佳能企業股份有限公司
ABILITY ENTERPRISE CO.,LTD.

Leading the way with Innovative Imaging

2024 ESG report

Ability 3.0

Table of Contents

Overview

About this Report 3
Message from the Management 4
Highlight in 2024 5
About Ability 6

1 Sustainable Operation

1.1 Sustainable Development Commitment and Promotion 10
1.2 Stakeholders and Material Topics 13

2 Operational Governance

2.1 Corporate Governance Structure 24
2.2 Economic Performance 28
2.3 Integrity Management 28
2.4 Risk Management 30
2.5 Supply Chain Management 32
2.6 Customer Relationship Management 35
2.7 Information Security 36

3 Green Environment

3.1 Climate Change Management 43
3.2 Energy Management 49
3.3 Greenhouse Gas Management 50
3.4 Waste Management 51
3.5 Water Resources Management 53
3.6 Sustainable Innovative Products 54

4 Friendly Workplace and Social Co-prosperity

4.1 Human Rights Management 62
4.2 Employee Diversity, Equality and Inclusion 63
4.3 Talent Development and Cultivation 75
4.4 Occupational Health and Safety 80
4.5 Participation in Public Welfare 86

Appendix

Appendix I GRI Standards Index 89
Appendix II SASB Standards Index-TC-HW 95
Appendix III Task Force on Climate-related Financial Disclosures (TCFD) and Climate-related Information Index for Listed Companies 96
Appendix IV Taiwan Sustainability Disclosure Indicators for Optoelectronic industry 98
Appendix V ESG Report Verification Statement 99

About this Report

Report overview

The Report is ESG Report published by Ability Enterprise Co., Ltd (the "Ability") that focuses on [Sustainable Operation], [Operational Governance], [Green Environment], and [Friendly Workplace and Social Co-prosperity] as the main chapters of the Report. The Report covers the management policy for sustainability topics in terms of economy, governance, environment, and society responsibility for the year 2024 and relevant performances in the hope of exhibiting the achievement of our sustainable development by publishing the Report. We will continue to listen to the expectations, opinions, and feedback of stakeholders to serve as a reference for improvements on the path of sustainability.

Report writing guidelines and information restatements

The Report is prepared referring to the GRI Standards (2021) issued by the Global Reporting Initiative (GRI) and the Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies and discloses relevant content with reference to Task Force on Climate-related Financial Disclosures (TCFD). Apart from the annual financial data being quoted from the financial statements certified by CPAs (in NTD thousand), the remaining data and statistics disclosed in the Report are based on the surveys and statistics made by Ability. Some historical data has been restated due to expansion of the reporting scope or external verification of information, which will be explained in the text. Relevant statistics are expressed by adopting international common indicators, requirements of local requirements, industry standards, or industry practices as the calculation basis. If the quantitative indicators disclosed have any special meaning, we will describe them by making remarks.

Report boundary and scope of data

The information disclosing boundary of the Report is the main operating locations of Ability, includes Ability Enterprise Co., Ltd in Taiwan (with Xinzhuang headquarter and Wugu Plant, referred to as Taiwan Operating Location) and Ability Technology (Dongguan) Co., Ltd. in China (referred to as China Dongquan Plant), excluding investees in the consolidated financial statements. If the disclosing scope of each chapter is different from the abovementioned, descriptions will be provided in each respective chapter.

Reporting period

The disclosure period of the Report is 2024 (from January 1 to December 31). To seek the completeness and comparability of information, partial information will be traced retrospectively to 2023 to exhibit relevant trends and changes.

This is the publication of the Report by Ability. To implement environmental protection, the Report will be announced in the form of an e-book on Ability's official website.

Publication time of the Report: August 2025

Estimated publication time of the next Report: August 2026

External Verification and Statement

This report had been entrusted to SGS Taiwan Inspection Technology Co., Ltd., a third-party independent verification organization. The verification process follows GRI standards Reference (2021) and AA 1000 Type I Moderate Assurance Level to ensure that the information disclosed in the report complies with the principles of Inclusivity, Materiality, Responsiveness and Impact. For the GRI standard indicator, please refer to Appendix I. For the detail verification information and statement, please refer to Appendix V.

Contact Information

If you have any comments or recommendations regarding this Report, please feel free to contact us.

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Message from the Management

Since 2022, when the Board of Directors of Ability Enterprise adopted "sustainability" as a guiding principle, the Company has completed three consecutive years of ESG reports, up to the current year. When addressing the three key aspects of E(Environment), S(Social), and G(Governance), Ability Enterprise has adopted a more solid and progressive approach every year compared to the previous year, ensuring the completion of each phased objective rather than resorting to superficial "greenwashing" practices.

In 2024, the Taiwanese government also announced the regulations for carbon fee collection. Internationally, apart from the European Union's CBAM (Carbon Border Adjustment Mechanism), many countries have also started establishing their carbon fee regulations. As an export-oriented company specializing in optical design and manufacturing, Ability Enterprise has taken a more proactive and cautious approach to fulfill the various regulatory requirements of ESG from all perspectives. Apart from maintaining the green building certification for office buildings, Ability Enterprise implements daily energy-saving measures, optimizes production efficiency at factory sites, and collaborates with suppliers to comply with green supply chain practices and meet ESG requirements from international clients.

In response to the significant impact of international ESG trends on business operations, Ability Enterprise recognizes the need for company-wide training on ESG. Since 2022, the company has organized annual courses to educate employees on international trends, regulations, standards, and methods. In 2024, specialized ESG courses covering various themes were arranged, with professional instructors invited to conduct classes at Ability Enterprise. These sessions were delivered through both in-person and virtual formats, enabling employees from overseas factories to participate and increasing overall attendance. This initiative aims to establish ESG as a shared working language and unite the company's efforts toward the common goal of sustainability. Additionally, the company supported several employees in obtaining the Ministry of Economic Affairs' iPAS Junior Carbon Neutral Planner Certification. So they are qualified as ESG specialists within Ability Enterprise.

The Board of Directors of Ability Enterprise will continue to oversee the management team in achieving the dual "E" goals of ESG net-zero emissions and EPS operational profitability. Ability Enterprise must proceed cautiously, not striving for immediate, single-step results but aiming for sustainable operations that align with the global corporate commitment to protecting the planet.

President: Frank Chang

Chairman: Roger Tseng

Highlight in 2024

Environment

The carbon emission reduction quantity of the energy-saving plan was approximately 132.17 tCO_2e.

Greenhouse gas emissions intensity (category 1 and 2) was approximately 1.070 tCO_2e per Million NTD revenue in 2024, lower than 2023.

There was no major violation of environmental regulations or environmental protection regulations.

All products we produce comply with the requirements for health and safety of laws and regulations and customers.

In 2024, all new suppliers executed "supplier's letter of guarantee to not use hazardous substances."

Society

There was no major violation of human rights or discrimination.

There was no employee complaint or material event.

All full-time employees participated in the performance evaluation.

Tuition subsidies for family members totaled NT$45,000.

In 2024, the total public welfare expenditure was NT$982,897.

Sponsored children in disadvantaged families for ten consecutive years. In 2024, it sponsored 50 children in disadvantaged families (the total donation amount was NT$764,300).

The training hours of employees reached 116,980 hours. (Including Taiwan Location and China Dongguan Plant)

In 2024, all new suppliers executed "supplier's corporate social responsibility agreement."

Governance

There was no major negative information.

There are no illegal incidents related to ethical management or corruption.

In 2024, the consolidated R&D expenses accounted for 11.63% of the consolidated operating income.

In 2024, 20 patent applications were approved.

About Ability

Ability was established on May 21, 1965. In the beginning, it primarily engaged in distributing office machines of Japanese brands. In 2003, it merged with Viewquest Technology Co., Ltd. and engaged a professional management team to invest in the optical image industry, focus on the professional designs and manufacturing of optical, mechanical, and power-integrated products, and occupy a seat within the global optical image field. In 2010, it became the largest digital camera foundry plant worldwide. The Company focused on research in the image optic field and set foot in various digital image products. To exhibit the achievements in its arrangements made in the field of "smart family" and "IoT," it launched safety protection products, home application products, machine visual series, cloud solutions, automotive image products, and other product lines. From a distributor of office machines to one of the most scalable DMS companies of consumer image products worldwide, we have been adhering and focusing on our main business and the spirit for innovation and seeking excellence so as to seek the maximum interests of customers, shareholders, and employees.

Ability established its HQ in Xinzhuang, New Taipei City, Taiwan, to carry out business management, business development, product R&D and verification, and other activities. This was then delivered to the manufacturing center for production. The manufacturing locations include the Taiwan Wugu Plant, China Dongguan Plant, South Vietnam Plant and North Vietnam Plant. Ability has caught a glimpse of the globalization trend since its establishment period. Apart from focusing on Europe, the U.S., and Japan regions as the major markets of exploration and laying a solid foundation for its outstanding sales performance, the Asia Pacific, Greater China, and Taiwan regions are also targets for our continual focus. To provide better and faster services to global customers, we provide product sales and technical support services. In terms of R&D manufacturing, products of Ability are all designed and produced by the HQ R&D team and the manufacturing center, respectively. Our adherence to our product quality is to bring satisfaction and relief to all customers; we take pride in such quality and continue to expand to different regions worldwide for development to seek sustainable improvement and growth.

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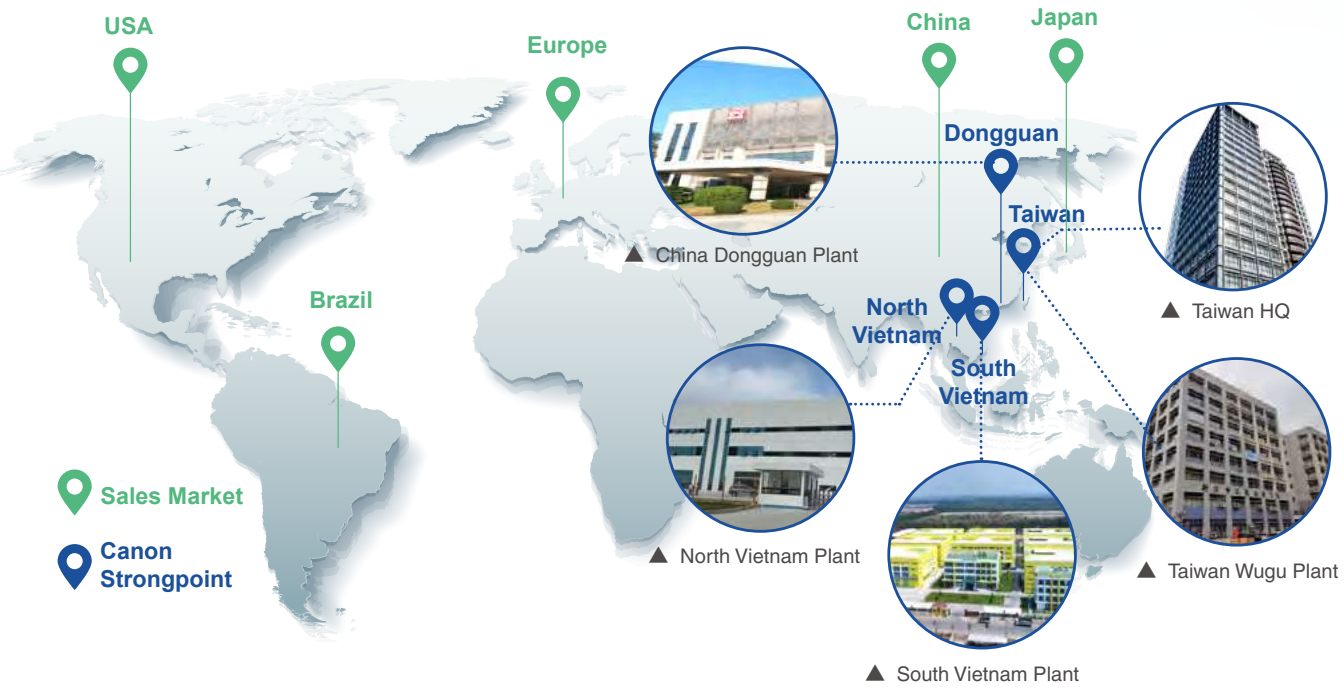
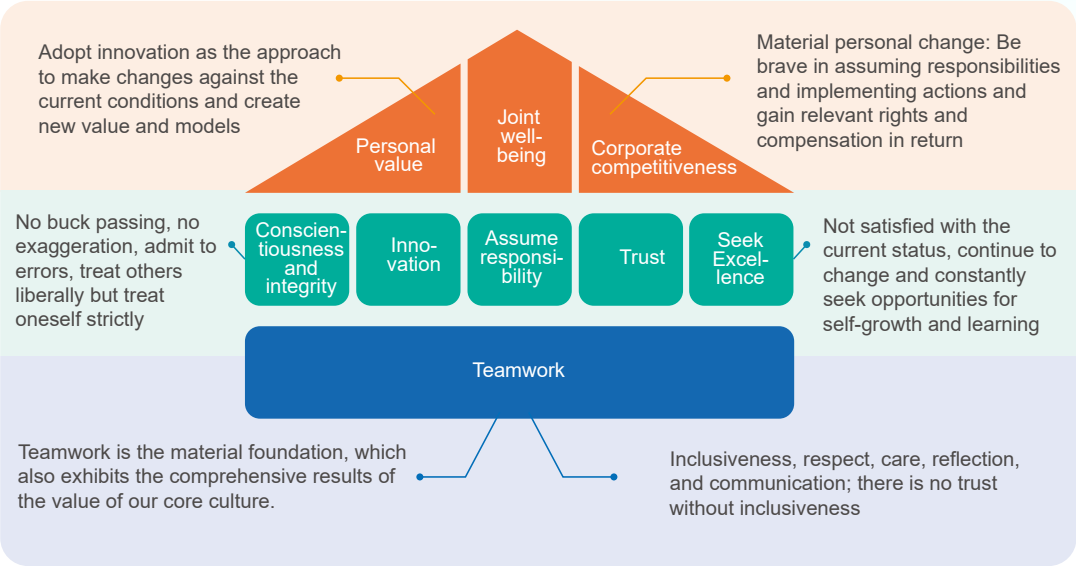


▲ Corporate core value



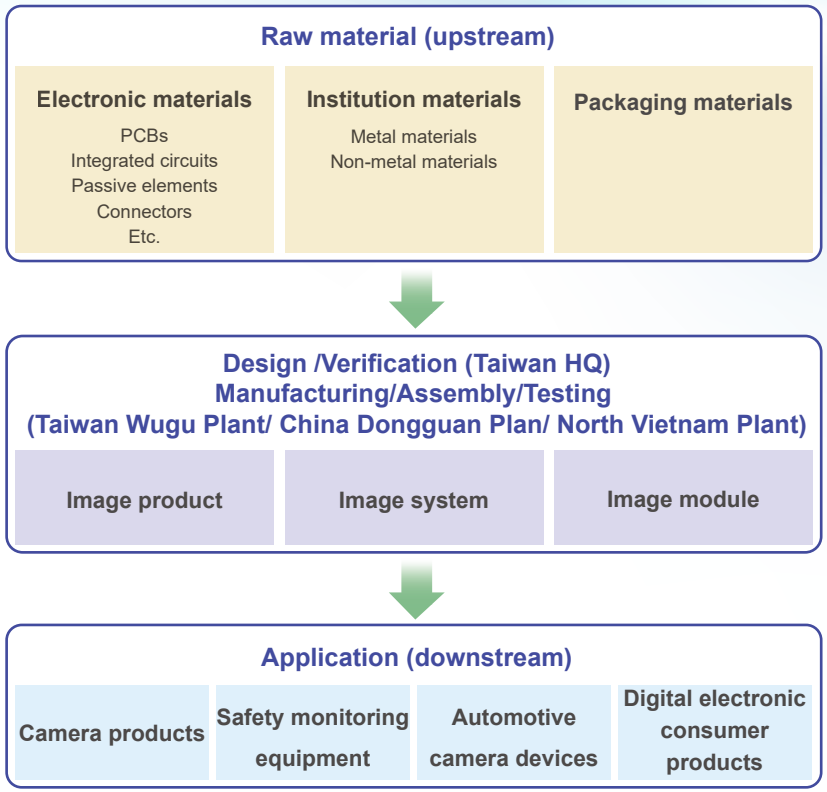
Products and services

Our company has developed its core ability that is segregated in the optical smart application field to create product value by utilizing optical-mechanical-electro integration and made arrangements for three major fields of image applications, automotive, and Educe AI. We hope that such technologies can create salient, safe, convenient, and comfortable future environments that can be felt by consumers and, in turn, introduce the development directions based on the two major focuses of smart city and smart retail. We combined AI and cloud applications with the basic technology of optical-electro-mechanical-acoustic integration and core image processing technologies. Ability is still committed to the development and manufacturing of optical video and audio products that meet the needs of social lifestyles.

Main products and services:

1. Sport/Action Cam
2. Hybrid Camera/Instant
3. AI Hybrid System
4. Machine Vision Module

▲ Ability Industry Value Chain



▲ Production volume of products in 2024

Production volume (thousand pieces)

Optical products	Optical parts
31,171	38,013

Note: Consolidated data of Ability and subsidiaries.

Participation in association/organization

Ability participates in associations related to the industry to understand the industrial environment and improve skills by exchanging and sharing knowledge, information, and experience in the hope of accelerating the industry's improvement and development. Ability Enterprise participated in organizations in 2023 and 2024 as follows:

Location	Association	Description	2023	2024
Taiwan	New Taipei City Industrial Association	Allowing exchanges of industrial plants in New Taipei City and serving as the bridge between plants and the government	●	●
	USB Implementers Forum	Relevant USB protocols	●	●
	HDMI Licensing Administrator, Inc.	HDMI development	●	●
	Apple IOS	Apple IOS development	●	●
	MSDN VS Professional MSDN	Microsoft product requirements and protocols	●	●
	SD Association	SD protocols, regulations, and other agreements	●	●
	Taiwan External Trade Development Council	International trade resource services	●	●
	ONVIF	Common integration standards for safety protection products	●	●
	Open Security & Safety Alliance	Common standardized platforms for safety solutions	●	●
	Taiwan Investor Relations Institute (TIRI)	Committing to promoting the implementation of investor relations in Taiwan and reinforcing the connection to the international capital market	●	●
	CIO Social Group	Promote exchanges, advice, matchmaking and promotion services among industrial information security executives	●	●
China	Dongguan Taiwanese Investment Business Association	Serve Taiwanese businessmen, contact the government, and promote government-enterprise economic and trade cooperation and exchanges	●	●
	Association Connecting Electronics Industries(IPC)	Electronics industry manufacturing electronic product design, assembly, acceptance and other industry specifications and standards	●	●

佳能企業股份有限公司
ABILITY ENTERPRISE CO.,LTD.

