintenance difficulty due to the inability of system integration. Ablerex makes good use of its in-house core technology and the advantage of being a domestic enterprise to continue investing in Taiwan and strengthening the development of in-house brands of PV converter, energy storage system and UPS products, which further reinforces the resilience of the power grid in Taiwan through the introduction of domestically-made energy storage systems.
Safe and reliable	The first in the country to pass the safety assessment and on-site testing conducted by the certification body Metal Industries R&D Center for energy system project sites, further ensuring the safety of the energy storage system and project site equipment.
Benefit	We have received requests for several energy storage project sites in Taiwan and are actively negotiating collaboration. It is expected that in Q1 2023, the 3MW energy storage constructed in the Pingtung Industrial Park will complete the commercialization to get connected to the grid of TPC and participate in the dynamic frequency modulation auxiliary services of the power trading platform to stabilize the development of renewable energy in Taiwan and generate stable income.



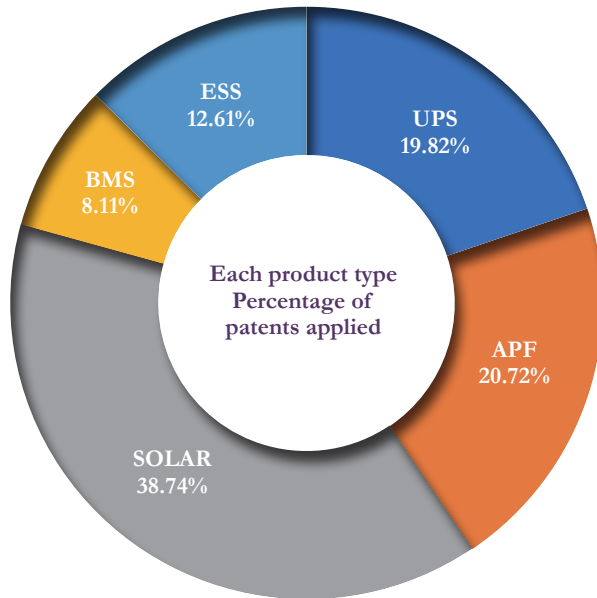
4.1.1.4 Patent technologies

To enhance the product innovative research and development as well as to increase the competition of the company in the market, the quantity of the domestic and foreign patents of AblereX has increased significantly, which substantially affects the improvement of technologies, increase of efficiency and pollution reduction in light of achieving the ultimate goals of energy efficiency and carbon reduction. Presently, the number of patent applications filed by the company has reached 111 applications, with 109 of them being granted, and the granted patents with acquisition of certificates has reached 98.19%.

<Quantity of Patent Applications for Different Product Types>

Registration region	Application status	UPS	APF	SOLAR	BMS	ESS	Total
Taiwan	Certificate received	6	6	19	4	6	41
	Under examination	0	0	1	0	0	1
	Granted and certificate issuance in process	0	0	0	0	1	0
Taiwan Total		6	6	20	4	6	42
China (PRC)	Certificate received	5	6	11	3	3	28
	Under examination	0	0	0	0	1	1
	Granted and certificate issuance in process	0	0	0	0	0	0
China Total		5	6	11	3	4	29
U.S.A.	Certificate received	10	11	12	2	4	39
	Under examination	0	0	0	0	0	0
	Granted and certificate issuance in process	0	0	0	0	0	0
USA Total		10	11	12	2	4	39
Italy	Certificate received	1	0	0	0	0	1
	Under examination	0	0	0	0	0	0
	Granted and certificate issuance in process	0	0	0	0	0	0
Italy Total		1	0	0	0	0	1
Total		22	23	43	9	14	111

<Patent Application Ratio of Different Product Types>



Each product type  
Percentage of  
patents applied

<Ablerex develops patented technologies capable of significantly improving product performance and efficiency>

No.	Patent Name	Application Summary	Applicable Product Type
1	Method and apparatus for tracking maximum power of solar power generation system	Applied to a solar power generation system, using an active resistive method to provide the maximum power output from the solar panels for load use in order to maximize the utilization of renewable energy.	SOLAR INVERTER
2	Two-way DC/DC converter control method	Applied to household solar energy storage system, and use this technology to store excessive power into the battery set such that it is able to achieve the self-sufficiency during the power consumption at peak times or during power outage in order to achieve energy saving effect.	SOLAR INVERTER

No.	Patent Name	Application Summary	Applicable Product Type
3	Business model, method and system generated from recovering information from testing power energy	Applied to a battery facility, this system is able to recover the power consumed by the equipment pending for testing back to the grid system in order to achieve the energy saving and carbon reduction effects.	UPS
4	Solar cell module shielding compensation apparatus	When a solar panel is shielded by external objects such that the power generation amount is reduced, such technology is able to increase the output voltage and power of the solar panel in order to achieve the optimum use of solar energy.	SOLAR INVERTER
5	Solar panel power generation abnormality testing method and system thereof	When a solar panel is damaged, this technology is able to detect the cause of the malfunction of the solar panel early for replacement thereof such that the solar energy resource application can be maintained at the most optimum state.	SOLAR INVERTER
6	Battery status testing method and system thereof	Applied to the energy storage system, telecommunication server, base station and utility room, etc. Such technology is able to detect the remaining electricity status and health condition of the battery through partial discharge in order to monitor that the system is under the most optimum conditions during the application thereof.	BMS
7	Multiport energy storage system and its control methods	Used in ESS or UPS systems, this technology can provide multi-power input and single-power output for the purpose of supplying the load or putting into the mains and single-power input and multi-power output supplying the load or putting into the mains	UPS / ESS
8	Dual-port energy storage system and its control methods	Used in ESS or UPS systems, this technology can provide single-power input and dual-power output for the purpose of supplying the load	UPS / ESS
9	Quick cut-off device of thyristor AC switch and its operations	Used in the AC switch of a solar power system to replace the traditional AC switch, and the size is smaller	SOLAR INVERTER
10	Power smoothing method and system for renewable energy power generation	Resolve issues with intermittent renewable energy grid connection causing power system instability	SOLAR INVERTER

No.	Patent Name	Application Summary	Applicable Product Type
11	Two-way isolating multi-level DC-DC power conversion apparatus with a wide voltage range and method thereof	Used in a two-way isolating multi-level DC-DC power conversion apparatus with a wide voltage range to reduce the capacity of the filter circuit, so as to expand the output voltage range and two-way power conversion and improve the operational efficiency.	ESS
12	Simplified solar panel power generation abnormality testing method and system thereof	Used in a solar panel power generation exception detection system. It compares the current point or several voltage points with an exception testing model with a power generation characteristic to check if the solar cell module generates electricity abnormally. The power does not need to be calculated, so it can simplify the power generation exception testing procedures and reduce the testing costs, while improving the testing efficiency.	SOLAR INVERTER
13	Operation and maintenance exception testing method and system for solar module or module string	Diagnostic system and method used in detecting exception in solar module power generation or the cleaning time, which can provide testing for multiple power generation exceptions and integrate with operation and maintenance exception testing to prevent improper direct conversion performance.	SOLAR INVERTER
14	Power factor compensation control method and system for solar power project field	Used in solar power system project field for day-night VAR compensation to improve the stability of the power system.	SOLAR INVERTER

[Articles and Papers Publication]

The publication of technical papers demonstrates the Company's level of innovation and technology. By participating in various seminars and paper publication, we can discuss with and learn from other groups and academic units that value technology improvement, efficiency improvement and environmental protection, so as to achieve the final product performance improvement and energy conservation. 63 papers have been published since 2004.

Unit: papers

Document Type	Number of publications	Total
Articles and Papers	Domestic	15
	Overseas	20
Seminar papers	Domestic	17
	Overseas	11
Total		63







### 4.1.2 Customer health and safety

AblereX highly values the health and safety of customers, and strictly abides by international energy efficiency standards through cooperation with certification units. All products comply with international regulations and guidelines on product safety and labeling. From research and development, design, manufacturing to product use and other stages, the impacts on the safety of the human body and the environment are taken into consideration. The Company also takes the initiative to obtain product-related safety certifications and submit test reports or certificates to increase market access while providing customers and users with safe and reliable products. As of 2022, no prohibited or controversial products have been sold, and no large fines imposed for violation of laws and regulations due to the provision and use of products and services.

#### 4.1.2.1 Product safety compliance and hazardous substance management

The laboratory established by the R&D center collaborates with certification agencies to comply with international energy efficiency standards, ensuring that products can be legally sold in various regions around the world and meet customer and product requirements for energy conservation. Since the laws of various countries are different, the approval of electronic products shall be made based on the test reports or certificates submitted according to the relevant local regulations. The Company has transparent and effective customer complaint handling procedures for products and services. A corporate governance section on the Company's website includes stakeholder communication channels to facilitate consumer complaints and the expression of opinions of various stakeholders. Since 2016, a corporate social responsibility webpage constructed in English has also been provided for foreign stakeholders to further understand the Company's operations, and it also serves as a platform for filing complaints. We carry out customer satisfaction survey every year, and analyze and improve on the survey results.

We value the health and safety of customers, and effectively control the process from R&D, design, production and manufacturing to finished product output in accordance with relevant regulations to comply with customers' local specifications for products.

#### Technical design:

We improve the environment protection and safety functions in our specifications. New product architecture is designed to reduce the amount of harmonic pollution to improve the power quality of mains. Products are reinforced with sufficient filters to block harmonics from entering the mains, so as to prevent long-term pollution to mains which may affect the health and safety of users. Automatic shutdown is available during the environmental variable abnormality in order to ensure the safety of end users. Continuous research products of increased efficiency and energy saving, and integrate various products in order to assist customers to save more energy, costs and harmonic pollution.

#### Production materials:

Promotion of the Restriction of Hazardous Substances Directive (RoHS). RoHS came into effect on July 1, 2006. Products sold to the EU must not contain lead, cadmium, mercury, hexavalent chromium, polybrominated biphenyls, polybrominated diphenyl ethers, bis(2-ethylhexyl) phthalate, benzyl butyl phthalate, dibutyl phthalate and diisobutyl phthalate.

We actively promote green production and procurement. During the early development and design stage, the company discusses with the suppliers the materials required and requests the suppliers to provide materials test reports in order to determine whether or not relevant component parts contain hazardous substances, and also requests that all materials shall be the lead-free manufacturing process.

We use lead-free raw materials and apply electrical testing on lead-free products to achieve lead-free process in the production line. We have worked with our major customers to offer products that are free of harmful substances, winning customers' recognition.

#### Regulatory compliance:

The company products seek to achieve the goal of being environmental friendly, energy saving and hazardous substance free in order to comply with the local laws and regulations. In principle, all products shall comply with the RoHS for procurement. When assessing new suppliers, we request them to include the RoHS requirements for parts or raw materials in the contracts or orders, and their R&D personnel shall provide information related to safety.

#### 4.1.2.2 Safety inspection

To cope with the global environmental protection issues, Alerex is devoted to the improvement of power quality and increase of efficiency. In addition, through integration and development of energy saving/green products and solutions, the company is able to assist consumers to save energy consumed during use in order to achieve the effect of energy and power saving while ensuring the health and safety of terminal users. We have set up a professional safety work unit to collect the latest laws and regulations in a timely manner. The R&D team can immediately respond to changes in standards and design innovative products that meet safety standards. At present, our products meet the energy efficiency standards as shown in the table below.

