

2021 ACES Electronics Co., Ltd.
ESG Report

Table of Contents

About the Report

Letter from Chairman

Overview of Performance in 2021 Sustainable Development (ESG) Strategy

- Stakeholder identification and communication channels
- Materiality identification and analysis
- Short-term/mid-term/long-term goals
- Sustainable Development Goals (SDGs)
- Combating COVID-19

1 Stable Governance Roadmap

- 1.1. Overview
- 1.2. Operating performance
- 1.3. Corporate governance
- 1.4. Ethical management
- 1.5. Risk control
- 1.6. Information security protection

2 Innovation value breakthrough

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

3 Protect our environment

- 3.1. Climate change risk and opportunity
- 3.2. Environmental management
- 3.3. GHG and energy management
- 3.4. Water resource management
- 3.5. Waste management

4 Happy workplace

- 4.1. Employee care
- 4.2. Labor-management relations
- 4.3. Talent cultivation
- 4.4. Healthy and safe workplace

5 Social welfare

Appendix

- GRI Standards index
- Sustainability Accounting Standards Board index
- ISO 26000 index
- The 10 Principles of the United Nations Global Compact
- Independent Assurance Statement

About the Report

Letter from Chairman

Sustainable Development Strategy

1. Stable Governance Roadmap
2. Innovation Value Breakthrough
3. Protect our environment
4. Happy Workplace
5. Social Welfare

Appendix

About the Report

The Report, the 2021 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 the aspects including economy, society and environment in 2021, by upholding the 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, 2021 to December 31, 2021. The Report primarily focuses on the information about ACES (Taiwan) (including its Dongyuan Headquarters and PEC), and some about 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.

Basis

The Report is prepared based on the architecture of Core Option in the 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 Sustainability Reports by TWSE Listed Companies.

Review and Assurance

The Report has been assured by a third-party assurance institution, TÜV (TUV Rheinland), to make disclosures in accordance with the GRI Core Option 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 second ESG Report issued by ACES. ACES will issue the ESG Report periodically each year.

Last report issued in June 2021

Current report to be issued in June 2022

Next report to be issued in June 2023

Contact Us

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

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

 Contact Person: Ms. Chen

 Email: csr@acesconn.com

1. Stable Governance Roadmap
2. Innovation Value Breakthrough
3. Protect our environment
4. Happy Workplace
5. Social Welfare



Maintenance and respect of the human rights of labors
Compliance with the Code of Business Conduct
Fulfillment of the corporate social responsibility

Labor and Ethics Policy

Compliance with laws and regulations
Company-wide energy saving and waste reduction
Effective resources re-use
Improvement of environmental quality

Environmental Policy

Occupational Health and Safety Policy

People oriented
Prevention oriented
Continuous improvement

Letter from Chairman

Recalling 2021, an unusual year, the world was suffering from the impact posed by COVID-19. In order to prevent the epidemic from spreading, various countries' government have successively adopted the strict control policies, such as lockdown, closure of borders and restricted activities. As a result, the global economic demand almost came to a halt. While the epidemic is persisting all over the world, ACES continues to be prepared for the epidemic prevention in response to the policies adopted by various governments globally, in order to ensure a healthy and safe working environment. It also implements the responsive strategies, such as planning to place orders well in advance to earlier orders for stock preparation, solicitation for alternative production policies, and reduction of capital expenditure, etc.

Generally, the world is suffering from the environmental impact posed by the epidemic and climate changes. The ESG trend cannot be ignored any longer. In the recent years, ACES has used its best effort to promote its ESG practices in the aspects of environment, society and economy/governance, including maintenance of fair communication and interaction with stakeholders, formulation of GHG emission reduction goals and environmental resources management strategies, evaluation on construction of renewal energy to practice energy conservation and carbon reduction, continued innovation of product R&D to increase the market share, expansion of the investment in Taiwan and construction of new factory premises based on the eco-friendly concept. Meanwhile, ACES will commend outstanding employees each year, and donate the mobile library in the name of employees, in order to help children in remote areas and also create more job opportunities and train professional talents in remote areas. ACES expects to set an example for others to follow in undertaking good deeds and call on more enterprises to join the campaign extending care for the remote area people, so as to transfer the corporate spirit of charity and ESG and also contribute to the sustainable social stability.

At the end of 2021, ACES received the special honor for "Outstanding Enterprise" of the National Brand Yushan Award. Apparently, the efforts spent by ACES have been well recognized. Insofar as the industry and sustainable environmental development are balanced, ACES will continue to take the initiative to root the ESG concept in the corporate culture, in order to become a benchmarking enterprise fulfilling corporate social responsibility and creating sustainable value for stakeholders.

Chairman 袁万丁

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

Communication Channel

Internal meeting	Monthly
Labor-management meeting	Quarterly
Performance appraisal & evaluation	Yearly
Training and Education	Yearly
Employee complaint mailbox	Irregular

Communication Frequency

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
- ⊙ Green product and innovation
- ⊙ Occupational health and safety
- ⊙ Service quality
- ⊙ Restricted substance control
- ⊙ Water resource management
- ⊙ Waste management
- ⊙ Energy and GHG management

Communication Channel

Customer satisfaction survey	Yearly
Business and technology evaluation	Yearly
Meeting with customers	Irregular

Communication Frequency

Responsible Unit

Sales Dept.



Investors

Meaning to ACES

The stakeholders who care ACES' s 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 — Communication Frequency

Shareholders' meeting	Yearly
Investor seminars	Yearly
Annual report	Yearly
Investor mailbox	Irregular

Responsible Unit

Financial Dept.



Supplier

Meaning to ACES

Suppliers play a very important role in ACES' s 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 — Communication Frequency

Meeting with suppliers	Yearly
Procurement & bargain	Irregular

Responsible Unit

Supply Chain Management Division of the Group



Sustainable Development Strategy

Stakeholder Identification and Communication Channels

Materiality Identification and Analysis

Short-term/Mid-term/Long-term Goals

Sustainable Development Goals (SDGs)

Combating COVID-19

1. Stable Governance Roadmap
2. Innovation Value Breakthrough
3. Protect our environment
4. Happy Workplace
5. Social Welfare

Appendix

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
- ⊙ Energy and GHG management

Communication Channel — Communication Frequency

- Symposium and seminar — Irregular
- Official correspondences — Irregular

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's development planning.

Concerned Issues

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

Communication Channel — Communication Frequency

- Press release — Irregular

Responsible Unit

Administration



1. Stable Governance Roadmap
 2. Innovation Value Breakthrough
 3. Protect our environment
 4. Happy Workplace
 5. Social Welfare
- Appendix

Community & Neighborhood

Meaning to ACES

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

Concerned Issues

- Community care
- Social responsibility performance

Communication Channel

Communication Frequency

Community service and project cooperation	Irregular
Visit to neighborhood	Irregular
External communication mailbox	Irregular
Facility complaint hotline	Irregular

Responsible Unit

Administration



Materiality Identification and Analysis

Material issues identification and analysis

In order to meet stakeholders' expectation toward ACES' sustainable development, ACES proceeds with the materiality analysis in steps including identification, collection, analysis and verification based on the GRI Standards, hoping to ensure satisfaction with various stakeholders' need and expectation on various material issues.

Assessment procedure

A. Identification

The subjects to be communicated as targeted in the 2021 ESG Report of ACES were identified according to AA1000 Stakeholder Engagement Standard, namely the 7 major stakeholders including employees, customers, investors, suppliers, governments, non-government organizations, and community & neighborhood.

B. Collection

In reference to the factors including GRI Standards, SDGs, domestic/ foreign industrial trends and organizational business development goals, and based on the conclusion made by the internal group through discussion, 27 ESG issues most concerned about by the stakeholders are identified as the basis for identification of material issues herein, which cover the aspects of governance, economy, society and environment.






C. Analysis

ACES compiles the issues concerned about by the stakeholders, and then discuss and analyze the significance of different ESG issues to each stakeholder together with various management levels and colleagues, through questionnaire and internal interview, and also rate the level of impact posed to economy, environment and society therefor.

D. Verification

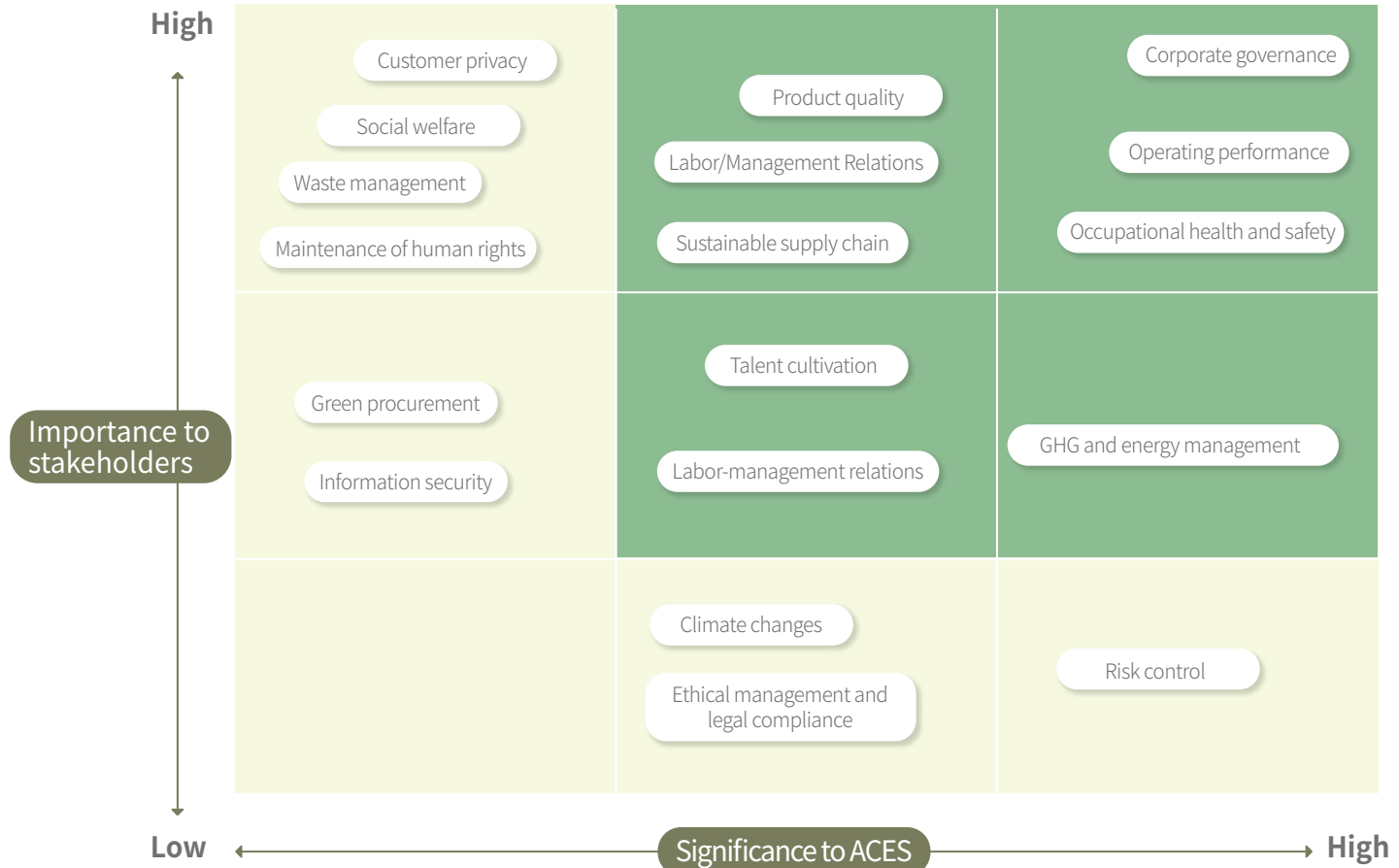
The assessment on each issue is conducted in terms of "the level of impact posed to economy, environment and society" and "level of stakeholders' concern." Then, ACES produces the material issue matrix based on the assessment result. The corporate social responsibility promotion taskforce evaluates the completeness, affected scope and boundary of such results, and finally decides the 9 material issues.

Corresponding Issue		Economic and Governance aspects
Material Issue		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.
Boundary of Impact	Employee	V
	Customer	V
	Investors	V
	Supplier	V
	Government	V
	Non-government Community & neighborhood	
Involvement	Direct Involvement	V
	Contribution to Involvement	
	Involvement Via Business Conduct	
Corresponding GRI index		GRI 102 - Governance
Corresponding SDGs		
Response Chapters and Sections		1.3. Corporate governance
Page No.		P. 026

Corresponding Issue		Economic and Governance aspects			Environmental aspect
Material Issue		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.
Boundary of Impact	Employee	V	V		
	Customer	V	V	V	
	Investors	V	V		
	Supplier	V	V	V	
	Government	V			V
	Non-government	V			V
Involve-ment	Community & neighborhood				V
	Direct Involvement	V	V	V	V
	Contribution to Involvement				
Involve-ment	Involvement Via Business Conduct		V		
Corresponding GRI index		GRI 201、GRI 415	Self-defined material issue	GRI 204	GRI 302、GRI 305
Corresponding SDGs		 			
Response Chapters and Sections		1.2. Operating performance	2.1. Product quality, Innovation and R&D	2.3. Sustainable supply chain	3.3. GHG and energy management
Page No.		P. 023	P. 038	P. 047	P. 054

Corresponding Issue		Social aspect			
Material Issue		Talent cultivation	Labor/Management Relations	Occupational health and safety	Labor-management relations
Meaning to ACES		Employees' continuing growth and improvement delivers more momentum driving ACES' s ESG practices. ACES provides 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.
Boundary of Impact	Employee	V	V	V	V
	Customer				
	Investors				
	Supplier				
	Government			V	
	Non-government				
Involvement	Community & neighborhood				
	Direct Involvement	V	V	V	V
	Contribution to Involvement				V
			V		V
Corresponding GRI index		GRI 404	GRI 201\ GRI 202\ GRI 405	GRI 403	GRI 401
Corresponding SDGs					
Response Chapters and Sections		4.3. Talent cultivation	4.2. Labor-management relations	4.4. Healthy and safe workplace	4.2. Labor-management relations
Page No.		P. 070	P. 062	P. 076	P. 062

Material issues matrix



Remark on deviation from the material issues in 2020

Material Issues	Adjustment Method	Notes to Adjustment
GHG and energy management	Renamed issue	“Energy and GHG Management” renamed as “GHG and Energy Management”
Ethical management and legal compliance	Identified as the issue to be followed up continuously	Based on the materiality analysis this year, the issue is re-stated as that to be followed up continuously. The Company will keep noting the ethical management laws & regulations and trend.
Maintenance of human rights	Identified as the issue to be followed up continuously	Based on the materiality analysis this year, the issue is re-stated as that to be followed up continuously. The Company will keep noting the human rights-related issues and ensure compliance with the latest RBA requirements.

Short-term/ Mid-term/ Long-term Goals



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 corresponding to the 2021 ESG development are described as following:

SDGs	ACES Corresponding Issues	2021 development focuses and corresponding chapters and sections in the Report
	<ul style="list-style-type: none"> ● Labor/Management Relations ● Healthy and safe workplace 	4.2. Labor-management relations 4.4. Healthy and safe workplace
	<ul style="list-style-type: none"> ● Employee development 	4.3. Talent cultivation
	<ul style="list-style-type: none"> ● Maintenance of human rights 	4.1. Employee care
	<ul style="list-style-type: none"> ● GHG and energy management 	3.3. GHG and energy management
	<ul style="list-style-type: none"> ● Corporate governance ● Operating performance ● Risk control management 	1.3. Corporate governance 1.5. Risk control
	<ul style="list-style-type: none"> ● Product quality ● Innovation and R&D 	2.1. Product quality/ Innovation and R&D
	<ul style="list-style-type: none"> ● GHG and energy management ● Waste management 	3.3. GHG and energy management 3.5. Waste management
	<ul style="list-style-type: none"> ● GHG and energy management 	3.3. GHG and energy management

Combating COVID-19

Since outbreak of the COVID-19 pandemic, ACES has always believed that the anti-COVID 19 together from all nationals is the key to defeat the epidemic. As an enterprise, ACES shall take the responsibility to protect the health of its employees and their family particularly. At the beginning of the pandemic, the Company has already launched its epidemic prevention and control measures proactively, in order to mitigate the infection risk. Meanwhile, the Company keeps closely in touch with the employees and related health authorities, observing the epidemic development and setting for responsive programs timely to ensure its stable operations, enable the 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 Establishment of 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.

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.

5 Strengthened environmental sanitation

Strengthen the periodic disinfection at the factory and office premises, including dormitory, restaurants and other public areas.

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.

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 restaurant, etc.

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.

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.

8 Practicing of follow-up and control

Create the epidemic prevention survey form, feed back the health status and contact history to the competent authority periodically, practice the infection risk follow-up management mechanism and employee health management, and designate dedicated staff to compile and feed back the "epidemic prevention survey form" to the responsible unit on a daily basis.