1 Sustainable Operation

1.1 Sustainable Development Commitment and Promotion

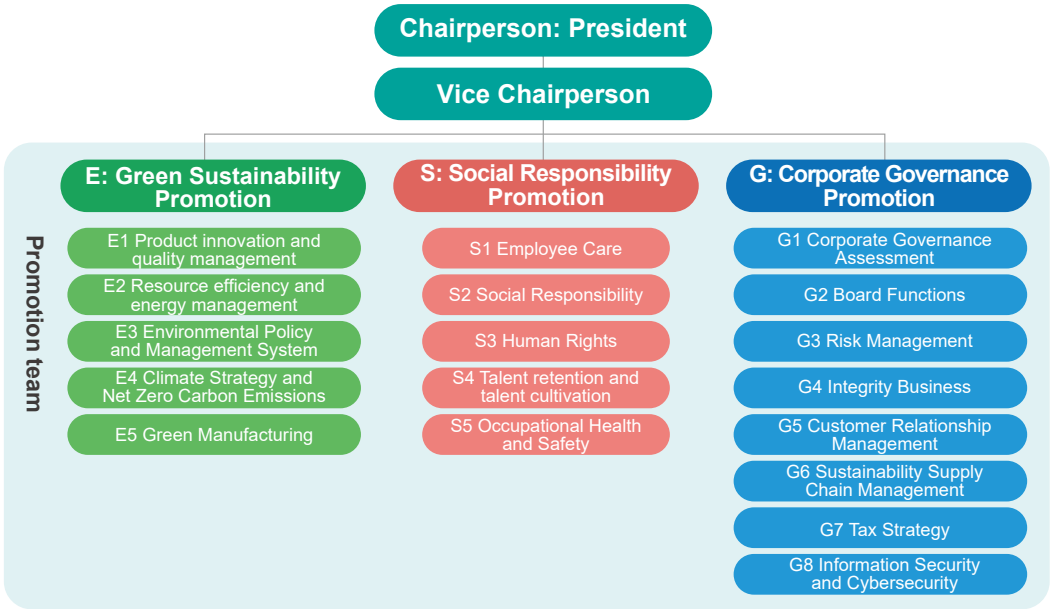
1.2 Stakeholders and Material Topics

1.1 Sustainable development commitment and promotion

1.1.1 Sustainable development commitment

To reinforce the corporate governance mechanism under sustainable business management, Ability has established its "ESG Sustainability Development Promotion Committee"(refers to as ESG Development Committee) in 2022 to serve as the senior leading organization for sustainable governance tasks of Ability. Its establishment purpose is to accurately implement all commitments that Ability made to society, including corporate governance, environmental protection and energy-saving, employee care, social participation, and other aspects; focus on compliance with governmental regulations; improve workplace health and safety; develop green products; minimize environmental effects; and assume environmental and social responsibility.

The "ESG Sustainable Development Promotion Committee" serves as a cross-departmental communication platform that integrates vertically and horizontally. Through quarterly meetings and the establishment of the Corporate Governance Promotion Group, the Green Sustainability Promotion Group, and the Social Responsibility Promotion Group, which focus on the three aspects of corporate sustainability development: "Developing Green Sustainability," "Upholding Social Responsibility," and "Implementing Corporate Governance", we identify sustainability issues relevant to Ability's operations and concerns of stakeholders, formulate corresponding strategies and work guidelines, plan and implement annual plans, and track implementation results to ensure that the sustainability development strategy is fully implemented in the company's daily operations.



Ability "ESG Sustainable Development Promotion Committee" organizes a meeting every two months and regularly reports the implementation plans and achievements to the Board. On August 9, 2024, Board was asked to approve the preparation and verification of the sustainability report, and the greenhouse gas inventory schedule report was also submitted to implement the commitment to sustainable development.

▲ Oversight of ESG sustainability issues by the Board of Directors and the ESG Sustainability Promotion Committee

Governing Unit	Meeting Date	Meeting Topic
Senior Management Meeting	2024/5/16	Report on First Quarter ESG Activity Progress
	2024/7/17	Report on First Half ESG Activity Progress
	2024/8/19	Report on Third Quarter ESG Activity Progress
	2024/10/17	Report on Second Half ESG Activity Progress
ESG Sustainability Promotion Committee	2024/7/29	Report on 2023 Greenhouse Gas Inventory Verification Results Report on 2023 Sustainability Report Verification Results
	2024/11/5	ESG Organization - Driving Issue Adjustment Promotion on Sustainable Supply Chain Discussion on 2024 Sustainability Activity Progress
Board	2024/3/8	Report on Greenhouse Gas Inventory Progress
	2024/5/10	Report on Greenhouse Gas Inventory Progress Approved the proposal on the preparation and verification procedures of the sustainability report
	2024/8/9	Report on Greenhouse Gas Inventory Progress Approved 2023 Sustainability Report
		Report on Greenhouse Gas Inventory Progress Report on the Implementation of Integrity Management

1.1.2 Blueprint for sustainable development strategies

Ability ESG Development Committee is responsible for integrating the operating strategies and focusing on ESG. We adopted 17 Sustainable Development Goals (SDGs) published by the UN in 2015 as the guiding principles for the short-term, mid-term, and long-term sustainable development directions to set sustainable strategic development goals and established three sustainable development strategic directions of "environmental protection and energy-saving (E), society and well-being (S), and innovative governance (G)" to regularly track implementation progress.

Strategic direction	"Environmental protection and energy-saving" (environmental aspect)	"Society and well-being" (social aspect)	Innovative governance (governance aspect)
SDGs	12 Responsible consumption and production 13 Climate action	3 Good health and well-being 8 Decent work and economic growth	9 Industry, innovation and infrastructure 12 Responsible consumption and production 11 Sustainable cities and communities; 17 Partnerships for the goals
Development prospect	In response to the global warming and climate change topics, Ability implements low-carbon sustainability to reduce the environmental impacts of operations and products so as to achieve net zero emissions.	Adopting "Lohas Ability" as the purpose, we create happy workplaces and cultivates employees' functional and career development to allow employees to take delight in work and create social well-being.	Adopting "conscientiousness and integrity" as the principle, Ability implements its operating performance, innovative product designs, production, and services to jointly create the sustainability value chain.
ESG main targets	Create safe, convenient, and comfortable future environments that can be felt by consumers < Make Your Everyday Life Easier and Safer>		
Long-term target After 2030	• Reduce the total volume of waste by 10% with 2022 as the base year • Achieve net zero emissions by 2050	• Talent rotation and cultivation of international talents • Achieve employee retention rate of 80% or above	• Improve the promotion of ethical corporate management and ban violating acts • Continue to develop green designs and carbon reduction designs by adopting energy efficiency as the main strategic theme of sustainable product designs.
Medium-term target 2026 to 2030	• Reduce the total volume of waste by 5% with 2022 as the base year • Reduce carbon emissions per million NTD of revenue by 25% in 2030 (Category 1 and 2 combined) with 2023 as the base year	• Crucial talent cultivation plan • Achieve employee retention rate of 80% or above	• Reinforce Board operations and legal compliance • Increase the number of annual investor conferences to 2 times • 5% of small/low-cost automotive filming products • Reduce the power consumption of image products by 5% or improve the use time of products by 5% or above
Short-term target 2024-2025	• Reduce the total volume of waste by 3% with 2022 as the base year • Reduce carbon emissions per million NTD of revenue by 2% annually from 2024 to 2025 (Category 1 and 2 combined) with 2023 as the base year.	• Achieve an average training hour of employees of 10 hours/year • Achieve employee retention rate of 80% or above	• Evaluate and continue to improve the control of material risks each year to minimize the operating impacts on the Company. • Small/low-cost automotive filming products: Create small designs for the front camera and reduce the size of the appearance by 10%.
Strategic practice	Adopting ISO14001, 50001, 14064, and other environmental-related certification standards to serve as the foundation for the green operation of Ability and the development of sustainable materials, together with carbon dioxide reduction, innovations, and services of the supply chain, are the critical strategy to realize the target of net zero emissions by 2050.	Continue to initiate talent recruitment plans, recruit outstanding talents in the technical field, adhere to the "people-oriented" business philosophy, and commence various innovative plans and products while motivating the cohesion of employees to take pride in Ability.	Ability has developed its core ability that is segregated in the optical smart application field to create product value by utilizing optical-mechanical-electro integration and made arrangements for three major fields of image applications, automotive, and Edge AI.

The Company promises to create a pragmatic environment where employees can develop, discover, and exhibit their individual potential to positively influence others and internalize them as their value and capacity for the benefit of the entire life, and assist the Company in strengthening its competitive advantages at work so as to surpass customer expectations, jointly create value and share achievements, and build partnerships of co-prosperity and well-being.

Corporate Sustainability Policy

Ability adopts its ESG policies that cover environment (E), social (S), and governance (g) aspects. To seek sustainable corporate operation and development, fulfill corporate social responsibility and sustainable development, satisfy social requirements, specifications, and value, and return to society, Ability has formulated its Corporate Sustainability Policy and follow it.

- **Observe social responsibility specifications and comply with regulations and customer requirements**
- **Maintain favorable corporate governance and strictly adhere to business ethics and specifications**
- **Green products with energy-saving, environmental protection, toxic-free, and recyclable designs**
- **Provide safe work environments and actively invest in social welfare**

1.2 Stakeholders and Material Topics

1.2.1 Stakeholder identification and engagement

As ESG concepts spread globally, the corporate world is placing increasing emphasis on sustainable operations. Companies must not only focus on their own economic interests but also consider the social and environmental impact of their operations, actively responding to public needs and fulfilling their corporate social responsibility. Ability values the interests and opinions of stakeholders. Based on the discussions made by the ESG Development Committee and with reference to the experience of companies within the industry and AA1000SES Stakeholder Engagement Standard 2015's five aspects: Dependency, Responsibility, Tension, Influence and Diverse perspectives for scoring. Ability identified 7 major stakeholder groups, including employees, customers, suppliers/subcontractors, investors, governmental agencies, media unit and society (communities/ NGOs). Apart from regularly performing questionnaire surveys for the level of attention of stakeholders, we also adopted different engagement forms to continue to carry out communications and engagement with stakeholders.

Stakeholder	Significance of stakeholders to Ability	Issue of concern	Engagement Channel	Ability Response	Engagement result
Employees	Ability promises to adopt the value growth and satisfaction of employees as the core philosophy of its sustainable operation. Employees are the core assets of Ability, and Ability's growth is closely related to the development of employees.	Talent development and cultivation Talents attraction and retention Occupational health and safety Human right and complaint system Employee retirement protection Ethics and Integrity	Internal educational training (from time to time) Performance audit (half-year) Employee Welfare Committee meetings (from time to time) External course learning (from time to time) Labor-management meeting (quarterly)(Taiwan) Employee Union meeting(monthly)(China Dongguan) Complaint mailbox (timely)	• Regularly or irregularly organize general, management and professional courses, as well as occupational health and safety training, fire drills.. • Convey corporate policies and development directions of the Company to employees via various communication channels.	• The average training hours per person in Taiwan was 10.96 hours, while the average training hours per person at China Dongguan was 60.28 hours. • Convened 4 labor-management meetings to smoothly communicate the both opinions of labor and management. • There are no major employee complaints. • Passed the Healthy Workplace certification from the National Health Service and obtained the "Healthy Workplace" label.
Customer	Customers are the source of profitability of Ability. We listen to customers' requirements, keep abreast of industrial trends, provide professional services, create long-term stable operations for Ability leveraging our diverse and stable customer bases, and grow concurrently with customers.	Customer relationship management Sustainable innovative products and service Information security and privacy protection Product quality and safety Business continuity	Project meeting (regular/from time to time) Customer assessment (from time to time) Customer satisfaction survey (annually) External complaint channels (timely)	• Arrange senior management of both parties to visit each other to reinforce partnerships and create a win-win layout. • Understand customers' requirements via the customer satisfaction survey each year and provide fast, efficient, and premium products and services. • Protect customers' privacy and accept customers' reviews at all times.	• A total of 10 companies were surveyed on customer satisfaction, with an average satisfaction rate of 88%(CIBU), 100%(ISBU) and 100%(IMBU).
Suppliers/ Subcontractors	Ability deems suppliers as important partners for sustainable growth, cooperates in promoting and implementing sustainable supply chain management and provides stable, outstanding, trust-worthy services to customers to build partnerships of co-prosperity and well-being.	Sustainability supply chain management Stable quality and delivery terms of supplies Compliance with requirements under regulations and code of conduct	Supplier management platform (from time to time) Supplier comprehensive evaluation (monthly) Supplier audits (regularly) Phone call/Mail/Meeting (from time to time) External complaint channels (timely)	• Carry out raw material management via the supplier management platform, promote green sustainability requirements from time to time, and encourage the participation of suppliers. • Regularly execute supplier's comprehensive evaluation each month to ensure the quality of materials provided by suppliers. • Regularly carry out supplier audits and communicate with suppliers about operating performance and annual operating and development targets to actively respond to topics that are concerned by suppliers.	• 48 new suppliers have been added, 100% compliant with Ability's supplier review process. • New raw material suppliers 100% signed back the "Supplier Social Responsibility Agreement" and "the Commitment Letter for Business Continuous Management"

Stakeholder	Significance of stakeholders to Ability	Issue of concern	Engagement Channel	Ability Response	Engagement result
Investors	Investors rely on the management team of Ability for operation. Investors (major shareholders) may elect Directors or Independent Directors to supervise and assist in corporate operations; other corporate or individual shareholders may supervise and provide recommendations on the operation of Ability. The management team made efforts to create operating performance. Regarding decision-making, we shall consider investors' interests. Investors and the management team are a community that shares operating performance.	Economic performance Corporate governance Risk Management Sustainable innovative products and services	Social media (from time to time) Corporate website (updated from time to time) Phone call/Mail/Meeting (from time to time) Investor conference/ shareholders' meeting (one to two times a year/once a year)	• Communicate with shareholders regarding the current operating status of the Company and future development through phone calls, interviews, and meetings regularly and from time to time. • Ability exhibits its economic benefits arising from operation to shareholders through financial statements and reports operating achievements and prospects to shareholders via investor conferences and shareholders' meetings. Annual reports and financial statements are concurrently published on the website of TWSE and the corporate website.	• Convened a regular shareholders' meeting • Convened two legal person briefing meeting (online) • Announce financial revenue status on the official website every month • Respond to investors' operational issues and outlook from time to time
Government agencies	Fully cooperate with relevant policies of the government and comprehensively comply with governmental specifications to maintain a favorable relationship with the government.	Climate Action Occupational Health and Safety Ethics and Legal compliance Corporate governance and operation Labor-Employer Relationship and friendly workplaces	Cooperate with relevant policies and specifications of governmental agencies and learn and assist in promoting regulatory matters. (regular/ from time to time) Official correspondence (from time to time) MOPE (from time to time)	• Cooperate with governmental agencies to handle and communicate on relevant matters and learn and assist in promoting regulatory matters regularly and from time to time.	• There are no major incidents that violate laws and regulations in the social, environmental and economic fields. • In accordance with the requirements of the Financial Supervisory Committee, disclose the greenhouse gas emissions and sustainability reports of Taiwan location and China Dongguan Plant.
Media Unit	The media is one of the important channels for a company to convey information. Media coverage can influence public perception of a company's brand image. Through the media, corporate governance transparency can be enhanced, increasing stakeholder trust.	Economic performance Corporate image Risk Management Sustainable innovative products and services	Communicate via phone, email, face-to-face meetings, online legal person briefing meetings, etc. (from time to time)	• In addition to press releases, online legal advice is also a channel for communicating with the media.	• Company-related news will be published in various media from time to time. Stakeholders can use news reports to better understand Ability.
Society (communities and NGOs)	Continue to care for and participate in public topics, develop social return, improve corporate social responsibility as an improvement in the promotion of sustainability work, and improve the positive influence on society.	Community care Charitable donations Social participation Corporate image	Corporate website (updated from time to time) Community management committee meetings (quarterly) Participation in public welfare activities (from time to time)	• Communicate with communities via e-mails, phone calls, and meetings regularly/from time to time. • Promote community participation activities regularly or from time to time via social media or the corporate website.	• Cooperated with The Mustard Seed Mission to adopt Taiwanese children project, with a total of NT$764,300. • Held the "Ability Charity Sale" and donated a total of NT$100,347 (including company donations)

Ability has an external stakeholder section on its website. If there are any questions, recommendations, or even complaints about topics related to us, please communicate with us via the opinion mailbox and telephone. Dedicated personnel will notify relevant internal departments of emails and messages received for evaluation and responses to keep smooth and favorable interactions.

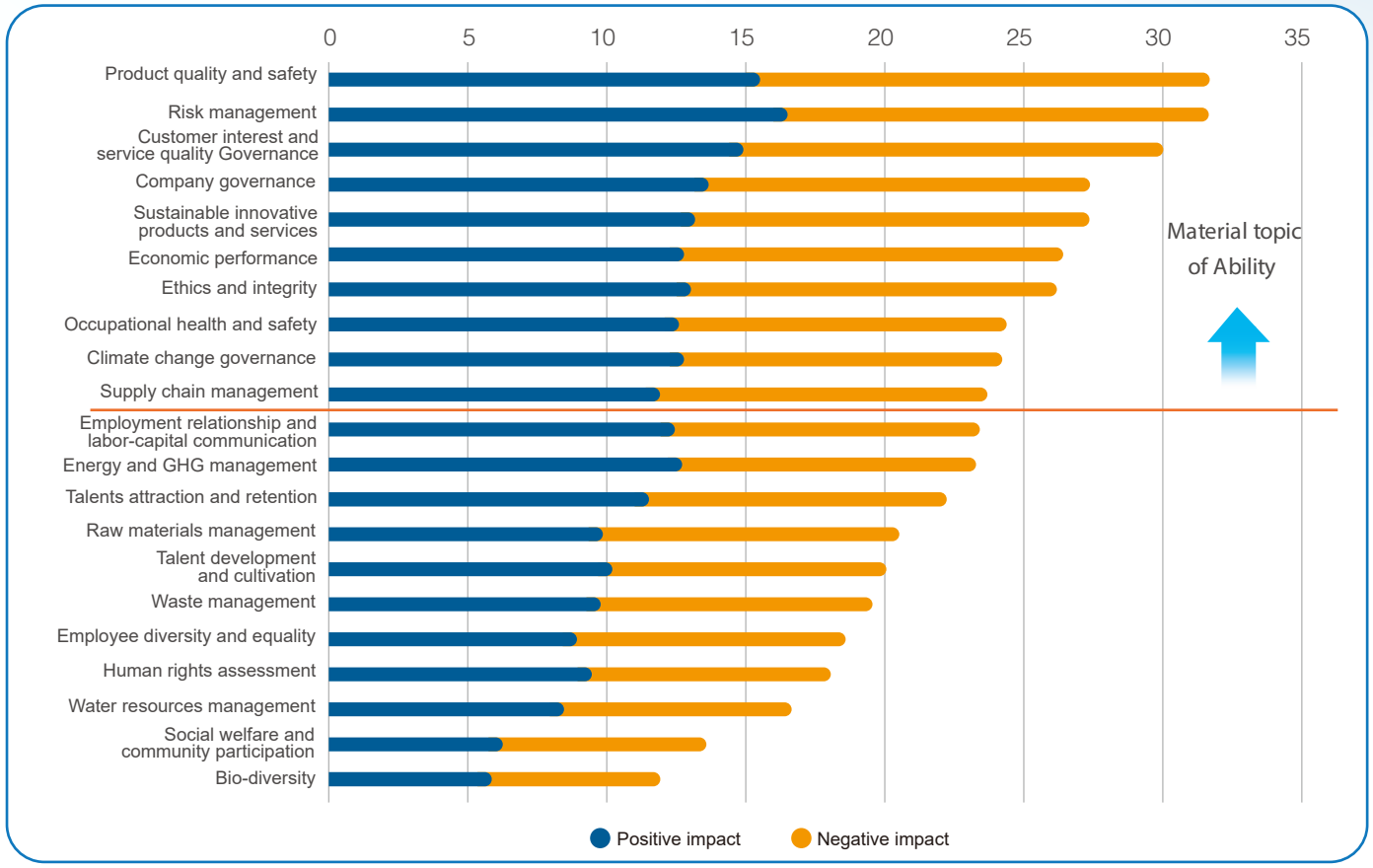
1.2.2 Material topic identification

We collect international standards, industry trends, international benchmarks, and information on domestic companies within the industry and adopts the intersection approach to identify common subjects within the industry to select a list of material topics for reference for Ability.