Country of safety regulations	International safety/energy efficiency regulations
U.S.A.	cULus cTUVus FCC ENERGY STAR DOE
Europe	CE TUV EMC GS&CB GS VDE-AR-N 4105 G83/39 CGC
Taiwan	BSMI VPC
Thailand	ETS
Australia	SAA
United Kingdom	UKCA

#### 4.1.3 Product labeling

Since the laws of various countries are different, the approval of electronic products shall be made based on the test reports or certificates submitted according to the relevant local regulations. Prior to selling products to different countries, the company would understand the relevant local laws and regulations first in order to manufacture products complying with the laws and regulations. For example: European Unit's compulsory product safety standard of CE, and the compulsory product safety standard of UL in USA. No violations of regulations of product and service information labeling as well as of voluntary specification were recorded in 2022.



### 4.1.4 Competitive Niche

With a strong R&D team and advanced professional production equipment, the Company is committed to the development and production of fast and high-efficient power electronic products that are capable of satisfying the market demands. We have the following competitive advantages:

#### 4.1.4.1 Actively participate in international exhibitions to show brand advantages

The Company actively participates in international and domestic electronic information industry exhibitions. In recent years, we have reduced participation in some exhibitions due to the COVID-19 pandemic; however, AblereX is well-known in the relevant global industry chains. The products of the company have also passed safety standard inspections in various countries, facilitating the expansion of the sales. In addition, the company offers complete product specifications for small and micro types of UPS in order to provide a complete product line to satisfy customer demands. Furthermore, the technical image and R&D competence of the company are strong, and the company is able to continuously meet the demands of customers in the development of new products. In the domestic industry, AblereX is a cooperating partner receiving great recognition from international giant manufacturers, which is beneficial to the company in seeking ODM and OIM cooperation opportunists.



4.1.4.2 Products are light, small, smart and modularized

UPS products are heading toward the trend of being lightweight and compact in size as well as the direction of the functions of intelligence, modular and network. The core technology of the company has been headed completely toward the field of high-speed and high-precision. Moreover, in terms of the product development, the company has not only been equipped with the software and hardware design and development capabilities but also achieved the first class level on the product development seed and design quality. Accordingly, the company is able to cope with the changes in customer demands and evolution of technologies in order to timely launch new products and to engage in the market competition with greater performance and quality at a lower cost.

4.1.4.3 Stable quality based on the overall process planning

Improvement of production process is an important factor in manufacturing cost control, and the quality stability is also a key for the customer satisfaction and future business development. For the new product development process, the company implements detailed planning in the overall manufacturing process along with the continuous process and quality improvement operations in order to facilitate the production and effectively reduce the cost while improving the quality thereof. Alerex is equipped with the professional manufacturing capability for a complete process of its own product development, software design, manufacturing and automatic assembly testing. The company continues to provide products of excellent quality, achieve on-time delivery and complete after-sales services such that the company is equipped with adequate competitive abilities.

Our goals for product quality and the environment are to meet customer, regulatory and organizational requirements. The head office and the plant in Suzhou have obtained the ISO 9001 Quality management system and the ISO 14001 Environmental management system certification.





## 4.2 Supply Chain Management

### 4.2.1 Supply Chain Overview

Our products include the power accessories and services for UPS, APF, solar inverter and ESS. The main materials are batteries, transformers, semiconductor electronic parts, plastic materials, iron shell PCB, wires and other components. According to statistics, we have transactions with more than 390 suppliers of materials in the last three years, and the region and the amount of purchase are shown in the following figure.

**Proportion of procurement amount between 2020 and 2022**

Procurement by region	2020	2021	2022
Purchase in China	53.1%	54.6%	50.4%
Local purchase	33.6%	34.2%	39.0%
Purchase in Americas	0.0%	0.0%	0.1%
Purchase in Europe	1.1%	1.2%	0.1%
Other regions	12.1%	10.0%	9.7%
Total	100%	100%	100%

Note: The basis for calculation was changed in 2021, and suppliers of labor services not directly related to the product were not included, so the information for 2020 was updated.

**Proportion of local purchase**



We maintain a long-term, stable and good collaborative relationship with our suppliers. At present, the supply status of our partnering suppliers is considered good, and there is no shortage or interruption of supply. We also continue to promote localized sourcing to reduce the impact of transportation on the environment. There is no overweight proportion of purchase from vendors, so there is no excessive concentration of sources. We manage the risks and opportunities in supply chain to prevent the occurrence of force majeure disasters and risk events and ensure the stability of sources of supply for main and key materials, and we also maintain contact with other suppliers in the industry as preparation for future transactions.

### 4.2.2. Supplier management policy

In order to provide customers with good and stable products and services, we also have continued to keep up with the ever-changing business environment by managing our supply chain. We have more than 390 suppliers of materials. We screen and assess new suppliers, and conduct evaluation, audit and counseling with our existing suppliers in ongoing transactions, hoping to keep qualified excellent suppliers who can align themselves with our sustainable development philosophy in terms of environmental protection, society and corporate governance.

We have formulated the Procurement Management Procedures, the Supplier Assessment Procedures and the Supplier Environmental Impact Assessment Procedures, and we assess their quality and the status of environmental impact, and verify the actual situation before transactions with suppliers. In 2015, we formulated the Supplier Social Responsibility Rules. We support and encourage high-standard CSR practices, and we notify suppliers of our standard on the management of enterprises, ethics, labors, environment, health and safety. We also request

suppliers to cooperate with our policy and respect their employees' basic rights in freedom of association and collective bargaining. Per our customers' orders or regulatory requirements, we may ask suppliers to provide their Suppliers' CSR Commitment, Declaration of Minerals Conflict-Free, HSF and other information as reference. We also evaluate whether new suppliers have a prior record of impacting the environment and society. As of 2022, we have our suppliers in ongoing transactions sign 384 copies of CSR Commitment.

4.2.2.1 Supplier evaluation

Evaluation and screening processes for new suppliers: The evaluation items are divided into five aspects of quality, management technology, equipment and cooperation. For suppliers with comprehensive evaluation reaching a total score of above 70 points, they can be listed as qualified suppliers of the company upon the confirmation of review. We also request the newly qualified suppliers sign the CSR Commitment which requires them to comply with environmental regulations, reduce pollution, conserve energy and reduce carbon emissions, protect labor rights, and carry out no forced labor, no discrimination and no hiring of child labor, and improve the workplace condition, as well as other topics involving environmental protection, safety or health, so that we can all fulfill corporate social responsibility.

4.2.2.2 Supplier evaluation

For existing suppliers (raw materials/components), we conduct annual evaluation on their quality, cost, lead time, services and other aspects, and classify them based on the evaluation results in order to select the outstanding performers for more transactions.

4.2.2.3 Supplier audit survey and counseling

We have established an audit team to conduct audit from time to time. Suppliers who are graded more than 80 points are considered qualified, and those who are graded below 80 are required to make improvements. We conduct follow-up inspections of their deficiencies or give them suggestions, experience sharing and education and training sessions, hoping to improve their quality, technology and yield.

4.2.3 Status of supply chain management

The Joint Procurement Department conducts supply chain management based on the Company's regulations, which include the assessment and screening of new suppliers and the signing of CSR Commitment. The results of supplier evaluations and audits of current suppliers met our expected goals as shown below.

Item / Year	2020	2021	2022
Number of new suppliers developed	38	34	42
Number and percentage of new suppliers signing the CSR Commitment	36(94.7%)	32(94.1%)	41(97.6%)
Number of suppliers (with transactions) evaluated in the year	156	116	130
Average score and pass rate of annual supplier evaluation	89(100%)	92(100%)	92(100%)
Number of suppliers audited (document review or on-site review) and the pass rate	7(100%)	12(100%)	12(100%)





### 4.3.2 Respect and protect customer privacy

The company has established non-disclosure related policies according to the “Procedures for Ethical Management Operation and Guideline for Contact” and has set up dedicated units in charge of the establishment and execution of the management of intellectual property rights of the company, including trade screens, trademarks, patents and copyrights etc., preservation and non-disclosure operating procedures, as well as the periodic review and result implementation in order to ensure that the operating procedures continue to be effective.

In addition, company personnel shall avoid making any business deals with agencies, suppliers, customers or other parties in a business relationship of the company involving in unethical conducts. In case where the party in a business relationship or cooperation is found to be subject to unethical conduct, the business relationship of such party shall be stopped, and it shall be listed as a rejected party for business in order to implement the ethical management policy of the company.

When the negotiation or discussion content with a customer involves the confidential information of both parties, our company will sign a non-disclosure agreement (NDA) with the customer in order to prevent the disclosure of confidential information and to protect the rights of both parties. In 2022, there were no complaints related to violation of customer privacy or loss of customer information.

### 4.3.3 Customer relations

Satisfying customer needs is our mission and goal. We conduct interviews or questionnaire surveys in a timely manner to understand subjective and objective customer satisfaction with services (cooperation, technology, customer complaint handling) and products (quality, lead time, price) as reference for the company's continuous improvement in the future.

According to the Customer Satisfaction Survey Procedures, the sales department conducts interviews every half a year with customers who have regular orders and once a year with those who place order from time to time. Scoring standard: Based on than 60% of the recovered questionnaires, the overall satisfaction must reach 75 points or more to be considered as satisfactory, and those with a total score of individual customer satisfaction less than 80 points will need further review for future improvement.

2020 to 2022 Customer Satisfaction Survey Results are as follows

Department / Year	2020	2021	2022
Sales Department 1	89.9	83.8	86.0
Sales Department 2	84.7	83.1	83.9
Technical Services Department	85.8	86.9	88.7
Energy Business Department	87.0	88.2	88.7
Total average	86.9	85.5	87.1

Customer satisfaction evaluation and analysis: In 2022, due to the continuing impact of the COVID-19 pandemic, the raw material preparation period was prolonged, and the transportation was relatively unstable, resulting in a longer lead time for some orders. In the current market condition of unstable supply of raw materials, the sales units explains the production capacity to customers in a timely manner to let them know of the delivery status of their orders. Customers knew that the pandemic played a huge role on deliveries, and still affirmed the Company's products and services. The survey found that the customer satisfaction in 2022 was better than that in 2021. Overall, customers' evaluations in all aspects are in line with expectations, while pricing is still the main factor affecting customer satisfaction. We will continue to work hard on quality, service and other aspects to make customers more satisfied with the company's products, services and prices.





5

Sustainable  
Environment

## 5.1 Environmental Report

### 5.1.1 Environmental policy, climate change and management system

Ablerex recognizes the impact of climate change on the development of the industry and the Company. By identifying potential climate risks and opportunities, the Company incorporated GHG inventory into the operation in 2016, and conducts annual GHG inventory to analyze the trends and hotspots of GHG emissions over the years, and make them the follow-up objectives for GHG reduction. The Company's environmental management system includes waste water and waste management, and incorporates them into the climate change and greenhouse gas aspects to meet environmental regulations and gradually implement environmental sustainability. We have formulated the Energy and Resources Management Procedures; Waste Management Procedures; Waste Gas Treatment and Monitoring Management Procedures; and Environmental Supervision and Measurement and Testing Procedures for all employees to follow. The Corporate Governance and Sustainability Committee has been authorized to carry out supervision and management.

