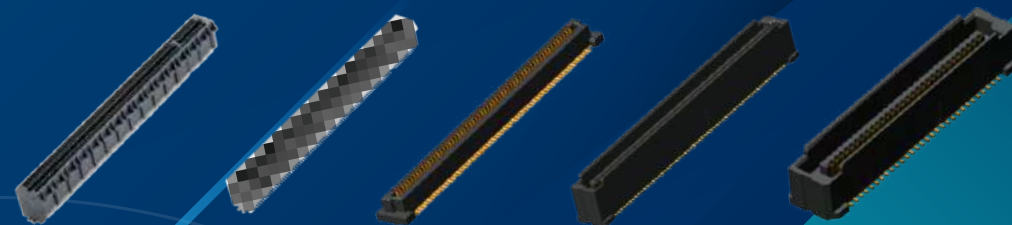




2023

SUSTAINABILITY REPORT



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About the Report

The Report, the 2023 sustainability report (hereinafter referred to as the “Report”) of ACES Electronics Co., Ltd. (hereinafter referred to as “ACES”), presents ACES practices in aspects including economy, society and environment in 2023, by upholding ethical and transparent principles. ACES expects to share its commitments and results concerning the ESG practices with all stakeholders via the Report. The financial data in this report covers the overall operating performance of the parent and subsidiary, and has been certified by CPAs to be

Publication date and release cycle

This report was published in August 2024 and is the 4th sustainability report published by ACES. Since 2020, ACES has continued to publish sustainability report every year and disclose them on the official website. The next report is expected to be published in August 2025.

Company name	Geographical location	Acronym
ACES Electronics Co., Ltd.	Dongyuan Road, Zhongli District, Taoyuan City	ACES TW
ACES Electronics Co., Ltd.	Guoling Rd., Zhongli Dist., Taoyuan City	PEC
Kuang Ying Computer Equipment Co., Ltd.	Guoling Rd., Zhongli Dist., Taoyuan City	KYN TW
MEC IMEX INCORPORATION	Dongyuan Road, Zhongli District, Taoyuan City	MEC TW
Compupack Technology CO.,LTD.	Chongyang Rd., Nangang Dist., Taipei City, Taiwan	CPC TPE
Genesis Innovation Group Limited,Taiwan Branch	Changjiang Factory: Changjiang North Road, Kunshan City, Jiangsu Province, China	GTW
KUNSHAN ACES ELECTRONIC CO., LTD.	Qingyang Factory: Qingyang North Road, Kunshan City, Jiangsu Province, China	ACES KS
DongGuan ACES ELECTRONIC CO., LTD.	Dongguan City, Guangdong Province, China	ACES DG
MEC ELECTRONICS PHILIPPINES CORP.	Cavite Economic Zone, Rosario, Cavite 4106 Philippines	MEC PHIL
CONG TY TNHH CHINH XAC NGAN VUONG	Tan Truong Industrial Zone, Kam Giang District, Nam Hai Duong Province, Vietnam	ACES VN

The 2023 disclosed data of ACES KS. does not include Qingyang Factory 2.

Data collection and calculation

The data collection for the whole year of 2023 is based on the above mentioned report areas, and the indicators and the formula for calculating the data are listed in the respective chapters.

Basis

This report is prepared in accordance with the 2021 edition of the GRI Standards issued by the Global Reporting Initiative (GRI) and the standards of Sustainability Accounting Standards Board (SASB), and the related disclosures are also made with reference to and in line with the UN Sustainable Development Goals (SDGs), the UN Global Compact, the ISO 26000 Guidance on Social Responsibility, and the Procedures for Preparation and Filing of Corporate Social Responsibility Reports by Listed Companies.

consistent with the financial data. In 2023, ACES did not experience significant changes in scale, structure, ownership, or supply chain. The re-prepared topics herein, if any, will be noted.

Reporting period and boundary

Time frame: January 1, 2023 to December 31, 2023
Geographic Scope: The boundary of this report is the results of the corporate governance, economic, environmental, and social (people) commitments made by ACES and its affiliates (as listed below). In order to more appropriately respond to the expectations of our customers, ACES has expanded the disclosure of the environmental and social information and performance of its key domestic and overseas operating locations outside of ACES Taiwan from 2023 (the year of this report), with a coverage of >75% of the Group’s employees.



Review and Assurance

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

Contact Us

In order to improve the quality and contents of the ACES sustainability report and facilitate communications with stakeholders, please feel free to communicate with the ACES’ sustainability contact person if you have any advice or suggestions.
Address: No. 13, Dongyuan Road, Zhongli District, Taoyuan City
Official Website: <http://www.acesconn.com/tw>
Contact: sustainability office
Email: csr@acesconn.com



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A Message from the Chairman

It has been nearly 28 years since ACES was established. Under the stable corporate governance policy and overall investment and development planning, we continue to expand our production bases and scale of production value, and strive to incorporate sustainability factors into our R&D and technology energy, thereby enhancing the capacity of our green products and proactively aligning ourselves with major international companies in Europe and the United States. At the same time, in response to the impact of geopolitics, we have not only increased investment in the establishment of production lines overseas, but also actively invested in automated production lines in the Taiwan factory to expand smart manufacturing and optimize the supply chain. Nowadays, the overall sustainability environment has changed dramatically, and TWSE/TPEx listed companies have to face the increasing number of sustainability compliance programs imposed by governmental agencies, as well as customers' demands for environmental and social contributions from product quality to the supply chain. The Company recognizes the importance of corporate governance and sustainable development blueprints, and has been proactively involved in international and domestic sustainable development and carbon reduction programs, to enhance the transparency of ACES' sustainability information.



Therefore, for the first time, the environmental and social data and information disclosed in this report are not only about ACES Taiwan, but also about the sustainability results of ACES Group's overseas factories (Kunshan, Dongguan, Vietnam, and the Philippines). Moreover, in response to mitigate the impacts of climate change, ACES has made reference to the Task Force on Climate-Related Financial Disclosures (TCFD) published by the Financial Stability Board (FSB) and has analyzed the possible impacts of climate change on ACES. By gradually expanding the organizational greenhouse gas (GHG) emission boundary and planning energy transition strategies, the Company responds these issues. The TCFD framework is expected to be used to optimize the climate-related risks and opportunities that ACES will cope with in 2025.

Looking back at 2023, ACES was ranked among the excellent carbon reduction companies in the "Electronic Components" industry of the Business Weekly's "List of Top 100 Carbon-competitive Enterprises"! In the future, we will continue to work hard to comply with the government's goal of net-zero carbon emissions by 2050 to jointly protect the earth's environment. Secondly, in terms of corporate management and social responsibility, in addition to winning the "Corporate Excellence Award" and "Master Entrepreneur Award" in the "17th Asia Pacific Enterprise Awards," ACES also received the 18th "Compassion Award" of Hong Kong & Macau Taiwanese Charity Fund. It not only highlights ACES' business achievements and years of efforts in social welfare, but also significantly expands the visibility of the ACES' brand. In addition, in the domain of sustainable industry-academia cooperation, last year (2023), we joined hands with National Central University to establish the "Graduate College of Sustainability and Green Energy." We expect to continue our close industry-academia cooperation with Central University, and strive to research and develop key technologies, discover green-collar talents, and cultivate high-level management talents, so as to seamlessly integrate scientific research, talents, and the industry.

It is our unchanging intention to care for the land of Taiwan, and we are fully aware of the important role played by the Company in the promotion of green transition and sustainable development. In the future, ACES will continue to promote innovative R&D capacity to enhance the added value of our products, continue to create a happy workplace to build employee cohesion, care for the community, and maintain the surrounding environment, in order to implement sound and sustainable management and create long-term competitiveness!

Chairman: Wan-Ting Yuan



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ACES sustainability

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.

Stakeholder	Meaning to ACES	Concerned issues	Communication channel	Communication frequency	Responsible unit
Employee	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.	<ul style="list-style-type: none">• Talent cultivation• Maintenance of human rights• Occupational health and safety• Environmental protection issue• Labor-management issue	Internal meeting Labor-management meeting Performance appraisal & evaluation Training and Education Employee complaint mailbox	Monthly Quarterly in Taiwan/other plants are based on local laws and regulations Yearly Yearly Irregular	HR Dept.
Customer	ACES listens to customers' need carefully and focuses on creation of the maximum interest for customers. Customer success is the ultimate goal of ACES.	<ul style="list-style-type: none">• Customer privacy and information security• Green product and innovation• Occupational health and safety• Service quality• Restricted substance control• Water resource management• Waste management• GHG and energy management	Customer satisfaction survey Business and technology evaluation Meeting with customers	Yearly Yearly Irregular	Sales Dept.
Investors/ shareholders	The stakeholders who care ACES' sustainable development and Operating performance most, to whom the Company's management team has to disclose the Company's overview of business periodically to fulfill its responsibility as the management.	<ul style="list-style-type: none">• Operating performance• Business ethics and legal compliance• Corporate governance and risk control	Shareholders' meeting Investor seminars Annual report Investor/shareholder email	Yearly Yearly Yearly Irregular	Financial Dept.
Supplier	Suppliers play a very important role in ACES' sustainable development. ACES and suppliers support and grow with each other, and work together to establish the stable and fine-quality supply chain ecology and create the largest consolidated effect for customers.	<ul style="list-style-type: none">• Supplier management• Green procurement	Meeting with suppliers Procurement & bargain	Yearly Irregular	Supply Chain Management Division of the Group
Government	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.	<ul style="list-style-type: none">• Operating performance• Business ethics and legal compliance• Occupational health and safety• Water resource management• Waste management• GHG and energy management	Symposium and seminar Official correspondences	Irregular Irregular	Chairman's office/ heads of overseas plants
Media	Accept the medial interview or issue the press release to disclose the Company's development status and better each party's understanding about ACES' development planning.	<ul style="list-style-type: none">• Operating performance• Business ethics and legal compliance• Social responsibility performance	Press release	Irregular	Administration
Community & neighborhood	Establish fair relationship with the local community and neighborhood, and continue to develop local and social feedback through ACES' core profession to practice the sustainable social responsibility.	<ul style="list-style-type: none">• Community care• Social responsibility performance	Community service and project cooperation Visit to neighborhood External communication mailbox	Irregular Irregular Irregular Irregular	Administration

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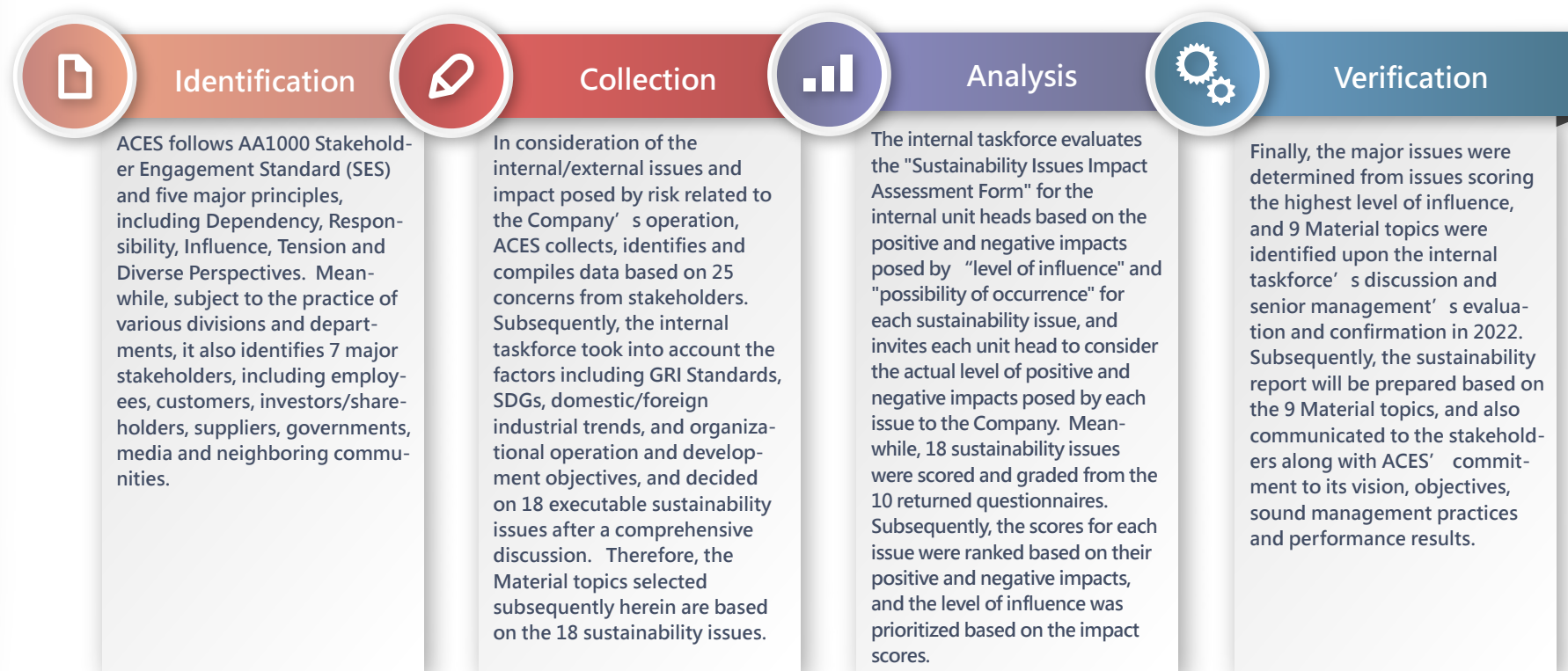
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Material topic identification and analysis

In order to meet the expectations of stakeholders for ACES' sustainable development, ACES followed the GRI Sustainability Reporting Standards of the Global Reporting Initiative (GRI) in 2022, and identified nine Material topics based on the steps of identification, collection, analysis, and validation, and formulated management policies and action plans (the 2022 assessment process is as follows); considering the consistency of each Material topic and plan, in December 2023,

ACES' General Manager convened a meeting on the preparation of the Sustainability Report, and resolved to continue the nine Material topics and stakeholder categories identified in the previous year's Sustainability Report and disclose the related results. By doing so, ACES is able to communicate with stakeholders about its commitment to the various aspects of ESG, including its vision, goals, management actions, and specific performance results.

Assessment procedure





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重大主題列表

Corre- sponding issue	Material topic	Meaning to ACES	Boundary of impact							Involvement			Description of Impacts	Corresponding GRI topic	Corresponding SDGs	Response chapters and sections
			Employee	Customer	Investors	Supplier	Government	Media	Community & neighborhood	Direct invol- vement	Contribution to involvement	Involvement via business conduct				
Economic and governance aspects	Corporate governance	Robust and sound corporate governance practices enable enterprises to achieve sustainable development and protect each stakeholder’ s interest and right from impairment.	√	√	√	√	√			√			ACES’ good corporate governance improves the Company’ s transparency and helps control risks effectively. It also helps improve the Company’ s corporate identity and market position.	Self-defined Material topics		1.3 Corporate governance
	Operating performance	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 investors/shareholders.	√	√	√	√	√			√			ACES’ stable growing operating revenue is considered a positive message to investors and shareholders, as it may help improve investors’ confidence in ACES and attract more support, thereby benefiting the expansion of development.	GRI 201 Economic perfor- mance	 	1.2 Operating performance
	Product quality	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.	√	√	√	√				√		√	The product quality is critical to customers’ satisfaction and market share. Therefore, ACES uses the best to innovate, continues to improve quality and enhance the brand value, and responds to customers’ feedback in a timely manner.	Self-de- fined Material topics		2.1 Product quality, innovation and R&D
	Sustainable supply chain	As suppliers are important partners to the sustainable operation of ACES, maintaining fair and robust relations with suppliers may help mitigate the operating risk and improve the quality of products and services.								√			Without a good supply chain management policy, the Company is very likely to violate relevant laws and regulations and be involved in unethical business conduct, and even human rights issues of partners in the supply chain (human rights, occupational safety, working environment, etc.) might be ignored easily, thereby causing a negative impact to the Company.	Self-de- fined Material topics		2.3 Sustainable supply chain
Environme- ntal aspect	GHG and energy management	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.					√	√	√	√			Ignoring environmental issues might result in damage to the ecological environment and excessive consumption of energy, and even cause potential social problems, asit is impossible for the disadvantaged to respond to the negative impact posed by the environment.	GRI 305 Emissions		3.3 GHG and energy management
Social aspect	Talent cultivation	Employees’ continuing growth and improvement drives ACES’ sustainable development. ACES provides diversified and professional training programs per employees’ needs and future career planning, hoping to satisfy expectations of employees and their organizations.	√							√			Cultivate and develop talents internally based on long-term planning, in order to strengthen the organization, improve the retention rate and enhance the Company’ s competitiveness.	GRI 404 Training and Education		4.3 Talent cultivation
	Remuneration and benefits	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 has a good salary and welfare system to ensure retention of excellent employees and encourage employees to improve their work performance, thus driving the Company’ s growth.	GRI 405 Diversity and Equal Opportunity		4.2 Employment relations
	Occupational health and safety	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.	√				√			√			ACES values occupational safety and implements multiple control measures to mitigate the risk over accidents and reduce occupational accidents. Meanwhile, ACES cares for employees’ health greatly and provides multiple health promotion plans.	GRI 403 Occupa- tional health and safety		4.4 Healthy and safe workplace
	Employment relations	Amicable employment relations may help the Company grow stably. ACES values the amicable employment relations and provides multiple communication channels between the labors and management.	√							√	√	√	If the employment relations are handled improperly, a dispute or problem, such as a strike, might arise between the laborers and management. ACES convenes labor-management meetings regularly and sets up multiple communication channels. The management also responds to employees’ feedback in a timely manner. Therefore, the labor and management maintain a good and successful communication channel.	GRI 402 Labor		4.2 Employment relations



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Short-term/mid-term/long-term goals

Strategic aspect	Short-term goal (1~3 years)	Mid-term/long-term goal (more than 3 years)
Sustainable operation	<ul style="list-style-type: none">• Stable management and positive growth of earnings• Procurement cost reduction plan attaining 2%• Enhanced information security protection: 100% anti-virus software deployment rate, and 95% quarterly information security awareness random check success rate• Enhanced software control: 100% software control deployment rate, and 95% terminal computer access authority recovery rate.	<ul style="list-style-type: none">• Ranking top 21~35% in the "Corporate Governance Evaluation on TWSE/TPEX-Listed Companies."• Continue to improve the Board of Directors' functions, upgrade the management team's leadership, and adopt information transparency policy to ensure investors' /shareholders' interest and right.• Improve the employees' legal compliance to reduce the cost in misconduct.
Quality innovation	<ul style="list-style-type: none">• Annual customer satisfaction attaining 90 scores or above• 80% penetration rate of implementation of product life cycle management procedure in R&D-related department	<ul style="list-style-type: none">• Annual customer satisfaction attaining 90 scores or above
Environmental protection	<ul style="list-style-type: none">• Carbon emissions to be reduced by 3% per unit of operating revenue by 2025 (2021 as the base year)• Various factories to receive third-party assurance under ISO14064 step by step• Reduce paper consumption by 15% by the end of 2025 (using 2023 as the base year)• Less than 2 occupational accidents	<ul style="list-style-type: none">• Towards net zero emissions by 2050• Less than 2 occupational accidents• Colorful printing reduced by 10%
Talent cultivation and friendly workplace	<ul style="list-style-type: none">• Average training budget per person for indirect workers amounting to NT\$3,000 or more• Provision of adaptive and differentiated training programs for employees• Employees' English proficiency improvement subsidy plan• 20% self-made digital courses• Design effective talent retention plan to ensure the competitiveness of remuneration to critical talents on the market• Promotion of non-smoking workplaces or tobacco hazard prevention practices• Provide more diversified healthy relief activities or seminars• Improvement of employee health promotion activities	<ul style="list-style-type: none">• Average training budget per person for indirect workers amounting to NT\$5,000 or more• Establishment of various functional model for various systems of position and rank-based training courses• Inclusion of English proficiency scores into the conditions for promotion• 50% self-made digital courses• 80% critical talent retention rate• Awarded the badge for health promotion by Health Promotion Administration
Social participation	<ul style="list-style-type: none">• Continue to promote various community participation and social care activities• Promotion of the Company volunteer system	<ul style="list-style-type: none">• Expansion of the scope of charity activities and establishment of long-term assistance plan• Establishment of the foundation



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Sustainable Development Goals (SDGs)

In order to respond to and support the United Nations’ 17 Sustainable Development Goals (SDGs), ACES convenes a meeting with the sustainable development committee for research, and evaluates that the Company’ s existing ESG policy and planning may link with 8 SGD. Therefore, ACES will orient its future ESG development toward the SDGs. ACES expects to gather the wisdom of all to help solve the global social and environmental issues. The 8 major goals for the 2023 ESG development and performance are described as following:

SDGs	ACES corresponding issues	Performance & results
 3. Health and wellbeing	<ul style="list-style-type: none">• Employment Relations• Healthy and safe workplace	Organize 17 workplace health-related courses Execute the “workplace employee health protection plan”
 4. Fine-quality education	<ul style="list-style-type: none">• Talent cultivation	Average training and education hours per person 10.20 hours Number of persons involved in the industry-academia cooperation: 31 persons
 5. Gender equality	<ul style="list-style-type: none">• Maintenance of human rights	Ratio of male to female employees is 1.1:0.5 Practice the “maternity health protection control procedure”
 7. Affordable energy	<ul style="list-style-type: none">• GHG and energy management	Complete the ISO14064 GHG inventory of 2023
 8. Employment and economic growth	<ul style="list-style-type: none">• Corporate governance• Operating performance• Risk control	Global consolidated net operating revenue, \$8.486 billion Provide competitive salary and welfare system Comply with the “Corporate Social Responsibility Policy” Create local job opportunities in rural areas
 9. Industrial innovation and infrastructure	<ul style="list-style-type: none">• Product quality• Innovation and R&D	R&D expenses increased by 8.2% from last year The valid patents accumulated by the Group reached 590. Implementing ISO13485 and domestic QMS medical equipment manufacturing quality system
 12. Responsible consumption and production	<ul style="list-style-type: none">• Waste management• Green procurement• Sustainable supply chain	Percentage of local procurement expenditure attained 51%. Procurement of green products with green mark as the first priority ACES Taiwan's waste management reduced by 11.66% compared to the prior year
 13. Climate action	<ul style="list-style-type: none">• GHG and energy management	Improve the energy-conservation and carbon-reduction actions and strength

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CHAPTER

01

STABLE GOVERNANCE

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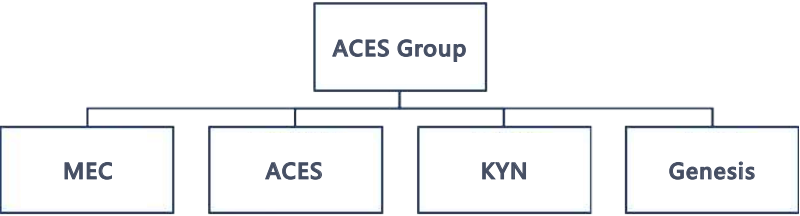
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1.1 Aces’ s Profile

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.