1. Stable Governance Roadmap
 2. Innovation Value Breakthrough
 3. Protect our environment
 4. Happy Workplace
 5. Social Welfare
- Appendix

Guidance for Factory Evacuation in response to COVID-19 epidemic



Communication of anti-epidemic policy throughout factory during the epidemic



About the Report

Letter from Chairman

Sustainable Development Strategy

1. Stable Governance Roadmap

1.1. Overview

1.2. Operating performance

1.3. Corporate governance

1.4. Ethical management

1.5. Risk control

1.6. Information security protection

2. Innovation value breakthrough

3. Protect our environment

4. Happy workplace

5. Social welfare

Appendix



Stable Governance Roadmap

1.1. Overview

1.3. Corporate governance

1.5. Risk control

1.2. Operating performance

1.4. Ethical management

1.6. Information security protection

1. Stable Governance Roadmap

1.1. Overview

1.2. Operating performance

1.3. Corporate governance

1.4. Ethical management

1.5. Risk control

1.6. Information security protection

2. Innovation value breakthrough

3. Protect our environment

4. Happy workplace

5. Social welfare

Appendix

1.1. Overview

GRI — 102-1、102-2、102-3、102-4、102-5、102-6、102-7、102-12、102-13

About ACES

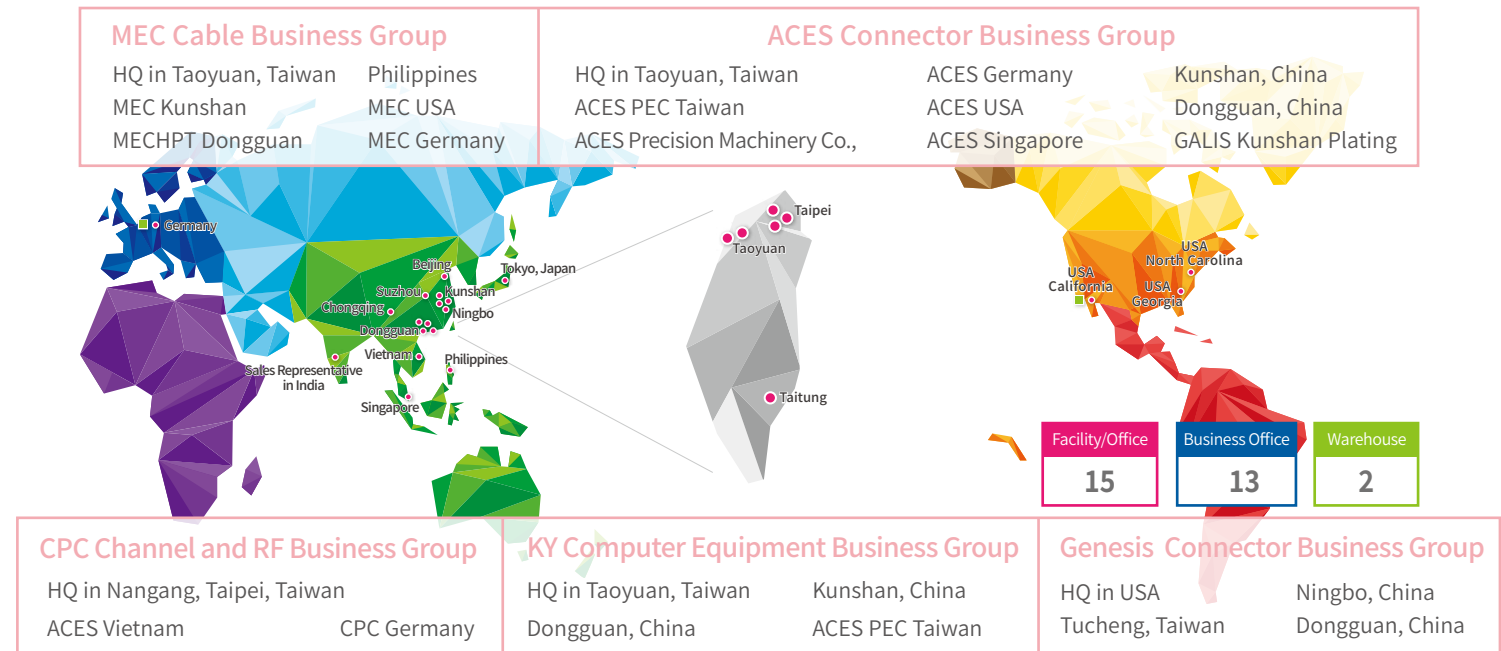
ACES Group aims to transform itself as a manufacturer engaged in efficient operations, provision of production capacity for customers, and resilient production to that engaged in providing customers with complete solutions. The Group's English name stands for Advanced, Creative, Excellent and Solution 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).

Service Locations



About the Report

Letter from Chairman

Sustainable Development Strategy

1. Stable Governance Roadmap

1.1. Overview

1.2. Operating performance

1.3. Corporate governance

1.4. Ethical management

1.5. Risk control

1.6. Information security protection

2. Innovation value breakthrough

3. Protect our environment

4. Happy workplace

5. Social welfare

Appendix

The Company's full name	ACES Electronics Co., Ltd.
Date of Incorporation	November 7, 1996
Paid-in capital	NT\$ 1,343,958,840
Stock Code	3605
Number of employees of ACES Group	5,949 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-Lin Yang
Dongyuan HQ address:	No. 13, Dongyuan Road, Yongfu Vil., Zhongli District, Taoyuan City
PEC	No. 530-6, Sec. 2, Guoling Rd., Zhongli Dist., Taoyuan City
Areas occupied by the factory premises	Dongyuan Headquarters: 5563.21 square meters PEC: 8599.75 square meters
Business locations	Taiwan, the USA, Japan, Singapore, China, Germany, the Philippines, India

Corporate culture and core value

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.

1. Stable Governance Roadmap

1.1. Overview

1.2. Operating performance

1.3. Corporate governance

1.4. Ethical management

1.5. Risk control

1.6. Information security protection

2. Innovation value breakthrough

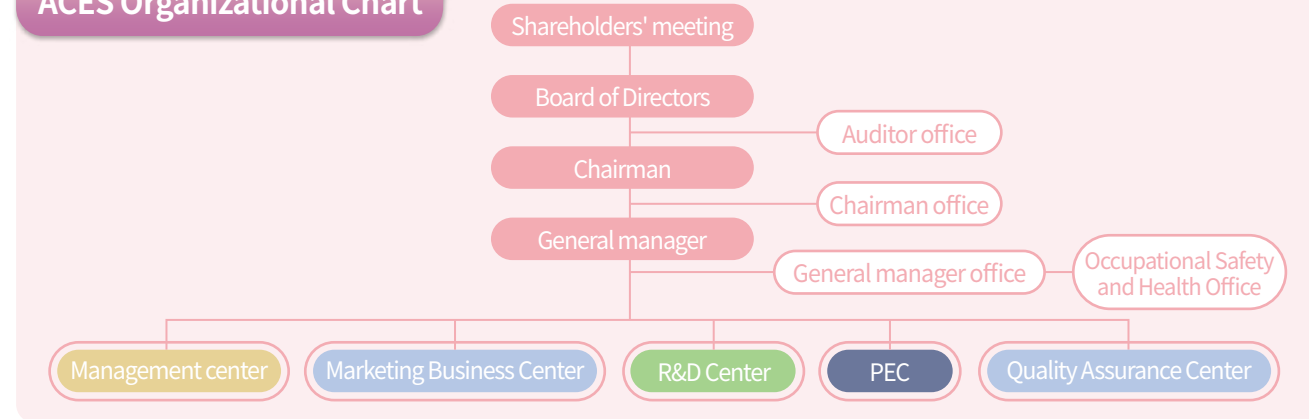
3. Protect our environment

4. Happy workplace

5. Social welfare

Appendix

ACES Organizational Chart



Departments and functions

Chairman office	<ul style="list-style-type: none"> Analysis and preparation of business strategies. Overall planning about the Company's shareholders service and organization of the Board of Directors meetings and shareholders' meetings.
Auditor office	<ul style="list-style-type: none"> Audit and evaluation on the internal control system on the Company's budget, finance, business and operations. Inspection on the Company's business management.
General manager office	<ul style="list-style-type: none"> Analysis and research of business strategies and projects.
Business Center	<ul style="list-style-type: none"> Responsible for promotion and sale of products to achieve the sales target. Development of customer value and verification of the market trends. Domestic marketing/export sales, such as acceptance of orders for products.
R&D Center	<ul style="list-style-type: none"> Overall planning about the R&D orientation, product development, manufacturing technology development, sale technology supporting and assistance in technology troubleshooting for customers. Development of materials for new products. Overall planning about development and design of production equipment.
PEC	<ul style="list-style-type: none"> Overall planning about design, development, manufacturing and management of molds. Verification of the customers' needs for quality, execution of product certification, product quality assurance. Overall planning about production and manufacturing operations, including injection, stamping and assembly.
Quality Assurance Center	<ul style="list-style-type: none"> Develop/maintain quality policy. Meet individual client audit needs and objectives. Monitor quality cost target achievement rate. The control of the operation mechanism of various quality assurance systems and the implementation of quality countermeasures. Maintain international quality management systems. Develop/implement quality management systems and plans. Manage customer quality service and satisfaction.
Management center	<ul style="list-style-type: none"> Overall planning about the Company's finance, accounting, taxation and management analysis. Overall planning the Company's administrative management, general affairs, general procurement and HR. Planning, execution and maintenance of the Company's information system; update and maintenance of software and hardware equipment.

Milestones

About the Report

Letter from Chairman

Sustainable Development Strategy

1. Stable Governance Roadmap

1.1. Overview

1.2. Operating performance

1.3. Corporate governance

1.4. Ethical management

1.5. Risk control

1.6. Information security protection

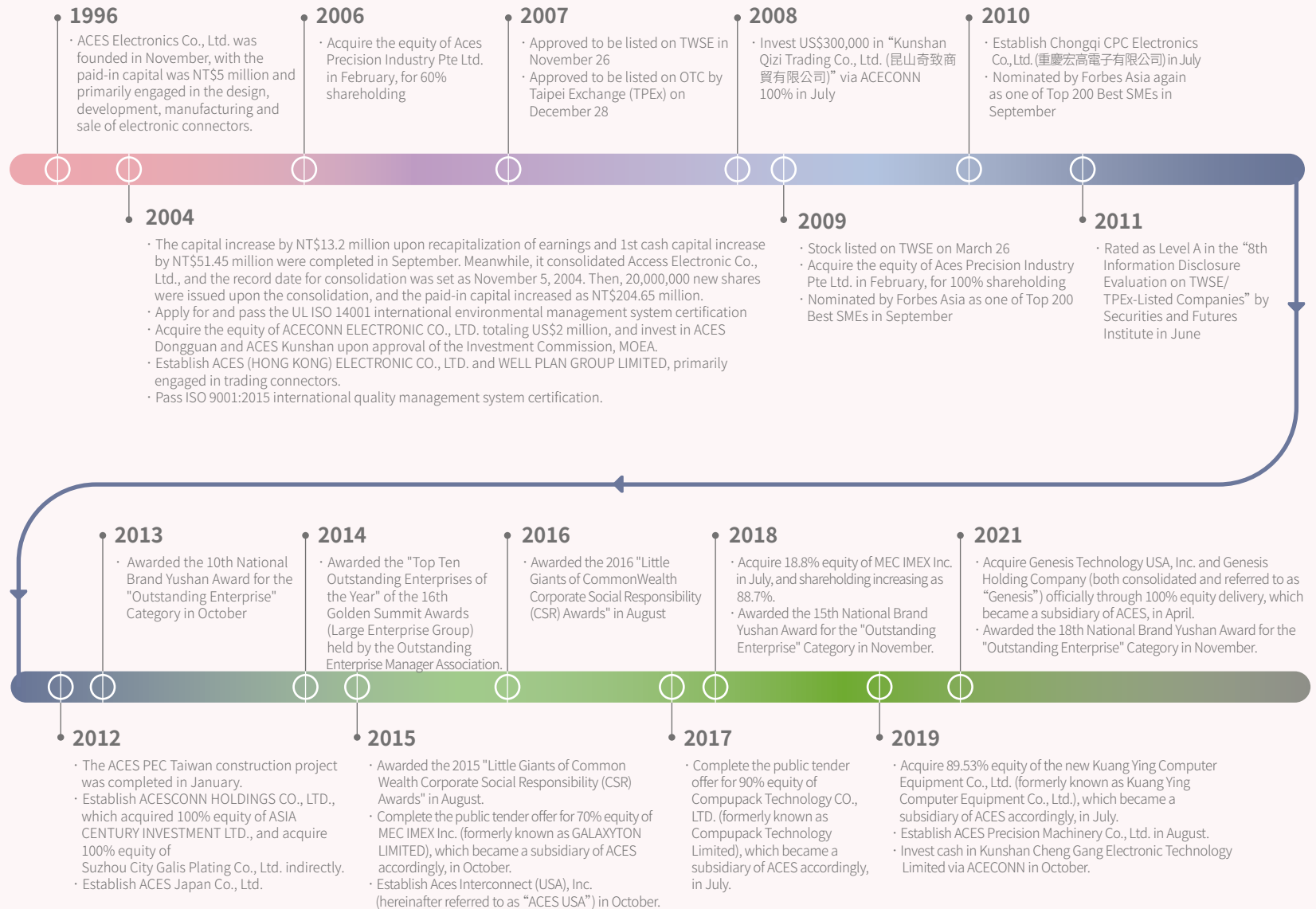
2. Innovation value breakthrough

3. Protect our environment

4. Happy workplace

5. Social welfare

Appendix



1. Stable Governance Roadmap

1.1. Overview

- 1.2. Operating performance
- 1.3. Corporate governance
- 1.4. Ethical management
- 1.5. Risk control
- 1.6. Information security protection
- 2. Innovation value breakthrough
- 3. Protect our environment
- 4. Happy workplace
- 5. Social welfare
- Appendix

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.

1. Stable Governance Roadmap

1.1. Overview

1.2. Operating performance

1.3. Corporate governance

1.4. Ethical management

1.5. Risk control

1.6. Information security protection

2. Innovation value breakthrough

3. Protect our environmnet

4. Happy workplace

5. Social welfare

Appendix

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)	PCI-SIG	Member
Digitimes	Member	Gen-Z	Member
HDMI	Member	Open Computer Project	Member
USB IF	Member	5G Smart Pole Standard Promotion Alliance	Member
SFF/SNIA	Member	E-paper Industry Alliance (EPIA)	Member
JEDEC	Member	VESA	Member
National Central University-Global Research & Industry Alliance (Enrolled officially in 2022)	Member		

External sustainability initiatives

18th National Brand Yushan Award

In order to inspire enterprises to engage in quality competition and development and to set a role model for enterprises throughout the nation, the Award selects outstanding enterprises, best products, best popular brands and excellent business leaders to improve enterprises' competitiveness. ACES won the Award for the first time in 2018. Three years later, it won the special honor for Outstanding Enterprise of the Award again. General Manager Tsung-Lin Yang accepted the Award presented by the Vice President Ching-Te, Lai on behalf of ACES.

ACES will continue to expand its operating revenue scale, develop the global market and fulfill its corporate social responsibility pro-actively, in order to pursue the optimum value for the Company and also become the most trustworthy and professional omni-bearing solution partner.



1. Stable Governance Roadmap

1.1. Overview

1.2. Operating performance

1.3. Corporate governance

1.4. Ethical management

1.5. Risk control

1.6. Information security protection

2. Innovation value breakthrough

3. Protect our environment

4. Happy workplace

5. Social welfare

Appendix

External sustainability initiatives

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.



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 also care the issues about labors and human rights, healthy and safe working environment, and compliance with business ethics, in order to fulfill the corporate social responsibility together with suppliers 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.



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 international customers' /suppliers' demand for ACES' s social responsibility, since 2020, ACES has started to answer the questionnaire on EcoVadis, in order to review its performance in various aspects. In 2021, ACES was awarded the bronze medal (top 50%). It will continue to look for the improvement method and strengthen its sustainable constitution.



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 2021, it has improved from D (Disclosure Level) to C (Cognitive Functioning Level). Notwithstanding, the Company will continue to improve the relevant practices to mitigate the damage caused by its operations to the environment.

1. Stable Governance Roadmap

1.1. Overview

1.2. Operating performance

1.3. Corporate governance

1.4. Ethical management

1.5. Risk control

1.6. Information security protection

2. Innovation value breakthrough

3. Protect our environment

4. Happy workplace

5. Social welfare

Appendix

1.2. Operating performance

GRI — 201-1

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 2021** ROE 10.21%
Operating profit margin 4.86%
Net profit margin 4.81%
Operating revenue growth rate 31.17%

Action programs

- Practice the CRM and move toward the goal for omni-channel supplier
- Accelerate advanced process R&D and production capacity expansion
- 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

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

Plan for future

★ Goals for 2022

Develop the smart factory and smart manufacturing system, increase the production capacity, optimize product portfolio, expand market shares, increase profit and return on investment, and practice the Company's sustainable and stable management.

1. Stable Governance Roadmap

1.1. Overview

1.2. Operating performance

1.3. Corporate governance

1.4. Ethical management

1.5. Risk control

1.6. Information security protection

2. Innovation value breakthrough

3. Protect our environment

4. Happy workplace

5. Social welfare

Appendix

Operating performance

Even after going through the social and economic volatility caused by COVID-19, all of the Company's employees never stop making 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 sets its annual operating revenue and net profit goals each year, and also convene departmental meetings periodically to follow up the overview of operation and target achievement rate. It reviews and adequately adjusts the departments with poor performance, in order to ensure that the management may verify the Company's operating results effectively and to protect shareholders' equity.

Unit : NT\$ Thousand

Item	Sub-item	2019	2020	2021
Generated direct economic value	Operating revenue (Note 1)	7,311,836	8,062,865	10,575,862
Distributed economic value	Operating cost (Note 2)	4,929,839	5,558,240	7,121,689
	Employee salary and benefits	1,873,660	2,064,242	2,594,345
	Payment to capital contributors (Note 3)	124,282	120,511	247,406
	Payment to governments	81,338	59,926	104,251
Retained economic value (Note 4)		302,717	259,946	508,171

Note 1: The operating revenue refers to the sales revenue.

Note 2: The operating cost refers to the cost of goods sold+operating expense.

Note 3: The cash dividend distributed in the current year and interest expenses.

Note 4: The retained economic value refers to the net profit after tax.