### 5.1.2 Climate change risk management and countermeasures

The frequent extreme weather events in recent years indicate that the crisis brought about by global warming is growing. Governments around the world are highly concerned about climate change issues, and have formulated and amended regional laws and regulations to urge companies to incorporate climate change issues into their business operations and management. Ablerex has identified operational risks brought about by climate change, and referred to the Task Force on Climate-Related Financial Disclosures (TCFD) issued by the Financial Stability Board (FSB) to incorporate the four core elements, governance, strategy, risk management, and metrics and targets, into the operations management. The governance performance is also disclosed in the sustainability report. It is hoped that stakeholders will take this opportunity to understand the impact of climate change-related risks and opportunities faced by Ablerex, and related response measures to be taken.



#### Governance

The Corporate Governance and Sustainability Committee, chaired by the chairman, holds meetings to discuss climate change issues. Meetings are held every year, and the discussions include potential environmental impacts such as climate change and utilization efficiency of energy and resources on the Company's operations. The climate change issues and implementation status are regularly reported to the board every year.



#### Strategy

In response to climate-related risks and opportunities affecting the Company's strategy and financial planning, Ablerex has referred to the TCFD's climate-related scenario analysis and used quantitative and qualitative climate-related scenario analysis to adopt corresponding strategies. We have discussed the 2°C Scenario (2DS) in the meetings of the sustainability working group and used the tools by the TCCIP (The Taiwan Climate Change Projection Information and Adaptation Knowledge Platform) for the assessment of physical risk scenario of climate change. Finally, we have decided to adopt the 2DS / RCP 2.6 scenario, and conducted subject descriptions of climate change risks and opportunities for physical risks, regulatory transition risks, etc. Finally, we have identified climate risks and opportunities related to our scope of business, and referred to the TCFD reports related to the manufacturing industry: Using a 10-year period as the basis for our long-term business development, we have defined short-term as 1 to 3 years, mid-term as 3 to 5 years and long-term as 6 to 10 years.



#### Risk Management

Discuss risks and opportunities involving climate change with members in meetings, and identify the following risks and propose action plans:

1. Response to transition risks:
  - (1) Raise the GHG emissions pricing - Pay attention to the updated status of laws and regulations at all time. Review the Company's conformity to regulations and then develop various measures for regulatory compliance.
  - (2) Changes in customer behavior - We integrate the concept of reducing environmental impact into all stages of product life cycles and work together with the supply chain to continue developing energy-saving products.
  - (3) Rising raw material costs - For main raw materials in the supply chain, develop a backup or second supplier. Change production areas and continually develop power equipment and green products.
2. Response to physical risks:
 

Increased severity of extreme weather events such as typhoons and floods -- The Company has incorporated the ISO 14001 Environmental management system into the business to reduce risks to a controllable level by planning objectives, actual implementation, reviewing results, and continuous improvement.
3. Response to opportunities:
 

Use more efficient production and distribution processes -- Continue to develop new products that are even more energy efficient



#### Indicators and objectives

1. Greenhouse gas emissions: Intensity (metric ton/NT\$ million) reduced by 1%.
2. Water resources management: Water use intensity (thousand liters/person) reduced by 1%.
3. Waste management: Intensity (metric ton/NT\$ million) reduced by 2%.
4. improvement results of energy-saving benefits of new product technology over the years



### Risk assessment

Number	Climate change risk issues	Risk levels	Time category	Number	Climate change opportunity issues	Opportunity levels	Time category
R1	Raise the GHG emissions pricing	High	Short-term, mid-term, long-term	O1	Adopt more efficient transportation methods	Low	Mid-term
R2	Strengthen emissions reporting obligations	Low	-	O2	Use more efficient production and distribution processes	High	Short-term, mid-term, long-term
R3	Requirements and supervision of existing products and services	Low	-	O3	Recovery and reuse	Low	-
R4	At risk of litigation	Low	-	O4	Move to more efficient buildings	Low	-
R5	Replace existing products and services with low-carbon goods	Low	Mid-term	O5	Reduce water usage and waste	Low	-
R6	Failed investment in new technology	Low	-	O6	Use low-carbon energy	Low	Long-term
R7	Costs of transition to low-carbon technologies	Low	-	O7	Adopt an incentive policy	Low	-
R8	Changes in customer behaviors	High	Short-term, mid-term, long-term	O8	Use new technology	Low	-
R9	Uncertain market news	Low	Short-term	O9	Participate in carbon trading market	Low	-
R10	Rising raw material costs	High	Short-term, mid-term, long-term	O10	Shift to decentralized energy	Low	-
R11	Shifting consumer preferences -- Stigma of the industry	Low	-	O11	Develop and/or increase low-carbon goods and services	Medium	Mid-term, long-term
R12	Increasing concern and negative feedback from stakeholders	Low	-	O12	Develop climate adaptation and insurance risk solutions	Low	-
R13	Increased severity of extreme weather events such as typhoons and floods	High	Short-term, mid-term, long-term	O13	R&D and innovation in developing new products and services	Low	Mid-term
R14	Change in rainfall (water) patterns and extreme change in climate patterns	Low	Long-term	O14	Diverse business activities	Low	-
R15	Average temperature rises	Low	Long-term	O15	Shifting consumer preferences	Low	-
R16	Sea-level rises	Low	Long-term	O16	Enter new markets	Medium	Short-term, long-term
				O17	Make good use of incentives offered by the public sector	Low	Short-term
				O18	Acquire new assets and regions that need to be insured	Low	-
				O19	Participate in renewable energy programs and implement energy conservation measures	Medium	Short-term, mid-term
				O20	Energy alternatives/diversification	Low	Short-term

## 5.2 Quantitative Management of Energy Conservation and Carbon Reduction

### 5.2.1 Quantitative management objectives for energy conservation, carbon emissions reduction and water and waste management

#### (1) Energy conservation and carbon emissions reduction

❖ In response to global climate change, countries around the world have spared no efforts in promoting energy conservation and carbon emissions reduction. Quantitative management objectives for energy conservation and carbon emissions reduction: The GHG emissions intensity (metric tons/NT\$ million) the previous year is the base period, and the emission intensity of the current year should be reduced by 1% year by year.

#### (2) Water management

❖ In response to global climate change, stabilization of water supply has become a problem faced by many countries. In order to fulfill social responsibilities and respond to the issue of global water shortages, the company uses the management objective of per capita water use intensity (thousand liters/person) of the previous year as the base period, and reduces the water consumption intensity of the corresponding period of the current year by 1%.

#### (3) Waste management

❖ In order to promote sustainability of the environment and cherishing of resources, the management objectives for waste generated from design to production are that the waste intensity (metric tons/NT\$ million) in the previous year is the base period, and the waste intensity of the current year is reduced by 2% year by year.

### 5.2.2 Measures for achieving management by objectives

#### (1) Energy conservation and carbon emissions reduction

- ❖ For electric lighting, replace traditional lamps with high-efficiency and energy conservation lamps. The replacement of office lighting has been completed in Q4 2022, and it is expected that the replacement of stairwell lighting will be completed in Q1 2023.
  - ❖ Adjust the lighted paths in the office and factory areas to reduce the lighting region.
  - ❖ Air-conditioning temperature and timer scheduling management. Distribute short-sleeved breathable shirts in summer.
- Annual inspection and analysis of the reasonableness of electricity consumption to negotiate the best contract capacity.

#### (2) Water management

- ❖ When replacing sanitary equipment, purchase those with water-saving label, and install water-saving devices on hand washing sinks.
- ❖ Adjust triangular valves to reduce water consumption. The adjustment of water output has been completed in Q2 2022.
- ❖ Annual inspection and analysis of water consumption to ensure the reasonableness in consumption.

#### (3) Waste management

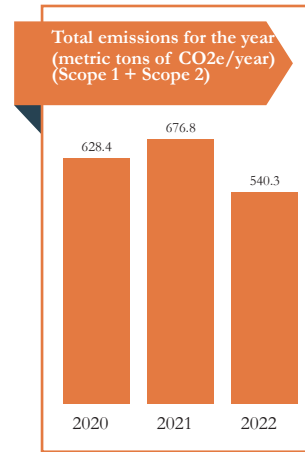
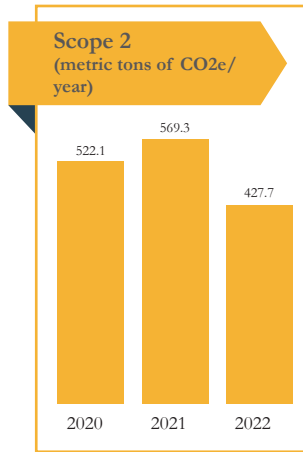
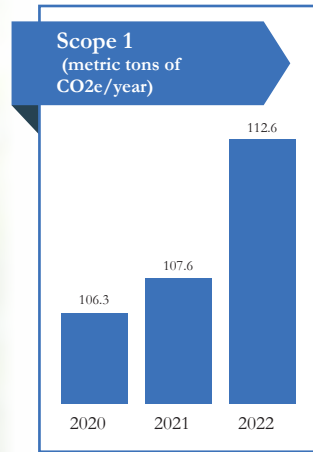
- ❖ Implement waste categorization and recycling and promote the concept of saving the Earth.
- ❖ Adhere to the principle of low-carbon procurement and prioritize sourcing from local suppliers. Produce reports in electronic format to reduce paper waste.
- ❖ Improve the capability of the maintenance team. Maintenance first before replacement, and avoid direct scrapping.
- ❖ Reuse pallets. Pallets that are kept intact from sea freight are then reused in the domestic factory floor.



### 5.2.3 Current achievements

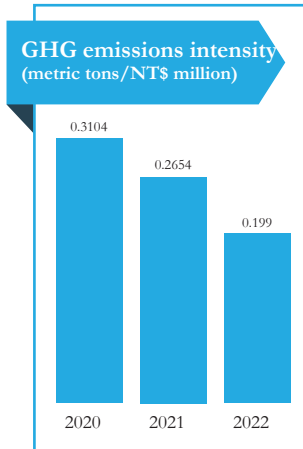
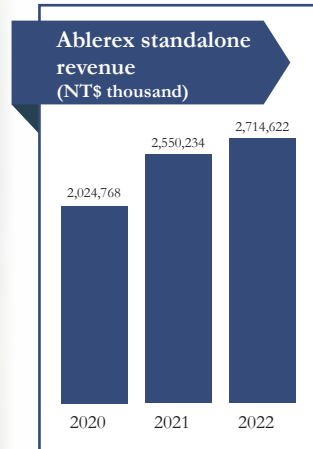
#### (1) Greenhouse Gas Emission

For the greenhouse gas emissions between 2020 and 2022, please refer to the table below.

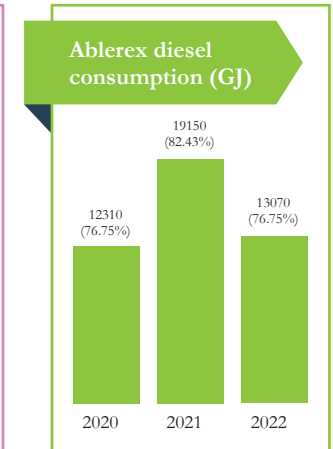
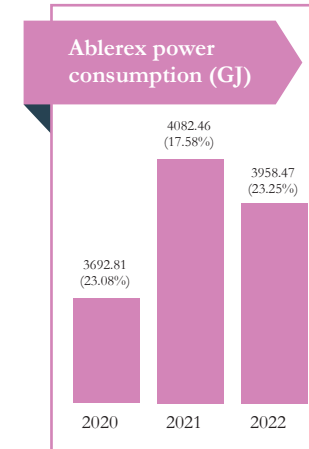


**Analysis:** It is identified that the main greenhouse emission sources are electric power, transportation vehicles (diesel), cooling equipment (coolant) etc. The GHG emission intensity in 2022 was 0.199, a decrease of about 25% from 0.2654 in 2021. The management objective has been met. This is due to that the Company's energy conservation and carbon reduction management measures have been implemented effectively, and we will maintain such efforts.