Business group of ACES

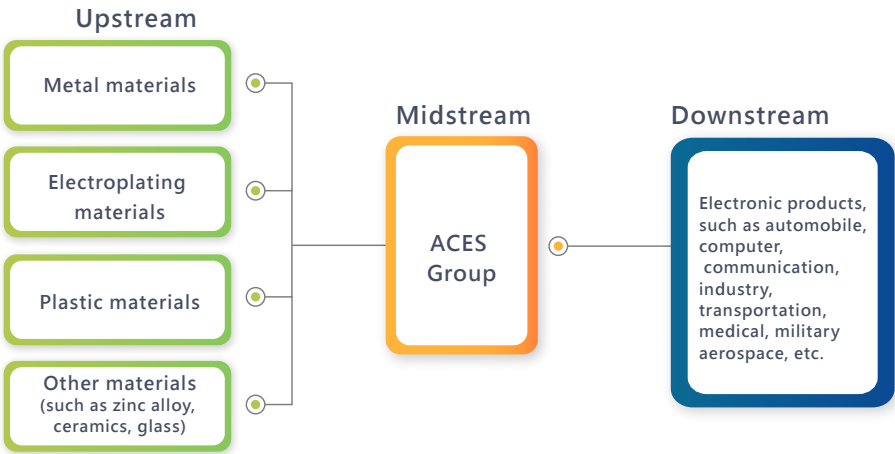


The Company’ s full name	ACES Electronics Co., Ltd.
Date of Incorporation	November 7, 1996
Paid-in capital	\$1,344,177,090
Stock Code	3605
Number of employees of ACES TW	684 persons
Number of employees within the reporting boundary	3,425 persons
Main products and services	High-end precision connectors and wires, and the design and manufacturing of precision molds
Chairman	Wan-Ting Yuan
General manager	Huang Tien-Fu
*Certification	ISO 9001, ISO 14001, ISO 45001, ISO 14064, ISO 13485, ISO 17025, IECQ QC 080000, IATF 16949 (*Certification: Not all operating areas are covered.)

Company profile

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

ACES value chain





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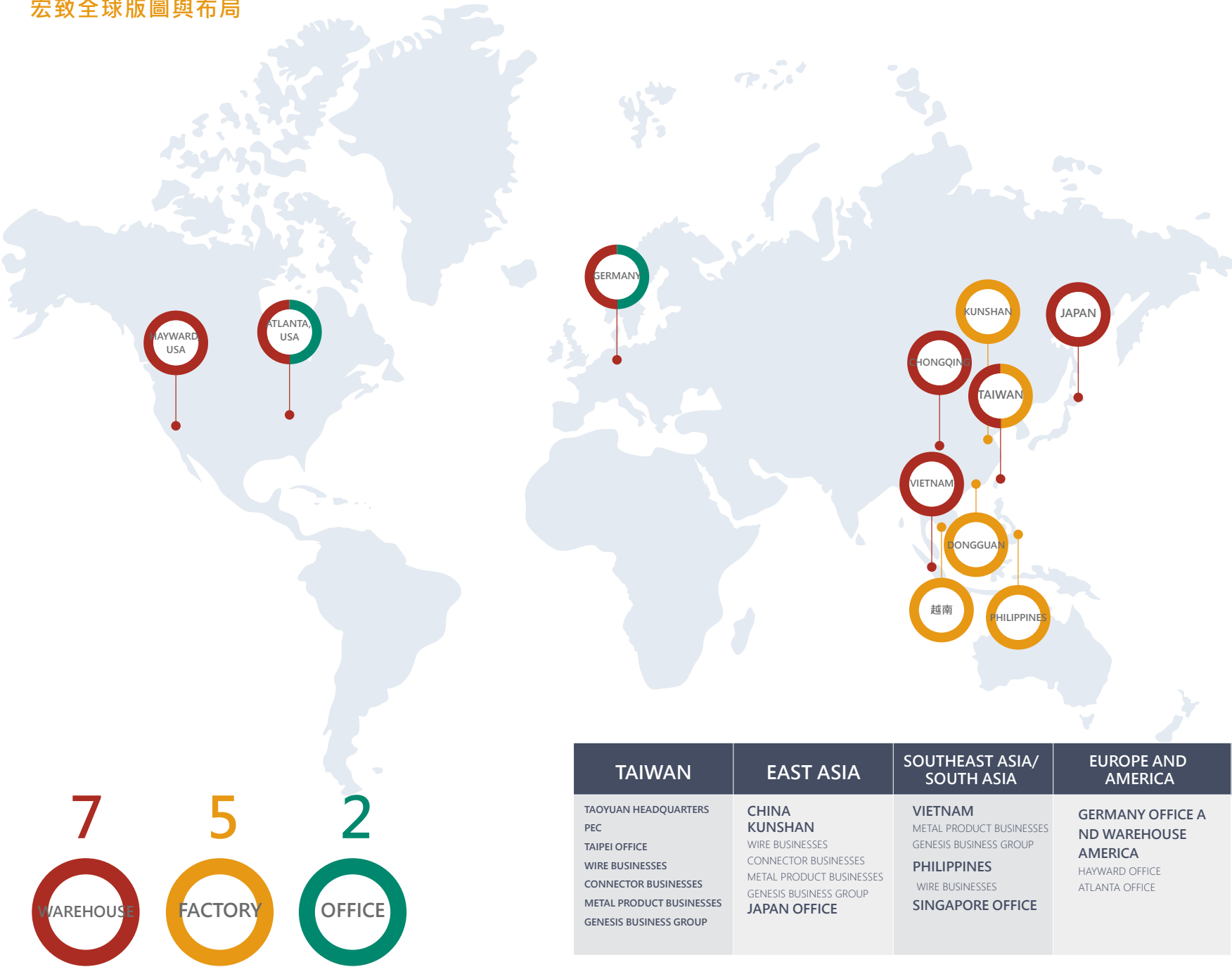
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宏致全球版圖與布局





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Corporate culture and core valued

Since ACES 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 Investors/shareholders, employees and customers as its business target to be pursued.

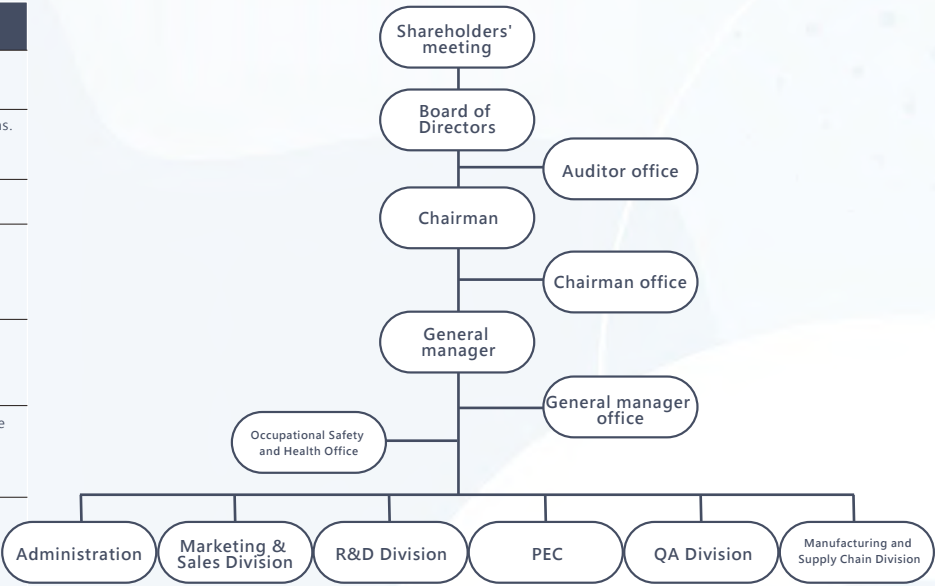
Knowledge and Vision: An enterprise, together with its employees, shall live to learn. The enterprise shall establish a continuing education and growth environment within the organization and encourage its employees to keep learning and trying to surpass themselves, in order to build the macro vision and creative knowledge Value and Attitude: Create the unreplaceable value for customers, while managing personal value at the same time; adhere to positive and responsible attitude.

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 investors/shareholders, and then the Company’ s management efficiency may be increased and thereby generate profit inevitably.

Departments and functions

Department	Functions
Chairman office	● Analysis and preparation of business strategies ● Overall planning about the Company’ s investors/shareholders service and organization of the Board of Directors meetings and shareholders’ meetings.
Auditor office	● 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	● Analysis and research of business strategies and projects
Occupational Safety and Health Office	● Responsible for the Company’ s overall environmental safety and health ● Responsible for fire protection equipment management and maintenance ● Related ISO system management and execution
Marketing & Sales Division	● 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 Division	● 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	● 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
QA Division	● Prepare/maintain the quality policy ● Prepare/execute the quality management system and plan ● Maintain various international quality management systems ● Control the quality cost goal achievement rate ● Satisfy individual customers’ audit needs and goals ● Manage customers’ quality service and satisfaction level ● Control various quality assurance system operating mechanism and execute quality strategies
Manufacturing and Supply Chain Division	● The Group’ s supply chain management are responsible for procurement of finished goods from external sources and supplies, integrating regional supply chain and planning related strategies. ● The Group’ s integration plan: Responsible for coordinating the work among different departments to ensure the successful execution of procedures and plans during the process. ● Operational Excellence Division: Responsible for implementing high-efficiency operational strategies and flows to ensure the best performance of production and supply chain. ● Manufacturing Engineering and Automation Support: Responsible for the engineering and automation support in production to improve product quality and production efficiency. ● Smart Manufacturing Preparation: Responsible for development and implementation of emerging technologies, preparation of the digital strategies of the Group’ s manufacturing unit, and promotion of the digital transformation to improve production capacity and quality and control the cost at the same time. ● Control various quality assurance system operating mechanism and execute quality strategies
Administration	● Overall planning about ACES’ finance, accounting, taxation and management analysis ● Overall planning ACES’ 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. ● Promote the company’s sustainable development and is responsible for the introduction and promotion of GHG management and implementation

※ACES Taiwan organizational chart





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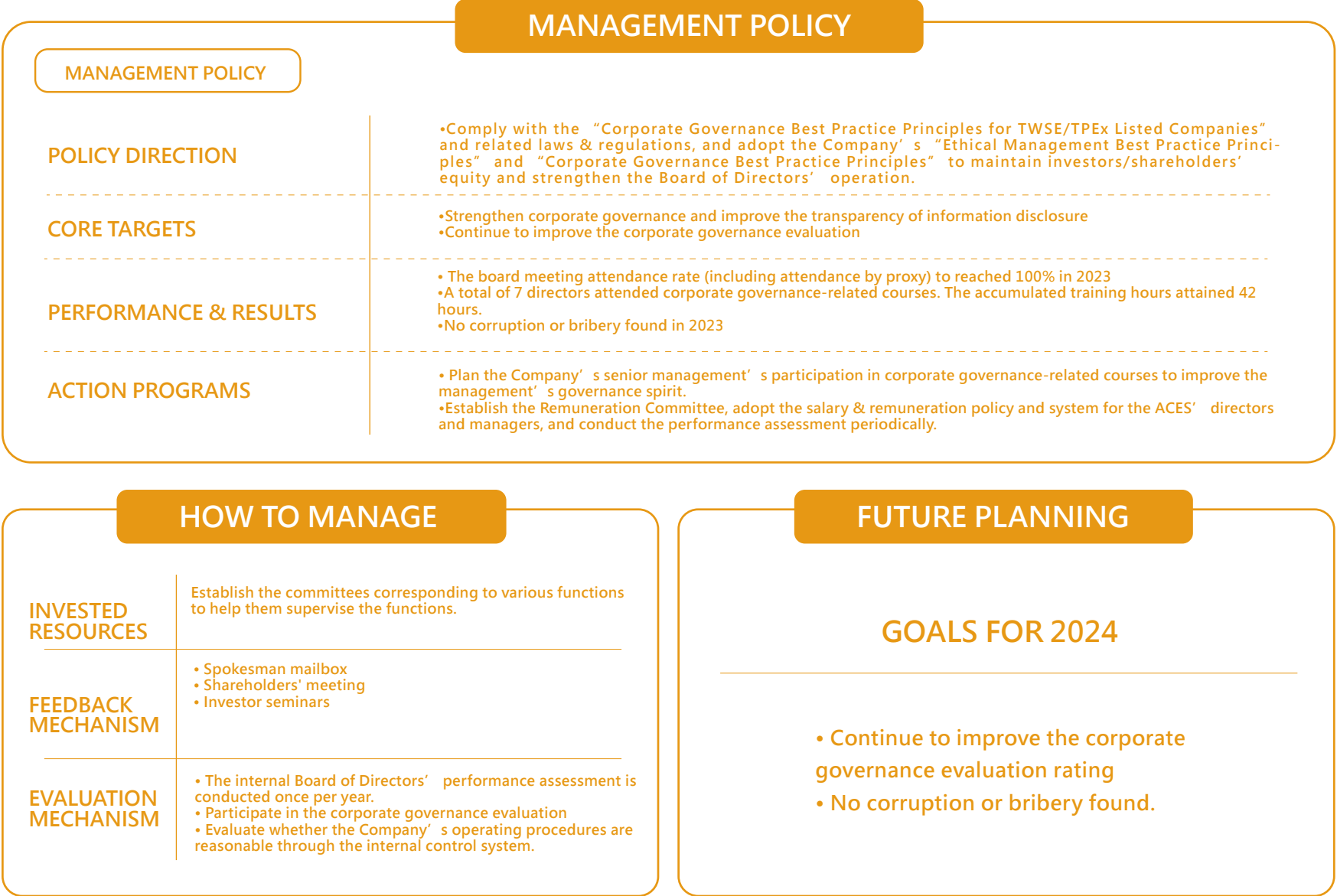
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1.2.1 Corporate governance

Maintaining a sound corporate governance system is a key factor of the sustainable operation of a enterprise. ACES has continued its efforts to build a robust and effective corporate governance structure by setting up the general administration office as a dedicated corporate governance unit. On March 24, 2023, the Board of Directors approved the establishment of the position of Head of Corporate Governance, which was held by the deputy general manager, Li Shuyun. The corporate governance unit is responsible for the following duties:

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

Board of directors

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

Nomination and election of the Board of Directors:

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

A total of 7 Board meetings have been convened in 2023. The attendance rate thereof was 100% (including attendance by proxy).

Training and Education of the Board of Directors:

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

2023 Board of Directors Continuing Education Overview

Title		Organizer	Name of course	Continuing education course hours	Total hours
Chairman	Wan-Ting Yuan	Taiwan Stock Exchange Corporation	2023 Cathay sustainable finance and climate change summit forum	6	6
Director	Wei Ji Investment Co., Ltd. Representative: Huang Wencheng	Taiwan Corporate Governance Association	Regulations, restrictions, and risk analysis of insider equity transactions	3	6
		Taiwan Corporate Governance Association	Corporate governance and securities laws and regulations and prevention of insider trading and ethical corporate management	3	
Director	Hang-Chang Hsieh	The Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	Corporate information security governance course for board of directors - performance and risk topics	3	6
		The Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	Sustainable transformation course: global circular economy trends, challenges and opportunities	3	
Director	Chang-Fei Hsu	Taiwan Stock Exchange Corporation	2023 Cathay sustainable finance and climate change summit forum	6	6
Independent Director	An-Chien Li	The Greater Chinese Financial Development Association	Data-driven smart transformation	3	6
		The Greater Chinese Financial Development Association	Business strategies in the digital age	3	
Independent Director	Da-Li Liao	Taiwan Stock Exchange Corporation	2023 Cathay sustainable finance and climate change summit forum	6	6
Independent Director	Kuo-Chi Shen	Taiwan Stock Exchange Corporation	2023 Cathay sustainable finance and climate change summit forum	3	6

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Evaluation on Board performance:

To measure the effectiveness of the Board’s corporate governance, 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 and functional members; assessment results are quantified according to assessment criteria and presented in the most recent board meeting. For the 2023 Board Evaluation Implementation and Results, please refer to P.19, “2023 Board Evaluation Implementation and Results” of the Annual Report 2023 of ACES :

https://www.acesconn.com/tw/investors2_3

Board of Directors’ remuneration policy and procedure for determination of the remuneration:

Pursuant to Article 24 of the Company’s Articles of Incorporation, not less than 1% of the Company’s annual earnings may be set aside as remuneration to employees and not more than 3% as remuneration to directors. The directors’ remuneration is based on the evaluation of the directors’ performance. In addition to the Company’s overall operating performance, the future business risks and development trends of the industry, the Company also takes into account the actual attendance rate at the board of directors’ meetings, the rate of achievement of individual performance, the degree of contribution to the Company’s performance, and makes reference to the general level of the industry to provide a reasonable remuneration and reference it as a basis for the nomination and reappointment. The remuneration of ACES managers is based on the scope of responsibilities and contribution to the company’s operating performance, and is evaluated in accordance with ACES’ “Performance Appraisal and Management System.” Finally, the Company provides reasonable remuneration after calculating the proportion of remuneration by taking into account the level of the industry and other factors. ACES’ director and manager remuneration system is reviewed in a timely manner in light of actual operating conditions and relevant laws and regulations, and the reasonableness of such remuneration is reviewed by the Remuneration Committee in order to achieve a balance between sustainable management and risk control.

Board members:

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

Communication of key and significant events:

ACES releases important messages in accordance with its “Procedures for Management of Material Insider Information” as follows: The important decisions resolved by ACES or handling of significant events complies with the “Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities.” Or, upon evaluation of the materiality of the event, for the decisions or events that pose significant effects to ACES’ finance, business, investors’ /shareholders’ equity or securities price, the unit dedicated to disclosure of important messages shall complete the “online information disclosure form” and “important message evaluation checklist” on the date of occurrence of the fact, and submit the same to the unit supervisor for review and approval, and then to ACES’ spokesperson for review and approval. After that, the same will be disclosed on the website designated by the competent authority, MOPS, upon the president’ s approval, within the statutory time limit. A total of 42 important messages were released in 2023.

Overview of directors’ attendance:

Title	Name	Actual presence (attendance) (times) (B)	Attendance by proxy (times)	*Actual presence (attendance) rate (%) [B/A]
Chairman	Wan-Ting Yuan	7	0	100%
Director	Wei Ji Investment Co., Ltd. Representative: Huang Wencheng	7	0	100%
Director	Hang-Chang Hsieh	5	2	71%
Director	Chang-Fei Hsu	7	0	100%
Independent Director	An-Chien Li	7	0	100%
Independent Director	Da-Li Liao	7	0	100%
Independent Director	Kuo-Chi Shen	7	0	100%

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Remuneration Committee:

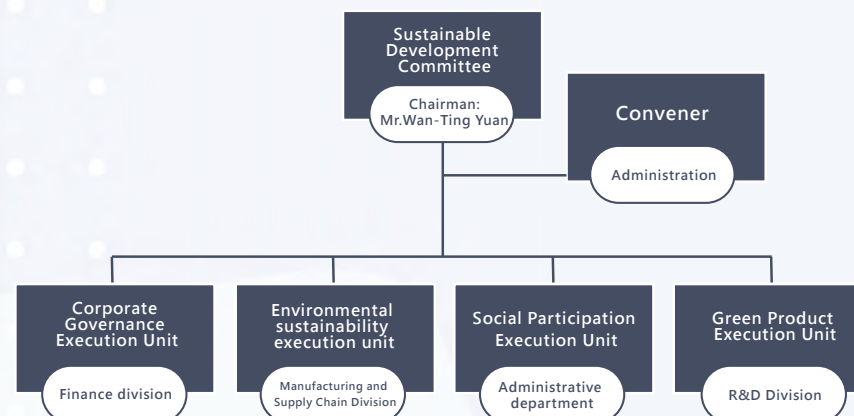
In order to strengthen corporate governance and improve the system of directors' and managers' remuneration, ACES established the "Remuneration Committee" in 2021, which meets at least twice a year. Its duties and responsibilities include: 1) to periodically review the ACES' remuneration policy and make recommendations for amendments 2) to set and periodically review the reasonableness of the directors' and managers' performance evaluation criteria, annual and long-term performance goals, and remuneration policies, systems and standards 3) to periodically evaluate the achievement of the directors' and managers' performance goals and determine their individual remuneration based on the evaluation results obtained from the performance evaluation criteria.

