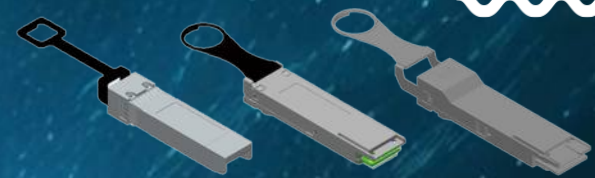


2022

ACES

ESG REPORT



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## About the Report

The Report, the 2022 sustainable development (ESG) report (hereinafter referred to as the "Report") of ACES Electronics Co., Ltd. (hereinafter referred to as "ACES"), honestly presents ACES practices in aspects including economy, society and environment in 2022, by upholding ethical and transparent principles. ACES expects to share its commitments and results concerning the ESG practices with all stakeholders via the Report.

## Scope and Boundary of Report

The data disclosed in the Report are made available from January 1, 2022 to December 31, 2022. The Report primarily focuses on the information about ACES (Taiwan) (including its Dongyuan Headquarters and PEC), and some of the Group's overseas branch companies. The Report presents the management performance and practicing results in the aspects of economy, environment and society. The financial data come from the same source applied by the external auditors in their audit report on financial statements. ACES had no significant changes in the scale, structure, ownership or supply chain in 2022. The re-prepared topics herein, if any, will be noted.

## Basis

The Report is prepared based on the 2021 GRI Standards published by the Global Reporting Initiative (GRI), and includes the principles under the UN Global Compact, UN Sustainable Development Goals (SDGs), Sustainability Accounting Standards Board (SASB) and TWSE Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies.

## Review and Assurance

The Report has been certified by a third-party assurance institution, TÜV (TUV Rheinland), in accordance with the 2021 GRI Standards and under the Type 1 Moderate Assurance Level in AA1000 AS. Please refer to the appendix hereto for the statement of assurance.

## Circulation

This is the third Sustainability Report issued by ACES. ACES will issue the Report every year.

Last report issued in June 2022

Current report to be issued in June 2023

Next report to be issued in June 2024

## Contact Us

In order to improve the quality and contents of the ACES Sustainability Report and facilitate communications with stakeholders, please feel free to communicate with the Company's spokesperson if you have any advice or suggestion:

Company Address: No. 13, Dongyuan Road, Zhongli District, Taoyuan City

Company Website: <http://www.acesconn.com/tw>

Contact Person: Ms. Chiu

Email: [csr@acesconn.com](mailto:csr@acesconn.com)



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In 2023, ACES Group steps into its 27th anniversary. After going through the struggle of the pandemic for three and a half years, we have realized that if an enterprise wishes to maintain sustainability, it shall secure higher adaptability and competitiveness to deal with the challenges from rapid changes in society and environment. "Business Performance," "Social Responsibility" and "Sustainable Development" constitute the DNA that must be implanted in successful modern enterprises. ACES completes its Third Sustainability Report to disclose our determination to become an ESG leader in the industry.

With respect to sound governance and innovation, talent development and employee welfare; carbon reduction and the net-zero goal, environmental protection; customer value and social responsibility, ACES is committed to promoting positive communication with stakeholders, in order to verify the stakeholders' needs via diversified channels. Meanwhile, ACES respects and maintains their interests and rights, including the extensive care and attention to employees, customers, investors, suppliers, governments, media and neighboring communities. Meanwhile, ACES proceeds with analysis on material issues including identification, collection, analysis and verification based on the GRI Standards, hoping to meet all stakeholders' expectations on material issues.

We implement our sound practices on sustainability, quality innovation, environmental protection, employee care and growth and participation in public welfare activities, and also expressly set forth our short-term/mid-term/long-term goals. ACES also responds to and supports the 17 Sustainable Development Goals (SDGs) of the United Nations by convening the corporate social responsibility promotion team to conduct research to evaluate the current corporate sustainable development policy and planning. So far, ACES has achieved remarkable results with respect to 8 SDGs, including employee welfare, maintenance of human rights, GHG emissions reduction and energy management. ACES will continue to promote the realization of the SDGs one by one in pursuit of sustainability.

During the past year, ACES targeted the global market and focused more on cultivation of its core strengths. For example, in order to engage in the academia-industry cooperation in improvement of technology, it signed a contract with the National Central University to create the National Central University x ACES Joint Research Center. Meanwhile, for the Group's development layout for the next three decades, in April 2022, the headquarters building construction project officially commenced at Guoling Factory premises in Zhongli, Taiwan. The project is expected to be completed in 2024. We are also committed to manufacturing, marketing and promoting excellent products, and have been honored with the "Outstanding Taiwanese Businessmen Domestic Marketing Plus Award." We keep making every endeavor to promote ACES' brand to create a win-win situation and also common prosperity with its customers.

Meanwhile, we strongly believe that maintenance of sound corporate governance is of critical importance to corporate sustainability. Therefore, ACES continues to make every endeavor to construct a stable and effective corporate architecture, improve the corporate governance quality, and practice the corporate governance spirit to improve the Company's overall operations. The concept of social responsibility and ESG has been deeply rooted in our corporate culture for many years; our staff also have it in their DNA. We are eager to combine our wisdom and do our part to solve the environmental and social problems in the world. Let us work together to pursue sustainability and forge a better future!

Chairman:  
Wan-Ting Yuan

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## Sustainable Development Strategy

### Stakeholder identification and communication channels

Communication and interaction with stakeholders is an important part of the Company's operations. Through a diverse and smooth communication channel, we understand the needs of stakeholders and respect and safeguard their legitimate rights and interests. ACES selects 7 major stakeholders in accordance with the AA1000 Stakeholder Engagement Standard. The Company practices the stakeholder engagement in various forms and via multiple channels, and compile the information about communication with each stakeholder to report it at the management meeting periodically. The stakeholders' feedback may serve as the important reference facilitating the Company's preparation of future corporate social responsibility policy. ACES communicates with stakeholders in the following forms and channels.

#### Employee

##### Meaning to ACES

Employees lay the foundation of ACES. The contribution by each employee makes ACES grow more strongly. In addition to protecting employees' interest and right and offering the employees the remuneration and benefits better than the peer level in the same trade, ACES respects and cares each ACES folk equally.

##### Concerned issues

- Talent cultivation
- Environmental protection issue
- Maintenance of human rights
- Labor-management issue
- Occupational health and safety

##### Communication channel

- Internal meeting
- Labor-management meeting
- Performance appraisal & evaluation
- Training and Education
- Employee complaint mailbox

##### Communication frequency

- Monthly
- Quarterly
- Yearly
- Yearly
- Irregular

##### Main Responsible Unit

HR Dept.

#### Customer

##### Meaning to ACES

ACES listens to customers' need carefully and focuses on creation of the maximum interest for customers. Customer success is the ultimate goal of ACES.

##### Concerned issues

- Customer privacy and information security
- Restricted substance control
- Green product and innovation
- Water resource management
- Occupational health and safety
- Waste management
- Service quality
- GHG and energy management

##### Communication channel

- Customer satisfaction survey
- Business and technology evaluation
- Meeting with customers

##### Communication frequency

- Yearly
- Yearly
- Irregular

##### Main Responsible Unit

Sales Dept.

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### Investors

#### Meaning to ACES

The stakeholders who care ACES' sustainable development and Operating performance most, to whom the Company's management team has to disclose the Company's overview of business periodically to fulfill its responsibility as the management.

#### Concerned issues

- ⊙ Operating performance
- ⊙ Business ethics and legal compliance
- ⊙ Corporate governance and risk control

#### Communication channel

Shareholders' meeting	—————
Investor seminars	—————
Annual report	—————
Investor mailbox	—————

#### Communication frequency

Yearly
Yearly
Yearly
Irregular

**Main Responsible Unit**  
Financial Dept.

### Supplier

#### Meaning to ACES

Suppliers play a very important role in ACES' sustainable development. ACES and suppliers support and grow with each other, and work together to establish the stable and fine-quality supply chain ecology and create the largest consolidated effect for customers.

#### Concerned issues

- ⊙ Supplier management
- ⊙ Green procurement

#### Communication channel

Meeting with suppliers	—————
Procurement & bargain	—————

#### Communication frequency

Yearly
Irregular

**Main Responsible Unit**  
Supply Chain Management  
Division of the Group

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### Government

#### Meaning to ACES

ACES is used to executing its practices in response to the government policy, complying with the laws and regulations promulgated by governments and competent authorities, and using the two-way communication to perform the obligation as a good citizen.

#### Concerned issues

- ⊙ Operating performance
- ⊙ Business ethics and legal compliance
- ⊙ Occupational health and safety
- ⊙ Water resource management
- ⊙ Waste management
- ⊙ GHG and energy management

#### Communication channel

Symposium and seminar

Official correspondences

#### Communication frequency

Irregular

Irregular

#### Main Responsible Unit

Chairman office

### Media

#### Meaning to ACES

Accept the medial interview or issue the press release to disclose the Company's development status and better each party's understanding about ACES' development planning.

#### Concerned issues

- ⊙ Operating performance
- ⊙ Business ethics and legal compliance
- ⊙ Social responsibility performance

#### Communication channel

Press release

#### Communication frequency

Irregular

#### Main Responsible Unit

Administration



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#### Community & neighborhood

#### Meaning to ACES

Establish fair relationship with the local community and neighborhood, and continue to develop local and social feedback through ACES' core profession to practice the sustainable social responsibility.

#### Concerned issues

- ⊙ Community care
- ⊙ Social responsibility performance

#### Communication channel

Community service and project cooperation

Visit to neighborhood

External communication mailbox

Facility complaint

#### Communication frequency

Irregular

Irregular

Irregular

Irregular

#### Main Responsible Unit

Administration





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## Materiality identification and analysis

### Material issues identification and analysis

In order to meet stakeholders' expectations of ACES' sustainable development, ACES proceeds with the analysis on material issues including identification, collection, analysis and verification based on the GRI Standards, hoping to satisfy the needs and expectations of all stakeholders relating to material issues.

#### Assessment procedure

##### A. Identification

ACES follows AA1000 Stakeholder Engagement Standard (SES) and five major principles, including Dependency, Responsibility, Influence, Tension and Diverse Perspectives. Meanwhile, subject to the practice of various divisions and departments, it also identifies 7 major stakeholders, including employees, customers, investors, suppliers, governments, media and neighboring communities.

##### B. Collection

In consideration of the internal/external issues and impact posed by risk related to the Company's operation, ACES collects, identifies and compiles data based on 25 concerns from stakeholders. Subsequently, the internal taskforce took into account the factors including GRI Standards, SDGs, domestic/foreign industrial trends, and organizational operation and development objectives, and decided on 18 executable sustainability issues after a comprehensive discussion. Therefore, the Material issues selected subsequently herein are based on the 18 sustainability issues.

##### C. Analysis

The internal taskforce evaluates the "Sustainability Issues Impact Assessment Form" for the internal unit heads based on the positive and negative impacts posed by "level of influence" and "possibility of occurrence" for each sustainability issue, and invites each unit head to consider the actual level of positive and negative impacts posed by each issue to the Company. Meanwhile, 18 sustainability issues were scored and graded from the 10 returned questionnaires. Subsequently, the scores for each issue were ranked based on their positive and negative impacts, and the level of influence was prioritized based on the impact scores.

##### D. Verification

Finally, the material issues were determined from issues scoring the highest level of influence, and 9 material issues were identified upon the internal taskforce's discussion and senior management's evaluation and confirmation in 2022. Subsequently, the Sustainability Report will be prepared based on the 9 material issues, and also communicated to the stakeholders along with ACES' commitment to its vision, objectives, sound management practices and performance results.

Corresponding issue		Economic and governance aspects
Material issues		Corporate governance
Meaning to ACES		Robust and sound corporate governance practices enable enterprises to achieve sustainable development and protect each stakeholder's interest and right from impairment.
Description of Impacts		ACES' good corporate governance improves the Company's transparency and helps control risks effectively. It also helps improve the Company's corporate identity and market position.
Boundary of impact	Employee	V
	Customer	V
	Investors	V
	Supplier	V
	Government	V
	Media	
	Community & neighborhood	
Involvement	Direct involvement	V
	Contribution to involvement	
	Involvement via business conduct	
Corresponding GRI index		Self-defined Material issues
Corresponding SDGs		
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Corresponding issue		Economic and governance aspects			Environmental aspect
Material issues		Operating performance	Product quality	Sustainable supply chain	GHG and energy management
Meaning to ACES		Stable sustainable growth drives the corporate sustainability. ACES uses the best effort to exert the largest consolidated operating effects, in order to feed back to the stakeholders including shareholders and investors.	Quality is critical to a company's overall operations. In order to ensure the quality, ACES has invested capital in product innovation and practiced the quality control permanently.	As suppliers are the partners important to ACES's ESG, maintaining fair and robust relations with suppliers may help mitigate the operating risk and improve the quality of products and services.	In order to achieve effective energy management, it is necessary to improve the usage efficiency and also reduce GHG emissions. ACES is concerned about the environmental issues and, therefore, will continue to invest resources to protect the environment on earth.
Description of Impacts		ACES' stable growing operating revenue is considered a positive message to investors and shareholders, as it may help improve investors' confidence in ACES and attract more support, thereby benefiting the expansion of development.	The product quality is critical to customers' satisfaction and market share. Therefore, ACES uses the best to innovate, continues to improve quality and enhance the brand value, and responds to customers' feedback in a timely manner.	Without a good supply chain management policy, the Company is very likely to violate relevant laws and regulations and be involved in unethical business conduct, and even human rights issues of partners in the supply chain (human rights, occupational safety, working environment, etc.) might be ignored easily, thereby causing a negative impact to the Company.	Ignoring environmental issues might result in damage to the ecological environment and excessive consumption of energy, and even cause potential social problems, as it is impossible for the disadvantaged to respond to the negative impact posed by the environment.
Boundary of Impact	Employee	V	V		
	Customer	V	V	V	
	Investors	V	V		
	Supplier	V	V	V	
	Government	V			V
	Media				V
	Community & neighborhood				V
Involvement	Direct involvement	V	V	V	V
	Contribution to involvement				
	Involvement via business conduct		V		
Corresponding GRI index		GRI 201 Economic performance	Self-defined Material issues	Self-defined Material issues	GRI305 Emissions
Corresponding SDGs		 			
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Corresponding issue		Social aspect			
Material issues		Talent cultivation	Salary and benefits	Occupational health and safety	Labor-management relations
Meaning to ACES		Employees' continuing growth and improvement drives ACES' sustainable development. ACES provide diversified and professional training programs per employees' needs and future career planning, hoping to satisfy employees' organization expectation.	In order to recruit and retain talents, ACES provides employees with a sound and fair remuneration and benefit system to ensure that the treatment offered to them is better than the peer level in the same trade and may continue to help improve their competitiveness in the market.	ACES shall perform the basic liability and obligation to have all colleagues work safely in the workplace. Meanwhile, employee car, physical and mental, is an issue most concerned about by ACES. ACES makes every endeavor to create a happy workplace for the employees.	Amicable labor-management relations may help the Company grow stably. ACES values the amicable labor-management relations and provides multiple communication channels between the labors and management.
Description of Impacts		Cultivate and develop talents internally based on long-term planning, in order to strengthen the organization, improve the retention rate and enhance the Company's competitiveness.	ACES has a good salary and welfare system to ensure retention of excellent employees and encourage employees to improve their work performance, thus driving the Company's growth.	ACES values occupational safety and implements multiple control measures to mitigate the risk over accidents and reduce occupational accidents. Meanwhile, ACES cares for employees' health greatly and provides multiple health promotion plans.	If the labor-management relations are handled improperly, a dispute or problem, such as a strike, might arise between the laborers and management. ACES convenes labor-management meetings regularly and sets up multiple communication channels. The management also responds to employees' feedback in a timely manner. Therefore, the labor and management maintain a good and successful communication channel.
Boundary of impact	Employee	V	V	V	V
	Customer				
	Investors				
	Supplier				
	Government			V	
	Media				
	Community & neighborhood				
Involvement	Direct involvement	V	V	V	V
	Contribution to involvement				V
	Involvement via business conduct				V
Corresponding GRI index		GRI404 Training and	GRI405 Diversity and Equal	GRI403 Occupational health and safety	GRI402 Labor-management relations
Corresponding SDGs					
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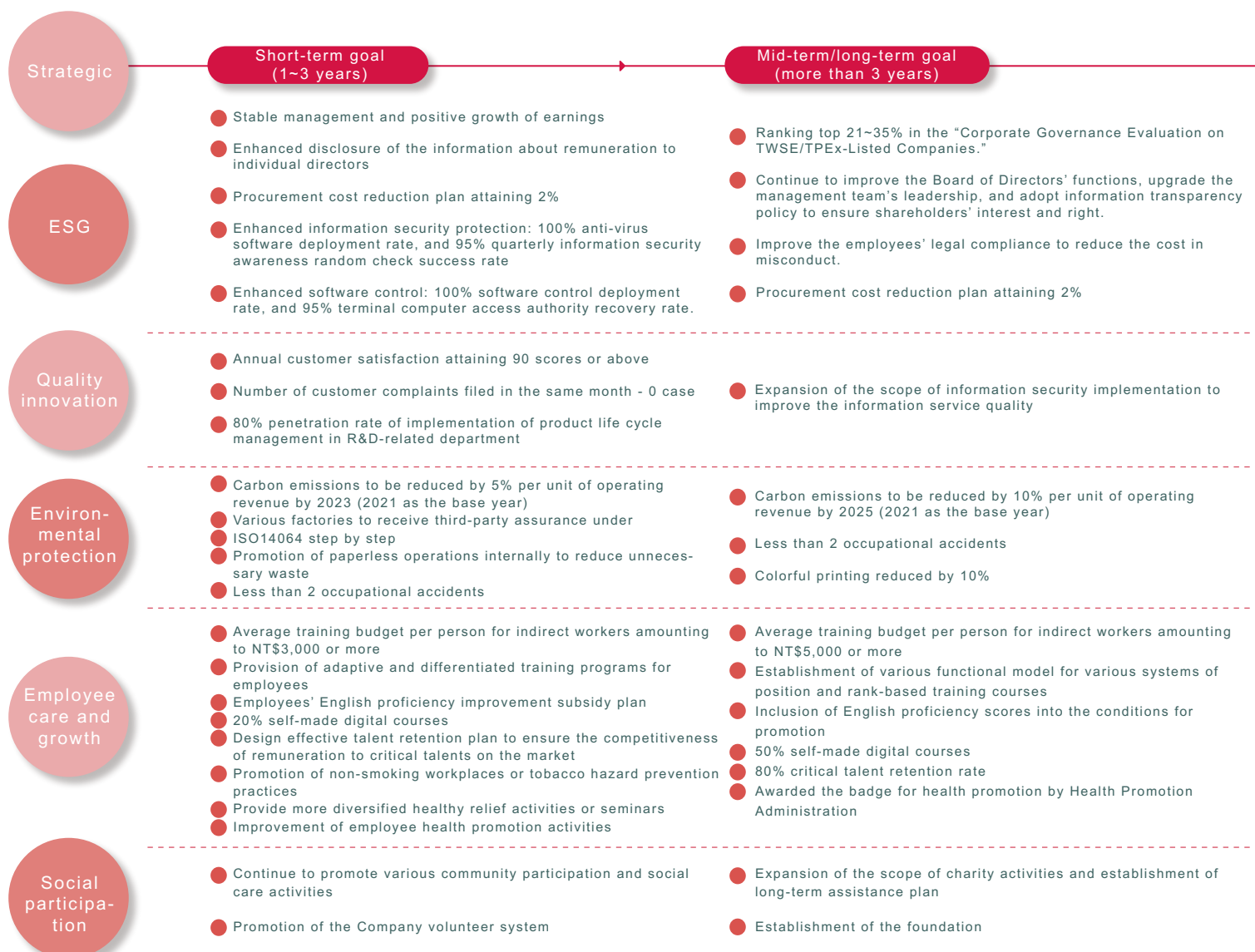
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## Sustainable Development Goals (SDGs)

In order to respond to and support the United Nations' 17 Sustainable Development Goals (SDGs), ACES convenes a meeting with the corporate social responsibility promotion taskforce for research, and evaluates that the Company's existing ESG policy and planning may link with 8 SDGs. Therefore, ACES will orient its future ESG development toward the SDGs. ACES expects to gather the wisdom of all to help solve the global social and environmental issues.

The 8 major goals for the 2022 ESG development and performance are described as following:

SDGs	Material issues Corresponding to ACES	Performance & results
Health and wellbeing 	<ul style="list-style-type: none"> <li>Labor/Management Relations</li> <li>Healthy and safe workplace</li> </ul>	<ul style="list-style-type: none"> <li>Average raise of 4.41%</li> <li>Organize 17 workplace health-related courses</li> <li>Execute the "workplace employee health protection plan"</li> <li>Establish the "epidemic prevention team" to execute emergency response measures.</li> </ul>
Fine-quality education 	<ul style="list-style-type: none"> <li>Talent cultivation</li> </ul>	<ul style="list-style-type: none"> <li>Average training and education hours per person 6.91 hours</li> <li>Number of persons involved in the industry-academia cooperation: 44 persons</li> </ul>
Gender equality 	<ul style="list-style-type: none"> <li>Maintenance of human rights</li> </ul>	<ul style="list-style-type: none"> <li>Ratio of male to female employees is 1.1:1</li> <li>Practice the "maternity health protection control procedure"</li> </ul>
Affordable energy 	<ul style="list-style-type: none"> <li>GHG and energy management</li> </ul>	<ul style="list-style-type: none"> <li>Complete the ISO14064 GHG inventory</li> <li>Carbon emission reduced by 4.09% from last year</li> </ul>
Employment and economic growth 	<ul style="list-style-type: none"> <li>Corporate governance</li> <li>Operating performance</li> <li>Risk control</li> </ul>	<ul style="list-style-type: none"> <li>Global consolidated net operating revenue, NT\$10.393 billion</li> <li>Provide competitive salary and welfare system</li> <li>Comply with the "Corporate Social Responsibility Policy"</li> <li>Create local job opportunities in rural areas</li> </ul>
Industrial innovation and infrastructure 	<ul style="list-style-type: none"> <li>Product quality</li> <li>Innovation and R&amp;D</li> </ul>	<ul style="list-style-type: none"> <li>R&amp;D expenses increased by 19.22% from last year</li> <li>The valid patents accumulated by the Group reached 496.</li> <li>Implementation of new AIAG-VDA FMEA system</li> </ul>
Responsible consumption and production 	<ul style="list-style-type: none"> <li>Waste management</li> <li>Green procurement</li> <li>Sustainable supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of local procurement expenditure attained 43%.</li> <li>Procurement of green products with green mark as the first priority</li> <li>Waste reduced by 0.73% from last year</li> </ul>
Climate action 	<ul style="list-style-type: none"> <li>GHG and energy management</li> </ul>	<ul style="list-style-type: none"> <li>Improve the energy-conservation and carbon-reduction actions and strength</li> <li>Total power consumption reduced by 11.33% from last year</li> </ul>

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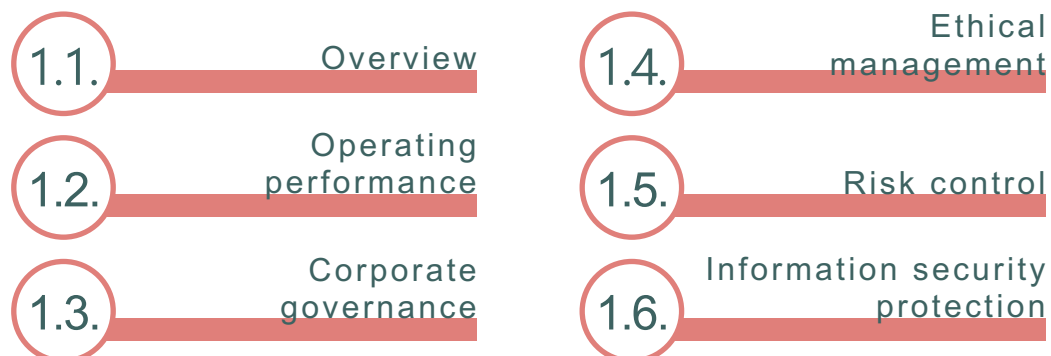
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# Stable Governance Roadmap







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## 1.1 Overview

### About ACES

ACES Group aims to transform itself as a manufacturer engaged in efficient operations, provision of production capacity for customers, and resilient production to that engaged in providing customers with complete solutions. The Group's English name stands for Advanced, Creative, Excellent and Solution literally, as it is dedicated to providing customers with the most fine-quality services with its strengths in design of new products, high-speed transmission technology, high current transmission, and integrated design of connectors/cables.

### Company profile

ACES Electronics Co., Ltd. (ACES) was founded in November 1996, primarily engaged in R&D, production and sale of the products including laptops and computer peripheral devices, tablets, smart phones, consumable electronics, panels, automobile equipment, network communications, industrial, medical and other related connectors, connector accessories, fine pitch coaxial cable set, electronic cable set, wireless communication RF cable/connector set and other spare parts and components. Headquartered in Taoyuan, ACES set up production sites in China, the Philippines and Vietnam, in order to continue its lean production plan, and continue to improve the cost structure by increasing the automated production percentage. Meanwhile, it provides customers with more diversified products and services and higher value-added products and services, in order to increase the growth momentum. ACES was listed on TWSE officially in March 2009 (Stock Code: 3605).