The following is the electricity/oil consumption data of the head office (New Taipei City) and Pingtung plants in 2022:



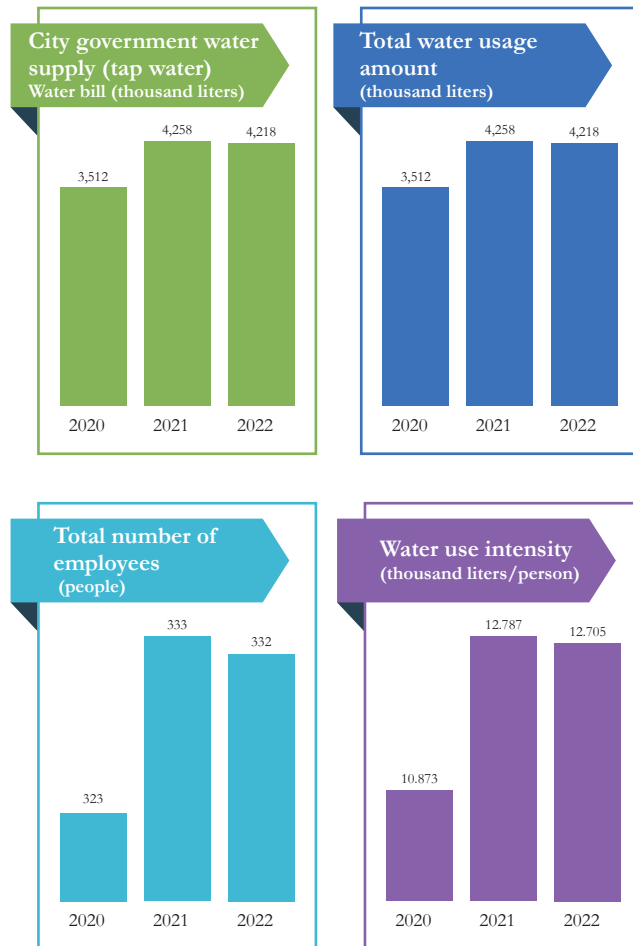
- Note:
- (1) The scope of inventory covers office in Taipei, Pingtung Plant 1 and Pingtung Plant 2.
  - (2) In response to the request by the competent authority to present the GHG emissions in terms of "intensity", the relevant data of 2022 is presented for comparison with those from 2019 and 2020.
  - (3) GWP value adopts the IPCC AR5 value.
  - (4) Electricity carbon emission factor: The 2022 electricity carbon emission factor of 0.509 kg CO2e/kWh is used; the other years use the electricity carbon emission factor for those years.
  - (5) The Company currently collects and aggregates data from Scope 1 and Scope 2, excluding Scope 3.



Note Unit GJ; 1 kWh = 0.0036GJ No use of renewable energy in 2022.

(2) Water management

<2020-2022 Period Water Intake Status>



Scope of statistics: Include Taipei Office and Pingtung Plant.

**Analysis:** The Company offers products in assembly. The waste and sewage discharged at each operating site and factory area are mainly domestic sewage. In order to ensure that the domestic sewage discharged meets the regulations for water pollution prevention, the water quality has to meet the standards for effluent, and then the sewage is discharged to the sewer system. The water use intensity in 2022 was 12,705 thousand liters, a decrease of 0.6% compared with the water use intensity of 12,787 thousand liters in 2021. The implementation of water consumption management measures effectively reduced the waste of water resources, and we will maintain such efforts.





**<2020-2022 Period Waste Type and Treatment Status Overview Table>**

Waste code	Item	Unit	2020	2021	2022	Type
D-1801	General industrial waste	Ton	5.020	5.510	5.170	Domestic wastes
E-0217	Hazardous industrial waste	Ton	0.059	0.062	0.090	Waste electronic component parts, scraps and defective parts
E-0221	Hazardous industrial waste	Ton	0.137	0.088	0.110	PCB waste and powder containing metal
Total industrial waste		Ton	5.22	5.66	5.37	
Standalone revenue		NT\$ thousand	2,024,768	2,550,234	2,714,622	
Waste intensity		(metric tons/NT\$ million)	0.0026	0.0022	0.0019	

**Analysis:** The Company offers products in assembly, and the waste from each operating site and factory area is divided into two categories, general waste and industrial waste. Industrial waste is entrusted to local qualified waste disposal operators to be transported to incinerators or landfills designated by the government. The waste intensity in 2022 was about 0.0019 tonnes per NT\$1 million in revenue, which is about 13.6% less than 0.0022 tonnes per NT\$1 million in revenue in 2021. The management objective was met. The waste management measures have been effective, and we will maintain such efforts.

Note: Disclosure of product life cycle management:

(1) The weight of related scrapped products and electronic waste is shown in the table above, and qualified third-party vendors are commissioned to clear and transport them.

(2) The generated waste is currently not recycled, so the recycling percentage is 0%.

### 5.2.4 Compliance with Environmental Protection Laws

Based on the characteristics of the industry, AblereX has obtained the ISO 14001 Environmental management system certification to reinforce the operations management of the environment, safety and health in factory areas, and taken actions to respond to environmental impact.

There is no major source of pollution in the production process. However, in response to changes in laws and the needs of operation and management, we have assigned dedicated personnel in charge of environmental protection who check the status of regulatory changes from time to time to determine whether the Company's operations are affected.

The Company's waste water discharge and waste disposal are handled in accordance with relevant laws and regulations, and the leftover, scrap, and waste generated in the production process are entrusted to qualified recycling operators for further treatment.

All employees follow the management standards for environmental protection, safety and health. In 2022, the Company was not fined or sanctioned for pollution, violating environmental laws and regulations nor was it involved in any litigation.

# 6

## Employee Care and Social Participation







## 6.1 Employee Rights and Labor Relations

Ablerex believes that talents are the Company's most important assets. Employees are provided with a safe, healthy and high-quality work environment. Investment in and cultivation of talents can help employees maximize their potential in job performance. Providing comprehensive remuneration and benefits and creating a worry-free workplace with transparent and appropriate labor-employer communication practices can build friendly labor-management relations help the Company continue to grow.

### 6.1.1 Remuneration and benefits

The Company has formulated the Work Rules in accordance with the Labor Standards Act. The content includes salary, bonus, working hours, leave, attendance and performance assessment, welfare measures, etc., and it clearly defines the rights and obligations of both employers and employees, so that they can work together to find more growth. According to the Articles of Incorporation, the Company shall allocate 6% to 10% of the profit of the year as employee bonus. In addition, the Remuneration Committee consolidates relevant company policies, employee performance appraisal systems and corporate social responsibility policies every year, and takes the policies, practices, standards and structure into the consideration for remuneration.

Remuneration at main business locations of Ablerex and the employment of local residents as senior officers:

#### Proportion of senior management hired from the local community

Employment situation	Number of people/Percentage
Local senior management	11
All senior managers	11
Proportion of senior management hired from the local community	100%



Employee welfare is subject to the Labor Standards Act and relevant laws and regulations, and the Company has provided group medical insurance, accident insurance, health check and other measures for employees. The Employee Welfare Committee was also established employee welfare programs which offer wedding, funeral, hospitalization and childbirth subsidies, and organized welfare activities such as domestic or overseas trips to improve employees' quality of life.

Employees attended the year-end banquet party held at Howard Hotel in 2022. The chairman generously gave out a year-end bonus red packets to reward everyone for their hard work and joint efforts in achieving the good performance, and the employees also joyfully participated in singing and dancing and enjoyed the fine dining and delicacies on offer.



**Retirement system and implementation progress**

The company established employee retirement regulations according to the Labor Standards Act, and the company also appropriates a certain ratio of pension reserve according to the total amount of salary payment on a monthly basis in compliance with the Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds, and the pension reserve is deposited into the Bank of Taiwan (Trust Department) for utilization such that during the actual payment of pension, in case where the reserve account is insufficient for the payment, the deficit part is listed as an expense of the current period.

Since July 1, 2005, in accordance with the implementation of the Labor Pension Act, (hereinafter referred to as the "New System"), the service years of employees with the applicability of the old system for the payment of pension choose the use of the New System, or the service years of employees on board after the implementation of the New System change to use the affirmed appropriation system, then the payment of the pension shall be handled by the company by appropriating no less than 6% of the monthly wage on a monthly basis for saving into the labor pension personal account. For the affirmed appropriation pension part, the company shall appropriate 6% of the monthly wage of the employee to the Bureau of Labor Insurance according to the regulations of the Labor Pension Act, and the appropriated amount is listed as an expense of the current period. At the end of each year, the actuary estimates the number of people close to retirement to calculate the allocation amount, which has been fully allocated in 2022.

**Employee communication**

Employees can properly participate in the Company's management and express opinions through various channels. Labor unions or different committees are established to demonstrate how employees can participate in the Company's decision-making. The Company also regularly holds labor-employer meetings or provides a grievance filing system. In accordance with Article 23 of the "Ethical Corporate Management Best Practice Principles", whistleblowers are protected from inappropriate treatment due to their grievance filing. In 2022, there were no employee complaints filed.

**<Communication channels>**

Communication channel	Function	Responsible department
Laborer and employer meeting	Labor rights or policy communication	Representatives from labor and employer
Employee complaints	Develop good labor-employer relations and listen to employees' needs and expectations	Head of human resources
Prevention of sexual harassment	Prevention of sexual harassment and protection of victims' rights and interests	Head of human resources
Anti-corruption reporting	Anti-corruption reporting to maintain the culture of ethical management	Head of human resources
Official website	Policy announcement	Head of human resources
Factory manager's email	Establish various one-way/two-way communication methods and assist employees to solve problems	Factory manager

Four labor-employer meetings were held in 2022. Representatives from the two parties discussed labor and employer rights and interests and related policies. Due to the pandemic, the Employee Welfare Committee is asked to cancel company trips, and issue travel subsidy to employees instead.

The labor-employer meeting held in December 2022 disseminated information on new regulatory policies in response to the change in the rate table of the National Health Insurance introduced by the National Health Insurance Administration of the Ministry of Health and Welfare, in which Level 1 was adjusted to NT\$26,400 due to the increase in minimum wage starting January 1, 2023.

### 6.1.2 Employee diversity







Employee diversity statistics (gender/age/education)

Diversity statistics/year		2022			
		Number of people	Percentage		
Employees	Direct	Gender	Male	27	8.18%
			Female	2	0.61%
		Age	Under 30	6	1.82%
			More than 30 and under 50	23	6.97%
			More than 50	0	0.00%
		Education	Doctoral degree	0	0.00%
			Graduate school	0	0.00%
			University	25	7.58%
			Others	4	1.21%
	Indirect	Gender	Male	223	67.58%
			Female	78	23.64%
		Age	Under 30	44	13.33%
			More than 30 and under 50	226	68.48%
		Education	More than 50	31	9.39%
Doctoral degree	2		0.61%		
Graduate school	79		23.94%		
University	197	59.70%			
Others	23	6.97%			







### Employee recruit/resignation ratio

Between 2020 and 2022, the basic employee structure of new hires, resignations and age status is as follows. The Company's operation is stable, and the status of new hires and resignations is not significantly changed.