In 2023, the ACES' Remuneration Committee comprised of 3 members, held 2 meetings with 100% attendance rate, and resolved the following motions:

1. Proposal for payment of year-end bonus to managers
2. Proposal for allocation of remuneration to employees and directors/supervisors in 2022
3. Proposal for payment of employee remuneration to managers
4. Proposal for payment of remuneration to directors/supervisors

Sustainable Development Committee:

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



Audit Committee:

In accordance with the Securities and Exchange Act, ACES established an audit committee in Q3 2022 with three members, all of whom are independent directors, and their duties and responsibilities include the following:

- I. Fair presentation of the Company's financial statements
- II. Selection and dismissal of the certified public accountants, and their independence and performance
- III. Effective implementation of the Company's internal control
- IV. Compliance with relevant laws and regulations
- V. Management and control of the Company's existing or potential risks.

The Audit Committee of ACES holds at least one meeting every quarter. The Audit Committee met 6 times in 2023, and the attendance rate of the Audit Committee was 100%. Important resolutions are as follows:

1. Annual and quarterly financial reports
2. 2022 earnings distribution proposal
3. Appointment of CPAs and assessment of the independence and suitability of CPAs, and audit fees
4. 2023 statement of internal control system
5. Joint credit facility of nt\$10.5 billion
6. Endorsement/guarantees
7. Investment in subsidiaries
8. Acquisition of land, real estate and right-of-use assets from stakeholders
9. Amendment to the organizational chart and approval authority table
10. Submission of the annual audit plans



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1.2.2 Risk control

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

Category	Risk attribution	Subject	Responsive strategy/action	Responsible unit
Governance aspect	Able to prevent risks	Legal compliance	■ 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	■ Promotion of in-house safe network access ■ Organization of information security-related training program	Information Management Service Division
	Able to prevent risks	Business ethics	■ Organization of the training promotion ■ Setup of whistle-blowing channels	Administration
Economic aspect	Strategic risk	Shortage of raw materials and supplies	■ 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	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. (1) The credit policy of the Company is established for accounts receivable and other receivables. Pursuant to the policy, the Company shall analyze the credit rating of each new customer and set the individual credit limit with respect to the customer before giving it payment standards and delivery terms and conditions, in order to control the credit risk. (2) The credit risk of bank deposits, fixed-income investment and other financial instruments is measured and monitored by the financial department of the Company. (3) Pursuant to the Company' s policy, the subject to whom the Company provides financial guarantees to shall be limited to that identified in its regulations governing endorsements and guarantees.	Financial Dept.
	Able to prevent risks	Liquidity risk	1. The Company maintains adequate positions of cash and cash equivalents to support corporate operations and to mitigate effects posed by the cash flow volatility. 2. The Company' s management closely watches the usage of the financing credit lines in banks and assures faithful compliance of the terms and conditions set forth under the loan contracts.	Financial Dept.
	Able to prevent risks	Market risk	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 ACES. The objective of market risk management is to control the market risk exposure within the affordable range and to optimize return on investment. (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. (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. (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.	Financial Dept.
	Able to prevent risks	Machine & equipment maintenance	■ 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.

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Category	Risk attribution	Subject	Responsive strategy/action	Responsible unit
Environmental aspect	Able to prevent risks	Water resource management	■ 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. ■ In order to achieve the benefits of water retention and rainwater reuse for the base, permeable paving was installed in the new building.	Administrative department
	Able to prevent risks	Energy management	■ 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.	Administrative department
Social aspect	Able to prevent risks	HR management	■ Engage in industry-academia collaboration with mechanical engineering departments/institutes of colleges/universities to help talents into employment immediately after graduation. ■ Arrange various training programs enabling employees to grow and improve on an ongoing basis at work.	Administrative department
	Able to prevent risks	Employees' health	■ 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.	Administrative department
	Able to prevent risks	Labor safety incident	■ Organize emergency response drills periodically. ■ Check the in-house fire protection equipment periodically.	Administrative Dept.

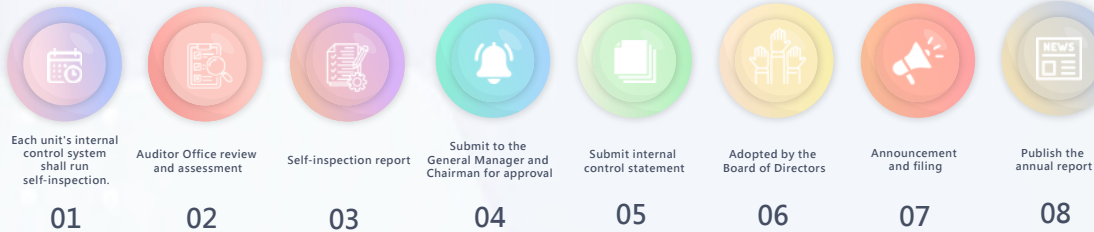
Internal control mechanism

To assist the Board of Directors and managers in inspecting and reviewing the deficiencies of the internal control system of each unit and subsidiary of ACES and in measuring the effectiveness and efficiency of its operations, ACES has established a dedicated and independent unit under the Board of Directors, "Audit Office", to be in charge of the internal audit affairs and the handling of relevant reporting matters. The internal auditors uphold the spirit of independence, perform their duties with objectivity and fairness, and exercise due professional care. In addition to reporting regularly to the independent directors and the Audit Committee on the audit operations, the head of audit also attends the Board of Directors' meetings for reporting.

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. ACES' 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 independent director.

According to the "Regulations Governing Establishment of Internal Control Systems by Public Companies," ACES 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.



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1.2.3 Information security

Information security management

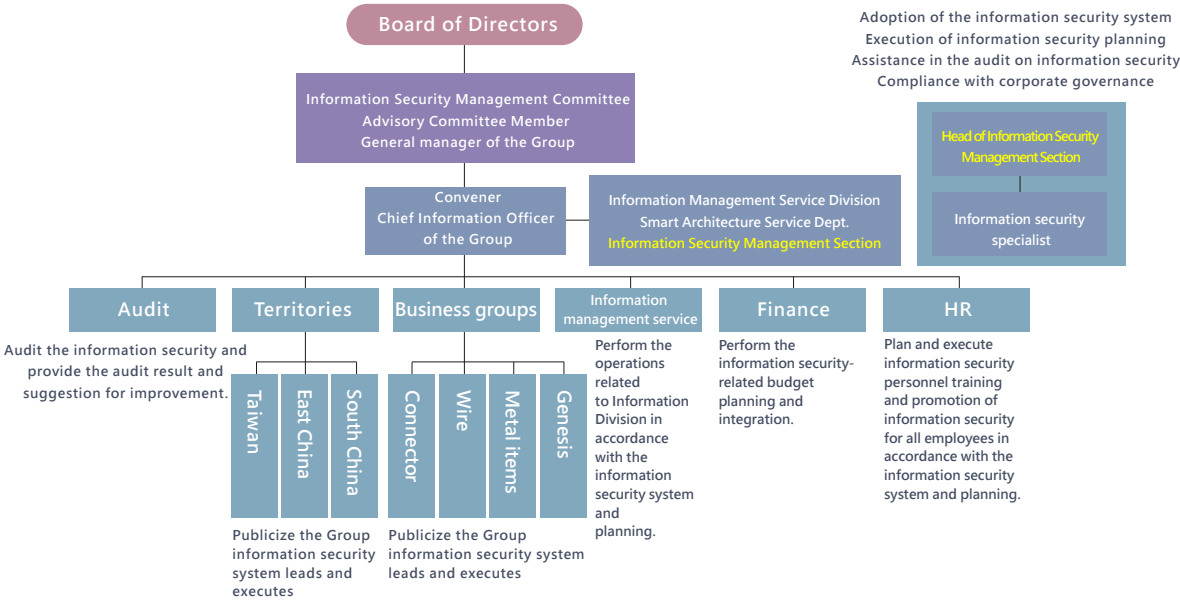
Board of DirectorsIn view of the increasing popularity of computers and network applications in recent years, in order to ensure the security of data, information systems, equipment and networks related to ACES and its customers, ACES established an “ACES Information Security Management Committee” in October 2020, which is convened by the highest level of the information department. The committee is responsible for reviewing the information security governance policies of all subsidiaries, overseeing their operations, and reporting to the Board of Directors on the implementation of information security risk management on a regular basis. In addition, the “Information Security Control Procedures” have also been established to serve as a guideline for the division of authority and responsibility in the information security management organization, staff education and training, and the management of computer hardware and software, network, and physical environment; all employees of ACES are obligated to assist in the promotion of the information security policy.



In 2023, ACES experienced a security incident. Some of the information systems were attacked by hackers on the Internet. However, under the effective implementation of the established information security measures and contingency procedures, the information department promptly activated the relevant defense mechanisms and recovery operations, and improved the handling of the incident together with external information security experts. Therefore, the incident did not cause any significant impact on the operation of the Company, and a reminder of the incident was immediately released in accordance with the regulations of the Financial Supervisory Commission (FSC). In order to continue to improve the information security of ACES, ACES' information security department will once again review the existing infrastructure. In addition to the existing “off-site backup mechanism for major systems,” we will proactively upgrade the level of network security to protect data security and integrity, evaluate advanced server defense mechanisms, plan zero-trust network security mechanisms, strengthen OT network security, and proactively promote information security awareness to build a more stringent information security line of defense. In order to enhance the overall quality of information security at ACES, we expect to implement the ISO 27001 information security management system in 2025 to address information-related risks. ACES' information security management goals:

- 1.Maintain the continuing operation of the information system.
- 2.Prevent the invasion and damage by hackers or viruses.
- 3.Prevent intentional unfair or illegal access.
- 4.Avoid accidents caused by human error.
- 5.Maintain the tangible environmental safety.

Functions and operations of the Information Security Management Committee



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The information security projects undertaken by ACES in 2023 are as follows:

System security

- The third backup of Dongyuan and PEC has been uploaded to the cloud.
- Implement the reliable backup system at CPC
- Implementing the reliable backup system at Kunshan
- Import privileged account management and endpoint protection mechanism
- Hire a third-party company to scan for and correct system weaknesses

Network security

- Updates for Wireless Router High Risk Vulnerability
- Access to the Dongyuan plant's inter-plant network is controlled by a firewall.
- Build a network isolation area for machines of precision factories.
- Promote switch-off after work

User end management

- Update the customer-end antivirus version in real-time to strengthen the detection of attacks.
- Upgrade the user operating system and fix bugs
- Promote client-side data upload to OneDrive as backup.

External defense

- Shut down non-essential external services (BPM, CRM, EIP, etc.)
- Prohibit the use of external remote desktop software
- Update of firewall threat defense database promptly

Information security training

- Information security online training of the Group (3 hours per person)
- Promotion of information security incidents (3 times)
- Social engineering walkthrough (2 times)

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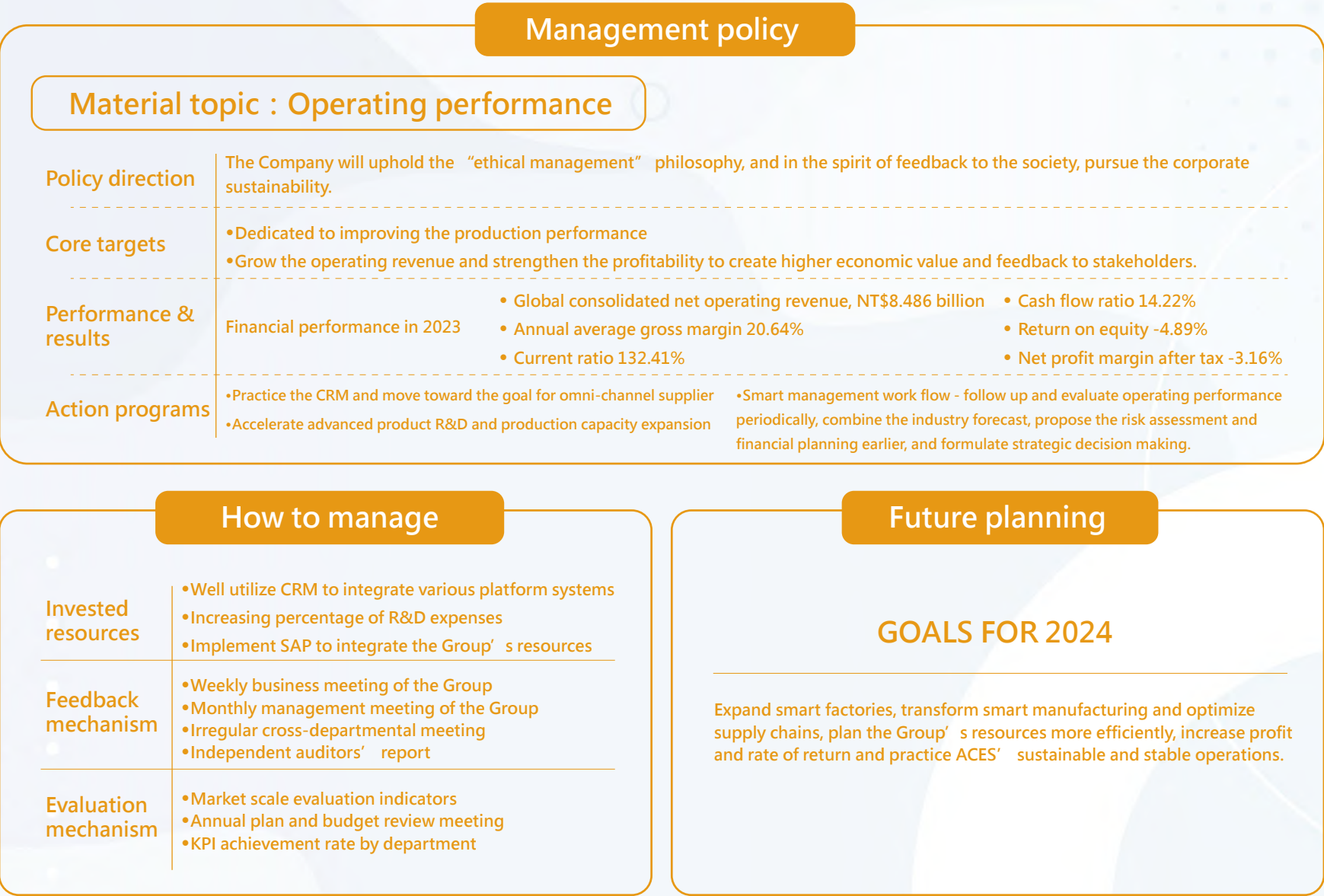
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1.3 Operations and performance



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1.3.1 Strategy deployment

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.

Mid-term/long-term:

(1) Dual Hawks Project: 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 ACES established its USA company officially, 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, ACES completed its business restructuring, 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.

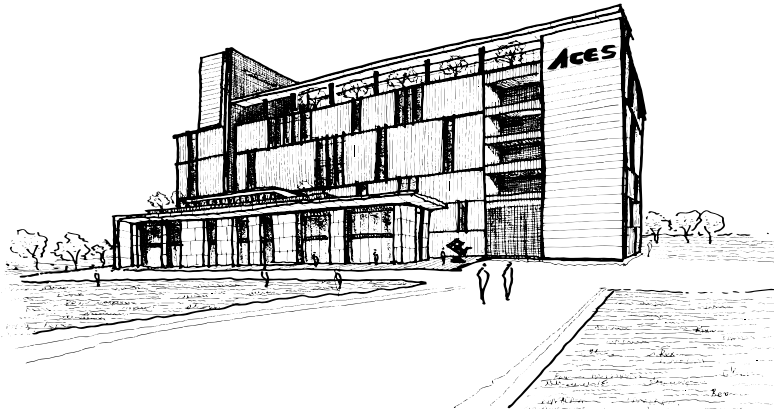
(2) Global planning based on the strength in R&D and leading products: Continue to invest capital in R&D and technology resources, and sprout the R&D of technology in PEC Taiwan, expand the business scale, focus on design, development and manufacturing of precision molds, and continue training talents 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 leading brand in the connectivity industry as its long-term goal.

(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 produce 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 transportation department to expand the production capacity for automotive electronic connectors and R&D momentum, and provide customers with more diversified products and services.



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1.3.2 Operating performance:

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

Operating performance for the most recent three years

Unit: NT\$ Thousand

Item	Sub-item	2021	2022	2023
Generated Direct economic value	Operating revenue (Note 2)	10,575,862	10,392,504	8,486,228
	Operating cost (Note 3-1/3-2)	7,118,771	7,325,172	6,074,280
Distributed economic value	Employee salary and benefits	2,594,345	2,581,597	2,534,299
	Payment to capital contributors (Note 4)	247,406	158,999	108,725
	Payment to governments	104,251	100,440	36,576
	Investment in community (Note 5)	2,918	2,963	536
Retained economic value (Note 6)		508,171	223,333	-268,188

Note 1: The scope of data statistics includes the consolidated subsidiaries of ACES;
 Note 2: Operating revenue refers to sales revenue;
 Note 3-1: Operating cost refers to cost of goods sold + operating expenses; Note 3-2: The details of operating costs have been restated due to the separation of investment in community.

Note 4: Payments to investors refer to cash dividends and interest expenses;
 Note 5: Investment in community refers to donations;
 Note 6: Retained economic value refers to net profits

Net operating revenue from main products in the last three years

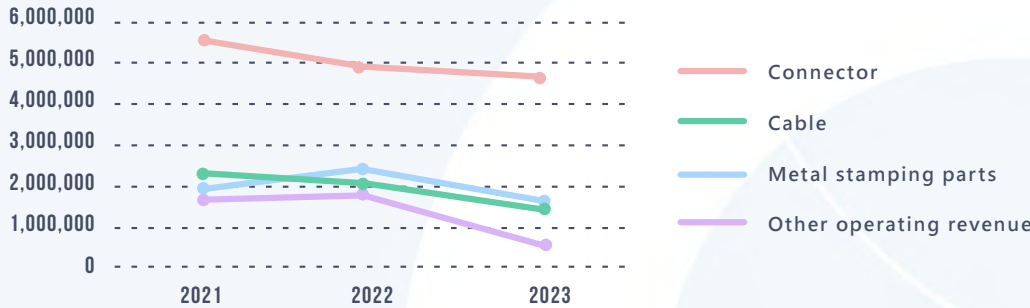
Main products	2021	2022	2023
Connector	5,549,254	4,998,562	4,634,491
Cable	2,240,699	2,083,856	1,579,243
Metal stamping parts	1,967,775	2,478,783	1,622,787
Other operating revenue	818,134	831,303	649,707
Total (\$ thousand)	10,575,862	10,392,504	8,486,228

2023 Statistics about production of ACES

Unit: NT\$ Thousand

Category	Production capacity	Production volume	Production value
Connector	44,765,852	33,126,731	4,584,723
Cable	112,752	91,464	1,661,391
Metal stamping parts	224,588	187,073	1,294,641
Others	254,032	214,767	491,847
Total	45,357,224	33,620,035	8,032,602

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



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

*For the purpose of consistency in the presentation of ACES Group's external information (annual report, financial statements and sustainability report), the category of " main products" of ACES in 2023 has been standardized into connectors, connector cable set, metal stamping parts and other operating revenues to enhance the clarity and consistency of the communication with all types of stakeholders.



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1.3.3 External influence

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

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

External initiatives:



Alliance (RBA) Code of Conduct, and also demands that its major suppliers should implement care for labor and human rights issues, a healthy and safe working environment, and compliance with business ethics, in order to fulfill corporate social responsibility together. At present, both ACES Taiwan (Dongyuan Headquarters and PEC) and ACES Kunshan have completed the RBA VAP (Validated Assessment Program) process and have been audited on-site by an international impartial third party. ACES Vietnam has completed the CMA customer compliance process, and it is expected to introduce the RBA VAP formal audit process simultaneously with the Philippines factory in 2025.



EcoVadis is a social responsibility online review platform originating in France, dedicated to evaluating the effects posed by enterprises to environment, labors and human rights, business ethics and sustainable procurement. In order to satisfy demand of international customers and suppliers for social responsibility and review performance in various aspects. Until 2023, ACES Group has answered the EcoVadis questionnaire for four consecutive years and is committed to continuously looking for ways to strengthen its sustainable development.



CDP (formerly known as Carbon Disclosure Project) is now one of the most important indicators of corporate sustainability for institutional investors around the world. Since 2019, ACES has answered the CDP questionnaire each year. In 2023, it was rated as C (Cognitive Functioning Level). Notwithstanding, the Company will continue to improve relevant practices to mitigate the damage caused by its operations to the environment.

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Conflict-free minerals:

ACES Group 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.

E.SUN ESG sustainability initiative:

Together with our financial partners, ACES has signed the "E.SUN ESG sustainability initiative" for two consecutive years since 2022. The Company, together with like-minded corporate partners, openly advocates the implementation of ESG concepts and behaviors, and promotes the United Nations Sustainable Development Goals (SDGs), and commits to take action towards the 2050 net zero goal, in the hope of making a greater influence and creating a better society.

Awards & Honors

"Corporate Excellence Award" and "Master Entrepreneur Award" of the 17th Asia Pacific Enterprise Awards (APEA):

The Asia Pacific Enterprise Awards (APEA) 2023, organized by Enterprise Asia, is the most prestigious Asia Pacific awards in the business sector. The Company has been recognized for its outstanding brand image and management leadership. The Company was not only awarded the Corporate Excellence Award, but also the Master Entrepreneur Award for its Chairman, Mr. Wan-Ting Yuan, demonstrating the outstanding performance of ACES in the industry. Winning double awards on the first entry is the jury's recognition of ACES' business achievements and proof of ACES' pursuit of innovation and "grandeur." In the future, ACES will also strive for perfection, fulfill our corporate social responsibility, actively invest in the Corporate sustainable development, and make unremitting efforts to polish ACES as a brand to achieve win-win and common prosperity with customers.