Select a list of material topics for reference for Ability

Members of Ability ESG Development Committee evaluate effects on environment, governance, and social aspects, and carry out comprehensive evaluations regarding actual/potential and positive/negative level of impacts and occurrence based on the items on the list of material topics for reference. At the same time, we conduct an attention survey on stakeholders to understand the topics that stakeholders are concerned about, compile the positive and negative impact results of topics and stakeholder concern survey results, and integrate them into the ranking of the material topics.

Material topic rating



Note: The blue color represents positive grades, and the orange color represents negative grades.

Promotion teams of the ESG Development Committee examine the material topic identification results after the questionnaire survey and provide feedback, confirm the material topics of Ability in 2024 to serve as the reference basis for the disclosures in our sustainability report in 2024.

▲ Material Topic Overview and Scope of Impact

● Direct impact ○ Indirect impact

Category	Material Topics	Importance for Ability	Scope of impact							Corresponding chapter
			Employees	Customer	Suppliers	Investors	Government agencies	Media unit	Social	
Environmental	Climate change governance	Ability takes emission reduction/net zero actions, considers future climate projections, incorporates climate change adaptation into decision-making processes, seizes opportunities for adjustment, manages climate change risks, and thus contributes to the social environment.	●	●	●	○	●	○	●	3.1 Climate Change Management
	Product quality and safety	Provide safe products with premium quality that will not harm consumers' health and handle quality issues on a timely basis to satisfy customers' requirements.	●	●	●		○			3.6 Sustainable Innovative Products
	Sustainable and innovative products and services	Continue to strengthen R&D and technical competitive advantages, invest in the development and design of new products and technologies, and include principles of environmental impact reduction, energy consumption efficiency improvement, and recycling to develop the green designs of products.	●	●	●			○		3.6 Sustainable Innovative Products
Social	Occupational health and safety	Establish a completely occupational health and safety management system to provide workers with a safe, hygienic, and comfortable working environment. This demonstrates our commitment to the physical and mental health of our employees and ensures the development of a healthy workforce.	●	○	○		●	○		4.4 Occupational Health and Safety
Governance	Governance	Establish a corporate governance organization, engage in business operating activities, and maintain the interests of stakeholders in the hope of achieving sustainable corporate development of Ability Enterprise.	●	○	○	●	○	○		2.1 Corporate Governance Structure
	Ethics and integrity	Adopt "conscientiousness and integrity" as the principle and strictly comply with legal requirements.	●	●	●	○	○	○	○	2.3 Integrity Management
	Economic performance	Continue to expand businesses, innovative R&D, and stable operations and provide products with favorable quality to improve operating income and profits.	●	○	○	●	○	●		2.2 Economic Performance
	Risk Management	Protect the interests of employees, customers, and investors/ shareholders via identification, measurement, effective monitoring, and a risk management system that is strictly controlled to improve corporate value.	●	●	●	●	○	○		2.4 Risk Management
	Supply chain management	Implement supply chain management to prevent, mitigate, and avoid risks directly or indirectly arising from corporate operations.	●	○	●					2.5 Supply chain management
	Customer interest and service quality	Provide professional services based on customers' requirements, protect customers' privacy and confidential information, stabilize corporate operations, and concurrently grow with customers.	●	●	○					2.6 Customer Relationship Management 2.7 Information Security

佳能企業股份有限公司
ABILITY ENTERPRISE CO.,LTD.

2 Operational Governance

2.1 Corporate Governance Structure
2.2 Economic Performance
2.3 Integrity Management
2.4 Risk Management
2.5 Supply Chain Management
2.6 Customer Relationship Management
2.7 Information Security

Material topic: Governance

Materiality, Policies, and Commitments

Our Company actively promotes and implements sustainable governance by establishing relevant policies, management guidelines, and specific action plans to enhance corporate sustainability value. To cultivate a strong corporate governance culture, the Company complies with laws and regulations and has developed codes of conduct such as the 'Corporate Governance Best Practice Principles' and the 'Sustainable Development Best Practice Principles.'

Positive/Negative Impact

1. Positive: Demonstrates the Company's strong commitment to sustainable governance by enhancing the governance framework and promoting diverse decision-making. This provides an effective oversight mechanism, supports operational management, reduces potential negative impacts on the Company, and ultimately strengthens competitiveness.
2. Negative: If the Board lacks sufficient understanding of sustainability policies or fails to implement board diversity, decision-making may lack comprehensiveness, resulting in diminished market trust, decreased investor willingness, and damage to the Company's image and reputation.

Evaluation and Performance of 2024

Reports are submitted by the Chairman's Office to the Chairman and President.

1. All board members completed sustainability-related training.
2. Sustainability factors were added to the board performance evaluation.
3. Investor conferences were increased to two times per year.

Action Plan

1. Propose to elevate the 'Sustainability Promotion Committee' to the board level.
2. Appoint at least one female director in the upcoming board election.
3. Evaluate green financial products and associated risks.

Remedy Mechanism

Responsible Unit: Chairman's Office / Corporate Governance Officer

1. Stakeholders may express opinions and exchange information through the responsible unit, which classifies and follows up based on the materiality of the issue and reports to the board as required.
2. The Company regularly reviews and improves governance quality based on the 'Corporate Governance Evaluation' criteria.

Goals

Short-Term

1. Enhance board sustainability capabilities.
2. Strengthen the linkage between board performance evaluation and sustainability.
3. Increase communication frequency with stakeholders.

Medium-Term

1. Elevate the Sustainability Committee to the board level.
2. Increase the number of female directors.
3. Invest in sustainable financial products.

Long-Term

1. Comply with relevant laws and regulations to avoid penalties.
2. Promote ethical business practices and eliminate violations.

For relevant requirements, please refer to the company's website.

Material topic: Economic Performance

Materiality, Policies, and Commitments

As a sustainable enterprise, Ability must develop competitiveness in any environment, the capability to innovate in research and development, and the drive for marketing challenges. We combined the AI and cloud applications with the basic technology of optical-electro-mechanical-acoustic integration and core image processing technologies. Ability is still committed to the development and manufacturing of optical video and audio products that meet the needs of social lifestyles. Regarding marketing, to extend the efforts we have made, we seize all possible opportunities to work with different international partners to design and manufacture our new optical video and acoustic products to meet the needs of their marketing fields and to market the new products in Asia, America, and Europe.

Positive/Negative Impact

1. Positive Impact: The company maintains positive operating profits, expands production capacity, improves customer service quality, and increases orders, leading to higher revenue.
2. Negative Impact: If the company performs poorly, reduced production capacity and declining customer service quality may lead to a decrease in orders.

Evaluation and Performance of 2024

1. Organize business management meetings and business meetings each month to examine ways to continue strengthening performance and minimize production costs.
2. The profit in 2024 was NT$545,519 thousand, continuing to maintain positive growth.

Action Plan

1. Maintain steady positive growth.
2. Continue to monitor external market changes and develop new products to meet customer needs.

Remedy Mechanism

Responsible department: Management team

The Company has dedicated personnel who are responsible for listening to the requirements of stakeholders and providing descriptions, responses, follow-up and handling based on the status of topics for feedback information collected from different communication channels.

Goals

Short-Term

Stable growth of performance and profitability.

Medium-Term

Maintain a healthy financial structure and support various R&D requirements.

Long-Term

Improve the long-term investment value of the Company and maintain shareholders' interests.

Material topic: Ethics and Integrity

Materiality, Policies, and Commitments

Our company upholds the management philosophy of "integrity and trustworthiness," integrating honesty and ethical values into our business strategy. We have established regulations such as the "Integrity Management Policy" and "Code of Ethical Conduct" to foster a corporate culture of integrity and sound business operations, and to implement anti-corruption measures in accordance with relevant laws and regulations.

Positive/Negative Impact

1. Establish a management philosophy and standards based on integrity and ethics, develop a sound business operation model, and formulate internal regulations and related anti-corruption measures in compliance with legal systems.
2. Negative Impact: If unethical or dishonest conduct occurs, it may damage the company's image and reputation, undermine investor confidence, and negatively impact shareholder interests.

Action Plan

1. At least one ethical corporate management and anti-corruption promotion and training sessions every year.
2. Report to the Board regarding the relevant implementation status of ethical corporate management policies at least once each year.
3. Establish dedicated departments under the ESG Development Committee to be responsible for the implementation and execution of ethical corporate management and anti-corruption.

Evaluation and Performance of 2024

1. Perform an inventory of different complaint channels and report the progress of relevant matters.
2. The Audit Office has completed the audit according to the 2023 internal audit plan and regularly reports to the Board.
3. The ESG Development Committee will strengthen the ethical corporate management and anti-corruption policies of the Company.
4. No material punishment.

Remedy Mechanism

Responsible department: HR Department/Audit Office

1. Actively creates a corporate culture with integrity management and a sound business operation model. In the event of negative incidents, the responsible department will take proactive measures to handle and manage misconducts, and implement reward and punishment mechanisms to reduce the operational risks of the company.
2. When receiving any report, the responsible department will investigate for confirmation; the investigation reports completed and recommended verdicts shall be submitted to the Board according to the requirements.

Goals

Short-Term

1. Maintain a 100% handling rate for ethics-related complaints.
2. Optimize and establish diverse complaint and reporting channels.

Medium-Term

1. Enhance education and training on integrity management and anti-corruption, conducting 1–2 sessions per year.
2. Comply with relevant laws and regulations to prevent major penalties.

Long-Term

1. Fully implement integrity management and anti-corruption awareness and training to eliminate any dishonest behavior.
2. Ensure compliance with relevant laws and regulations to avoid any penalties.

Material topic: Risk Management

Materiality, Policies, and Commitments

Ability provides appropriate risk management to stakeholders via its "Risk Management Operating Procedures" to prevent various unpredictable potential risks, minimize the potential risks and ensure the continual operation of the Company.

Positive/Negative Impact

1. Positives: Plan the company's major risks and take precautions in advance to reduce corporate operational risks and increase company profits.
2. Negatives: If the company fails to identify risks and plan risk management in advance, it may increase the company's operational risks.

Evaluation and Performance of 2024

The risk assessment was completed in 2024, and response measures for major risks were proposed and monitored.

Action Plan

Major risks identified in 2024 include supply chain management, currency fluctuations, and information security. Ability discusses the risks with relevant departments and formulates the measures.

Remedy Mechanism

Responsible department: ESG Committee

The promotion teams of the ESG Committee regularly collect market, industry, and corporate operating trends, keep abreast of items that may affect the operations of the Company, and call upon relevant departments to carry out analysis and discussions in detail, when necessary, for timely responses.

Goals

Short-Term

Evaluate and continue to control of material risks each year to minimize the operating impacts on enterprises.

Medium-Term

1. Carry out risk identification, assessment, and response for climate-related topics to minimize corporate risks.
2. Publish TCFD reports.

Long-Term

Regarding climate change, evaluate relevant risks and formulate strategies of five years or above to minimize corporate risks.

Material topic: Supply Chain Management

Materiality, Policies, and Commitments

Support localized procurement, actively develop localized supply chains, require suppliers to comply with governmental regulations, environmental trends, and human rights protection, and establish our supply chain to mitigate corporate management risks, assist us in duly fulfilling social responsibility, align with international ESG trends, and achieve the targets of sustainable corporate management via sustainable supply chain management.

Positive/Negative Impact

1. Positive: Properly manage the quality, environment, occupational safety and health and other issues of supply chain manufacturers to reduce operating risks and costs, provide stable, excellent and trustworthy products and services to customers, and establish a mutually beneficial and mutually beneficial partnership.
2. Negative: Poor supply chain management may lead to delays or poor delivery of supplier parts, which in turn affects the company's production activities and may lead to production interruptions, cost increases, quality decline, reputation loss and other problems.

Action Plan

Before our company conducts an on-site audit of a new supplier, the supplier must first complete a self-assessment of their quality system, process system, green products, and comprehensive operational management, and sign the relevant documents.

Evaluation and Performance of 2024

1. The contract entered into with the supplier has stipulated that the supplier shall comply with BCM, CSR, ISM, relevant laws and regulations, and RBA. If there is any violation of the specifications with material circumstances, the Company may terminate the cooperating relationship with the supplier. In 2024, Ability had 48 new suppliers, and all of them 100% complied with the supplier review procedures of Ability.
2. The raw materials of the Company are mostly from suppliers of electronic parts and mechanism parts; they are mainly material manufacturers, licensed regional distributors, and subcontractors by category. In 2024, the local （including Taiwan/Hong Kong/China） supplier procurement ratio of our business locations achieved 96%.
3. In 2024, 100% of raw material suppliers signed and submitted the supplier's social responsibility agreement and on-going business management commitment

Remedy Mechanism

Responsible department: Supply Chain Management Section/QA department

1. Supply Chain Management Section: Use e-mails, meetings in person, or phone calls to understand the level of cooperation of suppliers in terms of the quality, R&D, delivery terms, services, and green design of parts.
2. QA department: Notify the supplier to carry out anomaly processing, analysis, correction, and countermeasures based on the problems of parts reflected by the production line or the market; the QA department shall carry out improvement performance confirmation and communicate with customers to close the case.

Goals

Short-Term

1. Establish suppliers' ESG item evaluation standards
2. Establish the list of special suppliers who are required to respond to the conflict mineral survey

Medium-Term

1. Introduce the supplier's ESG item audit evaluation starting from level 1 suppliers
2. Achieve 100% for the execution and return of the conflict mineral survey by the supplier as required
3. Add incentive plans for orders for supply chains in line with the ESG item evaluation

Long-Term

Implement ESG item audit evaluation for all suppliers

Material topic: Customer Rights and Service Quality

Materiality, Policies, and Commitments

Ability's commitment to quality includes in-house manufacturing systems and after-sales service. Through customer satisfaction surveys, we implement and track quality management to ensure our delivery of services that meet customer expectations. At the same time, we place great importance on protecting customer rights and privacy. To this end, we have adopted the ISO 27001 Information Security Management System. By engaging with cybersecurity alliances and vendors, we exchange threat intelligence and collaborate on identifying and addressing security issues. This enables us to implement information security management policies both from an administrative and technical perspective, safeguarding our customers' rights.

Positive/Negative Impact

1. Positive: Enhancing information security defenses to prevent customer privacy or information breaches, along with strengthening customer care and after-sales service, can help the company improve customer satisfaction, expand the customer base, increase production efficiency and reduce costs, thereby enhancing the company's competitiveness.
2. Negative: Poor information security and customer data protection may pose risks such as confidential information leaks, customer loss, legal disputes, or order reductions. Losing customer trust as a result could lead to customers diversifying their suppliers or directly switching orders, posing significant risks to the company.

Action Plan

1. Provide employees with information security training to strengthen overall awareness of information security
2. Implement information security control devices to promptly detect security vulnerabilities, preventing hacker intrusions and virus damage. Establish a real-time reporting system to enable immediate response when security incidents occur
3. Conduct proactive customer satisfaction surveys annually to understand customers' satisfaction with the company's products/delivery/services, and develop improvement plans based on the results

Evaluation and Performance of 2024

1. Successfully get the ISO 27001 certification in 2024
2. No information security incidents or customer data breaches occurred this year
3. Achieved a 100% completion rate for information security training for new employees
4. Customer satisfaction in 2024: Imaging Products Division 88.0%, Imaging Systems Division 100%, Imaging Modules Division 100%

Remedy Mechanism

Responsible Department: Sales Department / Information Technology Division
Sales Department:

1. When customer raises an issue, sales team coordinates with relevant departments to understand the problem and provide timely feedback and resolution to customer
2. Collect customer rights and service requirements, translate them into internal process planning, and integrate across relative departments to meet customer expectations. Proactively conduct annual customer satisfaction surveys to assess customer satisfaction with Ability company

Information Technology Division:

1. The Information Security Executive Committee holds regular annual management meetings to review and determine information security and data protection policies, ensuring the effectiveness of the security management measure

Goals

Short-Term

1. No information security incidents
2. 100% completion rate of information security training for new employees
3. Customer satisfaction score reaches 90%

Medium-Term

1. Customer responses to satisfaction surveys cover cumulative sales of 90%
2. Customer satisfaction score reaches 90%
3. No more than one major customer complaint (note) per single customer within one year
4. No information security incidents

Long-Term

1. Customer satisfaction score reaches 95%
2. No more than five major customer complaints within the entire company in a single year
3. No information security incidents

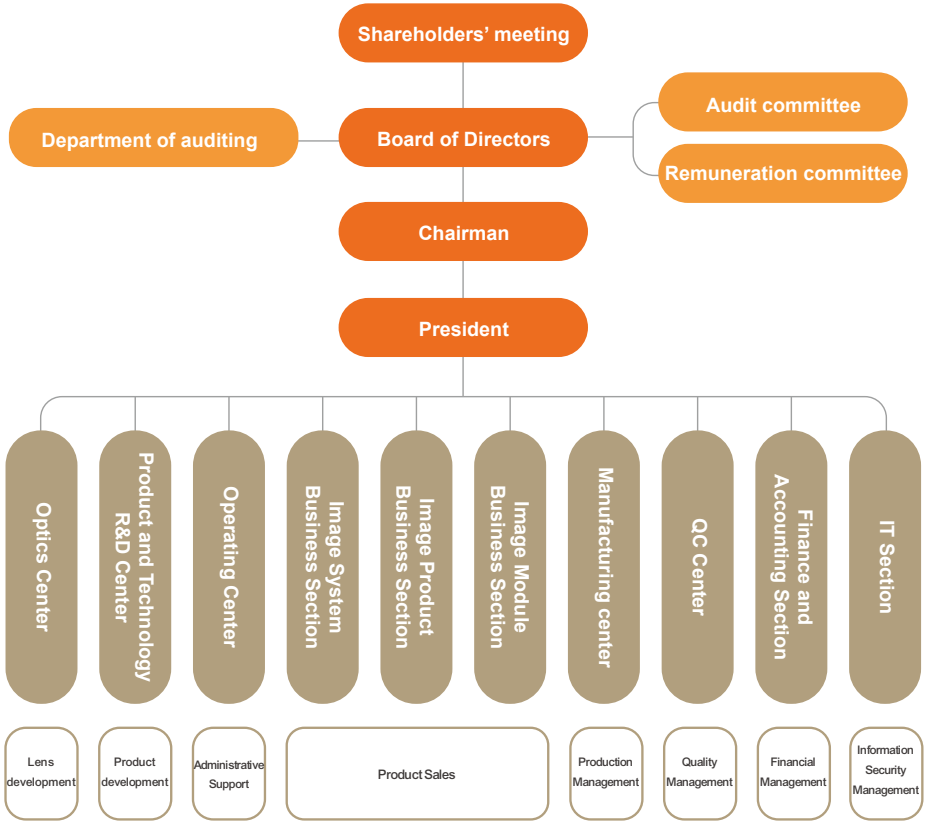
Note: A major customer complaint refers to:

A. Repeated or widespread defects (same issue occurring in different regions with more than 5 complaints within a 3-month period), or B. Incidents involving device burnout, smoke emission, significant functional failure, or user injury

2.1 Corporate Governance Structure

2.1.1 Board of Directors

Ability's Board of Directors consists of 9 seats, including 3 independent directors. To fulfill the spirit of sound corporate governance, the roles of Chairman and President are held by different individuals. The Chairman acts as the chair of the Board and leads oversight of company policies, while the President is responsible for overall business planning and execution. The President also serves concurrently as a director, facilitating communication regarding the company's operations, improving decision-making efficiency, and enhancing the execution of governance practices. Independent directors are responsible for strengthening the Board's supervisory functions.