#### <New hires>

Age	2020		2021		2022	
						
<30 years old	14	0	21	10	20	4
31-50 years old	26	7	25	14	22	3
>51 years old	0	0	0	0	0	0
Total number of people	40	7	46	24	42	7
Total	47		70		49	
New recruit ratio	12.38%	2.17%	13.81%	7.21%	12.72%	2.12%
Total	14.55%		21.02%		14.84%	

#### <Resigned>

Age	2020		2021		2022	
						
<30 years old	13	3	19	8	11	1
31-50 years old	21	3	27	7	28	10
>51 years old	1	1	1	2	0	0
Total number of people	35	7	47	17	39	11
Total	42		64		50	
Resignation ratio	10.84%	2.17%	14.11%	5.11%	11.81%	3.33%
Total	13.00%		19.22%		15.15%	

### 6.1.3 Human rights policy

#### Human rights policy

The Company values the promotion of labor and business ethics policies. The Company has adopted the principles of the GRI Standards for sustainability reporting issued by the Global Reporting Initiative (GRI) in 2021 to establish and implement human rights-related policies, and followed the Labor Standards Act, the Employment Service Act, the Act of Gender Equality in Employment and other relevant regulations promulgated by the competent authority to formulate the Company's Work Rules to define the rights and obligations of the Company and its employees. It is believed that every employee is treated equally and with respect, and we have established the Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at the Workplace and channels for grievance filing to protect the rights and interests of female employees.

#### Human right assessment

The Company is committed to sustainable development and operation, and also pays attention to enhancing the concern for people and the environment, and undertakes and promotes social responsibility for employees, consumers and the overall environment. In order to fulfill the commitment to providing a safe and healthy workplace, an environmental, occupational and health management unit has been set up to manage employees' occupational safety and health operations, and regularly hold general health inspections for current employees. The Company also established the "Supplier Social Responsibility Rules" jointly with the cooperating partners and have them sign the CSR Commitment in order to expand influence.

#### Human rights concerns and practices

##### ◆ Comply with local government regulations and international standards

We have the ethical standard which requires us to abide by the local government regulations and international standards, and adopt the standard which provides employees with the greatest assurance when performing their business activities.

Ablerex complies with the government laws and regulations of each region. In case of any major changes in the company operations such that the rights

and benefits of employees may be affected or where there is a major change in the duties of employees, the company will provide advance notices and discussions.

If an employment contract is to be terminated, the advance notice period is provided according to the Labor Standards Act as follows:

- ✳ Where an employee has worked continuously for more than three months but less than one year, the notice shall be given ten days in advance.
- ✳ Where an employee has worked continuously for more than one year but less than three years, the notice shall be given twenty days in advance.
- ✳ Where an employee has worked continuously for more than three years, the notice shall be given thirty days in advance.

##### ◆ Prohibit unlawful discrimination to reasonably ensure equal job opportunities

The Company ensures equal treatment in hiring, remuneration and benefits, training opportunities, promotion, dismissal or retirement and other labor rights matters, and does not discriminate on the basis of age, gender, physical and mental disability, ethnicity, race, nationality, religion or other status, etc.

##### ◆ Prohibition of child labor

In case where the company and suppliers are subject to the condition of employing child labors (age above 15 but less than 16 years old according to the Labor Standards Act), then it shall be handled according to the relevant regulations of the Labor Standards Act. In addition, it is strictly prohibited to employ child labors in performing works from 8:00PM to 6:00AM of the next morning or performing heavy and hazardous works in order to comply with the No. 138 of the International Labour Convention and the contents of the Convention on the Rights of the Child of the United Nations. The Company complies with laws and regulations and has not employed child labor.

##### ◆ Prohibition of inhumane treatment

The Company prohibits physical harm, inappropriate corporal punishment, threats of physical, sexual and other harassment, verbal violence or any other form of intimidation.



### ◆ Prohibition of forced labor

The Company specifies that the working hours (including overtime) shall not exceed the regulations of the local laws, and one rest day shall be provided in seven working days. The company establishes the attendance system in order to list abnormal attendance conditions. In addition, dedicated personnel are designated to review records of abnormality. Relevant unit supervisors are informed to understand the working conditions of employees and to make appropriate working arrangements in order to care the health of employees and the quality of their family lives.

### ◆ Respect employees' freedom of association and collective bargaining

We respect employees' freedom of association and collective bargaining. According to the Labor Union Act, employees have the right to organize and joint labor unions. Current employees have formed the Employee Welfare Committee to facilitate various measures for employee welfare.

### ◆ Provide a safe and healthy work environment

Employees' health is the greatest fortune of an enterprise! Regarding the occupational health promotion, the company provides complete health and safety program in order to increase the corporate sense of honor and responsibility, to establish corporate image and to implement corporate social responsibility. For employees, it is more than providing a safe and healthy working environment; in addition, it is able to improve the employee morale, to enhance health and to increase the work satisfaction in order to expand the benefit to families and communities, creating win-win situation.

### ◆ Physical and mental health and work balance

The company provides a gym in order to allow employees to improve physical strength during their free time. In addition, the company also provides general physical examinations to all of the employees once every three years, and the cost for such examination is borne by the company. As for safety, the company organizes on time labor safety, health and fire safety training once every half year. To monitor the office environment quality, we implement office area

cleaning and maintenance according to the annual plan in order to perform environmental disinfection operation. We also periodically appoint professional institutions to perform the water quality testing on the drinking water of the drinking machines. In view of the above, the company provides a healthy, safe and sanitary environment to employees.

### Mitigation measures for human rights risk

#### ◆ Practical Training for human rights protection

##### ❖ Provide relevant regulations for training new hires

The Company arranges training programs for new hires, which include the company profile, business philosophy, quality policy, work rules, employee ethics and code of conduct, management of personal data protection, employee environmental safety and health, ethical management, CSR principles, supplier social responsibility principles, human rights policy, internal material information handling and insider trading management regulations, product introduction, information security risk management, respect for intellectual property rights, welfare and other courses, so that employees can understand the corporate culture, vision and work environment. The relevant measures are placed on the Company's website and internal system for all employees to follow.

##### ❖ Provide communication channels for employee opinions or grievance filing

The Company prohibits physical harm, inappropriate corporal punishment, threats of physical, sexual and other harassment, verbal violence or any other form of intimidation. Establish internal and external feedback or grievance filing channels.

##### ❖ Occupational safety training

The company holds labor safety and health and fire safety training every six months to enhance the awareness of environmental, industrial and health concepts. Occupational safety and health personnel may apply for return training in accordance with the regulations of the competent authority to ensure continuous improvement.

◆ Number of participants in training related to promotion of human rights protection

◆ In 2022, a total of 41 people participated in a total of 164 hours of training promoting human rights policy concerns and practices.

6.1.4 Employment Protection

From 2020 to 2022, the percentages of reinstatement and retention after parental leave according to gender are as follows:

Item	Number of male employees			Number of female employees			Total number of people		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Total number of employees entitled to parental leave (A)	14	14	32	4	3	12	18	17	44
Total number of employees who actually took the parent leave (B)	1	0	2	4	2	2	5	2	4
Total number of employees required to resume work after parental leave (C)	1	2	3	4	3	8	5	5	11
Total number of employees who resumed work on-board after completing the parental leave (D)	0	0	0	4	3	5	4	3	5
Total number of employees who resumed work on-board after completing the parental leave (E)	0	0	0	3	3	7	3	3	7
Total number of employees completing the parental leave and remaining at a job position 12 months after resuming the work (F)	0	0	0	2	3	6	2	3	6
Application rate of parental leave without pay (B/A)	7%	0	0	100%	67%	17%	28%	12%	9%
Rate of resuming back to work (D/C)	0	0	0	100%	100%	63%	80%	60%	46%
Rate of remaining at job position (F/E)	-	-	-	67%	100%	86%	67%	100%	86%





## 6.2 Talent Cultivation

Enterprise sustainability requires the improvement of products and services, and requires employees to elaborate on their strengths and grow with the ever-changing business environment. The personnel unit and various departments formulate plans and arrange education and training according to the Company's needs. New hires are given training so that they can understand the Company's corporate culture, vision and work environment. In order to help employees grow with the ever-changing business environment, we encourage them to participate in specialization training and career development to enrich their knowledge and skills and improve work efficiency and quality, and connect their learning and growth with the Company's development goals to create sustainable business growth and development.

### 6.2.1 Education and training

#### 6.2.1.1 Orientation Training

The Company runs orientation programs for new hires, which include the company profile, business philosophy, quality policy, human rights policy, ethical management, CSR principles, rules and regulations, product introduction, welfare environmental safety and health and other courses, so that employees can understand the corporate culture, vision and work environment. The relevant measures are placed on the Company's website and internal system for all employees to follow.

#### 6.2.1.2 External professional training

Department supervisors of the company may assign their staff to participate in external professional trainings depending upon the job needs in order to assist to improve knowledge and technical skills as well as to increase work efficiency and quality. In addition, employees' learning and growth can be linked with the development goal of the company. Employees can also request for learning based on the needs of individual job duties and professional development. Due to the pandemic situation in 2022, we reduced the offering of internal and external training courses. After the pandemic eases off, we will hold on-site courses and video courses to maintain a good environment and channels for nurturing talent. For the year, the total hours of training reached 2071.5 hours, and NT\$173,116 was committed to the education and training courses.

### External training expenses

Unit: NTS

Item	Total in 2020	Total in 2021	Total in 2022
Manufacturing -- Education and training expenses	10,072	30,539	3,900
Labor services -- Education and training expenses	20,595	17,545	11,600
Sales -- Training fees	193,704	135,321	49,472
Management -- Education and training expenses	61,414	68,014	84,287
R&D -- Education and training expenses	39,202	26,483	23,857
<b>Total expenses</b>	<b>324,987</b>	<b>277,902</b>	<b>173,116</b>

#### 6.2.1.3 Internal training

When new employees enter the company, they are guided by personnel and the experience is passed on. In addition, educational training on professional skills are also conducted on internal personnel periodically. Due to the pandemic easing off in 2022, the proportion of internal training increased, and the average training hours have returned to the pre-pandemic level. According to the gender and type, the employee educational training status is disclosed in the following. Because male employees are generally specialized technical personnel, the training hours are higher than female employees. The average training hours for each employee is 6.3 hours. The long-term goal is to raise the average training hours for all employees to 8 hours.