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ACES was ranked among the "List of Top 100 Carbon-competitive Enterprises" of Business Weekly 1878!:

Business Weekly and NTU Risk Center's Climate Risk Team organized the "TList of Top 100 Carbon-competitive Enterprises," and ACES was listed in the "Electronic Components" industry! In the future, ACES will actively move towards the 2050 net-zero carbon emission goal and jointly protect the



電子	致伸	79,241	1.158	-26	加入RE100倡議，主要產品盤查碳足跡，現場審核供應商	
零組	全漢	14,941	0.909	-2	跨部門節能團隊，主要營運據點較前1年節能8.5%，產品導入降碳提效設計	★
件	正崴	94,103	0.272	-11	自建屋頂太陽能，完成碳揭露專案（CDP）供應鏈調查，通過SBTi符合性審查	
	康舒	25,321	0.484	-8	設立SBTi減量目標，藉由產品生產時間以節約設備耗能	★
	宏致	10,393	0.865	7	公司設備以綠色採購、工業減廢減少更換切削油頻率，供應商季度評核	
	信邦	30,575	1.094	-12	「台灣氣候聯盟」成員，採購98%符合歐盟RoHS，以IPU、TPE取代傳統PVC	★

The 18th "Compassion Award" of Hong Kong & Macau Taiwanese Charity Fund:

Our chairman cares for remote areas and continues to bring knowledge and medical resources to the corners of need with the concept of "action-based public welfare". In the name of excellent employees, we have donated over NTD 100 million to the build nearly 100 charity cars over the past 20 years, in the hope of throwing out a minnow to catch a whale. As such, the Company received the 18th "Compassion Award" of Hong Kong & Macau Taiwanese Charity Fund. On December 9, 2023, the Chairman of the Board of Directors led the ACES team to attend the award ceremony in Hong Kong. There were a total of seven winners from China, Taiwan, Hong Kong and Macau. Chairman Yuan was the only personal representative from Taiwan to receive the award, and was awarded US\$180,000. ACES is committed to reinvesting all prize money into charity programs to benefit more people and to keep the cycle of love alive.



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1.4 Ethical management

Ethical management

In order to build the corporate culture of ethical management and robust development, ACES adopts its own "Ethical Management Best Practice Principles" in accordance with the "Ethical Management Best Practice Principles for TWSE/TPEx Listed Companies." The Company demands that its employees should act in line with the code of ethics 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. Through regular training for new recruits and employee meetings, we promote "ethical management" regarding the prevention of insider trading, information security, intellectual property rights, and other internal and external laws and regulations related to professional ethics and the principle of honesty and integrity. ACES 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 2023. Notwithstanding, the Company will continue to strengthen its internal control mechanism and practice ethical management philosophy.

Ethical management complaint channels

- External complaint hotline: 886-3-4632808 #1171
- External complaint email: angela@acesconn.com
- Internal staff opinion mailbox: 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 anti-competitive practices, 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 2023, a total of 682 employees have accepted the anti-corruption training, i.e. 99%. The goal is to have 100% of the Group's employees trained in relevant ethics (including prohibition of corruption, conflict of interest, fraud, money laundering, anti-competitive behavior, etc.) by 2030.

Legal compliance

In order to practice the Company' s core value, ACES demands that its employees should strictly comply with the Company' s business ethics when engaging in routine business and work, and avoid violating domestic/foreign laws and regulations or injuring the interest and right of customers, suppliers and other stakeholders. ACES' management unit keeps observing any enactment and development of laws and regulations that might impact to the Company, and then sets forth the related regulations and procedures, and plans the relevant training programs to strengthen all colleagues' awareness toward the existing laws and regulations. In 2023, ACES had two fines for environmental and social compliance. For the environmental part,

the Company was fined \$6,000 and required to attend an environmental lecture for one hour (the Company has paid the fine and sent staff to attend the lecture) for the discrepancy between the industrial waste removal plan and the information declared on the internet. In the future, the Company will strengthen the education and training in order to assist the responsible units to improve the accuracy of data registration. For the social part, a fine of \$50,000 was imposed for extended working hours without the required wage increase. After investigation, the case was an error in calculation by the employees and the review mechanism will be strengthened in the future to prevent the rights of overtime employees from being jeopardized.

Statistics about the anti-corruption ethical training

	2021	2022	2023
Number of employees attending the anti-corruption ethical training	442	376	682
As percentage to the whole staff	73%	53%	99%

Political donation

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

Government subsidy program

The Executive Yuan boosts the "Welcome Taiwanese Companies Abroad to Invest in Taiwan Action Plan" in order to cultivate the future development strength of Taiwan' s industries and increase the economic momentum. Given this, since ACES is one of the few Taiwan-based companies in the connector industry setting up its production center in Taiwan, in response to future development and also in order to increase the production momentum in Taiwan, ACES applied for the interest subsidy for the investment fund with the government and received a low-interest loan from the bank, NT\$600 million. The interest subsidy recognized in 2023 was NT\$2.095 million. Until 2023, the accumulated interest subsidy has amounted to NT\$6.756 million. The investment schedule was extended to 5 years (from 2019 to 2024). The Company has planned to expand its factory premises and production plant at PEC, in order to accelerate expansion of the production capacity and develop precision fine pitch electronic connectors (cables).

CHAPTER

02 / INNOVATION VALUE BREAKTHROUGH

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2.1 Product quality

Management policy

Material topic : Product quality

Policy direction	Do it right the first time!	Keep improving!	Pursue excellent quality!
Core targets	<ul style="list-style-type: none"> •Customer satisfaction attaining 90 scores or above •Implement the SAP system_IQC operating procedure 		<ul style="list-style-type: none"> •Implement ISO13485 and domestic medical device quality management system regulations (QMS)
Performance & results	<ul style="list-style-type: none"> •In 2023, ACES' customer satisfaction score reached 116 for the 6th consecutive year. •The total number of hours of ISO 13485, domestic QMS medical device manufacturing industry quality system course is 24 hours and counseling hours is 42 hours, and the certificates thereof are obtained. •Obtained ISO13485:2016 medical device quality management system certification in 2023 		
Action programs	<ul style="list-style-type: none"> •Implement quality management and meet customer requirements •Implement ISO 13485 and QMS 		<ul style="list-style-type: none"> •SGS ISO 13485 certification application •Establish 5 module SOPs for the ERP SAP IQC process

How to manage

Invested resources/results

- Budget for system construction and consultation company tutorship & training project
- 46 persons for ISO13485:2016 Medical devices Quality management systems standards & QMS internal auditor training
- Establish 5 module SOPs for the ERP SAP-IQC process, and complete education and training for 3 IQC employees"

Feedback mechanism

- Manage the review and control procedure
- Internal audit control procedure
- Customer communication and satisfaction control procedure
- Customer complaint processing and control procedure
- ERP SAP-IQC operation SOP

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.

Future planning

GOALS FOR 2024

- Develop 800G ACC/AEC high-speed transmission line technology development.
- We expect to officially launch the ERP SAP system_IQC process operation and complete the education and training for 3 IQC staff in 2024 Q1.
- Pass domestic QMS medical equipment manufacturing quality system certification
- JIT warehousing program - improving fqc inspection efficiency



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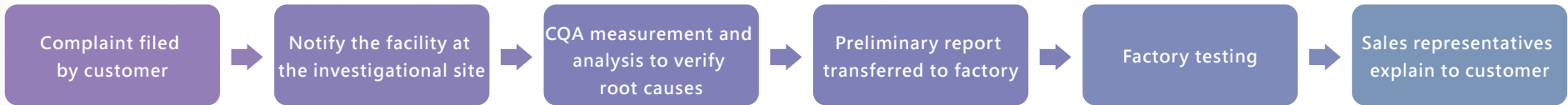
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ACES has received the QC080000 Hazardous Substance Process Management System certification in 2014. Its products also comply with government laws and regulations and RoHS for elimination of any hazardous. ACES provides customers with stable product quality through rigorous quality system management. It follows the requirements of laws and regulations and international standards for customer health and safety, customer privacy, marketing and labeling of products and services, and formulates policies and complaint procedures to protect consumer rights and interests. Moreover, it conducts customer service satisfaction surveys on a regular basis each year to ensure the quality of its services and to strengthen the cooperative relationship 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 customer complaint handling process is as follows:



Customer satisfaction

Customer satisfaction is critical to ACES’ sustainably. Therefore, customer satisfaction is considered as one of the important feedback resources. ACES’ customer satisfaction survey is based on the 10 most important customers in the previous year and 5 secondary customers randomly selected. Customer satisfaction can be assessed by five major components: quality, delivery, service, technology and overall rating. The full score is 126 points, and an overall score of 90 is considered a pass. The average customer satisfaction score in 2023 was 116 (for general customers) and 117.9 (for customers of automotive electronics), both more than the threshold, 90. The Company has broken the threshold for six consecutive years.

The total scores 89 (inclusive) or less, or any single indicator scores less than 4 (inclusive) or less will be considered as falling. 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. By doing so, we are able to give feedback to our customers, maintain good communication and interaction with them on a regular basis, and remain attentive to their needs at all times. Meanwhile, ACES follows the “customer complaint processing and control procedure” to deal with customers’ complaints and verify the root causes proactively, rapidly and precisely. It also takes the optimal corrective action and measures to prevent recurrence of the same incident, in order to maintain ACES’ goodwill and win trust from customers, and improve the quality and technology.

Operating procedure	Customer satisfaction survey	Selection of investigated party	Provide the customer satisfaction survey form	Complete the customer satisfaction	Recall the survey form and complete the survey scoring report	Report defects in the form of internal quality memo	Analysis on customer's satisfaction
Responsible unit		Sales Dept./ Customer Service Dept.	Sales Dept./ Customer Service Dept.	Customer	Sales Dept./ Customer Service Dept.	Sales Dept./ Customer Service Dept.	QA Dept.r
Reference						Customer complaint processing and control procedure	Manage the review and control procedure
Form			Customer satisfaction survey form	Customer satisfaction survey form	Customer satisfaction survey form	Internal quality memo	

Customer satisfaction goals and survey results

	2021	2022	2023
Customer satisfaction goals	90	90	90
Customer satisfaction survey results	118	119.5	117



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2.2 Innovation and R&D

ACES is committed to building up its core manufacturing and price-generating capabilities; therefore, it integrates its industrial foundation with the well-being of the local community. In addition to investing a portion of its corporate surplus in charitable activities, the company also integrates itself into local social development. In order to continue to expand the industrial field, in recent years, ACES has set the four major technology market segments - ICAN (Industry, Cloud, Automotive and Notebook) as the development goal, and gradually established the core capabilities and technology platforms of various industries to provide customers with more and higher added value: In the automotive market, ACES is committed to the development of automotive electronics and EV-related products to promote the development of smart vehicles and green energy, and enhance social security, energy efficiency, and environmental protection. For the cloud market, by establishing core business units, we have been continuing to accumulate professional domain knowledge, improving design and development optimization capabilities, and reducing resource consumption in the development process through the lean design process of computer aided engineering (CAE). At the same time, products, technologies and services are integrated step by step in order to create a team that delivers value to our customers with high-efficiency and low-consumption technologies. Therefore, in order to continue developing and improving the ACES' competitiveness, in addition to the established the PEC focusing on fine process, 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.

In 2023, ACES applied for a project with the R&D center of the Ministry of Economic Affairs, and simultaneously launched technology R&D projects with universities and research institutes. In addition, ACES Precision Machinery Co., Ltd. was established in Taitung, Taiwan, to create local employment opportunities, so that capable young people in the local community do not have to travel far away from their hometowns for employment, thus maintaining the ecology of mutual benefit with the local community, and cultivating the Group's future pool of R&D talents. Overall, ACES's core capabilities include:

- Fine process: The Company has developed its ability in independent fine process platform for creation of molds and parts, precision stamping and injection molding h
- as 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.





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

(1) Peripheral Component Interconnect Express (PCI Express) interface-related connector and high-speed line product technology development

Currently PCI Express is expected to be the main high-speed transmission interface in all aspects of applications in the future, and has become the mainstream platform for a variety of interconnect technology applications. Therefore, in addition to the structural and electrical design of the connectors and high-speed transmission lines, ACES also strengthens the energy of the relevant technical services through the evaluation of technology to reduce the use of special structural design and materials under the premise of developing new products without incurring additional mold and material consumption, which can also contribute to the economic and energy efficiency of PCI Express applications. In addition, in order to grasp the issue of high-speed wires replacing circuit boards as high-speed transmission interfaces for motherboards, the Company has established a high-speed wire research and manufacturing base to initiate the technical development of high-speed wires. We look forward to reducing the cost and energy consumption of circuit boards due to high-speed demand through high quality high-speed cables. The high-speed wires in the industry include the following: PCIe5/6 standard connectors, MCIO connectors/high-speed cables, Slim SAS connectors/high-speed cables, PCI-E Riser cables, PCI-E 5 M.2 connectors of various heights, and so on.

(2) Development of high-power connector

Considering the increase in data storage capacity, I/O transmission capacity, and the growing demand for power transmission capacity, ACES has been developing the following based on its experience in power supply connectors:

We are upgrading Type-C power supply current for personal and consumer electronics and continue to develop environmentally friendly and energy-efficient designs in compliance with the European Union's comprehensive type-C standardization for cell phone I/O interfaces and the policy on the maintainability of electronic devices.

Enhancement of server power supply current: We will build a test and analysis database to enhance the accurate development and design of high-power energy transfer products, reduce unnecessary development costs and material applications, and begin to study related heat dissipation technologies to develop solutions from system applications, and in the future will focus on energy-saving design to expand the value of our products in the energy and environmental protection.

(3) Development of technology related to electrical cars

With the development of electric vehicles, charging infrastructure has become an important relevant industry. In addition to the continuous development of automotive electronic components, ACES has been focusing on the development of charging nozzle holders in recent years. It is expected that a test laboratory for automotive connectivity products will be set up in the R&D center under construction to efficiently carry out the design, assembly and testing of relevant products.

(4) Industrial application product technology

The development of 5G will boost the application of AIoT, and the expansion of industrial network applications will also increase the demand for related connectivity products. Weather resistance, waterproofing, and quick application are all important features of these products. Therefore, ACE continues to strengthen its patented designs and optimized designs for applications, and to enhance its competitiveness with technical soft services.

ACES smart engineering improvement plan:

(1) 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. Therefore, ACES PEC implemented the 3D X-Ray tomography scanner (semiconductor grade application) to provide the diagnosis service for product structure and more accurate research and analysis data on process quality, and also provide a service platform where the Company may develop products jointly with customers, so as to deepen the technological cooperation between the Company and customers.

(2) Deepening of Computer Aided Engineering (CAE): By the reliable CAE technology, we can improve design quality and reduce the cost in trial and error testing, including the stimulation and analysis abilities in electromagnetics, mechanics, mold flow, heat transfer, in order to provide the Group with the momentum in design, analysis and verification. The Company enhances the mold flow analysis to optimize the optical product precision control, large-size mold temperature control and process output efficiency. Meanwhile, the Company will develop derivative product technologies in the future and integrates EMI designs. Therefore, in the future, we will also pay attention to the customer's requirements regarding the energy consumption of the products and the material sophistication of the end products for diversified applications. 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 modular products: With the growth of the 5G market, ACES is committed to the development of microwave communication module technology and high-speed cable technology. By focusing on the development of its own technology, ACES has gained the trust from its customers and generated revenue over time. At the same time, ONEMade, the Group's electronic product brand, has been cultivating the market for a period of time, and through the development of modular technology, it is hoped that it can gradually develop a wider range of optimal product values through systematic design thinking.



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2021	R&D results	2022	R&D results	2023	R&D results
<div>1. New-generation LVDS line-to-board connector for 3C products.</div> <div>2. High-power PSU connectors for servers.</div> <div>3. High-speed FPC connectors for electronic devices</div> <div>4. HDMI2.1 transmission lines for 8K high-definition TVs.</div> <div>5. The PCIe Gen4 high-speed transmission cable in servers.</div> <div>6. Vehicle-to-everything products</div> <div>7. Server high speed wire precision soldering technology development - slimsas and mcio applications.</div> <div>8. Design and development of 5G N78/79 band filters</div> <div>9. Development of 40GHz signal integrity automated test system for single-ended signaling cables.</div> <div>10. Development of new-gen memory module (DDR5 SO-DIMM) connector technology.</div> <div>11. Development of high-speed PCI Express 6 connector technology.</div> <div>12. Development of ultra-high power (576W (12A/48V) Type-C connectors.</div> <div>13. Development and application of modular mechanism integration technology - automotive electronic parking devices.</div>		<div>1. Servo motor connector cable assembly.</div> <div>2. Millimeter wave radar components.</div> <div>3. Waterproof connectors for self-driving car host machines.</div> <div>4. High-speed transmission cables for gaming graphics cards (PCIe Gen3+USB3.2).</div> <div>5. 8K ultra-high definition DP1.4 transmission cables.</div> <div>6. USB anti-drop and multi-directional rotating device.</div> <div>7. Wear-resistant motor control cables for high-current marine applications.</div> <div>8. The PCIe Gen5 high-speed transmission cable in servers.</div> <div>9. USB4 Gen3 40G PD 60W Cables.</div> <div>10. USB3.2 Gen2 Type C 2M/5M Active Cables.</div> <div>11. Outdoor waterproof connectors for 5G smart poles. (OQSNAP)</div> <div>12. Customized DC waterproof connectors.</div> <div>13. Industrial connectors HR10 series 6-pin/12-pin wire end and system end.</div> <div>14. Miniature high-current DC Jack & Plug.</div> <div>15. PCIe6 standard connectors for server use.</div> <div>16. Various DDR5 memory connectors.</div> <div>17. Image transmission cables for car surround view cameras.</div> <div>18. Industrial computer heat sinks.</div>		<div>1.Development of MCIO connectors and cables.</div> <div>2.Internal high-speed interconnect connector cable set (Nearstack PCIe6).</div> <div>3.The high-speed version of edge card connector PCIe5.</div> <div>4.Multiple M.2 card connectors PCIe5/Wifi 7.</div> <div>5.Riser cable for internal servers.</div> <div>6.Low-height, high-current NB power connector with built-in switch control.</div> <div>7.High-speed, high-density connector GENZ280PIN.</div> <div>8.High-speed transmission cable for gaming graphics cards (PCIe Gen4+USB3.2).</div> <div>9.Type C to HDMI2.1 Dongle.</div> <div>10.12~23A high current PCB design.</div> <div>11.Electric bicycle charging cables.</div> <div>12.Medical equipment heat sinks.</div> <div>13.Development of PCIe 12+4 power high-current wire-to-board connectors (wire)</div> <div>14.Mini Fakra automotive connector project (board/wire end)</div> <div>15.Mega Power miniaturized high-current connector (board/wire end, supports 20 amps).</div> <div>16.Automotive Type-C socket & male connectors (wire).</div> <div>17.Waterproof Type-C connectors</div> <div>18.Separable ring-type push-pull connector sockets.</div> <div>19.80pos Flatfast fly over cable</div> <div>20.EDSFF Flatfast cable</div> <div>21.QSFP-DD AEC 800G bps high-speed transmission cable</div>	

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

Unit: NT\$ thousand

Year	2021	2022	2023
R&D expenses (A)	481,414	573,935	621,268
Net operating revenue (B)	10,575,862	10,392,504	8,486,228
(A)/(B)%	4.55%	5.52%	7.32%

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Product carbon coefficient

In 2023, ACES cooperated with Institute for Information Industry and Chinese National Federation of Industries to launch the project of Product Carbon Emission Coefficient of Consumer Electronics (NB) Connectors. Taking the “Cradle-to-Gate” principle of product life cycle assessment (LCA) as scope, we calculate the carbon footprint of ACES' products from the raw material stage to the manufacturing process, and assist the relevant units to establish the carbon emission coefficient data of electronic manufacturing components, thereby contributing to the decarbonization of the industry. The Company also uses this project to evaluate the emission hotspots of its products, which will serve as a reference for future product decarbonization and carbon reduction at the source of design, and will start its first product carbon footprint project verified by third parties in 2024.

Patented technology

Intellectual property, such as brand, R&D technology, product patents, trademarks, etc. are the core values of sustainable management for ACES. Since its inception, ACES has been focusing on the strategy of intellectual property management. In recent years, we have integrated the trademark applications of our products in a resourceful manner and have made reference to the TIPS (Taiwan Intellectual Property System) framework to create dual value of our products with diversification.

In addition, in order to satisfy customers' needs for diversified specifications, ACES' R&D team focuses on product development, mold design and development, and manufacturing technology, and has obtained a total of 590 product patents both domestically and internationally. 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.



ACES references TIPS framework for patent management



Accumulated active patents of aces group as of 2023

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ACES private brand - ONEmade

"The first step for a perfect life."

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

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

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

ONEmade.[®]
in your life!



ONEmade
official fan page



ONEmade
official Instagram

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2.3 Sustainable supply chain

Management policy

Material topic : 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. 100% execution rate for “Supplier Social Responsibility Commitment” 100% execution rate for “Supplier Conflict Mineral-Free Commitment”
Performance & results	88.28% execution rate for “Supplier Social Responsibility Commitment”
Action programs	Adoption of the Regulations Governing Assessment on Supplier Social Responsibility. Select competent suppliers in accordance with the regulations governing selection of suppliers. Ask suppliers to execute the “Supplier Social Responsibility Commitment.” Ask suppliers to execute the “Supplier Conflict Mineral-Free Commitment.”