Unit : NT\$ Thousand

Main products	2019		2020		2021	
	Net operating revenue	Weight	Net operating revenue	Weight	Net operating revenue	Weight
Connector	4,038,364	55.23%	4,361,239	54.09%	5,264,343	49.78%
Cable	1,713,850	23.44%	1,883,947	23.37%	2,236,600	21.15%
Channel and RF products	920,619	12.59%	816,078	10.12%	796,279	7.53%
Metal stamping parts	408,733	5.59%	788,050	9.77%	1,953,577	18.47%
Other operating revenue	230,270	3.15%	213,551	2.65%	325,063	3.07%
Total	7,311,836	100.00%	8,062,865	100.00%	10,575,862	100.00%

About the Report

Letter from Chairman

Sustainable Development Strategy

1. Stable Governance Roadmap

1.1. Overview

1.2. Operating performance

1.3. Corporate governance

1.4. Ethical management

1.5. Risk control

1.6. Information security protection

2. Innovation value breakthrough

3. Protect our environment

4. Happy workplace

5. Social welfare

Appendix

Unit : Thousands pieces, Thousand NT\$

Main products	2021		
	Capacity	Production	Production value
Connector	42,306,989	39,265,454	5,769,697
Cable	100,222	108,943	2,258,846
Channel and RF products	143,304	199,291	621,655
Metal stamping parts	240,085	265,493	1,566,541
Total	42,790,600	39,839,180	10,216,740

1. Stable Governance Roadmap

1.1. Overview

1.2. Operating performance

1.3. Corporate governance

1.4. Ethical management

1.5. Risk control

1.6. Information security protection

2. Innovation value breakthrough

3. Protect our environment

4. Happy workplace

5. Social welfare

Appendix

1.3. Corporate governance

GRI — 102-18

Management policy

Material issues

Operating performance

Policy direction

- Comply with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and related laws & 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.

Core targets

- Strengthen corporate governance and improve the transparency of information disclosure
- Continue to improve the corporate governance evaluation

Performance & results

- More than 90% average attendance (including attendance by proxy) rate for the Board of Directors meeting in 2021
- A total of 8 directors and supervisors attended the corporate governance-related courses. The accumulated training hours attained 55.5 hours.
- No corruption or bribery found in 2021.

Action programs

- Report to the Board of Directors the corporate governance performance and status in communication with various stakeholders periodically.
- Plan the Company’s senior management’s participation in corporate governance-related courses to improve the management’s governance spirit.
- Establish the Remuneration Committee, adopt the salary & remuneration policy and system for the Company’s directors, supervisors and managers, and conduct the performance assessment periodically.

How to manage

Invested resources

- Establish the committees corresponding to various functions to help them supervise the functions.

Feedback mechanism

- Spokesman mailbox
- Shareholders’ meeting
- Investor seminars

Evaluation mechanism

- The internal Board of Directors’ performance assessment is conducted once per year.
- Participate in the corporate governance evaluation
- Evaluate whether the Company’s operating procedures are reasonable through the internal control system.

Plan for future

Goals for 2022

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

1. Stable Governance Roadmap

1.1. Overview

1.2. Operating performance

1.3. Corporate governance

1.4. Ethical management

1.5. Risk control

1.6. Information security protection

2. Innovation value breakthrough

3. Protect our environment

4. Happy workplace

5. Social welfare

Appendix

Corporate governance

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

The Company appoints the Management Center as the corporate governance dedicated unit responsible for performing the job duties including provision to directors/supervisors the information needed by them to perform their duties, assistance to directors and supervisors in legal compliance, organization of the Board of Directors meetings and shareholders' meetings pursuant to laws, completion of the Company registration and changes, etc.

Directors and supervisors

The Company has 5 directors (including 2 independent directors). The independent directors account for 40% of the whole directors. One director attains the age less than 60 years old, and four directors attain the age more than 60 years old. The ratio of male to female is 3:1 for directors and supervisors. The Company elects directors in line with the fields of professional knowledge required by the Company, without taking into account any gender-based factors. Each member is specialized in the management expertise required by the practices, finance and R&D. The future Board members' background and experience will be considered under the existing framework continuously.

ACES has wide connections and, therefore, can also find competent talents to serve as the successors in a timely manner. Meanwhile, the independent directors shall have the work experience in the field of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company pursuant to laws. Therefore, the Company plans to target the experts in various fields as the successors. 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 2021. The attendance rate thereof was about 96% (including attendance by proxy).

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 2021: excellent.

Board of directors' performance evaluation criteria

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

Criteria of directors' performance evaluation

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

About the Report

Letter from Chairman

Sustainable Development Strategy

1. Stable Governance Roadmap

1.1. Overview

1.2. Operating performance

1.3. Corporate governance

1.4. Ethical management

1.5. Risk control

1.6. Information security protection

2. Innovation value breakthrough

3. Protect our environmnet

4. Happy workplace

5. Social welfare

Appendix

• Diversified core competencies •

Title	Name	Basic composition			Professional background						Concurrent position in the Company						
		Nationality	Gender	Age	Business administration	Engineering	Finance/Accounting	Law	Foreign languages	Education	Commerce	Information and Technology	Finance/Accounting	Legal affairs	Social participation	Education	Business management
Chairman	Wan-Ting Yuan	R.O.C.	Male	51~60	V	V					V	V			V		V
Director	Representative of Wei Ji Investment Co., Ltd.: Wen-Cheng Huang	R.O.C.	Male	61~70	V	V	V				V	V	V				V
Director	Hang-Chang Hsieh	R.O.C.	Male	61~70	V	V					V		V		V		V
Independent Director	An-Chien Li	R.O.C.	Male	61~70		V				V		V					
Independent Director	Da-Li Liao	R.O.C.	Male	71~80			V				V		V				V
Supervisor	Shu-Chuan Tsai	R.O.C.	Male	71~80	V		V				V		V			V	V
Supervisor	Chi-Lin Wei	R.O.C.	Female	51~60				V						V			
Supervisor	Chang-Fei Hsu	R.O.C.	Female	51~60	V		V		V	V			V		V	V	

Job title	Name	Actual presence (attendance) (times)	Attendance by proxy (times)	Actual presence (attendance) rate (%)
Chairman	Wan-Ting Yuan	6	0	100%
Director	Wei Ji Investment Co., Ltd. Representative: Wen-cheng, Huang	6	0	100%
Director	Hang-Chang Hsieh	5	1	83%
Independent Director	An-Chien Lee	6	0	100%
Independent Director	Dar-Lii Liaw	6	0	100%
Supervisor	Chi-Lin Wei	4	0	67%
Supervisor	Shu-Chuan Tsai	6	0	100%
Supervisor	Chang-Fei Hsu	6	0	100%

1. Stable Governance Roadmap

1.1. Overview

1.2. Operating performance

1.3. Corporate governance

1.4. Ethical management

1.5. Risk control

1.6. Information security protection

2. Innovation value breakthrough

3. Protect our environmnet

4. Happy workplace

5. Social welfare

Appendix

Remuneration Committee

The Company established the Remuneration Committee in accordance with the “Regulations on the Establishment of Remuneration Committees by TWSE/T-PEX 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 4 meetings in 2021. The members’ attendance rate was 100%.

Functions of the Company’s Remuneration Committee:

- 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, supervisors and managers, and review the reasonableness thereof periodically.
- ③ Evaluate the salary and remuneration to the Company’s directors, supervisors and managers periodically.

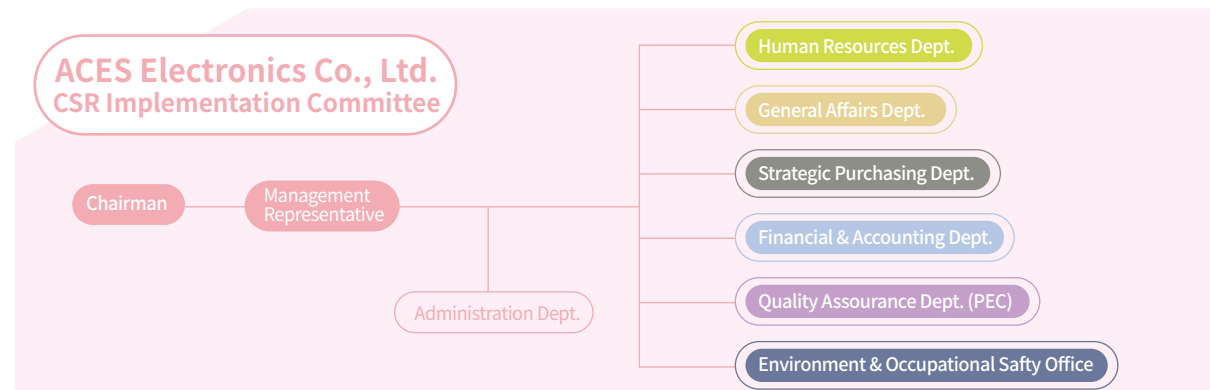
The motions resolved by the Remuneration Committee in 2021 include the following:

- ① Proposal for payment of year-end bonus to managers
- ② Proposal for allocation of remuneration to employees and directors/supervisors in 2020
- 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 adoption of the regulations governing employees’ subscription for new shares issued through cash capital increase and enforcement rules thereof, and for distribution of the new shares available for the subscription by managers with the employee status.

Title	Name	Number of meetings	Attendance (times)	Attendance rate
Convener	Da-Li Liao	4	4	100%
Member	An-Chien Li	4	4	100%
Member	Ming-Chin Chu	4	4	100%

Corporate social responsibility organizational framework

ACES formed the corporate social responsibility promotion taskforce officially in 2020. The Administration is appointed to take charge of the overall planning about related targets and matters to be promoted, and gathering the units/departments dedicated to finance, environment & safety, procurement, human resource and general affairs to participate in preparation of reports. It will also report the relevant progress to the Board of Directors each year.



1. Stable Governance Roadmap

1.1. Overview

1.2. Operating performance

1.3. Corporate governance

1.4. Ethical management

1.5. Risk control

1.6. Information security protection

2. Innovation value breakthrough

3. Protect our environment

4. Happy workplace

5. Social welfare

Appendix

1.4. Ethical management

GRI— 102-16、201-4、205-1、205-2、205-3、415-1

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 the ethical conduct, the Company provides the “ethical management” training to the whole employees at the staff meeting periodically. The Company will arrange the lectures about internal and external laws and regulations on employees’ business ethics and ethical conduct in the orientation training for newcomers, including internal staff and field men, in order to strengthen the training about “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 2021. Notwithstanding, the Company will continue to strengthen its internal control mechanism and practice the ethical management philosophy.

Ethical management complaint channels



External complaint hotline
886-3-4632808 #1171



External complaint email
audit@acesconn.com



Internal staff opinion mailbox
suggestion_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 2021, a total of 442 employees have accepted the anti-corruption training, i.e. 73%.

Anti-corruption training statistics	2020	2021
Number of employees attending the anti-corruption policy training	466	442
As percentage to the Company’s whole staff	90%	73%

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’ s management unit keeps observing any enactment and development of laws and regulations that might pose impact to the Company, and then set forth the related regulations and procedures, and plan the relevant training programs to strengthen all colleagues’ awareness toward the existing laws and regulations. In 2021, the Company always acted according to laws. Therefore, no monetary or non-monetary penalty was imposed on the Company in the aspects of society, economy or environment.

Political donation

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

Government subsidy program

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 setting up its production center in Taiwan in the connector industry, in response to the future development trend and also in order to increase the production momentum in Taiwan, ACES applied for the investment of capital amounting to NT\$2 billion with the government. The investment schedule was set as 3 years (from 2020 to 2022). 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).

1. Stable Governance Roadmap

1.1. Overview

1.2. Operating performance

1.3. Corporate governance

1.4. Ethical management

1.5. Risk control

1.6. Information security protection

2. Innovation value breakthrough

3. Protect our environment

4. Happy workplace

5. Social welfare

Appendix

1.5. Risk control

GRI— 102-11

ACES has set forth the procedures preliminarily to identify the risk over operation-related environment, health & safety and labor practices, so that it may implement adequate procedures and substantial controls after verifying each risk level, ensure the 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"> Follow up various laws and regulations closely, and organize training programs related to various laws and regulations from time to time. 	Administration
	Strategic risk	Information security	<ul style="list-style-type: none"> Promotion of in-house safe network access. Organization of information security-related training program. 	Information Management Service Division
	Able to prevent risks	Business ethics	<ul style="list-style-type: none"> Organization of the training promotion. Setup of whistle-blowing channels. 	Administration
Economic Aspect	Strategic risk	Shortage of raw materials and supplies	<ul style="list-style-type: none"> Development of alternatives. Increase in the safety stock. Development of additional procurement channels from more than two suppliers. Execution of long-term supply contract with suppliers to ensure the stable supply. Inter-group support for raw materials and supplies. 	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> <ol style="list-style-type: none"> 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. The credit risk of bank deposits, fixed-income investment and other financial instruments is measured and monitored by the financial department of the Company. 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. 	Financial Dept.
	Able to prevent risks	Liquidity risk	<ol style="list-style-type: none"> The Company maintains adequate positions of cash and cash equivalents to support corporate operations and to mitigate effects posed by the cash flow volatility. 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. 	Financial Dept.

About the Report

Letter from Chairman

Sustainable Development Strategy

1. Stable Governance Roadmap

1.1. Overview

1.2. Operating performance

1.3. Corporate governance

1.4. Ethical management

1.5. Risk control

1.6. Information security protection

2. Innovation value breakthrough

3. Protect our environment

4. Happy workplace

5. Social welfare

Appendix

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.
	Able to prevent risks	Machine & equipment maintenance	<ul style="list-style-type: none"> ■ Create the complete spare parts inventory list and safety stock. ■ Establish the SOP for fast maintenance service. ■ Sufficient qualified maintenance human resource. ■ Statistics on checked exception outage rate (%) 	Dongyuan Assembly Dept. 1st Assembly Dept.
Environmental aspect	Able to prevent risks	Water resource management	<ul style="list-style-type: none"> ■ In-house promotion for water conservation. ■ In-house water recycling. ■ The production will be transferred to another factory premises in the case of water outage. ■ Continue to purchase seedlings to plant trees for soil and water conservation and regulate the environment. 	Administration

1. Stable Governance Roadmap

1.1. Overview

1.2. Operating performance

1.3. Corporate governance

1.4. Ethical management

1.5. Risk control

1.6. Information security protection

2. Innovation value breakthrough

3. Protect our environment

4. Happy workplace

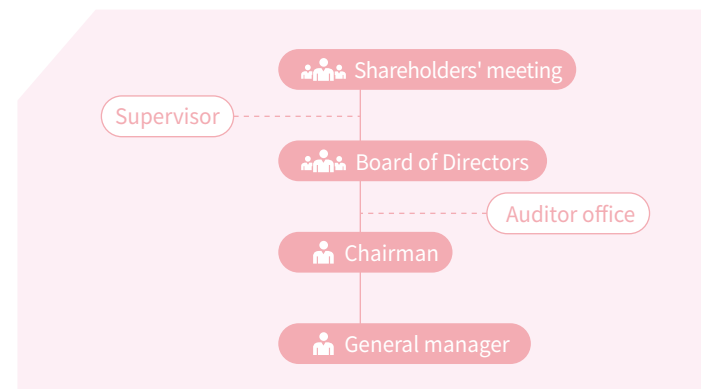
5. Social welfare

Appendix

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

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 supervisors the chief internal auditors shall attend and present in the Board of Directors meeting.



1. Stable Governance Roadmap

1.1. Overview

1.2. Operating performance

1.3. Corporate governance

1.4. Ethical management

1.5. Risk control

1.6. Information security protection

2. Innovation value breakthrough

3. Protect our environment

4. Happy workplace

5. Social welfare

Appendix

Internal audit operation

1

Prepare the annual audit plan, including the items to be audited on a monthly basis; implement the audit plan per the schedule precisely, check whether the Company's operating systems are implemented effectively, and produce the audit report; arrange the special audit separately, if necessary.

2

Any deficiencies and abnormalities discovered during the audit shall be disclosed in the audit report honestly, and followed up after the report is submitted, in order to ensure that the audited unit has taken adequate corrective actions in a timely manner.

3

The Company's internal auditors shall prepare a report in writing if they find any major violations or threats of severe damage to the Company, and also notify each supervisor.

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.