### ACES Connector Business Group

HQ in Taoyuan, Taiwan  
ACES PEC Taiwan  
ACES Kunshan

Dongguan ACES  
GALIS Kunshan Plating  
ACES Vietnam

ACES Precision Machinery Co., Ltd., Taitung  
Taipei Co-working Office  
CPC Germany

ACES Germany  
ACES Japan  
ACES USA  
ACES Singapore

Facility/Office

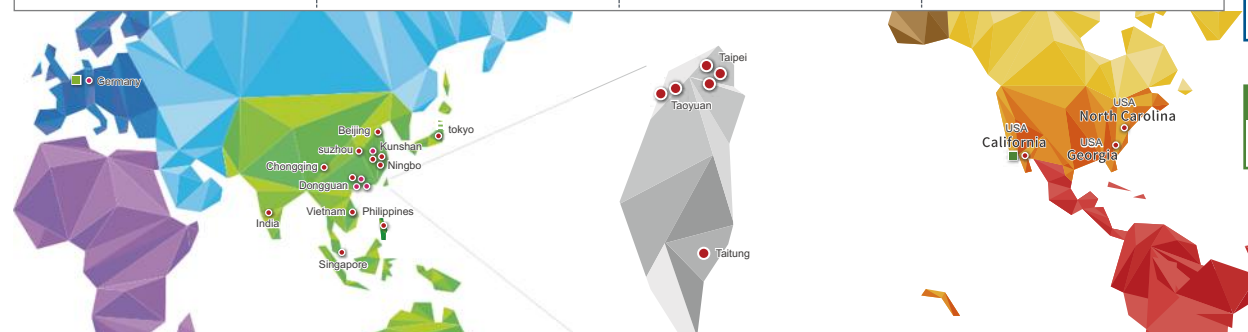
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Business Office

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Warehouse

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### MEC Cable Business Group

HQ in Taoyuan, Taiwan  
MEC Kunshan  
MECHPT Dongguan

MEC USA  
MEC Philippines

### KY Computer Equipment Business Group

ACES PEC Taiwan  
New KY Kunshan  
New KY Dongguan

### Genesis Connector Business Group

Genesis USA  
Genesis Taiwan  
Genesis Ningbo

Genesis Dongguan

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The Company's full name	ACES Electronics Co., Ltd.
Date of Incorporation	November 7, 1996
Paid-in capital	1,344,177,090
Stock Code	3605
Number of employees of	706 persons
Main products and services	High-end precision connectors and wires, and the design and manufacturing of precision molds
Chairman	Wan-Ting Yuan
General manager	Tsung Ling Yang
Dongyuan Headquarters address:	No. 13, Dongyuan Road, Yongfu Vil., Zhongli District, Taoyuan City
PEC	No. 530-6, Sec. 2, Guoling Rd., Zhongli Dist., Taoyuan City
Dongyuan Headquarters address:	Dongyuan Headquarters: 5563.21 square meters PEC: 8599.75 square meters
Business locations	Taiwan, the USA, Japan, Singapore, Germany, Philippines, India, Vietnam, China (Beijing, Suzhou, Kunshan, Dongguan, Ningbo and Chongqing)

## Corporate culture and core values

Since the Company was founded, it has focused on the management of connector business. Now, the Company is considered as the professional leading manufacturer in the supply chain of laptops and tablets. Notwithstanding, the Company will keep improving and innovating, continue to develop other product lines, and also pursue the management philosophy claiming "Knowledge and Vision, Value and Attitude, Commitment and Execution" to create the maximum interest for shareholders, employees and customers as its business target to be pursued.

1

**Knowledge and Vision:** An enterprise, together with its employees, shall live to learn. The enterprise shall establish a continuing education and growth environment within the organization and encourage its employees to keep learning and trying to surpass themselves, in order to build the macro vision and creative knowledge

2

**Value and Attitude:** Create the unreplaceable value for customers, while managing personal value at the same time; adhere to positive and responsible attitude.

3

**Commitment and Execution:** The enterprise and its employees must "keep their promises." The management team shall make every endeavor to practice our commitments to customers, suppliers, employees or shareholders, and then the Company's management efficiency may be increased and thereby generate profit inevitably.



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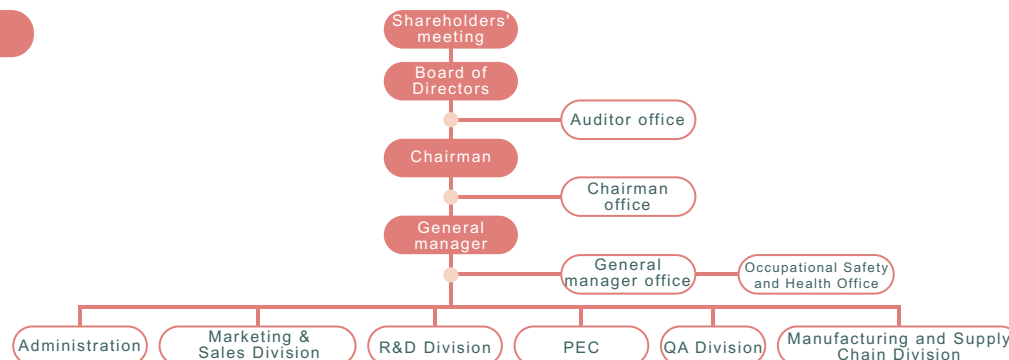
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### ACES Organizational



### Departments and functions

Chairman office	<ul style="list-style-type: none"> <li>Analysis and preparation of business strategies</li> <li>Overall planning about the Company's shareholders service and organization of the Board of Directors meetings and shareholders' meetings.</li> </ul>
Auditor office	<ul style="list-style-type: none"> <li>Audit and evaluation on the internal control system on the Company's budget, finance, business and operations.</li> <li>Inspection on the Company's business management</li> </ul>
General manager	<ul style="list-style-type: none"> <li>Analysis and research of business strategies and projects</li> </ul>
Occupational Safety and Health Office	<ul style="list-style-type: none"> <li>Responsible for the Company's overall environmental safety and health</li> <li>Responsible for fire protection equipment management and maintenance</li> <li>Related ISO system management and execution</li> </ul>
Marketing & Sales Division	<ul style="list-style-type: none"> <li>Responsible for promotion and sale of products to achieve the sales target.</li> <li>Development of customer value and verification of the market trends</li> <li>Domestic marketing/export sales, such as acceptance of orders for products</li> </ul>
R&D Division	<ul style="list-style-type: none"> <li>Overall planning about the R&amp;D orientation, product development, manufacturing technology development, sale technology supporting and assistance in technology troubleshooting for customers.</li> <li>Development of materials for new products</li> <li>Overall planning about development and design of production equipment</li> </ul>
PEC	<ul style="list-style-type: none"> <li>Overall planning about design, development, manufacturing and management of molds.</li> <li>Verification of the customers' needs for quality, execution of product certification, product quality assurance</li> <li>Overall planning about production and manufacturing operations, including injection, stamping and assembly</li> </ul>
QA Division	<ul style="list-style-type: none"> <li>Prepare/maintain the quality policy</li> <li>Prepare/execute the quality management system and plan</li> <li>Maintain various international quality management systems</li> <li>Control the quality cost goal achievement rate</li> <li>Satisfy individual customers' audit needs and goals</li> <li>Manage customers' quality service and satisfaction level</li> <li>Control various quality assurance system operating mechanism and execute quality strategies</li> </ul>
Manufacturing and Supply Chain	<ul style="list-style-type: none"> <li>The Group's supply chain management are responsible for procurement of finished goods from external sources and supplies, integrating regional supply chain and planning related strategies.</li> <li>The Group's integration plan: Responsible for coordinating the work among different departments to ensure the successful execution of procedures and plans during the process.</li> <li>Operational Excellence Division: Responsible for implementing high-efficiency operational strategies and flows to ensure the best performance of production and supply chain.</li> <li>Manufacturing Engineering and Automation Support: Responsible for the engineering and automation support in production to improve product quality and production efficiency.</li> <li>Smart Manufacturing Preparation: Responsible for development and implementation of emerging technologies, preparation of the digital strategies of the Group's manufacturing unit, and promotion of the digital transformation to improve production capacity and quality and control the cost at the same time.</li> </ul>
Administration	<ul style="list-style-type: none"> <li>Overall planning about the Company's finance, accounting, taxation and management analysis</li> <li>Overall planning the Company's administrative management, general affairs, general procurement and HR.</li> <li>Planning, execution and maintenance of the Company's information system; update and maintenance of software and hardware equipment.</li> </ul>



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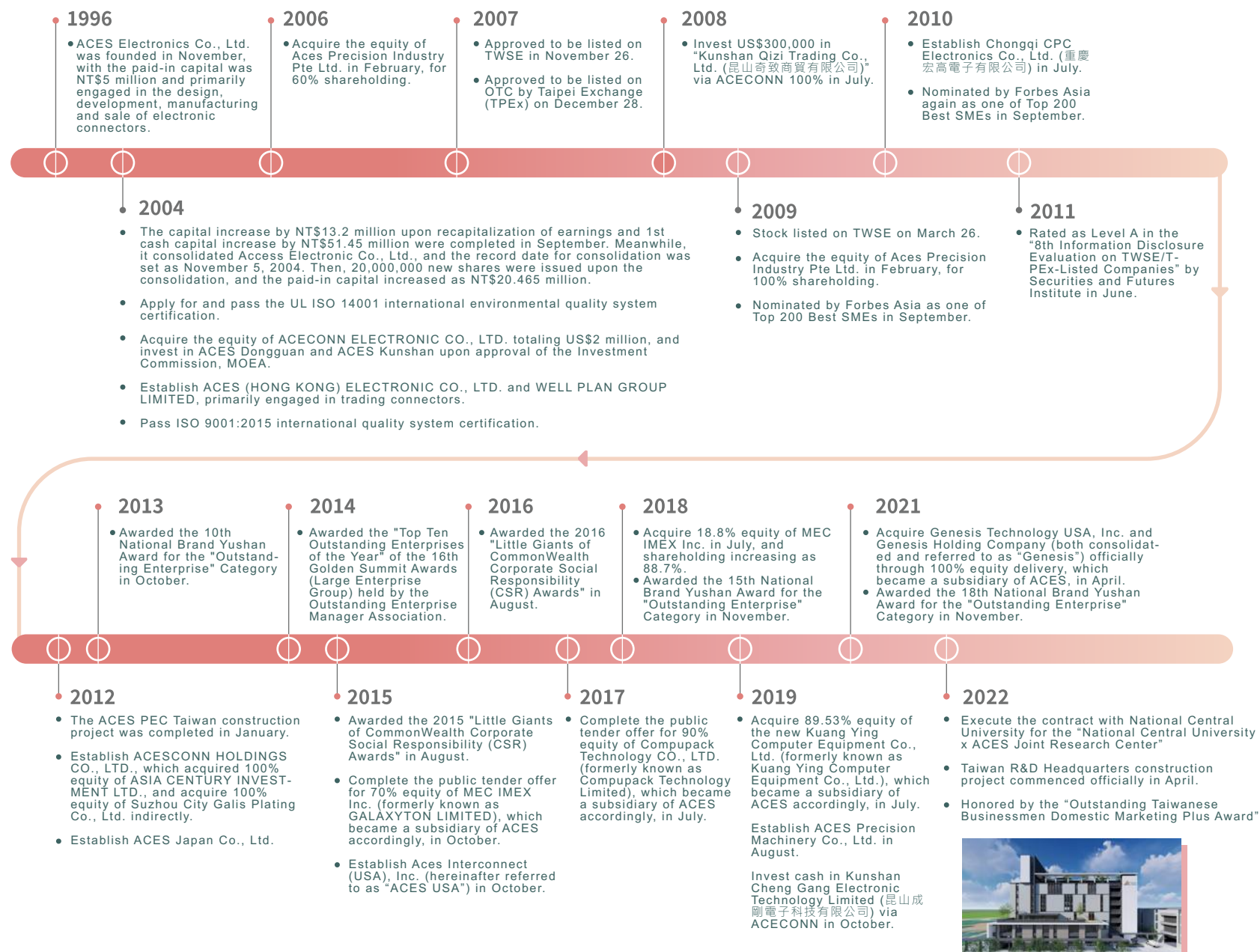
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## Milestones



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## Strategic business planning

### Short-term plan

- 1 Strengthen the products in width in the existing sale channels on the laptop market: In addition to the existing product series, the Company will exercise its existing technology and strengths residing in molds to shorten the schedule in development of samples, and develop more cable types for laptops in response to customers' product development plans, so as to increase the Company's products in width, thus expanding the market share and increasing operating revenue.
- 2 Develop network servers and markets proactively: In consideration of the high development potential of the future communications and network market, the Company will utilize its existing staff working on development of technology to research, develop and manufacture the connectors and cables for products related to the mobile device industry and network communications industry proactively, in order to deal with the future business development.
- 3 Expand the international business: In order to exercise the production capacity effectively and achieve the best scale of economy, the Company strives for foreign orders proactively. This will be helpful for cost control and result in additional sales channels. Therefore, the Company may take the chance to strengthen the control over production systems and also access more advanced technology and market information in foreign countries. Working with the brand customers in Design-in would help shorten the time spent in product development and also verify the market development trend.
- 4 Build the overall corporate identity in the aspects including the product catalogue, the Company's website and Company profile, in order to raise the Company's publicity and seek the marketing niche.
- 5 Accelerate the development of automated production and complete the modularity of production equipment to improve the production capacity and product quality effectively, reduce the dependence on direct human resource and raise the threshold for access to the production technology, upgrade the production efficiency, shorten the delivery period, cut production costs and product the best possible results.
- 6 Accelerate the development of vertical integration of processes, and reduce the proportion of outsourcing for plating, in order to control the product quality and production costs.
- 7 Establish the automotive electronics zone (Automotive Electronic Engineering Technology & Research Center) to expand the production capacity for automotive electronic connectors and R&D momentum, and provide customers with more diversified products and services.

### Mid-term/long-term plans

- 1 Considering that usually it is the US market taking the initiative to engage in basic R&D or set forth related specifications for new technology products, it is very important to access real-time information that may provide the product development orientation and help the investment decision making. The Company established ACES USA officially in 2015, in order to expand its business location in the USA, verify the product development trend on the market and access the information about new products. Besides, as China emerged and became the most important production and consumption center in the world, the Company completed its business restructuring in 2015, hoping to build more solid relations with customers and improve the product sales. Meanwhile, the Company implemented the "Dual Hawks Project" to launch into the markets across the USA and China, in order to deal with the rapid changes in the market demand, respond to any situation timely and provide resilient service, and also build a more forward-looking and complete business development orientation for the Company.
- 2 Global planning based on the strength in R&D and leading products: Continue to invest capital in R&D and technology resources, and sprout the R&D of technology in Taiwan, expand the business scale, focus on design, development and manufacturing of precision molds, and continue training talents dedicated to product development and design and manufacturing of precision molds to build a complete technology team, hoping to satisfy domestic and foreign customers' demand and become the world-class manufacturer engaged in spare parts and components of precision instruments as its long-term goal.

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## Participation in external associations and unions

ACES participates in related industry associations and unions proactively, hoping to verify the domestic/foreign industry trends through attendance at professional conferences organized by the associations and exchange of information with peers in the same industry, ensure that its corporate governance satisfies relevant requirements, and pursue more opportunities for horizontal cooperation.

The organizations which ACES have participated in are provided as following:

Association	Designation	Association	Designation
Taiwan Electronic Connection Association (TECA)	Member (Chairman, and Director of the Association)	Peripheral Component Interconnect Special Interest Group, PCI-SIG	Member
Digitimes	Member	Generation Z	Member
HDMI	Member	Open Server Plan	Member
USB IF	Member	5G Smart Pole Standard Promotion Alliance	Member
Small Form Factor Committee, SFF/Storage Networking Industry Association, SNIA	Member	E-paper Industry Alliance (EPIA)	Member
JEDEC Solid State Technology Association	Member	Video Electronics Standards Association, VESA	Member
National Central University-Global Research & Industry Alliance (Enrolled officially in 2022)	Member	Taiwan Electrical and Electronic Manufacturers' Association (TEEMA)	Member

## External initiatives

ACES recognizes and commits to support the vision and goal of RBA (formerly known as EICC). The Company adopts related policies in accordance with the RBA Code of Conduct, and also demands that its major suppliers should implement care for labor and human rights issues, a healthy and safe working environment, and compliance with business ethics, in order to fulfill corporate social responsibility together and attain the RBA vision and goals. During the RBA Validated Assessment Program (VAP) in 2021, the Company had an international fair third party conduct the on-site audit on the Company and, therefore, completed the audit 7.0.





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ACES promises not to use or procure any conflict minerals generated from any conflict zone. Meanwhile, it also demands that the upstream suppliers of raw materials and spare parts should also perform the social and environmental responsibility and avoid using any conflict minerals from conflict zones, and should engage in related trading activities in line with the RBA Code of Conduct. ACES Group warrants that any minerals employed by products sold to its customers are DRC Conflict-Free compliant.



Responsible Business Alliance

Advancing Sustainability Globally

EcoVadis is a social responsibility online review platform originating in France, dedicated to evaluating the effects posed by enterprises to environment, labors and human rights, business ethics and sustainable procurement. In order to satisfy demand of international customers and suppliers for social responsibility and review performance in various aspects. Until 2022, ACES has answered the EcoVadis questionnaire for three consecutive years and is committed to continuously looking for ways to strengthen its sustainable development.

ecovadis

The CDP (Carbon Disclosure Project) is one of the key indicators which the global institutional investors prefer to follow when considering an enterprise's ESG practices. Since 2019, ACES has answered the CDP Climate and CDP Water questionnaire each year. In 2022, it was rated as C (Cognitive Functioning Level). Notwithstanding, the Company will continue to improve relevant practices to mitigate the damage caused by its operations to the environment.



### Awards & Honors

#### 10th "Outstanding Taiwanese Business Domestic Marketing Plus Award"

ACES was conferred with its 10th "Outstanding Taiwanese Businessmen Domestic Marketing Plus Award" by the Management Institute in Taipei in 2022. According to the selection criteria, ACES has a good reputation, and powerful market position and influence in China and also owns a complete distribution network in various districts of China. Therefore, it was honored with the Award, as it is considered as the leader among domestic marketing-oriented Taiwanese businesses, benchmark enterprise in the industry and the model from whom Taiwanese businesses should learn. ACES will continue to expand its operating revenue scale, develop the global market and fulfill its corporate social responsibility and sustainable development pro-actively, in order to pursue the optimum value for the Company and also become the most trustworthy and professional omni-bearing solution partner.



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## 1.2 Operating performance

### Management policy



#### Material issues

#### Operating performance

#### Policy direction

- The Company will uphold the "ethical management" philosophy, and in the spirit of feedback to the society, pursue the corporate sustainability.

#### Core targets

- Dedicated to improving the production performance
- Grow the operating revenue and strengthen the profitability to create higher economic value and feedback to stakeholders.

#### Performance & results

- **Financial performance in 2022**  
Global consolidated net operating revenue, NT\$10.393 billion  
Annual average gross margin 21.49%  
ROE 4.04%  
Net profit margin 2.15%

#### Action programs

- Practice the CRM and move toward the goal for omni-channel supplier
- Accelerate advanced process R&D and production capacity expansion
- Smart management work flow - follow up and evaluate operating performance periodically, combine the industry forecast, propose the risk assessment and financial planning earlier, and formulate strategic decision making.

### How to manage



#### Invested resources

- Well utilize CRM to integrate various platform systems.
- Increasing percentage of R&D expenses.
- Implement SAP to integrate the Group's resources.

#### Feedback mechanism

- Weekly business meeting of the Group.
- Monthly management meeting of the Group.
- Irregular cross-departmental meeting.
- CPA's audit on operating revenue report.

#### Evaluation mechanism

- Market scale evaluation indicators.
- Annual plan and budget review meeting.
- KPI achievement rate by department.

### Future planning



#### Goals for 2023

Expand smart factories, transform smart manufacturing and optimize supply chains, plan the Group's resources more efficiently, increase profit and rate of return and practice the Company's sustainable and stable operations.

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## Operating performance

In the post-epidemic age, all of the Company's employees make every endeavor to improve the operating performance, and continue optimizing the production process and work on innovation and R&D proactively by controlling the costs of raw materials and supplies to deal with the fierce competition in the industry. ACES convenes budgetary meetings periodically to follow up the overview of operation and target achievement rate. It reviews and adequately adjusts poor performance, in order to ensure that the management may verify the Company's operating results effectively and to protect shareholders' equity.

### Operating performance for the most recent three years

Unit: NT\$ Thousand

Item	Sub-item	2020	2021	2022
Generated Direct economic value	Operating revenue (Note 2)	8,062,865	10,575,862	10,392,504
	Operating cost (Note 3)	5,556,279	7,118,771	7,327,958
Distributed economic value	Employee salary and benefits	2,064,242	2,594,345	2,578,811
	Payment to capital contributors (Note 4)	120,511	247,406	158,999
	Payment to governments	59,926	104,251	100,440
	Investment in community (Note 5)	1,961	2,918	2,963
Retained economic value (Note 6)		259,946	508,171	223,333

Note 1: The data statistics covers the subsidiaries consolidated by ACES.

Note 2: The operating revenue refers to the sales revenue.

Note 3: The operating cost refers to the cost of goods sold+operating expense.

The Re-preparation of information includes the operating costs, due to splitting of community investment projects.

Note 4: The payment to capital contributors refers to the cash dividends and payment of interest.

Note 5: The investment in community refers to donation.

Note 6: The retained economic value refers to the net profit after tax.

### Statistics on the proportion of business for the most recent three years

Unit: NT\$ Thousand

Main products	2020		2021		2022	
	Net operating revenue	Weight	Net operating revenue	Weight	Net operating revenue	Weight
Connector	4,361,239	54.09%	5,264,343	49.78%	4,712,685	45.35%
Cable	1,883,947	23.37%	2,236,600	21.15%	2,082,787	20.04%
Channel and RF products	816,078	10.12%	796,279	7.53%	803,160	7.73%
Metal stamping parts	788,050	9.77%	1,953,577	18.47%	2,448,955	23.56%
Other operating revenue	213,551	2.65%	325,063	3.07%	344,917	3.32%
Total	8,062,865	100.00%	10,575,862	100.00%	10,392,504	100.00%

Note: The data statistics covers the subsidiaries consolidated by ACES.

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Statistics about production

Unit: Thousand pcs and NT\$ Thousand

Production volume/value	Age	2022		
		Production capacity	Production volume	Production value
Connector		42,307,000	28,164,639	5,313,854
Cable		107,841	100,927	2,052,555
Channel and RF products		143,304	164,573	596,812
Metal stamping parts		381,279	355,236	2,250,796
Total		42,939,424	28,785,376	10,214,016

Note: The data statistics covers the subsidiaries consolidated by ACES.





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## 1.3 Corporate governance

### Management policy

#### Material issues

#### Corporate governance

Policy direction	<ul style="list-style-type: none"> <li>Comply with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and related laws &amp; regulations, and adopt the Company's "Ethical Management Best Practice Principles" and "Corporate Governance Best Practice Principles" to maintain shareholders' equity and strengthen the Board of Directors' operation.</li> </ul>
Core targets	<ul style="list-style-type: none"> <li>Strengthen corporate governance and improve the transparency of information disclosure</li> <li>Continue to improve the corporate governance evaluation</li> </ul>
Performance & results	<ul style="list-style-type: none"> <li>The attendance rate of the Board of Directors meetings was 100% in 2022.</li> <li>A total of 8 directors and supervisors attended corporate governance-related courses. The accumulated training hours attained 51 hours.</li> <li>No corruption or bribery found in 2022.</li> </ul>
Action programs	<ul style="list-style-type: none"> <li>Plan the Company's senior management's participation in corporate governance-related courses to improve the management's governance spirit.</li> <li>Establish the Remuneration Committee, adopt the salary &amp; remuneration policy and system for the Company's directors, supervisors and managers, and conduct the performance assessment periodically.</li> </ul>

### How to manage

Invested resources	<ul style="list-style-type: none"> <li>Establish the committees corresponding to various functions to help them supervise the functions.</li> </ul>
Feedback mechanism	<ul style="list-style-type: none"> <li>Spokesman mailbox</li> <li>Shareholders' meeting</li> <li>Investor seminars</li> </ul>
Evaluation mechanism	<ul style="list-style-type: none"> <li>The internal Board of Directors' performance assessment is conducted once per year.</li> <li>Participate in the corporate governance evaluation</li> <li>Evaluate whether the Company's operating procedures are reasonable through the internal control system.</li> </ul>

### Future planning



#### Goals for 2023

- Continue to improve the corporate governance evaluation rating.
- No corruption or bribery found.

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## Corporate governance

ACES believes that maintenance of a robust corporate governance system is the key factor to an enterprise's success in sustainable development. Therefore, ACES continues to use its best effort to construct a stable and effective corporate governance framework, keeps improving corporate governance quality, practices the spirit of corporate governance and ensures that the management and workers may comply with laws and a code of ethics, in order to strengthen the Company's operations, maintain each stakeholders' interest and rights, and fulfill its corporate social responsibility.

The company has set up a full-time corporate governance unit to handle affairs related to corporate governance and sustainability.

The Company's corporate governance unit is responsible for the following duties:

1. Handling matters relating to the Board meetings and shareholders' meetings pursuant to laws.
2. Producing minutes of the Board meetings and shareholders' meetings.
3. Assisting in onboarding and continuing education of directors and supervisors.
4. Furnishing information required for business execution by directors and supervisors.
5. Assisting directors and supervisors with legal compliance.
6. Reporting to the Board of Directors whether the qualifications of independent directors complied with relevant laws and regulations during the nomination, election, and term of office.
7. Handling any update on the information about directors.
8. Other matters stipulated in the Articles of Incorporation or contracts.

## Directors

The Company's current Board of Directors consists of 7 directors (including 3 independent directors). All of the members are the R.O.C. nationals. The independent directors account for 43% of all directors. Furthermore, 2 directors are from 51 to 60 years old, 4 directors are from 61 to 70 years, and 1 director is from 71 to 80 years old, and there is 1 female director. All of the members are specialists in fields including industry, finance, accounting and technology, with the ability in business judgment, business management, crisis management, industrial knowledge, international market prospective and leadership & decision making.

## Nomination and election of the Board of Directors

ACES has wide connections and, therefore, can also find competent talents to serve as the successors in a timely manner. Meanwhile, ACES does not fall under any circumstances referred to in Article 30 of the Company Act. Further, the independent directors shall have the working experience in business, R&D, legal affairs, finance and accounting, and also comply with Paragraph 1, Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies." The nomination and election shall take place once every three years. In the future, the succession plan will target professionals in various fields. The Board of Directors meeting shall be convened once per quarter, provided that it may be convened by the Chairman at any time in the case of emergency. A total of 6 Board meetings have been convened in 2022. The attendance rate thereof was 100%.

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## Training and Education of the Board of Directors

ACES arranges the continuing education courses of at least 6 hours (inclusive) for each member of the Board of Directors each year, in order to urge the Board members to maintain their sharp insight and judgment, adapt to the ever-changing business environment, develop their own functions and roles, and achieve corporate sustainability.