How to manage

Invested resources	The procurement staff and internal auditors, together with advisors, adopt the Regulations Governing Evaluation and Performance Appraisal on Suppliers.
Feedback mechanism	<ul style="list-style-type: none"> Official website mailbox Supplier feedback Supplier complaint mailbox
Evaluation mechanism	<ul style="list-style-type: none"> Supplier evaluation Supplier contract review Conduct the on-site audit on suppliers via a third

Future planning

GOALS FOR 2024

100% execution rate for “Supplier Social Responsibility Commitment”



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The product categories of ACES' supply chain mainly include copper, plating, plastic pellets and related consumables. In light of "Supplier Evaluation Control Procedure," partner 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.

Since 2018, ACES has demanded that suppliers should execute the Supplier Social Responsibility Commitment, and declare themselves committed to a social responsibility management system, care for employees' health and safety and satisfy labor and ethical standards. Also, the Company, via said Commitment, asked suppliers to care and practice the CSR guidelines including responsibilities toward keeping a friendly workplace, occupational health and safety, environmental protection and labor interests and rights protection, and an ethical management policy and code of ethical conduct. In 2023, 88.28% of new suppliers signed the "Supplier Social Responsibility Commitment." The unsigned portion is regarding suppliers designated by customers, strategic cooperation and special material suppliers. In the future, in addition to continuing to communicate our sustainability goals, ACES will also internally review our management standards and objectives to ensure that our management goals are consistent with our performance.

The following 7 supplier qualifications shall be taken into consideration:

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

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."

Supplier de-listing:

Regarding suppliers with severe regulation violations, e.g. against RoHS directive, against labor or ethics relevant laws, major quality defects, rated D in two consecutive quarterly assessments, or rated D by on-site assessments: procurement staff may file in writing for their de-listing to the local GM for approval. Manufacturers who fail to meet the criteria shall get de-listed and replaced by a new one. No supplier was eliminated for disqualification in 2023.

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

- (1) 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."
- (2) 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.



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Regular evaluation over qualified suppliers:

ACES' supplier audits are divided into two stages:

(1) Quarterly assessment

Suppliers who have traded with the Company and gone through incoming inspection shall be assessed once per quarter.

All supplier deficiencies found during the audit are subject to the target time limit for correction (≤30 days). In 2023, all key assessed suppliers completed the correction of deficiencies on time.

(2) Annual evaluation

The annual evaluation is divided into "on-site evaluation" or "written evaluation", of which the "on-site evaluation" targets are: (a) the top three major and minor suppliers with the highest turnover in the current year, (b) the top two major and minor suppliers with the highest defective rate of import inspection in the previous year, (c) the top two major and minor suppliers with the highest customer complaint rate for their products in the previous year, and (d) those whose evaluation rate was C in the previous quarter. Written evaluation": Suppliers with an annual transaction amount of less than NT\$500,000 or an annual number of transactions of less than 10 times. Regarding procurement, in accordance with the scheduled "annual supplier audit program", the evaluation team is convened to evaluate the items in the "supplier evaluation application form," which mainly covers four major areas: The evaluation on "r&d", 'quality assurance', 'procurement', and 'environmental policy' are graded into four levels: A, B, C, and D. Companies with grade B (or above) are qualified, while those with grade C are required to receive counseling and re-assessment, and those with grade D are unqualified and cannot engage in transactions with the Company.

Restricted substance control (RoHS)

ACES has formulated the "environmental management substance restriction practice guidelines," and its products comply with applicable hazardous substance laws and regulations (e.g., EU RoHS, WEEE directives, etc.) and customer requirements. Furthermore, we annually review and maintain the IECQ QC 080000 standard, and refer to the IEC 62474 regulation for management of related hazardous substances. 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.

Supplier Conflict Mineral-Free Commitment

ACES Co., Ltd. is committed to thoroughly investigating the supply chain to ensure that the Conflict Minerals Reporting Template (CMRT): Gold (Au), Tantalum (Ta), Tin (Sn), Tungsten (W) and the Extended Minerals Reporting Template (EMRT): Cobalt (Co), Mica (mica) are not mined through warlords or illegal groups from conflict zones in the Democratic Republic of Congo or obtained through illegal smuggling; in addition, metal exports from the following countries (all of which have been recognized by the United Nations Security Council as mineralized in the veins of the Congo) do not meet the Conflict-Free Code: Democratic Republic of the Congo (DRC), Rwanda, Uganda, Burundi, Tanzania, Kenya.

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



The "RoHS operation guidelines" of ACES is to respond the product environment protection requirements initiated by SONY after the launch of RoHS and WEEE directives by EU in 2003, DELL, and other leading global brands have changed the safety conformity and reliability centered product specification into environment protection specification core ones, along with these are a series of green requirements addressing materials employed by individual products. Addressing this, ACES has established 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.

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Local and green procurement

In the past, most of ACES' products were produced in China, but in 2020, the production capacity of the Taiwan PEC increased and became able to supply certain the materials, thus increasing the proportion of self-manufacturing, which in turn increased the proportion of local procurement. Especially in the past two years, the demand for electronic engineering materials has risen and the amount of purchases has been large, thus the proportion of local purchases has continued to increase.

Scope of green procurement in 2023

Category	Item
Factory equipment	Air compressor, inverter, air conditioner
General affairs	Dehumidifier
Lease	Printer
3C products	Laptop

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

Expenditure and percentage of local procurement

	2021	2022	2023
Amount of local supplier procurement expenditure (\$)	269,827,198	198,392,516	235,709,545
Total procurement amount (\$)	746,404,362	458,989,238	466,510,110
Percentage of local supplier procurement expenditure	36%	43%	51%


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



Green procurement amount in the most three years

	2021	2022	2023
Green procurement amount (\$)	7,570,619	4,419,156	1,361,408



A high-angle, aerial view of a dense, lush green forest. Sunlight rays (crepuscular rays) are visible, streaming down from the top center of the frame through the thick canopy of trees, creating a dramatic and serene atmosphere. The colors are various shades of green, from deep forest greens to bright, sunlit yellows and whites where the light hits.

CHAPTER

03



PROTECTION OF GREEN ENVIRONMENT

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3.1 Climate risk and responsive strategy

attracted a lot of attention around the world. ACES deeply feels that climate change is no longer a irrelevant issue. In order to mitigate the impacts of climate change, ACES has made reference to the Task Force on Climate-Related Financial Disclosures (TCFD) published by the Financial Stability Board (FSB) and has analyzed the possible impacts of climate change on ACES. By gradually expanding the organizational greenhouse gas (GHG) emission boundary and energy transition planning, the Company responses these issues. The TCFD framework is expected to be used to optimize the description of ACES' climate-related risks and opportunities in 2025.

Major climate 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. •As customers pursue low-carbon products, additional product development costs and production costs are incurred. 	<ul style="list-style-type: none"> •Increase in operating costs. •Sales performance declining. •Market demand changed. •Increase in R&D expenses. 	<ul style="list-style-type: none"> •Pay attention to market trends, complete the market survey, continue to develop green products, and make products in line with the low-carbon and ESG concepts. •Conduct greenhouse gas inventory according to ISO 14064-1, and expand the calculation of organizational boundaries and emission sources each year.
Policy and legal risk	<ul style="list-style-type: none"> •The national policy is restricting GHG emissions step by step. •Various major manufacturers consuming massive power are required by laws to use a specific proportion of renewable energy. 	<ul style="list-style-type: none"> •Increase in operating costs. 	<ul style="list-style-type: none"> •Set the yearly GHG emissions reduction targets in response to the government policy. •Verify Taiwan' s current renewal energy planning, increase the electricity conservation rate by about 1% each year, and increase the consumption rate of green power step by step.
Extreme weather disaster	<ul style="list-style-type: none"> •Shortage of power supply makes it impossible for the Company to operate normally, thus affecting production and resulting in increase in operating costs. •Natural disasters, such as typhoons, storms, floods, and climate changes disaster affect the shipment of raw materials and supplies, or damage the Company, so that it is impossible for the Company to operate normally and the operating cost increases. 	<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 of 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"> •Investment of capital in development of low-carbon products proactively •In response to the customers' supply chain counseling plan
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"> •Evaluate the use of renewable energy
Extreme weather disaster	<ul style="list-style-type: none"> •Assess the construction of renewable energy equipment, which can reduce the dependence on external electricity. •Find ways to jointly address climate change issues through supply chain management and collaboration, and enhance and optimize cooperative relations 	<ul style="list-style-type: none"> •Challenge: costs of energy transition; opportunity: reduce dependence on external energy. •Challenge: Realignment of suppliers and increase costs; Opportunity: Development of new value chain partners" 	<ul style="list-style-type: none"> •Implement relevant management such as ISO 50001 energy management system, understand the status of electricity consumption, and evaluate the path of renewable energy use on a yearly basis. •Conduct supply chain engagement to ensure that partners understand ACES' sustainability goals

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3.2 GHG and energy management

Management policy

Material topic : GHG and energy management

Policy direction	Plan the orientations for GHG emissions reduction step by step, and set the GHG emissions 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	•Carbon emissions to be reduced by 3% per unit of operating revenue by 2025 (2021 as the base year) •Towards net zero emissions by 2050"
Performance & results	Organizational GHG inventory in accordance with ISO 14064-1 has been ongoing in 2023, and third-party verification on the disclosed data will be completed in May 2024	
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.
Evaluation mechanism	•Internal audit conducted once per year. •The Company forms its internal audit group to conduct the ISO 14064-1 self-inspection once per year.

Future planning

Goals for 2024

- Strengthen recycling, e.g. water and waste paper recycling.
- Increase the green procurement volume
- Control the costs in power consumption
- Execute the energy conservation plan for production equipment, public utilities and information hardware equipment.
- Based on the significance assessment, we continue to inventory and disclose certain Scope 3 items.

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Greenhouse gas management

In order to deal with the impact posed by climate changes, carbon reduction, together with energy consumption reduction and GHG emission reduction, have become an issue to be concerned about by an enterprise in pursuit of ESG. ACES is committed to continuing to work towards the Government's goal of Net Zero Emissions by 2050 and to actively pursue sustainability. ACES introduced ISO 14064-1 greenhouse gas inventory in 2019 to understand its scope 1 (category 1) and scope 2 (category 2) emission status. In order to respond more completely to the climate issue and to set up follow-up carbon reduction targets, ACES has expanded the scope of the inventory to include scope 3 (categories 3–5) emission items since 2021 and invites an impartial third party to conduct data verification every year.

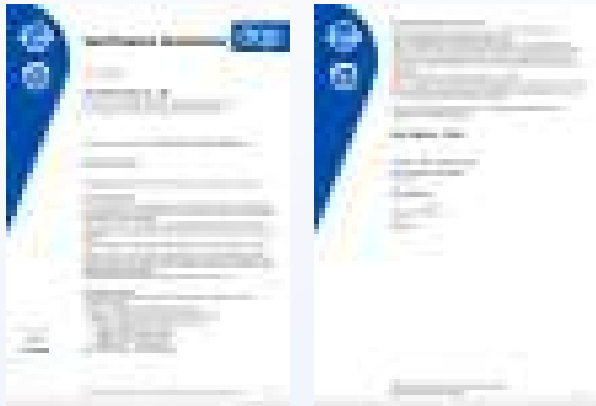
In 2023, ACES expanded the scope of disclosure again: ACES TW and the PEC were included in scope 3 (category 3) “upstream transportation indirect emission caused by transportation” sources for the first time. In terms of organizational boundaries, we have also added ACES KS and ACES DG, and will continue to promote the emission inventory and disclosure of other overseas factories in the future. The emissions for the current year compared to the last three years are as follows. In 2023, the emission data of ACES TW and PEC were verified by DQS, third-party verification organization, and the increase in emissions compared to the previous year was due to the revenue impacted by the overall market economy in the reporting year. In the future, we will plan for the replacement and maintenance for the cooling pumps of ice machines and air-conditioning boxes to reduce energy consumption and carbon emissions.

2023 Emissions from ACES TW, PEC, ACES KS, and ACES DG.

Item	ACES TW and PEC	ACES KS	ACES DG
Scope 1 (category 1)	238.4736	102.1097	21.5769
Scope 2 (category 2)	4216.9170	11964.0004	3099.1927
Scope 1+Scope 2 (Category 1+category 2)	4455.391	12066.110	3120.770

*Emission units of each scope: ton CO₂e

*Emission coefficient of purchased electricity: For Taiwan, the carbon emission coefficient for electricity in 2023 is 0.494 kgCO₂e/kWh, according to the Energy Administration, Ministry of Economic Affairs; the emission coefficient for regional power grids in China is according to the data announced by the Ministry of Ecology and Environment the People's Republic of China, namely 0.5703 tCO₂e/kWh.



Emissions of ACES TW and PEC in the past three years

Item	2021	2022	2023
Scope 1 (category 1)	129.7515	218.8880	238.4736
Scope 2 (category 2)	4214.9518	3900.4136	4216.9170
Scope 1 + scope 2 (category 1 + category 2)	4344.703	4119.302	4455.391
Annual revenue (million NTD)	3942.195	3446.892	3090.318
Emission strength	1.10	1.20	1.44
Scope 3 (category 4 - category 6)	1266.6563	1262.4014	1529.9477
Emissions from upstream raw material transportation*	-	-	3.0283
Emission from employees' commuting	162.3264	355.6049	358.5749
Emission from business travel	41.8961	60.4618	80.4559
Fuel and energy related activities	777.4228	678.7358	832.6992
Waste generated from operations	7.4644	7.1159	9.5465
Emission from downstream leased assets	277.5466	160.4829	248.7211

*Emissions from the transportation of upstream raw materials were reviewed for the first time in 2023.

*Emission units of each scope: ton CO₂e

*Emission intensity = (Scope 1 + Scope 2)/annual revenue of ACES TW + PEC

*Global Warming Potential (GWP): IPCC Fifth Assessment Report (AR5) was cited in 2021 and IPCC Sixth Assessment Report (AR6) was cited in 2022 and 2023.

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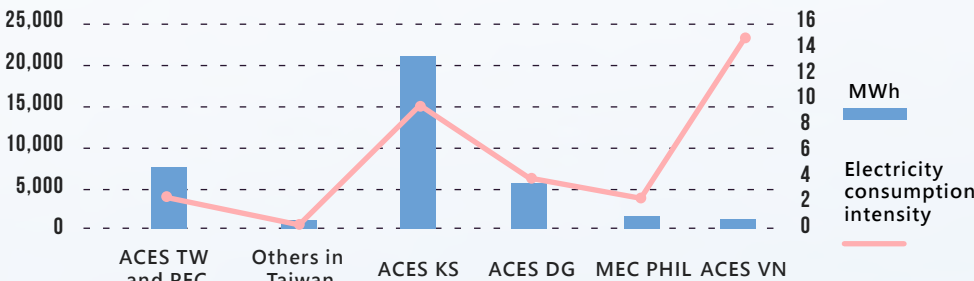
Energy management

ACES’ energy use is mainly for production and facility in the offices and factories, and the energy is mainly purchased electricity. Currently, the Company is evaluating the reduction of energy consumption by upgrading the efficiency of equipment, replacing old equipment, and optimizing production management, as well as promoting energy-saving and carbon-reducing measures in the factories and offices. Through education, publicity, and policy regulations, employees are encouraged to engage in energy-saving activities on their own accord; at present, ACES KS has already introduced renewable energy (93.1% grey power and 6.90% solar photovoltaic power in 2023). In the future, ACES will continue to evaluate the expansion of renewable energy use in response to the global net-zero trend, and will disclose the action strategy once it is finalized.

Statistics on electricity consumption of Aces TW and PEC in the recent three years

	2021	2022	2023
ACES TW	1671.5855	1625.8358	1908.9961
PEC	6724.7328	6037.0594	6627.2731
Total electricity consumption (MWh)	8396.3183	7662.8952	8536.2692
Annual revenue (million NTD)	3942.195	3446.892	3090.318
Annual power consumption strength	2.13	2.22	2.76

*Annual electricity consumption intensity = annual total electricity consumption/annual revenue of Aces TW + pec



2023 electricity consumption and intensity at key operating locations at home and abroad

Locations	ACES TW + PEC	Others in Taiwan*	ACES KS	ACES DG	MEC PHIL	ACES VN
Electricity consumption (MWh)	8536.27	578.08	20,978.43	5,434.32	1,823.98	1,134.73
Annual revenue (million NTD)	3,090.32	2,129.29	2,188.67	1409.36	876.60	76.17
Electricity consumption intensity	2.76	0.27	9.59	3.86	2.08	14.90

*Others in Taiwan: Including the office of KYN TW, MEC TW, CPC TPE, and GTW.

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Energy consumption and intensity of key operating locations at home and abroad

Energy activity data		Energy conversion (GJ)
Electricity consumption (thousand kWh)	38,485,817.0015	139,010.7710
Gasoline consumption (liters)	37,246.8316	1220.2062
Diesel consumption (liters)	17,879.9800	630.8057
Natural gas consumption (m ³)	50,763.6000	1414.6292
Total energy consumption (GJ)		142,276.4121
Revenue (\$ million)		8,471.41
Energy intensity (GJ/\$ million)		16.79

*The sources of energy consumption data are the same as those of electricity consumption.
 *According to the "Heat Content of Energy Products" of the Energy Administration, MOEA: Electricity, photovoltaic 1 kWh = 860 kcal; gasoline 1 L = 7,800 kcal; diesel 1 L = 8,400 kcal; liquefied petroleum gas (LPG) 1 L = 6,635 kcal; 1 kcal = 0.0000042 GJ

Summarization of energy-conservation and carbon-reduction actions

Item	Practice
Energy conservation and carbon reduction at the office premises	•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 paperless project, 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	•The lighting switches are controlled by region. The lighting in public areas is controlled by time switches. The lamps have been replaced by LED bulbs in steps throughout the factory to reduce waste of power.
Air compressor	•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	•Optimize the fuel consumption by the Company cars, and be prepared for car sharing arrangement.
Information/software and hardware equipment	•Procurement energy-conservation mark-related hardware equipment •Service virtualization-oriented •Activate the energy-conservation management policy in the user' s computer.

3.3 Environment and resource 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.

3.3.1 Environmental Policies

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:

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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 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 a rticles 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.

Environmental improvement program

Category	Contents	Practices in 2023
Environmental goals	Industrial waste reduction: Waste cutting oil reduction plan goals by 5% progressively per year Reinput 25% of re-grind resin for recycling and reuse	<ul style="list-style-type: none"> •Reduce the frequency of cutting oil from 3 times to 2 times (reduced by about 20 liters) •Adjust the frequency of addition of cutting oil (no addition is required when refractometer value is more than 3%) •Control the annual consumption

Complaint against environmental issues

Anyone who discovers that ACES is suspected of environmental pollution can file a complaint through the complaint channel and the environmental protection complaint phone number (03-2706568 ext.2102) during office hours. A dedicated person will be responsible for handling the complaint. If the situation is clarified and the content is true, we will report the situation upward in accordance with the administrative system and notify the supervisors of the relevant departments to deal with the pollution immediately to prevent the pollution from expanding. At the same time, the relevant departments are required to draw up improvement plans and report back to the senior management on a regular basis to avoid recurrence.

Environmental complaint hotline(03-2706568 ext.2102)



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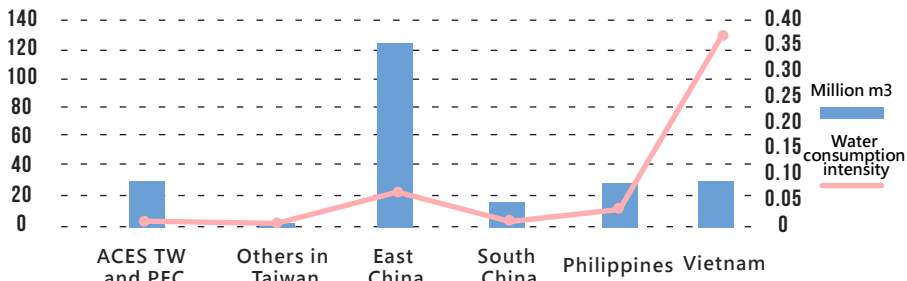
3.3.2 Water resource management

100% of the ACES’ 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. ACES TW and PEC are primarily engaged in sales and used as the administrative office; therefore, only basic water supply is required for the office. The Company convenes the environment and safety meeting on a monthly basis to continue communicating to all workers about the water-conservation policy and advise them to cherish water resources. The total water consumption in 2023 was 23.810 million liters.

Total water consumption of ACES in the most recent three years

	2021	2022	2023
ACES TW	5.620	4.608	4.932
PEC	17.893	14.925	18.877
Total water consumption (Million m3)	23.153	19.533	23.810
Annual revenue (million NTD)	3942.195	3446.892	3090.318
Annual water consumption strength	5.87E-03	5.67E-03	7.70E-03

Note: The calculation of annual water intensity is total annual water consumption/annual revenue of ACES TW + PEC



Water consumption intensity of key operating locations at home and abroad

Locations	ACES TW and PEC	Others in Taiwan*	ACES KS	ACES DG	MEC PHIL	ACES VN
Annual revenue(million NTD)	23.81	1.686	125.17	16.32	27.25	28.35
Water Consumption(Million m³)	3,090.32	2129.294	2,188.67	1409.36	876.60	76.17
intensity	0.008	0.001	0.06	0.15	0.03	0.37

* Others in Taiwan: Including the office of KYN TW, MEC TW, CPC TPE, and GTW..