According to the Board Meeting Rules, Ability convenes board meetings at least once per quarter. The main responsibilities include supervising business performance, reviewing major decisions, and overseeing risk management related to economic, environmental, and social impacts. In 2024, the Board held a total of five meetings with an attendance rate of 98%.

To manage conflicts of interest, the Company has established the "Rules of Procedure for Board Meetings," "Corporate Governance Best Practice Principles," and "Ethical Corporate Management Best Practice Principles." Directors must uphold high standards of self-discipline and independence. If a board proposal involves a conflict of interest that may harm the company, the director involved may express opinions and respond to inquiries but must refrain from discussion and voting on the matter. The director must also abstain from acting as a proxy for other directors in such voting.

The Corporate Governance Officer is responsible for implementing and promoting corporate governance affairs in accordance with the law, including arranging board meetings, planning training for directors, and providing necessary information for directors to perform their duties.

➔ For introductions to Board members, please refer to the company's website.

Board Diversity

In forming its Board of Directors, Ability considers diversity to ensure effective organizational operations and long-term development. Standards are defined in two primary areas and directors (including independent directors) are elected through a candidate nomination system in accordance with the Company's Articles of Incorporation and the Director Election Procedures. The Company values a diverse composition in professional expertise, skills, and gender equality, which helps enhance the Board's decision-making and strengthens internal oversight mechanisms.:

1.Basic Composition: Nationality, gender, age, etc.
2.Professional Capabilities: Specialized skills, industry background, etc.

Item	Summary of Goals and Achievements	Achievements
Number of Seats	9 directors in total, 6 general directors and 3 independent directors	V
Term	1. More than half of independent directors serve no more than 3 terms. 2. Directors are under 70 at the time of election.	V
Expertise	Directors possess knowledge and skills in finance, accounting, law, business judgment, management, crisis response, industry insight, global markets, and leadership	V
Gender	At least one female director	X

In future board elections, Ability will continue to uphold gender equality principles and aims to appoint at least one additional female director to contribute diverse perspectives to governance and decision-making for sustainable business development.

Diverse core item / Name		Basic Composition								Diversification							
		Nationality	Gender	Length of Service as Independent Director	Age			Term of office of Independent Director		Law	Finance	Business Management	Operational udgment	Risk Managment	Industrial Knowlege	Global Market View	Leadership& Decision -making
					41-50	51-60	61-70	3 以上	3-6								
Chairman	TSENG, MING-JEN	ROC	Male	V			V					V	V	V	V	V	V
President	CHANG, HSIAO-CHI	ROC	Male	V			V					V	V	V	V	V	V
Director	TONG, CHUN-JEN	ROC	Male			V						V	V	V	V	V	V
Director	TONG,CHUN-YI	ROC	Male			V						V	V	V	V	V	V
Director	HU, SHIANG-CHI	ROC	Male				V					V	V	V	V	V	V
Director	CHAN,WEN-HSIUNG	ROC	Male			V						V	V	V	V	V	V
Independent Director	CHEN,CHIEN-HUNG	ROC	Male			V			V	V			V	V	V	V	V
Independent Director	HUANG CHIH-CHEN	ROC	Male			V			V		V		V	V	V	V	V
Independent Director	HUANG, KUO-LUN	ROC	Male		V			V				V	V	V	V	V	V

For details on directors holding concurrent positions in other companies, please refer to the annual report.

Director Training

The Company arranges periodic training for directors on topics related to economics, environmental issues, and social matters to enhance their competencies and professional skills. Training courses cover finance, risk management, sustainability, economics, law, corporate governance, and ethics. All 9 directors complied with the continuing education requirements for listed company directors and supervisors, completing a total of 87 training hours in 2024.

▲ Director Training in 2024 is as follows:

Course Category	Course Title	Training Hours	Course Category	Course Title	Training Hours
Risk Management	Corporate Risk Management under ESG	15	Business Management	Practical Guidelines and Case Studies on Integrity Management, Corporate Governance, and Sustainable Development	3
				How Non-Finance Executives Can Understand Financial, Profitability, and Cost Analysis to Improve Performance	6
Sustainable Development	Global Corporate Sustainability Trends –ESG Performance Management and Value Strategy	21		Carbon Management, Carbon Tariffs & Carbon Credits for Greenhouse Gas Emissions	12
	Introduction to International ESG Sustainability Indicators	3	Corporate Governance	Corporate Talent Development and Social Inclusion Strategies	9
	ESG Trends, Pandemic-Related Environmental Issues, Global Tax Reform, and Corporate Tax Governance	3		Corporate Governance and Securities Regulations	9
	Green Electricity, Certificates, and Sustainable Development – The Path to Corporate Net Zero	3		Board Compliance Practices and Legal Responsibilities of Directors and Supervisors: Case Studies	3

➔ For details on director training, please refer to the company's website.

2.1.2 Functional Committees

The Board of Directors of Ability has established two functional committees: the Audit Committee and the Remuneration Committee. Both are composed of all three independent directors.

Title	Name	Experience	Audit committee	Compensation committee
Independent Director	Chih-Cheng Huang	Audit manager, KPMG Audit manager, KPMG (Hong Kong) Partner, Dinkum & Co., CPAs	V (convener)	V (convener)
	Kuo-Lun Huang	President, Cita Aircargo Service Co. Ltd. Chairman, Cita Technology Development Co., Ltd. Chairman and CEO, Hoshin Gigamedia Center Inc.	V	V
	Chien-Hung Chen	Lawyer, Qi Fa Law Firm Lawyer, Far East Law Offices Arbitrator, Chinese Arbitration Association, Taipei	V	V

Audit Committee

To establish sound corporate governance, Ability has set up an Audit Committee and established its organizational charter. All committee members are independent directors, and the committee holds meetings at least once per quarter. Its responsibilities include strengthening the internal control system, assisting the Board in decision-making, implementing risk management, and ensuring compliance with relevant regulations. Review matters include: financial reports, internal control effectiveness, material financial/ business matters, issues involving director conflicts of interest, appointment/ removal/ compensation of external auditors, and appointment/removal of audit or internal control officers.

▲ Audit Committee attendance

Year	2023	2024
Number of meetings	5	4
Attendance	100%	100%

➔ For details on the 2024 Audit Committee operations please refer to the company's website.

Remuneration Committee

To strengthen governance and establish a sound compensation system for directors and managers, Ability has set up a Remuneration Committee and formulated its organizational charter. Committee members are appointed by the Board and are responsible for Reviewing compensation policies、systems、 standards and structures，Approving performance targets， Evaluating performance outcomes。

The Company has adopted the "Director Compensation Management Measures," covering director fees, remuneration, and business-related expenses. If there is profit, up to 1.5% may be allocated to directors as per the Articles of Incorporation, based on operating results, performance contributions, and board evaluation results.

Manager compensation is determined by industry benchmarks, market conditions, and company operations, based on the "Performance Management Measures" and "Compensation Management Measures." These include performance evaluation、bonus schemes and other related proposals.

Compensation Policy

Employee compensation is determined by considering fixed and variable items.

- Fixed Compensation: Based on responsibilities and job content.
- Variable Compensation: Based on company performance, financial condition, personal and departmental achievements. If there is profit, 8%–15% may be allocated to employee bonuses per Article 28-1 of the Articles of Incorporation.

Director and manager compensation is reviewed by the Remuneration Committee and approved by the Board of Directors based on the following indicators:

- Financial and operational performance
- Future risks and development trends
- Individual, departmental performance, and special contributions

In addition, long-term incentives such as restricted employee shares or other substantial reward mechanisms may be implemented to encourage alignment with corporate sustainability goals.

▲ Remuneration Committee Attendance

Year	2023	2024
Number of meetings	3	3
Attendance	100%	100%

➔ For details on the 2024 Remuneration Committee operations, please refer to the company's website.

2.1.3 Board Performance Evaluation

To ensure sound governance, supervision, and internal management, Ability has established the "Board Performance Evaluation Policy." At least once a year, the Board of Directors, individual directors, and both functional committees undergo a performance evaluation. Results are reported to the Board in the first quarter and disclosed in the annual report and on the company website.

In 2024, the Board, individual directors, Audit Committee, and Remuneration Committee all received top performance ratings. Results were reported to the Board on March 7, 2025, and were used as a reference for evaluating directors and committee members. For more details on the performance evaluations, please visit the company's website.

2.2 Economic performance

The company is transforming its focus into three key areas: imaging applications, automotive electronics, and edge AI. It has shifted from its previous focus on digital cameras to the research and development and manufacturing of intelligent optical modules. The company has made progress in developing these new imaging applications, and thanks to the advancement of its product portfolio, its operating performance continues to improve.

Looking into 2024, the operating profit in 2024 was NT$361,693 thousand, representing a growth of 195.75% compared to the operating profit of NT$122,297 thousand in 2023.

Unit: NTD thousand

	2023	2024
Generation of direct economic value		
Income: Net sales/interest/dividend/rent/royalty income/income from disposal of assets (tangible/intangible)		
Revenue	4,933,155	6,182,894
Other	165,672	256,935
Distribution of direct economic value		
Operating cost: Cost generated from operating activities (Note 2)	3,026,165	3,505,608
Employee salary and benefits: Employee salaries, bonuses, incentives, and employee welfare (pension and insurance)	1,568,402	1,814,144
Payment to shareholders: Interest expenses, dividend payments, and dividends for preferred shares	129,396	258,781
Payments to the government	151,257	135,266
Community Investment	332	492
Retention of economic value (generation of direct economic value - distribution of direct economic value)	223,275	725,538

Note 1: The information in the table is from the parent company only financial statements of the year audited and certified by CPAs.

Note 2: Operating costs stated in the parent company only financial statements audited and certified by CPAs less employee salaries and welfare that are costs.

Note 3: In 2023, the amount paid by the Taiwan region to the government was NT$34,646 thousand and the amount paid by the China Dongguan Plant to the government was NT$116,611 thousand.; In 2024, the amount paid by the Taiwan region to the government was NT$18,704 thousand and the amount paid by the China Dongguan Plant to the government was NT$116,562 thousand.

2.3 Integrity Management

2.3.1 Integrity and Anti-corruption

Our Company upholds honesty and integrity engages in business activities and complies with the laws and ethical standards of the countries in which we conduct business. In order to effectively promote the ethical management related policy, our Company has established the "Ethical Corporate Management Best Practice Principles", "Code of Ethics and Conduct" and other related policies to regulate our company's personnel, including directors, managers, employees and others with actual controls NOT to directly or indirectly provide, promise, demand or accept any illegitimate benefits, or engage in other acts that violate integrity when engage in business activities. In our Company, every employee is provided trainings on work rules, management systems, integrity and work ethics when they join the company; every supplier is required to sign the "Supplier Social Accountability Agreement", which expressly stipulates that suppliers must abide by the amfori BSCI and engage in ethical business practices with no corruption. Our Company also actively cooperates with customers' requirements for social responsibility, and makes a commitment to anti-corruption.

Reporting Handling Procedures

Our Company has established the "Handling of Reported Incidents and Confidentiality Measures". After receiving reports, a task force leaded by Audit Office will take action to investigate the case. Our Company will keep informants' identities and their reports confidential and complete the investigation as soon as possible. The informant may report any illegal activities.

Reporting Channel

- Chief Internal Auditor: Mr. Michael Hu
- TEL: Tel: +886-2-85229788 Ext. 2284
- E-mail:Michael.Hu@abilitycorp.com.tw
- Address: No. 200, Sec. 3, Zhonghuan Rd., Xinzhuang Dist., New Taipei City 24242 (Audit Office, Ability Enterprise)

After receiving a report, the task force leaded by Audit Office will submit the report to relevant departments for a case review according to the reports handling system. Once the task force found that the report is based on facts after an investigation, an inter-departmental working group shall establish a project committee to review and judge the report. If it indeed violates ethical corporate management requirements, our Company will impose administrative punishments based on the severity of the circumstances, and will claim for restitution of unjust enrichment and take legal actions. In addition, relevant departments shall examine the internal control system and procedures, and propose improvement measures to prevent the recurrence of such violations. Audit Office shall keep the written documents for the report, including the acceptance of the report, the investigation process, and the results of the investigation, for a retention period of five years. The documents may be kept in electronic form. If any litigation related to the report occurs before the expiry of the retention period, related materials shall be kept until the litigation is concluded.

▲ Situation of Reports

Event	2023	2024
Number of reports	N/A	N/A

Implementation Status

In order to implement Ethical Corporate Management and Anti-Corruption Policy, Ability has established internal control system correspondingly, set up electronic and physical grievance procedure, managed by dedicated personnel. In 2022, Ability has established "Corporate Governance Promotion Team" under "ESG Sustainability Development Promotion Committee". The "Corporate Governance Promotion Team" is responsible for promoting and practicing ethical corporate management and anti-corruption actions. The team reports the annual implement status to the Board of Directors at least once a year. And, every year, the team disseminates information about ethical corporate management/anti-corruption, and encourages directors and employees to participate in relevant training, including courses related to trade secrets, information security, insider trading, and anti-competitive practices. In 2024, there were 768 employees that participated the ethical corporate management and anti-corruption courses. And, the total number of hours of participation in the courses was 8940 minutes. There were no violations related to anti-competitive, anti-trust, monopoly conduct, ethical corporate management, or corruption occurred in 2024. The implementation status for 2024 is as follows, and has been reported to the Board of Directors on November 8, 2024.

Substantial measures	2023	2024
Occurrence of violations of ethical corporate management and corruption	0	0
Completion rate of raw material suppliers' commitment to the Supplier Social Accountability Agreement	100%	100%
Completion rate of ethical corporate management courses under new employee educational training (Note 1)	100%	100%
Completion rate of employee integrity and anti-corruption training (Note 2)		100%

Note 1: New employees refer to employees who join our Company during the current year. Annual employee integrity and anti-corruption training starting from 2024.
Note 2: Refers to the percentage of current employees who completed the training by year-end.

Location	2023		2024	
	Taiwan	China	Taiwan	China (Note 2)
Number of new-added raw material suppliers who have executed the Supplier Social Accountability Agreement	9	41	11	37
Completion rate of raw material suppliers' commitment to the Supplier Social Accountability Agreement (Note 1)	100%	100%	100%	100%

Note 1: Completion rate = the number of new raw material suppliers added in that year who have executed the Supplier Social Accountability Agreement / the number of new raw material suppliers added in that year
Note 2: New raw material suppliers added in 2024 at China sites include those from the Vietnam Production Plant.

2.3.2 Legal Compliance

To ensure our Company comply with the laws and regulations, the Legal Department, Audit Office, and Finance Department regularly monitor laws and regulations that may have a significant effect on our Company's operations. Our Company's internal control management system prevents the occurrence of potential inappropriate conduct and violation of law, and minimizes the potential risks. According to the Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities, a major event refers to a single event with fine amount reaching NT$1 million or above. We comply with relevant laws and regulations as follows and continue to strengthen the implementation and execution of relevant legal compliance in accordance with the health management system, planning of the regulatory review, implementation of promotion and education training, and other approaches.

Aspect	Laws and regulations to comply with
Financial and organizational planning	The Company Act, Securities and Exchange Act, Money Laundering Control Act, and other relevant laws and regulations
Internal and customer information protection	Trade Secrets Act, Personal Data Protection Act, and other relevant laws and regulations
Personnel policy and management	Labor Standards Act and other relevant laws and regulations
Environment management	Basic Environment Act, Occupational Safety and Health Act, and other relevant laws and regulations

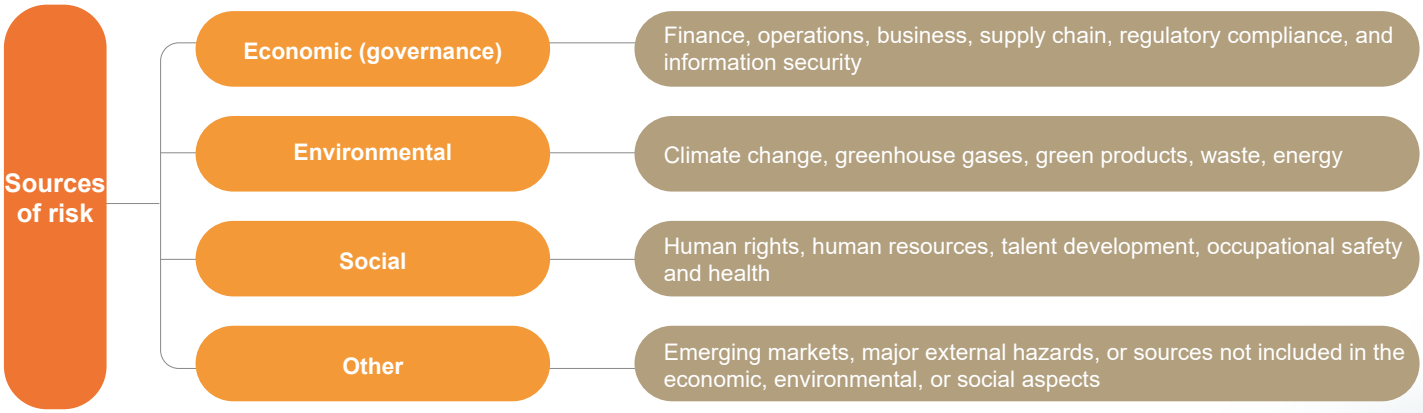
Event	2023	2024
Occurrence of violation of anti-competition, anti-trust, and monopoly conduct	N/A	N/A
Major events that violate social, environmental, and economic regulations (with the fine amount reaching NT$1 million or above)	N/A	N/A

2.4 Risk Management

Ability "Corporate Governance Promotion Group" is responsible for implementing risk management and taking appropriate measures within an acceptable range to prevent or reduce potential losses to Ability, thereby protecting the interests of stakeholders such as the employees, customers, shareholders, and partners. The Group continuously improves, reduces operational risks and regularly reports risk management results to the ESG Sustainability Promotion Committee.