Title	Name	Organizer	Name of course	Continuing education course hours	Total continuing education course hours in 2022
Chairman	Wan-Ting Yuan	Securities & Futures Institute	2022 Insider Equity Trading Legal Compliance Presentation Conference	3	6
		Securities & Futures Institute	2022 Insider Trading Prevention Presentation Conference	3	
Director	Wei Ji Investment Co., Ltd. Representative: Huang Wen-cheng	Taiwan Corporate Governance Association	Corporate governance and securities laws & regulations	3	6
		Securities & Futures Institute	2022 Insider Trading Prevention Presentation Conference	3	
Director	Han-Chang Hsieh	The Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	AI Security	3	6
		The Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	Discussion on latest amendments to Business Mergers and Acquisitions Act and taxation issues	3	
Director	Chang-Fei Hsu	Securities & Futures Institute	2022 Insider Equity Trading Legal Compliance Presentation Conference	3	6
		Securities & Futures Institute	2022 Insider Trading Prevention Presentation Conference	3	
Independent Director	An-Chien Li	Securities & Futures Institute	2022 Insider Trading Prevention Presentation Conference	3	6
		Securities & Futures Institute	2022 Insider Equity Trading Legal Compliance Presentation Conference	3	
Independent Director	Da-Li Liao	Securities & Futures Institute	2022 Insider Trading Prevention Presentation Conference	3	6
		Taiwan Stock Exchange Corporation & Cathay Financial Holdings	2022 Cathay Sustainable Finance and Climate Change Summit Forum	3	
Independent Director	Kuo-Chi Shen	Taiwan Stock Exchange Corporation	2022 Presentation Conference for Promulgation of Reference Guidelines for Exercise of Powers by Independent Directors and Audit Committee, and Promotion to Directors/Supervisors	3	12
		Securities & Futures Institute	2022 Insider Trading Prevention Presentation Conference	3	
		Securities & Futures Institute	2022 Insider Equity Trading Legal Compliance Presentation Conference	3	
		Taiwan Institute for Sustainable Energy	2022 5th-term GCSF Global Corporate Sustainability Forum-Enterprises' Legal Challenges under ESG Architecture	3	

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## Evaluation on Board performance

ACES assesses its Board of Directors according to the "Board of Directors Assessment Guidelines" at the end of each year. The scope of the assessment contains the entire board and individual directors; assessment results are quantified according to assessment criteria and presented in the most recent board meeting. Scoring in five grades: excellent, good, fair, acceptable, improvements required; overall performance grade in 2022: excellent.

Board of Directors' performance evaluation criteria are stated as following	
V	Level of participation in company operations
V	Improve board decision making quality
V	Board composition and structure
V	Selection and continuing education of directors
V	Internal Control

Functional committees' performance evaluation criteria are stated as following	
V	Level of participation in company operations
V	Awareness toward functional committees' responsibilities and duties
V	Improvement of the quality of functional committees' decision making
V	Composition of functional committees and election of the committee members
V	Internal control.

Criteria of directors' performance evaluation are stated as following	
V	Set up and control company goals and tasks
V	Director's awareness about responsibility
V	Level of participation in company operations
V	Internal relationship management and communication
V	Director's professionalism and continuing education
V	Internal Control





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## Board of Directors' remuneration policy and procedure for determination of the remuneration

In order to improve corporate governance and construct a sound director and manager remuneration system, the Company established the Remuneration Committee and adopts the "Remuneration Committee Charter."

The Charter includes:

- ① Review the Company's Charter periodically and suggest amendments thereto.
- ② Establishing and periodically reviewing the performance assessment standards, annual and long-term performance goals, and the policies, systems, standards, and structure for the remuneration to the directors and managerial officers.
- ③ Periodically assessing the degree to which performance goals for the directors and managerial officers have been achieved and setting forth the individual remuneration based on the results of the reviews conducted in accordance with the performance assessment standards.

Meanwhile, the remuneration is distributed in accordance with Article 24 of the Company's Articles of Incorporation, which provides that 1% of the profit sought in the current year shall be distributed as the remuneration to employees and no more than 3% of the profit as the remuneration to directors. The remuneration to the Company's managerial officers is evaluated subject to the job duty and contribution to the Company's operating performance, and in accordance with the Company's "Performance Assessment Regulations." The amount of remuneration paid is in reference to the Company's overall operating performance and personal performance assessment results, and subject to the managerial officers' target achievement rate, rate of return, contribution level, and pay level adopted by the peers in the same industry. Further, ACES also includes the stakeholders' (including shareholders') opinions into the determination of remuneration, and evaluates the connection between the Company's business performance and future risk regularly and includes the same into the determination of remuneration, in order to pursue the Company's sustainability.

## Communication of key and significant events

ACES releases important messages in accordance with its "Procedures for Management of Material Insider Information" as follows: The important decisions resolved by the Company or handling of significant events complies with the "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities." Or, upon evaluation on the materiality of the event, for the decisions or events that pose significant effects to the Company's finance, business, shareholders' equity or securities price, the unit dedicated to disclosure of important messages shall complete the "online information disclosure form" and "important message evaluation checklist" on the date of occurrence of the fact, and submit the same to the unit supervisor for review and approval, and then to the Company's spokesperson for review and approval. After that, the same will be disclosed on the website designated by the competent authority, MOPS, upon the General manager's approval, within the statutory time limit. A total of 42 important messages were released in 2022.

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## Board members

Title	Name	Basic composition				Professional background					Industry experience					
		Nationality	Gender	Age	Term of office	Business administration	Engineering	Finance/accounting	Foreign languages	Education	Commerce	Information and technology	Finance/accounting	Social participation	Education	Business management
Chairman	Wan-Ting Yuan	R.O.C.	Male	51~60	3 years	V	V				V	V		V		V
Director	Wen-Cheng Huang	R.O.C.	Male	61~70	3 years	V	V	V			V	V	V			V
Director	Han-Chang Hsieh	R.O.C.	Male	61~70	3 years	V	V				V		V	V		V
Director	Chang-Fei Hsu	R.O.C.	Female	51~60	3 years	V		V	V	V			V	V	V	
Independent Director	An-Chien Li	R.O.C.	Male	61~70	3 years		V			V		V				
Independent Director	Da-Li Liao	R.O.C.	Male	71~80	3 years			V			V		V			V
Independent Director	Kuo-Chi Shen	R.O.C.	Male	61~70	3 years	V	V		V	V	V	V	V	V	V	V

## Overview of directors' attendance

Title	Name	Actual presence (attendance) (times) (B)	Attendance by proxy (times)	Actual presence (attendance) rate (%) [B/A]	Remarks
Chairman	Wan-Ting Yuan	6	0	100%	
Director	Wei Ji Investment Co., Ltd. Representative: Huang Wencheng	6	0	100%	
Director	Han-Chang Hsieh	6	0	100%	
Director	Chang-Fei Hsu	3	0	100%	New director elected on June 29, 2022
Independent Director	An-Chien Li	6	0	100%	
Independent Director	Da-Li Liao	6	0	100%	
Independent Director	Kuo-Chi Shen	3	0	100%	New director elected on June 29, 2022
Supervisor (Note)	Chi-Lin Wei	1	0	33%	Discharged on June 29, 2022
Supervisor (Note)	Shu-Chuan Tsai	3	0	100%	Discharged on June 29, 2022
Supervisor (Note)	Chang-Fei Hsu	3	0	100%	Discharged on June 29, 2022

Note: The annual general meeting dated June 29, 2022 elected 3 independent directors to establish the Audit Committee to perform the job duty in the place of supervisors.

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## Remuneration Committee

The Company established the Remuneration Committee in accordance with the "Regulations on the Establishment of Remuneration Committees by TWSE/TPEX Listed Companies and their Exercise of Powers" adopted under the Securities and Exchange Act. The Committee consists of 3 members, and convenes at least two meetings per year. The Remuneration Committee has convened a total of 2 meetings in 2022. The members' attendance rate was 100%.

### The motions resolved by the Remuneration Committee in 2022 include the following:

- ① Review the Company's remuneration policy periodically and suggest amendments thereto.
- ② Adopt the performance and remuneration policy, system and standards for the Company's directors and managers, and review the reasonableness thereof periodically.
- ③ Evaluate the salary and remuneration to the Company's directors and managers periodically.

### Functions of the Company's Remuneration Committee:

- ① Proposal for payment of year-end bonus to managers
- ② Proposal for allocation of remuneration to employees and directors/supervisors in 2021
- ③ Proposal for payment of employee remuneration to managers
- ④ Proposal for payment of remuneration to directors/supervisors
- ⑤ Proposal for raise of managers
- ⑥ Proposal for execution of managers' employee stock options for the new shares issued upon the cash capital increase in 2021

## Audit Committee

The Company established the Audit Committee in Q3 of 2022. The Committee consists of 3 members who are all independent directors, and convenes at least one meeting per quarter. The Audit Committee convened two meetings in 2022 (Q3 and Q4). The members' attendance rate was 100%.

### The power of the Company's Audit Committee:

- ① Adequate expression of the Company's financial statements.
- ② Selection (discharge), review of independence and performance of the external auditors.
- ③ Effective implementation of the Company's internal control.
- ④ Compliance with related laws and regulations.
- ⑤ Control over the Company's existing or potential risks.

### The motions resolved by the Audit Committee in 2022 include the following:

- ① Quarterly consolidated Financial Statements
- ② Submission of the annual audit plans
- ③ Endorsement/guarantees
- ④ Investment in subsidiaries
- ⑤ Evaluation on external auditors' independence
- ⑥ Determination of the record date for issuance of new shares upon conversion of the unsecured corporate bonds into common stocks
- ⑦ Amendments to the organizational chart, Rules of Procedures for the Board of Directors' Meeting and Operating Procedure for Prevention of Insider Trading to regulate directors.

## Sustainable Development Committee

ACES formed the Sustainable Development Committee officially in 2022. The Chairman's special assistant is responsible for the overall planning on related goals and promotion thereof, and gathers the execution units dedicated to corporate governance, environmental sustainability, social participation and green products to participate in the preparation of the Sustainability Report, and reports the relevant progress to the Board of Directors. The Chairman serves as the chairperson responsible for managing and supervising the Committee. The execution units refer to various units and departments.



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## 1.4 Ethical management

### Ethical management

In order to build the corporate culture of ethical management and robust development and practice the ESG philosophy, ACES adopts its own "Ethical Management Best Practice Principles" in accordance with the "Ethical Management Best Practice Principles for TWSE/TPEX Listed Companies." By upholding the ethical, transparent and responsible management philosophy, the Company demands that its employees should act in line with the code of ethics, and strictly asks its managers and employees never to provide, accept, promise or ask for any unjustified benefit, directly or indirectly or engage in any other activities against ethics, laws or fiduciary obligation, in the process of performing their job duties.

In order to advocate and promote ethical conduct, the Company promotes the "ethical management" philosophy to all employees at the staff meeting regularly. In the orientation training for new employees, no matter if they are internal or external staff, the Company promotes the domestic or foreign laws and regulations governing professional ethics and ethical management, such as prevention of insider trading, information security and intellectual property rights, in order to improve the advocacy and promotion of "ethical management." The Company appoints the Management Center to serve as the ethical corporate management group concurrently, responsible for adoption of the ethical management policies. Meanwhile, the Company also appoints the Auditor Office to supervise various units' operations. The Management Center adopts the "Regulations Governing Whistle-blowing of Illegal and Unethical or Dishonest Conduct" to encourage the Company's internal staff or field men to whistle-blow any conduct against laws, code of ethics or ethical management best practice principles. The Regulations are also posted on the Company's website. The Management Center will report the status at the last Board meeting each year. No corruption was found in 2022. Notwithstanding, the Company will continue to strengthen its internal control mechanism and practice ethical management philosophy.

#### Ethical management complaint channels



External complaint hotline:  
886-3-4632808 #1171



External complaint email:  
angela@acesconn.com



Internal staff opinion mailbox:  
sugession\_tw@acesconn.com

#### Anti-corruption

ACES demands that all employees, managers or directors should not provide, accept, promise or ask for any unjustified benefit, directly or indirectly or engage in any other activities against ethics, laws or fiduciary obligation. The Company's Ethical Management Best Practice Principles expressly prohibit offering and acceptance of bribery, illegal political donation, inadequate charity donation or sponsorship, provision or acceptance of unreasonable gift, treatment or any other unjustified benefit, infringement upon intellectual property rights or trade secrets, engagement in unfair competition, or damage to stakeholders' interest, health and safety, in order to protect customers' interest and right and prevent the enterprise from loss, sanction and impairment on goodwill. In 2022, a total of 376 employees have accepted the anti-corruption training, i.e. 53%.

	2021	2022
Number of employees attending the anti-corruption ethical training	442	376
As percentage to the Company's whole staff	73%	53%

#### Legal compliance

In order to practice the Company's core value, ACES demands that its employees should strictly comply with the Company's business ethics when engaging in routine business and work, and avoid violating domestic/foreign laws and regulations or injuring the interest and right of customers, suppliers and other stakeholders. ACES' management unit keeps observing any enactment and development of laws and regulations that might impact to the Company, and then sets forth the related regulations and procedures, and plans the relevant training programs to strengthen all colleagues' awareness toward the existing laws and regulations.

#### Political donation

The Company is used to upholding the political neutrality policy. Therefore, it has never offered any political donation.

#### Government subsidy program

The Executive Yuan boosts the "Welcome Taiwanese Companies Abroad to Invest in Taiwan Action Plan" in order to cultivate the future development strength of Taiwan's industries and increase the economic momentum. Given this, since ACES is one of the few Taiwan-based companies in the connector industry setting up its production center in Taiwan, in response to future development and also in order to increase the production momentum in Taiwan, ACES applied for the interest subsidy for the investment fund with the government and received a low-interest loan from the bank, NT\$600 million. The interest subsidy recognized in 2022 was NT\$2.514 million. Until 2022, the accumulated interest subsidy has amounted to NT\$4.825 million. The investment schedule was extended to 5 years (from 2019 to 2024). The Company has planned to expand its factory premises and production plant at PEC, in order to accelerate expansion of the production capacity and develop precision fine pitch electronic connectors (cables).



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## 1.5 Risk control

ACES has identified the risks in the operation-related environment, health & safety and labor practices, so that it may implement adequate procedures and substantial controls after verifying each risk level, ensure compliance and control the identified risks. In order to identify the other risks, each responsible unit shall report to the Administration the scope of risk to be dealt with it and responsive strategy.

Considerations	Risk attribution	Item	Responsive strategy/action	Responsible unit
Governance aspect	Able to prevent risks	Legal compliance	<ul style="list-style-type: none"> <li>Follow up various laws and regulations closely, and organize training programs related to various laws and regulations from time to time.</li> </ul>	Administration
	Strategic risk	Information security	<ul style="list-style-type: none"> <li>Promotion of in-house safe network access.</li> <li>Organization of information security-related training program.</li> </ul>	Information Management Service
	Able to prevent	Business ethics	<ul style="list-style-type: none"> <li>Organization of the training promotion</li> <li>Setup of whistle-blowing channels</li> </ul>	Administration
Economic aspect	Strategic risk	Shortage of raw materials and supplies	<ul style="list-style-type: none"> <li>Development of alternatives</li> <li>Increase in the safety stock</li> <li>Development of additional procurement channels from more than two suppliers</li> <li>Execution of long-term supply contract with suppliers to ensure the stable supply</li> <li>Inter-group support for raw materials and supplies</li> </ul>	PEC Production Planning Dept.
	Able to prevent risks	Credit risk	<p>Credit risk is the risk of financial losses faced by the Company when the client or the trading counterparty of financial instruments is unable to meet its contractual obligations. It is mainly from the Company's accounts receivables from customers and securities investment.</p> <p>(1) The credit policy of the Company is established for accounts receivable and other receivables. Pursuant to the policy, the Company shall analyze the credit rating of each new customer and set the individual credit limit with respect to the customer before giving it payment standards and delivery terms and conditions, in order to control the credit risk.</p> <p>(2)The credit risk of bank deposits, fixed-income investment and other financial instruments is measured and monitored by the financial department of the Company.</p> <p>(3)Pursuant to the Company's policy, the subject to whom the Company provides financial guarantees to shall be limited to that identified in its regulations governing endorsements and guarantees.</p>	Financial Dept.
		Liquidity risk	<p>(1) The Company maintains adequate positions of cash and cash equivalents to support corporate operations and to mitigate effects posed by the cash flow volatility.</p> <p>(2) The Company's management closely watches the usage of the financing credit lines in banks and assures faithful compliance of the terms and conditions set forth under the loan contracts.</p>	

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Considerations	Risk attribution	Item	Responsive strategy/action	Responsible unit
Economic aspect	Able to prevent risks	Market risk	<p>Market risk is the risk that the market price change, such as exchange rate, interest rate and equity instrument price change, will affect the profit or value of the financial instrument possessed by the Company. The objective of market risk management is to control the market risk exposure within the affordable range and to optimize return on investment.</p> <p>(1) Foreign exchange rate risk The Company is exposed to foreign exchange rate risk resulting from the sale, procurement and loan transactions measured with a currency other than the functional currency of the Company. The functional currency of the Company mainly includes New Taiwan Dollar, in addition to US Dollar and RMB. These transactions are denominated in major currencies of New Taiwan Dollar, US Dollar and RMB.</p> <p>(2) Interest rate risk The Company borrowed loans at fixed interest rate and floating interest rate at the same time. Therefore, risks arise from changes in fair value and cash flow. The Company maintained an adequate fixed and floating interest rate portfolio to manage the interest rate risk.</p> <p>(3) Other price oriented risks The Company incurred risk exposure on equity due to its investment in the equity securities. Such investment was not held for trading, but was strategic investment. The Company did not trade the investment actively. Further, the Company's management held the different risk-based investment portfolio to manage the risk.</p>	Financial Dept.
		Machine & equipment maintenance	<ul style="list-style-type: none"> <li>■ Create the complete spare parts inventory list and safety stock.</li> <li>■ Establish the SOP for fast maintenance service.</li> <li>■ Sufficient qualified maintenance human resource</li> <li>■ Statistics on checked exception outage rate (%)</li> </ul>	Dongyuan Assembly Dept. 1st Assembly Dept.
Environmental aspect		Water resource management	<ul style="list-style-type: none"> <li>■ In-house promotion for water conservation</li> <li>■ In-house water recycling</li> <li>■ The production will be transferred to another factory premises in the case of water outage.</li> <li>■ Continue to purchase seedlings to plant trees for</li> </ul>	Administration

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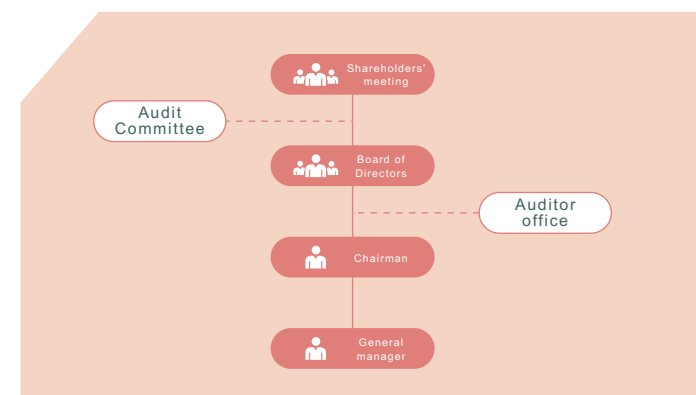
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Considerations	Risk attribution	Item	Responsive strategy/action	Responsible unit
Environmental aspect	Able to prevent risks	Energy management	<ul style="list-style-type: none"><li>■ In-house communication about how to use the air conditioner and air compressor</li><li>■ Install power generators at the factory premises and check the diesel stock regularly.</li><li>■ The production will be transferred to another factory premises in the case of power outage.</li><li>■ Replacement of equipment at the factory premises with that with variable frequency or energy conservation system.</li></ul>	Administration
Social aspect		HR management	<ul style="list-style-type: none"><li>■ Engage in industry-academia collaboration with mechanical engineering departments/institutes of colleges/universities to help talents into employment immediately after graduation.</li><li>■ Arrange various training programs enabling employees to grow and improve on an ongoing basis at work.</li></ul>	
		Employees' health	<ul style="list-style-type: none"><li>■ Conduct the special health checkup against employees engaged in high-risk operations, and continue to follow up and manage the employees' health based on the health checkup results.</li><li>■ Resident nursing personnel will provide the health information and assistance at any time to care employees' health.</li><li>■ The resident physician makes a round of visit periodically to provide professional consulting services.</li></ul>	
		Labor safety incident	<ul style="list-style-type: none"><li>■ Organize emergency response drills periodically.</li><li>■ Check the in-house fire protection equipment periodically.</li></ul>	

### Internal control mechanism

The Company's Auditor Office is a dedicated and independent unit subordinated to the Board of Directors directly. It is responsible for the internal audit operations and processing of whistle-blowing cases, and established in order to help the Board of Directors and managers in checking and reviewing defects of internal control system of various units and subsidiaries of the Company and assess operation efficiency and effectiveness, recommending improvements to ensure continuous and effective implementation of internal control system as the basis for reviewing and correcting internal control system. The internal auditors shall exercise their functions independently, objectively, fairly, and professionally; in addition to regularly reporting auditing business to the independent directors and Audit Committee, the chief internal auditors shall attend and present at the Board of Directors meeting.



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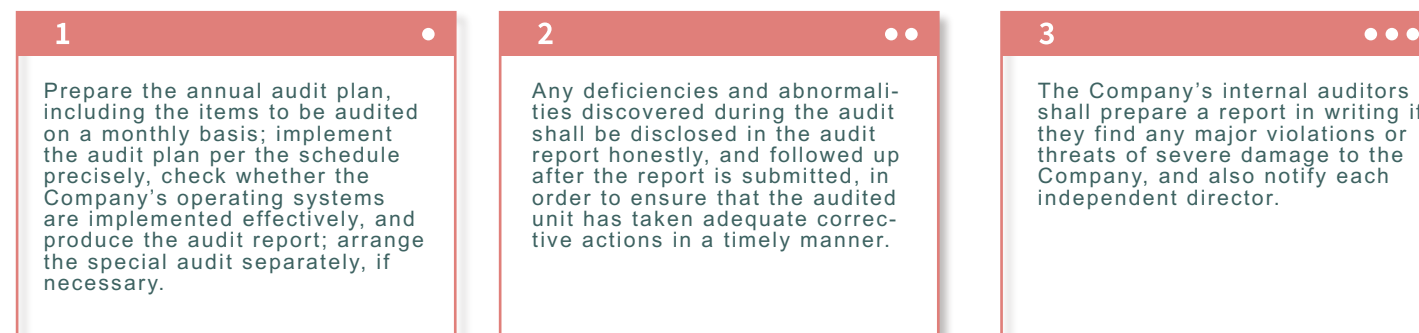
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## Internal audit operation



According to the "Regulations Governing Establishment of Internal Control Systems by Public Companies," the Company conducts at least one self-inspection every year. The Auditor Office shall review the self-audit reports by individual units and branches. The reports, together with the information about the internal control deficiencies and abnormality correction status, shall serve as the primary basis for the evaluation conducted by the Board of Directors and general managers on the effectiveness of the overall internal control system and issuance of the statement of the internal control system.



Each unit's internal control system shall run self-inspection.



Auditor Office review and assessment.



Self-inspection report.



Submit to the General Manager and Chairman for approval.



Submit internal control statement.



Adopted by the Board of Directors.



Announcement and filing.



Publish the annual report.



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## 1.6 Information security protection

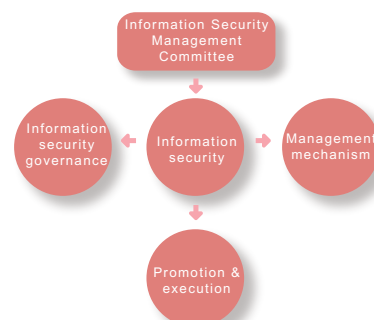
### Information security management

In consideration of the increasing popularization of computer and network applications in the recent years, in order to ensure the safety of the Company's information security-related data, information system, equipment and network, the Company adopts the "Information Security Control Procedure" as the guidelines governing the Company's information security management organization's job division, personnel training, computer hardware & software, network and tangible environment management. All of the Company's staff are obligated to help promote the information security policy to ensure the safety of the Company's data, information system, equipment and network. No information security problems took place in 2022.

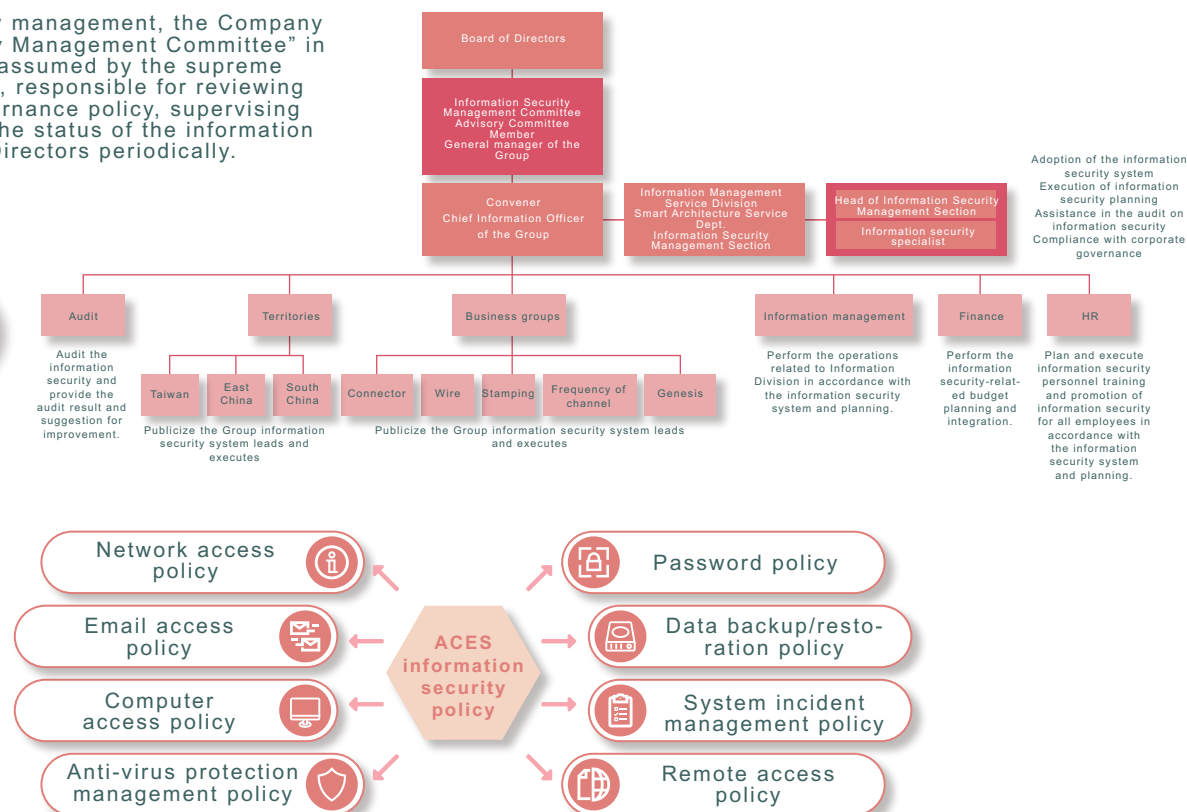
The Company's information security management goals are described as following:



In order to improve the information security management, the Company established the "ACES Information Security Management Committee" in October 2020. The Committee convener is assumed by the supreme management of the Information department, responsible for reviewing each subsidiary's information security governance policy, supervising the implementation thereof, and reporting the status of the information security risk management to the Board of Directors periodically.