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3.3.2 Water resource management

In order to minimize waste and reduce production costs, ACES has improved its manufacturing process and operation management to reduce scrap waste. Through the waste management program, the metal wastes generated from the manufacturing process are effectively recycled and sold to waste recyclers to reduce the waste of resources; all of ACES' waste is disposed of off-site. In 2023, ACES Taiwan reduced its waste by 11.66% compared to the previous year through its management.

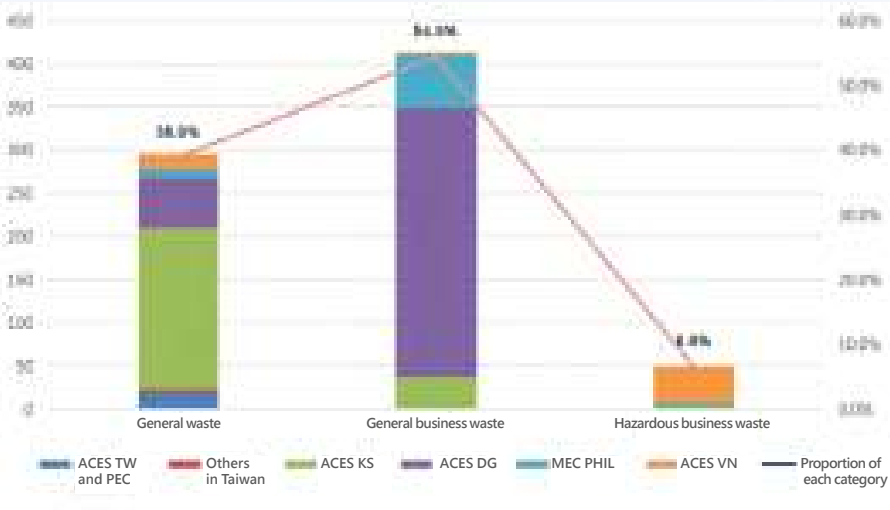
In order to expand the attention on ACES' waste issues, this report includes the waste information of important overseas sites for the first time. The overall waste of ACES is mostly non-hazardous waste, such as household garbage and waste oil, which accounted for 93.4% of the total, and the hazardous waste including electronic components, waste carbon, etc. accounted for 6.6%, and all of the wastes of ACES are all cleaned up and handled and declared by the qualified companies.

Waste generated from operations of ACES Taiwan

Types of waste		Production volume in the past three years			Disposal and transfer of waste
		2021	2022	2023	
Hazardous waste	Electronics Components	1.128	1.360	1.175	Physical treatment (crushing and sorting)
Non-hazardous waste	Waste oil	1.100	1.100	0.400	Recycling and reuse
	Domestic waste	20.800	20.400	18.620	Incineration (and waste-to-energy)
Total quantity of waste (tonnes)		23.029	22.860	20.195	

Types of waste	ACES TW and PEC	Others in Taiwan	ACES KS	ACES DG	MEC PHIL	ACES VN	Subtotal	Proportion of each category
General waste	18.62	4.1	186.667	58	10.3	17.39	295.077	38.90%
General business waste	0	0.000	35.50	312.90	61.95	2.69	413.435	54.50%
Hazardous business waste	1.175	0	2	0.59	3.9795	42.316	50.061	6.60%
Total (metric tons)	20.195	4.1	224.167	371.49	76.2292	62.391	758.572	100%

* Others in Taiwan: Including the office of KYN TW, MEC TW, CPC TPE, and GTW..



CHAPTER

04

HAPPY WORKPLACE

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4.1 ACES family

ACES values employees and upholds the people-oriented spirit, as it identifies employees as the Company’ s most important asset. ACES uses its best effort to build a friendly and comfortable office environment to provide employees with a respectful and safe working environment. Meanwhile, it implements the employment diversity policy, equality in remuneration and promotion opportunities, and ensures that employees will not be discriminated against, harassed or treated differently due to race, gender, religion, age, political affiliation and any other circumstances protected by laws. In addition, we have a well-established human resource management system, a sound remuneration and welfare system, and provide rich and diversified educational resources for the cultivation of talents and development, so that employees can continue to enhance their strength and competitiveness. In order to ensure the safety of the workplace and the health of the employees, the factory nurses and relevant personnel regularly organize education and training activities and health promotion activities, so as to provide employees with a healthy and safe workplace.

Employee structure

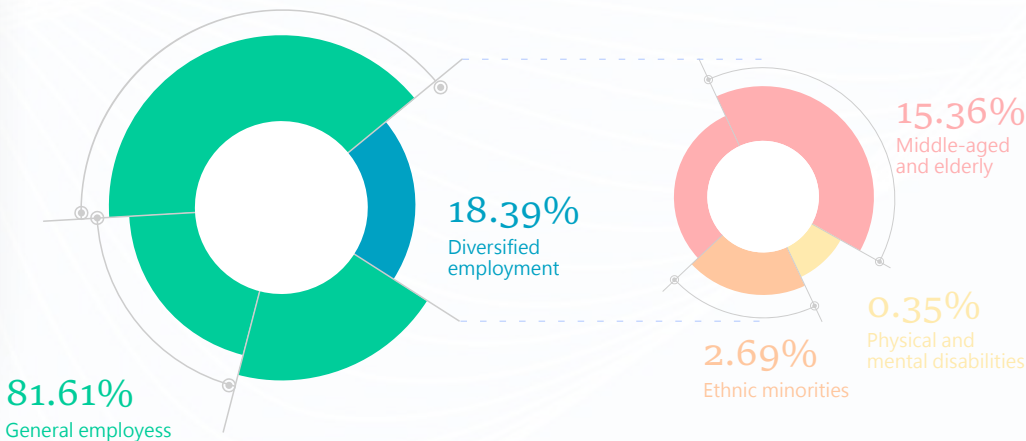
ACES has a stable workforce structure, and the majority of its employees employed on a permanent basis. The ratio of male to female employees at our key operating locations is 1:1.05, which is roughly equivalent. The Company also focuses on the issue of diversity in the workplace and employs ethnic minorities, physically and mentally challenged, and middle-aged and elderly staff, thus demonstrating the results of ACES's commitment to equal employment. domestic and overseas operating locations in 2023 was 3,425, including 226 non-employees, e.g., security, cleaners, and contractors; regarding the hiring and management of contractors, ACES is committed to protecting labor rights and ensuring transparency and legality. It also requires strict compliance with relevant laws and regulations through contractor contracts to ensure that wages and benefits comply with legal requirements. In the future, we will continue to evaluate and improve our relationship with non-employees to ensure that their rights and interests are treated equally and valued.

Locations	Gender	Taiwan*	ACES KS	ACES DG	MEC PHIL	ACES VN	Total
Number of employees	Male	457	519	342	288	66	1,672
	Female	382	505	327	452	87	1,753
Permanent employment	Male	456	40	252	283	66	1,097
	Female	378	57	248	451	87	1,221
Temporary workers	Male	1	479	90	5	0	575
	Female	4	448	79	1	0	532
Full-time employees	Male	441	519	341	288	66	1,655
	Female	376	505	327	452	87	1,747
Part-time employees	Male	16	0	1	0	0	17
	Female	6	0	0	0	0	6
Non-employees		15	45	0	166	0	226

*Taiwan: Including the office of KYN TW, MEC TW, CPC TPE, and GTW..

*Statistics on the number of employees are based on the number of employees still in service as of December 31, 2023

*Part-time employees are those whose average weekly working hours are less than 40 hours.



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New and departed employees

In 2023, a total of 1,483 people were newly recruited, and 1,643 people left the company at key locations both at home and abroad. ACES is happy to see new blood joining us and recruiting professional talents to inject new energy into the Company. For departed employees, the department heads initially understand the reasons, and then, recruiting personnel conduct exit interviews to understand the reasons for departure and analyze the information, which will be used as the basis for talent retention and improvement, in order to provide a better workplace environment.

New employees Resignation	Age	Gender	Taiwan*		ACES KS		ACES DG		MEC PHIL		ACES VN	
			Number of person	Percentage	Number of person	Percentage	Number of person	Percentage	Number of person	Percentage	Number of person	Percentage
Number of new recruits	<30	Male	37	33.04%	275	52.29%	101	48.33%	58	52.73%	17	16.04%
		Female	18	25.71%	196	60.81%	99	51.30%	61	48.03%	21	19.81%
	31~50	Male	46	17.90%	139	29.06%	61	21.63%	34	20.48%	30	28.30%
		Female	31	11.88%	113	28.59%	44	16.60%	41	14.80%	37	34.91%
	>50	Male	9	10.23%	0	-	0	-	0	-	0	-
		Female	2	3.92%	1	2.94%	0	-	1	2.08%	1	0.94%
Number of resigned employees	<30	Male	38	33.93%	301	56.50%	75	40.98%	109	99.09%	0	-
		Female	31	44.29%	202	61.77%	83	46.89%	121	95.28%	0	-
	31~50	Male	69	26.85%	187	42.46%	41	15.65%	60	36.14%	0	-
		Female	72	27.59%	141	34.57%	27	10.89%	45	16.25%	0	-
	>50	Male	31	35.23%	0	-	0	-	1	8.33%	0	-
		Female	5	9.80%	4	11.76%	0	-	3	6.25%	0	-

*Taiwan: Including the office of KYN TW, MEC TW, CPC TPE, and GTW..

* Hiring / turnover rates of male (female) new / departed employees of the respective age groups = Number of new/ departed male/female persons of the respective age groups in the whole year / Total number of male/female persons in employment of the respective age groups in the whole year



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4.2 Employment relations

Management policy

Material topic : Employment 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.	•CWorker 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
Evaluation mechanism	Convene the review meeting periodically

Future planning

Goals for 2024

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

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Management policy

Material topic : Labor/Management Relations

Policy direction	<ul style="list-style-type: none"> •According to ACES’ “Salary Management Procedure,” ACES’ 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. •Continue to maintain the salary of all full-time employees not less than the living wage and the basic wage according to the local living standards.
Core targets	Maintain the competitive strength, recruit and retain talents, and become the first priority for job seekers.
Performance & results	<ul style="list-style-type: none"> •Percentage of regular employees receiving subsistence wages in 2023: 100 %
Action programs	<ul style="list-style-type: none"> •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	<ul style="list-style-type: none"> •Performance bonus •Employee welfare measures
Feedback mechanism	<ul style="list-style-type: none"> •Labor-management meeting •Pension Benefit Committee •Worker Welfare Committee •Employee opinion mailbox and complaint channel
Evaluation mechanism	<ul style="list-style-type: none"> •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.

Future planning

Goals for 2024

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

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Benefit policy

ACES 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. 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. The Worker Welfare Committee organizes the employee family day and domestic and overseas employee travel each year to promote the balance between family and life. A birthday party is organized for colleagues who have birthdays in the current month. The Company will also provide meals and cakes for celebration to demonstrate how it values its colleagues and extend its blessing. Notwithstanding, due to the impact posed by the COVID-19 outbreak for two consecutive years, the Company has suspended the organization of the party, but will resume it after the epidemic slows down. In 2023, ACES spent a total of NTD 6,918,895 on various welfare benefits. The items and proportions of expenditure are as follows. In addition, on the Mid-Autumn Festival, the Job Welfare Association will distribute additional gift boxes in collaboration with social enterprises to the employees of the Group, so that employees can enjoy delicious food with their families.

Employee Welfare of ACES

Item	Content
Basic protection	Labor health/national health insurance, pension payment, group insurance, employee health checkup, and establishment of breastfeeding (collection) room
Additional benefits	Cash gift for birthday, cash gift for three major festivals, 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.
Worker Welfare Committee	Take charge of the overall planning about company trips, birthday party and family day, etc.



Parental leave

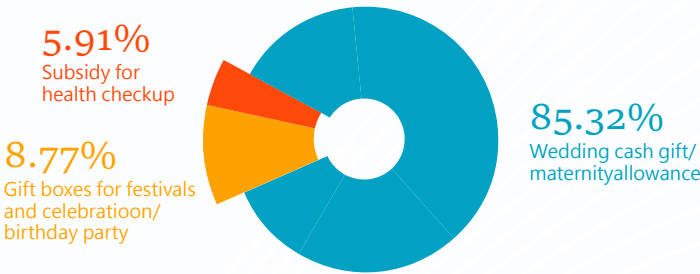
In order to enable the employees to take care of their families and business at the same time, ACES provides employees with parental leave so that the employees may take time to take care of their families. In 2023, a total of 62 employees applied for the leave without pay. As far as the reinstatement rate upon parental leave without pay is concerned, it was 100% for male employees and 85.92% for female employees.

*Taiwan: Including the office of KYN TW, MEC TW, CPC TPE, and GTW.

*The number of persons qualified for applying for parental leave refers to the number of employees who applied for maternity leave and paternity leave

*The re-preparation of information shall cover the number of persons who should be reinstated, the actual number of persons who have been reinstated and the number of persons for more than one year in current year. The actual number of persons who have been reinstated recognized due to the statistical method are not estimated. Retention rate=(the number of persons who have been reinstated for more than one year in current year/the number of persons who have been reinstated in the previous year)x100%

Main benefit expenditure of ACES in 2023



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.

	Taiwan*		ACES KS		ACES DG		MEC PHIL		ACES VN	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Number of employees entitled to parental leave	12	15	16	26	5	7	7	17	5	12
Number of people who actually took the parental leave	2	9	0	0	5	7	7	17	2	8
Number of persons reinstated after the leave without pay	2	11	0	0	3	5	7	16	0	0
Reinstatement rate after the leave without pay	100%	100%	-	-	100%	83.33%	100%	94.12%	-	-
Employees who have been reinstated for 12 months and are still in employment	0	3	0	0	3	5	0	7	0	0
Retention rate after the leave without pay	-	27.27%	-	-	100%	83.33%	0%	43.75%	-	-

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Retirement plan

Retirement system and implementation status thereof

The pension system planned by ACES for all colleagues includes the benefit plan adopted in accordance with the “Labor Standards Act” of Taiwan (old system), 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 and ensure that full pension contributions are made. The retirement contribution status of ACES’ Taiwan sites in 2023 is summarized as follows:

1. Adopt employee retirement regulations according to the “Labor Standards Act;” contribute to the pension reserve subject to the total salary on a monthly basis and deposit the same to the exclusive account maintained at the Bank of Taiwan, which showed the balance as NT\$29,224,511 on December 31, 2023.
2. For each of the employees who apply the “Labor Pension Act,” ACES has to contribute 6% of the employee’ s salary on a monthly basis, and deposit the same into the employee’ s personal pension account maintained at the Bureau of Labor Insurance. Until December 31, 2023, the employer has contributed NT\$29,145,465 under the new pension system.
3. ACES 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.

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

Job rank	2021		2022		2023	
	Male	Female	Male	Female	Male	Female
Management	1.26	1	1.25	1	1.85	1
Indirect employee (non-management)	1.25	1	1.22	1	1.02	1
Direct employee	1.45	1	1.38	1	1.22	1

Note: Percentage of salary for female employees

Employee shareholding trust

Employees are always the strongest backup for ACES’ long-term management. In order to help the colleagues participate in the Company’ s business and acquire and manage the Company’ s stocks through long-term investment to achieve long-term savings and share the operating results, ACES established the “ACES Employees’ Shareholding Association” on September 16, 2015 to offer the employee shareholding trust operations. The participation rate for the employees’ shareholding trust reached 23.21% in 2023.

Salary and remuneration to employees

The salary and benefits provided by ACES are not lower than the basic salary prescribed by laws. ACES treats all employees equally and decides salary, benefits, bonus, performance appraisal and promotion impartially, regardless of gender, race, color, religion, political party, sexual orientation, age, marital status, pregnancy, physical and mental disabilities, blood type or zodiac signs.

Salaries and bonuses are calculated based on the overall performance and professional skills of employees. In addition to offering competitive salaries to our employees, ACES also maintains a fair, just and transparent salary and incentive system.

The standard salary for junior staff of different genders meets the statutory minimum salary level of 1:1 (“basic salary” means the starting salary level, which is a guaranteed, short-term, fixed cash remuneration and does not include any additional remuneration, such as overtime pay or bonus; “junior staff” refers to the lowest level of employees, and the salary of trainees or apprentices is not included in this definition).

Salary levels of general employees at the ACES Taiwan and PEC in the past three years

Item	2021	2022	2023
IteAverage salarym	823,325	795,752	740,463
Median of the salary	633,641	605,281	583,310

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 ACES’ information disclosure quality for corporate governance and strengthen the “information about full-time employees who do not hold the managerial function” for social responsibility.

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Human right policy

In order to fulfill the corporate social responsibility, ACES, in reference to the International Bill of Human Rights, adopted the “ACES CSR Policy” which cover the “International Covenant on Civil and Political Rights” and “International Covenant on Economic, Social and Cultural Rights”, in order to protect the basic human rights of the whole colleagues, customers and stakeholders. Meanwhile, the Company complies with the principles disclosed by the “United Nations Universal Declaration of Human Right,” “United Nations Guiding Principles on Business and Human Right” and the “United Nations International Labor Organization” and respects the basic human rights recognized internationally. ACES implements the principles of non-discrimination, non-child labor, and non-forced labor, and it periodically conveys human rights-related concepts to its employees through education and training. In 2023, there were no incidents of discrimination, harassment, child labor, or forced labor at any of the Company’s key operating locations, nor were there any human rights-related complaints or major incidents. Moreover ACES has accumulated 19,597 hours of human rights-related education and training.

In addition, in order to assist employees to express their opinions and demands on the workplace and business, ACES provides multiple channels for communication and complaints, such as physical employee mailboxes, online mailboxes, and the general manager’s exclusive online mailbox, and we also ensure relevant personal information protection. In addition, ACES also makes reference to the RBA implementation mechanism and conducts human rights related “Hazard Identification and Risk Assessment” and “Social Responsibility Management Review Meeting” on a regular basis every year. Through regular reviews, significant risk can be identified at an early stage, and high-risk items, specific control strategies and measures are reported to senior management to facilitate management’s monitoring of social responsibility-related risks, timely adjustments, and the adoption of countermeasures to minimize the risk of possible serious damage to the Company.

2023 Human rights-related education and training of ACES

Name of course	Number of trainees	Total training hours
Newcomers’ social responsibility awareness training	883	2543
Labor ethics & interest and environmental protection awareness training	2136	8531
Training for infringement prevention and communication skills in workplace	2016	8523

Human rights complaint channel:

External complaint hotline: 886-3-4632808 #1171
 External complaint email: angela@acesconn.com
 Internal staff opinion mailbox: suggestion_tw@acesconn.com

ACES follows the 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 rights or alter the functional conditions, it will absolutely give a prior notice before termination of the employment contract in accordance with the “Labor Standards Act” and “Act for Worker Protection of Mass Redundancy.”

Communication with employees

ACES has never executed any collective agreement with any other work group. Notwithstanding, ACES convenes the labor-management meeting to value employees’ interests and rights and extend its care for the workers hired by it. The Company also sets up the employee opinion mailboxes, in tangible form and online, to accept the employees’ complaints and suggestions, as it values the two-way communication and negotiation. In 2023, 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 2023.



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4.3 Talent cultivation

Management policy

Material topic : Talent cultivation

Policy direction	<ul style="list-style-type: none">• Cultivation of employees’ correct awareness by corporate culture system• Continue to improve and thoroughly develop employees’ professional knowledge and skills
Core targets	<ul style="list-style-type: none">• Annual training hours>5.5 hours/person
Performance & results	<ul style="list-style-type: none">• Each employee took the education and training hours amounted to 10.20 hours averagely in 2023.
Action programs	<ul style="list-style-type: none">•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•Organize management courses to help employees acquire the required skills during the identity transition

How to manage

Invested resources	<ul style="list-style-type: none">• Department/training unit training expenses• Digital learning platform construction, purchase and maintenance expenses• HR, time and cost invested in self-production of digital courses.• Regularly purchasing books for our employees to borrow free of charge
Feedback mechanism	After-class satisfaction survey
Evaluation mechanism	<ul style="list-style-type: none">• Training hours• After-class test report• After-class satisfaction survey

Future planning

Goals for 2024

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

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Successor plan

Sustainability is one of the important goals of ACES Group. Therefore, we have planned a meticulous and complete "Successor plan." In addition to ensuring that the successors have excellent professional and executive skills, they will also be evaluated on their work values and personality traits to make sure that they fit in with ACES' corporate culture. The key successor candidates of the plan 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 existing 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 for talent nurturing and retention. 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, hoping to have the professional experience transferred and train competent succeeding talents.

Training

CES 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. On the other hand, We expect employees to gain a sense of fulfillment and grow through their work. Therefore, ACES' grade/rank planning, job rotation, project assignments, and overseas assignments enable employees to integrate their career planning and development; the percentage of people who received education and training in 2023 was about 71.01%.

ACES 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:

- (1) For the management: Continue to arrange the courses and activities related to leadership, organizational operation and teamwork, in order to improve the senior management' s ability and leadership.
- (2) For marketing staff: Continue to arrange the related professional competence training on products or sales to improve the sales representatives' marketing skills.
- (3) For R&D staff: Practice the professional courses, such as product development and design, APQP, problem analysis and solution, etc.



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HIGHLIGHT

In order to enhance the middle and senior management functions of the Company, we planned the "Middle and Senior Leadership Echelon Training" in 2023 and invited experts and scholars from the School of Management of the National Central University to plan a series of specialized courses for the middle and senior management to strengthen the leadership ability of the future successor echelon, to ensure the continuity of leadership in the Company and to fill the gaps in the leadership positions, and at the same time to promote cross-departmental cooperation, thereby cultivating the ability to innovate and change.