1



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

2



Auditor Office review and assessment

3



Self-inspection report

4



Submit to the General Manager and Chairman for approval

5



Submit internal control statement

6



Adopted by the Board of Directors

7



Announcement and filing

8



Publish the annual report

1. Stable Governance Roadmap

- 1.1. Overview
- 1.2. Operating performance
- 1.3. Corporate governance
- 1.4. Ethical management
- 1.5. Risk control

1.6. Information security protection

- 2. Innovation value breakthrough
- 3. Protect our environmnet
- 4. Happy workplace
- 5. Social welfare

1.6. Information security protection

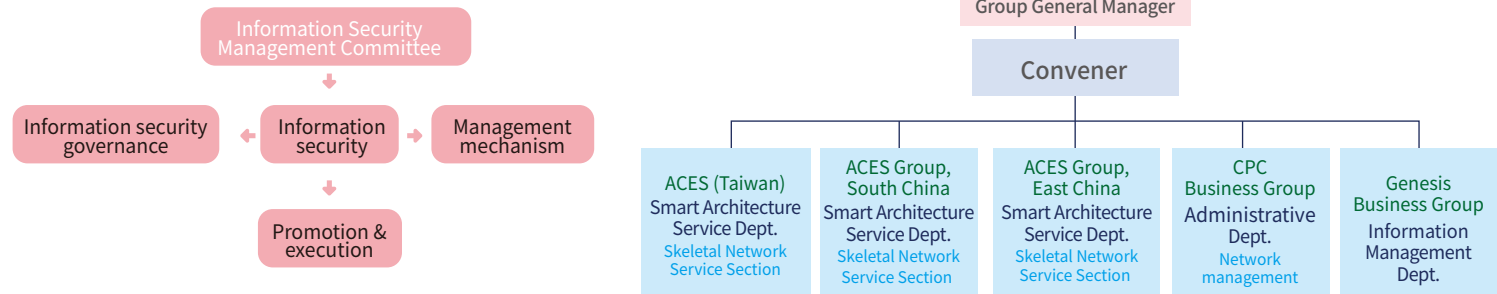
GRI— 102-11

Information security

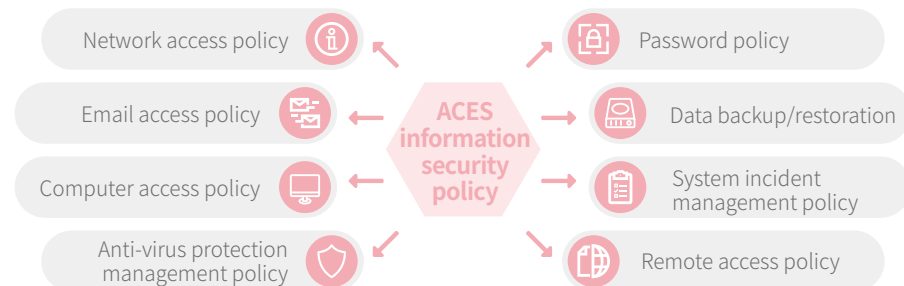
In consideration of the increasing popularization of computer and network applications in the recent years, in order to ensure the safety of the Company's information security-related data, information system, equipment and network, the Company adopts the "Information Security Control Procedure" as the 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. 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 Group's employees and workers by contract all over the world are required to comply with ACES's information security policy as stated below:



1. Stable Governance Roadmap

1.1. Overview

1.2. Operating performance

1.3. Corporate governance

1.4. Ethical management

1.5. Risk control

1.6. Information security protection

2. Innovation value breakthrough

3. Protect our environment

4. Happy workplace

5. Social welfare

Appendix

Scope of information security	Scope of information security
External defense	<ul style="list-style-type: none"> ■ Replace next generation firewall. ■ Block malicious web pages, block malware (1,257,000 times), block viruses (134 types) and virus emails, and mitigate external cyber-attacks (6,436,000 times).
User end management	<ul style="list-style-type: none"> ■ Check the Company computer users' access authority thoroughly. ■ Activate the USB users' access authority control. ■ Upgrade the anti-virus system at the user end, and replace it with a better defense version. ■ Replace the update system at the user end.
System security	<ul style="list-style-type: none"> ■ Replace the server update system. ■ Upgrade the server anti-virus system. ■ External network control of the system. ■ System data backup planning.
Network security	<ul style="list-style-type: none"> ■ Dongyuan HQ computer network control. ■ External network access authority control. ■ Replace the Group's video system with higher external risk.
Information security training	<ul style="list-style-type: none"> ■ In 2021, the Company organized the online information security training courses, attended by 152 trainees, for 85.5 hours. ■ Production of the online teaching materials for information security training (update on information security training materials for newcomers, recording of online courses+production of the Group's information security online training materials).



Innovation Value Breakthrough

2.1. Product quality, innovation and R&D

2.2. Green procurement

2.3. Sustainable supply chain

2.1. Product quality/innovation and R&D

Management policy ▼

Material issues

Product quality

Policy direction

- Do it right the first time!
- Keep improving!
- Pursue excellent quality!

Core targets

- PEC VDA 6.3 process audit standards implementation
- PEC ISO 9001 expanded scope verification (addition of the cable design)

Performance & results

- Total hours of VDA 6.3 process audit standard courses+tutorship: 42 hours
- The cable design passed the ISO9001 third-party verification (DQS) in January 2022.

Action programs

- Add a set of internal audit forms applicable to PEC VDA 6.3 process per the VDA 6.3 standards.
- Stimulate VDA 6.3 process audit to verify the variance and make corrections.
- Expand the ISO 9001 verification scope and include PEC cable design

How to manage ▼

Invested resources

- Budget for system construction and consultation company tutorship & training project
- Training of 46 seed members for VAD 6.3 process audit standards
- 47 ISO 9001 internal auditors (Dongyuan HQ+PEC)

Feedback mechanism

- Manage the review and control procedure
- Internal audit control procedure
- Customer communication and satisfaction control procedure
- Customer complaint processing and control procedure

Evaluation mechanism

- Internal audit conducted once per year.
- The Company forms its internal audit group to conduct the self-inspection once per year.
- External audit conducted once per year.
- Contract an independent third party to conduct the audit once per year.
- Customer's audit conducted from time to time per year.
- Customer's initial/annual evaluation on the Company conducted from time to time.

Plan for future ▼

★ Goals for 2022

- PEC implementation of new AIAG-VDA FMEA system.
- Continued promotion of 6 sigma training project

2. Innovation Value Breakthrough

2.1. Product quality, innovation and R&D

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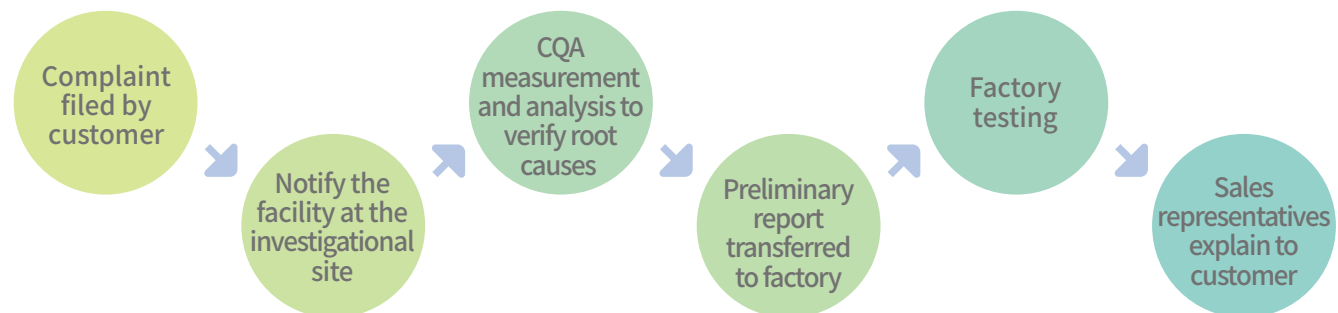
5. Social welfare

Appendix

Quality-related goals for 2021	Target achievement status
Establish the SOP for, and train, human resource corresponding to customers/ external auditors.	Under two projects: 1. Complete the in-house internal auditor training ISO 19011 management system auditor guides in October 2021. 2. Establish the FAQ for customers/external auditors (to be completed in May 2022).
Improvement linked with FMEA/Control Plan systematization.	Link with VAD6.3 project, modify the documentation and forms, and define abnormal quality list linked with FMEA/Control Plan (completed in February 2022).
Cable process audit Checklist, and execution thereof.	Produce cable process Checklist and execute it, and modify the SOP and approaches to formulate standards.
Link with the lab and complete the production line Kappa.	Work with the lab and complete Kappa 100%.

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:



Innovation and R&D

ACES Group made 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 contributes 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 strives 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. 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.

ACES' 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 cable product technology development

For the time being, PCI Express is expected to be the primary high-speed transmission interface applied in various aspects, and also the mainstream platform for interconnection technology. Therefore, there will be the common specifications to be followed by various application interfaces, which might help reduce the changes in design and application. 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. Therefore, the Company 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. 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 derive. This can also help contribute to the effects of PCI Express applications in the aspects of economy and energy. The products under development include PCIe5/6 standard connector, MCIO connector/cable, SlimSAS connector/cable, and PCIe4/5 M.2 connector, etc.

About the Report

Letter from Chairman

Sustainable Development Strategy

1. Stable Governance Roadmap

2. Innovation Value Breakthrough

2.1. Product quality, innovation and R&D

2.2. Green procurement

2.3. Sustainable supply chain

3. Protect our environment

4. Happy workplace

5. Social welfare

Appendix

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 supply often applied by personal and consumer electronics is upgraded until 12A.
- B. The current of server power supply is upgraded until 30A or more.

The past designs were designed and developed mostly relying on experience and specifications. However, considering that the power and current have been upgraded significantly, the past design experience and specifications can no longer be applicable, as they resulted in underestimated or excessively conservative design, 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.

3 5G-related product development

In addition to developing connectors and cables related to communications and servers, the Company also starts to invest capital in the development of Cavity filters needed by base stations. The frequency bands thereof are N78 and N79. The development of 5G related connectors and cables focuses on the protection from interference by electromagnetic radiation. Since 2021, the Company has started to develop the related analysis and testing technology to mitigate the impact posed by radiation to the user's environment. In consideration of the higher sensitivity of electromagnetic design, it is necessary to verify the source of interference radiation as precisely as possible to mitigate any unnecessary design. Generally, it is difficult for the test to verify the source of interference; therefore, the CAE simulation technology is still applied to lock the source of interference in response to the testing indicators, and to control the radiation effectively.

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

1 In response to the needs of technological innovation

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. Innovation Value Breakthrough

2.1. Product quality, innovation and R&D

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4. Happy workplace

5. Social welfare

Appendix

2 Deepening of CAE

ACES' s existing management model applies the reliable CAE technology to improve design quality and reduce the cost in try 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. Various high-speed cable SlimSAS for, e.g. server applications. 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.

• Products researched and produced by ACES Group in the most recent two years •

Year	R&D results	
2020	<ul style="list-style-type: none"> ① 10G BASE-T SFP+ transceiver module ③ PCIe5 high-speed connector design and R&D ⑤ PUSH PUSH cooler pad design 	<ul style="list-style-type: none"> ② Automotive 8.5G connector ④ 3000W high-power server connector
2021	<ul style="list-style-type: none"> ① Development of server high-speed cable welding technology ③ Development of MCIO PCIe5 interface connector ⑤ Development of 40GHz high-speed cable signal integrity automated test system ⑥ Development of DDR5 high-speed memory module connector ⑦ Development of PCIe6 PAM4 interface connector ⑧ Development of Ultra High Power Type-C Connector ⑨ Development of outdoor waterproof quick connector QQSNAP ⑩ Development of high-power cardboard connector temperature rise design technology 	

2. Innovation Value Breakthrough

2.1. Product quality, innovation and R&D

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5. Social welfare

Appendix

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

Unit : Thousand NT\$

Year	2019	2020	2021
R&D expenses	344,851	364,656	481,414

National Central University X ACES Joint Research Center

As the 5G wave arrives, transmission devices with high-speed, high-power, high-frequency and lightweight functions are required. Undoubtedly, this is a new big challenge for electronic component products. With the support from Wei-Ning Chiang, the Chairman of the National Central University Technology Development Foundation, ACES was matched with the abundant technology momentum and talent training resources of National Central University, and both co-established the "NCU-ACES Joint Research Center."

In December 2021, the President of NCU, Ching-Yang Chou, and ACES Chairman, Wan-Ting Yuan executed the Letter of Intent, hoping to integrate the cross-department, cross-discipline and cross-domain academic research resources effectively. The Research Center is delegated to promote the industry-academia collaboration and urge both parties to closely work with each other in 5G forward-looking technology research, system development and talent training, in order to train the competitiveness of both industry and academia.



ACES private brand-ONEmade

ACES has created its private brand, ONEmade, since 2019. ONEmade, pronounced like the word in Chinese standing for "Perfect", expects to launch products balancing functions and aesthetic sense and extending a touch of warmth from technology products, and keep releasing innovative products based on the observation on the market trends. After all, subject to the technological development trend, the products shall emphasize not only the practical appearance but also aesthetic characteristics, and shall make the complicated technology simple for all consumers.



ONEmade official fan page



ONEmade official Instagram

ONEmade[®]
in your life!

ONEmade product overview



Type-C
Adapter Series



USB Type-C to
Audio +PD+Switch



USB Type-C 2 in 1
Audio +PD



USB Type-C to
HDMI +PD +USB-A



Type-C
Display Series



Cable Series



10 in 1 Hub
Wireless Charging



13 in 1 SSD
Docking Station



Projector

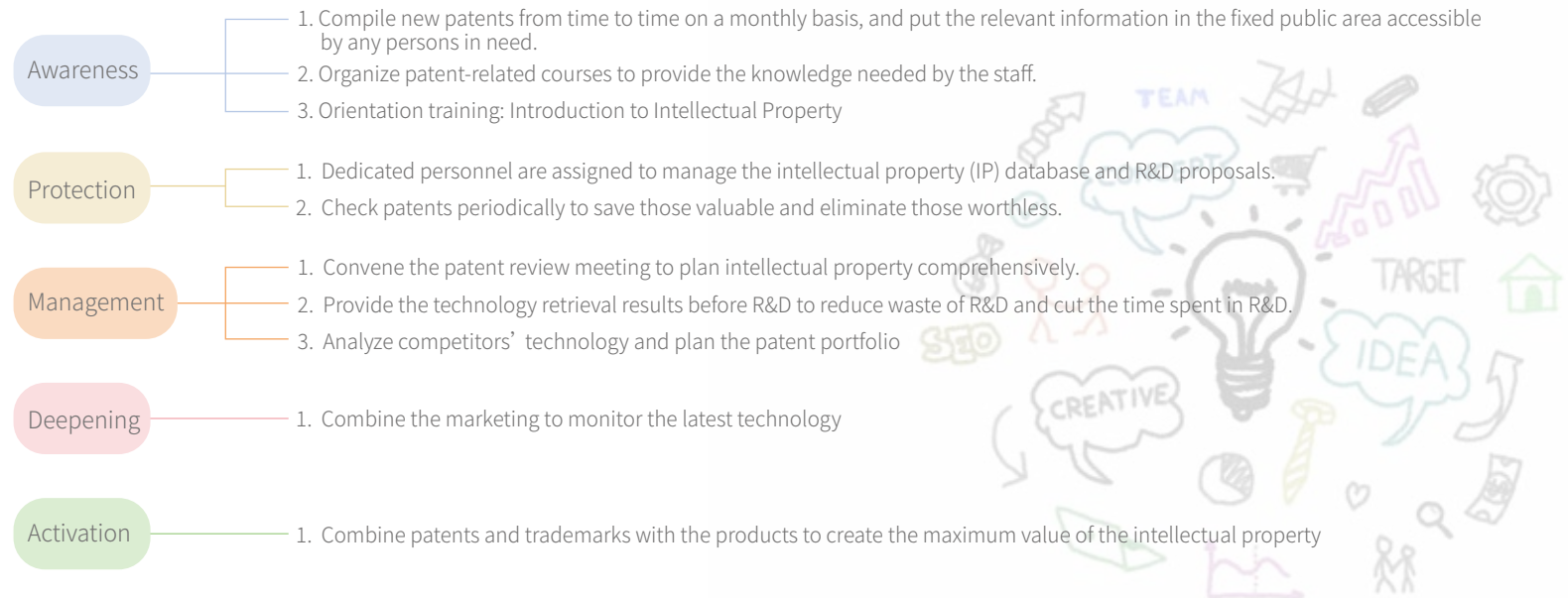


Thinkin Unmanned
Aircraft System

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.

Though ACES doesn't implement TIPS, its 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 until 2021 •

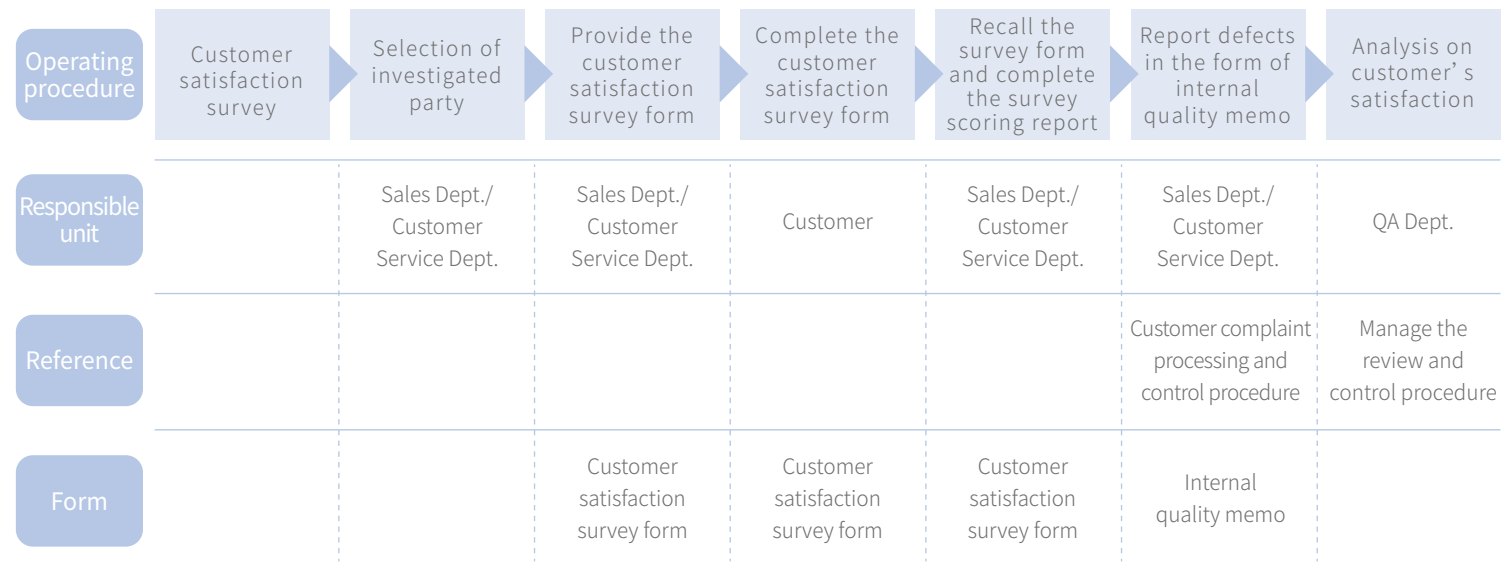


	Taiwan	China	USA	Japan	Total
Accumulated number of patents	186	189	54	31	460

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 2021 was 118 in total, more than the threshold, 90 scores. The Company has also broken the threshold for four 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.