2.4.1 Risk management process

Ability through the risk management process, each department clearly understands its associated risks, assesses potential risk issues, and mitigates or avoids their impact. In 2024, in accordance with the materiality principle and ISO 31000 risk management standards, the company will extensively collect and update various risks it may face. These risks will be summarized into four key risk dimensions: economic (governance) risks, environmental risks, social risks, and other emerging risks. In accordance with the "Risk Management Operating Procedure," the Company standardizes the responsibilities, methods, and processes of risk management to effectively identify potential process risks, assess the likelihood of risk occurrence, and the impact on operations, ensuring that appropriate risk management operations are effectively implemented to meet risk management needs.



2.4.2 Risk management topics

In 2024, Ability compiles the main risk management issues in various aspects and explained their response measures.

Aspect	Effects of Ability	Response measures
Economic (Governance) risks	**Expand production base** Increase overseas production joints in response to customers' demand and disperse the risk of production in Mainland China. Ability Enterprise has planned to make southbound investments.	1. Increase operations at the Vietnam factory while maintaining operations at the mainland China factory; 2. Transfer employees with international work experience to the Vietnam factory. 3. Encourage employees to learn Vietnamese to mitigate cultural differences.
	Risk of raw material interruption The source of crucial supplies is relatively centralized. If suppliers delay the delivery or there is missing material, it will affect Ability Enterprise's production.	1. Introduce the second supplier to separate the material deficiency risk. 2. Plan and control the safety inventory of crucial supplies.
	Risk of concentration sales Customers with long-term stable cooperation can ensure the stable growth of Ability Enterprise; however, there are risks of sales concentration.	1. Separate customers and seek new customers. 2. Product diversification arrangements.
	Information security Due to the frequent occurrence of cyber hackers and virus phishing emails, as well as the large amount of electronic processes and network communications, information security control has a significant impact on Ability.	1. Strengthen information security awareness and regularly issue information security alerts; 2. Conduct annual information security audits.
	Interest risk Interest risks are generated from bank borrowings, which are primarily for operations; such debts to support operating requirements with cash outflows do not generate high borrowing costs.	1. For the interest rate of bank borrowings, the Company makes its best efforts to secure the most preferred borrowing interest rate.
	Currency risk Due to cross-country operations, there are corresponding currency risks generated from the use of currencies of multiple countries, primarily the USD ,RMB and VND. Such risks mostly arise from future commercial trading, recognized assets and liabilities, and net investments in foreign operating institutions.	1. Adjust foreign exchange positions according to interest rate and exchange rate differences, and may use spot, forward foreign exchange, exchange and derivative or non-derivative financial product contracts to reduce exchange rate risks; 2. Plan and evaluate the storage of foreign currencies. 3. Reinforce loan recovery.
	Credit risk Credit risks are risks arising from potential financial losses due to the inability of customers or transaction counterparties of financial instruments that cannot fulfill contract obligations, which primarily arise from accounts receivable for which transaction counterparties are not able to settle the payment based on the collection conditions.	1. Based on the credit loan policy of Ability Enterprise, the Company performs management and credit risk analysis based on payment and shipping conditions. 2. Execute internal credit risk control, including the evaluation of the financial position of customers, prior experiences, and other factors. 3. Use to regularly monitor credit limits.
Environmental risks	**Climate change risk** Regarding the effects of the industry chain on climate change and impacts on Ability Enterprise under the existing trends, please refer to "climate change management" in chapter 3.1 of the Report for details.	1. Ability executes climate change-related risk identification and management procedures; for details, please refer to "climate change management" in chapter 3.1 of the Report.
Social risk	**Human rights management & Human resources & Occupational health and safety risks** Failure to effectively manage employee human rights may result in regulatory violations. Poor human resources management can lead to poor labor-management communication, resulting in labor shortages and impacting operational efficiency. Failure to manage workplace hazards can impact employee physical and mental health.	1. Ability manages human rights, human resources, and occupational health and safety in accordance with regulatory requirements. For details, see Chapter 4, "Friendly Workplace and Social Co-prosperity" of this report.

2.5 Supply Chain Management

The raw materials of the Company are mostly from suppliers of electronic parts and mechanism parts; they are mainly material manufacturers, licensed regional distributors, and subcontractors by category. In 2024, suppliers who were included in the approved vendor list (AVL) totaled 744 companies, and their locations spread across Taiwan, China, Southeast Asia, Japan, Korea, Europe, and the U.S.; 90% of major suppliers are in Asia. We continue to promote supply chain localization and encourage suppliers to join and use the e-procurement system platform and the green electronic information platform of green supplier management (GSM) to minimize transportation costs and achieve the paperless purpose. Before cooperating with a supplier, we consider quality, price, delivery term, production and technical factors, make constant efforts toward "green design," "clean production," and "energy-saving and carbon dioxide reduction" for the supply chain, and establish promotion, requirement, audit, evaluation, and other internal procedures for suppliers for sustainable supply chain management circulation.

Local supplier procurement ratio (Note)	2023	2024
Taiwan	72.73%	73.14%
China Dongguan	57.66%	47.91%

Note：1. "Based on the location where the supplier's company is registered" The local procurement of the Taiwan refers to local suppliers in Taiwan; the China Dongguan refers to suppliers in China and Hong Kong.
2. Local supplier procurement ratio= Local supplier transaction amount of the current year/total procurement amount of the current year

Sustainable supply chain management

New supplier evaluation and review

A new supplier who joined the supply chain of Ability shall complete the quality system audit (QSA), quality process audit (QPA), green process audit (GPA), and self-evaluation of the comprehensive business management evaluation and execute the procurement contract, non-disclosure agreements, letter of guarantee for no use (banning and restricting substances used), supplier's social responsibility agreement, supplier quality agreement, and supplier trade safety and legal compliance audit form. Whether to perform the on-site review shall be subject to the material risks and procedure risks of the new supplier.

Sustainable supply chain

Sustainability specifications	Management mechanism	Risk identification
1. Green product audit 2. Self-evaluation form for comprehensive business management evaluation 3. Supplier's social responsibility agreement 4. Supplier trade safety and legal compliance audit form	1. Quality system 2. Procedure system 3. Non-disclosure agreement 4. Supplier quality agreement 5. Procurement contract	1. High-risk supplier identification

Carry out the evaluation work for the quality assurance system, green product management system, technical and procedure capacity, and procurement and resource and material management capacity of new suppliers based on Ability Enterprise's internal procedure documents to ensure that they comply with relevant requirements. In addition, new suppliers with qualified ISO 9001, IATF 16949, TL 9000, or other third-party quality system verification are prioritized, and they are included in the AVL after being reviewed by the Company.

Our supplier human rights management and policy, through the Supplier Social Responsibility Agreement signed with suppliers, stipulates that suppliers must comply with the amfori BSCI Code of Conduct to protect human rights and prohibit child labor. If a supplier violates these rules, the company may terminate its partnership with the supplier. Our procurement department conducts human rights-related investigations and assessments annually during internal corporate social responsibility (CSR) audits.

The contract entered into with the supplier has stipulated that the supplier shall comply with business continuity management, corporate social responsibility, information security management, relevant laws and regulations, and RBA. If there is any violation of the specifications with material circumstances, the Company may terminate the cooperating relationship with the supplier. In 2024, Ability had a total of 48 new suppliers that complied with supplier review procedures

Regular evaluation and audit of employees

The Company performs regular evaluation of existing suppliers each month based on internal procedure documents each year and performs evaluations based on quality, delivery term, level of supply cooperation, and cost competitiveness to ensure that suppliers on the AVL comply with the supplier standard requirements of Ability Enterprise, find potential supplier risks, and require suppliers with deficiencies to propose deficiency correction improvement and prevention reports within a prescribed period. Suppliers who fail to complete such reports will be listed as non-qualified suppliers. Evaluation reports will be compiled and provided to the procurement department to serve as an importance basis for supplier management; the rating is divided into the following four types:

Level A

- ers are 90 or above. For suppliers who are rated level A for three consecutive months, the Company may discretionally increase order volume and prioritize them for contracting products newly developed.
- Suppliers of stable quality are ranging from 89 to 80.

Level B

- Suppliers of unstable quality are ranging from 70 to 79. The Company will consider to discretionally reduce order volume, arrange meetings between quality engineers and suppliers for examination and consultation, and concurrently notify the procurement department. After the completion of consultation and improvement, a supplier audit will be performed within two months. Suppliers who fail to improve within the deadline are removed from the AVL. If cooperation with such suppliers is required in the future, evaluation and review shall be performed before transactions.

Level C

Level D

- Below 70. Consider reducing order volume immediately, arrange meetings between quality engineers and suppliers for examination and consultation, and concurrently notify the procurement department. Set a prescribed period of three to six months to complete the improvement. If no improvement is made within the period, such suppliers are removed from the AVL. If cooperation with such suppliers is required in the future, evaluation and review shall be performed before transactions; this shall not apply to suppliers designated by customers.

▲ The results of the number of suppliers under regular evaluation in 2024 are as follows

Regular evaluation of suppliers by Ability (number of companies)Not	2024
Class A	0
Class B	156
Class C	2
Class D	0

note：Refers to the evaluation records for the 12 months of the year

The Company organizes the annual audit plan for the following year based on the delivery quality, level of cooperation and material risks of suppliers at the end of each year. For incidents, audit targets are subject to the question points. We form the audit team based on the audit plan, visit suppliers for on-site quality audit, procedure system audit, and green product audit, and request suppliers to adopt corrective and improvement measures based on problems discovered. If the audit issues continue to fail to be resolved or the supplier has no intention to improve, the transaction will be reduced or removed supplier from the Approved Supplier List (AVL) depending on the situation.

The supplier on-site audit plan formulated at the end of each year, in addition to evaluating the supplier's process and quality management system, also requires suppliers to conduct environmental protection, occupational safety and health, employee human rights (such as no child labor, no forced labor), etc. to conduct self-assessment to understand suppliers' risk control and response in environmental and social sustainability aspects, and encourages suppliers to contribute to social sustainability

▲ Supplier audit results in 2023 and 2024

		2023	2024
On-site audit of supplier (number of companies)	Taiwan location	9	15
	China Dongguan Plant	41	38

2024 Supplier Conference

In December 2024, the Company held its first large-scale Supplier Conference since the pandemic. The purpose of this event was to further explore strategies for implementing sustainability within the supply chain, and to collaboratively address environmental, social, and economic challenges. The conference highlighted Ability sustainability initiatives in supply chain management, as well as its future goals and plans for supplier collaboration.

To promote sustainable corporate development and strengthen long-term partnerships, Ability invited a total of nine outstanding suppliers—selected for their excellence in ESG performance, sustainability practices, and product quality—alongside key suppliers from around the world to participate in this important gathering.

During the conference, Ability emphasized three core sustainability principles that guide its supply chain management:

1. **Environmental Sustainability:** Taking action to reduce carbon emissions, conserve resources, and promote recycling and reuse.
2. **Social Sustainability:** Ensuring that all partners uphold fair labor standards and actively fulfill their social responsibilities.
3. **Economic Sustainability** Achieving supply chain stability and growth through innovation, risk management, and long-term collaboration.

Sustainable supply chain development is an ongoing process and is essential to the long-term success of any business. Ability remains committed to fulfilling its corporate social responsibilities and working closely with suppliers to achieve excellence in environmental protection, social accountability, and sound governance. We believe that through continuous innovation and collaboration, we can build a more prosperous and sustainable future together.

Conflict mineral management and investigation

The Company continues to focus on conflict mineral topics, commits to carefully investigate its supply chain, duly fulfills its responsibilities as a corporate citizen, and refuses to use or procure metal and minerals with human rights infringement from the conflict region of The Democratic Republic of the Congo (the "conflict mineral"). We will adopt relevant measures to avoid the use such conflict minerals in our products, including requiring suppliers to carefully investigate whether the mineral source of their products with Au, Ta, Sn, W, Co, Mica is from the Democratic Republic of the Congo or the conflict region in the neighboring countries and provide information acquired from such investigations; suppliers are required to execute the "conflict mineral investigation form" and adopt responsible mineral sources and ensure the mineral source used in products will not bring profits for armed conflicts or infringe human rights. We will continue to require suppliers to carry out conflict mineral investigations.

The completion rate of supplier conflict mineral investigations reached 90% in 2024. Ability will continue to require suppliers to manage conflict minerals and improve the investigation completion rate.

2.6 Customer relationship management

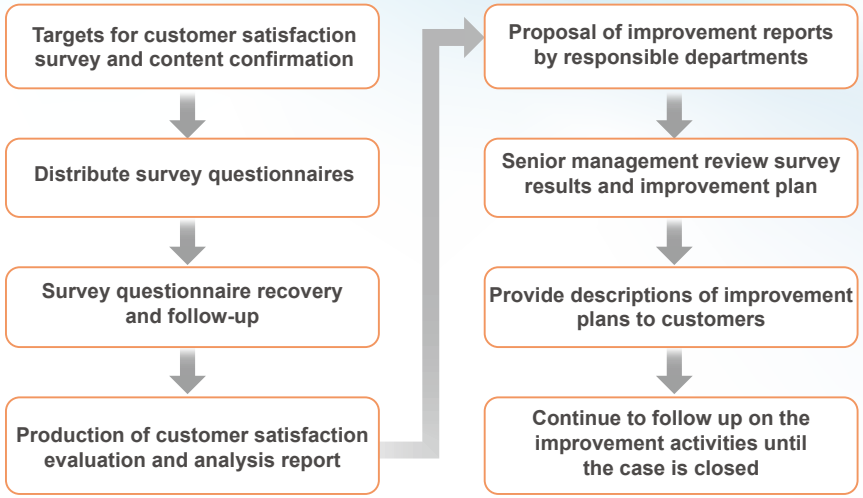
Ability is committed to achieving customer satisfaction and creating maximum profits, ensuring technologies and procedure capacity, and providing high-quality products and services to satisfy customers' requirements. As such, all employees participate and exhibit their abilities, actions, unity, and prosperous teamwork awareness. We pay close attention to source management for each operation, adhere to the philosophy of doing it right at the beginning, and continue to improve internal procedures.

Ability has established contract and order review procedures, customer satisfaction evaluation operation, and customer complaint procedures to judge the issue point and responsibility attribution for customer complaints, carry out corrective measures and subsequent improvement activities and carry out customer satisfaction surveys based on the following nine major aspects at the end of each year. The business department distributes questionnaires to customers and commences improvement examinations based on opinions provided by customers.

Customer satisfaction evaluation aspect

Service attitude	Willingness to cooperate with delivery schedule	Quality
Countermeasures and efforts made for customer complaints	Develop cooperation	Green product development/ manufacturing capacity
Green product management/operating system	Technical support	Cooperation with business activities

Customer satisfaction evaluation procedures



The 2024 overall customer satisfaction survey for the Imaging Products Division shows a significant improvement in satisfaction with products and services compared to 2023. While customers were satisfied with Ability's service attitude and responsiveness, lower satisfaction scores were observed in areas such as quality improvement, response to inquiries, and the speed of issue analysis. As a result, the overall satisfaction rating did not reach the 90% target.

The division has discussed the issues with relevant departments and proposed improvement measures. For example:

Manual operations are now classified as high-risk processes and are managed with special attention, with a gradual transition to automation operation

Material management is being handled through a data-based system (GSM)

Standard operating procedures (SOPs) for personnel handover have been established to ensure seamless customer issue handling and faster response time

Ability will continue to make improvements in customer satisfaction and is committed to meet customer expectations

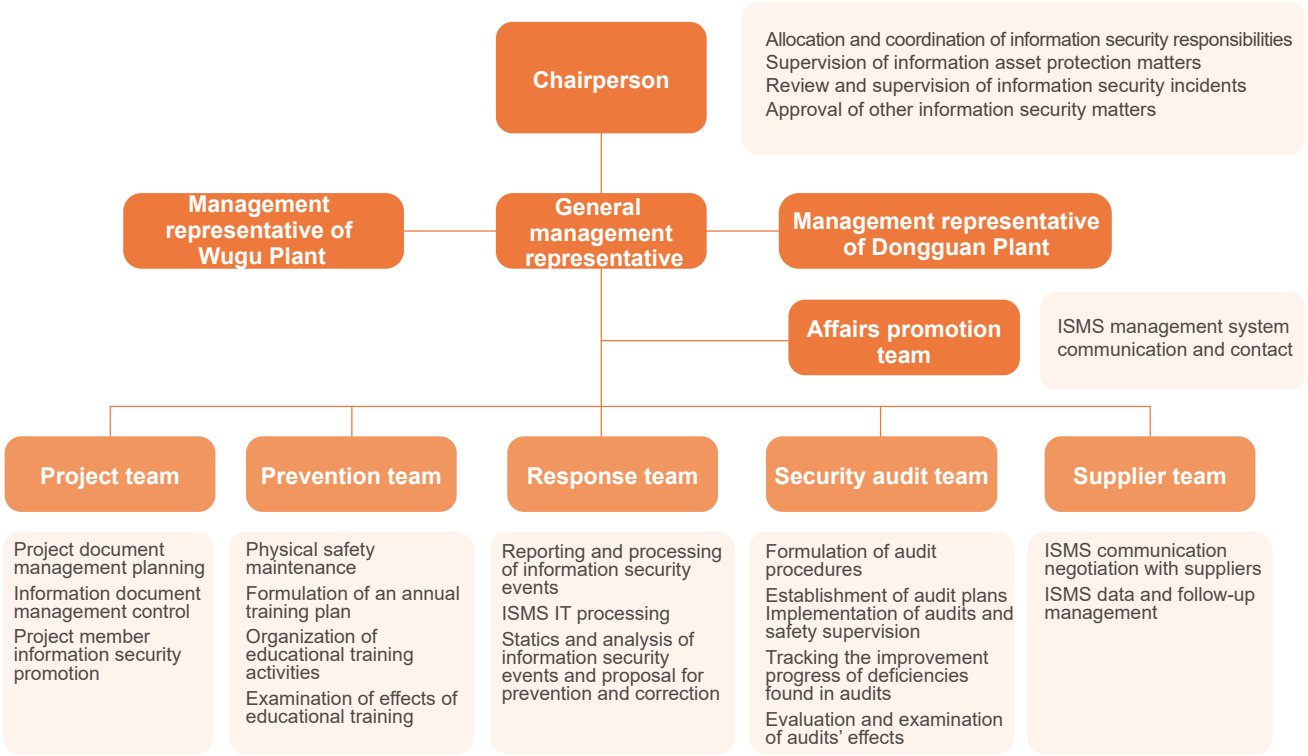
Customer satisfaction	2023	2024
Overall CIBU customers	82.5%	88.0%
Overall ISBU customers	97.4%	100%
Overall IMBU customers	100%	100%

2.7 Information security

To reinforce information security protection, the Company comprehensively promoted the introduction of the information security management system in 2012 and obtained the ISO 27001 information security management system (ISMS) certificate in August 2013. Ability continues to advance its cybersecurity system structure, requires employees to implement information security management specifications, and build a comprehensive information security protection force via information assets and risk assessments, monitoring operating impact analysis, business continuity drills, and other systems to include information security awareness and concepts in the corporate culture and take steps forward to building the zero-trust network architecture.