ACES' employees and workers by contract all over the world are required to comply with ACES' information security policy as stated below:



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Scope of information security	Actions taken in 2022
External defense	<ul style="list-style-type: none"> <li>Block abnormal malicious webpage (41,320 times)</li> <li>Block malicious software (20,440 times)</li> <li>Block viruses (13,110 times)</li> <li>Block mail attacks (668,858 times) and block APT phishing mails (32,945 times)</li> </ul>
User end management	<ul style="list-style-type: none"> <li>Upgrading user-end anti-virus version to strengthen the detection of attack behaviors</li> <li>Upgrading the user's operating system and fixing bugs</li> <li>Use TLS1.2</li> <li>Changing to a browser which is safe and complies with laws</li> </ul>
System security	<ul style="list-style-type: none"> <li>Implementing the anti-virus system exclusive for servers</li> <li>Implementing the reliable backup system</li> <li>Improving the remote backup mechanism</li> <li>Improving the availability of system services (99.76%)</li> <li>Fixing the bugs in the system services</li> </ul>
Network security	<ul style="list-style-type: none"> <li>P2P remote access control</li> <li>Implementing APT phishing mail defense mechanism</li> <li>Implementing OT network safety isolation mechanism</li> <li>Updating URL Internet security module</li> </ul>
Information security training	<ul style="list-style-type: none"> <li>Information security online training of the Group (for a total of 85.5 hours and attended by 152 persons)</li> <li>Promotion of information security incidents (for 5 times)</li> </ul>

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# 2

## Innovation value breakthrough

- 2.1. Product quality/innovation and R&D
- 2.2. Green procurement
- 2.3. Sustainable supply chain

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## 2.1 Product quality/innovation and R&D

### Product quality

#### Management policy

##### Material issues

##### Product quality

Policy direction	Do it right the first time!   Keep improving!   Pursue excellent quality!
Core targets	<ul style="list-style-type: none"> <li>• PEC implementation of new AIAG-VDA FMEA system. (failure mode and effect analysis)</li> <li>• Continue to promote 6 sigma training project</li> </ul>
Performance & results	<ul style="list-style-type: none"> <li>• The new version AIAG-VDA FMEA system course for 18 hours +counseling hours for 42 hours in total</li> <li>• Produce the new version AIAG-VDA FMEA template containing the new batch Nos. for 3 connectors.</li> <li>• Improve the internal staff's physical application of the five major core tools, conduct the early assessment on key elements of customer needs, proceed with the product design and process failure analysis, and prevent defects</li> <li>• ACES Group Operational Excellence 6 sigma leader training courses for 4 hours</li> </ul>
Action programs	<ul style="list-style-type: none"> <li>• Already created and completed the new version AIAG-VDA FMEA template containing the new batch Nos. for 3 connectors in October 2022.</li> <li>• With respect to development of the batch Nos. for new vehicle products in November 2022, use the new version AIAG-VDA FMEA.</li> <li>• Create (6 sigma) Project: Improve the first-time production quality abnormality defense rate of new products as developed.</li> </ul>

#### How to manage

Invested resources	<ul style="list-style-type: none"> <li>• Budget for system construction and consultation company tutorship &amp; training project</li> <li>• 32 seed members for the new AIAG-VDA FMEA system training.</li> <li>• 16 members for ACES Group Operational Excellence 6 sigma leader training.</li> </ul>
Feedback mechanism	<ul style="list-style-type: none"> <li>• Manage the review and control procedure</li> <li>• Internal audit control procedure</li> <li>• Customer communication and satisfaction control procedure</li> <li>• Customer complaint processing and control procedure</li> </ul>
Evaluation mechanism	<ul style="list-style-type: none"> <li>• Internal audit conducted once per year.</li> <li>• The Company forms its internal audit group to conduct the self-inspection once per year.</li> <li>• External audit conducted once per year.</li> <li>• Contract an independent third party to conduct the audit once per year.</li> <li>• Customer's audit conducted from time to time per year.</li> <li>• Customer's initial/annual evaluation on the Company conducted from time to time.</li> </ul>

#### Future planning

##### ★ Goals for 2023

- Implementing ISO13485 and domestic QMS medical equipment manufacturing quality system
- Implement the SAP system\_IQC operating procedure



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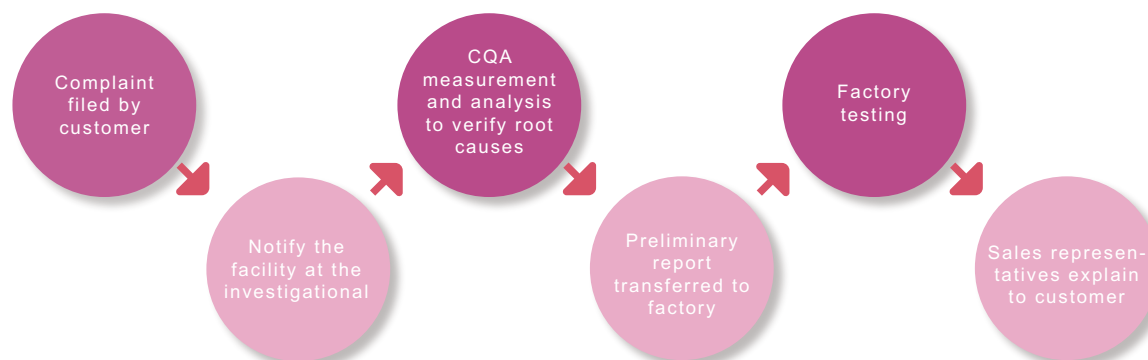
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Quality-related goals for 2022	Target achievement status
Establish the SOP for and training corresponding to customers/external auditors	1.Prepare the customer/pre-external audit checklist/FAQ (Frequently Asked Question) (completed in June 2022) 2.Distributed to various departments for reference prior to each customer/external audit. 3.Continue to update new versions.
VDA6.3 (German auto industry quality standards & process audit) implementing the process audit into the PEC project.	1.The consulting company conducts training and adds a new set of VDA6.3 checklist applicable to the PEC according to the audit focuses (completed in July 2022) 2.Stimulate VDA6.3 process audit to verify the variance and make corrections. 3.PEC is expected to pass the vehicle customers' audit in one time in line with VDA6.3.
Create new AIAG-VDA FMEA system (failure mode and effect analysis) project.	1.The new version FMEA template (DFMEA/PFMEA) (completed in October 2022) containing the new batch Nos. for 3 connectors (DFMEA/PFMEA), based on the counseling of consulting companies and by connecting other core tools. 2.Improve the internal staff's physical application of the five major core tools, conduct the early assessment on key elements of customer needs, proceed with the product design and process failure analysis, and prevent defects

ACES has received the QC080000 Hazardous Substance Process Management System certification in 2014. Its products also comply with government laws and regulations and RoHS for elimination of any hazardous. Meanwhile, with the strict quality system management, the Company provides customers with stable product quality. In order to ensure the customer service quality and improve customer satisfaction, the Company performs the customer satisfaction survey voluntarily each year, in order to strengthen the cooperation with customers. ACES delegates the contact person and customer service section on its website to accept customers' complaints and dedicated to processing the quality issues and customer complaints. The Company's products and service all follow relevant laws and regulations, as well as international guidelines, with respect to the customers' health and safety, customers' privacy, marketing and labelling ACES operating procedure for processing of customer complaint is stated as following:





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## Innovation and R&D

ACES Group uses the best effort to establish its ability in corporate core manufacturing and value creation, and combine its industrial resources with local well-being. We not only contribute some of the earnings created by it to charity activities but also includes its business into the local social development. In order to continue the industrial scope, ACES has developed its business toward the four technology market blocks, namely ICAN (Industry, Cloud, Automotive and Notebook). Accordingly, it established its core competence in various industries and technology platforms step by step to provide customers with more added value. In the automotive market, ACES strive to develop the products related to automotive electronics and electric vehicles, in order to facilitate the development of smart cars and green power, and improve the society safety, energy efficiency and environmental protection. In the cloud market, the Company has established its core business unit dedicated to accumulating the domain knowledge continuously, improving the optimal ability in design and development, and mitigate the waste of resources in the process of development through the CAE (Computer Aided Engineering) lean design procedure. Meanwhile, the Company integrates the products, technology and services systematically, in order to form a team that provides customers with technology value in high performance and low energy consumption. Therefore, in order to continue developing and improving the Group's competitiveness, the Company has established the PEC focusing on fine process. For the time being, the Company is expanding the R&D center's capacity gradually, expecting to transform from the Company engaged in manufacturing services to a company engaged in technology innovation. The R&D Center project has also been approved and subsidized by Ministry of Economic Affairs in 2023. Meanwhile, ACES was also launching the technology R&D projects with graduate institutes of some universities. Further, in order to keep creating the ecology of mutualism with the local community, ACES has founded ACES Precision Machinery Co., Ltd. in Taitung engaged in providing the Group with precision molds and spare parts and also creating the job opportunities locally, in order to help the local young people with the competence work in their hometown and also train the Group's R&D talent pool. The Company's existing core competences include the following:

#### Fine process

The Company has developed its ability in independent fine process platform for creation of molds and parts, precision stamping and injection molding has been developed to the analytical and R&D abilities in process development and implementation, in order to improve the lean application of materials and mitigate the impact posed by recycling to the environment and energy consumption .

#### Assembly and inspection automated engineering

The Company has developed its ability in development of precision assembly and inspection automated machine and human resource training to the abilities in development of highly integrated and flexible inspection and assembly systems, in order to continue improving the ergonomic labor conditions in line with the intelligence development under Industry 4.0.

#### R&D lab

The Company has developed its ability in the product analysis and testing platform and became an organization dedicated to implementing new technology development projects, in order to strengthen the cross-unit information technology exchanges, improve the Group's applications of materials and ability in interdisciplinary technology integration, guide the technicians to develop the ability of innovation, and boost the ability to continue creating value.

## The development of important annual R&D plans is described as following

1

PCI Express interface-related connector and high-speed cable product technology development

For the time being, the PCI Express is expected to be the main high-speed transmission interface to be applied to various aspects in the future. It has become the mainstream platform for various interconnection technology applications. Various application interfaces may follow the common specifications to reduce the cost of industrial development and drive the development in various industrial markets, and, of course, reduce the waste of resources in the process of development. After PCI Express 6.0, PAM4 encoding form was adopted instead. Insofar as the bandwidth of access channel remains unchanged, the transmission volume may be increased through the software encoding technology and, therefore, the hardware development cost may be reduced. Therefore, ACES designed the structural electrical design of connectors and cables, and also established the technology to evaluate the channel transmission quality, in order to verify the compliance with PAM4 specifications and improve the momentum in technology and service. Then, the Company may develop new products, insofar as the consumption of special structural design and supplies is mitigated, and no additional waste of molds and supplies would occur, and the application by PCI Express may achieve the economic and energy benefits. Meanwhile, as transmission speeds keep growing, the consumption of circuit boards has become an obstacle to the increase in speed and transmission distance. The consumption of high-speed cables is lower than that of the circuit boards in nature. In recent years, replacement of circuit boards has become a main technology issue for the high-speed transfer interfaces in motherboards. In order to control the key technology, ACES established the high-speed cable research and production location to activate the development of high-speed cable technology. As far as the industry is concerned, high-speed cables can reduce energy consumption and also the amount spent on circuit boards to meet the high-speed requirements. The products under development include PCIe5/6 standard connector, MCIO connector/cable, SlimSAS connector/cable, and PCIe4/5 M.2 connector, etc.

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2

Development of high-power connector

The increase in data storage and I/O transmission volume derives the growth of the demand for power transmission. With the experience in developing power connectors, the Company orients its development toward the following two aspects:

A. The current of Type-C power supplies often applied by personal and consumer electronics is upgraded until 12A, and follows the EU's comprehensive type-C standardization of mobile phone I/O interfaces and electronic device maintainability policies, continues to improve the eco-friendly and energy-conservation design factors, and works with customers to develop the design solutions that satisfy the policies.

B. The current of server power supply is upgraded until 30A or more.

With the rapid development of big data and AI, more powerful technology is needed in order to improve the computing energy significantly. High-power energy transfer creates greater and more sensitive risks over the application within limited spaces. The past designs were developed mostly relying on experience and specifications. However, considering that the power and current have been upgraded significantly, such past design experience and specifications can no longer be applicable, as they resulted in underestimated or excessively conservative designs, thus increasing the uncertainty in product development, and possibly deriving unnecessary development costs and applications of materials. In addition to the CAE applications, the Company also constructs the test and analysis database to assist R&D engineers to attain the effective and optimal design and also achieve the purpose of lean design. At the same time, ACES also begins to study related heat dissipation technologies to develop solutions from system applications. In the future, it will be oriented toward energy-conservation designs to expand the value of products in energy and environmental protection.

3

Development of technology related to electrical cars

In addition to the continued development of automotive electronics-related components, it also focuses on the development of technology for charging sockets. In recent years, the development of electric cars has gradually expanded the market of such cars. Therefore, charging infrastructure becomes an important related industry which determines the growth strength of electric cars. The performance of the charging sockets emphasizes high-power fast charging, eco-friendliness, safety, and standardization of compatible specifications. Therefore, under the control of mechanical design, selection of materials and safety norms and specifications, the design, assembly and test processes are relatively complicated and time-consuming. In addition to the product technology development, ACES is also planning the testing and certification laboratory for automotive connection products proactively, which will be implemented subject to the expansion and development of the R&D Center.

4

Industrial application product technology

5G development encourages the application of AIoT, expands the application scenario of the IIoT and also increase the demand for related connection products. In the environment where the industrial applications are met, it is also necessary to deal with the pressure in cost increased as a result of the applications. Weather resistance, waterproofing and rapid construction under the applications are important product characteristics. ACES enhances its patented optimal designs compatible with applications, and provides soft services for technology to improve its competitiveness.

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## The future development plan resides in improvement of energy and smart engineering capabilities:

1

Optimal application of resources

In order to deal with the technological reform in the automotive industry and rapid evolution in technologies related to the cloud industry (from the cloud to the end), the Company develops the abilities in materials technology applications and integration of technology in response to the needs for innovation of technology and for effective control over the abilities to apply resources. For example: In consideration of the high-power and high-speed transmission development, the heat dissipation technology derived from the connector heat dissipation test, and the technology to process EMI integrated materials and structural design have been developed into the integrated technology of heat dissipation and EMI gradually, in order to develop differentiated technology and product roadmap. This can help the Company consider the optimal application of resources in terms of the systematic design to upgrade the product value and mitigate the impact posed by the usage of materials to the environment. ACES PEC implemented the 3D X-Ray tomography scanner (semiconductor grade application) to provide the diagnosis service for product structure and more accurate research and analysis data on process quality, and also provide a service platform where the Company may develop products jointly with customers, so as to deepen the technological cooperation between the Company and customers.

2

Deepening of CAE

The Company's existing management model applies the reliable CAE technology to improve design quality and reduce the cost in trial and error testing, including the stimulation and analysis abilities in electromagnetics, mechanics, mold flow, heat transfer, in order to provide the Group with the momentum in design, analysis and verification. For the time being, the Company improves the CAE momentum in the process development, e.g. applying the mold flow analysis to optimize the optical product precision control, large-size mold temperature control and process output efficiency to reduce the waste of engineering development resources and achieve leaner application of material resources. Meanwhile, the Company will develop derivative product technologies in the future, e.g. evaluation on heat dissipation and thermal design of high-power connectors, to ensure the safety and reliability of high-power products and optimization and innovative design of heat dissipation performance, and integrate EMI designs to generate high value-added Integrated products. Therefore, in addition to the product value linked with industries in the past, ACES will also value customers' needs for product energy consumption, and lean and diversified applications of materials for lean products. Besides, it is also the necessary strategic development for the Group to merge and acquire subsidiaries engaged in different industrial technologies.

3

Development of electronic modularized products

The current development is subject to the 5G market growth. The main areas reside in microwave communication module technology and high-speed cable technology. This also refers to a necessary development roadmap for ACES to transform from a spare parts manufacturer to a solution provider. Meanwhile, it is also considered as a R&D activity launched in response to the future demand of market and customers. ACES is used to valuing the independent technology development. Over time, the Company has received the trust from customers increasingly and generated operating revenue. Such as various forms of high-speed wiring harness SlimSAS and MCIO for applications of the server, and differentiated application designs. Meanwhile, the Group's electronic products under the brand ONE has also been developed on the market for a while. By virtue of the development of modular technology, the Company expects to develop wider optimal product value based on the systematic design.



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## Products researched and produced by ACES Group in the most recent three years:

Age	R&D results	
2020	<ul style="list-style-type: none"> <li>① 10G BASE-T SFP+ transceiver module</li> <li>② Automotive 8.5G connector</li> <li>③ PCIe5 high-speed connector design and R&amp;D</li> </ul>	<ul style="list-style-type: none"> <li>④ 3000W high-power server connector</li> <li>⑤ PUSH cooler pad design</li> </ul>
2021	<ul style="list-style-type: none"> <li>① Development of server high-speed cable welding technology</li> <li>② Design and development of 5G N78/79 band filters</li> <li>③ Development of 40GHz high-speed cable signal integrity automated test system</li> <li>④ Development of MCIO PCIe5 interface connector</li> <li>⑤ Development of DDR5 high-speed memory module connector</li> </ul>	<ul style="list-style-type: none"> <li>⑥ Development of M.2 PCIe5 interface connector</li> <li>⑦ Development of PCIe6 PAM4 interface connector</li> <li>⑧ Development of Ultra High Power Type-C Connector</li> <li>⑨ Development of outdoor waterproof quick connector OQSNAP</li> <li>⑩ Development of high-power cardboard connector temperature rise design technology</li> </ul>
2022	<ul style="list-style-type: none"> <li>① Development of the next-generation server internal interconnect 64GTs MCIO connector technology</li> <li>② Development of ultra-height 8.5mm M.2 memory storage interface 32GTs high-speed connector technology</li> <li>③ Development of high-speed 64GTs Riser Cable module integration and interconnection technology</li> <li>④ Development of Gen-Z 56Gbps SFF-TA-1002 pallet-set high-speed connector technology</li> </ul>	<ul style="list-style-type: none"> <li>⑤ Development of US standard SAE high current 80A charging gun technology</li> <li>⑥ Innovative quick-detachable ring connector design for industrial images interconnection</li> <li>⑦ Development of SFF-TA-1026 high-speed cabling technology for low-loss plateless welding design</li> </ul>

## ACES Group's R&D expenses in the most recent three years

Unit: NT\$ thousand

Age	2020	2021	2022
R&D expenses (A)	364,656	481,414	573,935
Net operating revenue (B)	8,062,865	10,575,862	10,392,504
(A)/(B)%	4.52%	4.55%	5.52%

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## ACES private brand - ONEmade

### "The first step for a perfect life."

For an efficient life, save more time to be yourself. You shall define a beautiful lifestyle and build a sense of ritual on your own.

ONEmade knows your needs like a bridge connecting you with a perfect life.

Since ACES was incorporated in 1996, it has been deeply involved in the connector market, leading industry and market globally, driving various life and industrial products, and understanding consumer market trends. In response to people's love and pursuit of high quality of life, the ONEmade brand was created. As it stands for "perfection," with the vision of "ONEmade in your life", ONEmade was founded officially in 2018. Based on the parent company's professional technology as the core to develop products that integrate three major concepts, namely, "technology", "beauty" and "life". Your perfect life should be your own creation, with high-quality technology products keeping you in that mood every day.



ONEmade official fan page



ONEmade official Instagram



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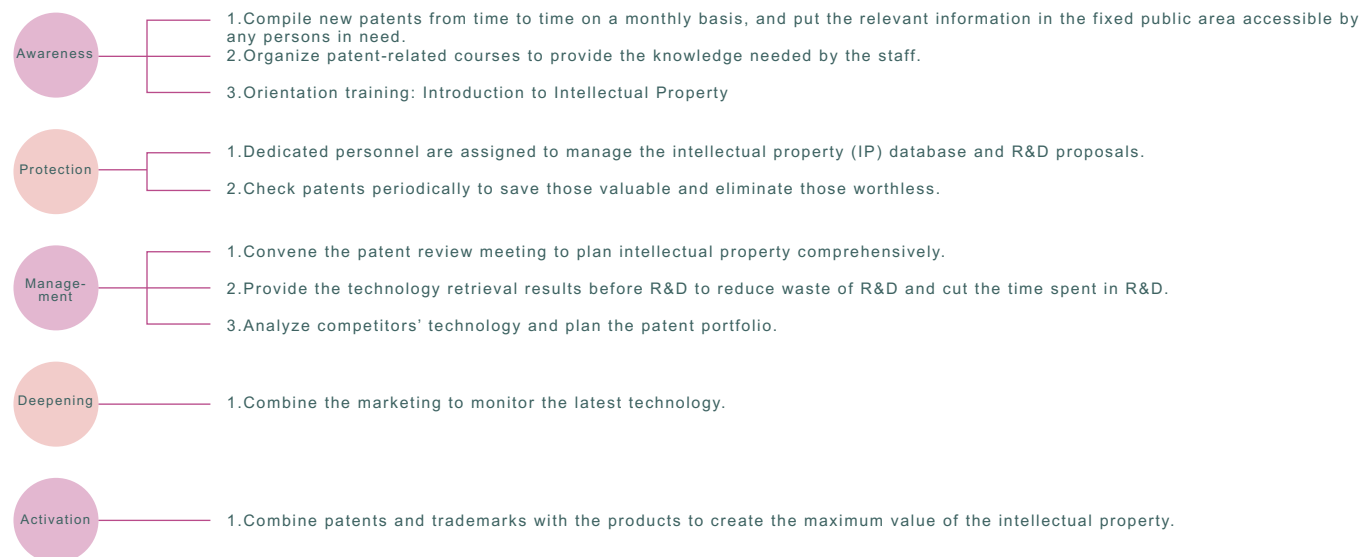
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## Patented technology

As far as ACES is concerned, intellectual property is the core value for ESG. The Company's brand, R&D technology and products are all the Company's core values, including the management of intellectual property rights, such as patents and trademarks. Since ACES was founded, it has focused on the intellectual property management policy. At the very beginning, it aimed to apply for massive products under patent protection only. Until recently, it created the patent-trademark dual value for ACES products through commercialization, integration and recycling and also by integration of the patent and trademark applications

In reference to the TIPS (Taiwan Intellectual Property System), ACES' operations are actually implemented under the TIPS:



In order to encourage all staff to continue R&D and innovation, ACES adopts the patent incentives mechanism which provides patent bonus, including the incentives for proposals for invention, proposals for design, bonus for letter of invention patent, bonus for letter of utility model patent and bonus for letter of new design patent. Meanwhile, if the inventor works his patented technology to generate physical products for sale and the sales of such products reach specific amount, the inventor will be granted additional patent bonus separately.

## Effective patents accumulated by ACES Group

Unit: item

country	Taiwan	China	USA	Japan	International (PCT)	Total
Accumulated number of patents	194	197	62	35	8	496

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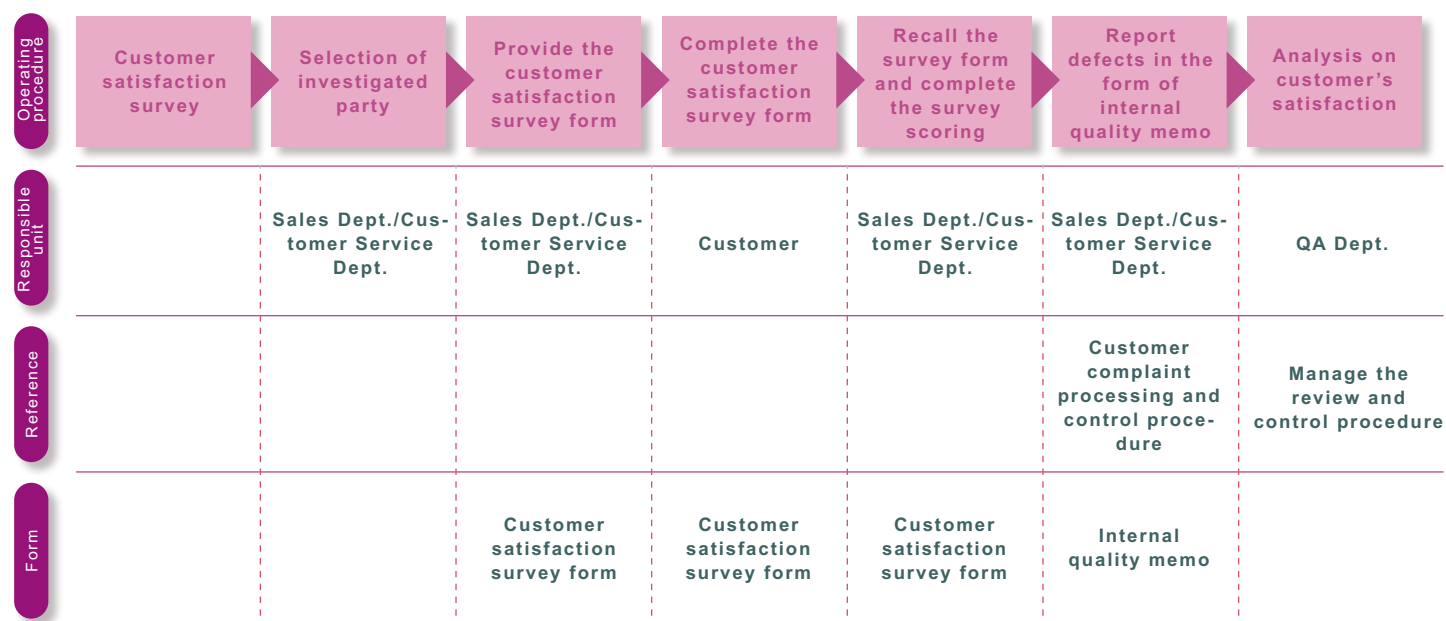
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## Customer satisfaction

Customer satisfaction is critical to whether an enterprise may develop sustainably. Therefore, customer satisfaction is considered as one of the important feedback resources. ACES customer satisfaction survey is conducted against Top 10 customers and major automotive/aerospace customers in the previous year, in addition to 5 secondary customers selected at random. The customer satisfaction may be judged in terms of five major aspects, namely, quality, delivery period, service, technology and overall comments. The full mark is 126 scores, and it is considered qualified when the total scores attain 90. The average customer satisfaction score in 2022 was 119 (for general customers) and 120 (for customers of automotive electronics), both more than the threshold, 90. The Company has broken the threshold for five consecutive years.