• Customer satisfaction goals and survey results •

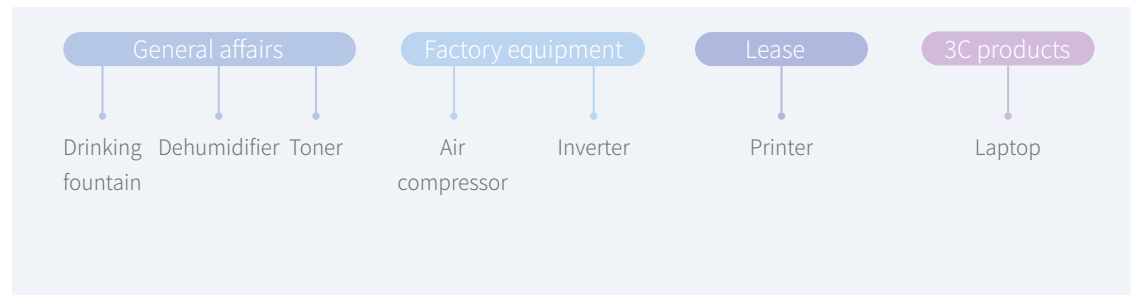
Item	2019	2020	2021
Customer satisfaction goals	90	90	90
Customer satisfaction survey results	112	115	118

2.2. Green procurement

In order to pursue the sustainable development on earth and mitigate the unnecessary waste of resources, ACES uses the best effort to support the green procurement philosophy. In the spirit of sustainable procurement, the Company has replaced old energy-consuming equipment at its office and factory premises proactively with those including air conditioners, air compressors and refrigerators, etc. bearing the energy-conservation mark, and also changed the lights into energy-conservation LED bulbs.

In response to the green procurement and in order to become a low-carbon enterprise, ACES will adopt the green procurement policy, and procure the eco-friendly products recognized by government agencies as the first priority. Meanwhile, it will consider procuring energy-conservation, eco-friendly and low-pollution office appliances (e.g. printers, printer consumable materials and electric appliances), and also verify necessities precisely to avoid excessive procurement. It will require reduction in 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 2021 •



• Green procurement amount in the most three years •

Item	2019	2020	2021
Green procurement amount (NT\$)	2,030,236	1,781,572	7,570,619

2.3. Sustainable supply chain

GRI— 102-9 、204-1

Management policy ▼

Material issues

Sustainable supply chain management

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.
- 90% execution rate for “Supplier Social Responsibility Commitment”
- 100% execution rate for “Supplier Conflict Mineral-Free Commitment”

Performance & results

- A total of 32 suppliers executed the “Supplier Conflict Mineral-Free 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 ACES’ s internal audit group.

Plan for future ▼

★ Goals for 2022

- 100% execution rate for “Supplier Social Responsibility Commitment”

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 conditions shall be taken into account when selecting suppliers:

Ensured satisfaction with required quality and safety 1	Competitive price 2	Compliance with designated delivery period 3	Consideration for environmental protection 4	Compliance with laws and social norms 5	Consideration for human rights and labor health and safety 6	Prohibition of procurement in the territories arousing social disputes 7
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Since 2018, the Company has demanded that suppliers should execute the Supplier Social Responsibility Commitment, and declared that the Company would try the best to build the social responsibility management system friendly to working environment, caring employees' health and safety and satisfying labor and ethical standards. Also, the Company, via said Commitment, asked suppliers to care and practice the CSR guidelines including friendly workplace, occupational health and safety, environmental protection and labor interest and right protection, and ethical management policy and code of ethical conduct. The percentage of new suppliers who executed the "Supplier Social Responsibility Commitment" was 100% in 2021.

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." In 2021, a total of 10 suppliers have undergone the audit, and 100% of them passed the audit.

Qualified suppliers are required to provide information:

- 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 ACES and gone through incoming inspection shall be assessed once per quarter. All deficiencies found during the audit on suppliers are subject to the target time limit for correction (≤ 30 days). In 2021, all suppliers have completed the correction of deficiencies and responded earlier by the target time limit.

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.

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 the production primarily in the past. However, in the recent years, 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 declining accordingly. In 2021, the demand for electronic engineering supplies increased, so did the procurement amount. Therefore, the percentage and amount of local procurement edged up again.

• Expenditure and percentage of local procurement •

Item	2019	2020	2021
Amount of local supplier procurement expenditure (NT\$)	105,009,342	136,777,477	269,827,198
Total procurement amount (NT\$)	435,577,460	583,928,642	746,404,362
Percentage of local supplier procurement expenditure	24%	23%	36%

About the Report

Letter from Chairman

Sustainable Development Strategy

1. Stable Governance Roadmap

2. Innovation value breakthrough

3. Protection of green environment

3.1. Climate change risk and opportunity

3.2. Environmental management

3.3. GHG and energy management

3.4. Water resource management

3.5. Waste management

4. Happy workplace

5. Social welfare

Appendix



3

Protect our environment

3.1.

Climate change risk and opportunity

3.2.

Environmental management

3.3.

GHG and energy management

3.4.

Water resource management

3.5.

Waste management

3.1. Climate change risk and opportunity

GRI— 201-2

• Response to climate change risk •

Major climate change risk		Potential impact to operation and finance	ACES responsive strategy
Market risk	<ul style="list-style-type: none"> 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. In consideration of rising consumers' awareness toward carbon reduction and pursuit for green products, it is necessary to pay additional product development costs and production costs. 	<ul style="list-style-type: none"> Increase in operating costs. Sales performance declining. Market demand changed. 	<ul style="list-style-type: none"> Invest in development and production of green products, choose to cooperate with suppliers satisfying the ESG practices, and accelerate the Company's development toward green production. Pay attention to market trends proactively, complete the market survey, continue to develop green products, and make products in line with the ESG concept.
Policy and legal risk	<ul style="list-style-type: none"> The national policy is restricting GHG emission step by step. Various major manufacturers consuming massive power are required by laws to apply specific proportion of renewable energy. 	<ul style="list-style-type: none"> Increase in operating costs. Increase in R&D expenses. 	<ul style="list-style-type: none"> Set the yearly GHG emission reduction targets in response to the government policy proactively. Verify Taiwan's current renewal energy planning, adopt the Company's own energy transformation plan and increase the consumption rate of green power step by step.
Extreme weather disaster	<ul style="list-style-type: none"> Shortage of power supply causes it impossible for the Company to operate normally, thus affecting the production and resulting in increase in operating costs. The disasters, such as typhoon, storm, flood, 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. 	<ul style="list-style-type: none"> Operating performance declining Increase in operating costs. Customer satisfaction declining. Employee safety problem. 	<ul style="list-style-type: none"> Diverse the sources of raw materials & supplies to mitigate risk. Adopt the disaster prevention and control policy, and implement preventive measures precisely. Strengthen the environmental health and safety training.

• Response to climate change opportunities •

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

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.

3. Protect our environment

3.1. Climate change risk and opportunity

3.2. Environmental management

3.3. GHG and energy management

3.4. Water resource management

3.5. Waste management

4. Happy workplace

5. Social welfare

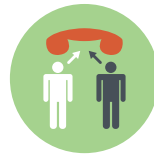
Appendix

• 2021 Environmental improvement program •

Industrial waste reduction: Waste cutting oil reduction plan

• 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.



**Environmental Protection
Complaint Hotline**

886-3-2706568 #2102

• Legal compliance •

ACES made the best effort to comply with the environmental laws and regulations, and continues improving the environmental conditions at the factory premises. In 2021, no punishment or fine was imposed on the Company for violations of any environmental laws or regulations.

3.3. Environmental management

GRI— 302-1、302-4、305-1、305-2、305-3、305-5

Management policy ▼

Material issues

GHG and energy management

Policy direction

- Plan the orientations for GHG emission reduction step by step, and set the GHG emission reduction targets.
- Practice energy conservation and carbon reduction, implement water reservation throughout the factory, save power, and avoid wasting resources.

Core targets

- Save power by 1% each year per the government's regulations.
- Reduce the Company's overall carbon emission volume.
- Improve the recycling.

Performance & results

- In 2021, ACES officially implemented ISO14064-1: 2018 certification, and scheduled to receive the formal assurance statement in April 2022.

Action programs

- Establish the energy management staff system reporting, and evaluate and file the application for yearly energy-conservation planning.
- Implement ISO14064-1 certification and perform the GHG emission investigation training.

How to manage ▼

Invested resources

- Tally the HR, time & cost, training, tutorship and assurance expenses invested by various departments.

Feedback mechanism

- Convene two factories' environment and safety meeting on a monthly basis to communicate the plan to each department to have the plan in place.
- Review the planning and execution of energy-conservation projects on a yearly basis.
- Plan yearly carbon emission reduction targets, based on the investigation record on GHG.

Evaluation mechanism

- Internal audit conducted once per year.
- ACES forms its internal audit group to conduct the ISO 14064-1 self-inspection once per year.

Plan for future ▼

★ Goals for 2022

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

3. Protect our environment

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.

ACES has implemented the ISO 14064-1 GHG investigation in 2021, and completed the Scope 3 emission calculation in steps. The Company schedules to receive the third party assurance statement officially in April 2022. We expects to disclose more comprehensive GHG emission information, set related carbon reduction targets and resort to more actions to mitigate the climate changes successively. The increase in carbon emission volume in 2021 primarily resulted from the continuous increase in personnel and production capacity.

In addition to implementing the GHG emission, ACES also thinks 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.

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 energy consumption in the most recent three years

Unit : kWh

	2019	2020	2021
Dongyuan Headquarters	627,100	1,105,100	1,953,200
PEC	5,482,800	6,998,400	6,996,000
Total energy consumption	6,109,900	8,103,500	8,949,200

Statistics about GHG emissions in the most recent three years

Unit : Ton CO₂e.

Category	Items	2019	2020	2021
Category 1: Direct emission	Stationary combustion/ mobile combustion/ direct fugitive emission volume	41.2523	43.5786	129.7515
Category 2: Indirect emission	Indirect emission from input power	2790.7452	3562.1856	4214.9518
Category 3: Indirect GHG emission from transportation	Emission generated from transportation of business waste	--	--	0.3924
	Emission from employees' commuting	--	--	162.3264
	Emission from business travel	--	--	41.8961
Category 4: Indirect GHG emission from products used by the organization	Upstream emission from consumption of fuel and power	--	--	777.4228
	Emission generated from incineration of business waste	--	--	7.0720
Category 5: Indirect GHG emission related to use of the organization's products	Emission from downstream leased assets	--	--	277.5466

Note : The calculation from 2018 to 2020 was related to the PEC's emissions only, and the emission from Dongyuan Headquarters was included in 2021. The Scope 3 was included into the calculation for the first time in 2021.

About the Report

Letter from Chairman

Sustainable Development Strategy

1. Stable Governance Roadmap

2. Innovation value breakthrough

3. Protect our environment

3.1. Climate change risk and opportunity

3.2. Environmental management

3.3. GHG and energy management

3.4. Water resource management






3.5. Waste management

4. Happy workplace

5. Social welfare

Appendix

Summarization of energy-conservation and carbon-reduction actions

Item	Methods
 Energy conservation and carbon reduction at the office premises	<ul style="list-style-type: none"> Set the temperature as 26~28°C in the workplace and office, and assign dedicated staff to turn on and turn off the air conditioner. 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. Utilize video conference/teleconferencing to reduce cross-factory carbon emissions.
 Lighting	<ul style="list-style-type: none"> 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 throughout the factory to reduce waste of power.
 Air compressor	<ul style="list-style-type: none"> 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. Replace the old air compressor with the air compressor with variable speed drive.
 Company car	<ul style="list-style-type: none"> Optimize the fuel consumption by the Company cars, and be prepared for car sharing arrangement.
 Information/Software and hardware equipment	<ul style="list-style-type: none"> Procurement energy-conservation mark-related hardware equipment. Service virtualization-oriented. Activate the energy-conservation management policy in the user's computer.

3. Protect our environment

3.4. Water resource management

GRI— 303-1 、 303-5

100% of our 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. In 2020, since Dongyuan Headquarters started to install additional assembly and forming production lines. The resident staff increased and, therefore, the water consumption increased relatively. 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. In 2021, the total water consumption were 21,886 cubic meters, and the water consumption per capita were 34.6 cubic meters.

• Total water consumption in the most recent three years • Unit : Cubic meters

	2019	2020	2021
Dongyuan Headquarters	3,087	4,441	5,620
PEC	12,409	17,743	17,893
Annual total water consumption	15,496	22,184	23,153

3.5. Waste management

GRI— 306-1 、 306-2

ACES made 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.

• Waste generated from operations • Unit : KG

Types of waste		Annual output			Disposal and transfer of waste
		2019	2020	2021	
Hazardous waste	Electronics Components	1,300	1,220	1,130	Other disposals: Physical treatment (crushing and sorting)
Non-hazardous waste	Waste lubricating oil	800	1,300	1,100	Other disposals: Recycling and reuse
	Domestic waste	26,524	20,400	20,800	Incineration (including energy recycling)
Total quantity of waste		29,220	23,720	23,030	--

Note 1 : ACES' s wastes are all treated off-site.

Note 2 : All numbers are rounded off to the second decimal place.

About the Report

Letter from Chairman

Sustainable Development Strategy

1. Stable Governance Roadmap

2. Innovation value breakthrough

3. Protect our environment

4. Happy workplace

4.1. Employee care

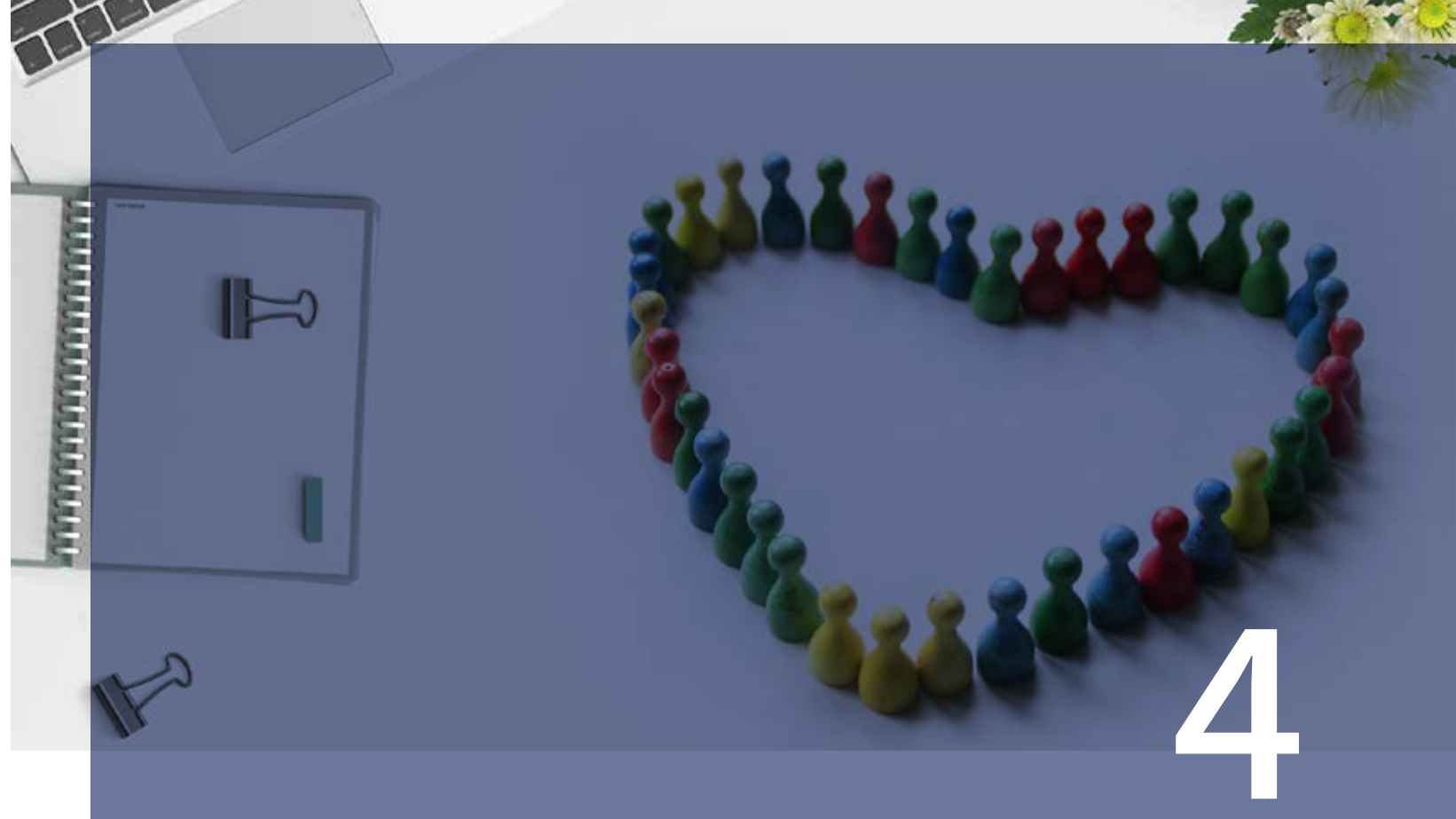
4.2. Labor-management relations

4.3. Talent cultivation

4.4. Healthy and safe workplace

5. Social welfare

Appendix



Happy workplace

4.1. Employee care

4.2. Labor-management relations

4.3. Talent cultivation

4.4. Healthy and safe workplace

4. Happy workplace

4.1. Employee care

4.2. Labor-management relations

4.3. Talent cultivation

4.4. Healthy and safe workplace

4.1. Happy workplace

GRI— 102-8、201-3、202-1、202-2、401-1、402-1、405-1、406-1、408-1、409-1

ACES values employees and upholds the people-oriented spirit, as it identifies employees as the Company's most important asset. ACES uses the best effort to build a friendly and comfortable office environment, and construct the sound HR management system and robust remuneration and benefit system. In order to train talents and develop its business, the Company provides abundant and diversified educational resources to enable employees to keep improving their own strengths and competitiveness. Meanwhile, ACES values employee interest and right and Labor/Management Relations, and also set up the fair and transparent communication channel for listening to the employees' opinion. 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 in happy workplace and build more fine-quality occupational life for employees.