HIGHLIGHT

In 2023, we planned the "ACES Advanced Precision R&D Center Course Series" for our future business layout and invited experts from various fields to teach the courses. A series of specialized courses are planned for R&D centers to professionally strengthen R&D capacity, introduce the latest market technology and trend changes, and increase R&D team's innovation and problem solving capabilities to maintain R&D competitive edge.

The above courses are in line with the current trend. In addition to enhancing the professional knowledge of our employees and improving their overall quality, we also hope to promote the business performance of ACES through the talent cultivation system. In addition, in response to the Company's global development, we offer language courses to encourage our employees to strengthen their language skills. The following training courses are conducted in accordance with the annual education and training plan:

(1) New hire pre-employment training:

ACES adopts the "Mentor System." newcomers will undergo the complete orientation training per the planning, under the direction and guidance by their exclusive mentors, to understand ACES Group's culture and regulations & systems and operations of the infrastructure. Meanwhile, the mentors will explain the operations & functions and carry out the professional knowledge training to help newcomers get familiar with the Company rapidly and then perform their job duties. The Company arranges education and training courses for new employees of the Group to help employees quickly become familiar with the Company's organization and other related information.

(2) Specific technique training:

A. Internal training: Enhance employee skills and improve existing productivity and work efficiency with experience, professional knowledge and skills through the training programs conducted by unit heads or senior staff as internal instructors, subject to the technology and professional training needed by each functional unit, and also inspire them to challenge themselves and act responsible to pursue diversified career development.

B. External training: ACES prepares the budget for training programs each year and sends its employees to attend courses by professional training institutions to learn about the latest technology, development trend and knowledge outside the Company and in related areas, hoping them to bring new innovation momentum to the Company. Meanwhile, ACES encourages the employees to take on-the-job training continuously to enhance self-competitiveness.

(3) Knowledge sharing:

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

(4) ACES Academy:

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

2023 training category statistics

		Taiwan*	ACES KS	ACES DG	MEC PHIL	ACES VN
New recruits	Number of person	138	724	83	92	106
	Hours	7.5	48	4	8	2
	Subtotal	1035	17376	87	736	212
Specific technique training	Number of person	2215	1857	74	0	0
	Hours	62.4	16	16	0	0
	Subtotal	7798.3	356544	90	0	0
Laws & regulations training	Number of person	1066	1857	0	0	0
	Hours	5.6	4	0	0	0
	Subtotal	2747	7428	0	0	0

*Taiwan: Including the office of KYN TW, MEC TW, CPC TPE, and GTW..

Statistics on training hours by job rank and gender in 2023

Category	Gender	Number of person	Training hours	Average hours
Managerial position	Male	143	1476.5	10.3
	Female	59	1396	23.7
non-managerial positions	Male	657	4206	6.7
	Female	520	1684	3.3
Direct personnel	Male	733	2395	3.3
	Female	1058	2936	2.8

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

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

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Performance appraisal

The performance management system aims to understand the colleagues' work performance and provide directions to help them grow, achieve the targets set by the Company and improve the Company' s competitiveness and operating performance accordingly. At the beginning of each year, the management and colleagues will set the performance targets. At the end of the year, the performance appraisal will be conducted on the work results to verify the employees' work performance physically. ACES conducts the fair performance appraisal on all colleagues periodically each year, regardless of gender or functions. The performance appraisal results will serve as the basis for determination of promotion and raise. 100% staff have undergone the performance appraisal in 2023.

Industry-Academia Collaboration

In order to train and recruit industrial talents, strengthen the local talents and increase involvement locally, ACES has engaged in the industry-academia collaboration projects with relevant departments/institutes of various colleges/universities in the recent years, primarily the departments/institutes of mechanical engineering. Meanwhile, in response to the requirements from students or departments/institutes, it made the arrangements resiliently to help students balance their homework and internship at the same time. Some students became the Company' s formal employees immediately upon completion of the internship. They were employed immediately after graduating from school. In order to support the local education and mitigate the population migration problem, ACES engaged in the industry-academia cooperation with colleges and universities near its factory premises, increased the involvement locally, and enhanced the close relationships with neighboring colleges and universities, including 5 students from National Central University, 9 students from Chien Hsin University of Science and Technology, 1 from Yuan Ze University and Vanung University, and 1 student from Nanya Institute of Technology. Meanwhile, ACES also engaged in the industry-academia cooperation with excellent colleges/universities in other areas, including National Taiwan Normal University, National Kaohsiung University of Science and Technology, Ming Chi University of Technology, National Formosa University, Nanya Institute of Technology, and Ming Chuan University. The industry-academia project was attended by a total of 31 persons in 2023.

Industry-academia cooperation in 2023		
District	School	Number of person
Taoyuan City	National Central University	13
Taoyuan City	Chung Yuan Christian University (CYCU)	1
Taoyuan City	Yuan Ze University	1
Taoyuan City	Chien Hsin University of Science and Technology	8
Taoyuan City	Nanya Institute of Technology	1
Taoyuan City	Vanung University	2
Taipei City	National Taiwan Normal University	1
Taipei City	Ming Chuan University	1
New Taipei City	Chien Hsin University of Science and Technology	1
Yunlin County	National Formosa University	1
New Taipei City	National Kaohsiung University of Science and Technology	1
Total		31



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4.4 Healthy and safe workplace

Management policy

Material topic : Material topic

Policy direction	<ul style="list-style-type: none"> • People oriented • Prevention oriented • Continuous improvement 	<ul style="list-style-type: none"> • Full participation • Legal compliance
Core targets	Complete the external audit on occupational safety honestly each year	
Performance & results	<ul style="list-style-type: none"> • Passed third-party certification for ISO 45001 in 2023. • Environmental, safety, and health management program achievement rate of 100% • Passed 5S inspection with a score of 90 	<ul style="list-style-type: none"> • Safety and health general labor cognitive education training hours per person per year > 1 hour • Drinking water is tested once every two months.
Action programs	<ul style="list-style-type: none"> • Implement the ISO 45001 management system • Adopt the occupational health and safety management system • Conduct the in-house hazard identification and risk assess- 	<ul style="list-style-type: none"> • Prepare the operating control standards • Set occupational health and safety targets

How to manage

Invested resources	<ul style="list-style-type: none"> • Launch the internal and external audits periodically each year to achieve the effective system management. • Occupational Health and Safety Committee consists of 37 members. • Add the internal auditors' courses as needed from time to time to ensure compliance with certification requirements and validity
Feedback mechanism	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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.

Future planning

Goals for 2024

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



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In order to provide employees with a healthy and safe working environment, ACES requires new employees to undergo health checkups and receive safety and health education and training.. Meanwhile, it also provides the current employees with periodic health checkup. The direct personnel working at the production lines are also required 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. ACES 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. The Company has adopted the “Written Statement Prohibiting Sexual Harassment in Workplace” and provide a safe and reliable complaint channel and maintain order in the workplace. The Company also maintains accidental and medical insurance programs to protect the employees’ occupational safety, and pre-define the procedure for response to emergencies to train the colleagues’ ability to respond to any emergency and disaster. Therefore, all employees are able to execute the security policy immediately in the case of emergencies, such as earthquake and fire. ACES will arrange the local fire brigade special fire consultant to organize the fire protection seminars and drills per six months, if necessary.

Training and Education

ACES provides 100% of newcomers with the occupational health and safety training immediately after they are hired, in accordance with the relevant occupational health and safety training rules and requirements. Therefore, newcomers may understand ACES’ occupational safety regulations and responsive measures in the case of any disaster. Meanwhile, the Company will organize the related health and safety training courses, fire drills and first-aid courses periodically. The Company expects to reduce the occurrence of occupational accidents to the minimum, by strengthening the employees’ awareness toward health and safety practices via the health and safety training. In 2023, ACES implemented general occupational safety training including: fire fighting education, first aid personnel safety and health, annual occupational safety and health education and training, occupational safety and health manager education and training. Specialized hazards training includes: free-radiation protection education and training, training for cranes, suspension, aerobic operation supervisors, and organic solvents operation supervisors.

Occupational health and safety policy

- 1. Commitment to provide the healthy and safe working conditions to prevent work-related injuries and disease, and in line with the organization’ s purpose, scale, scenario, and specific characteristics of occupational health and safety risk and opportunities.
- 2. Provide the framework for formulation of the occupational health and safety targets.
- 3. Commitment to perform the requirements under laws and others.
- 4. Commitment to remove risks and mitigate the occupational health and safety risks.
- 5. Commitment to improve the occupational health and safety management system continuously.
- 6. Commitment to consult and engage with workers and their representatives.

Statistics on workplace health-related training courses in 2023

Course	Unit	Taiwan*	ACES KS	ACES DG	MEC PHIL	ACES VN
General occupational safety training	Session	2	10	31	25	2
	Number of person	199	1857	721	697	120
	Hours	288	8	16	2130	8
Specific occupational hazard training	Session	6	2	1	5	0
	Number of person	6	17	7	194	0
	Hours	18	8	4	355	0

*Taiwan: Including the office of KYN TW, MEC TW, CPC TPE, and GTW..





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Occupational health and safety management system

In order to fulfill our commitment to occupational safety, ACES has implemented the ISO 45001 occupational safety and health management system in all of our factories to ensure the safety and health of all people under our control (including employees, customers, suppliers, contractors, and other personnel). Every year, ACES passes external audits related to occupational safety to ensure the effectiveness of the management system, and at the same time examines what can be done internally to improve prevention; in 2023, ACES revised a total of 17 procedural documents and put forward 11 occupational safety improvement programs.

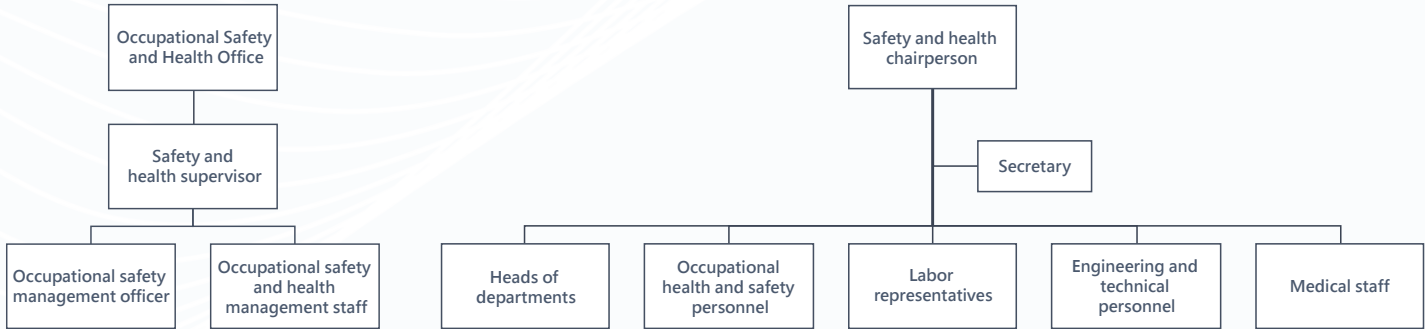
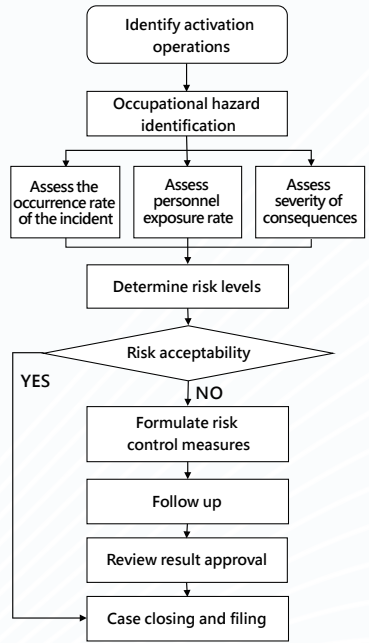
In order to effectively meet the needs of safety and health management, ACES has set up the “hazard identification risk assessment control procedure,” which defines the authority and responsibility of the occupational safety and health management representative, the safety and health office, and representatives of each department, and the safety and health office initiates the periodic assessment every year. When ACES is introduced into a new operation, such as new equipment, new manufacturing processes, use of new chemicals or changes in operating procedures, or when there is a major revision of safety and health policies, an occupational safety and health risk assessment will be conducted from time to time. ACES’ “hazard identification risk assessment control procedure” also comprehensively evaluates the severity and likelihood of each type of risk, summarizes the risk level to propose corresponding management policies.

Occupational Health and Safety Committee

The Occupational Safety and Health Committee set by ACES is responsible for the planning and coordination of occupational safety and health related matters, as well as reviewing and deciding on the status of the implementation of occupational safety and health in the factories. ACES’ Occupational Safety and Health Committee is composed of both employers and employees, with labor representatives accounting for one-third of all members. There is also an organization chart of the Safety and Health Office, and the internal “Environmental Safety Organization Authority and Responsibility Control Procedure” regulates the authority, duties and responsibility of each occupational safety and health related job.

The Occupational Health and Safety Committee of ACES will meet periodically each quarter 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. In 2023, ACES held a total of 4 meetings with 11 labor representatives and 8 management representatives.

ACES' hazard identification and risk assessment flowchart



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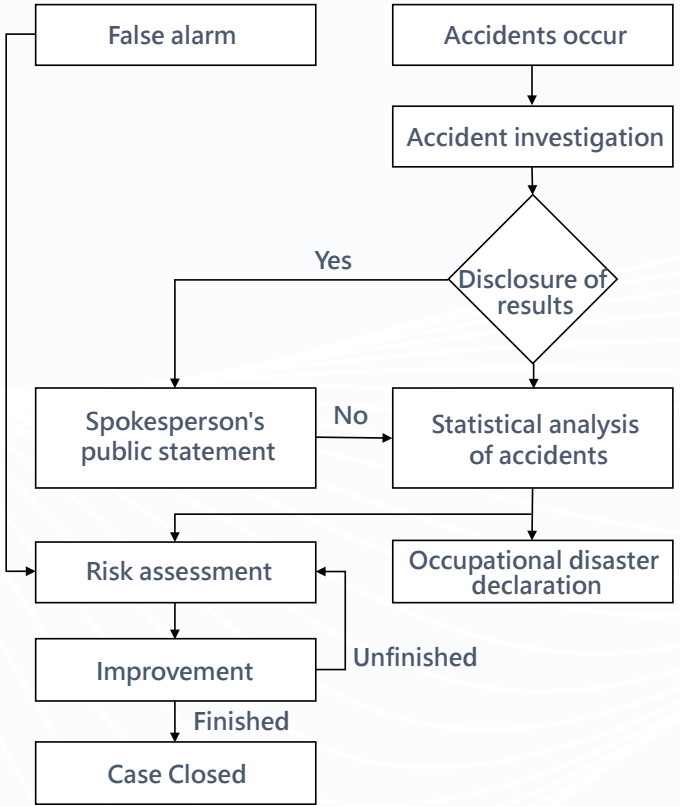
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Contractors entering the ACES' workplace are required to sign the "Contractor Safety and Health Commitment" and the "Contractor Workplace Environment and Hazardous Factors Notification." In case of accidents, according to the ACES' "Accident Notification and Investigation Control Procedures," employees and contractors can leave the hazardous site immediately without punishment, and ACES will conduct the relevant investigations and management according to the following procedures.

ACES' incident notification and investigation control procedures



Statistics on occupational accidents

In 2023, a total of 9 ACES' employees suffered minor injuries at work (4 crushing injuries, 2 strains, 2 cuts and 1 workplace unlawful infringement), while non-employees such as suppliers and contractors did not suffer any occupational accidents, and they all returned to work after seeking medical treatment. In the event that an employee is injured at work, ACES not only provides the necessary time off for work-related injuries, but also assists the employee in applying for a labor insurance claim to minimize the employee's burden of medical treatment. Additionally, it also proposes suggestions for improvement to prevent the recurrence of the same disasters and reports the improvement results to the Occupational Safety and Health Committee. In 2023, there were no occupational disease-related deaths or incidents happened in ACES.

Occupational accident statistics table for key operating locations at home and abroad

Locations	Taiwan*	ACES KS	ACES DG	MEC PHIL	ACES VN
Working hours	1777297	3751111	2092460	2206178.01	343392
Number of the death caused by occupational accidents	0	0	0	0	0
Rate of the death caused by occupational accidents	0	0	0	0	0
Quantity of the severe occupational accidents	0	0	0	1	0
Rate of the severe occupational accidents	0	0	0	0.45	0
Number of recordable occupational accidents	10	0	0	1	0
Rate of recordable occupational accidents	5.63	0	0	0.45	0

*Taiwan: Including the office of KYN TW, MEC TW, CPC TPE, and GTW..

Note 1: The re-preparation of information covers working hours, as the statistical method includes the employees and also any workers other than employees.
 Note 2: The number of deaths is ruled out in the calculation of quantity and rate of the severe occupational accidents.
 Note 3: The calculation of quantity and rate of recordable occupational accidents includes the number of death caused by occupational accidents.
 Note 4: The severe occupational accident refers to a circumstance that the injured still fails to recover in less than six months.
 Note 5: The employees' commuting accidents are ruled out from the calculation of occupational accidents, unless the accidents are caused by the transportation means arranged through the organization.
 Note 6: Recordable occupation accident ratio = recordable occupational accidents hours/working hours* working hours in million

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Specific occupational safety measures



Employee health management

In order to protect the employees’ health and prevent them from the impact posed by sickness to their job and life, ACES 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. Based on the “Labor Standards Act,” “Occupational Safety and Health Act” and “Regulations of the Labor Health Protection,” ACES has established reasonable employee health management regulations; in 2023, there were no cases of occupational diseases among ACES’ employees.

Health checkup

ACES’ health checkup is prepared by the labor health service nursing personnel (resident nursing personnel) pursuant to laws, including:
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.
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.”
Health checkups for specified operators: The checkup shall be performed pursuant to laws once per year. The medical institution shall provide the grading information and related health check report, and the resident nursing personnel shall proceed with the health grading (1~4) management per the Sustainability Report and report the checkup results online.

Statistics on periodic employee health checkup in 2023

Locations	Taiwan*	ACES KS	ACES DG	MEC PHIL	ACES VN
Managerial position	0*	0	0	21	3
non-managerial positions	0*	528	0	697	123
Health checkup for specified operation operators	65	536	110	0	46

Taiwan: Including the office of KYN TW, MEC TW, CPC TPE, and GTW..
**health checkup for specified operation operators depends on the production nature of the factories, including: noise, n-Hexane, free radiation, dust, laser and other inspection items.

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Employee health protection

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

- 1.Any employee of ACES who suffers from catastrophic illness (based on the Catastrophic Illness List from the National Health Insurance), or chronic diseases or infectious diseases so as to require long-term or lifetime treatment during employment should notify his/her department head voluntarily, in order to help the head transfer him/her or take the other appropriate actions.
- 2.For the female employees who are confirmed to be pregnant during the employment, have been in labor in the past year, and are breastfeeding, ACES implements the “Maternity Health Protection Control Procedure,” in order to provide qualified female employees with hazard assessment, interview and guidance by the physician and adaptive work arrangements to protect the physical mental health of pregnant, post-pregnancy and breastfeeding female workers.
- 3.For any employee who is found incompetent for any specific operations according to the checkup results, the resident nursing personnel shall propose the physical examination report to the department head to help the head take appropriate actions.

Workplace employee health protection plan		Practices
Human factor engineering control procedure	The Procedure is established in order to optimize the connection between people, machine and working environment, enable employees to work in the best posture at work, ensure occupational health and safety, and improve work efficiency and comfort, and identify, consider and improve the human functions including the environment, scope of motion, human-machine interface, load level, repetitive movements and fatigue degree involved at the initial design stage of products under the ergonomics principles and in the process of the employees’ operations.	In 2023, all employees were provided the skeletal muscle scale evaluation. Then, with respect to the employees who were found suffering from musculoskeletal pain and discomfort, the private physician has visited the production units and offices when providing the on-site services. As a result, the physician helped each of the employees improve their muscle soreness caused by the constant or repetitive work, and incorrect posture.
Workplace maternity health protection control procedure	Plan with care and take any necessary health and safety measures in order to protect the maternity health. Adopt the workplace maternity health protection control procedure to ensure the physical mental health of pregnant, post-pregnancy and breastfeeding female workers and achieve the purpose of maternity health protection.	Based on the health check data, for 8 employees with high risk of overwork, we have filled in the overwork scales and assessed their cardiovascular disease risk index within 10 years, and interviewed with them to understand their stress factors and provide them with health guidance, improvement measures and other suggestions.
Abnormal workload-triggered disorders prevention and control procedure	In order to prevent the disorders triggered by abnormal workload, such as job rotation, night shift and long-term work, and carefully plan and take necessary health and safety measures, the prevention plan is adopted to ensure the employees’ physical and mental health.	All employees complete the Maslach Burnout Inventory (MBI) and evaluate their 10-year CVD Risk Score during the health checkup. The Company interviews the employees with high workload one by one to verify their stress factors and provide them with suggestions on health guidance and improvement measures.
Workplace infringement prevention and control procedure	In order to protect the employees from the infringement by the employer, management, co-worker, service recipient or any other third party, that causes harm to them physically and mentally, when performing their job duties, the control procedure is established accordingly.	No workplace violence incident has occurred at the Company as of 2023. The Company implemented the SOP for prevention of workplace infringement in the same year. The Company’ s supreme management also announced the declaration of “zero tolerance of violence” in the workplace.
Measures for sexual harassment prevention and complaint handling	These Regulations are established in accordance with the Gender Equality in Employment Act to prevent and handle sexual harassment and provide a work environment free from sexual harassment.	In 2023, the Company announced a Written Statement Prohibiting Sexual Harassment in the workplace and measures for sexual harassment prevention and complaint handling. Nonetheless, there were no complaints of sexual harassment this year.
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 “Labor Standards Act,” “Occupational Safety and Health Act” and “Regulations of the Labor Health Protection” in order to mitigate the workplace noise-induced hearing loss.	The Company performs two environmental tests per year. Among other things, the Company tested the departments with higher noise index, and the test results were under the normal sound value (less than 85 decibels). Notwithstanding, with respect to the employees working in noise areas, ACES would take the initiative to help employees complete the hearing test during the annual health checkup for specified operators, in consideration of the employees’ work, and on the conditions superior than those provided by laws, in order to find the employees whose hearing is abnormal. Then, the employees would be provided the hearing protection, health education and followed up with each year to prevent their condition from getting worsen.