The total scores 89 (inclusive) or less, or any single indicator scores less than 4 (inclusive) or less will be considered failing in the customer satisfaction survey. With respect to the subjects failing in the survey, The Sales Dept./Customer Service Dept. will specify the relevant details in the "Internal quality memo" and apply the "Customer complaint processing and control procedure." The related departments need to propose the review and corrective action plan, and the relevant unit supervisor shall be responsible for reviewing whether the plan is reasonable and effective, following up the corrective action, and feeding back the correction results to customers. In addition to the customer satisfaction survey, ACES will communicate and interact with customers periodically, keep caring customers' needs, and feed back the real-time information received from customers to related units, in order to improve the product quality and satisfy customers' maximum interest. Meanwhile, ACES follows the "customer complaint processing and control procedure" to deal with customers' complaints and verify the root causes proactively, rapidly and precisely. It also takes the optimal corrective action and measures to prevent recurrence of the same incident, in order to maintain ACES' goodwill and win trust from customers, and improve the quality and technology.



Customer satisfaction goals and survey results

Unit: fraction

Item	2020	2021	2022
Customer satisfaction goals	90	90	90
Customer satisfaction survey results	115	118	119.5



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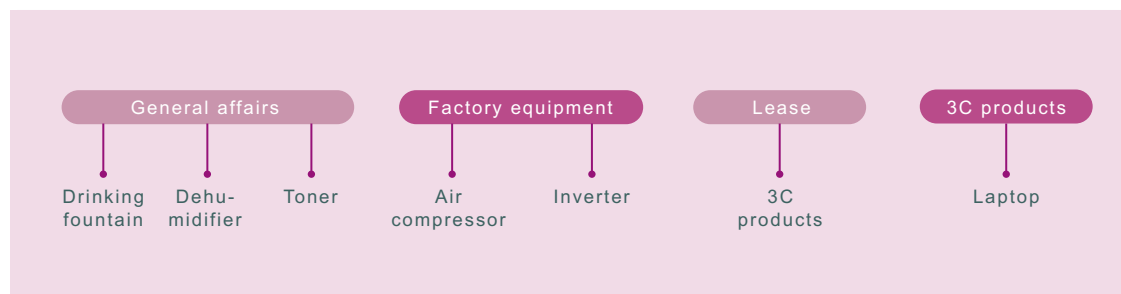
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## 2.2 Green procurement

In order to pursue sustainable development and mitigate the unnecessary waste of resources, ACES supports the green procurement philosophy. In the spirit of sustainable procurement, the Company has replaced old energy-consuming equipment at its office and factory premises with new air conditioners, air compressors and refrigerators, etc. bearing the energy-conservation mark, and also changed the lights into energy-conservation LED bulbs. The Company also adopted the chiller with automatic monitoring system and variable frequency.

In response to green procurement and in order to become a low-carbon enterprise, ACES will adopt the green procurement policy, and procure eco-friendly products recognized by government agencies as its first priority. Meanwhile, it will consider procuring energy-conserving, eco-friendly and low-pollution office appliances (e.g. printers, printer consumable materials and electric appliances), and avoid excessive procurement. It will reduce the procurement of disposable products and consider procuring reusable or durable ones to achieve energy conservation and carbon reduction physically.

Scope of green procurement in 2022



Green procurement amount in the most three years

Unit: NT dollar

Item	2020	2021	2022
Green procurement amount (NT\$)	1,781,572	7,570,619	4,419,156

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## 2.3 Sustainable supply chain

### Management policy

#### Material issues

#### Sustainable supply chain

#### Policy direction

- Establish the business ethics and code of conduct to be followed by all suppliers in line with the human rights and conflict mineral requirements, in order to continue conducting the sustainable risk assessment.

#### Core targets

- 100% partners passed the supplier evaluation.
- 100% execution rate for "Supplier Social Responsibility Commitment"
- 100% execution rate for "Supplier Conflict Mineral-Free Commitment"

#### Performance & results

- 91% execution rate for "Supplier Social Responsibility Commitment"

#### Action programs

- Adoption of the Regulations Governing Assessment on Supplier Social Responsibility.
- Select competent suppliers in accordance with the regulations governing selection of suppliers.
- Ask suppliers to execute the "Supplier Social Responsibility Commitment."
- Ask suppliers to execute the "Supplier Conflict Mineral-Free Commitment."

### How to manage

#### Invested resources

- The procurement staff and internal auditors, together with advisors, adopt the Regulations Governing Evaluation and Performance Appraisal on Suppliers.

#### Feedback mechanism

- Official website mailbox
- Supplier feedback
- Supplier complaint mailbox

#### Evaluation mechanism

- Supplier evaluation
- Supplier contract review
- Conduct the on-site audit on suppliers via a third party or the Company's internal audit group.

### Future planning



#### Goals for 2023

- 100% execution rate for "Supplier Social Responsibility Commitment"

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The supply chain of ACES covers the products primarily including copper, electroplating, plastic pellets and consumable materials. The Company has adopted the "Supplier Evaluation Control Procedure" requiring that suppliers shall complete the quality system evaluation form before trading, and the Company shall assess whether the suppliers satisfy the environmental protection, safety or health practices. Meanwhile, whether the suppliers have been recorded as posing negative effects to environment and society is also an important assessment indicator.

### The following 7 supplier qualifications shall be taken into consideration:

Must have the required level of quality and safety required by ACES.	Competitive price.	Compliance with designated delivery period.	Consideration for environmental protection.	Compliance with laws and social norms.	Meet standards on labor and human rights and health and safety.	Prohibition of procurement in the territories arousing social disputes.
1	2	3	4	5	6	7

Since 2018, ACES has demanded that suppliers should execute the Supplier Social Responsibility Commitment, and declare themselves committed to a social responsibility management system, care for employees' health and safety and satisfy labor and ethical standards. Also, the Company, via said Commitment, asked suppliers to care and practice the CSR guidelines including responsibilities toward keeping a friendly workplace, occupational health and safety, environmental protection and labor interests and rights protection, and an ethical management policy and code of ethical conduct. The percentage of new suppliers who executed the "Supplier Social Responsibility Commitment" was 91% in 2022.

### The first on-site suppliers' assessment:

Once the "Supplier Evaluation Application Form" gets approved by the units-in-charge, set up an evaluation team with members from the relevant units to field assess the suppliers in terms of manufacturing capabilities, quality management capabilities, RoHS compliance and CSR conformity level according to the "Supplier Evaluation Form."

### A qualified supplier shall provide the following information to ensure compliance with ACES' sustainable supply chain requirements:

- Regarding qualified suppliers: relevant units shall have them provide business license and bank account information and sign off and hand over the following documents: "Purchase Contract," "Integrity Letter of Commitment," "RoHS contract guarantee," "Confidentiality Agreement," "ACES Quality Agreement" and "Supplier Social Responsibility Commitment."
- Major suppliers are required to be ISO9001 certified, or to submit the verification plan or aim to get ISO9001 certification again under the supervision of the procurement unit if they fail in the certification.

### Regular evaluation over qualified suppliers:

The audit on suppliers is conducted in two stages, namely annual evaluation and quarterly assessment:

Annual evaluation	Quarterly assessment
The procurement staff follows the "Annual Supplier Audit Plan" and calls the evaluation team to conduct the evaluation based on the indicators identified in the "Supplier Evaluation Form," primarily covering four major aspects, namely "R&D," "QA," "Procurement" and "Environmental Policy," rated under four levels, A, B, C and D. The suppliers rated as Level B (inclusive) or more shall be considered qualified. Those rated as Level C need guidance and shall be re-examined. Those rated as D level are ruled out.	Suppliers who have traded with the Company and gone through incoming inspection shall be assessed once per quarter.
1	2



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### Supplier de-listing:

Regarding suppliers with severe regulation violations, e.g. against RoHS directive, against labor or ethics relevant laws, major quality defects, rated D in two consecutive quarterly assessments, or rated D by on-site assessments: procurement staff may file in writing for their de-listing to the local GM for approval. Manufacturers who fail to meet the criteria shall get de-listed and replaced by a new one. No supplier was eliminated for disqualification in 2022.

### Supplier Conflict Mineral-Free Commitment

ACES is committed to investigating the supply chain to ensure that metals such as Au, Ta, Tungsten, Co, and Sn are not provided by anarchy or gangsters mined in or smuggled from the conflict zone of the Democratic Republic of the Congo. Metals exported by the following countries are not DRC Conflict-Free compliant: Democratic Republic of the Congo (DRC), Rwanda, Uganda, Burundi, Tanzania, Kenya (the United Nations Security Council has determined that metals mined by these countries are derived from Congolese veins).



ACES Group warrants that any minerals employed by products sold to its customers are DRC Conflict-Free compliant.

### Restricted substance control (RoHS)

ACES sets up the "RoHS operating guidelines" to ensure compliance with applicable hazardous substances regulations including RoHS and WEEE directives and customer requirements. Regarding raw materials, semi-finished goods, finished goods, packaging materials, auxiliary materials, consumables and purchased products employed by products designed and manufactured by ACES: those without clear definition in this standard yet banned or restricted by customer or regulations, rules of the latter shall apply.

After the launch of RoHS and WEEE directives by EU in 2003, the product environment protection requirements management initiated by SONY, DELL, and other leading global brands have changed the safety conformity and reliability centered product specification into environment protection specification cored ones, along with these are a series of green requirements addressing materials employed by individual products. Addressing this, ACES has made complete surveys over product substance of suppliers' existing trading material and mandated their providing substance concentration in materials provided as the basis for ACES's selection of suppliers and materials.

### Local procurement

ACES had the factories premises in China undertake production primarily in the past. However, in 2020, the production capacity of PEC has been increased systematically, and started to afford partial supplies, thus increasing the percentage of self-production, and the percentage of local procurement declined accordingly. In the most recent two years, the demand for electronic engineering supplies increased, so did the procurement amount. Therefore, the percentage and amount of local procurement increased more than ever.

### Expenditure and percentage of local procurement

Unit: NT dollar

Item	2020	2021	2022
Amount of local supplier procurement expenditure (NT\$)	136,777,477	269,827,198	198,392,516
Total procurement amount (NT\$)	583,928,642	746,404,362	458,989,238
Percentage of local supplier procurement expenditure	23%	36%	43%



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# 3

## Protection of green environment

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### 3.1 Climate change

Typhoons, floods and droughts resulting from extreme climate have become a part of routine life globally. The issue about how to respond to climate change is also of global concern. ACES realizes that climate change is no longer an unreachable problem, and also understands the severity of climate change. In order to mitigate the impact posed by climate change, ACES start to prepare a series of environmental actions, e.g. mitigation of GHG emissions, enhancement of the use of renewable energy and promotion of sustainable development. Meanwhile, in response to the TCFD (Task Force on Climate-Related Financial Disclosures) issued by Financial Stability Board (FSB), ACES analyzes the impact posed by climate change to the Company based on risk, and plans its strategic response measures. In the future, it will explain its climate change response plan under the TCFD framework.

Major climate change risk		Potential impact to operation and finance	ACES responsive strategy
Market risk	<ul style="list-style-type: none"> <li>Customers demand that the Company should improve the process and set the carbon reduction goals. If it is impossible to satisfy customers' demand, the Company's operating performance might be affected.</li> <li>In consideration of consumers' rising awareness toward carbon reduction and pursuit for low-carbon products, it is necessary to pay additional product development costs and production costs.</li> </ul>	<ul style="list-style-type: none"> <li>Increase in operating costs.</li> <li>Sales performance declining.</li> <li>Market demand changed.</li> </ul>	<ul style="list-style-type: none"> <li>Choose to cooperate with suppliers satisfying the ESG practices, and accelerate the Company's development toward low-carbon production.</li> <li>Pay attention to market trends, complete the market survey, continue to develop green products, and make products in line with the low-carbon and ESG concepts.</li> </ul>
Policy and legal risk	<ul style="list-style-type: none"> <li>The national policy is restricting GHG emissions step by step.</li> <li>Various major manufacturers consuming massive power are required by laws to use a specific proportion of renewable energy.</li> </ul>	<ul style="list-style-type: none"> <li>Increase in operating costs.</li> <li>Increase in R&amp;D expenses</li> </ul>	<ul style="list-style-type: none"> <li>Set the yearly GHG emissions reduction targets in response to the government policy.</li> <li>Verify Taiwan's current renewable energy planning, increase the electricity conservation rate by about 1% each year, and increase the consumption rate of green power step by step.</li> </ul>
Extreme weather disaster	<ul style="list-style-type: none"> <li>Shortage of power supply makes it impossible for the Company to operate normally, thus affecting production and resulting in increase in operating costs.</li> <li>The disasters, such as typhoons, storms, floods, and climate changes disaster affect the shipment of raw materials and supplies, or damage the Company, so that it is impossible for the Company to operate normally and the operating cost increases.</li> </ul>	<ul style="list-style-type: none"> <li>Operating performance declining</li> <li>Increase in operating costs.</li> <li>Customer satisfaction declining.</li> <li>Employee safety problem</li> </ul>	<ul style="list-style-type: none"> <li>Diverse the sources of raw materials &amp; supplies to mitigate risk.</li> <li>Adopt the disaster prevention and control policy, and implement preventive measures precisely.</li> <li>Strengthen the environmental health and safety training.</li> </ul>

### Response to climate change opportunities

Major climate change opportunities		Challenge and opportunities	ACES responsive strategy
Market change opportunities	<ul style="list-style-type: none"> <li>Increase in customers' demand for low-energy consuming and eco-friendly products.</li> <li>Development of low-carbon products to satisfy the market demand.</li> </ul>	<ul style="list-style-type: none"> <li>Increase in operating revenue</li> <li>Product innovation</li> </ul>	<ul style="list-style-type: none"> <li>Investment of capital in development of low-carbon products proactively</li> </ul>
Changes in policy and law	<ul style="list-style-type: none"> <li>The government passes incentive policies to boost usage of alternative energy.</li> </ul>	<ul style="list-style-type: none"> <li>Reduction in operating cost</li> <li>Product innovation</li> </ul>	<ul style="list-style-type: none"> <li>In response to the customers' supply chain counseling plan</li> </ul>
Resource efficiency	<ul style="list-style-type: none"> <li>Replacement of old equipment</li> <li>Upgrading of the resource utilization rate and mitigation of the impact to environment.</li> </ul>	<ul style="list-style-type: none"> <li>Reduction in product cost</li> <li>Build the corporate identity</li> </ul>	<ul style="list-style-type: none"> <li>Monitor the energy consumption by equipment and set forth the plan to replace old equipment with new ones.</li> <li>Adopt/execute power-conservation plans</li> </ul>

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## 3.2 Environmental management

Since 2016, ACES has started to implement the ISO 14001 environmental management system. It also seeks the third-party audit unit's assurance to ensure the effectiveness of its environmental management system. By implementing the environmental management system and adopting the environmental policies and measures, it reviews the operating performance on a yearly basis, cuts the operating cost, mitigates the environmental burden, and raises employees' awareness toward environment and legal compliance to meet the ESG philosophy. ACES is committed to "coexistence with nature and is people-oriented" and "protecting the earth and employees' health." The environmental/safety impact is fully considered in the production and operating process. Based on prevention and continuous improvements, we pursue the following environmental policies and measures:

### Environmental Policies

Compliance with laws and regulations, comprehensive energy conservation and waste reduction, recycling of effective resources, and improvement of environmental quality

### Environmental Measures

① Adopt new technology: use environmentally friendly materials and new production processes to reduce the environmental impact and hazard risks generated by the production process.

② Implement hazard prevention: regularly identify environmental factors and major hazards, develop management plans and supervise execution of the latter.

③ Comply with regulations: comply with national, local and industry relevant regulations as a law-abiding enterprise.

④ Strive to recycle resources: save energy, execute wastes classification and recycling

⑤ Commitment to continuous improvement: continuous improvement over environmental pollution and health hazards, improve environmental and health & safety performance.

⑥ Implement environmental safety training: implement environmental safety education and safety management, improve environmental protection and health & safety awareness.

### Environmental Management Committee

ACES establishes the Environmental Management Committee responsible for planning and deciding the Company's environment-related matters, assisting various units to implement the environmental management policies, and follow up and review the environmental management implementation status. Also, ACES keeps observing the latest environmental laws and regulations, and amends or updates its articles of incorporation in a timely manner. It also convenes meetings periodically each year to discuss how to respond to the latest environmental laws and regulations, and prevention of hazard, recycling, new technology and strengthen employees' awareness toward environment.

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### Environmental improvement program

Category	Contents	Practices in 2022
Environmental goals	Industrial waste reduction: Waste cutting oil reduction plan goals by 5% progressively per year	<ul style="list-style-type: none"> <li>Reduce the frequency of cutting oil from 3 times to 2 times (reduced by about 20 liters)</li> <li>Adjust the frequency of addition of cutting oil (no addition is required when refractometer value is more than 3%)</li> <li>Control the annual consumption</li> </ul>

### Complaint against environmental issues

Any person discovering the Company's suspected environmental pollution may file a complaint with the Company via the complaint channel, and call the environmental protection complaint hotline at 03-2706568 (Ext. 2102) during working hours. The Company will send dedicated staff to process the complaint. If the complaint is proven to sustain, the case will be escalated according to the Company's administrative system and also notified to the related department head, and the pollution incident will be settled immediately to prevent the pollution from expanding. The Company will also demand that the related unit should prepare the corrective action plan, and feed back the correction status to the senior management periodically to avoid recurrence of the same incident. In 2022, considering that no car washing equipment was installed at the entry/exit of the construction site for the new construction of PWC headquarters building, the Company was fined by the department of environmental protection in accordance with the Air Pollution Control Act. After that, ACES planned and improved the equipment immediately, and no related violations of laws occurred again subsequently. Since then, ACES has strictly complied with laws and regulations, and also improved the control over contractors, and promotion of and compliance with laws to prevent similar incidents from occurring again.



Environmental  
complaint hotline

**03-2706568 #2102**



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## 3.3 GHG and energy management

### Management policy

#### Material issues

#### GHG and energy management

Policy direction	<ul style="list-style-type: none"> <li>Plan the orientations for GHG emissions reduction step by step, and set the GHG emissions reduction targets.</li> <li>Practice energy conservation and carbon reduction, implement water reservation throughout the factory, save power, and avoid wasting resources.</li> </ul>
Core targets	<ul style="list-style-type: none"> <li>Save power by 1% each year per the government's regulations.</li> <li>Reduce the Company's overall carbon emission volume</li> <li>Improve the recycling</li> </ul>
Performance & results	<ul style="list-style-type: none"> <li>In 2021, the Company officially implemented ISO14064-1: 2018 certification, and received the third party assurance statement officially in April 2022.</li> <li>Total carbon emissions reduced by 4.09% in 2022 from last year</li> <li>Total power consumption reduced by 11.33% in 2022 from last year</li> </ul>
Action programs	<ul style="list-style-type: none"> <li>Establish the energy management staff system reporting, and evaluate and file the application for yearly energy-conservation planning.</li> <li>Implement ISO14064-1 certification and perform the GHG emission investigation training.</li> </ul>

### How to manage

Invested resources	<ul style="list-style-type: none"> <li>Tally the HR, time &amp; cost, training, tutorship and assurance expenses invested by various departments.</li> </ul>
Feedback mechanism	<ul style="list-style-type: none"> <li>Convene two factories' environment and safety meeting on a monthly basis to communicate the plan to each department to have the plan in place.</li> <li>Review the planning and execution of energy-conservation projects on a yearly basis.</li> <li>Plan annual carbon emissions to be reduced, based on the investigation record on GHG.</li> </ul>
Evaluation mechanism	<ul style="list-style-type: none"> <li>Internal audit conducted once per year.</li> <li>The Company forms its internal audit group to conduct the ISO 14064-1 self-inspection once per year.</li> </ul>

### Future planning

#### Goals for 2023

- Strengthen recycling, e.g. water and waste paper recycling.
- Increase the green procurement volume
- Control the costs in power consumption
- Execute the energy conservation plan for production equipment, public utilities and information hardware equipment.
- Include Scope 3 in part; seek the ISO 14064 certificate.

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In order to deal with the impact posed by climate changes, carbon reduction, together with energy consumption reduction and GHG emission reduction, has become an issue to be concerned about by an enterprise in pursuit of ESG. ACES uses energy primarily for production and the office equipment at the facility. The Company procures the energy from external sources primarily. The Company has implemented the ISO 14064-1 GHG investigation in 2021, and completed the Scopes 3~5 emission calculation in steps. The Company schedules to receive the third party assurance statement officially in April 2022. The Company expects to disclose more comprehensive GHG emission information, set related carbon reduction targets and resort to more actions to mitigate the climate changes successively.

In addition to implementing the GHG emission, ACES also think about how to continue introducing various energy-conservation technology, e.g. upgrading the equipment performance, replacing old equipment with new one, and utilizing the production management optimization to reduce the energy consumption. Meanwhile, it promotes the energy conservation and carbon reduction measures at the factory premises and in the office, in order to persuade employees to engage in the energy-conservation activities voluntarily through the educational promotion and policies, and do their jobs for the environment on earth together with the Company. The main reason for the decrease in carbon emissions in 2022 is that the company has adopted the chiller with the automatic monitoring system and variable frequency instead, and no increase in carbon emissions resulted from the increase in the electricity bill. The Company's total carbon emissions reduced by 4.09% in 2022 from last year.

ACES has not yet used any renewal energy physically. Notwithstanding, in response to the global net zero emission trend, it will evaluate the adoption of renewal energy to mitigate the negative impact posed by it to the environment.

Statistics about power consumption in the most recent three years

Unit: Degree

	2020	2021	2022
Dongyuan Headquarters	1,105,100	1,953,200	1,804,100
PEC	6,998,400	6,996,000	6,130,800
Total power consumption	8,103,500	8,949,200	7,934,900
Annual power consumption strength	2430.56	2270.22	2302.64

Note 1: The power consumption refers to the power consumption of Dongyuan Headquarters and PWC (including new KY Dongguan and MEC IMEX INC.).

Note 2: The annual power consumption strength is calculated based on the annual power consumption/the annual operating revenue of ACES (Taiwan)(Unit: million).



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Statistics about power consumption in the most recent three years

Unit: Ton CO<sub>2</sub>e

Category	Items	2020	2021	2022
Category 1: Direct emission	Stationary combustion/mobile combustion/direct fugitive emission volume	43.5786	129.7515	218.8880
Category 2: Indirect emission	Indirect emission from input power	3562.1856	4214.9518	3900.4136
Category 3: Indirect GHG emission from transportation	Emission generated from transportation of business waste	--	0.3924	0.1799
	Emission from employees' commuting	--	162.3264	355.6049
	Emission from business travel	--	41.8961	60.4618
Category 4: Indirect GHG emission from products used by the organization	Upstream emission from consumption of fuel and power	--	777.4228	678.7358
	Emission generated from incineration of business waste	--	7.0720	6.9360
Category 5: Indirect GHG emission related to use of the organization's products	Emission from downstream leased assets	--	277.5466	160.4829
Total emissions	(Note 3)	3,605.7642	5,611.3596	5,381.7028
Emission strength	(Note 4)	1.0815	1.1021	1.2953

Note 1: Only PWC's emissions were calculated in 2020.

Note 2: The emissions calculated after 2021 included those of Dongyuan Headquarters and PWC (exclusive of subsidiaries), and were included into inventory for Scopes 3~5.

Note 3: The calculation of total emissions refers to that of the total of Scopes 1~5.

Note 4: The emission strength is calculated based on the sum of Scope 1 and Scope 2/the annual operating revenue of ACES (Taiwan) (Unit: million).

Consumption data:

GWP: The IPCC 6th Assessment Report 2023 was cited.

Emission coefficient of power purchased from external sources: The power emission coefficient, 0.509 kgCO<sub>2</sub>e 2021 of the Bureau of Energy, Ministry of Economic Affairs was cited.

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## Summarization of energy-conservation and carbon-reduction actions

Item	Practice
 Energy conservation and carbon reduction at the office premises	<ul style="list-style-type: none"> <li>Set the temperature as 26~28℃ in the workplace and office, and assign dedicated staff to turn on and turn off the air conditioner.</li> <li>Promote the environmental protection measures, such as e-energy conservation, garbage reduction, and recycling/reuse. Also provide the training and communications related to energy conservation and carbon reduction.</li> <li>Utilize video conference/teleconferencing to reduce cross-factory carbon emissions.</li> </ul>
 Lighting	<ul style="list-style-type: none"> <li>The lighting switches are controlled by region. The lighting in public areas is controlled by time switches. The lamps have been replaced by LED bulbs in steps throughout the factory to reduce waste of power.</li> </ul>
 Air compressor	<ul style="list-style-type: none"> <li>Check the Company's gas pipe periodically to verify if there is air leakage, and repair it timely if there is, in order to avoid increasing the load of the air compressor because of the air leakage, and also save power consumed by the air compressor.</li> <li>Replace the old air compressor with the air compressor with variable speed drive.</li> </ul>
 Company car	<ul style="list-style-type: none"> <li>Optimize the fuel consumption by the Company cars, and be prepared for car sharing arrangement.</li> </ul>
 Information/software and hardware equipment	<ul style="list-style-type: none"> <li>Procurement energy-conservation mark-related hardware equipment</li> <li>Service virtualization-oriented</li> <li>Activate the energy-conservation management policy in the user's computer.</li> </ul>





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### 3.4 Water resource management

100% of the Company's main water source comes from municipal water for public use, excluding any other water resources, such as groundwater, surface water and rainwater; therefore, no negative impact is posed to the peripheral environment and water quality. Dongyuan Headquarters and PEC are primarily engaged in sales and used as the administrative office; therefore, only basic water supply is required for the office. The Company convenes the environment and safety meeting on a monthly basis to continue communicating to all workers about the water-conservation policy and advise them to cherish water resources. The total water consumption in 2022 was 19.533 million liters.

Total water consumption in the most recent three years

Unit: Million liters

	2020	2021	2022
Dongyuan Headquarters	4.441	5.620	4.608
PEC	17.743	17.893	14.925
Total water consumption	22.184	23.153	19.533
Annual water consumption strength	0.006	0.005	0.005

Note: The annual water consumption strength is calculated based on the annual water consumption/the annual operating revenue of ACES (Taiwan)(Unit: million)

### 3.5 Waste management

ACES uses the best effort to recycle resources effectively to reduce waste and cut the production cost. It improves the process and operational management to reduce the output of scraps and waste materials, and also develops and chooses pollution-free and low-pollution process. Meanwhile, the Company recycles the metal waste generated in the process of production through effective management procedures. The recycled waste metals were sold to the waste recycling service providers, to help the Company reduce the waste of resources. The primary waste comes from the domestic garbage from the office, which is also reported by qualified suppliers as the general industry waste for disposal. The Company's waste management reduced the waste by 0.73% in 2022 from last year.