Composition of employees

ACES maintains the stable HR structure. It had 618 formal employees in Taiwan in 2021, plus 14 informal employees, including 345 male employees and 287 female employees. The male vs female was about 1.21:1 among the employees. 100% formal employees were hired by the Company directly, while the informal employees referred to temporary workers. None of the employees hired in 2021 has held another position concurrently. That is, 100% of them were full-time workers.

Statistics on the number of employees in the most recent three years

Unit : Person

	2019		2020		2021	
Gender	Male	Female	Male	Female	Male	Female
Total number of employees	261	215	307	251	345	287
	476		558		632	
Number of formal employees	256	201	301	223	338	280
	457		524		618	
Number of informal employees	5	14	6	28	7	7
	19		34		14	

4. Happy workplace

4.1. Employee care

4.2. Labor-management relations

4.3. Talent cultivation

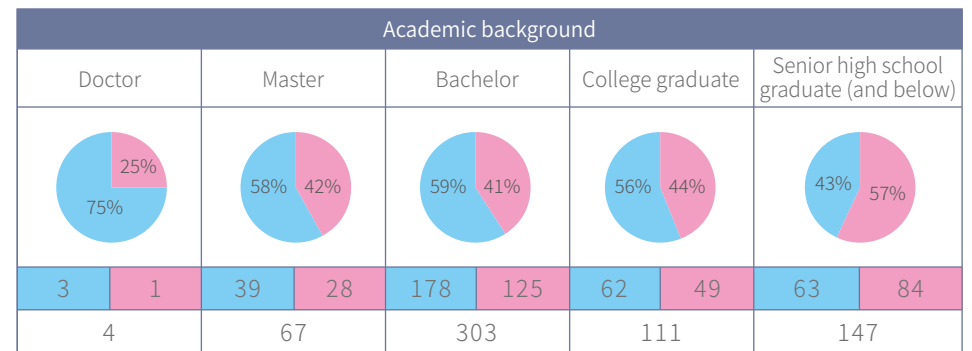
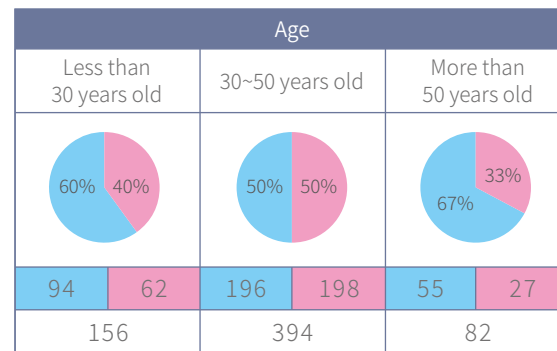
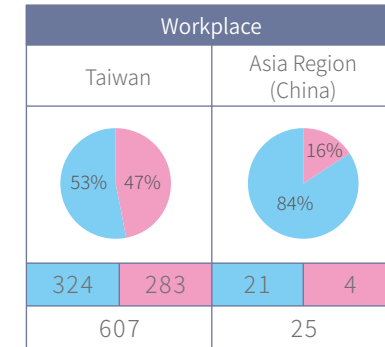
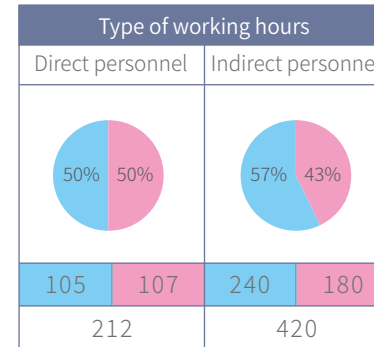
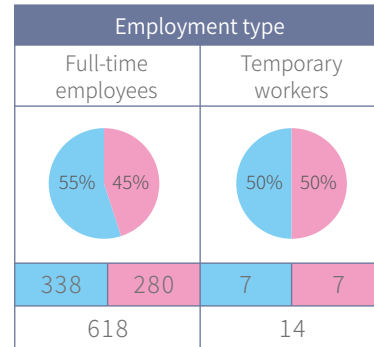
4.4. Healthy and safe workplace

5. Social welfare

Appendix

Statistics on the types of employee in 2021

Male Female Unit: Person



4. Happy workplace

4.1. Employee care

4.2. Labor-management relations

4.3. Talent cultivation

4.4. Healthy and safe workplace

5. Social welfare

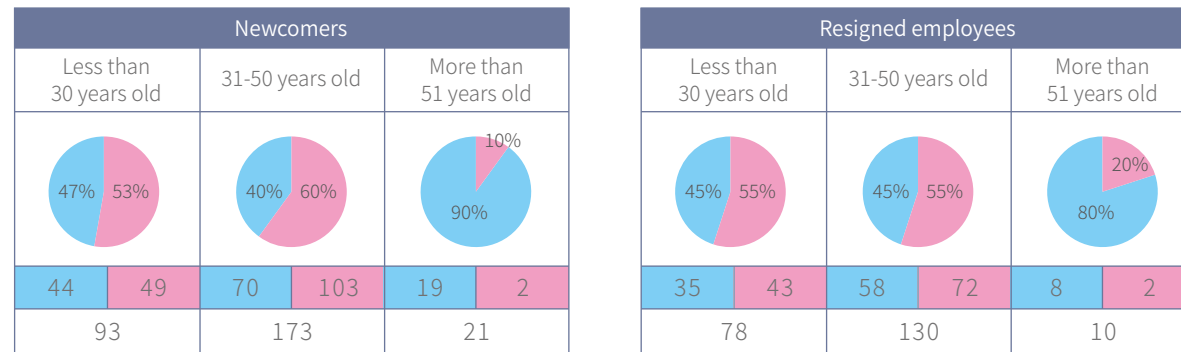
Appendix

New and resigned employees

In 2021, ACES has recruited a total of 287 newcomers, in order to deliver new momentum to the organization through employment of new blood and recruitment of talents. A total of 218 employees resigned in 2021. The department head will try to understand the cause of resignation preliminarily, and then the colleague responsible for recruitment would conduct the interview for resignation to verify the root cause of resignation. The statistics will be analyzed and serve as the basis for talent retention improvement plan to help the Company provide a better workplace in the future.

Statistics on new and resigned employees in 2021

Male Female Unit: Person



Ratio of local community residents hired by China factory as senior management in the most recent three years

Item	Factory premises	2019	2020	2021
% of senior management throughout the factory	Dongguan factory	3%	3%	4.38%
	Kunshan factory	4%	4%	5%
Ratio of local community residents hired as senior management	Dongguan factory	83%	80%	83%
	Kunshan factory	76%	80%	85%

Note : The senior management is defined per the requirements adopted by the factory in China. Managerial functions at 6th job rank (inclusive) or more shall be identified as the senior management.

4. Happy workplace

4.2. Labor-management relations

GRI— 401-2、401-3、405-2、412-1、412-2

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 2022

- Exchange opinions with employees to maintain the fair Labor/Management Relations.

• Benefit policy

Management policy ▼

Material issues

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 2021: 4.51%.

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 2022

- 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.

4. Happy workplace

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:

Basic protection	Labor health/national health insurance, pension payment, group insurance, employee health checkup, and establishment of breastfeeding (collection) room.	Worker Welfare Committee	Take charge of the overall planning about company trips, birthday party and family day, etc.
Additional benefits	Cash gift for birthday, holiday bonus, department's dinner party, gift vouchers or gift cash for marriage, funeral, hospitalization and childbirth; also provide employees with continuing education programs and subsidies of clubs, plus the paid typhoon leave superior than that provided under the Labor Standards Act. Execute the contract with a neighboring kindergarten to provide employees with day care discounts, solve employees' problem about childcare and create a friendly workplace.		

The Worker Welfare Committee organizes the events, such as employee family day and company trips at home and abroad each year, and organizes the birthday party across two factory premises and provides meals and cakes for celebration altogether. Notwithstanding, due to the impact posed by COVID-19, it has suspended organizing the gatherings temporarily for two consecutive years. In 2021, the Committee distributed Fall Festival gift boxes prepared in cooperation with social enterprises to all of the Group's staff separately, in order to enable the employees to share the delicious food together with their family.

• Main benefit expenditure in 2021 •

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	381,900	302,500	484,707	1,169,107

• Fall Festival gifts

Due to the impact posed by COVID-19 in 2021, the Committee was forced to cancel the tangible employees' party. ACES Worker Welfare Committee purchased more than 800 pear gift boxes from the Suan-Lian Social Enterprise founded by the CYCU study and faculty team, and sent them to the Group's employees to enable them to share the delicious food with their family together.

• 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.



• 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 the employee retirement regulations according to the "Labor Standards Act," contribute 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\$20,100,215 on December 31, 2021.

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.

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.

About the Report

Letter from Chairman

Sustainable Development Strategy

1. Stable Governance Roadmap

2. Innovation value breakthrough

3. Protect our environment

4. Happy workplace

4.1. Employee care

4.2. Labor-management relations

4.3. Talent cultivation

4.4. Healthy and safe workplace

5. Social welfare

Appendix

• Parental leave

In order to enable the employees to take care of their family and business at the same time, ACES provides the 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 2021, a total of 6 employees applied for the leave without pay. In 2021, as far as the reinstatement rate upon the parental leave without pay is concerned, it was 100% for male employees and 83% for female employees.

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

Item	Gender	2019	2020	2021
Number of persons qualified for applying for parental leave	Male	6	6	5
	Female	6	6	7
	Male	12	12	12
Number of persons filing the application actually	Female	0	2	2
	Female	3	6	5
	Total number	3	8	7
Number of persons to be reinstated	Male	0	2	2
	Female	3	6	5
	Total number	3	8	7
Number of persons reinstated actually	Male	0	2	2
	Female	2	6	4
	Total number	2	8	6
Reinstatement rate	Male	0	100%	100%
	Female	66%	100%	83%
Number of persons already reinstated for more than one year in the current year	Male	0	0	0
	Female	3	2	1
	Total number	3	2	1
Retention rate	Total	75%	66%	50%

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

4. Happy workplace

• 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 decide the 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. 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 •

Unit : NT\$

	2019		2020		2021	
Item	Male	Female	Male	Female	Male	Female
Standard entry level wage	23,100	23,100	23,800	23,800	24,000	24,000
(Statutory) Minimum entry level wage	23,100	23,100	23,800	23,800	24,000	24,000
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	2019		2020		2021	
	Male	Female	Male	Female	Male	Female
Management	1.21	1	1.25	1	1.26	1
Indirect employee (excluding the managerial function)	1.21	1	1.26	1	1.25	1
Direct employee	1.43	1	1.37	1	1.45	1

Note : Percentage of salary for female employees

• General employees' salary level in the most recent three years •

Unit : NT\$

Item	2019	2020	2021
Average salary	783,220	797,339	823,325
Median of the salary	639,907	652,885	633,641

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 the social responsibility.

• 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 attained 27.02% in 2021.

• 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 2021, 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 629 hours were spent in the human rights-related training programs in 2021.

• 2021 Human rights-related education and trainings •

Name of course	Number of trainees	Total course hours	Total training hours
Newcomers' social responsibility awareness training	187	1	187
Labor ethics & interest and environmental protection awareness training	442	1	442

Minimum notice periods regarding operational changes

ACES complies with the labor laws and regulations applicable in Taiwan. If the Company suffers material changes in operations which affect the employees' labor right 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:

✓ Mailbox for all employees

✓ Email for internal staff

✓ Exclusive email for the general manager

• Communication with employees

With respect to the communication for labor dispute, the Company convenes the labor-management meeting to value employees' interest and right and extend its care for the workers hired by it. The Company also set 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 2021, 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 2021.



4.3. Talent cultivation

GRI— 404-1、404-2、404-3

Management policy ▼

Material issues

Talent cultivation

Policy direction

- Cultivation of employees' correct awareness by corporate culture system
- Continue to improve and thoroughly develop employees' professional knowledge and skills

Core targets

- Annual training hours>5.5 hours/person

Performance & results

- Each employee took the education and training hours amounted to 2.64 hours averagely in 2021.
- The average scores of professional evaluation test were 105.68 (full mark 110 scores) in 2021.
- The average scores of the elite class training were 88.54 (full mark 100 scores) in 2021.

Action programs

- Encourage employees to participate in internal training/external training courses proactively.
- Provide diversified learning channels (online courses, and digital courses applicable to employees by type and job rank)

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 survey.

Plan for future ▼

★ Goals for 2022

- 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.

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’s 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.

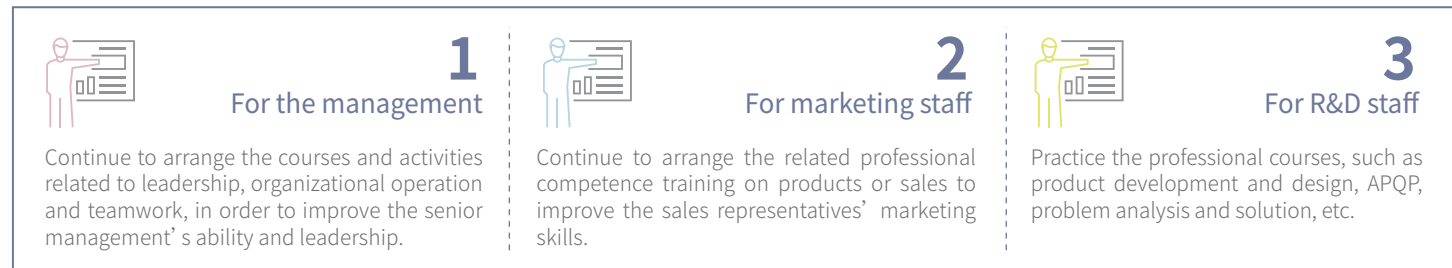


• Training

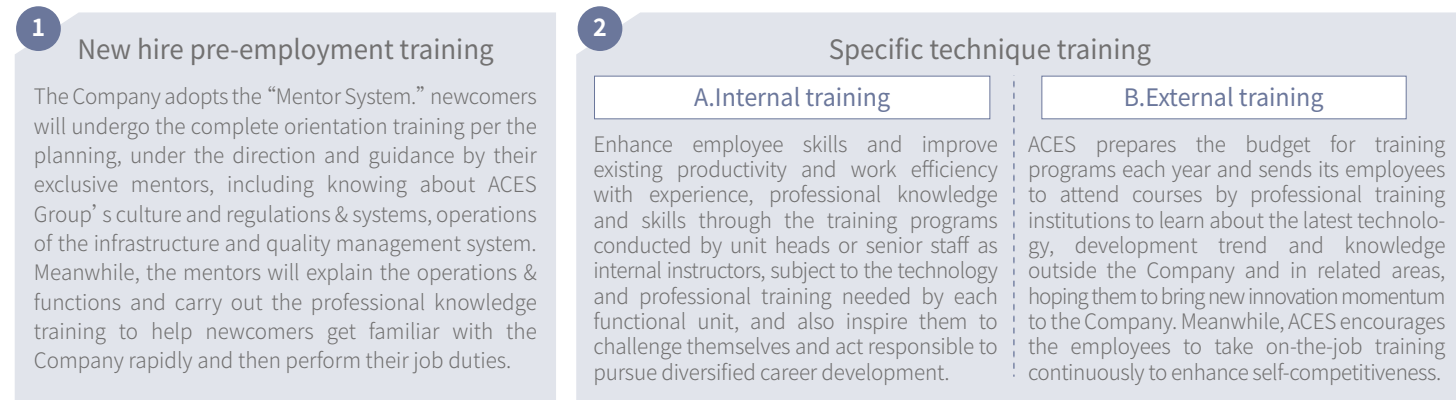
ACES always spares no efforts to train and develop talents, and tries its best to provide the employees with an open and diversified learning environment. In addition to planning the sound training system for new and current employees, it continues to improve personal competence and satisfy the employees' 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's 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's 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:



3 Knowledge sharing

ACES' 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.

• Statistic Table for Personnel Undergoing Training by Category in 2021 •

Category		2019	2020	2021
New hire pre-employment training	Number of person	90	128	187
	Hours	6.8	6.6	7.6
	Subtotal	612	846	1,413.5
Specific technique training	Number of person	1,354	1,791	903
	Hours	3.25	3.2	2.7
	Subtotal	4,267	5,656	2,482.46
Laws & regulations training	Number of person	506	1,033	1,019
	Hours	1.7	1.3	0.43
	Subtotal	873	1,393	442.5
Middle management training (Added in 2021)	Number of person	30	18	531
	Hours	7.1	26.9	0.87
	Subtotal	212	484	465.1

• Statistics on Training Hours by Job Rank and Gender in 2021 •

Unit : Hour

Job rank	Male	Female	Total hours	Average hours
Senior management	31.08	19.73	50.81	1.24
Middle management	338.27	255.72	593.99	1.55
Junior management	131.56	32.99	164.55	2.35
Professional personnel	178	541	719.12	2.66
Direct personnel	489	693.6	1,182.6	4.43
Total hours	1,168	1,543	2,711.07	2.63
Average hours	2.36	2.89	2.64	

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

As the Group is expanding its domain across multiple nations in America and Europe, the language proficiency improvement has been one of the key focuses of the Company's employee training program in the recent years. Since 2020, the Company has started to allow the senior management to apply for the external continuing education program for language proficiency, in order to make them improve their skills in communication for business.