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Health promotion activities and lectures

1. Guidelines on prevention of workplace unlawful infringement and training on communication skills



3. Health promotion seminar - lung cancer and colorectal cancer (also available online)



2. Promotion of the Taoyuan City lung cancer screening program.



4. First aid operator training (CPR+AED)



6. Health hygiene promotion "healthy diet" —by smart diet, we can eat rice dumplings without getting fat! on the Dragon Boat Festival!



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7. Health seminar - prevention of unlawful infringement in the workplace and prohibition of sexual harassment



8. In-depth 3-day Taitung employee trip - photography contest



CHAPTER

05

SOCIAL WELFARE



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

Donation of mobile library cars

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

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

YEARS	DONATE TO COUNTIES AND CITIES	DONATION QUANTITY
2016	Taoyuan	2
2019	Taitung	3
2020	Hsinchu.Hualien.Taitung	3
2021	Yunlin.Taitung	3
2022	Hsinchu.Miaoli.Taitung	3
2023	Hsinchu	1



Christmas Wish Gift Recruitment Activity

For the third consecutive year, ACES and World Vision have partnered to organize the Christmas Wish Card Adoption Campaign. The main theme of the event was to use 100 Christmas wish cards to represent the wishes of 100 children in remote areas. Employees were free to adopt the cards and donate gifts to help the disadvantaged children through the event. For the first time in 2023, the Company further collected red envelopes symbolizing education, peace, health, and hopes, so that Employees were allowed to make free donations according to their wishes, thus bringing about a change in the lives of economically disadvantaged families and children in Taiwan. Since the event was held, more than 300 families have benefited.



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It's good to have ACES on the beach—let's go to protect and clean beaches.

In response to the World Oceans Day on June 8, ACES organized a beach clean-up activity on June 10, 2023. The Chairman of the Board of Directors personally led employees and encouraged 131 people with their families to take practical actions to protect the environment. We picked up 1,273 kilograms of garbage in the green corridor of Xinhua District, Taoyuan City, to contribute to the sustainable development of the Earth. By doing so, we can deepen the concept of environmental protection among our employees and develop the concept of "everyone can do things to protect the environment." Finally, we aim to reduce the amount of garbage at home and implement resource recycling, so as to achieve the goal in which all of us have the responsibility to care for the environment.



Create the local job opportunities

ACES Group established "ACES Precision Machinery Co., Ltd." within Fongle Industrial Park in Taitung County in 2019, and organized the grand opening ceremony in the same year 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. To date, the Company still continued to provide the best quality job opportunities to the folks in East Taiwan to solve the permanent dilemma that it is not easy for young students in Taitung find a job locally to apply what they have learned.

Supporting local colleges/universities - Chien Hsin University of Science and Technology entered the UBA with our warm assistance.

ACES Group established "ACES Precision Machinery Co., Ltd." within Fongle Industrial Park in Taitung County in 2019, and organized the grand opening ceremony in the same year 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. To date, the Company still continued to provide the best quality job opportunities to the folks in East Taiwan to solve the permanent dilemma that it is not easy for young students in Taitung find a job locally to apply what they have learned.



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Support for local colleges and universities - Graduate College of Sustainability and Green Energy, Central University

ACES has long been signing industry-academia cooperation programs with National Central University. These programs combine industry and academia to conduct research and development projects and have achieved outstanding results. In 2023, based on ESG issues in recent years, we collaborated with Central University on a large-scale industry-academia cooperation project to establish the "School of Sustainability and Green Energy Technology," which was officially inaugurated on November 10, 2023, and is expected to officially enroll in 2024. Through this partnership, we will be able to develop key technologies, train green leaders and senior management personnel together with the Central University, so that research and development can be seamlessly integrated with industrial practice.

In addition, ACES donated a batch of environmentally friendly lamps made from recycled wine bottles to the School of Management of Central University. The lighting ceremony took place on April 12, 2023. The eco-friendly lamps not only show ACES' long-term support to Central University, but also realize ACES' efforts and actions on environmental issues. We allow students to enjoy the perfect combination of art and technology after class, in the hope that industry-academia cooperation will brighten the future.



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- ISO 26000 Social Responsibility standards comparison table
- The United Nations Global Compact comparative list
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GRI Standards Index

Statement of Use	ACES has reported the contents from January 1, 2023 to December 31, 2023 in accordance with the GRI Standards.
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2-28	2-28 Public association membership	1.3.3 External influence	025
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2-29	2-29 Policy for engagement with stakeholders	Stakeholder identification and communication channels	004
2-30	2-30 Collective agreement	4.1 ACES Family	050



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Corresponding GRI and disclosures		Topic of Chapter & Section	Page No.
GRI 3: Material Topic 2021			
3 - 1	3-1 Procedure for determination of Material issues	Material topics identification and analysis	006
3 - 2	3-2 Material issues list	Material topics identification and analysis	006
GRI 200 Economy			
GRI 201: Economic performance 2016			
3 - 3	3-3 Material issues management	1.3 Operations and performance	022
201 - 1	201-1 Direct economic value generated and distributed	1.3 Operations and performance	022
201 - 2	201-2 Financial implications and other risks and opportunities due to climate change	3.1 Climate risk and responsive strategy	042
201 - 3	201-3 Defined benefit plan obligations and other retirement plans	4.2 Employment relations	052
201 - 4	201-4 Financial assistance received from government	1.4 Ethical management	028
GRI 300 Environmental Disclosures			
GRI 302: Energy 2016			
3 - 3	3-3 Material issues management	3.2 GHG and energy management	043
302 - 1	302-1 Energy consumption within the organization	3.2 GHG and energy management	043
302 - 3	302-3 Energy intensity	3.2 GHG and energy management	043
305: Emissions 2016			
3 - 3	3-3 Material issues management	3.2 GHG and energy management	043
305 - 1	305-1 Direct (Scope 1) GHG emissions	3.2 GHG and energy management	043
305 - 2	305-2 Energy indirect (Scope 2) GHG emissions	3.2 GHG and energy management	043
305 - 3	305-3 Other indirect (Scope 3) GHG emissions	3.2 GHG and energy management	043
305 - 4	305-4 GHG emissions intensity	3.2 GHG and energy management	043
GRI 400 Society			
GRI 401: Employment 2016			
3 - 3	3-3 Material issues management	4.2 Employment relations	052
401 - 1	401-1 New employee hires and employee turnover	4.1 ACES Family	050
401 - 2	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.2 Employment relations	052
401 - 3	401-3 Parental leave	4.2 Employment relations	052



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Serial number		Topic of Chapter & Section	Page No.
GRI 403_ Occupational Health and Safety 2018			
3 - 3	3-3 Material issues management	4.4 Occupational health and safety	061
403 - 1	403-1 Occupational health and safety management system	4.4 Occupational health and safety	061
403 - 2	403-2 Hazard identification, risk assessment, and incident investigation	4.4 Occupational health and safety	061
403 - 3	403-3 Occupational health services	4.4 Occupational health and safety	061
403 - 4	403-4 Worker participation, consultation, and communication on occupational health and safety	4.4 Occupational health and safety	061
403 - 5	403-5 Worker training on occupational health and safety	4.4 Occupational health and safety	061
403 - 6	403-6 Promotion of worker health	4.4 Occupational health and safety	061
403 - 7	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.4 Occupational health and safety	061
403 - 9	403-9 Work-related injuries	4.4 Occupational health and safety	061
403 - 10	403-10 Work-related ill health	4.4 Occupational health and safety	061
GRI 404: Training and Education 2016			
3 - 3	3-3 Material issues management	4.3 Talent cultivation	057
404 - 1	404-1 Average hours of training per year per employee	4.3 Talent cultivation	057
404 - 3	404-3 Percentage of employees receiving regular performance and career development reviews	4.3 Talent cultivation	057
GRI 405: Diversity and Equal Opportunity 2016			
3 - 3	3-3 Material issues management	4.2 Employment relations	052
405 - 1	405-1 Diversity of governance bodies and employees	4.2 Employment relations	052
405 - 2	405-2 Ratio of basic salary and remuneration of women to men	4.2 Employment relations	052
Self-Defined Material Topic : Corporate Governance			
3 - 3	3-3 Material issues management	1.2 Corporate governance	014
	Corporate Governance	1.2.1 Corporate governance	015
Self-Defined Material Topic : Product Quality			
3 - 3	3-3 Material issues management	2.1 Product quality	030
	Product Quality	2.1 Product quality	030
Self-Defined Material Topic : Product Quality			
3 - 3	3-3 Material issues management	2.3 Sustainable supply chain	037
	Supply Chain Management	2.3 Sustainable supply chain	037

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TECHNOLOGY & COMMUNICATIONS SECTOR - HARDWARE

TOPIC	CODE	CATEGORY	METRIC	TOPIC OF CHAPTER & SECTION	ILLUSTRATE							
Product Security	TC-HW-230a.1	Discussion /Analysis	Description of approach to identifying and addressing data security risks in products									
Employee Diversity & Inclusion	TC-HW-330a.1	Quantitative	Percentage of (1) gender and (2) diversity group representation for (a) executive management, (b) non-executive management, (c) technical employees and (d) all other employees	-	1. 【By Gender】	2. 【Diversity Group】						
					CATEGORY	Male	Female	CATEGORY	MIDDLE AGED AND ELDERLY	ETHNIC MINORITIES	PHYSICAL AND MENTAL DISABILITIES	
					(a)	84.0%	16.0%	(a)	7.8%	-	-	
					(b)	59.0%	41.0%	(b)	22.4%	6.5%	-	
					(c)	55.8%	44.2%	(c)	36.9%	24.7%	25.0%	
(d)	40.9%	59.1%	(d)	32.9%	68.8%	75.0%						
Product Lifecycle Management	TC-HW-410a.1	Quantitative	Percentage of products by revenue that contain IEC 62474 declarable substances	2.3 Sustainable supply								
	TC-HW-410a.2	Quantitative	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalen	-	ACES product(B2B) is not applicable for EPEAT							
	TC-HW-410a.3	Quantitative	Percentage of eligible products, by revenue, certified to an energy efficiency certification	-	Not applicable for ACES's product(B2B).							
	TC-HW-410a.4	Quantitative	Weight of end-of-life products and e-waste recovered; percentage recycled	-	The data collection is challenged for ACES's B2B product.							
Supply Chain Management	TC-HW-430a.1	Quantitative	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	2.3 Sustainable supply								
	TC-HW-430a.2	Quantitative	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 nonconformances and (b) other nonconformances	2.3 Sustainable supply								
Materials Sourcing Management	TC-HW-440a.1	Discussion /Analysis	Description of the management of risks associated with the use of critical materials	2.3 Sustainable supply								
Activity Metrics	TC-HW-000.A	Quantitative	Number of units produced by product category	1.3.2 Economic performance	Connector 27,982,987 Thousand pcs Cable 91,464 Thousand pcs Metal stamping parts 187,073 Thousand pcs Others 214,767 Thousand pcs							
	TC-HW-000.B	Quantitative	Area of manufacturing facilities	1.1 Aces's Profile	For ACES's geographical distribution, see 1.1 Aces's Profile; the number of total square metres is regarded as trade secrets and cannot be disclosed.							
	TC-HW-000.C	Quantitative	Percentage of production from owned facilities	-	This section involves trade secrets and cannot be disclosed.							

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ISO 26000 Comparative List

Paragraph No.	Article	Corresponding chapters and sections	Page No.
Organizational governance	A system that makes decision and implements decision at the time of execution of targets	1.2 Corporate governance	014
Human rights	Audit on legal compliance and avoidance of risk arising from human rights issues	1.4 Ethical management	028
	Human right risk situation		
	Avoidance of complicity - Direct Interest and Silence as Complicity	1.4 Ethical management	028
	Resolving grievances	4.2 Employment relations	052
	Discrimination and vulnerable groups	4.2 Employment relations	052
	Civil and political rights	4.2 Employment relations	052
	Economic, social and cultural rights	4.2 Employment relations	052
	Fundamental rights at work	4.2 Employment relations	052
Labor practices	Employment and employment relationships	4.2 Employment relations	052
	Conditions of work and social protection	4.2 Employment relations	052
	Social dialogue	4.2 Employment relations	052
	Health and safety at work	4.4 Occupational health and safety	061
	Human development and training in the workplace	4.3 Talent cultivation	057
Environment	Prevention of pollution	3.3 Environment and resource management	046
	Sustainable resource use	3.3 Environment and resource management	046
	Climate change mitigation and adaptation	3.1 Climate risk and responsive strategy	042
	Protection of the environment, biodiversity and restoration of natural habitats	3.3 Environment and resource management	046
Fair management practices	Anti-corruption	1.4 Ethical management	028
	Responsible political involvement	1.4 Ethical management	028
	Fair competition	1.4 Ethical management	028
	Promoting social responsibility in the sphere of influence	1.4 Ethical management	028
	Respect for property rights	2.2 Innovation and R&D	032
Consumer issues	Fair marketing, factual and unbiased information and fair contractual practices	2.1 Product quality	030
	Protecting consumers' health and safety	2.1 Product quality	030
	Sustainable consumption	2.1 Product quality	030
	Consumer service, support, and complaint and dispute resolution	2.1 Product quality	030
	Consumer data protection and privacy	1.2.3 Information security	020
	Access to essential services	2.1 Product quality	030
	Education and awareness	2.1 Product quality	030
Social participation and development	Community involvement	1. Stable governance	009
	Education and culture	5. Social welfare	069
	Employment creation and skills development	4.3 Talent cultivation	057
	Technology development and access	4.3 Talent cultivation	057
	Wealth and income creation	2.3 Sustainable supply chain	037
	Health	4.4 Occupational health and safety	061
	Social investment	1.3 Operations and performance	022

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The United Nations Global Compact Comparative List

Category	10 principles	Corresponding chapters	Page No.
Human rights	Businesses should support and respect the protection of internationally proclaimed human rights.	4.2 Employment relations	052
	Business should make sure not to be complicit in human rights abuses.	4.2 Employment relations	052
Labor	Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.	4.2 Employment relations	052
	The elimination of all forms of forced and compulsory labor.	4.2 Employment relations	052
	The effective abolition of child labor.	4.2 Employment relations	052
	The elimination of discrimination in respect of employment and occupation.	4.2 Employment relations	052
Environment	Business should support a precautionary approach to environmental challenges.	3.3 Environment and resource management	046
	Undertake initiatives to promote greater environmental responsibility.	3.3 Environment and resource management	046
	Encourage the development and promotion of eco-friendly technologies	3.3 Environment and resource management	046
Anti-corruption	Business should work against corruption in all its forms, including extortion and bribery.	1.4 Ethical management	028



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dqs Verification Statement– ISO 14064-1



Verification Statement



This is to certify that

Aces Electronics Co., Ltd.
No. 530-6, Sec. 2, Guoling Rd., Zhongli Dist., Taoyuan City 320, Taiwan (R.O.C.)
No.13, Dongyuan Rd., Zhongli Dist., Taoyuan City 320, Taiwan (R.O.C.)

has implemented and maintains a **Greenhouse Gas Emission Inventory**.

Verification Statement:

Verification criteria: ISO 14064-1:2018, ISO 14064-3:2019, and Greenhouse Gas Protocol

Roles & Responsibilities:
It's Aces Electronics Co., Ltd. management sole responsibility for ensuring that the development of the organization's GHG information system, record maintenance and documented procedures have met the standard requirements.
Aces Electronics Co., Ltd. management is also responsible for assessing, determining, and reporting GHG emissions information, and provides other necessary information to support GHG assertion.
DQS was engaged to conduct an independent verification of the GHG emissions reported by Aces Electronics Co., Ltd. for the periods described below. It's sole responsibility to express verification opinion on the energy consumption, Category 1, Category 2 and Category 3-6 GHG emissions reported in GHG report, and on the underlying systems and processes used to collect, analyze and review the information.
Verified emission in the reporting period: From 2023-01-01 to 2023-12-31

Emissions data verified:
The Greenhouse Gas Emissions for the above reporting period is 5985.338 tons of CO2 equivalents, including
• Category 1: Direct emission 238.4736 metric tons CO2e.
• Category 2: Energy indirect emission 4216.9170 metric tons CO2e.
• Other indirect GHG emissions 1529.9477 metric tons CO2e.
• Category 3: 442.0590 metric tons CO2e.
• Category 4: 839.1676 metric tons CO2e.
• Category 5: 248.7211 metric tons CO2e.
• Category 6: N/A metric tons CO2e.
GWP: 2021 IPCC Sixth Assessment Report (AR6)

DQS IS A MEMBER OF


Issuing Office: DQS Taiwan Inc., 8F, 23, Yuan Huan West Road, Feng Yuan Dist., Taichung City, Taiwan 420

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Verification Opinion and Level of assurance:
Based on the verification process and procedures carried out by the DQS Taiwan Inc.,
Level 1- reasonable assurance engagement Category 1 and 2
There is sufficient evidence to show that the Aces Electronics Co., Ltd. 2023 GHG emissions inventory and GHG assertion, dated 2024-05-30 is materially correct and prepared in accordance with the related International Standard on GHG quantification, monitoring and reporting as mentioned in the agreed verification criteria, and is a fair representation of the GHG data and information.
Level 2 - Limited assurance engagement: Category 3, 4, 5 and 6
There is no sufficient evidence to show that the Category 3-6 of the Aces Electronics Co., Ltd. 2023 GHG emissions inventory and GHG assertion, dated 2024-05-30 is not materially correct, and is not a fair representation of the GHG data and information.
Through an audit, documented in a report, it was verified that the inventory fulfills the requirements of the following standard:

ISO 14064-1 : 2018

Verification Statement No. 20006750 GHG-1
Original Certification Date 2024-07-31
Revision Date

DQS Taiwan Inc.

Bob Chen
Managing Director

This annex (edition: 2024-07-31) is only valid in connection with the above-mentioned certificate.

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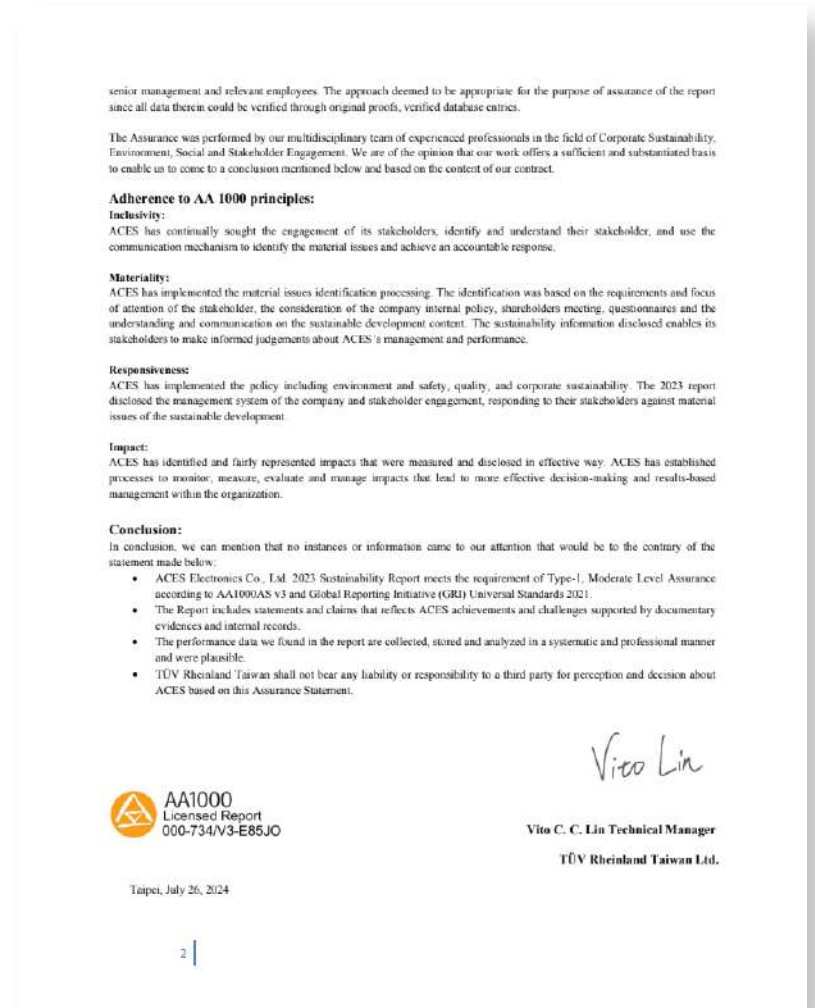
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TÜV Independent Assurance Statement – AA1000





ACES Electronics Co., Ltd

www.acesconn.com

No. 13, Dongyuan Rd., Zhongli Dist.,
Taoyuan City 320023, Taiwan (R.O.C.).

886-3-4632808