Information Security Management System Certification	Acquisition date	Effective Date
ISO 27001:2013	2022/8/16	2025/8/16

Note: The scope of ISO27001 third-party certification includes Taiwan Locations and China Dongguan Plant.



We particularly established an information security processing team for corporate information security, regularly convened management review meetings, and established and examined information security management targets and policies. To effectively promote information management policies, the project team, security prevention team, crisis management team, information security audit team, and supplier promotion team are established under the information security organization, comprising senior management personnel of different functional departments to ensure the continued stable operation of the information security management system.

Information security policy

To maintain information confidentiality, completeness, availability, and legitimacy, and protect information assets against internal or external man-made, intentional, or accidental damages that affect corporate operations or harm corporate interests, Ability has established its information security policy to serve as the standard to implement various information security measures; the descriptions are as follows:

1. Protect information and avoid unauthorized use.
2. Avoid information from being disclosed to unauthorized personnel and maintain information confidentiality.
3. Avoid unauthorized personnel from altering information and protect information completeness.
4. Legal users and acquisition of information required in time.
5. Implement compliance with laws and requirements related to information security and avoid the use of illegal software.
6. Establish a system back-up system and maintain the sustainable operations of corporate businesses.
7. Provide information security training to employees and reinforce overall security awareness.
8. Install information security control equipment and detect security loopholes on a timely basis to prevent computer hacker invasion and virus destruction.
9. Establish a real-time reporting system in the hope of adopting countermeasures in time when any security event occurs.

Information risk control

To implement information risk control, Ability carries out relevant information protection measures. It not only focuses on reinforcing relevant network boundary control but also focuses on the target of zero trust network structure. From 2022, Ability introduces EDR information protection (end detection and response) and MDR information security protection (managed detection and response services) solutions to avoid network or blackmail software attacks so as to block abnormal activities and the operation of suspicious programs via the detection of computers or connected equipment that are connected to the intranet. Risk control measures related to the information security of Ability are as follows:

Information security protection	Protection solutions
EDR security protection	EDR
	MDR
	Avoid network or ransomware attack
Firewall	Stop hackers from attacking and paralyzing the network
	Control reasonable network use
Anti-virus software	Stop viruses from damaging corporate data
	Avoid viruses from affecting work efficiency
	Avoid external attacks of viruses from affecting goodwill
Anti-spam	Avoid excessive spam from affecting work efficiency
	Avoid viruses from being delivered to the Company via e-mail
E-mail sending/ receiving record	Record e-mails sent/received and avoid deletion of mails by mistake, virus, and loss
	For subsequent audits and proof
PC end protection	Peripheral data access control of USB Disk/Bluetooth/Network/ Memory card
	Instant communication and file transfer control and webmail/cloud drive control
	Mobile communication network control
External personnel connection control	Control for the remote access of personnel to corporate resources
	Control for the WFH to corporate resources
	Control for mobile communication equipment
Control for external computers	Internet connection control for partners/suppliers/customers when visiting the plant
	Control for private computers of employees when visiting the plant
Online behavior screening and control	Avoid employees from mistakenly accessing websites with malware
	Authorize online connection categories based on level and work requirements
	Statistics of employees' online behaviors/time/ranking
	Record online behaviors and perform anomaly analysis
Anti-virus wall	Block internal viruses from external attack
	Block new variants of malware from attacking
	Block external viruses and reduce the chance of internal infection
Centralized control of material figures and text	Centralized control of important files
	Knowledge base management and sharing

We have implemented an ISO 27001 information security management system, adhere to information security policy requirements, conduct regular information security awareness campaigns, and provide employee information security training. Annual audits of the information security management system are conducted by internal and external professional auditors and organizations. These audits assess information security operations, risk control, and incident remediation, and are reported to the Information Security Handling Team to control and mitigate information security risks.

Ability also provides basic information security training upon new employees' onboarding. For current employees, annual information security training and public announcements strengthen employee information security awareness. Furthermore, information security personnel participate in the annual Taiwan Cybersecurity Conference (CYBERSEC Taiwan) to enhance their security knowledge and learn from various security vendors and experts about potential security issues and solutions.

Ability implements information security management policies from both a management and technical perspective. We collect and exchange information security intelligence through relevant security alliances and join the Taiwan Information Software Association - Chief Information Security Officers Association to learn about the latest security vulnerabilities and stay abreast of the latest threat information (TWCERT, NVD, and CVE). Starting in 2022, we will continue to strengthen our protection through managed detection and response services (MDR) from the security vendor Trend Micro:

1. Regular early warning notifications allow for early action. For example, if we receive a phishing email notification from a nation-state-level hacker organization, we can immediately add it to our email control system for filtering; if we receive a notification of a critical Windows system vulnerability, we can promptly patch the system.
2. Monthly security incident and statistical reports provide records of security detection activities, alerts, and incidents, allowing for the implementation of response measures.
3. Trend Micro discusses and shares recent important security issues identified by the Taiwan Threat Intelligence Center to achieve joint security defense and enhance overall security protection capabilities.

Executive Summary of Achievements

Information security has become a strategic imperative for business continuity. Below is a summary of key information security management practices and outcomes that support this priority.

Dedicated Personnel	A designated Information Security Supervisor and dedicated security staff are responsible for cybersecurity planning, technology adoption, and audit-related tasks, ensuring the continual enhancement of information security measures.
Customer Privacy & Data Protection	We maintained a strong security record with no customer data breaches, privacy violations, or major security incidents reported in both 2023 and 2024.
Education & Training	All new employees are required to complete cybersecurity education and training before assuming their roles. Annually, all staff participate in an online information security awareness campaign and self-assessment. Additionally, the organization conducts quarterly vulnerability scanning (4 times per year).
Security Announcements	Over 10 information security bulletins are issued each year to disseminate key protection policies, regulations, and precautionary guidelines.
Threat Monitoring & Analysis	A monthly security threat analysis report is produced to evaluate endpoint antivirus activity, network intrusion attempts, and suspicious or malicious behaviors, enabling timely risk detection and mitigation.

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3 Green Environment

3.1 Climate Change Management

3.2 Energy Management

3.3 Greenhouse Gas Management

3.4 Waste Management

3.5 Water Resources Management

3.6 Sustainable Innovative Products

Material topic: Climate change management

Materiality, Policies, and Commitments

Ability is responsible for its greenhouse gas emissions (direct and indirect) and is committed to taking preferred measures to gradually reduce greenhouse gas emissions within its control and encourage emission reduction/net zero actions within its influence area; consider future climate forecasts to identify risks and incorporate climate change adaptation into the company's decision-making process; seek opportunities to avoid or minimize damage related to climate change and, where possible, take advantage of opportunities to adjust to changes; manage climate change and adapt to climate change, which will have an impact on health, prosperity and human rights, and thus contribute to society.

Positive/Negative Impact

1. Positive：Taking management actions for climate change can help adapt to changes early and reduce asset losses when responding to immediate risks; disclosing climate information in compliance with regulatory requirements can also enhance a company's reputation.
2. Negative：Failure to implement climate change management measures will result in an inability to comply with regulations or customer requirements in a timely manner. There will be no time to prepare for sudden climate changes in advance, resulting in increased expenditure on company assets, lost market opportunities, and reduced revenue.

Action Plan

1. 1. The company is developing process optimization and improving plant operations. We are continuously reducing energy consumption through the implementation of diverse energy-saving measures. These include installing inverters, adjusting and improving process equipment management, and enhancing energy management systems. These measures are aimed at improving energy conservation and operational equipment efficiency in both the factory and offices.
2. 2. We collaborate with suppliers in product development and production, striving to provide low-carbon, low-power solutions. Product design is based on principles of easy disassembly, recyclability, and green design to enhance energy and usage efficiency.

Evaluation and Performance of 2024

1. Based on Y2023, the energy intensity of the Taiwan location was reduced by 21.85% in 2024, and the energy intensity of China Dongguan plant was reduced by 17.03%.
2. Based on Y2023, carbon emissions per million yuan of revenue was reduced by 38.67% in 2024 (Category 1 and Category 2 combined).

Remedy Mechanism

Responsible Unit: Administration Department/ISO Systems Department

1. Ability regularly/irregularly collects information on climate change management requirements from governments, international organizations, and clients, reflects these information internally, and conducts feedback and information exchange. These issues are categorized by significance and subsequently implemented and tracked.

Goals

Short-Term

1. Based on Y2023, reduce energy intensity by 1% annually from 2024 to 2025.
2. Based on Y2023, reduce carbon emissions per million yuan of revenue by 2% annually from 2024 to 2025 (Category 1 and 2 combined).

Medium-Term

1. Based on Y2023, reduce energy intensity by 2% annually from 2026 to 2030.
2. Based on Y2023, reduce carbon emissions per million yuan of revenue by 25% by 2030 (Category 1 and 2 combined).

Long-Term

Achieve net zero emissions by 2050, reviewing carbon intensity reduction performance annually.

Product Quality and Safety, Raw Material Management

Materiality, Policies, and Commitments

Customer requirements and differences in regulatory requirements by country/region (for example, EU Battery Directive, US Conflict Minerals Regulation, etc.) are addressed by adopting ISO 9001 quality management system and IATF 16949 automotive product quality management system. QC 080000 is employed to control hazardous substances, with systematic visualization and carbon reduction pooling tools to strengthen product environmental traceability. Through comprehensive education and training, all employees are instilled with the importance of product quality, safety, environmental friendliness, and regulatory compliance.

Positive/Negative Impact

1. Positive：In the face of global climate change and the rising severity of environmental issues, the company actively develops eco-friendly product designs, eliminates non-compliant environmental impacts, particularly for substances prohibited or restricted by international conventions, and incorporates green concepts into product development and production. The company also promotes energy-saving, carbon reduction, and waste reduction practices to lower environmental impact throughout the life cycle of R&D, procurement, manufacturing, usage, and recycling.
2. Negative：Continually monitors changes in regulations, assesses the impact of undetected hazardous substances, and enhances response efficiency to major hazardous events, ensuring that business is conducted safely, in compliance with relevant guidelines, and free of operational risk and loss.

Action Plan

1. Adopt ISO9001 quality management system, with IECQ QC080000 hazardous substance process management as the standard practice.
2. Use Product Lifecycle Management (PLM) and Global Specification Management (GSM) platforms, as well as SAP for enterprise resource integration.
3. All incoming supplier raw materials and products are required to provide inspection reports to ensure material quality and safety.
4. Implement supplier incoming material XRF (fluorescence) inspections as a control basis.
5. If non-compliant shipments are found at incoming inspection, corrective and preventive actions are taken, with supplier process audits for improvement or supplier replacement if necessary.
6. Require paper products to be certified by FSC (Forest Stewardship Council); source sustainable wood materials.
7. Based on customer requirements, soybean and mineral oil-free inks are used for printing on paper products such as color boxes and instructions.

Evaluation and Performance of 2024

1. Provide customers with eco-friendly design solutions: the average content of reused/recycled materials for products was 81.80%, and recovery/reuse rate was 92.42%.
2. The rate of hazardous substance-free detection (None) reached 95.50%.
3. The procurement of key components required 100% of them to meet RoHS standards.

Remedy Mechanism

Responsible Department: Quality Management Department

1. If hazardous substance use exceeds regulations, suppliers must be notified to investigate the cause and take corrective action.
2. Purchased components or materials involved in non-compliant events are isolated, halted from entering the process, marked, and replaced with qualified items.
3. Completed corrective and preventive actions are verified by quality management, and continuous improvements are made to avoid recurrence.

Goals

Short-Term

1. Product compliance with green material requirements: reuse & recycling ≥ 80%, recovery ≥ 85%.
2. All product materials must be 70% halogen-free.

Medium-Term

1. Products meet the following green product requirements: During development, prioritize the use of reuse/recycling/recovery materials.
2. All product materials must be 80% halogen-free.

Long-Term

1. Products meet the following green product requirements: During development, prioritize the use of reuse/recycling/recovery materials.
2. All product materials are 85% halogen-free.

Sustainable and innovative products and services

Materiality, Policies, and Commitments

Our company is committed to providing low-carbon and low-power solutions in product development and production. Our product design is based on the principles of easy disassembly, recyclability and green design, and environmental sustainability is listed as the most important and important goal. We are committed to supporting the research and development and production of sustainable and innovative products, avoiding the use of harmful materials and chemicals in product design to ensure the production and use of sustainable products, reduce carbon emissions and other negative impacts on the environment, and encourage employees to actively participate in and promote the company's sustainable innovation policy, emphasizing environmental and social responsibilities in the company's culture and values

Positive/Negative Impact

1. Positive: R&D and design, respond to environmental issues corresponding to the product life cycle, reduce environmental impact, improve energy and usage efficiency, introduce green product design to reduce materials that damage the earth, strive to design products that are friendly to the environment and have sustainable value, and create products that consider energy saving and green environmental protection in design

Action Plan

1. Use more environmentally friendly materials and technologies in design: optimize the design of existing products, strengthen communication and cooperation with suppliers, improve product recycling and reuse rates, jointly create a green supply chain, reduce environmental pollution and resource consumption of products, and improve product sustainability.
2. Reduce the impact of the production process on the environment: reduce the production process and testing time, increase factory efficiency and reduce energy use.
3. Confirm halogen-free materials for imaging products at the early stage of design, increase the percentage of halogen-free products in line with green energy product design, use environmentally friendly materials to optimize products, set power reduction/increase usage time goals in the design review stage, propose design improvement projects based on the goals, and review the achievement of goals at each R&D judgment stage.

Evaluation and Performance of 2024

1. 41% of patent applications filed from 2021 to 2024 have been commercialized.
2. Circuit optimization design and component replacement have led to a smaller circuit board layout area, and the assembly design of the vehicle camera housing mechanism components has been changed, achieving a 40% reduction in overall size.

Remedy Mechanism

Responsible unit: Design and development unit

When customers have demands for innovative products and services, we will respond to their needs with a professional team, take sustainable innovation as the concept, and create more comprehensive sustainable value.

Goals

Short-Term

1. Starting from 2024, R&D design will increase the design benchmarks corresponding to environmental issues and the selection of halogen-free materials to optimize green energy products.
2. 2. Miniaturization/low cost of in-vehicle camera products: the front lens size is miniaturized and the appearance size is reduced by 10%.
3. Evaluate and implement the environmentally friendly packaging material reduction plan (the project will be launched in 2023 and the simplification of environmentally friendly plastics will continue in 2024).

Medium-Term

1. New models of imaging products will be introduced into the new design benchmark checklist (RD Design review check list) and material confirmation items will be added.
2. Imaging products will reduce power consumption by 5% or increase product usage time by more than 5%.
3. Reduce the back-end testing hours by 5% each year.
4. Miniaturization/low cost of in-vehicle camera products: Compared with the previous series of products, the size and cost are reduced by 5%.

Long-Term

1. The product meets the energy efficiency regulations of the Canadian Energy Efficiency Label (NRCAN), the European Energy Efficiency (ErP) and the California Appliance Energy Efficiency Regulations in the United States.
2. Take energy efficiency as the strategic axis of product sustainable design, and continue to develop green design and carbon reduction design.

Environmental Management

Compliance with environmental laws and regulations and relevant government requirements is crucial to Ability environmental management system. Beyond complying with environmental laws and regulations, we must continuously strive toward the goal of "zero pollution, zero disasters." Ability establishes and maintains environmental management requirements in accordance with the ISO 14001 environmental management system, complying with environmental laws and regulations and relevant environmental requirements at our locations. Furthermore, we continue to strive toward our "zero pollution, zero disasters" goal.

Environmental management system	Location	Acquisition date	Effective Date
ISO 14001:2015	Taiwan	April 30, 2023	April 30, 2026
	China Dongguan	August 3, 2022	August 3, 2025

3.1 Climate change management

In response to global climate change, Ability engagement actively establishes countermeasures to mitigate the effects of industry chains on climate. In accordance with the Task Force on Climate-related Financial Disclosures (TCFD) formally issued by the Financial Stability Board (FSB) in 2017, we made disclosures of climate-related financial risks and opportunities through the four major frameworks, including climate topic governance, climate-related risks and opportunity identification and countermeasures, risk management, and indicators and targets. We evaluate possible effects of operating activities and formulated countermeasures and management policies to minimize the risks of global climate change on corporate operations.

Climate change management Policy

Ability is responsible for greenhouse gas emissions (directly or indirectly) and are affected by climate change in one way or another. Ability commits to taking preferred measures to gradually reduce and minimize direct and indirect greenhouse gas emissions within its control and to encourage similar actions within its sphere of influence; to consider future climate projections to identify risks and integrate climate change adaptation into its own decision-making process; to identify opportunities to avoid or minimize damage related to climate change and, where possible, to take advantage of opportunities to adjust to changes; and to plan for climate change (adaptation) where it makes sense for the organization. Adapting to climate change will contribute to society through impacts on health, prosperity and human rights.

The Board of Directors is the highest governing body for Ability's climate change governance and is responsible for overseeing the management strategies developed by the ESG Development Committee. The Green Sustainability Promotion team is established under the ESG Development Committee to assume the responsibility to improve environmental management performance, low-carbon product development, and environmental risk control and regularly carry out investigations and analysis of climate-related risks and opportunities to ensure the effective execution of the management strategies.

3.1.1 Climate change-related risks and opportunities assessment

The Green Sustainability Promotion team is responsible for collecting domestic and foreign climate change trends and regulatory changes, performing climate-related risks and opportunities within the industry, compiling a list of climate-related risk and opportunity topics and submitting it to the ESG Development Committee, and subsequently formulating management strategies and the climate risk management report based on items of high risk/opportunity as identified; the chairperson shall report to the Board. According to the climate risk management report, the Green Sustainability Promotion team shall commence the execution plan and give regular reports to the execution achievements to the ESG Development Committee.

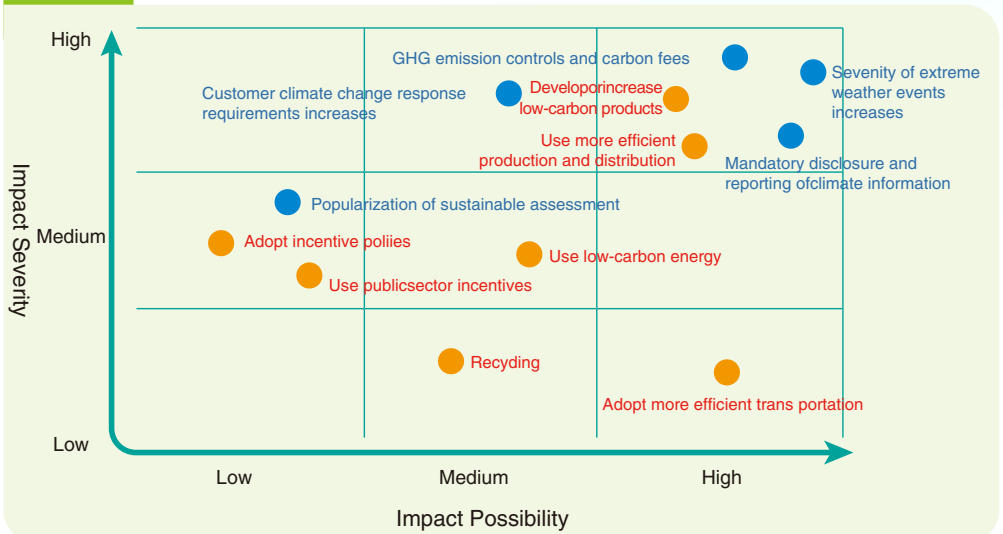
Climate change-related financial risks and opportunities identification

The company draws on international research reports, industry trends, and internal and external corporate surveys to identify the risks and opportunities that climate change may pose to business operations in the short, medium, and long term. In addition to identifying climate risks and opportunities, the company will continue to strengthen its connection with financial information to proactively develop appropriate response capabilities.