• Statistics on External Continuing Education Program •

	2020	2021	Name of course	Number of trainees	Total course hours	Total training hours
Number of employees who apply for continuing education	4	8	Newcomers' social responsibility awareness training	187	1	187
Total subsidy for employees' continuing education (NT\$)	79,642	160,000	Labor ethics & interest and environmental protection awareness training	442	1	442
			Industry-Academia Collaboration - Smart manufacturing strategic class	236	3	708
			Industry-Academia Collaboration - SDR platform technology class	98	3	294

• 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. In the middle of and 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 2021.

About the Report

Letter from Chairman

Sustainable Development Strategy

1. Stable Governance Roadmap

2. Innovation value breakthrough

3. Protect our environment

4. Happy workplace

4.1. Employee care

4.2. Labor-management relations

4.3. Talent cultivation

4.4. Healthy and safe workplace

5. Social welfare

Appendix

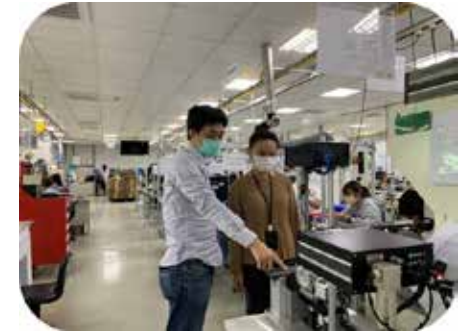
• Industry-Academia Collaboration

In consideration of the increasingly enlarged gap between the industry and academia, in order to train and recruit more industrial talents and strengthen the future talents' awareness toward industry, ACES has engaged in the industry-academia collaboration projects with various colleges' /universities' relevant departments/institutes proactively in the recent years, primarily the departments/institutes of mechanical engineering. Some students became the Company's formal employees immediately upon completion of the internship. They were employed immediately after graduating from school. In 2021, the Company's industry-academia collaboration/summer job projects covered the schools primarily including National Central University, Chien Hsin University of Science and Technology, National Formosa University and National Kaohsiung University of Applied Sciences. A total of 14 students attended the projects.

• 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. HR Dept. is responsible for recruiting the relevant talents.

The solid department training and cross-department practical experience may help the elite class trainees grow rapidly in a short term, accumulate knowledge in related professional areas and abundant cross-department working experience, so that they may raise their vision and think big. The training attends to the learning in width and depth at the same time.



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.



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.

4.4. Healthy and safe workplace

GRI— 403-1、403-2、403-3、403-4、403-5、403-6、403-8、403-9、403-10

Management policy ▼

Material issues

Occupational health and safety

Policy direction

- People oriented
- Continuous improvement
- Legal compliance
- Prevention oriented
- Full participation

Core targets

- Complete the external audit on occupational safety honestly each year.

Performance & results

- Pass the third-party assurance in 2021.
- Annual occupational training hours: annual occupational health and safety training for 2 hours+irregular orientation training+retraining required by laws
- Amendment to the SOP: 2 cases.
- Occupational safety improvement programs: 7 cases.

Action programs

- Implement the ISO 45001 management system
- Adopt the occupational health and safety management system
- Conduct the in-house hazard identification and risk assessment
- Prepare the operating control standards
- Set occupational health and safety targets

How to manage ▼

Invested resources

- Launch the internal and external audits periodically each year to achieve the effective system management.
- Occupational Health and Safety Committee consists of 52 members.
- Add the internal auditors' courses as needed from time to time to ensure compliance with certification requirements and validity

Feedback mechanism

- Provide workers with the channel to participate in consultation, e.g. tangible opinion mailbox and E-mail complaint channel in the intranet.
- Convene the Occupational Health and Safety Committee meeting once per three months.

Evaluation mechanism

- The Company forms its internal audit group to conduct the ISO 45001 self-inspection once per year.
- Contract the independent third party, DQS, to conduct the ISO 45001 audit once per year.

Plan for future ▼

★ Goals for 2022

- 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.

About the Report

Letter from Chairman

Sustainable Development Strategy

1. Stable Governance Roadmap

2. Innovation value breakthrough

3. Protect our environment

4. Happy workplace

4.1. Employee care

4.2. Labor-management relations

4.3. Talent cultivation

4.4. Healthy and safe workplace

5. Social welfare

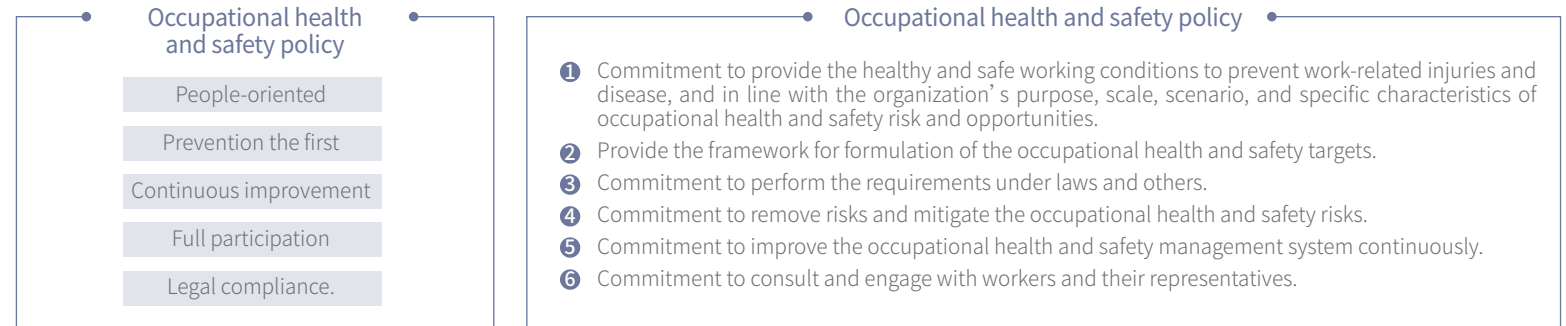
Appendix

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 the order in the workplace. The Company also maintains accidental and medical insurance programs for employees to protect the employees’ occupational safety and disperse the Company’s management risk, and pre-defines 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 each year, 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.



• 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’s 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.

• Statistics on occupational accidents

In 2021, ACES had a total of 7 workers suffering from minor injuries at work (3 cases for pinched wound, 3 cases for car accidents during commuting and 1 case for splash wound). For the employees injured at work, ACES offers necessary occupational accident leave. Additionally, if the employees are injured badly, the Company will also apply for the group insurance consolation money, in order to mitigate the employees' burden for seeking medical treatment as possible as it can.

• Statistics on occupational accidents in the most recent three years •

Item	2019	2020	2021
Working hours	878,504	922,400	1,152,000
Actual work-related injuries hours	1,424	520	99.5
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	2	4
Rate of recordable occupational accidents	2.28	2.17	3.47

Note 1 : The number of deaths is ruled out in the calculation of quantity and rate of the severe occupational accidents.

Note 2 : The calculation of quantity and rate of recordable occupational accidents includes the number of death caused by occupational accidents.

Note 3 : The severe occupational accident refers to a circumstance that the injured still fails to recover the health condition before the injury in more than six months.

Note 4 : 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.

• Specific occupational safety measures •

Occupational safety improvement	<ul style="list-style-type: none"> Personnel qualification certificate and license training. Chemical bottling SDS label. Personal protective gears improvement.
Prevention of hazards	<ul style="list-style-type: none"> Exposed wire improvement plan: Improve the exposed wires on the ceiling of the production line to mitigate the induction hazards on the site. Mold flush waste water emission management plan: The waste water generated from the drain pipe of the mold cleaner is recycled to the sewage buckets which will be disposed of by qualified waste oil disposal service providers ultimately. Strengthen the awareness toward safe operation of hoist rings: Communicate that screw thread must be fastened tightly at the bottom of the mold to mitigate the hazard to be caused to the personnel at work. Strengthen the awareness toward safe operation of disassembly and assembly of mold temperature controllers: Disassembly of the mold before the mold temperature controller cools down is strictly prohibited. The circulation system of the mold temperature controller may be turned off only if the temperature is less than 50 degrees.

About the Report

Letter from Chairman

Sustainable Development Strategy

1. Stable Governance Roadmap

2. Innovation value breakthrough

3. Protect our environment

4. Happy workplace

4.1. Employee care

4.2. Labor-management relations

4.3. Talent cultivation

4.4. Healthy and safe workplace

5. Social welfare

Appendix

• Specific occupational safety measures •

Occupational hazard identification	<ul style="list-style-type: none"> Conduct the hazard identification and risk assessment periodically, include moderate and high risks into the control measures, and set forth corrective action plans. Evaluate whether the operating procedures satisfy laws and regulations periodically, and amend non-compliant procedures pursuant to relevant requirements.
Training and Education	<ul style="list-style-type: none"> Provide newcomers with occupational health and safety educational courses.
Health protection	<ul style="list-style-type: none"> Employee health checkup and special health checkup. Periodic operating environment test. On-site health consulting services provided by the physician by contract. Maternal health protection measures. Human factor engineering hazard assessment. Communication for prevention of workplace violence.
Urgent responsive measures	<ul style="list-style-type: none"> Whole factory escape and evacuation drills. Drills for response to firefighting and diesel leakage, etc. Urgent COVID-19 epidemic drills.
Protection measures	<ul style="list-style-type: none"> Provide free personal protective gears; the expenditure in procurement of protective gears in 2021, NT\$63,767. Continuous improvement of protective gears.
Communication channel	<ul style="list-style-type: none"> Occupational Health and Safety Committee. Internal communication and reporting procedure.



4.3. 健康及安全職場

• Statistics on workplace health-related training courses in 2021 •

Workplace health training courses	Session	Number of personHours	Hours
Ionizing radiation protection training	3	4	9
Firefighting managers' training	1	1	6
First-aid personnel's health and safety training	5	14	222
Occupational health and safety management personnel's training	2	2	48
Firefighting raining	1	55	220
Workshop for operators of radioactive materials or equipment capable of producing ionizing radiation	2	2	36
Annual occupational health and safety training	1	44	88
Total	15	121	629

• 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 checkup for specified operation operators

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

• Statistics on periodic employee health checkup in 2021 •

Item	Health checkup for the senior management at 10th job rank or above	Health checkup for specified operation operators
Number of person	10人	<ul style="list-style-type: none"> Noise: 51 persons n-Hexane: 9 persons Ionizing radiation: 3 persons Dust: 14 persons

• Employee health protection

ACES always values the employee health and care. In order to deal with the pressure imposed on the workers by long working hours and heavy workload, more than one hundred colleagues of the Company have received the on-site services provided by the private physician. In order to maintain the workers' interest and right, improve the enterprise's competitiveness and enhance the labors' health in workplace, the Company works with the private physician to 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 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 measure to pursue a healthy workplace and prevent labors from suffering from occupational accidents, satisfy the diversified needs of the enterprise and labors, 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** Any female employee of the Company who confirms her pregnancy during the employment shall notify her department head voluntarily to help the head transfer him/her or take the other appropriate actions.
- 3** For any employee who is found incompetent for any specific operations according to the checkup results, the resident nursing personnel shall propose the physical examination report to the department head to help the head take appropriate actions.
- 4** The "Maternity Health Protection Control Procedure" was established in accordance with the Occupational Safety and Health Act in 2021, in order to provide qualified female employees with hazard assessment, interview and guidance by the physician and adaptive work arrangement and protect the physical mental health of pregnant, post-pregnancy and breastfeeding female workers.

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 2021, more than 500 employees have undergone the skeletal muscle scale evaluation. Then, about 7% of them were found suffering from the problem about musculoskeletal pain and discomfort. The private physician has visited the production units and offices covering at least 10 departments 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 wrong 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.	In 2021, there were five employees who were pregnant, less than one year postpartum or breastfeeding, including one migrant worker. Each colleague paid the visit to the work site and conducted hazard risk assessment to identify suspected or potential risk, and also negotiated with the relevant unit supervisor to mitigate the risk to the minimum and practice the maternity health protection.

About the Report

Letter from Chairman

Sustainable Development Strategy

1. Stable Governance Roadmap

2. Innovation value breakthrough

3. Protect our environment

4. Happy workplace

4.1. Employee care

4.2. Labor-management relations

4.3. Talent cultivation

4.4. Healthy and safe workplace

5. Social welfare

Appendix

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.	In 2021, the Company voluntarily requested the employees working for long hours to complete the Maslach Burnout Inventory (MBI), evaluated their 10-year CVD Risk Score and had them interview with the private physician, in order to verify their stress factors and give them the health guidance and suggestions about improvement measure. As a result, a total of 40 employees were cared.
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 to the Company as of 2021. The Company established 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 the other things, the Company tested the department with higher noise index, and the test results were under the normal sound pressure 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 operation operators, in consideration of the employees' hardworking, and on the conditions superior than those provided by laws, in order to find the employees whose hearing was already impaired. Then, the employees would be provided the hearing protection health education and followed up each year to prevent their condition from getting worsen.



About the Report

Letter from Chairman

Sustainable Development Strategy

1. Stable Governance Roadmap

2. Innovation value breakthrough

3. Protect our environment

4. Happy workplace

5. Social welfare

Appendix



5

Social welfare

In order to practice the CSR commitment, ACES engaged in the social welfare activities and participated in the local public affairs proactively. It promoted the philosophy about a shared society by exercising an enterprise's influence over the society, and worked with the society to move toward a beautiful and sustainable future society. Notably, the Company donates the mobile library to the requesting entities in the remote area in the name of excellent employees elected by voting each year, in order to spread the educational resources physically.

• Donation of ambulances •



ACES has donated ambulances and rehabilitation buses to the remote areas in the name of the Company's excellent employees for a long term, in order to feed back to the 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 AED •



As a local enterprise in Taoyuan, ACES has been concerned about social welfare constantly. As it recognizes the concept about 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 keep concerned about the safety of their surrounding environment, rescue more precious lives together, make it safe everywhere throughout Taiwan and create a safer and kind living environment.

• Mobile library •



Education is the key to a perfect society transformation. In 2019, ACES, in the name of excellent employees instead, donated 3 units of “mobile library” to Taitung County Government for the first time. In 2020, it also donated 1 unit of “mobile library” to each of Taitung County, Hsinchu County and Hualien County, respectively, in 2020. The mobile library has the biggest advantage residing in that it can drive cross country roads. Therefore, it will help deliver more library resources to remote areas, improve the accessibility to library resources by the child students in remote areas, thus benefiting the balanced urban and rural education and promotion of shared resources significantly.

Year	Donated city/county	Donated quantity
2019	Taitung	3
2020	Hsinchu, Hualien, Taitung	3
2021	Yunlin, Taitung	3



• 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 Film Festival and support the Society to keep promoting the information about nature conservation.

2019	<ul style="list-style-type: none"> Hong Hua Orphanage - WildViewTaiwan Film Screening White Kite Children’s Home - Christmas Party and WildViewTaiwan Film Screening
2020	<ul style="list-style-type: none"> Tung An Elementary School, Pingzhen - WildViewTaiwan Film Screening

• Charity Dream Big Project •



ACES has started to work with Chung Yuan Christian University (CYCU) to organize the Thanksgiving Concert, and also donated scholarship to CYCU's charity clubs in the name of its excellent employees. 2nd "ACES e-Charity Dream Big Project" in 2020 offered the dream scholarship to young people and encouraged them to keep working hard for their homeland. The schools participating in the 2nd Project extended to various colleges/universities in Taoyuan, and helped combine the corporate sources and schools' momentum perfectly and create the positive influence over transformation of the society. The Company was trying hard to seek the dream big seeds to enable young people to develop unlimited possibilities from an innovative vision. Due to the epidemic situation, the activity was suspended in 2021. Notwithstanding, the Company will evaluate whether it should be continued to find more excellent students and extend its social influence.

• 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. ACES has scheduled to construct new factory premises in Taitung to create more job opportunities in East Taiwan, so that the local young people can work locally and no longer need to be away from home.

• Donation of supplies to the disadvantaged group •



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, 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.

Boyo Social Welfare Foundation upholds the theory "Never Let Poor Children Eternally Poor" as its major philosophy, hoping to keep the disadvantaged children from reproduction 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 2021 annual general meeting provided nutritious brown rice as its souvenir. At the end of the shareholders' meeting, the colleagues discussed about how to deal with the remaining souvenir and proposed to give it to the social welfare units in need in a timely manner. They contacted the "SOS Children's Village of Taiwan" nearby ACES factory premises. 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. ACES donated a total of 1,000 bags of brown rice, weighing 300g each bag. The HR Dept. head and resident nursing personnel's representative donated the rice on behalf of ACES.



• Christmas Wish Gift Recruitment Activity •



In the first-time cooperation with World Vision Taiwan, ACES targeted at its hometown, Taoyuan, and bought Christmas gifts for 100 children in Taoyuan. Because most of the children have never had the chance to get the toys they wanted or new stationery, we didn't limit their wishes, but had the kind uncles and aunts from ACES help the children make their Christmas wishes come true. After the event announcement was made, all gifts were sent out within three days. The results perfectly reflected the love from ACES folks



• 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.

The Company donated and promoted the book to junior and senior high school students in order to do its part for the next generation in Taiwan. It believes that the book may inspire and guide teenagers to clarify their confusion and trouble, and also protect them.