### <According to Employee Gender>

Unit: hours

	2020		2021		2022	
	Male	Female	Male	Female	Male	Female
Total number of training hours received	1668	193.5	650.5	155	1909.5	162
Total number of employees	248	75	251	82	250	80
Average hours of training received by each employee	6.73	2.58	2.59	1.89	7.64	2.03



<According to Employee Type>







Unit: hours

	Senior managerial officer			Intermediate management level			Professionals			Technicians			Total		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Total number of training hours received	79	102	226	81	170	750	976.5	216.5	127	725	317	968.5	1862	805.5	2071.5
Total number of employees	17	16	17	85	107	100	106	94	89	115	116	124	323	333	330
Average hours of training received by each employee	4.6	6.4	13.3	1.0	1.6	7.5	9.2	2.3	1.4	6.3	2.7	7.8	5.8	2.4	6.3

6.2.2 Performance Management Regulations

Each year, a performance evaluation is conducted on employees periodically in order to encourage employees to continue to improve the operating content, to enhance the on-the-job training in order to improve individual's professional skills and to further combine personal career planning with the company growth at the same time. Relevant performance evaluation status is as shown in the following:

<According to Employee Gender>

	2020		2021		2022	
						
Number of employees receiving regular performance and career development reviews	239	72	231	74	242	79
Number of people participating in review	311		305		321	
Percentage of people participating in review	73%	22%	71%	23%	75%	24%
Total number of employees (8/31)	329		327		324	
Total percentage	95%		94%		99%	



\* The review period is for the current employees (new hires who have started to work less than 3 months ago are not included) by 8/31 every year

<According to Employee Type>

Unit: hours

Type	Senior managerial officer			Intermediate management level			Professionals			Technicians			Total		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Number of employees receiving regular performance and career development reviews	17	17	16	99	91	99	92	98	88	103	99	118	311	305	321
Total number of employees (8/31)	329	327	324	329	327	324	329	327	324	329	327	324	329	327	324
Percentage	5%	5%	5%	30%	28%	31%	28%	30%	27%	31%	30%	36%	95%	94%	99%

\* The review period is for the current employees (new hires who have started to work less than 3 months ago are not included) by 8/31 every year





## 6.3 Healthy and Safe Occupational Environment

Employees are an indispensable element and an important asset for the sustainable development of an enterprise. Providing a safe and friendly workplace environment for employees should be a commitment of an enterprise and a basic assurance for employees. AblereX has established a good working environment to protect employees' workplace safety and physical and mental health. We are committed to promoting workplace health and caring for employees' daily wellbeing. We also build cohesion, improve morale and reduce work pressure to further create an efficient, friendly and inclusive environment.

The Company organizes labor health examinations for all employees every three years, and cares for employees' physical and mental health by monitoring work overload. A fitness center has been built to offer employees a place to strengthen their body and mind and relax in their free time, which can further boost morale and improve health indicators. There are other user-friendly facilities (nursery room, toilets and changing rooms for male/female). We commission specialized vendors to clean our environment, maintain elevators and check water quality of water dispensers and carbon dioxide content according to our annual plan. The measures ensure a healthy and safe workplace for all our employees.

Due to the pandemic outbreak in 2022, we also cooperated with the government policies and suspended visits by outsiders. We installed alcohol disinfection and body temperature measurement stations at entrances to office and factory areas. Employees had to wear masks at work. We also adopted rotations for working from home. Those who worked in other sites were not to enter the office unless necessary. We also urged those who tested positive or felt unwell to rest at home. In the end, we had no infection cases internally.



### 6.3.1 Occupational Safety and Health Management

We provide employees with a safe, healthy and comfortable work environment, and the scope includes the production and non-production areas and routine and non-routine operations within our job sites. We have continued to commit resources to promote various occupational safety measures and actions. The purpose of management is not to apply restrictions, but to reduce the occurrence of errors. Our management of workplace safety and health is based on the regulations related to the “Occupational Safety and Health Act,” and through the formulation of the “Safety and Health Code,” employees can have safety rules to follow. Our “Labor Safety and Health Management Plan” established annual goals, and the “Occupational Safety and Health Review Meetings” in the 4th quarter review the contents of goals and various occupational safety and health management issues. If major occupational safety incidents are found in our daily operation, we immediately hold discussions and disseminate the importance of occupational safety of personnel to implement occupational safety and health management.

We follow the rules specified in the Occupational Safety and Health Act to promote our occupational safety and health management plans. Every year, we organize education and training sessions, disaster prevention drills and labor safety and health promotion sessions to develop employees' awareness of workplace safety. Occupational safety and health personnel conduct evaluation of labor safety and work process at job sites and formulate safety work procedures to eliminate sources of hazards and prevent and reduce risks and occurrence of occupational injuries.

For other workers who are not employed by us, they are reminded of following labor safety and health rules when entering the factory areas to carry out major construction projects. Suppliers are notified of the standard of ethics, labor rights, environment, health and safety, and are required to stay committed for more collaboration to create a better future.



#### 2022 education and training for occupational safety and health

The Company regularly promotes labor safety education and holds fire drills in February and August every year, including training for fire-fighting work groups such as the fire-fighting squad, notification squad, evacuation guidance squad, safety protection squad, first-aid squad and emergency evacuation. The measures improve the ability of employees to respond to emergencies, and the Company deploys first aid personnel to assist in the handling of emergencies.

	2020	2021	2022
Total person-time (number of people) trained	227	182	419
Total hours of training (hours)	737	341.5	964
Average time (person/hour)	3.25	1.88	2.30



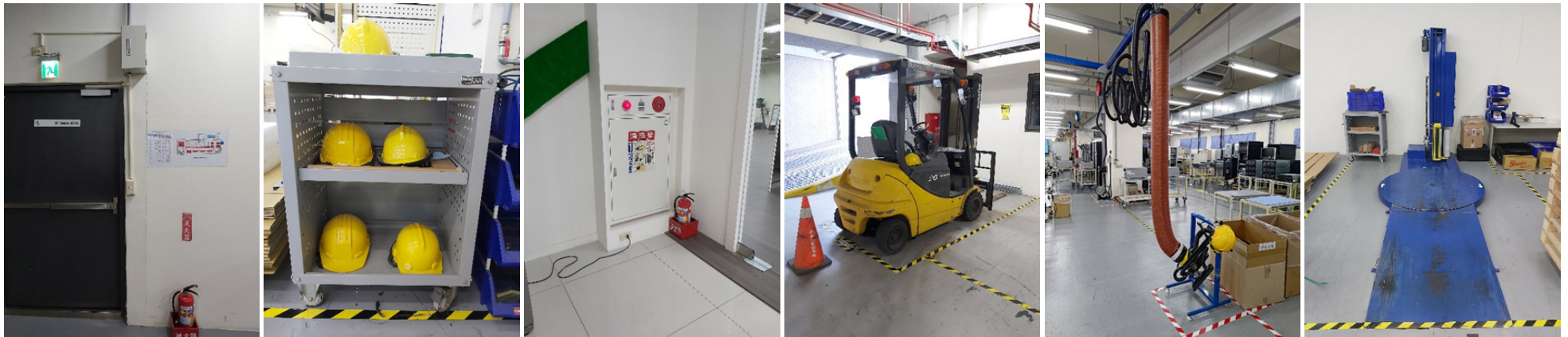
**Health promotion activity**

We have collaborated with hospitals to introduce on-site health services provided by medical personnel, who promote personal health and environmental safety education and training. We classify the health risks of employees. For high-risk cases, we arrange health consultation sessions and formulate four main plans: burnout plan, human-induced hazard plan, harassment plan and maternal health plan. We also detect potential workplace risks so that employees can work in a safer and more appropriate way. We prevent health hazards in the workplace to achieve personal health protection and management.



**6.3.2 Hazard identification and risk assessment**

A hazard is a source or condition that may result in death, injury, occupational illness, property damage, damage to the work environment, or a combination of these conditions. Focus on labor safety and health and workplace environment. We identify hazards at the workplace and assess risks in accordance with the relevant standards. After identifying all operational or construction hazards in the manufacturing process, operating activities or services, we then determine the risk control measures based on the risk level. The goal is to eliminate risks, and conduct construction control and administrative control, or provide related personal protective equipment according to the risk assessment level, so as to reduce the occurrence of industrial safety accidents. Technical service engineers visiting other sites to provide assistance or repair equipment should follow the on-site regulations. They should be led by those who have the Class A qualification in labor safety knowledge and skills and can assess protection measures before and during jobs to further reduce and prevent the occurrence of hazards.





### 6.3.3 Occupational disaster analysis and prevention plan

#### Occupational disaster prevention plan

Production processes are becoming more complex and they come with increasing disaster risks; therefore, measures protecting labor safety have become even more important. Labor safety is an extremely important topic, and it must be well protected to prevent injury. Ensuring the safety and health of workers is the legal obligation of employers, and implementing labor safety is the best way to protect workers' rights to life and work. With our safety and health policy and the Labor Hygiene Management Plan, we have prepared budgets for disaster prevention tasks and occupational safety, such as the management and regular inspections of machinery/equipment or tools, key spot inspection/process inspection and patrol inspection, management of personal protective equipment, purchase of safety gear and education and training, etc. For the preparation of the annual budget, we also have warning signs for workplace safety and regular safety and hygiene education and promotion to develop employees' knowledge and habits about safety.

We follow the rules of the Occupational Safety and Health Act. Workers performing duties who find that there is a immediate danger should stop work and evacuate to a safe place without endangering the safety of other workers, and report to their immediate supervisors right away.

The Company shall not dismiss or transfer the abovementioned workers, or cancel the wage paid for the work period or carry out other improper penalties.

In the event of a work-related accident, safety and health personnel work with relevant units to analyze the cause, jointly develop improvement measures, and notify relevant personnel to be on the alert and take corresponding measures.

The occupational injury statistics in recent years are shown in the table below. In 2022, a total of 6 disabling injuries to employees occurred, including 2 traffic accidents and 2 suffering burns due to electric shock, and 1 incident each of hand scraping during moving goods and tripping over cables. Excluding traffic accidents, IR=1.26%, ODR=0, absentee rate=1.2%.

#### <2020 to 2022 Workplace health indicators>

Year		2020	2021	2022
Total work hours	Male	501,104	492,568	503,856
	Female	147,208	160,592	158,096
	Total	648,312	653,160	661,952
Occupational injuries (Number of cases) (Excluding traffic accidents)	Male	1	1	4
	Female	0	1	0
	Total	1	2	4
Occupational Disease Rate (ODR)	Male	0.00	0.00	0
	Female	0.00	0.00	0
	Total	0.00	0.00	0
Injury Rate (IR)	Male	2.00	0.81	1.98
	Female	1.36	3.74	1.27
	Total	1.85	1.53	1.81
Absence Rate % (AR)	Male	0.54%	0.25%	0.98%
	Female	1.83%	1.85%	1.44%
	Total	0.83%	0.64%	1.09%

Note:

1. Occupational Disease Rate (ODR) = (Number of cases / Total working hours)\*200,000.

2. Injury rate (IR) = (Total number of cases / Total working hours)\*200,000.

3. Absence rate (AR) = Total days absent / Working days x 100%, (Number of days absent includes sick leave and occupational injury leave)

4. In the calculation above, 200,000 is derived from 40 working hours a week for 50 weeks in a year for every 100 employees.



Regarding the occupational injuries in 2022, the occupational safety and health review meetings found that the non-traffic work-related injuries in 2022 increased slightly compared with 2021. The meetings required that occupational safety personnel improved their efforts in advocating for safety, and added signs for ground obstacles, asked personnel to wear protective gear, added patrol inspections to reduce the occurrence of accidents and implemented follow-up and corrections to achieve the goal of zero occupational injuries for employees. The review meetings are held at least once a year to review or improve safety and health related issues. If major industrial safety incidents are found in routine operations, relevant labor safety personnel are urged to collect relevant information and hold meetings in due course. They can also bring up the issues in labor safety education sessions. The purpose is to disseminate the information on the improvements to further strengthen employees' skills and knowledge and prevent recurrence.

**Internal audit**

There are on-site labor safety personnel who conduct internal audits on the environment and all personnel within the plant area every month, so as to reduce the occurrence of hazards and industrial safety incidents. They also assist in disseminating the information on occupational safety and health, and help factory affairs personnel check and manage facilities and equipment, so that employees can communicate and consult one another, further realizing the awareness of occupational safety and health at job sites.