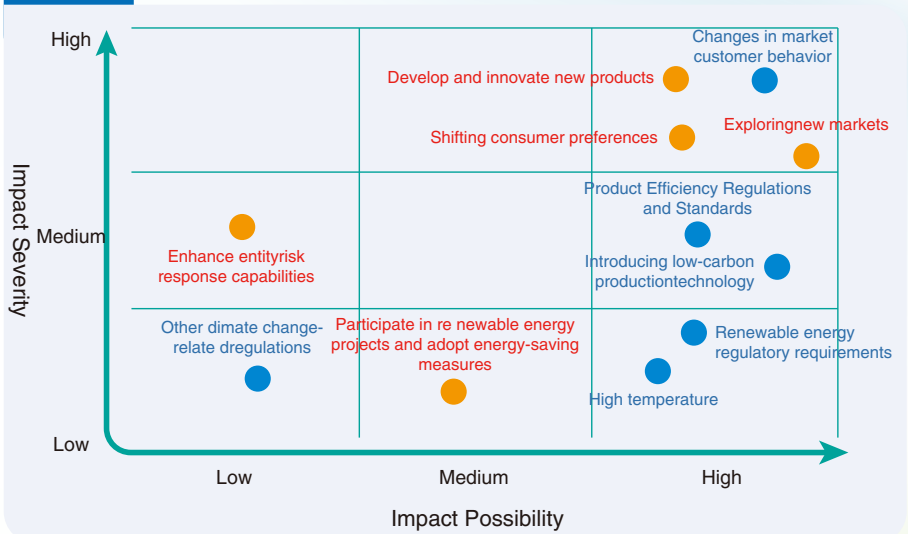
Process responsible person	Input	Process description	Output
ESG Development Committee Green Sustainability Promotion team	Industry trends and analysis	**Risk identification:** Assess risk sources and risk items	Climate risk/opportunity topic
ESG Development Committee Green Sustainability Promotion team	Current status investigation for organizational operation	**Risk assessment:** Assess the level of risk of risk items	Results of climate risk/ opportunity
ESG Development Committee Promoting member	Risk identification and level	**Check the risk report:** Formulate strategic reports for items of high risk as identified	Risk management report
ESG Development Committee Committee Chairperson		**Risk management report submission and disclosure:** Submit to the Board	Minutes of Board meetings
ESG Development Committee Green Sustainability Promotion team		**Risk response:** High-risk item relief project implementation and follow-up	Implementation records of plans

The company screened out risk/opportunity issues related to Ability and identified their impact timeline, impact possibility and impact severity.

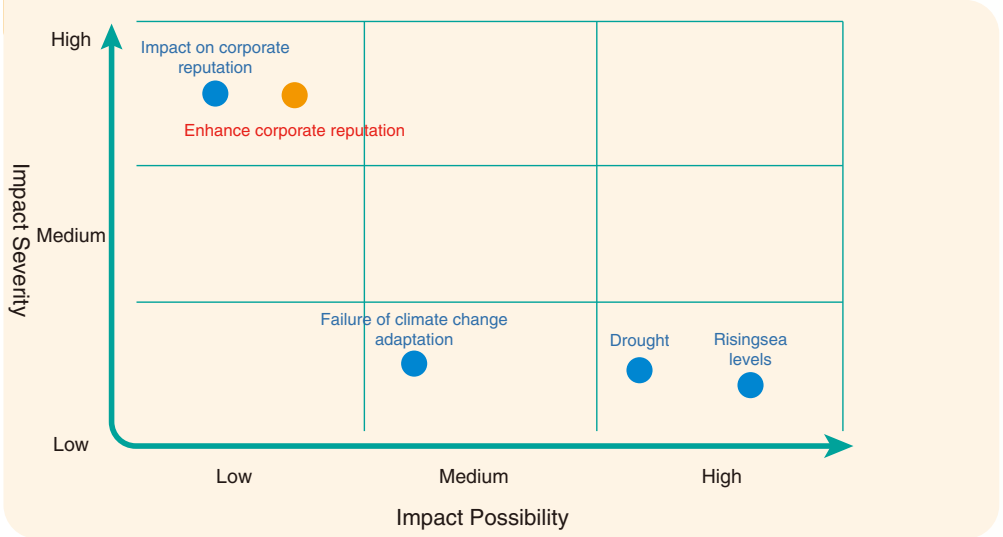
Short-Term



Mid-Term



Long-Term



Opportunity Risk

Ability identified 4 climate change risks and 5 climate opportunity topics.

Risk/ Opportunity	Category		Description	Description of potential issues	Impact timeline	impact possibility	impact severity
Climate-related risk topic	Physical risk	Acute Risk	Severity of extreme weather events increases	Interrupted operation caused by the damages of plant equipment due to forced work suspension from water shortage or flood resulting from extreme climate events (typhoons, floods, and intense rainfall; inability to produce resulting from the suspension of raw material supply; inability to ship in time and other disasters due to road suspension.	Short-Term	High	High
	Transformation risk	Policy and Legal Risks	GHG emission controls and carbon fees	As governments impose carbon credits, carbon taxes or carbon fees to limit the total amount of greenhouse gas emissions, companies need to purchase carbon credits through carbon market transactions to offset emissions, or pay excess fees, resulting in increased costs.	Short-Term	High	High
		Policy and Legal Risks	Mandatory disclosure and reporting of climate information	Local, national, and international concerns about the impact of climate change and sustainability have led to the enactment of laws and regulations requiring companies to disclose climate information such as greenhouse gas inventory results or carbon footprints, and to establish standards or regulations for product efficiency (energy, water consumption) or labeling.	Short-Term	High	High
		Market risks	Changes in market customer behavior	The change in customers' preference for products and services arising from the awareness of climate change may change our procurement policies. If products are not compliant with customers' requirements or if customers prefer low carbon/low energy consumption products, it may affect product sales and market share.	Medium-Term	High	High
Climate-related opportunity topic	Innovative products and services		Develop or increase low-carbon products	The acquisition of carbon footprint certification, low carbon labels, or energy-saving labels of products may improve products' competitiveness, satisfy the requirements of high-end customers, and respond to the market's demand so as to improve operating income. (Increase in the requirements for low carbon products or services/increase in cooperating opportunities between the upstream and downstream value chain).	Short-Term	High	High
	Innovative products and services		Develop and innovate new products	New procedures and product R&D are differentiated from the market to satisfy the requirements of new markets and new customers.	Medium-Term	High	High
	Market		Shifting consumer preferences	With the improved awareness of consumers for climate change, the demand for effective and environmentally green products may increase.	Medium-Term	High	High
	Market		Exploring new markets	Enterprises provide differentiated products and services to satisfy customers' expectations of low-carbon sustainability or jointly develop new markets and technologies with new partners.	Medium-Term	High	High
	Resource consumption efficiency		Use more efficient production and distribution	New technology applications (i.e., IoT, Big Data analysis, automation, and intellectualization) improved the yield, reduced delivery terms, and improved employees' health and safety, which reduced our operating costs and improved the production capacity. Utilize transportation equipment with high energy efficiency, optimize routes, reduce transportation costs, and adopt green procurement and the renovation and optimization of on-site machines and equipment to reduce the carbon footprint of products.	Short-Term	High	High

Climate change-related risks and opportunity financial impact assessment

Risk/ Opportunity	Description	Area of effect	financial impact assessment			
			Revenue	Costs/Expenses	Capital Expenditures	Profit
Risk	Severity of extreme weather events increases	Taiwan Location, China Dongguan Plant	Decrease	Increase	Increase	Decrease
	GHG emission controls and carbon fees	Ability	-	Increase	Increase	Decrease
	Mandatory disclosure and reporting of climate information	Ability	-	Increase	-	Decrease
	Changes in market customer behavior	Ability	Decrease	Increase	-	Decrease
Opportunity	Develop or increase low-carbon products	Ability	Increase	Increase	Increase	Increase
	Develop and innovate new products	Ability	Increase	Increase	Increase	Increase
	Shifting consumer preferences	Ability	Increase	Increase	-	Increase
	Exploring new markets	Ability	Increase	Increase	Increase	Increase
	Use more efficient production and distribution	Taiwan Location, China Dongguan Plant	-	Increase	Increase	-

3.1.2 Climate Risk Management

In response to high-risk/opportunity projects related to climate change, the company has proposed response strategies, focusing on climate change mitigation and adaptation. Mitigation strategies include energy conservation and conversion, implemented through measures such as energy management, process optimization, and plant operations improvements (with the planned introduction of ISO50001). Simultaneously, the company has developed a climate change adaptation strategy. By identifying climate risks and opportunities, it strategically plans low-carbon products and automated energy-saving technologies to mitigate the impact of climate change, with the goal of reducing greenhouse gas emissions and achieving net zero emissions. In 2023, the company declared net zero emissions by 2050, using a greenhouse gas inventory as a base year for verification and setting carbon reduction targets, which will be updated as appropriate. The ESG Sustainability Promotion Committee is formulating current response strategies and action plans for identified climate-related risks and opportunities.

Risk/ Opportunity	Category	Description	Response strategies and action plans
Risk	Physical risk	Severity of extreme weather events increases	1. Before the typhoon season arrives, pre-arrange dredging operations. When a land typhoon warning is issued, building property management personnel are required to submit a typhoon prevention plan and make typhoon preparations (such as stacking sandbags, securing trees, and checking that doors and windows are closed). Patrols are also conducted, and any unusual situations are addressed immediately to minimize the impact of the disaster. 2. In the event of a power outage, power outage, windstorm, or flood, an emergency response team will be immediately established to monitor the latest developments and relevant precautions, monitor for injuries, and inspect buildings and equipment for damage. 3. If supplier material deliveries are impacted, resulting in potential delays in client shipment schedules, we will immediately negotiate with the client to address shipment scheduling and determine the short-term impact. We will conduct secondary source assessments and procurement plans for significantly impacted materials, and continuously update material assessments and surveys of affected suppliers until the shortage is resolved.
	Transformation risk	GHG emission controls and carbon fees	1. Improving Energy Efficiency and Reducing Emissions: Replacing outdated air conditioning equipment to improve energy efficiency; consolidating test stations to optimize production processes; and expanding the use of renewable energy to reduce emissions. 2. Promoting a Green Supply Chain: Through promotional initiatives, requirements, audits, and assessments, we aim to guide suppliers to adopt green design, clean production, and energy conservation and carbon reduction practices to reduce carbon emissions within the supply chain.
		Mandatory disclosure and reporting of climate information	1. Comply with relevant regulations on carbon reduction and product energy efficiency, stay abreast of regulatory changes and updates, and promptly adjust the company's net zero planning timeline to ensure its operations comply with legal and regulatory requirements. 2. Implement various management systems to strengthen ESG management performance across all aspects, conduct annual greenhouse gas inventories and other climate information verification, and disclose climate information through annual sustainability reports, websites, and other platforms, proactively responding to stakeholder expectations.
		Changes in market customer behavior	1. Research the annual sustainability reports or ESG data reports of major customers to understand their requirements and environmental preferences to inform future product design planning. 2. For key sales customers, we will incorporate product design trends tailored to climate change into product features, such as compliance with local energy efficiency regulations or meeting customers' green procurement policies, to enhance customer awareness of Ability's energy-saving and low-carbon products.
Opportunity	Innovative products and services	Develop or increase low-carbon products	1. Develop low-carbon, energy-saving imaging and automotive product prototypes, identify clients with related low-carbon or energy-saving needs, and discuss subsequent product collaborations. 2. Use components and materials that meet carbon reduction and energy-saving requirements to achieve the requirements of various low-carbon or energy-saving certifications.
	Innovative products and services	Develop and innovate new products	1. Review the design and verification process during product development. Integrate components with lower power consumption, eco-friendly materials, and recyclable materials, while reducing the number of different parts used. Improve component power consumption during operation and optimize heat dissipation efficiency to reduce heat loss. 2. Establish product development processes and standards, document the development process, and subsequently review and streamline the process.
	Market	Shifting consumer preferences	1. Future research is planned to investigate market requirements related to climate change and prioritize consumer product preferences. 2. Customer-centric development will be implemented. Beyond standard imaging applications, R&D will incorporate environmentally friendly features such as low carbon and energy conservation to enhance the visibility of green product concepts.
	Market	Exploring new markets	By 2025, focused on existing customers, smart imaging applications, intelligent analytics, 360-degree imaging products, machine vision, and automotive modules will be targeted as product areas. Low-carbon, energy-saving, and performance-enhancing technologies will be incorporated to expand market share.
	Resource consumption efficiency	Use more efficient production and distribution	1. Optimization and improvement efforts are planned to improve production efficiency, including the implementation of error-proofing. 2. In-house process test platforms are planned to be developed to integrate test items and increase the variability of test combinations. This will increase the proportion of automated/semi-automated testing and reduce manual labor hours.

3.2 Energy management

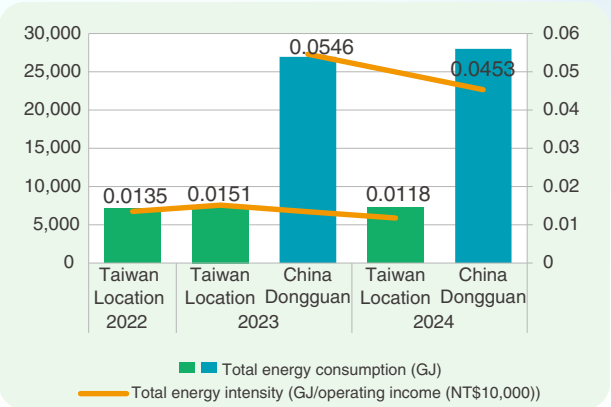
In response to the energy-saving, carbon dioxide reduction, and sustainable development policies of the government, the Company continues to implement energy-saving measures and improve energy efficiency to minimize the environmental impacts caused by GHG emissions and improve its tenacity in facing climate change risks. Energy consumed by the Company is non-renewable energy purchased from power companies, and it is used in production procedures, office buildings and China Dongguan dormitory electricity. In 2024, a total of 1,993,886 kWh of purchased power of Taiwan was consumed, accounting for 98.7% of the total energy consumption. Followed by petroleum used by corporate cars used by power generators, the Company consumed 2,597 L (We didn't purchase diesel for power generators in 2024), accounting for 1.25% of the total energy consumption. The use of renewable energy is from the power generated from the solar power panels of Taiwan Headquarter, and the power is used in lighting in elevators of the office building, accounting for 0.05% of the total energy consumption. A total of 7,752,920 kWh of purchased power of China Dongguan Plant was consumed, accounting for 99.73 % of the total energy consumption in 2024. Followed by petroleum used by corporate cars (We didn't purchase diesel for power generators because the power wasn't cut off.) the Company consumed 2306.49 L in 2024, accounting for 0.27% of the total energy consumption. In the future, we'll continue to enhance the energy management and improve energy efficiency which make contribution to continuing development.

Energy consumption		2023		2024	
		Taiwan	China Dongguan	Taiwan	China Dongguan
Non-renewable energy	Gasoline (L)	1,877	17,790.69	2,597	2,306.49
	Diesel (L)	306	0	0	0
	Power consumption (kWh)	2,048,496	7,316,332	1,993,886	7,752,920
	Non-renewable energy consumption (GJ)	7,447.25	26,925.89	7,263.69	27,986.63
renewables	Solar power (kWh)	1,278	0	1,131	0
	Renewable energy consumption (GJ)	4.60	0	4.07	0
Total energy consumption (GJ)		7,451.85	26,925.89	7,267.76	27,986.63
Total energy intensity (0.02GJ/ operating income (NT$10,000))		0.0151	0.0546	0.0118	0.0453

Note 1: The Company calculated the heating value conversion with reference to the value announced in the energy product units' heating value table in the Statistics Handbook 2020 by the Bureau of Energy. The heating value of petroleum, diesel, and power is 0.033GJ/L, 0.035GJ/L, and 0.0036GJ/kWh.

Note 2: The revenue data comes from the operating income of Ability Enterprise consolidated financial statements for the fiscal year ◦ .

▲ Annual energy consumption



China Dongguan plant has been established for 20 years. In response to energy conservation and carbon reduction initiatives, an energy efficiency improvement plan is being evaluated for the workshops in Buildings A and B, the administrative office building, and the employee dormitory. This includes the replacement of outdated, high-energy-consuming equipment. For example, by interconnecting the chiller pipelines on the first floor of Buildings A and B, usage can be switched based on actual demand, thereby reducing electricity consumption and achieving the goals of energy saving and carbon reduction.

Location	Improvement Results in 2024	Annual Electricity Savings (kwh)	Annual Energy Savings (GJ) (note 1)	Annual Carbon Reduction (kg CO_2e)(note 2)
Taiwan Wugu Plant	Replaced window-type air conditioners with Grade 1 energy-efficient split-type units.	15,636(Note 3)	56.29	7,724.18
China Dongguan Plant	Replacement of outdated, high-energy-consuming air conditioning units	19,376(Note 3)	69.75	11,050.13
	The chiller pipelines on the 1st floor of Buildings A and B are interconnected, allowing usage to be switched and adjusted based on actual temperature, thereby reducing energy consumption.	37,557(Note 4)	135.21	21,418.76
	An independent air conditioner was installed in the warehouse area at A4F production site; after installation, the chiller is no longer used.	159,600(Note 5)	574.56	91,019.88
	Replacement of the old elevator in Building A workshop.	1,675(Note 5)	6.03	955.25
Total Annual Carbon Reduction				132,168.20

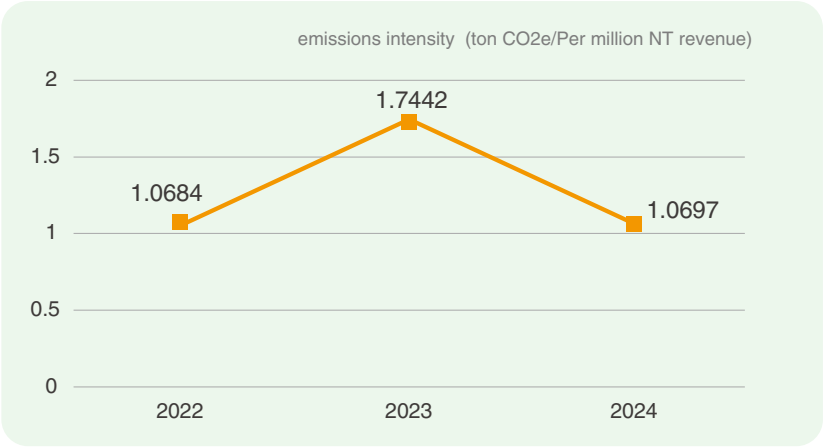
Note 1: One kilowatt-hour (kWh) is approximately equal to 0.0036 GJ.
Note 2: In Taiwan, calculations are based on the electricity emission factor published by the Bureau of Energy, Ministry of Economic Affairs. In China, calculations follow the national electricity emission factor announced by the Ministry of Ecology and Environment.
Note 3: Calculation formula = Annual power consumption of old equipment — Annual power consumption of new equipment.
Annual power consumption is calculated as:
(Rated total cooling capacity (kW) / Energy Efficiency Ratio (W/W)) × 1,200 (hours/year), with values rounded to the nearest whole number.
Note 4: Calculation formula = Equipment power × Reduction in operating hours × Number of working days per year.
Note 5: Calculation formula = Difference in power between new and old equipment × Number of units replaced × Operating hours × Number of working days per year.