Waste generated from operations

Unit: KG

Types of waste		Annual output			Disposal and transfer of waste
		2020	2021	2022	
Hazardous waste	Electronics Components	1,220	1,128	1,359.5	Other disposals: Physical treatment (crushing and sorting)
Non-hazardous waste	Waste oil	1,300	1,100	1,100	Other disposals: Recycling and reuse
	Domestic waste	20,400	20,800	20,400	Incineration (including energy recycling)
Total quantity of waste		23,720	23,028.5	22,859.5	--

Note: ACES' wastes are all treated off-site.

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# 4

## Happy workplace

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## 4.1 Employee care

ACES values employees and upholds the people-oriented spirit, as it identifies employees as the Company's most important asset. ACES uses its best effort to build a friendly and comfortable office environment to provide employees with a respectful and safe working environment. Meanwhile, it implements the employment diversity policy, equality in remuneration and promotion opportunities, and ensures that employees will not be discriminated against, harassed or treated differently due to race, gender, religion, age, political affiliation and any other circumstances protected by laws. Additionally, the Company constructs a sound human resource management system, robust remuneration and welfare system, and provides abundant and diverse educational resources, in order to enable the employees to continue improving their own strength and competitiveness. ACES also values the interests and rights of employees and labor-management relations, and establishes a good and transparent communication channel to listen to feedback from the employees. In order to ensure the occupational safety and employees' health, the resident nursing personnel and related colleagues of the Company organize and assist the relevant training and health promotion activities periodically, hoping to provide ACES workers with a healthy and safe workplace. ACES will continue to practice its commitment to a happy workplace and build more fine-quality occupational life for employees.

## Composition of employees

ACES' manpower structure is stable, and most of the employees are permanently employed. It doesn't hire any employees without guaranteed working hours or any part-time employees. 100% of its employees are full-time workers. According to the review on the ratio of male workers vs. female workers, the ratio is 1.1:1. Therefore, the gender ratio of male to female workers is roughly equal.

Unit: Person

Taiwan			
Category	Male	Female	Total
Number of employees	377	329	706
Permanent employees	374	324	698
Temporary workers	3	5	8
Employees without guaranteed working hours	0	0	0
Full-time employees	377	329	706
Part-time employees	0	0	0

Note: The calculation of the number of employees is based on the information available on December 31, 2022.

ACES endeavors to maintain labors' interest and rights and ensure transparency and validity of the management and promotion of interns and contractors. In 2022, the Company has hired a total of 44 interns, who were assigned to the R&D, engineering or administrative departments of ACES, in order to help excellent students gain experience in related fields, and adapt to the workplace and apply what they have learned successfully after graduation. Meanwhile, the Company also hires 5 cleaning workers and 4 security guards, as contract workers, and also demands that they should strictly comply with the related legal requirements to ensure that the wages and welfare policies satisfy laws and regulations. ACES will continue to evaluate and improve its relationship with interns and contractors in the future, in order to ensure that their interests and rights are commensurate with ACES' values, and that they are always treated equally and valued.

Category	Scope of service (work type)	Number of persons	Contractual terms and conditions
Interns	R&D, engineering and administrative departments	44	Industry-academia internship contracts
Contractor	Cleaning workers	5	Contract with the contractor
	Security guards	4	

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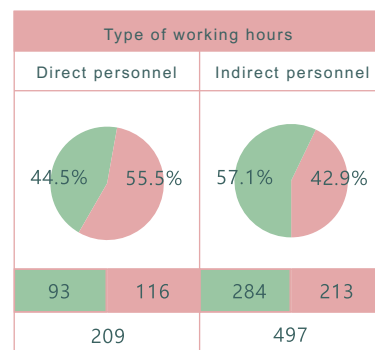
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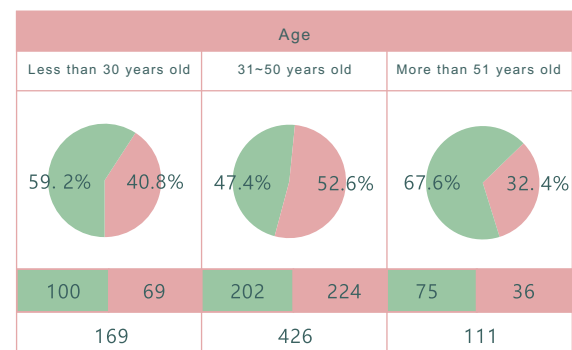
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Statistics on the types of employee in 2022



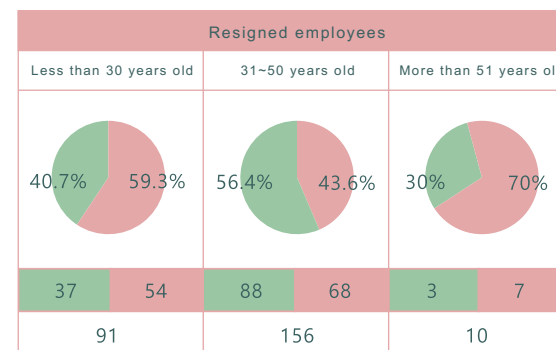
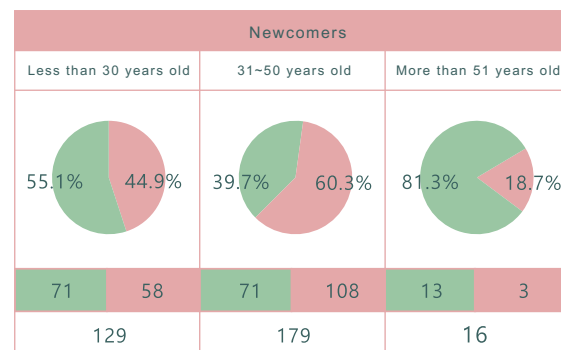
Unit: people



### New and resigned employees

In 2022, ACES has recruited a total of 324 newcomers, in order to deliver new momentum to the organization through employment of new blood and recruitment of talents. A total of 257 employees resigned in 2022. The department head will try to understand the cause of resignation, and then the colleague responsible for recruitment will conduct the interview for resignation to verify the root cause of resignation. The statistics will be analyzed and serve as the basis for a talent retention improvement plan to help the Company provide a better workplace in the future.

Statistics on new and resigned employees in 2022





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## 4.2 Labor-management relations

### Management policy

#### Material issues

#### Labor-management relations

#### Policy direction

- For the business management, the Company uses the best effort to build the amicable circumstance in which the labors and management trust each other. Meanwhile, it applies the positive and open management model to create a challenging but comfortable working environment.

#### Core targets

- Continue to maintain fair Labor/Management Relations

#### Performance & results

- Continue to convene the labor-management coordination meeting on a quarterly basis, and set up the complaint mailbox and hotline as the transparent communication channels in the relationship with employees.
- Value the employees' safety at work, arrange the annual health checkup, commend outstanding senior employees of the year, and organize the award ceremony for excellent employees.

#### Action programs

- Convene the labor-management coordination meeting on a quarterly basis.
- Set up the employee complaint mailbox to have dedicated staff process the feedback from employees.
- Organize the staff meeting periodically to enable employees to express their opinions, which will be responded to and communicated by the Company.
- Worker Welfare Committee organizes various activities benefiting employees physically and mentally.
- Organize the employee commendation ceremony to thank employees for the efforts spent by them in the Company.
- Organize the environment and safety review meeting periodically to value the employees' health and safety problems at work.

### How to manage

#### Invested resources

- Amount invested in employee benefits
- HR invested by various departments

#### Feedback mechanism

- Labor-management meeting
- Employee opinion mailbox (tangible/online)
- Complaint channel
- Staff meeting

#### Evaluation mechanism

- Convene the review meeting periodically

### Plan for future

#### ★ Goals for 2023

- Exchange opinions with employees and convene the labor-management meetings and staff meeting regularly to maintain the good labor-management relations.

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## Benefit policy

### Management policy

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#### Labor-management relations

#### Policy direction

- According to the Company's "Salary Management Procedure," the Company's employee salary policy shall adhere to the "equal pay for male and female workers" philosophy and apply the principle of impartiality, and feed back rewards subject to performance and target contribution. Meanwhile, the Company takes into account the employees' long-term well-being as the ultimate factor when striving for and promoting excellent talents, in order to achieve a win-win operating cycle for both of the employees and Company.

#### Core targets

- Maintain the competitive strength, recruit and retain talents, and become the first priority for job seekers.

#### Performance & results

- Overall average raise in 2022: 4.41%

#### Action programs

- Pay the salary, raise and bonus according to the Articles of Incorporation, and also provide the remuneration, incentives and benefits better than the general enterprises.

### How to manage

#### Invested resources

- Performance bonus
- Employee welfare measures

#### Feedback mechanism

- Labor-management meeting
- Pension Benefit Committee
- Worker Welfare Committee
- Employee opinion mailbox and complaint channel

#### Evaluation mechanism

- Convene the review meeting periodically.
- Review the peer pay level in the industry periodically to ensure that the Company's pay level is commensurate to the competitiveness.
- Analyze the causes for the employee's resignation as the basis for adjustment on salary and benefits.

### Plan for future



#### Goals for 2023

- Feed the corporate operating performance back to employees, and make every endeavor to maintain the same pay level as the peer pay level to ensure that the remuneration and benefits provided by the Company are commensurate to the competition level in the industry.

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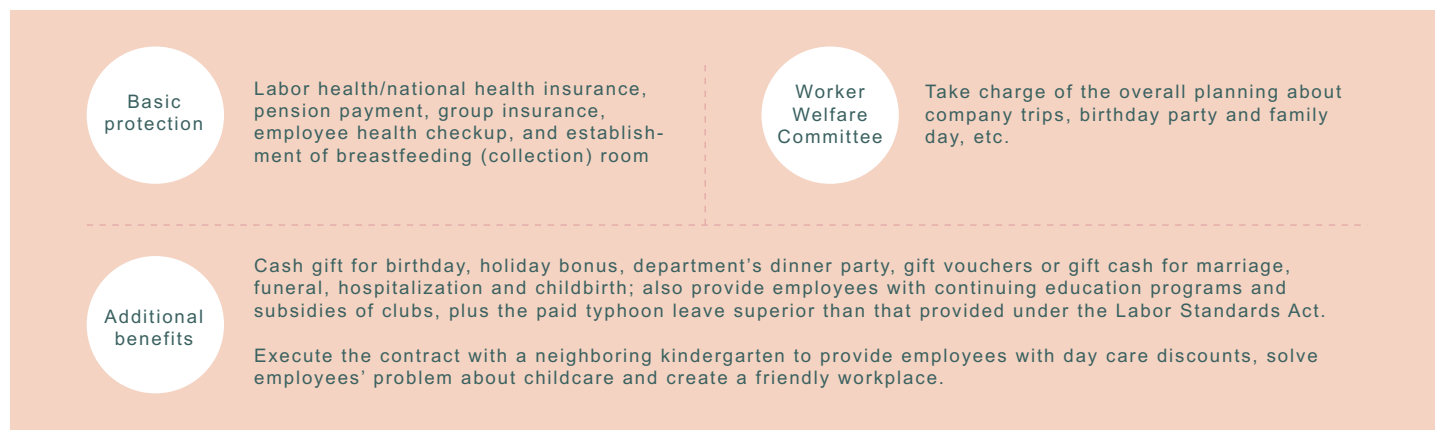
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The Company has adopted its work rules and related personnel management regulations. The employee work rules expressly state the basic salary, working hours, leave, pension payment, labor insurance/national health insurance benefits, and compensation for occupational accident for the workers employed by the Company. The related regulations all satisfy the requirements under the Labor Standards Act. Meanwhile, the Worker Welfare Committee is established by the Company, and operated by the members elected to process various benefits. Various benefits are stated as following:



The Worker Welfare Committee organizes the employee family day and domestic and overseas employee travel each year to promote the balance between family and life. A birthday party is organized for colleagues who have birthdays in the current month. The Company will also provide meals and cakes for celebration to demonstrate how it values its colleagues and extend its blessing. Notwithstanding, due to the impact posed by the COVID-19 epidemic for two consecutive years, the Company has suspended the organization of the party, but will resume it after the epidemic slows down. In 2022, the Worker Welfare Committee distributed gift boxes to all employees in coordination with social enterprises to prepare for Mid-Autumn Festival, in order to enable the employees to share delicious food with their family members.

Main benefit expenditure in 2022

Unit: NT\$

Item	Cash gift for birthday childbirth allowance cash gift for marriage	Subsidy for health checkup	Gift boxes for festivals and celebration birthday party	Total amount
Expenditure	484,000	318,750	2,304,630	3,107,380

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## Fall Festival gifts



Due to the impact posed by COVID-19 in 2021 and 2022, the Company was forced to cancel in-person staff activities. Therefore, ACES' Worker Welfare Committee has additionally worked with Suan-Lian Social Enterprise, which was founded by the CYCU faculty and student team, on Mid-Autumn Festival to distribute the Shuan-Lian Pear gift boxes purchased from the Corporation to all of the Group's employees for two consecutive years.

## Technology agriculture



ACES adopts the high-value cropping system technology of ITRI to build the elevated indoor strawberry farm on the vacant land inside the PEC. It utilizes a semi-open greenhouse equipped with local cooling, shading and rain-shading control facilities to regulate the strawberry harvest time and extend the strawberry season successfully. Customers and guests are allowed to pay a visit to the factory premises. It will also plan the employees' activity allowing them to pick up the strawberry together with their family, in order to facilitate the Company's relationship with employees.

## Parental leave

In order to enable the employees to take care of their family and business at the same time, ACES provides employees with parental leave, so that the employees may take time in taking care of their family without needing to worry about their work. In 2022, a total of 12 employees applied for the leave without pay. As far as the reinstatement rate upon the parental leave without pay is concerned, it was 100% for male employees and 50% for female employees.



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## Statistics on information about parental leave in the most recent three years

Unit: person

Item	Gender	2020	2021	2022
Number of persons qualified for applying for parental leave	Male	6	5	7
	Female	6	7	12
	Total number	12	12	19
Number of persons filing the application actually	Male	2	2	1
	Female	6	5	11
	Total number	8	7	12

Item	Gender	2020	2021	2022
Number of persons to be reinstated	Male	1	3	1
	Female	5	1	10
	Total number	6	4	11
Number of persons reinstated actually	Male	1	3	1
	Female	5	1	5
	Total number	6	4	6
Reinstatement rate	Male	100%	100%	100%
	Female	100%	100%	50%
	Total number	100%	100%	55%
Number of persons already reinstated for more than one year in the current year	Male	1	3	0
	Female	7	1	1
	Total number	8	4	1
Retention rate	Total	100%	67%	25%

Note 1: The number of persons qualified for applying for parental leave refers to the number of employees who applied for maternity leave and paternity leave.

Note 2: The re-preparation of information shall cover the number of persons who should be reinstated, the actual number of persons who have been reinstated and the number of persons for more than one year in current year. The actual number of persons who have been reinstated recognized due to the statistical method are not estimated.

Note 3: Retention rate=(the number of persons who have been reinstated for more than one year in current year/the number of persons who have been reinstated in the previous year)x100%

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## Retirement plan

### Retirement system and implementation status thereof

The pension system planned by the Company for all colleagues includes the benefit plan adopted in accordance with the "Labor Standards Act" of Taiwan, and the contribution plan adopted under the "Labor Pension Act" of Taiwan promulgated on July 1, 2005. The Company deposits the pension reserve pursuant to laws, and also retains actuaries to provide the actuarial report on the pension reserve each year, in order to protect the colleagues' interest and right in claiming pension. The calculation methods that may ensure the pension fund affordable for distribution consist of the following:

1. Adopt employee retirement regulations according to the "Labor Standards Act;" contribute to the pension reserve subject to the total salary on a monthly basis and deposit the same to the exclusive account maintained at the Bank of Taiwan, which showed the balance as NT\$22,559,702 on December 31, 2022.
2. For each of the employees who apply the "Labor Pension Act", the Company has to contribute 6% of the employee's salary on a monthly basis, and deposit the same into the employee's personal pension account maintained at the Bureau of Labor Insurance. Until December 31, 2022, the employer has contributed NT\$24,022,022 under the new pension system.
3. The Company will retain the employees' service seniority. When any employee meets the retirement conditions, his/her pension will be calculated based on his/her seniority under the new and old systems.

### Employee shareholding trust

Employees are always the strongest backup for ACES' long-term management. In order to help the colleagues participate in the Company's business and acquire and manage the Company's stocks through long-term investment to achieve long-term savings and share the operating results, ACES established the "ACES Employees' Shareholding Association" on September 16, 2015 to offer the employee shareholding trust operations. The participation rate for the employees' shareholding trust reached 22.17% in 2022.



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## Salary and remuneration to employees

The salary and benefits provided by ACES are not lower than the basic salary prescribed by laws. ACES treats all employees equally and decides salary, benefits, bonus, performance appraisal and promotion impartially, regardless of gender, race, color, religion, political party, sexual orientation, age, marital status, pregnancy, physical and mental disabilities, blood type or zodiac signs. The calculation of salary and bonus takes the employee's overall performance and professional skills into account in the evaluation. In addition to providing the employees with competitive remuneration, ACES maintains a fair, just and transparent salary and remuneration system.

Ratios of standard entry level wage by gender compared to local minimum wage in the most three years

Item	2020		2021		2022	
	Male	Female	Male	Female	Male	Female
Standard entry level wage	23,800	23,800	24,000	24,000	25,250	25,250
(Statutory) Minimum entry level wage	23,800	23,800	24,000	24,000	25,250	25,250
More than statutory minimum wage multiple	1.00	1.00	1.00	1.00	1.00	1.00

Note: ※ Compared based on the statutory minimum wage.

1. The "basic salary" refers to the starting pay level, i.e. guaranteed, short-term and fixed remuneration in cash, excluding any additional remuneration, e.g. overtime pay or bonus.

2. "Entry-level staff" mean the employees at the lowest job rank, excluding interns or apprentices.

Ratio of salary and remuneration for various job ranks by gender in the most recent three years

Job rank	2020		2021		2022	
	Male	Female	Male	Female	Male	Female
Management	1.25	1	1.26	1	1.25	1
Indirect employee (excluding the managerial function)	1.26	1	1.25	1	1.22	1
Direct employee	1.37	1	1.45	1	1.38	1

Note: Percentage of salary for female employees

General employees' salary level in the most recent three years

Unit: NT\$

Item	2020	2021	2022
Average salary	797,339	823,325	795,752
Median of the salary	652,885	633,641	605,281

Remark: In response to the specific measures implemented under the "New Corporate Governance Roadmap (2018~2020)" promulgated by FSC in April 2018, and in order to improve the information disclosure quality for corporate governance and strengthen the "information about full-time employees who do not hold the managerial function" for social responsibility.

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## Human right policy

In order to fulfill the corporate social responsibility, ACES, in reference to the International Bill of Human Rights, adopted the "ACES CSR Policy" which cover the "International Covenant on Civil and Political Rights" and "International Covenant on Economic, Social and Cultural Rights", in order to protect the basic human rights of the whole colleagues, customers and stakeholders. Meanwhile, the Company complies with the principles disclosed by the "United Nations Universal Declaration of Human Right," "United Nations Guiding Principles on Business and Human Right" and the "United Nations International Labor Organization" and respects the basic human rights recognized internationally. ACES also practices the principles emphasizing no discrimination, child labor or forced labor. In 2022, it was found free from any discrimination, employment of child labors or forced labor incidents, and no complaints or significant events were received by, or occurred to, it.

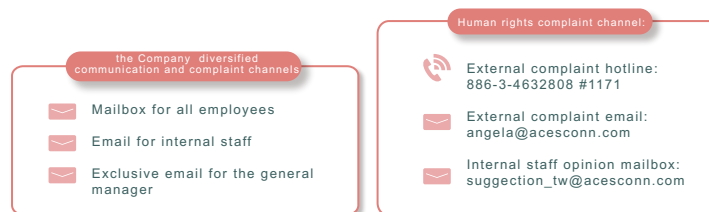
Further, ACES has set up the employee opinion mailbox and complaint channel allowing employees to express their opinion on human rights issues. It will also perform the "hazard identification and risk assessment" related to human rights voluntarily each year, and convene the "Social Responsibility Management Review Meeting" periodically, hoping to discover material risks early through the periodic review and take responsive measures timely, in order to mitigate the risk that might cause severe damage to enterprises, and also report the high-risk items, specific control strategies and measures to the senior management at the review meeting, in order to help the management supervise the social responsibility-related risks, adjust the Company's practices timely and fulfill the corporate social responsibility. A total of 458 hours were spent in the human rights-related training programs in 2022.

ACES complies with the labor laws and regulations applicable in Taiwan. If the Company suffers material changes in operations which affect the employees' labor rights or alter the functional conditions, it will absolutely give a prior notice before termination of the employment contract in accordance with the "Labor Standards Act" and "Act for Worker Protection of Mass Redundancy."

In order to enable the employees to state their problems about the Company and work, as well as unfair treatment and unpleasant experience, without worry, the Company provides diversified communication and complaint channels and also ensures the protection of their personal data:

## Communication with employees

ACES has never executed any collective agreement with any other work group. Notwithstanding, the company convenes the labor-management meeting to value employees' interests and rights and extend its care for the workers hired by it. The Company also sets up the employee opinion mailboxes, in tangible form and online, to accept the employees' complaints and suggestions, as it values the two-way communication and negotiation. In 2022, a total of 4 labor-management meetings have been convened, each attended by 5 managers and 5 labors' representatives. No major labor dispute occurred in 2022.



2022 Human rights-related education and training

Name of course	Number of trainees	Total course hours	Total training hours
Newcomers' social responsibility awareness training	105	1	105
Labor ethics & interest and environmental protection awareness training	271	1	271
Training for infringement prevention and communication skills in workplace	82	1	82



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#### Management policy



##### Material issues

##### Talent cultivation

Policy direction	<ul style="list-style-type: none"> <li>Cultivation of employees' correct awareness by corporate culture system</li> <li>Continue to improve and thoroughly develop employees' professional knowledge and skills</li> </ul>
Core targets	<ul style="list-style-type: none"> <li>Annual training hours&gt;5.5 hours/person</li> </ul>
Performance & results	<ul style="list-style-type: none"> <li>Each employee took the education and training hours amounted to 6.91 hours averagely in 2022.</li> <li>The average scores of the elite class training were 85.16 (full mark 100 scores) in 2022.</li> </ul>
Action programs	<ul style="list-style-type: none"> <li>Encourage employees to participate in internal training/external training courses proactively.</li> <li>Provide diversified learning channels (online courses, and digital courses applicable to employees by type and job rank)</li> </ul>

#### How to manage



##### Invested resources

- Department/training unit training expenses.
- Digital learning platform construction, purchase and maintenance expenses.
- HR, time and cost invested in self-production of digital courses.

##### Feedback mechanism

- After-class satisfaction survey.

##### Evaluation mechanism

- Training hours
- After-class test report
- After-class satisfaction survey

#### Plan for future



##### Goals for 2023

- Annual training hours>5.5 hours/person
- Continue to train employees and provide diversified learning and development channels, including internal general education courses and professional training courses, diversified digital courses, and external training courses to improve their professional skills.
- Strengthen elite talent training.

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#### • Successor plan •

ESG is one of the important goals pursued by ACES Group. Therefore, it prepares the fine and complete "successor plan" to provide sufficient business administration talents, ensure the management's performance and satisfy ACES' need for ESG human resources. The Plan ensures that the successor candidates have excellent professional ability and execution power, and highly match the Company's corporate culture. Their values about work and personality will be included into the assessment.

ACES is still implementing the "Successor Plan." The key successor candidates will learn about how the organization functions in the Company's Board of Directors in next few years, and are expected to succeed to the managerial functions within 8~10 years. The Plan is not only available to the senior management but also extends to the junior, in order to train competent functionary substitutes as the successors of various departments' senior management. Through the Company's proxy system, and the job rotation and skill training combining the existing internal performance appraisal system, various departments may conduct an in-depth assessment on their personnel's performance and then select competent successor candidates. The key talent retention rate is an important performance indicator adopted by the Administration each month.

Meanwhile, in response to the development and changes in the international trends, ACES will transfer and promote the key talents subject to the adjustment on various business development strategies, changes in the investment plans, increase/decrease in the technical development roadmap, employees' performance appraisal and resignation/retirement, hoping to have the professional experience transferred and train competent succeeding management talents.



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## Training

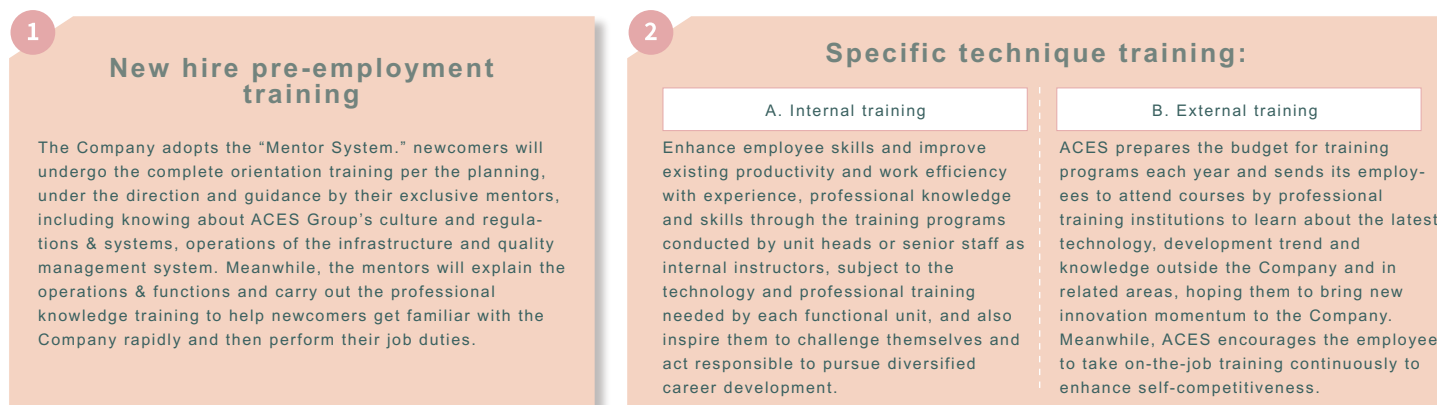
ACES always spares no efforts to train and develop talents, and tries its best to provide the employees with an open and diversified learning environment. In addition to planning the sound training system for new and current employees, it continues to improve personal competence and satisfy the employees' needs as possible as it can. The employees may keep challenging themselves and growing through participation in the internal/external training programs, learning about the management's/peers' professional directions or loaning books from the Company's library voluntarily each month to do some brainstorming.

Further, ACES' system of position/job rank planning, job rotation system, special assignment and overseas assignment can match the employees' career planning and development, so as to allow the employees to have the chance to keep challenging themselves and practice their ideal life while enjoying the sense of achievement at work, enjoy the pleasure in growth of knowledge and competence and help them create a better future.