**<Employee Work Injury Index>**

	2020	2021	2022
Total work hours (HR)	648,312	653,160	661,952
Number of disabling injury	1	2	4
Frequency of disabling injuries (F.R.)	1.54	3.06	6.04
Days lost due to disabling injury	14	28	10
Severity of disabling injuries (S.R.)	1.54	43.17	1.48
Frequency severity index (F.S.I.)	0.05	0.36	0.09

Note:  
 Frequency of disabling injuries (F.R.): Number of injuries / Total working hours\*1,000,000.  
 Severity of disabling injuries (S.R.): Number of days lost due to accidents / Total working hours\*1,000,000.  
 Frequency severity index:  $\sqrt{(F.R.*S.R. / 1,000)}$ .  
 In 2022, we had no violations of occupational safety and health regulations, nor occupational injuries that caused losses of more than 180 days of work or death.



## 6.4 Social Participation

The 2030 SDGs agenda signed by countries of the UN in September 2015 officially came into effect on January 1, 2016, and the 17 SDGs succeeded the Millennium Development Goals (MDGs). The Company's social care goals respond to the SDG 3 to ensure health and promote well-being of all age groups, and the SDG 4 to ensure nondiscriminatory, equal and high-quality education, and promote lifelong learning.

### 6.4.1 Social Care

Social care project -- Built a small kindergarten in the countryside of Medan, Indonesia.



Commemorative plaque for the joint funded project



Before construction

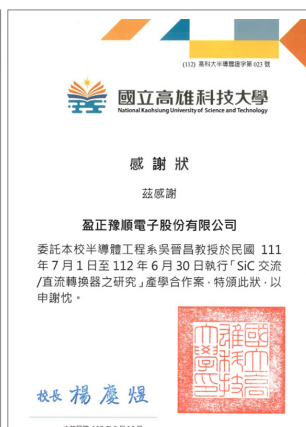
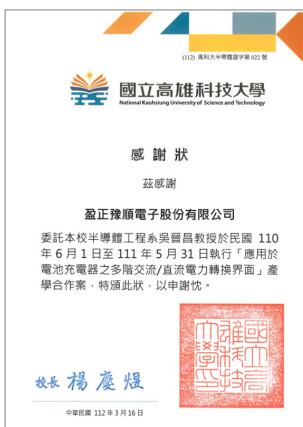
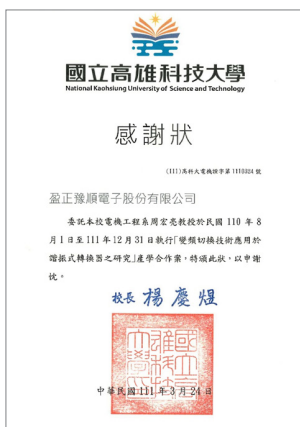


After construction



### 6.4.1 Industry-academia collaboration

The company not only provides excellent products and services in light of seeking a greater energy quality worldwide but also actively participates in various social charity events. In recent years, through the concept of integrating the corporate core technologies and social charity events, Ablerex has actively participated in the environmental energy education and cultivation of green energy leading talents etc. with great human resources and financial investments. Since the end of 2019 to the end of 2022, a total of NT\$2,487,000 has been invested to support a number of industry-academia research projects, and to sponsor and entrust National Kaohsiung University of Science and Technology (Nanzi Campus) on the study of multi-level AC/DC power conversion interface for battery chargers and SiC AC/DC converters. With National Kaohsiung University of Science and Technology (Jiangong Campus), there is also application research on frequency conversion switching technology to resonant converters. Principal investigators published related papers to create mutual benefits for the Company's product R&D and the university, hoping to further drive the industry transformation through various research projects. The industry-academia collaboration has continued for more than 20 years. In 2022, investments went to 2 supervisors, benefiting 5 students at school, for a total of 624 hours.





# Appendix

GRI Standards Indicator Comparison Chart

Comparison Table of the Sustainability Accounting Standards Board

Independent Assurance Statement





## GRI Content Index

★ Material topics

Statement of Use Ablerex has followed the GRI Standards to report the content from January 1 to December 31, 2022

GRI 1 used GRI 1: Basics 2021

Applicable GRI Industry Standards The Company is classified as other electronics industries by OTC, and there is no corresponding GRI industry standards announcement.

Topics	Disclosing item	Descriptions	Chapter	Page number	Reason for omission / Necessary explanation
GRI 2: General disclosure 2021					
Organization and reporting practices	2-1	Detailed information on the organization	Chapter One 1.1.1 Company information	8	
	2-2	Entities included in the organization's sustainability reporting	Chapter One 1.1.1 Company information	8	
	2-3	Report period, frequency and point of contact	About This Report	2	
	2-4	Restatements of information	--	--	The restatement of the information in this report is explained in the remarks of each chapter or table.
	2-5	External guarantee/assurance	About This Report Appendix Verification statement	2 77	
Activities and workers	2-6	Activities, value chains and other business relationships	Chapter One 1.2.1 Relations in the industry	11	
	2-7	Employees	Chapter One 1.1.4 Employment status of employees	10	
	2-8	Non-employee workers	Chapter One 1.1.4 Employment status of employees	10	
Governance	2-9	Governance structure and composition	Chapter Three 3.1 Corporate Governance	19	
	2-10	Nomination and selection of the highest governance	Chapter Three 3.1.1 Board of Directors	20	
	2-10	Chair person of the unit with the highest governance	Chapter Three 3.1.1 Board of Directors	20	
	2-10	The role of the highest governance in supervising impact management	Chapter Three 3.1 Corporate Governance	19	
	2-13	Responsible person for impact management	Chapter Three 3.1.4 Corporate Governance and Sustainability Committee	22	
	2-14	The role of the highest governance in sustainability reporting	Chapter Three 3.1.4 Corporate Governance and Sustainability Committee	22	
	2-15	Conflict of interest	Chapter Three 3.1.1 Board of Directors	20	
	2-16	Communicate material events	Chapter Three 3.1.1 Board of Directors	20	
	2-17	Collective intelligence of the highest governance	Chapter Three 3.1.1 Board of Directors	20	
	2-18	Performance evaluation of the highest governance	Chapter Three 3.1.1 Board of Directors	20	
	2-19	Remuneration policy	Chapter Three 3.1.1 Board of Directors	20	
	2-20	Process for determining remuneration	Chapter Three 3.1.1 Board of Directors	20	
	2-21	Annual total remuneration percentage	--	--	Highest annual total compensation is confidential information



Topics	Disclosing item	Descriptions	Chapter	Page number	Reason for omission / Necessary explanation
Strategy, policy and practices	2-22	Sustainability strategy statement	Message from our Chairman	3	
	2-23	Policy and commitment	Chapter Three 3.2 Ethical Management	23	
	2-24	Included in policy and commitment	Chapter Six 6.1.3 Human rights policy	59	
	2-25	Procedures for remediating negative impact	Chapter Three 3.2.1 Ethical management culture	23	
	2-26	Measures for seeking advice and raising concerns	Chapter Six 6.1.1 Remuneration and benefits	56	
	2-27	Regulatory compliance	Chapter Three 3.2.5 Regulatory compliance	29	
	2-28	Membership in associations	Chapter One 1.2.3 External association participation status	13	
Stakeholder engagement	2-29	Stakeholder engagement policy	Chapter Two 2.2 Stakeholder Communication	17	
	2-30	Collective Agreement	--	--	Did not sign group agreements
<b>GRI 3: Material topics 2021</b>					
Material Topics	3-1	Process determining material topics	Chapter Two Identification of Stakeholders and Material Topics	14	
	3-2	List of material topics	Chapter Two 2.1.2 Material topics order list	16	
<b>Economic aspect</b>					
★ Economic performance (Operating performance)					
GRI 3: Material topics 2021	3-3	Management of material topics	Chapter Three 3.3 Management Performance	29	
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	Chapter Three 3.3 Management Performance	29	
	201-2	Financial impacts and other risks and opportunities caused by climate changes	Chapter Five 5.1.2 Climate change risk management and countermeasures	49	
	201-3	Define benefit plans, obligations and other retirement plans	Chapter Six 6.1.1 Remuneration and benefits	56	
	201-4	Financial assistance received from the government	--	--	Confidentiality provisions
<b>Market position</b>					
	202-2	Proportion of senior management hired from the local community	Chapter Six 6.1.1 Remuneration and benefits	56	
<b>Procurement practice</b>					
GRI 204: Procurement practice 2016	204-1	Percentage of sourcing from local suppliers	Chapter Four 4.2.1 Status of supply chain	44	
<b>Environmental</b>					
<b>Energy</b>					
GRI 302: Energy 2026	302-1	Energy consumption within the organization	Chapter Five 5.2.1 Quantitative management objectives for energy conservation, carbon emissions reduction and water and waste management	51	
	302-5	Reduce the energy requirements of products and services	Chapter Four 4.1.1 Product innovations and green products	32	
<b>Water and effluents</b>					
GRI 303: Water and effluents 2018	303-3	Water withdrawal	Chapter Five 5.2.1 Quantitative management objectives for energy conservation, carbon emissions reduction and water and waste management	51	
	303-4	Water discharge	Chapter Five 5.2.1 Quantitative management objectives for energy conservation, carbon emissions reduction and water and waste management	51	
	303-5	Water consumption	Chapter Five 5.2.1 Quantitative management objectives for energy conservation, carbon emissions reduction and water and waste management	51	
★ Discharge (Greenhouse gas management)					



## Appendix GRI Content Index Table

Topics	Disclosing item	Descriptions	Chapter	Page number	Reason for omission / Necessary explanation
GRI 3: Material topics 2021	3-3	Management of material topics	Chapter Five 5.1.1 Environmental policy, climate change and management system	49	
GRI 305: Discharge 2016	305-1	Direct (Scope 1) greenhouse gas emissions	Chapter Five 5.2 Quantitative Management of Energy Conservation and Carbon Reduction	51	
	305-2	Indirect (Scope 2) greenhouse gas emissions	Chapter Five 5.2 Quantitative Management of Energy Conservation and Carbon Reduction	51	
	305-3	Other indirect (Scope 3) greenhouse gas emissions	--	--	Incomplete/not yet disclosed
	305-4	GHG emissions intensity	Chapter Five 5.2.1 Quantitative management objectives for energy conservation, carbon emissions reduction and water and waste management	51	
	305-5	Reduction of GHG emissions	Chapter Five 5.2.1 Quantitative management objectives for energy conservation, carbon emissions reduction and water and waste management	51	
	305-6	Emissions of ozone-depleting substances (ODS)	--	--	Not applicable/No discharge
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	--	--	Not applicable/No discharge
<b>Waste</b>					
GRI 306: Waste 2020	306-3	Waste generated	Chapter Five 5.2.1 Quantitative management objectives for energy conservation, carbon emissions reduction and water and waste management	51	
	306-4	Waste diverted from disposal	Chapter Five 5.2.1 Quantitative management objectives for energy conservation, carbon emissions reduction and water and waste management	51	
	306-5	Waste directed to disposal	Chapter Five 5.2.1 Quantitative management objectives for energy conservation, carbon emissions reduction and water and waste management	51	
<b>★ Supplier environmental assessment (Supplier management)</b>					
GRI 3: Material topics 2021	3-3	Management of material topics	Chapter Four 4.2.3 Status of Supply Chain Management	45	
GRI 308: Supplier environmental assessment 2016	308-1	Screen new suppliers with environmental standards	Chapter Four 4.2.3 Status of Supply Chain Management	45	
<b>Social</b>					
<b>Employment</b>					
GRI 401: Employment 2016	401-1	New hires and outgoing employees	Chapter Six 6.1.2 Employee diversity	58	
	401-2	Benefits provided to full-time employees (excluding temporary or part-time employees)	Chapter Six 6.1.1 Remuneration and benefits	56	
	401-3	Parental leave	Chapter Six 6.1.4 Employment protection	61	
<b>Labor/management relations</b>					
GRI 402 : Labor-management communication 2016	402-1	Minimum notice periods regarding operational changes	Chapter Six 6.1.3 Human rights policy	59	
<b>Occupational Safety and Health</b>					
GRI 3: Material topics 2021	3-3	Management of material topics	Chapter Six 6.3 Healthy and Safe Occupational Environment	64	
GRI 403: Occupational safety and health 2018 management policy	403-1	Occupational safety and health management system	Chapter Six 6.3.1 Occupational Safety and Health Management	65	
	403-2	Hazard identification, risk assessment and incident investigation	Chapter Six 6.3.2 Hazard identification and risk assessment	66	
			Chapter Six 6.3.3 Occupational disaster analysis and prevention plan	67	
403-3	Occupational healthcare services	Chapter Six 6.3 Healthy and Safe Occupational Environment	64		