Appendix

GRI Standards index

Sustainability Accounting Standards Board index

ISO 26000 index

The 10 Principles of the United Nations Global Compact

Independent Assurance Statement

Appendix – GRI Standards Content Index

GGRI Standards Disclosures Comparative List				
Content index	Description	Chapter & Section	Page No.	Remarks
102-1	Name of Organization	1.1.Overview	016	
102-2	Activity, brand, product and service	1.1.Overview	016	
102-3	Location of the headquarters	1.1.Overview	016	
102-4	Business location	1.1.Overview	016	
102-5	Ownership and legal form	1.1.Overview	016	
102-6	Served market	1.1.Overview	016	
102-7	Organizational size	1.1.Overview	016	
102-8	Information about employees and other workers	4.1.Employee care	059	
102-9	Supply chain	2.3.Sustainable supply chain	047	
102-10	Material changes in organization and its supply chain	No material changes in the organization in 2021	--	
102-11	Pre-warning principles or policy	1.5.Risk control	031	
102-12	External initiatives	1.1.Overview	016	
102-13	Public association membership	1.1.Overview	016	
102-14	Statement of decision maker	CEO Letter	002	
102-16	Value, principles, standards and code of conduct	1.4.Ethical management	030	
102-18	Governance structure	1.3.Corporate governance	027	
102-40	Stakeholder group	Stakeholder identification and communication channels	003	
102-41	Collective bargaining	No collective bargaining	--	

About the Report

Letter from Chairman

Sustainable Development Strategy

1. Stable Governance Roadmap

2. Innovation value breakthrough

3. Protect our environment

4. Happy workplace

5. Social welfare

Appendix

GRI Standards index

Sustainability Accounting Standards
Board index

ISO 26000 index

The 10 Principles of the United
Nations Global Compact

Independent Assurance Statement

Content index	Description	Chapter & Section	Page No.	Remarks
102-42	Identification and selection of stakeholders	Materiality identification and analysis	007	
102-43	Stakeholder communication policy	Materiality identification and analysis	007	
102-44	Proposed key issues and concerned issues	Materiality identification and analysis	007	
102-45	Entities included in the consolidated financial statements	About the Report	001	
102-46	Define the contents and boundary of the Report	About the Report	001	
102-47	Material issues list	Materiality identification and analysis	007	
102-48	Re-preparation of information	No re-preparation of information	--	
102-49	Changes in reporting	No changes in reporting	--	
102-50	Reporting report	About the Report	001	
102-51	Date of last Report	About the Report	001	
102-52	Reporting cycle	About the Report	001	
102-53	Contact person able to answer questions about the Report	About the Report	001	
102-54	Declaration reported per GRI Standards	About the Report	001	
102-55	GRI Index	Appendix - GRI Standards Comparative List	088	
102-56	External assurance	Independent Assurance Statement	098	
GRI 200 Economy				
GRI 201: Economic performance 2016				
201-1	Direct economic value derived and distributed by the organization	1.2. Operating performance	023	
201-2	Financial effects and other risks and opportunities posed by climate changes	3.1. Response to climate change opportunities	051	
201-3	Obligation to define the benefit plan and other retirement plans	4.1. Employee care	059	

About the Report

Letter from Chairman

Sustainable Development Strategy

1. Stable Governance Roadmap

2. Innovation value breakthrough

3. Protect our environment

4. Happy workplace

5. Social welfare

Appendix

[GRI Standards index](#)

[Sustainability Accounting Standards Board index](#)

[ISO 26000 index](#)

[The 10 Principles of the United Nations Global Compact](#)

[Independent Assurance Statement](#)

Content index	Description	Chapter & Section	Page No.	Remarks
GRI 201: Economic performance 2016				
201-4	Financial subsidy received from government	1.4.Ethical management	030	
202: Market Presence 2016				
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	4.1.Employee care	059	
202-2	Proportion of senior management hired from the local community	4.1.Employee care	059	
204: Procurement Practices 2016				
204-1	Proportion of spending on local suppliers	2.3 Sustainable supply chain	047	
205: Anti-corruption 2016				
205-2	Communication and training about anti-corruption policies and procedures	1.4.Ethical management	030	
206: Anti-Competitive Behavior 2016				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No violations occurred in 2021	--	
GRI 300 Environmental Disclosures				
302: Energy 2016				
302-1	Energy consumption within the organization	3.3.GHG and energy management	054	
302-4	Reduction of energy consumption	3.3.GHG and energy management	054	
303: Water and Effluents 2018				
303-1	Interactions with water as a shared resource	3.4.Water resource management	057	
303-5	Water consumption	3.4.Water resource management	057	
305: Emissions 2016				
305-1	Direct (Scope 1) GHG emissions	3.3.GHG and energy management	054	

About the Report

Letter from Chairman

Sustainable Development Strategy

1. Stable Governance Roadmap

2. Innovation value breakthrough

3. Protect our environment

4. Happy workplace

5. Social welfare

Appendix

[GRI Standards index](#)

[Sustainability Accounting Standards Board index](#)

[ISO 26000 index](#)

[The 10 Principles of the United Nations Global Compact](#)

[Independent Assurance Statement](#)

Content index	Description	Chapter & Section	Page No.	Remarks
305: Emissions 2016				
305-2	Energy indirect (Scope 2) GHG emissions	3.3.GHG and energy management	054	
305-3	Other indirect (Scope 3) GHG emissions	3.3.GHG and energy management	054	
305-5	Reduction of GHG emissions	3.3.GHG and energy management	054	
306: Waste 2020				
306-1	Waste generation and significant waste-related impacts	3.5.Waste management	057	
306-2	Management of significant waste-related impacts	3.5.Waste management	057	
306-3	Waste generated	3.5.Waste management	057	
306-4	Disposal and transfer of waste	3.5.Waste management	057	
307: Environmental Compliance 2016				
307-1	Non-compliance with environmental laws and regulations	No related circumstances occurred in 2021.	--	
GRI 400 Society				
401: Employment 2016				
401-1	New employee hires and employee turnover	4.1.Employee care	059	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.2.Labor-management relations	062	
401-3	Parental leave	4.2.Labor-management relations	062	
402: Labor/Management Relations 2016				
402-1	Minimum notice periods regarding operational changes	4.2.Labor-management relations	062	
403: Occupational Health and Safety 2018				
403-1	Occupational health and safety management system	4.4.Healthy and safe workplace	076	

About the Report

Letter from Chairman

Sustainable Development Strategy

1. Stable Governance Roadmap

2. Innovation value breakthrough

3. Protect our environment

4. Happy workplace

5. Social welfare

Appendix

GRI Standards index

Sustainability Accounting Standards
Board index

ISO 26000 index

The 10 Principles of the United
Nations Global Compact

Independent Assurance Statement

Content index	Description	Chapter & Section	Page No.	Remarks
403: Occupational Health and Safety 2018				
403-2	Hazard identification, risk assessment, and incident investigation	4.4. Healthy and safe workplace	076	
403-3	Occupational health services	4.4. Healthy and safe workplace	076	
403-4	Worker participation, consultation, and communication on occupational health and safety	4.4. Healthy and safe workplace	076	
403-5	Worker training on occupational health and safety	4.4. Healthy and safe workplace	076	
403-6	Promotion of worker health	4.4. Healthy and safe workplace	076	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.4. Healthy and safe workplace	076	
403-8	Workers covered by an occupational health and safety management system	4.4. Healthy and safe workplace	076	
403-9	Work-related injuries	4.4. Healthy and safe workplace	076	
403-10	Work-related ill health	4.4. Healthy and safe workplace	076	
404: Training and Education 2016				
404-1	Average hours of training per year per employee	4.3. Talent cultivation	070	
404-2	Programs for upgrading employee skills and transition assistance programs	4.3. Talent cultivation	070	
404-3	Percentage of employees receiving regular performance and career development reviews	4.3. Talent cultivation	070	
405: Diversity and Equal Opportunity 2016				
405-1	Diversity of governance bodies and employees	1.3. Corporate governance 4.1. Employee care	026 059	
405-2	Ratio of basic salary and remuneration of women to men	4.2. Labor-management relations	062	
GRI 406: Non-Discrimination 2016				
406-1	Discrimination incidents and corrective actions taken by the organization	4.2. Labor-management relations	062	

About the Report

Letter from Chairman

Sustainable Development Strategy

1. Stable Governance Roadmap

2. Innovation value breakthrough

3. Protect our environment

4. Happy workplace

5. Social welfare

Appendix

[GRI Standards index](#)

[Sustainability Accounting Standards Board index](#)

[ISO 26000 index](#)

[The 10 Principles of the United Nations Global Compact](#)

[Independent Assurance Statement](#)

Content index	Description	Chapter & Section	Page No.	Remarks
408: Child Labor 2016				
408-1	Operations and suppliers at significant risk for incidents of child labor	4.2.Labor-management relations	062	
409: Forced or Compulsory Labor 2016				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	4.2.Labor-management relations	062	
412: Human Rights Assessment 2016				
412-1	Operations that have been subject to human rights reviews or impact assessments	4.2.Labor-management relations	062	
412-2	Employee training on human rights policies or procedures	4.2.Labor-management relations	062	
415: Public Policy 2016				
415-1	Political contributions	1.4.Ethical management	030	
416: Customer Health and Safety 2016				
416-1	Assessment of the health and safety impacts of product and service category	No related circumstances occurred in 2021.	--	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No related circumstances occurred in 2021.	--	
417: Marketing and Labeling 2016				
417-2	Incidents of non-compliance concerning product and service information and labeling	No related circumstances occurred in 2021.	--	
417-3	Incidents of non-compliance concerning marketing communications	No related circumstances occurred in 2021.	--	
418: Customer Privacy 2016				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No related circumstances occurred in 2021.	--	
419: Socioeconomics Compliance 2016				
419-1	Non-compliance with laws and regulations in the social and economic areas	No related circumstances occurred in 2021.	--	

About the Report

Letter from Chairman

Sustainable Development Strategy

1. Stable Governance Roadmap

2. Innovation value breakthrough

3. Protect our environment

4. Happy workplace

5. Social welfare

Appendix

GRI Standards index

Sustainability Accounting Standards
Board index

ISO 26000 index

The 10 Principles of the United
Nations Global Compact

Independent Assurance Statement

Appendix – Sustainability Accounting Standards Board index

Code	Topic / Accounting metric	Chapter
Data Security		
TC-HW-230a.1	Description of approach to identifying and addressing data security risks in products.	1.6.Information security
Employee Engagement, Diversity & Inclusion		
TC-HW-330a.1	Percentage of gender and racial/ ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	4.1.Employee care
Product Design and Life-cycle Management		
TC-HW-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances.	N/A
TC-HW-410a.2	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent.	N/A
TC-HW-410a.3	Percentage of eligible products, by revenue, meeting ENERGY STAR® criteria.	N/A
TC-HW-410a.4	Weight of end-of-life products and e-waste recovered, percentage recycled.	N/A
Supply Chain Management		
TC-HW-430a.1	Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities	(a) 19% (b) 0%
TC-HW-430a.2	Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority non-conformances and (b) other nonconformances	In 2021, all Tier 1 suppliers have completed audit, no major deficiency. Correction rate is 100%.
Materials Sourcing & Efficiency		
TC-HW-440a.1	Description of the management of risks associated with the use of critical materials.	2.3.Sustainable supply chain

About the Report

Letter from Chairman

Sustainable Development Strategy

1. Stable Governance Roadmap

2. Innovation value breakthrough

3. Protect our environment

4. Happy workplace

5. Social welfare

Appendix

GRI Standards index

Sustainability Accounting Standards
Board index

ISO 26000 index

The 10 Principles of the United
Nations Global Compact

Independent Assurance Statement

Code	Topic / Accounting metric	Chapter
Activity metrics		
TC-HW-000.A	Number of units produced by product category	1.2.Operating performance
TC-HW-000.B	Area of manufacturing facilities	1.1.Overview
TC-HW-000.C	Percentage of production from owned facilities	100%

Appendix – ISO 26000

Subjects No.	Article	Chapters & sections	Page No.
Organizational governance	The system by which an organization makes and implements decisions in pursuit	1.3. Corporate governance	026
Human rights	Audit on legal compliance and avoidance of risk arising from human rights issues	1.4. Ethical management	030
	Human right risk situation	4.1. Employee care	059
	Avoidance of complicity - Direct complicity, Beneficial complicity and Silence Complicity	1.4. Ethical management	030
	Resolving grievances	4.1. Employee care	059
	Discrimination and vulnerable groups	4.1. Employee care	059
	Civil and political rights	4.1. Employee care	059
	Economic, social and cultural rights	4.1. Employee care	059
	Fundamental rights at work	4.1. Employee care	059
Labor practices	Employment and employment relationships	4.1. Employee care	059
	Conditions of work and social protection	4.1. Employee care	059
	Social dialogue	4.1. Employee care	059
	Health and safety at work	4.4. Healthy and safe workplace	076

About the Report

Letter from Chairman

Sustainable Development Strategy

1. Stable Governance Roadmap

2. Innovation value breakthrough

3. Protect our environment

4. Happy workplace

5. Social welfare

Appendix

GRI Standards index

Sustainability Accounting Standards
Board index

ISO 26000 index

The 10 Principles of the United
Nations Global Compact

Independent Assurance Statement

Subjects No.	Article	Chapters & sections	Page No.
Labor practices	Human development and training in the workplace	4.3.Talent cultivation	070
Environment	Prevention of pollution	3.2.Environmental management	052
	Sustainable resource use	3.2.Environmental management	052
	Climate change mitigation and adaptation	3.1.Climate change risk and opportunity	051
	Protection of the environment, biodiversity and restoration of natural habitats	3.2.Environmental management	052
Fair operating practices	Anti-corruption	1.4.Ethical management	030
	Responsible political involvement	1.4.Ethical management	030
	Fair competition	1.4.Ethical management	030
	Promoting social responsibility in the value chain	1.4.Ethical management	030
	Respect for property rights	2.1.Product quality, innovation and R&D	038
Consumer issues	Fair marketing, factual and unbiased information and fair contractual practices	2.1.Product quality, innovation and R&D	038
	Protecting consumers' health and safety	2.1.Product quality, innovation and R&D	038
	Sustainable consumption	2.2.Green procurement	046
	Consumer service, support, and complaint and dispute resolution	2.1.Product quality, innovation and R&D	038
	Consumer data protection and privacy	1.6.information security	035
	Access to essential services	2.1.Product quality, innovation and R&D	038
	Education and awareness	2.1.Product quality, innovation and R&D	038
Community involvement and development	Community involvement	5.Social welfare	083
	Education and culture	4.3.Talent cultivation	070
	Employment creation and skills development	4.3.Talent cultivation	070
	Technology development and access	5.Social welfare	083

Appendix

Subjects No.	Article	Chapters & sections	Page No.
Community involvement and development	Wealth and income creation	5.Social welfare	083
	Health	5.Social welfare	083
	Social investment	5.Social welfare	083

Appendix – The 10 Principles of the United Nations Global Compact

Category	10 principles	Chapters & sections	Page No.
Human rights	Businesses should support and respect the protection of internationally proclaimed human rights.	4.1.Employee care	059
	Business should make sure not to be complicit in human rights abuses.	4.1.Employee care	059
Labor	Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.	4.1.Employee care	059
	The elimination of all forms of forced and compulsory labor.	4.1.Employee care	059
	The effective abolition of child labor.	4.1.Employee care	059
	The elimination of discrimination in respect of employment and occupation.	4.1.Employee care	059
Environment	Business should support a precautionary approach to environmental challenges.	3.2.Environment management	052
	Undertake initiatives to promote greater environmental responsibility.	3.2.Environment management	052
	Encourage the development and promotion of eco-friendly technologies	3.2.Environment management	052
Anti-corruption	Business should work against corruption in all its forms, including extortion and bribery.	1.4.Ethical management	030

Appendix – Independent Assurance Statement

About the Report

Letter from Chairman

Sustainable Development Strategy

1. Stable Governance Roadmap

2. Innovation value breakthrough

3. Protect our environment

4. Happy workplace

5. Social welfare

Appendix

GRI Standards index

Sustainability Accounting Standards Board index

ISO 26000 index

The 10 Principles of the United Nations Global Compact

Independent Assurance Statement



Independent Assurance Statement

Introduction:

TÜV Rheinland (Guangdong) Ltd., member of TÜV Rheinland Group, Germany (TÜV, We) has been entrusted by the management of ACES ELECTRONICS CO., LTD. (ACES, the Company) to conduct independent assurance of ACES Sustainability Report 2021 (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 ACES Report 2021.

The intended users of this assurance statement are stakeholders having relevance to the ACES overall Sustainability Performance and impacts of its business activities during 2021 (January 2021 ~ December 2021). TÜV Rheinland 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), 'In accordance'-Core option" reporting guidelines as per GRI-Standards.

Scope & Type of Assurance:

Our Assurance engagement covers the following:

- ACES Corporate Sustainability performance as described in the report 2021 in accordance with GRI reporting guidelines 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 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 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 Social Responsibility strategy (CSR) 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.

1 |

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 material issues were completely analyzed and the relative information of sustainable development was disclosed.

Responsiveness:

ACES has implemented the policy including environment and safety, hazardous substances, quality, intelligent property management and corporate social responsibility. The 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 Corporate Sustainability Report 2021 meets the requirement of Type-1, Moderate Level Assurance according to AA1000AS v3 and Global Reporting Initiative (GRI), 'In accordance'-Core option" reporting guidelines as per GRI-Standards.
- 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 shall not bear any liability or responsibility to a third party for perception and decision about ACES based on this Assurance Statement.



For TÜV Rheinland Group

Vito Lin

Vito C. C. Lin

Lead Verifier

Taipei, 21 June, 2022

2 |



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