The Company has adopted the "Training Management Procedure." It will arrange the training program for next year at the end of each year, and plan the following three major training courses subject to the employees' competence and skill needed by the Group's development:



Said courses will keep pace with the times, in order to improve the colleagues' professional knowledge and skills and upgrade the entire employees' literacy. The Company also expects to boost ACES' operating performance further via the talent training system. Meanwhile, ACES keeps developing globally and realizes the importance of language proficiency. Therefore, it organizes the continuing education courses for languages, and executes the following training courses per the annual training plan:



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### Knowledge sharing

The Company's intranet has set up the "Knowledge Management Section", a platform dedicated to information exchange out of the intent of knowledge sharing, to encourage various departments to share and exchange information with each other. The Company hopes to inspire the employees to train their diversified learning and innovation abilities through the knowledge sharing internally.

4

### ACES Academy

The online learning platform, "ACES Academy," has been implemented since 2019, which is dedicated to providing the diversified courses covering languages, marketing, introduction to products and EHS. The colleagues may learn or review the contents they are interested in anytime and anywhere. It not only increases the learning opportunities and flexibility but also ensures that each employee of the Group deserves the chance to develop his/her personal potential if he/she wants to.

Statistics Table for Personnel Undergoing Training by Category in 2022

Category		2020	2021	2022
New hire pre-employment training	Number of persons	128	187	105
	Hours	6.6	7.6	7.5
	Subtotal	846	1413.5	787.5
Specific technique training	Number of persons	1791	903	1762
	Hours	3.2	2.1	2.7
	Subtotal	5656	2482.46	4877
Laws & regulations training	Number of persons	1033	1019	993
	Hours	1.3	0.43	1.9
	Subtotal	1393	442.5	1915





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Statistics on Training Hours by Job Rank and Gender in 2022

Unit: hour/people

Job rank	Male	Female	Total hours	Average hours
Senior management	42	46	88	0.12
Middle management	280	192	472	0.67
Junior management	111	94	205	0.29
Professional	1,280	1,143	2,423	3.43
Direct personnel	919	769	1,688	2.39
Total hours	2,632	2,244	4,876	6.91
Average hours	3.73	3.18	6.91	6.91

Note 1: The senior management refers to the managers at the division level (inclusive) or above. The middle management refers to managers/assistant managers. The junior management refers to directors/deputy section chiefs/section chiefs. The professional personnel refers to engineers/management specialists.

Note2: The average hours were calculated based on the total number of 706 employees on December 31, 2022 as the denominator.

### Performance appraisal

The performance management system aims to understand the colleagues' work performance and provide directions to help them grow, achieve the targets set by the Company and improve the Company's competitiveness and operating performance accordingly. At the beginning of each year, the management and colleagues will set the performance targets. At the end of the year, the performance appraisal will be conducted on the work results to verify the employees' work performance physically. ACES conducts the fair performance appraisal on all colleagues periodically each year, regardless of gender or functions. The performance appraisal results will serve as the basis for determination of promotion and raise. 100% staff have undergone the performance appraisal in 2022.



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## Industry-Academia Collaboration

In consideration of the increasingly enlarged gap between the industry and academia, in order to train and recruit more industrial talents, strengthen the local talents and increase involvement locally, ACES has engaged in the industry-academia collaboration projects with relevant departments/institutes of various colleges/universities in the recent years, primarily the departments/institutes of mechanical engineering. Meanwhile, in response to the requirements from students or departments/institutes, it made the arrangements resiliently to help students balance their homework and internship at the same time. Some students became the Company's formal employees immediately upon completion of the internship. They were employed immediately after graduating from school. In order to support the local education and mitigate the population migration problem,

ACES engaged in the industry-academia cooperation with colleges and universities near its factory premises, increased the involvement locally, and enhanced the close relationships with neighboring colleges and universities, including 9 students from National Central University, 4 students from CYCU, 12 students from Chien Hsin University of Science and Technology and 1 student from Nanya Institute of Technology. Meanwhile, ACES also engaged in the industry-academia cooperation with excellent colleges/universities in other areas, including 1 student from National Taiwan Normal University, 6 students from National Taipei University of Technology, 3 students from Ming Chi University of Technology, 6 students from National Formosa University, 1 student from Chaoyang University of Technology and 1 student from Ming Chuan University. The industry-academia project was attended by a total of 44 persons in 2022.

Industry-academia cooperation in 2022				
Category	District	School	Number of person	Term
Industry-academia cooperation	Taoyuan City	National Central University	9	2022/2/14~2022/9/2
		Chung Yuan Christian University	4	2022/7/4~2022/8/31
		Chien Hsin University of Science and Technology	12	2022/2/7~2023/6/30
		Nanya Institute of Technology	1	2022/12/5~
	Taipei City	National Taiwan Normal University	1	2022/3/7~2022/6/30
		National Taipei University of Technology	6	2022/7/4~2022/8/31
		Ming Chuan University	1	2022/7/13~2022/8/31
	New Taipei City	Ming Chi University of Technology	3	2022/9/12~2023/9/8
	Yunlin County	National Formosa University	6	2022/2/7~2023/8/31
	Taichung City	Chaoyang University of Technology	1	2022/6/22~2022/8/31
Total			44	

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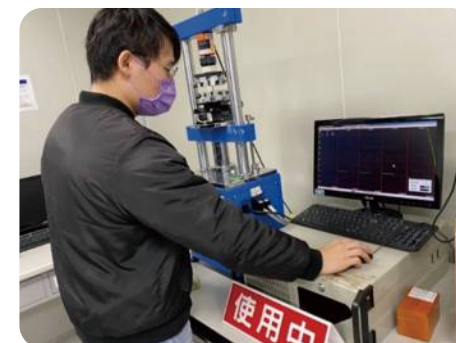
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## Elite Training Plan

ACES Group is dedicated to talent cultivation. The management trainee cultivation has been one of the focuses of the training in the recent year. The elite training plan aims to strengthen and train the omnibearing management trainees. With the sound department training and cross-department practical experience, Elite Training Plan trainees grow rapidly, accumulate knowledge in relevant professional fields, and gain abundant cross-department work experience, so as to improve their vision, thinking patterns and empathy. The Plan is considered as a training program sound in depth and width.



Elite Training Plan trainees of 2nd term in 2022



### Training methods

Consisting of the three major programs including the general education courses, professional courses and implementation courses.

1. The training focuses the system operation and professional knowledge and plans the department's internal training courses for the first two months.
2. The training focuses on the production process and plans a series of the rotation training courses for the last two months.
3. General education courses: According to the development of functional competency (K for knowledge, S for skills and A for attitude), plan the common online courses and sharing with internal trainers.

The training courses are planned by the full-time trainers recommended by department heads, covering three aspects, to lead the elite class trainees to learn about the systems, professional knowledge and production process.



### Results

The elite class trainees have founded their basic professional knowledge and skills after completing the three major programs through four months. Therefore, their expertise in the professional areas and cross-department communication ability are improved comprehensively. They may also build and develop their interpersonal relationship during the job rotation. The departments include product development/manufacturing/laboratory & connector manufacturing/assembly/quality assurance, brand marketing, and domestic and foreign sales, etc. Trainees would have cross-department experience affording to supplement their own background and knowledge.



### Completion of training

After the professional training courses persisting for 4 months, the results presentation performs the examination and evaluation on elite class trainees. The trainees evaluated qualified will be offered the chance to execute the employment contract with the Company. The Company expects that all of the elite class trainees may glow and grow in ACES Group in the future. The Elite Training Plan trainees of 2nd term in 2022 have successfully completed their studies. During the result presentation meeting, the trainees gave their feedback enthusiastically. The result report also showed these trainees' rapid growth in such a short term. In the future, ACES will continue to spare no efforts to train talents and management trainees.

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## 4.4 Healthy and safe workplace

### Management policy

#### Material issues

#### Occupational health and safety

Policy direction	<ul style="list-style-type: none"> <li>• People oriented</li> <li>• Prevention oriented</li> <li>• Continuous improvement</li> </ul>	<ul style="list-style-type: none"> <li>• Full participation</li> <li>• Legal compliance</li> </ul>
Core targets	<ul style="list-style-type: none"> <li>• Complete the external audit on occupational safety honestly each year</li> </ul>	
Performance & results	<ul style="list-style-type: none"> <li>• Pass the third-party assurance in 2022.</li> <li>• Annual occupational training hours: annual occupational health and safety training for 2 hours+irregular orientation training+retraining required by laws</li> <li>• Amendment to the SOP: 3 cases</li> <li>• Occupational safety improvement programs: 10 cases</li> </ul>	
Action programs	<ul style="list-style-type: none"> <li>• Implement the ISO 45001 management system</li> <li>• Adopt the occupational health and safety management system</li> <li>• Conduct the in-house hazard identification and risk assessment</li> </ul>	<ul style="list-style-type: none"> <li>• Prepare the operating control standards</li> <li>• Set occupational health and safety targets</li> </ul>

### How to manage

Invested resources	<ul style="list-style-type: none"> <li>• Launch the internal and external audits periodically each year to achieve the effective system management.</li> <li>• Occupational Health and Safety Committee consists of 46 members.</li> <li>• Add the internal auditors' courses as needed from time to time to ensure compliance with certification requirements and validity</li> </ul>
Feedback mechanism	<ul style="list-style-type: none"> <li>• Provide workers with the channel to participate in consultation, e.g. tangible opinion mailbox and E-mail complaint channel in the intranet.</li> <li>• Convene the Occupational Health and Safety Committee meeting once per three months.</li> </ul>
Evaluation mechanism	<ul style="list-style-type: none"> <li>• The Company forms its internal audit group to conduct the ISO 45001 self-inspection once per year.</li> <li>• Contract the independent third party, DQS, to conduct the ISO 45001 audit once per year.</li> </ul>

### Plan for future



#### Goals for 2023

- Practice the items required by laws and regulations completely
- Strengthen various urgent response drills to improve the employees' ability to respond to emergencies.
- Increase the health promotion seminars to keep employees' balanced physical and mental health.
- Strengthen the site environmental management and mitigate occupational and environmental disasters.



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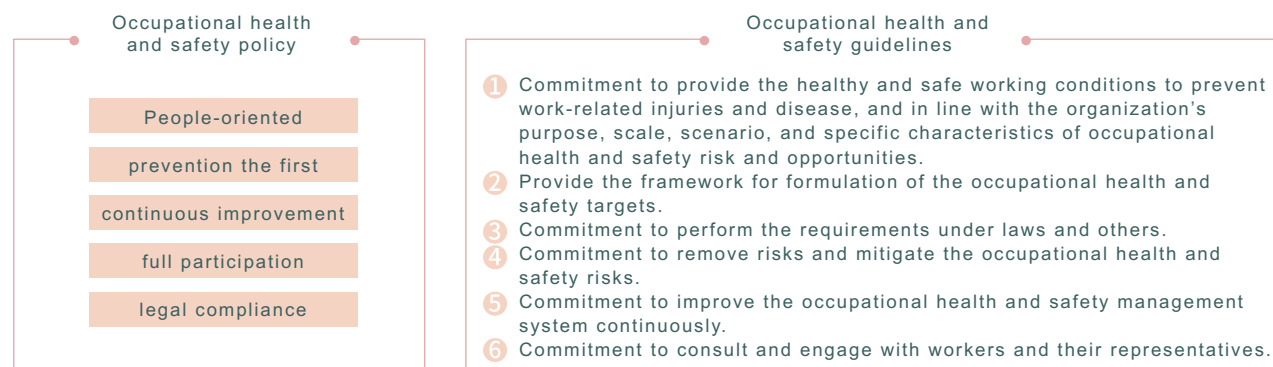
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ACES uses the best to provide employees with a healthy and safe working environment. It not only arranges the health checkup for newcomers but also conducts the health and safety training during the orientation training. Meanwhile, it also provides the current employees with periodic health checkup. The direct personnel working at the production lines are also arranged to undergo the special health checkup for prevention of occupational diseases under the labor insurance. Relevant training programs are also implemented in accordance with the Occupational Safety and Health Act. The Company also arranges the first-aid personnel training courses internally each year to ensure that there always are qualified first-aid personnel on duty on the site at the day or night shift to respond to any emergency occurred to the employees.

The Company has adopted the "Directions for Prevention and Processing of Sexual Harassment Incidents" to provide a safe and reliable complaint channel and maintain order in the workplace. The Company also maintains accidental and medical insurance programs for protect the employees' occupational safety and disperse the Company's management risk, and pre-define the procedure for response to emergencies to train the colleagues' ability to respond to any emergency and disaster. Therefore, all employees are able to execute the security policy immediately in the case of emergencies, such as earthquake and fire. ACES will arrange the local fire brigade special fire consultant to organize the fire protection seminars and drills per six months, if necessary

### Occupational health and safety management system

In order to practice the commitment to the occupational safety, ACES implements the ISO 45001 occupational health and safety management system throughout the factory premises to ensure the health and safety of all personnel in the areas controlled by the Company (including employees, customers, suppliers, vendors and other workers, etc.). Since 2016, ACES has passed the external audit on occupational safety each year to ensure the effectiveness of its management system and also review the aspects to be improved and prevented internally.



### Occupational Health and Safety Committee

ACES has established the Occupational Health and Safety Committee responsible for the overall planning about the occupational health and safety operations, and review and resolution on the occupational health and safety practices at the factory premises. The Committee will meet periodically each year to discuss various health and safety issues on health and safety management, training implementation plan, environmental monitoring, health management, prevention of occupational diseases and health promotion. The employees may feed back related problems or suggestions to the labors' representatives, or participate in the Committee meetings to state their opinions and communicate with the Committee directly. ACES provides fair communication channels. The employees may feed back any emergency, potential risk and exceptional matters via the channels at any time. The Company ensures that they will never suffer any retaliation or punishment as a result of the complaint or claim made by them.

### Occupational hazard identification

In order to remove the hazard hiding in the working environment, ACES performs the hazard identification and risk assessment periodically, in order to have the staff held qualified after training find the health and safety risks that might occur to the Company, and weigh the risks per the hazard factors before deciding the risk level. Upon evaluation, the Company includes moderate and high risks into control, adopts the improvement policy and performs periodic follow-up management.

### Training and Education

ACES provides newcomers with the occupational health and safety training immediately after they are hired, in accordance with the relevant occupational health and safety training rules and requirements. Therefore, newcomers may understand ACES' occupational safety regulations and responsive measures in the case of any disaster. Meanwhile, the Company will organize the related health and safety training courses, fire drills and first-aid courses periodically. The Company expects to reduce the occurrence of occupational accidents to the minimum, by strengthening the employees' awareness toward health and safety practices via the health and safety training.

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## Statistics on occupational accidents

In 2022, ACES had a total of 6 colleagues suffer minor injuries at work (3 pinch injuries, 2 crush injuries and 1 cut injury), all of whom returned to work after being treated medically. One of the recordable occupational injuries was a fall injury, and the worker returned to work after seeking treatment and recuperating at home for 8 weeks. For any employees who are injured at work, ACES provides necessary occupational injury leave if necessary, and also applies for group insurance occupational injury condolences for seriously injured employees in order to mitigate the employees' burden for medical treatment. Additionally, it also proposes suggestions for improvement to prevent the recurrence of the same disasters and reports the improvement results to the Occupational Safety and Health Committee.

Statistics on occupational accidents in the most recent three years

Item	2020	2021	2022
Working hours	966,952	1,209,296	1,331,288
Number of the death caused by occupational accidents	0	0	0
Rate of the death caused by occupational accidents	0	0	0
Quantity of the severe occupational accidents	0	0	0
Rate of the severe occupational accidents	0	0	0
Number of recordable occupational accidents	2	4	1
Rate of recordable occupational accidents	2.07	3.31	0.75

Note 1: The re-preparation of information covers working hours, as the statistical method includes the employees and also any workers other than employees.

Note 2: The number of deaths is ruled out in the calculation of quantity and rate of the severe occupational accidents.

Note 3: The calculation of quantity and rate of recordable occupational accidents includes the number of deaths caused by occupational accidents.

Note 4: The severe occupational accident refers to a circumstance that the injured still fails to recover in less than six months.

Note 5: The employees' commuting accidents are ruled out from the calculation of occupational accidents, unless the accidents are caused by the transportation means arranged through the organization.

Note 6: Recordable occupation accident ratio is calculated based on the quantity of recordable occupational accidents x working hours (million)/working hours



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## Specific occupational safety measures

Occupational safety improvement	<ul style="list-style-type: none"> <li>Personnel qualification certificate and license training</li> <li>Chemical bottling SDS label</li> <li>Personal protective gears improvement</li> </ul>
Prevention of hazards	<ul style="list-style-type: none"> <li>Chemical product management: It is necessary to enhance the SDS labeling and implement the management.</li> <li>Timely maintenance of public facilities: If there is a risk over safety or falling, it is necessary to arrange the repairing operations to prevent any danger.</li> <li>Fixed machine areas: Do not place the machine on the ground arbitrarily. There should be an area where the machine may be fixed to prevent accidental mixing of stacked materials. The height of stacked materials shall be no more than 180CM pursuant to laws.</li> </ul>
Occupational hazard identification	<ul style="list-style-type: none"> <li>Conduct hazard identification and risk assessment periodically, include moderate and high risks into the control measures, and set forth corrective action plans.</li> <li>Evaluate whether the operating procedures satisfy laws and regulations periodically, and amend non-compliant procedures pursuant to relevant requirements.</li> </ul>
Training and Education	<ul style="list-style-type: none"> <li>Provide newcomers with occupational health and safety educational courses.</li> </ul>
Health protection	<ul style="list-style-type: none"> <li>Employee health checkup and special health checkup</li> <li>Periodic operating environment test</li> <li>On-site health consulting services provided by the physician by contract</li> <li>Maternal health protection measures</li> <li>Human factor engineering hazard assessment</li> <li>Communication for prevention of workplace violence</li> </ul>
Urgent responsive measures	<ul style="list-style-type: none"> <li>Drills for response to firefighting and diesel leakage, etc.</li> <li>Urgent COVID-19 epidemic drills</li> </ul>
Protection measures	<ul style="list-style-type: none"> <li>Provide free personal protective gear; the expenditure in procurement of protective gears in 2022, NT\$70,380.</li> <li>Continuous improvement of protective gears</li> </ul>
Communication channel	<ul style="list-style-type: none"> <li>Occupational Health and Safety Committee</li> <li>Internal communication and reporting procedure</li> </ul>

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Statistics on workplace health-related training courses in 2022

Workplace health training courses	Session	Number of persons	Hours
Ionizing radiation protection training	3	5	15
First-aid personnel's health and safety training	8	8	34
Occupational health and safety management personnel's training	3	3	32
Firefighting raining	2	40	160
Annual occupational health and safety training	1	30	90
Total	17	86	331

### Employee health management

In order to protect the employees' health and prevent them from the impact posed by sickness to their job and life, the Company utilizes the employees' basic health information to verify all employees' health status, so that the Company may assign jobs adaptive to them to prevent occupational diseases and mitigate the labor-management disputes. Establish reasonable employee health management regulations in accordance with the "Labor Standards Act," "Occupational Safety and Health Act" and "Regulations of the Labor Health Protection."

### Health checkup

The Company's health checkup is prepared by the labor health service nursing personnel (resident nursing personnel) pursuant to laws, including:

1

#### Physical examination for newcomers

Any newcomer shall complete the physical examination before the onboard date, and submit the physical examination report to the resident nursing personnel within three months as of the onboard date.

2

#### Periodic health checkup

Provide employees with the health checkup for once per two years. The scope of checkup follows that defined in the "Occupational Safety and Health Act" and "Regulations of the Labor Health Protection."

3

#### Health checkups for specified operators

The checkup shall be performed pursuant to laws once per year. The medical institution shall provide the grading information and related health check report, and the resident nursing personnel shall proceed with the health grading (1~4) management per the Sustainability Report and report the checkup results online.

Statistics on periodic employee health checkup in 2022

Item	Heath checkup for the senior management at 10th job rank or above	Heath checkup for the senior management at 7th~9th job ranks	Heath checkup for the senior management at 7th~9th job ranks	Health checkup for specified operation operators
Number of persons	11	88	457	<ul style="list-style-type: none"> <li>Noise: 41 persons</li> <li>n-Hexane: 8 persons</li> <li>Ionizing radiation: 3 persons</li> <li>Dust: 9 persons</li> </ul>



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## Employee health protection

ACES always values the employee health and care. In order to maintain the workers' interest and right, improve the enterprise's competitiveness and enhance the labors' health in workplace, the Company implement the four major plans proactively, e.g. for the human factor engineering, the private physician visits the work site and office physically and provides health guidance directly to the employees who work in the wrong posture, work for long hours and engage in repetitive work; for maternity protection, working with each pregnancy and one year postpartum employee to visit the work site and conduct hazard risk assessment to identify suspected or potential risk; requesting the employees working for long hours to complete the Maslach Burnout Inventory (MBI), evaluating their 10-year CVD Risk Score and having them interview with the private physician; verifying their stress factors and giving them the health guidance and suggestions about improvement measures; preventing infringement in workplace and having the Company's supreme management execute the "Written Statement for Zero-Tolerance of Violence"; implementing the risk assessment, environmental and work design and work ability assessment to pursue a healthy workplace and prevent laborers from suffering from occupational accidents, satisfy the diversified needs of the enterprise and laborers, and improve the enterprise's production capacity ultimately.

**1** Any employee of the Company who suffers from catastrophic illness (based on the Catastrophic Illness List from the National Health Insurance), or chronic diseases or infectious diseases so as to require long-term or lifetime treatment during employment should notify his/her department head voluntarily, in order to help the head transfer him/her or take the other appropriate actions.

**2** For the female employees who are confirmed to be pregnant during the employment, have been in labor in the past year, and are breastfeeding, the Company implements the "Maternity Health Protection Control Procedure," in order to provide qualified female employees with hazard assessment, interview and guidance by the physician and adaptive work arrangements to protect the physical mental health of pregnant, post-pregnancy and breastfeeding female workers.

**3** For any employee who is found incompetent for any specific operations according to the check-up results, the resident nursing personnel shall propose the physical examination report to the department head to help the head take appropriate actions.

Workplace employee health protection plan		Practices
Human factor engineering control procedure	The Procedure is established in order to optimize the connection between people, machine and working environment, enable employees to work in the best posture at work, ensure occupational health and safety, and improve work efficiency and comfort, and identify, consider and improve the human functions including the environment, scope of motion, human-machine interface, load level, repetitive movements and fatigue degree involved at the initial design stage of products under the ergonomics principles and in the process of the employees' operations.	In 2022, all employees were provided the skeletal muscle scale evaluation. Then, with respect to the employees who were found suffering from musculoskeletal pain and discomfort, the private physician has visited the production units and offices when providing the on-site services. As a result, the physician helped each of the employees improve their muscle soreness caused by the constant or repetitive work, and incorrect posture.
Workplace maternity health protection control procedure	Plan with care and take any necessary health and safety measures in order to protect the maternity health. Adopt the workplace maternity health protection control procedure to ensure the physical mental health of pregnant, post-pregnancy and breastfeeding female workers and achieve the purpose of maternity health protection.	The Company protects each female employee who is pregnant, has been in labor in the past year, and is breastfeeding, and conducts the interview to extend its care, visits the work site, assesses the hazard risk, arranges work ability and implements the gender equality.

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Workplace employee health protection plan		Practices
Abnormal workload-triggered disorders prevention and control procedure	In order to prevent the disorders triggered by abnormal workload, such as job rotation, night shift and long-term work, and carefully plan and take necessary health and safety measures, the prevention plan is adopted to ensure the employees' physical and mental health.	All employees complete the Maslach Burnout Inventory (MBI) and evaluate their 10-year CVD Risk Score during the health checkup. The Company interviews the employees with high workload one by one to verify their stress factors and provide them with suggestions on health guidance and improvement measures.
Workplace infringement prevention and control procedure	In order to protect the employees from the infringement by the employer, management, co-worker, service recipient or any other third party, that causes harm to them physically and mentally, when performing their job duties, the control procedure is established accordingly.	No workplace violence incident has occurred at the Company as of 2022. The Company implemented the SOP for prevention of workplace infringement in the same year. The Company's supreme management also announced the declaration of "zero tolerance of violence" in the workplace.
Hearing protection measure control procedure	Noise-induced hearing loss refers to a progressive and irreversible change which cannot be cured by medication or surgery. The best way to prevent it is early detection and prevention and improvement of the working environment full of noise. In order to protect the employees' and keep their work and life from being affected by noise, the Company adopted the hearing protection measures to protect the employees' hearing condition, and assign jobs adaptive to them to prevent occupational diseases and mitigate the labor-management disputes. The same were all implemented precisely in accordance with the "Occupational Safety and Health Act," "Regulations of the Labor Health Protection" and "Regulations for the Occupational Safety and Health Equipment," in order to mitigate the workplace noise-induced hearing loss.	The Company performs two environmental tests per year. Among other things, the Company tested the departments with higher noise index, and the test results were under the normal sound value (less than 85 decibels). Notwithstanding, with respect to the employees working in noise areas, ACES would take the initiative to help employees complete the hearing test during the annual health checkup for specified operators, in consideration of the employees' work, and on the conditions superior than those provided by laws, in order to find the employees whose hearing is abnormal. Then, the employees would be provided the hearing protection, health education and followed up with each year to prevent their condition from getting worsen.

Health Promotion Activity - Blood Sugar



On-site physician service - Visit office environment for human factors



Symposium for improvement of the immunity during the epidemic.



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## Remark on the response to COVID-19 epidemic

ACES has always believed that working together is the key to defeating the COVID-19 epidemic. As an enterprise, ACES shall take the responsibility to protect the health of its employees and their family. It has been the third year since the epidemic prevention was implemented. Though the epidemic is becoming sluggish and stable, the Company still aimed to control it, in order to mitigate the infection risk, in 2022. Meanwhile, the Company keeps closely in touch with the employees and related health authorities, observing the epidemic development and setting responsive programs timely to ensure its stable operations, enable employees to work at ease in a healthy environment and maintain its competitiveness.