Topics	Disclosing item	Descriptions	Chapter	Page number	Reason for omission / Necessary explanation
	403-4	Worker participation, consultation, and communication on occupational health and safety	Chapter Six 6.3.1 Occupational Safety and Health Management	65	
	403-5	Worker training on occupational health and safety	Chapter Six 6.3.1 Occupational Safety and Health Management	65	
	403-6	Promotion of worker health	Chapter Six 6.3.1 Occupational Safety and Health Management	65	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Chapter Six 6.3.1 Occupational Safety and Health Management	65	
GRI 403: Occupational safety and health 2018	403-8	Workers covered by an occupational health and safety management system	Chapter Six 6.3.3 Occupational disaster analysis and prevention plan	67	
	403-9	Work-related injuries	Chapter Six 6.3.3 Occupational disaster analysis and prevention plan	67	
	403-10	Work-related illness	Chapter Six 6.3.3 Occupational disaster analysis and prevention plan	67	
★ Training and education (talent development)					
GRI 3: Material topics 2021	3-3	Management of material topics	Chapter Six 6.2.1 Education and training	62	
GRI 404: Training and education 2016	404-1	Average hours of training per year per employee	Chapter Six 6.2.1 Education and training	62	
	404-2	Programs improving employees' capabilities and transition assistance	Chapter Six 6.2.1 Education and training	62	
	404-3	Percentage of employees receiving regular performance and career development reviews	Chapter Six 6.2.2 Performance Management Regulations	63	
Diversity and Equal Opportunity					
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Chapter Three 3.1.1 Board of Directors Chapter Six 6.1.2 Employee diversity	20 58	
★ Supplier social assessment (Supplier management)					
GRI 3: Material topics 2021	3-3	Management of material topics	Chapter Four 4.2.3 Status of Supply Chain Management	45	
GRI 414: Supplier social assessment 2016	414-1	Screen new suppliers with social criteria	Chapter Four 4.2.3 Status of Supply Chain Management	45	
Customer health and safety					
GRI 416: Customer health and safety 2016	416-2	Incidents involving the violation of health and safety by products and services	Chapter Four 4.1.2 Customer health and safety	40	
Marketing and labeling					
GRI 417: Marketing and labeling 2016	417-2	Incidents of non-compliance concerning product and service information and labeling	Chapter Four 4.1.3 Product labeling	41	
	417-2	Incidents involving incompliance with marketing-related regulations	Chapter Four 4.3.1 Marketing management	46	
Customer privacy					
GRI 418: Customer privacy 2016	418-1	Substantiated complaints regarding breaches of customer privacy and losses of customer data	Chapter Four 4.3.2 Respect and protect customer privacy	47	
Customize topics					
★ Customer relationship management					
GRI 3: Material topics 2021	3-3	Management of material topics	Chapter Four 4.3.3 Customer service satisfaction	47	
Customize material topics	Customize	Customer satisfaction survey	Chapter Four 4.3.3 Customer service satisfaction	47	



Topics	Disclosing item	Descriptions	Chapter	Page number	Reason for omission / Necessary explanation
★ Regulatory compliance					
GRI 3: Material topics 2021	3-3	Management of material topics	Chapter Three 3.2.5 Regulatory compliance	29	
Customize material topics	Customize	Zero violations	Chapter Three 3.2.5 Regulatory compliance	29	
★ Innovative R&D					
GRI 3: Material topics 2021	3-3	Management of material topics	Chapter Four 4.1.1 Product innovations and green products	32	
Customize material topics	302-5	Reduce the energy requirements of products and services	Chapter Four 4.1.1 Product innovations and green products	32	

## Sustainability disclosure index -- Other electronics industry

Number	Indicator	Indicator type	Status of disclosure for the year
1	Total energy consumed, purchased electricity percentage and consumption of renewable energy (GJ, %)	Quantitative	5.2.3 Current achievements / (1) GHG emission
2	Total water withdrawal and consumption (thousand cubic meters m3)	Quantitative	5.2.3 Current achievements / (2) Water management
3	Weight and recycling percentage of hazardous waste generated (metric ton. percent)	Quantitative	5.2.3 Current achievements / (3) Waste management
4	Explain the type, number and percentage of occupational disasters (number. %)	Quantitative	6.3.3 Occupational disaster analysis and prevention plan
5	Disclosure of product life cycle management: Include the weight of end-of-life products and electronic waste and the percentage of recycling (Note 1) (metric tons. percentage)	Quantitative	5.2.3 Current achievements / (3) Waste management 1.1.1 Product design strategy and concept
6	Description of the risk management associated with the use of key materials	Qualitative description	1.2.1 Product safety compliance and hazardous substance management
7	Total pecuniary damages (\$) resulting from legal proceedings related to anti-competitive conduct regulations	Quantitative	No legal proceedings involving violations in 2022
8	Main product output by category	Quantitative	1.2.2 Main sales areas for products and services



## Independent Assurance Statement Based on 2022 Sustainability Report of Ablerex Electronics Co., Ltd.

Statement No.: 2307006

Ablerex Electronics Co., Ltd. (hereinafter referred to as Ablerex) and GREAT International Certification Co., Ltd. (hereinafter referred to as GREAT) are independent companies and organizations. Except for the evaluation and verification of the company's 2022 sustainability report, GREAT has no financial relationship with Ablerex.

The purpose of this independent assurance statement (hereinafter referred to as the Statement) is only to serve as the conclusion of guaranteeing the relevant matters within the scope defined in the following relevant Ablerex's Sustainability Report, and not for other purposes. Except for the independent assurance statement for fact verification, GREAT does not bear any relevant legal or other responsibilities for the use of other purposes, or anyone who reads this independent assurance statement.

This independent assurance statement is based on the conclusions made by the relevant information verification provided by Ablerex to GREAT. Therefore, the scope of the review is based on and limited to the content of the information provided. GREAT believes that the information content is complete, accurate and precise. Any questions about the content of this independent assurance statement or related matters will be answered by Ablerex.

### The Scope of Assurance

The verification scope of Ablerex and GREAT agreement includes:

- The contents of the entire sustainability report and all operating performance of Ablerex from January 1, 2022 to December 31, 2022;
- According to the type 1 of AA1000 Assurance Standard v3, evaluate the nature and degree of Ablerex's compliance with the AA1000 Accountability Principles (2018), excluding the verification of the reliability of the information/data disclosed in the report
- This statement is made in Chinese and translated into English for reference.

### Verification Opinion

We summarize the content of Ablerex's sustainability report, and provide a fair standpoint of Ablerex's related operations and performance. We believe that the specific performance indicators of Ablerex in 2022, such as economy, society, environment and corporate governance, are presented correctly. The performance indicators disclosed in the report demonstrate Ablerex's expectations and efforts to identify and satisfy stakeholders.

Our verification work is carried out by a group of teams with verification capabilities according to the AA1000 Assurance Standard v3, as well as the planning and execution of this part of the work to obtain the necessary information data and instructions. We believe that the evidence provided by Ablerex is sufficient to show that its reporting method and self-declaration in accordance with the AA1000 Assurance Standard v3 and its 2018 appendix are in line with the GRI Sustainability Reporting Guidelines.

### Verification method

To gather the evidence relevant to the conclusions, we performed the following:

- To conduct a senior management review of issues from external parties related to Ablerex's corporate policies to confirm the appropriateness of the statement in this report;
- To discuss with the managers of Ablerex about the way of stakeholder participations, and have no direct contact with external stakeholders;
- To interview with employees related to the preparation of the sustainability report and information provision;
- To audit the performance data of Ablerex on a sampling basis;
- To evidence supporting the claims made in the review report;
- To Review the management process of the principles of inclusivity, materiality, responsiveness, and impact described in the company report and its related AA1000 Accountability Principles (2018).

### Conclusion

The results of a detailed review of the AA1000 Accountability Principles (2018) including inclusivity, materiality, responsiveness, impact and GRI sustainability reporting standards are as follows:

- **Inclusivity**



Ablerex has established a process of cooperation with employees, government agencies, customers, suppliers or contractors, shareholders/investors and banks etc., and will launch a series of stakeholder activities in 2022, involving economy, environment, people and a series of major themes. In terms of our professional opinion, this report covers the inclusivity issues of Ablerex.

#### - Materiality

The report has stated that Ablerex focuses on Corporate governance, Environment, Society topics, and identified 8 major topics including Customer relationship management, supplier management, regulatory compliance, talent education, economic performance, occupational safety and health, innovative research and development, and greenhouse gas management, etc. In terms of our professional opinion, this report appropriately covers the materiality issues of Ablerex.

#### - Responsiveness

Ablerex responds to requests and opinions from stakeholders. Implementation methods include numerous internal and external stakeholder communication mechanisms, as an opportunity to provide further responses to stakeholders, and to promptly respond to stakeholder concerns. In terms of our professional opinion, this report covers the responsiveness issues of Ablerex.

#### -Impact

Ablerex has identified and fairly demonstrated its impact with balanced and effective measurement and disclosure. Ablerex has established a process for monitoring, measuring, evaluating and managing impacts, which helps to achieve more effective decision-making and results management within the organization. In terms of our professional opinion, this report covers the impact issues of Ablerex.

#### -GRI Guidelines

Ablerex provides the self-declaration of compliance with the GRI Sustainability Reporting Standards and relevant information. Based on the results of the review, we confirm that the report refers to the social responsibility and sustainability of the GRI Sustainability Reporting Standards. Relevant disclosure items for developments have been disclosed, partially disclosed, or omitted. In terms of our professional opinion, this self-declaration covers Ablerex's social responsibility and sustainability themes.

### Assurance level

According to the AA1000 Assurance Standard v3 and its 2018 Appendix, we have verified that this Statement is a moderate level of assurance, as described in the scope and methods of this Statement.

### Responsibility

The responsibility of the sustainability report, as stated in this Statement, is owned by the person in charge of Ablerex. The responsibility of GREAT is solely to provide professional opinions based on the scope and methods described, and to provide an independent assurance statement for the stakeholders.

### Ability and Independence

GREAT is composed of experts in various management system fields. The verification team is composed of members with professional background, who have received training in a series of sustainable development, environmental and social management standards such as AA1000AS v3, ISO 9001, ISO 14001 and ISO 45001, and are qualified as lead auditors.

On behalf of the assurance team JULY 26, 2023

GREAT International Certification Co., Ltd.

Taiwan, Republic of China

Signed by General Manager

W. J. Chen