In order to mitigate the impact posed by the epidemic to the employees' health and operations of domestic/overseas locations, the Company designates the staff dedicated to epidemic prevention and establishes the epidemic prevention response unit responsible for performing the duties including verification of the changes in epidemic, anti-epidemic communications, preparation for epidemic prevention supplies, sanitary management and staff's health monitoring, reporting of positive COVID-19 test cases and preparation for response to the epidemic prevention. The epidemic prevention policies are applicable to the subjects including employees (including migrant workers), contractors, customers, and staff of overseas units, in order to help the Company recover the important operating ability which is interrupted by the epidemic and adopt the business continuity plan. The major 8 epidemic prevention policies are stated as following:

- ① **Dedicated units:**  
The senior management shall gather the management staff from various departments to form the epidemic prevention taskforce, and convene a special meeting to adopt the Group's epidemic prevention guidelines, promulgate the organization's responsive epidemic prevention policy, planning and execution, and communicate and contact each factory's epidemic prevention team in a timely manner.
- ② **Implementation of response measures:**  
Strictly implement the employee and visitor access control policy, install the temperature measurement stops and disinfection areas at various entrances and exits, ensure that each employee wears a mask, control the number of persons in the workplace, and implement the epidemic controls at restaurants, etc.
- ③ **Attendance management:**  
Promptly change the leave policy, implement epidemic prevention leave and unpaid family care leave in response to the epidemic, encourage employees feeling unwell to rest at home temporarily, and execute the distributed work model, commuting time diversion, office compartmentalization, work from home and attendance controls, in order to mitigate the risk over cluster infection .
- ④ **Well prepared for epidemic prevention supplies:**  
Prepare enough epidemic prevention supplies subject to the number and occupied areas at the factory premises, including masks, alcohol, infrared temperature sensor, forehead thermometer, gloves and bleach, etc., and install additional hand-washing devices to ensure zero-bug epidemic prevention practices.
- ⑤ **Strengthened environmental sanitation:**  
Strengthen the periodic disinfection at the factory and office premises, including dormitory, restaurants and other public areas.
- ⑥ **Communication of anti-epidemic concept:**  
Provide employees with correct anti-epidemic concept via various communication channels, follow the government's instruction on epidemic prevention, remind employees not to be in panic, strengthen personal hygiene and maintain social safety distance.
- ⑦ **Establishment of the group extending care and making announcements:**  
Extend care for the health of employees and their family via the group, give them confidence, encouragement and comfort in a timely manner, and communicate the anti-epidemic policy and health education information via the group, and allow employees to feed back their attendance status or any extraordinary incident immediately via the group.
- ⑧ **Practicing of follow-up and control:**  
Create the epidemic prevention survey form, practice the infection risk follow-up management mechanism and employee health management, and designate dedicated staff to compile and report the "epidemic prevention survey form" to the responsible unit on a daily basis.

## Guidance for Factory Evacuation in response to COVID-19 epidemic



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In order to practice the CSR commitment, ACES adheres to the philosophy of "take from society, give back to society," and keeps engaging in the social welfare activities and participates in the local public affairs proactively. It promotes the philosophy of a shared society by exercising an enterprise's influence within society, and works with society to move toward a beautiful and sustainable future together. Notably, ACES donates the mobile library to the requesting entities in remote areas in the name of excellent employees elected by voting each year, in order to spread the educational resources.

#### Donation of ambulances



ACES has donated ambulances and rehabilitation buses to remote areas in the name of the Company's excellent employees for a long term, in order to give back to society. During the decade from 2008 to 2018, the Company has donated more than 40 ambulances in total. Since 2018, it has started to designate the excellent employees to serve as the social welfare ambassadors, and worked with various charity activities to provide assistance to the disadvantaged groups or social welfare groups that need relief. The Company donated the ambulances for the purpose of social participation, and in order to build the employees' sense of honor and enable the enterprise to work with its employees to feed back to the society altogether.



#### Donation of mobile library



Year	Donated city/county	Donated quantity
2016	Taoyuan	2
2019	Taitung	3
2020	Hsinchu, Hualien, Taitung	3
2021	Yunlin, Taitung	3
2022	Hsinchu, Miaoli, Pingtung, Taitung	4

Education is the key to the transformation of society. In 2016, ACES took the initiative to donate two mobile libraries to the Department of Cultural Affairs, Taoyuan in the name of selected excellent employees. Since 2019, it has also donated more than 15 mobile libraries to the cities including Taitung, Hsinchu, Hualien, Miaoli, Yunlin and Pingtung, in order to mitigate the divide in the reading resources between urban and rural areas in Taiwan, and promote the belief about "Irrigation with Reading to Expand Horizons" at the same time. The mobile library has the biggest advantage residing in that it can drive cross country roads and thereby help deliver more library resources to remote areas, improve the accessibility to library resources to students in remote areas, thus balancing urban and rural education and promoting shared resources.

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#### Donation of AED



As a local enterprise in Taoyuan, ACES has been concerned with social welfare constantly. As it recognizes the concept of expanded installation of AED (Automated External Defibrillator), it took the initiative to donate the AED to the airport access MRT. The AED donated by it was installed in the first carriage of the train on the airport access MRT, so as to make the Taoyuan International Airport Access MRT the safest mass transportation system. ACES expects to set an example for others to follow in undertaking good deeds by virtue of this donation to call on more caring enterprises and people to stay concerned about the safety of their surrounding environment, race with time to rescue more precious lives together, make it safe everywhere throughout Taiwan and create a safer and kind living environment.



#### WildViewTaiwan Film Festival



In 2019, ACES worked with WildViewTaiwan Nature Communication Society for the first time to sponsor and promote the "9th WildViewTaiwan Film Festival," which was in association of the renowned Wildscreen Film Festival in the United Kingdom (also known as "Green Oscar"). The Film Festival was introduced by WildViewTaiwan Nature Communication Society to Taiwan in 2011. Through the cross-border cooperation with the Society, the Company expects to communicate the correct concept and awareness toward environmental protection to the campus and orphanages in Taoyuan with the highest quality audiovisual work, so as to have the seeds for environmental protection sprout in children's mind and work with all people to protect the earth. ACES allowed its employees to participate in the film screening for charity in person, and also encouraged them to feel about the Company's devotion to the social welfare and recognize the activity more. Due to the impact posed by COVID-19 in 2021, no screening was held in tangible form. Notwithstanding, ACES will still continue to support the WildViewTaiwan Film Screening and recognize the correct concept and awareness of the association toward promotion of environmental protection. As the epidemic is slowing down, the Film Screening will plan a series of lectures in the future and work with the local schools in Taoyuan to promote environmental education issue, by linking universities with the neighboring elementary and junior high schools, enterprises and local communities to strengthen the promotion of the importance of biodiversity and natural environment protection.

2019

- Hong Hua Orphanage - WildViewTaiwan Film Screening
- White Kite Children's Home - Christmas Party and WildViewTaiwan Film Screening

2020

- Tung An Elementary School, Pingzhen - WildViewTaiwan Film Screening

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#### Create the local job opportunities



ACES Group established "ACES Precision Machinery Co., Ltd." within Fongle Industrial Park in Taitung County, and organized the grand opening ceremony in October, hoping to train the high precision technology talents in East Taiwan locally. Also, it worked with multiple schools in Taitung to establish the industry-academic collaborative relationship to build a brand new industrial model altogether. While pursuing business growth, ACES also upholds its vision, hoping to recover the interdependency between land and humanities and make the close connection between work and local life possible. Until 2022, the Company still continued to provide the best quality job opportunities to the folks in East Taiwan to solve the permanent dilemma that it is not easy for young students in Taitung find a job locally to apply what they have learned.

#### Donation of supplies to the disadvantaged groups



In May 2021, the COVID-19 epidemic was spreading rapidly throughout Taiwan and Level-3 alert was implemented accordingly. As a result, it become more difficult to raise the supplies for the disadvantaged group. Notwithstanding, through the job matching and upon receipt of the request from Boyo Social Welfare Foundation, ACES had its internal staff raise the supplies including 20 tablets, 200 bottles of hand soap and 100 cases of mouth masks, valuing NT\$210,760 in total, within two days, in order to show the great love from ACES' employees. Boyo Social Welfare Foundation upholds the ideal of "Never Let Poor Children Eternally Poor" as its major philosophy, hoping to keep the disadvantaged children from the cycle of poverty through education. Thanks to the donation by ACES, the children could suspend classes but not stop learning, and could also guard their health at the same time.



ACES annual general meeting provided nutritious brown rice as its souvenir in 2021. At the end of the shareholders' meeting, the colleagues discussed how to deal with the remaining souvenir and proposed to give it to the social welfare units in need in a timely manner. It contacted the "SOS Children's Village of Taiwan" nearby ACES' factory premises rapidly. As the Children's Village has sheltered children suffering from diabetes, they were very glad to receive the high-fiber brown rice that could provide more nutrition intake to the children. Subsequently, in 2022, ACES has donated the brown rice totaling 300KG for two consecutive years to help the Children's Village, in order to enable the children in the Children's Village to receive useful materials that benefit their health. The same was donated by the HR Department Head and factory representatives on behalf of the Company. Donation of the brown rice totaling 300KG to help SOS Children's Village for charity.





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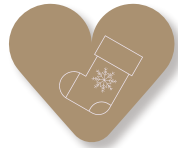
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#### Christmas Wish Gift Recruitment Activity



ACES has been working with World Vision for many years. In 2022, it continued to organize the Christmas wish card collection event. The one hundred Christmas wish cards stood for the wishes from one hundred children in the remote areas in Fuxing Township, which the colleagues may collect freely. Meanwhile, it donated gifts through the organization of events to help the disadvantaged children to have them feel the heartwarming greeting thoroughly.



#### Book donation for "Desired and Loved Youth"



Through the introduction by Legislator Ming-Che Lu, ACES donated 1616 copies of "Desired and Loved Youth" to 16 junior and senior high schools in Zhongli District, hoping to remind the teenagers to keep away from the love trap after reading the 20 cases witnessed by Tzu-Chen Chiu, a female police officer, on the front line, and also to help them know problems and attraction and keep away from any danger.



The book, "Desired and Loved Youth," compiles the cases witnessed and guided by Officer Tzu-Chen Chiu during her police career for one decade. Particularly, the stories about teenagers and women were written from the teenagers' point of view, and the author also provides many precious suggests at the end of each episode, who hopes to provide related solutions, and give assistance and suggestions timely when children feel confused and needing, and push children to identify problems and truth to make them feel self-confident and safe and how to seek help correctly. The book is also worth reading for teachers and parents, who can also help children grow healthily and safely.



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## GRI Standards Index

Statement of Use	ACES has reported the contents from January 1, 2022 to December 31, 2022 in accordance with the GRI Standards.
GRI 1	GRI 1: Foundation 2021
Applicable GRI Sector Standards	None

## GRI Standards Disclosures Comparative List

Corresponding GRI and disclosures		Topic of Chapter & Section	Page No.	Explanation omitted
GRI 2: General Disclosures in 2021				
Organization and reporting practices				
2-1	Details about the organization	1.1 Overview	12	
2-2	Entities included in the organization's ESG report	About the Report	1	
2-3	Reporting period, frequency and contact person	About the Report	1	
2-4	Re-preparation of information	About the Report	1	
2-5	External guarantee/assurance	About the Report	1	
Activities and Workers				
2-6	Activity, supply chain and other business relations	1.1 Overview	12	
2-7	Employee	4.1 Employee care	57	
2-8	Workers other than employees	4.1 Employee care	57	
Governance				
2-9	Structure and composition of governance	1.3 Corporate governance	22	
2-10	Nomination and election of the supreme governance unit	1.3 Corporate governance	22	
2-11	Chairman of the supreme governance unit	1.3 Corporate governance	22	

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Corresponding GRI and disclosures		Topic of Chapter & Section	Page No.	Explanation omitted
2-12	The role played by the supreme governance to supervise the management of impact	1.3 Corporate governance	22	
2-13	Person in charge of the impact management	1.3 Corporate governance	22	
2-14	The role played by the supreme governance unit in the ESG report	1.3 Corporate governance	22	
2-15	Conflict of interest	1.3 Corporate governance	22	
2-16	Communication of key and significant events	1.3 Corporate governance	22	
2-17	Collective intelligence of the supreme governance unit	1.3 Corporate governance	22	
2-18	Performance assessment on the supreme governance unit	1.3 Corporate governance	22	
2-19	Remuneration policy	1.3 Corporate governance	22	
2-20	Procedures for determination of the remuneration	1.3 Corporate governance	22	
2-21	Annual total salary and remuneration ratio	4.2 Labor-management relations	59	
Strategies, policies and practices				
2-22	Statement of ESG development strategies	Sustainable Development Goals (SDGs)	11	
2-23	Policy commitments	Letter from Chairman	2	
2-24	Inclusion into the policy commitments	1.4 Ethical management	29	
		2.3 Sustainable supply chain	46	
		3.2 Environmental management	50	
		4.2 Labor-management relations	59	
2-25	Procedure for remedying negative impacts	4.2 Labor-management relations	59	
2-26	Mechanism allowing to seek suggestions and raise any concerns.	4.2 Labor-management relations	59	
2-27	Legal compliance	1.4 Ethical management	29	
2-28	Public association membership	1.1 Overview	12	

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Corresponding GRI and disclosures		Topic of Chapter & Section	Page No.	Explanation omitted
Engagement with stakeholders				
2-29	Policy for engagement with stakeholders	Stakeholder identification and communication channels	3	
2-30	Collective agreement	4.2 Labor-management relations	59	

### Material issues list

#### GRI 3: Material Topic 2021

Corresponding GRI and disclosures		Topic of Chapter & Section	Page No.	Explanation omitted
3-1	Procedure for determination of Material issues	Materiality identification and analysis	7	
3-2	Material issues list	Materiality identification and analysis	7	
3-3	Material issues management (self-defined Material issues)	1.3 Corporate governance	22	
	Corporate governance	2.1 Product quality/innovation and R&D	36	
	Product quality	2.3 Sustainable supply chain	46	
	Sustainable supply chain			

#### GRI 200 Economy

Corresponding GRI and disclosures		Topic of Chapter & Section	Page No.	Explanation omitted
3-3	Material issues management	1.2 Operating performance	19	
201-1	Direct economic value derived and distributed by the organization	1.2 Operating performance	19	
201-2	Financial effects and other risks and opportunities posed by climate changes	3.1 Climate change risk and responsive strategy	49	
201-3	Obligation to define the benefit plan and other retirement plans	4.2 Labor-management relations	59	
201-4	Financial subsidy received from government	1.4 Ethical management	29	

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## GRI 300 Environmental Disclosures

305: Emissions 2016		Topic of Chapter & Section	Page No.	Reasons omitted
3-3	Material issues management	3.3 GHG and energy management	52	
305-1	Direct (Scope 1) GHG emissions	3.3 GHG and energy management	52	
305-2	Energy indirect (Scope 2) GHG emissions	3.3 GHG and energy management	52	
305-4	Reduction of GHG emission intensity	3.3 GHG and energy management	52	

## GRI 400 Society

402: Labor/Management Relations 2016		Topic of Chapter & Section	Page No.	Reasons omitted
3-3	Material issues management	4.2 Labor-management relations	59	
402-1	Minimum notice periods regarding operational changes	4.2 Labor-management relations	59	

403: Occupational Health and Safety 2018		Topic of Chapter & Section	Page No.	Reasons omitted
3-3	Material issues management	4.4 Healthy and safe workplace	74	
403-1	Occupational health and safety management system	4.4 Healthy and safe workplace	74	
403-2	Hazard identification, risk assessment, and incident investigation	4.4 Healthy and safe workplace	74	
403-3	Occupational health services	4.4 Healthy and safe workplace	74	
403-4	Worker participation, consultation, and communication on occupation health and safety	4.4 Healthy and safe workplace	74	
403-5	Worker training on occupational health and safety	4.4 Healthy and safe workplace	74	
403-6	Promotion of worker health	4.4 Healthy and safe workplace	74	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.4 Healthy and safe workplace	74	
403-8	Workers covered by an occupational health and safety management system	4.4 Healthy and safe workplace	74	
403-9	Work-related injuries	4.4 Healthy and safe workplace	74	



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403: Occupational Health and Safety 2018		Topic of Chapter & Section	Page No.	Reasons omitted
403-10	Work-related ill health	4.4 Healthy and safe workplace	74	

404: Training and Education 2016		Topic of Chapter & Section	Page No.	Reasons omitted
3-3	Material issues management	4.3 Talent cultivation	67	
404-1	Average hours of training per year per employee	4.3 Talent cultivation	67	
404-2	Programs for upgrading employee skills and transition assistance programs	4.3 Talent cultivation	67	
404-3	Percentage of employees receiving regular performance and career development reviews	4.3 Talent cultivation	67	

405: Diversity and Equal Opportunity 2016		Topic of Chapter & Section	Page No.	Reasons omitted
3-3	Material issues management	4.2 Labor-management relations	59	
405-1	Diversity of governance bodies and employees	4.1 Employee care	57	
405-2	Ratio of basic salary and remuneration of women to men	4.2 Labor-management relations	59	



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Indicator code	Indicator	Corresponding section/part/ descriptions
Disclosed topic: Product safety		
TC-HW-230a.1	Explain the risk identification and management method for the product information security.	P29 1.6 Information security protection
Disclosed topic: Employee diversity and inclusivity		
TC-HW-330a.1	Percentage of employees by gender (1) the management, (2) technicians, (3) all employees	P47 4.1 Employee care
Disclosed topic: Product life cycle management		
TC-HW-410a.1	The products that satisfy IEC62474 shall report the percentage of annual operating revenue for the controlled materials.	Not applicable.
TC-HW-410a.2	The percentage of annual operating revenue of the products which satisfy the EPEAT mark or equivalent requirements.	Not applicable.
TC-HW-410a.3	The percentage of annual operating revenue of the products which satisfy the Energy Star or equivalent requirements.	Not applicable.
TC-HW-410a.4	Total weight of global recycled waste products, and percentage of the total weight of global recycled waste products to the total weight of sold products	Not applicable.
Disclosed topic: supply chain management		
TC-HW-430a.1	Percentage of the first-tier suppliers executing the RBA VAP (Validated Audit Process) or equivalent audit by type (a) All suppliers (b) High-risk suppliers	(a) 19% (b) 0%
TC-HW-430a.2	First-tier suppliers (1) Percentage of audited suppliers which fail to pass the RBA VAP or equivalent audit, and The improvement rate of (2) audit result, (a) significant defect, (3) other defects	The first-tier suppliers' audit was completed in 2022, and no material defect was found. The improvement rate of defects was 100%.
Disclosed topic: materials procurement		
TC-HW-440a.1	Explain the management of risk over the use of critical materials	P39 2.3 Sustainable supply chain
Disclosed topic: Activity indicator		
TC-HW-000.A	Production capacity by the product type	P16 1.2 Operating performance
TC-HW-000.B	Areas occupied by the factory premises	P10 1.1 Overview
TC-HW-000.C	Percentage of production from own facilities	100%, all goods shipped by ACES upon the production.

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Paragraph No.	Article	Corresponding chapters and sections	Page No.
Organizational governance	A system that makes decision and implements decision at the time of execution of targets	1.3 Corporate governance	22
Human rights	Audit on legal compliance and avoidance of risk arising from human rights issues	1.4 Ethical management	29
	Human right risk situation	4.1 Employee care	57
	Avoidance of complicity - Direct Interest and Silence as Complicity	1.4 Ethical management	29
	Resolving grievances	4.2 Labor-management	59
	Discrimination and vulnerable groups	4.2 Labor-management	59
	Civil and political rights	4.2 Labor-management	59
	Economic, social and cultural rights	4.2 Labor-management	59
	Fundamental rights at work	4.2 Labor-management	59
Labor practices	Employment and employment relationships	4.2 Labor-management	59
	Conditions of work and social protection	4.2 Labor-management	59
	Social dialogue	4.2 Labor-management	59
	Health and safety at work	4.4 Healthy and safe workplace	74
	Human development and training in the workplace	4.3 Talent cultivation	67
Environment	Prevention of pollution	3.2 Environmental management	50
	Sustainable resource use	3.2 Environmental management	50
	Climate change mitigation and adaptation	3.1 Climate change risk and responsive strategy	49
	Protection of the environment, biodiversity and restoration of natural habitats	3.2 Environmental management	50



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Paragraph No.	Article	Corresponding chapters and sections	Page No.
Fair management practices	Anti-corruption	1.4 Ethical management	29
	Responsible political involvement	1.4 Ethical management	29
	Fair competition	1.4 Ethical management	29
	Promoting social responsibility in the sphere of influence	1.4 Ethical management	29
	Respect for property rights	2.1 Product quality/innovation and R&D	36
Consumer issues	Fair marketing, factual and unbiased information and fair contractual practices	2.1 Product quality/innovation and R&D	36
	Protecting consumers' health and safety	2.1 Product quality/innovation and R&D	36
	Sustainable consumption	2.2 Green procurement	45
	Consumer service, support, and complaint and dispute resolution	2.1 Product quality/innovation and R&D	36
	Consumer data protection and privacy	1.6 Information security	34
	Access to essential services	2.1 Product quality/innovation and R&D	36
	Education and awareness	2.1 Product quality/innovation and R&D	36
Social participation and development	Community involvement	5. Social welfare	82
	Education and culture	4.3 Talent cultivation	67
	Employment creation and skills development	4.3 Talent cultivation	67
	Technology development and access	5. Social welfare	82
	Wealth and income creation	5. Social welfare	82
	Health	5. Social welfare	82
	Social investment	5. Social welfare	82



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Category	10 principles	Corresponding chapters and sections	Page Number
Human rights	Businesses should support and respect the protection of internationally proclaimed human rights.	4.2 Labor-management relations	59
	Business should make sure not to be complicit in human rights abuses.	4.2 Labor-management relations	59
Labor	Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.	4.2 Labor-management relations	59
	The elimination of all forms of forced and compulsory labor.	4.2 Labor-management relations	59
	The effective abolition of child labor.	4.2 Labor-management relations	59
	The elimination of discrimination in respect of employment and occupation.	4.2 Labor-management relations	59
Environment	Business should support a precautionary approach to environmental challenges.	3.2 Environmental management	50
	Undertake initiatives to promote greater environmental responsibility.	3.2 Environmental management	50
	Encourage the development and promotion of eco-friendly technologies	3.2 Environmental management	50
Anti-corruption	Business should work against corruption in all its forms, including extortion and bribery.	1.4 Ethical management	29





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### Independent Assurance Statement

2022 ACES Electronics Co., Ltd. ESG Report

#### Introduction:

TÜV Rheinland Taiwan Ltd., member of TÜV Rheinland Group, Germany (TÜV Rheinland Taiwan, We) has been entrusted by the management of ACES Electronics Co., Ltd. (ACES, the Company) to conduct independent assurance of ACES Electronics Co., Ltd. 2022 ESG Report (the Report). All contractual contents for this assurance engagement rest entirely within the responsibility of ACES. Our task was to give a fair and adequate judgment on the of ACES Electronics Co., Ltd. 2022 ESG Report.

The intended users of this assurance statement are stakeholders having relevance to the ACES overall Sustainability Performance and impacts of its business activities during 2022 (January 2022 – December 2022). TÜV Rheinland Group is a global service provider of CSR & Sustainability Services in over 65 countries, having qualified professionals in the field of Corporate Sustainability Assurance, Environment, Social and Stakeholder Engagement. We have maintained complete impartiality and independence during the assurance engagement and were not involved in the preparation of report contents.

#### Assurance Standard:

The Independent Assurance was carried out in accordance with AccountAbility, U.K Standard AA1000 Assurance Standard v3 and related standards AA1000 AccountAbility Principles (2018), AA1000 SES (2015), Principles of Inclusivity, Materiality, Responsiveness and Impact, Global Reporting Initiative (GRI) Universal Standards 2021.

#### Scope & Type of Assurance:

Our Assurance engagement covers the following:

- ☒ ACES Sustainability performance as described in the 2022 report in accordance with GRI Universal Standards 2021 and performance indicators and according disclosure on management approach (DMAs) from Economic, Environment & Social category, also defined in Reporting boundaries.
- ☒ Evaluation of disclosed information in the report as per the Assurance Standards.
- ☒ Type-1, Moderate Level as per AA1000 Assurance Standard v3

**Limitation:** The assurance engagement was carried out at ACES Headquarters at Taoyuan City, Taiwan. The consultations with external stakeholder were not carried out. We have not observed any significant situations to limit our assurance activity. The verification is carried out based on the data and information provided by ACES, assuming they are complete and true. We did not verify the reported financial data as same is verified by another third party in annual report.

#### Assurance Methodology:

TÜV Rheinland Taiwan has challenged the report contents and assess the process undertaken by ACES from source to aggregate in disclosure of information related to Sustainability performance. Our judgment is based on the objective review of reported and based on the principles defined in the assurance standards, the principles of inclusiveness, materiality, responsiveness and impact, and the integrity of the data provided in the report.

Analytical methods and the performance of interviews as well as verification of data, done as random sampling, to verify and validate the correctness of reported data and contents in light of contractual agreement and the factual ACES Corporate Sustainability strategy as mentioned in the report. Our work included consultation with over 10 ACES representatives including senior management and relevant employees. The approach deemed to be appropriate for the purpose of assurance of the report since all data therein could be verified through original proofs, verified database entries.

The Assurance was performed by our multidisciplinary team of experienced professionals in the field of Corporate Sustainability, Environment, Social and Stakeholder Engagement. We are of the opinion that our work offers a sufficient and substantiated basis to enable us to come to a conclusion mentioned below and based on the content of our contract.

#### Adherence to AA 1000 principles:

**Inclusivity:** ACES has continually sought the engagement of its stakeholders, identify and understand their stakeholder, and use the communication mechanism to identify the material issues and achieve an accountable response.

#### Materiality:

ACES has implemented the material issues identification processing. The identification was based on the requirements and focus of attention of the stakeholder, the consideration of the company internal policy, shareholders meeting, questionnaires and the understanding and communication on the sustainable development content. The sustainability information disclosed enables its stakeholders to make informed judgements about ACES's management and performance.

#### Responsiveness:

ACES has implemented the policy including environment and safety, quality, and corporate sustainability. The 2022 report disclosed the management system of the company and stakeholder engagement, responding to their stakeholders against material issues of the sustainable development.

#### Impact:

ACES has identified and fairly represented impacts that were measured and disclosed in effective way. ACES has established processes to monitor, measure, evaluate and manage impacts that lead to more effective decision-making and results-based management within the organization.

#### Conclusion:

In conclusion, we can mention that no instances or information came to our attention that would be to the contrary of the statement made below:

- ☒ ACES Electronics Co., Ltd. 2022 ESG Report meets the requirement of Type-1, Moderate Level Assurance according to AA1000AS v3 and Global Reporting Initiative (GRI) Universal Standards 2021.
- ☒ The Report includes statements and claims that reflects ACES achievements and challenges supported by documentary evidences and internal records
- ☒ The performance data we found in the report are collected, stored and analyzed in a systematic and professional manner and were plausible.
- ☒ TÜV Rheinland Taiwan shall not bear any liability or responsibility to a third party for perception and decision about ACES based on this Assurance Statement.



Taipei, August 28, 2023

Vito Lin

Vito C. Lin Technical Manager

TÜV Rheinland Taiwan Ltd.





ACES Electronics Co., Ltd

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