3.3 GHG management

To actively search for key factors in mitigating climate change, Ability conducts 2024 greenhouse gas emissions inventory in accordance with ISO 14064: 2018 standards and completes third-party verification. In addition to greenhouse gas emissions (Category 1 and Category 2) from its own operations, In terms of other indirect greenhouse gas emissions(Category 3 to Category 6)，Consider the occurrence rate, improvement potential, activity data source, emission coefficient and other materiality assessment factors, Identify major sources of indirect greenhouse gas emissions such as upstream raw material emissions from purchased products, upstream and downstream transportation and cargo distribution, business travel and product use, total of 7 indirect emissions were disclosed.

Ability Category 1 and Category 2 greenhouse gas emissions in 2024 are 6613.6937 tons of CO_2e, a decrease of 1990.889 tons of CO_2e from 2023. This is mainly due to the increase in production capacity and the replacement of energy-saving equipment in dormitories, workshops, offices, etc. at the China Dongguan plant, which has led to a decrease in greenhouse gas emissions.

▲ Greenhouse gas emissions (category 1 + category 2) intensity trend from 2022 to 2024



Note1：Emission intensity = combined emissions (tCO_2e) of Category 1 and Category 2/ Revenue (million NT)

Note2：Revenue information comes from Ability consolidated financial statements for the current year.

Unit：tCO_2e/year

	CO_2	CH_4	N_2O	HFCs	PFCs	SF_6	NF_3	total
Category 1 and Category 2	5195.1774	184.5083	0.3822	1233.6258	0.0000	0.0000	0.0000	6613.6937

Note：

1. Category 1 direct greenhouse gas emissions, including diesel, gasoline, natural gas, refrigerant, septic tanks, etc., refer to the GWP value of the IPCC 2021 Sixth Assessment Report.
2. Category 2 Indirect emissions from purchased energy (electricity)，Taiwan electricity emission coefficient = 0.494kg CO_2e/kWh (Announcement information from the Energy Administration of the Ministry of Economic Affairs of Taiwan)；China emission coefficient = 0.5366kg CO_2e/ kWh (Announcement information from the Ministry of Ecology and Environment of China)。
3. The statistical scope of greenhouse gas emissions includes Taiwan location and China Dongguan plant.

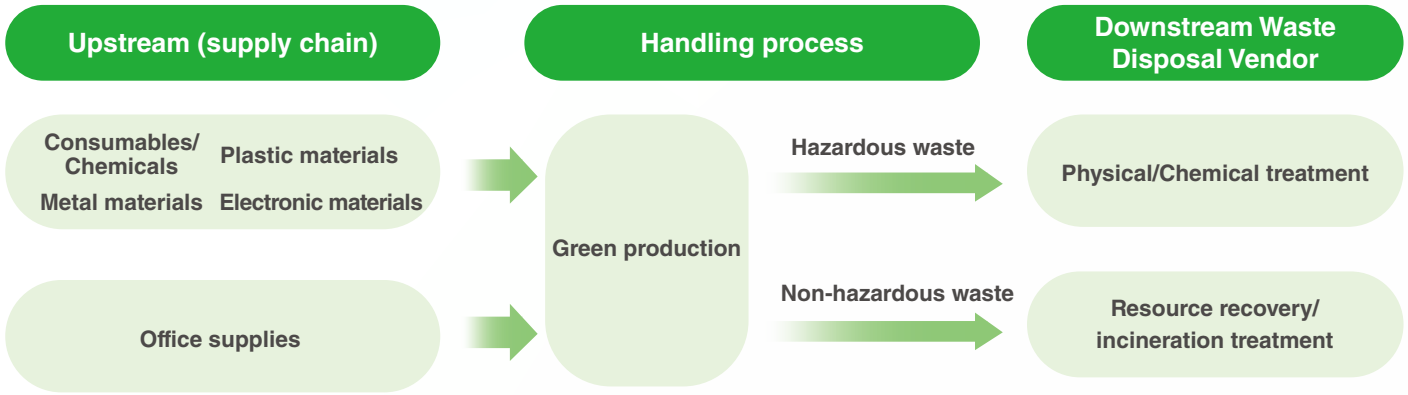
▲ Statistics on other indirect greenhouse gas emissions

Category	category items	Scope of coverage	2024 GHG emissions (tCO2e/year)
Category 3	Upstream transportation and distribution	Taiwan, China Dongguan	56.9532
Category 3	Downstream transportation and distribution	Taiwan, China Dongguan	19.6272
Category 3	employee commuting	Taiwan	239.6856
Category 3	business trip	Taiwan, China Dongguan	280.3446
Category 4	Purchase goods (raw material emissions)	Taiwan, China Dongguan	25,746.6910
Category 4	Purchased fuel and energy resources (upstream emissions)	Taiwan, China Dongguan	558.2330
Category 5	Product use	Taiwan, China Dongguan	3,809.3994
total			30,710.9340

Note: Category 6 is a non-significant indirect emission and has not been quantified.

3.4 Waste management

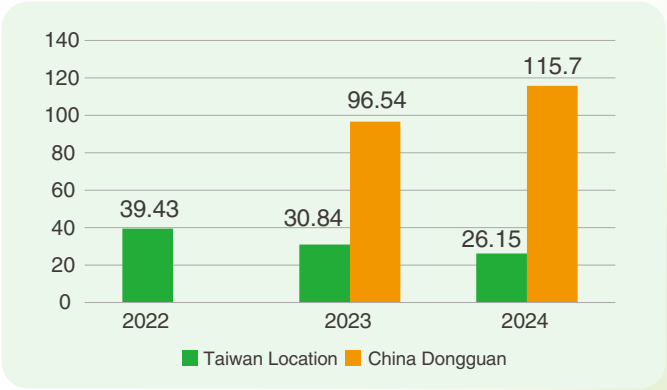
Wastes of the Company may be classified as non-hazardous wastes (household garbage, recyclable waste, and general business waste) and hazardous waste (mixed hardware waste (i.e., electronic waste)). To reduce the generation of waste, the Company reduces the use of disposable items as much as practicable in its daily operations and implements garbage classification and recycling to allow resources to be reused for circular economic benefits. Regarding product designs, the Company avoids excessive packaging, adopts green materials and green production, and continues to reduce, recycles and de-harms waste for the purpose of minimizing harm to the environment. The Company has promised to promote product green designs and waste management measures to minimize the generation of waste and improve the circulation and reuse of sustainable resources so as to achieve the target of effective management and waste reduction.



In 2024, the total weight of non-hazardous and hazardous waste of Taiwan Xinzhuang HQ and Wugu Plant was 26.15 tons; China Dongguan Plant was 115.70 tons. All waste is handled by vendors licensed by the relevant authorities. Waste is first temporarily stored on-site before being transferred to the licensed vendors for disposal. During the transportation of hazardous waste, irregular inspections are conducted to ensure that the hazardous waste is not discarded indiscriminately, thereby preventing environmental contamination.

Since its inception, there was no waste leakage or pollution, and the processing method of all wastes complied with laws and regulations.

▲ Total Waste Volume (tons) from 2022 to 2024



▲ Taiwan location

2024Waste categories	Waste details	Annual generation amount(tons)	Outsourced third-party treatment			Total amount divided by hazardous/non-hazardous (tons)	Percentage %
			Annual treatment volume (tons)	Treatment methods	Remarks		
Non-hazardous waste	Employee waste and general business waste (Wugu)	6.9	6.9	Incineration (energy recovery)	Daily waste collection	25.2	96.37%
	Employee waste and general business waste (Xinzhuang)	18.3	18.3	Incineration (energy recovery)	Daily waste collection		
Hazardous waste	Waste optoelectronic components, scraps, and defective products (Wugu)	0.38	0	Physical and chemical treatment	On-site Inventory	0.95	3.63%
	Printed circuit boards with attached components (Wugu)	0.57	0	Physical and chemical treatment	On-site Inventory		
Total waste volume			Total volume of off-site treatment		Percentage %		
26.15			25.2		96%		

Data source: Non-hazardous waste is based on contracted processing volume or outbound weighing records, while hazardous waste is based on online reporting triplicate form records

▲ China Dongguan

2024Waste categories	Waste details	Annual generation amount(tons)	Outsourced third-party treatment			Waste collection frequency	Total amount divided by hazardous/non-hazardous (tons)	"Percentage %
			Annual treatment volume (tons)	Treatment methods	Supplier management			
Non-hazardous waste	Employee waste	65	65	recycle	Landfill	Daily waste collection	106.36	91.9
	Employee waste and general business waste (Cardboard)	37.48	37.48	recycle	Recycled materials	Regular waste collection		
	Employee waste and general business waste (Plastic materials)	3.88	3.88	recycle	Recycled materials	Regular waste collection		
Hazardous waste	Waste organic solvent	2.022	2.022	recycle	recycle	Annually	9.34	8.07%
	Waste rags / gloves	1.2895	1.2895	Incineration (non-energy recovery)	Landfill	Annually		
	Waste coolant	0.4505	0.4505	recycle	Incineration	Annually		
	Waste hoses	4.1055	4.1055	Incineration (non-energy recovery)	Landfill	Annually		
	Waste fluorescent tubes	0.562	0.562	On-site storage	Physical treatment	Annually		
	Waste containers	0.747	0.747	Incineration (non-energy recovery)	Landfill	Annually		
	Waste batteries	0.007	0.007	On-site storage	Chemical treatment	Annually		
	Waste circuit boards	0.157	0.157	On-site storage	Chemical treatment	Annually		
Total waste volume			Total volume of off-site treatment		Percentage %			
115.70			115.70		100%			

Note1. Non-hazardous waste, hazardous waste data source: Guangdong Province Solid Waste Environmental Supervision Information Platform.

2. The waste in the employee dormitory area is collected 3 times daily, calculated as follows: Calculation (tons) = (5 drums × 10 kg/drum × 3 times/day) × 30 days × 12 months ÷ 1000 kg/ton

3.5 Water resources management

Water resource management not only enhances economic benefits but also reduces environmental impact and fulfills social responsibility. By effectively managing and minimizing water consumption and pollution, companies demonstrate their commitment to sustainable development and improve their social image. The Company performs an annual inventory of the water consumption of all business locations. The major scope of Taiwan operating activities and the water consumption areas are concentrated within the Taipei Metro Area. The water withdrawal source is the Taipei Water Department and Taiwan Water Corporation, and the source of water is the Xindian River and Dahan River, which are not located in areas with water pressure. The water withdrawal source at China Dongguan Plant is the municipal water supply company, and the source of water is the Dong River. After measurement by the municipal water meter, the tap water is pumped through the underground pump room via the pipeline network to various water usage points (such as the factory buildings A and B and dormitories).The procedures of the Wugu Plant and China Dongguan Plant are primarily assembly operations. Water is not required for the procedures. The primary source of wastewater comes from domestic sewage, discharged into the local municipal sewage pipeline system, complying with the wastewater discharge standards in the area and having minor effects on the environment.

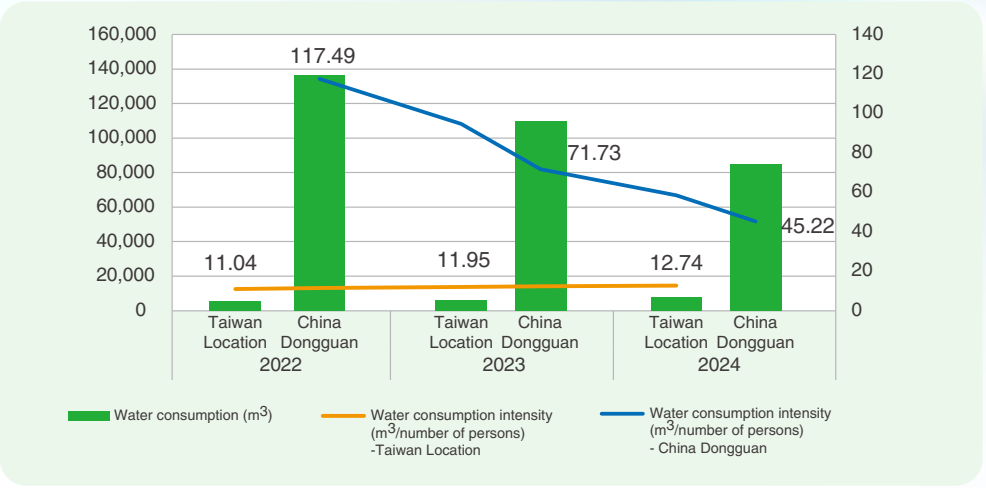
▲ The total of the water consumption in 2023 and 2024

Water consumption statics	2023		2024	
Location	Taiwan	China Dongguan	Taiwan	China Dongguan
Water consumption (m^3)	6,355	109,955	7,504	84,831
Water consumption intensity (m^3/ number of persons)	11.95	71.73	12.74	45.22

Note 1: The data source of water consumption are our water bills.

Note 2: The number of persons who consumed water in 2023 and 2024 was 532 persons and 589 persons in Taiwan, respectively, which is 1533 persons and 1876 persons at China Dongguan Plant, respectively.

▲ Trends of Water Consumption and Water Intensity from 2022 to 2024



Ability Enterprise promotes treasuring water resources , promoting water conservation, scientific water use, and the protection of water resources. Under the current water resource conditions, water conservation shall be the fundamental principle. Adopting the following measures to avoid unnecessary water resource waste so as to duly fulfill social responsibility, protect the environment on Earth, improve corporate value, and continue to make efforts to protect the environment and resources.

Taiwan Location

- Establish a rainwater harvesting system for irrigating surrounding plants.
- Adjust the water flow of faucets and urinals to prevent excessive water output.
- Use water-saving bathroom fixtures with water conservation labels.

China Dongguan Plant

- Adjust the water replenishment schedule in real time based on water usage, implementing timed water replenishment.
- Replacement of all indoor and outdoor underground fire-fighting pipes throughout the plant to address aging and leakage issues.
- Use water-saving faucets.
- Post water conservation signs.

In 2024, the water consumption of the China Dongguan plant was 84,831 m^3, a decrease of 25,124m^3 compared to 2023, which is a reduction of 23%. The water-saving results are significant. We will continue to implement and promote various initiatives aimed at conserving and protecting water resources in the future.

3.6 Sustainable Innovative Products

3.6.1 Product Quality and Safety

Ability believes that outstanding quality is the cornerstone of a company's survival and sustainable development, as well as a hallmark of its brand reputation. Therefore, we have established a clear quality policy and actively practice it, leading our team with systematic management to ensure product and service quality, earning customer trust.

Quality, Environment, Health and Safety Policy

1. Meet customers' expectation and HSE'S regulations: First, it must be "compliant with all requirements."

This is the foundation for Ability in delivering product function; more emphasis is placed on product reliability, durability, safety, and environmental compliance. Every product must undergo a comprehensive review to ensure that the requirements of each market are fully understood, so these compliance requirements are integrated into the entire product lifecycle and implemented in every detail.

2. Implement accident prevention and procedure initiation management: Prevention is better than cure; safeguarding the environment and complying with regulations.

Ability believes that product safety management must be proactive by identifying and eliminating potential hazards before products enter the market. Through information collection and analysis of product usage and abnormalities, risks can be detected and improved early, preventing hazardous substances from entering the supply and manufacturing chain, thereby minimizing operational risks.

3. Pursue excellent production and HSE'S performance: Strict control; zero tolerance.

Only strictly qualified raw materials and components are used in production, and there is absolutely no acceptance or use of raw materials or products from suppliers that have not passed inspection or do not meet specifications.

Product management for Ability is not only about compliance, but also adopting a proactive stance. By making good use of various verification standards, we minimize environmental impact and ensure product safety. Through international certifications and continuous improvement, we fully promote environmental responsibility throughout the product lifecycle, implementing the corporate vision of sustainability.

The company has adopted ISO 9001 quality management system, IATF16949 automotive product quality management system, and IECQ QC080000 hazardous substance process management system. All certifications are evaluated by third parties, ensuring that the products and services provided by Ability comply with regulations and are responsible for safety and environmental protection, meeting customer requirements.

Quality Management System Certifications	Acquisition Date	Effective Date
ISO 9001: 2015	August 23, 2022	August 23, 2025
IATF16949: 2016	December 26, 2022	December 25, 2025

Green Products

With rising international awareness of Net-Zero, many major brands are committed to promoting energy conservation, carbon reduction, and environmental pollution reduction. Ability develops green products that not only meet customer standards and international regulatory trends, but also reduce environmental impact. Our green product design concept focuses on four design aspects

- Product recycling design
- Use of green materials
- Energy saving and carbon reduction solutions
- Adoption of green packaging materials

- Product recycling design: Ability referred to the EU regulations and customers' requirements to establish the minimum value to be achieved for the "recovery rate" and "reuse and recycling rate." We calculate the recovery rate and reuse and recycling rate of products based on the weight of materials provided by the suppliers upon the recognition of materials to achieve the requirements of the recovery rate and reuse and recycling rate. In the future, we will continue to improve the reuse, recycling and recovery ratio.

	Reuse & Recycling Rate (%)	Recovery rates (%)
Overall Green Product Indicator	80%	85%

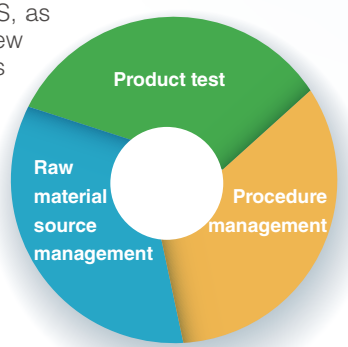
Note: If customers have particular recycling ratio requirements, such requirements shall prevail; for other customers with no requirements, comply with the abovementioned ratio.

- Use green materials: Regarding materials used in our products, they shall comply with the RoHS requirements of the EU upon the recognition of materials. Apart from otherwise stated by the EU, products sold to different countries shall comply with the substance control regulations of the importing country. If customers otherwise set substance prohibition requirements, we shall satisfy customers' requirements; please refer too "hazardous substance management" below for details.
- Energy-saving and carbon dioxide reduction policy: We set reduce 5% of power consumption or increase the using time of products by 5% as the target; please refer to "3.6.3 sustainable and innovative products and services" for details.
- Introduce green packaging materials: The procurement adopts recyclable or recycled and reproduced packaging materials step by step.

Hazardous Substance Management

Regarding hazardous substance management, we primarily adopt raw material source management, procedure management, and product testing for management:

- Raw material source management: Ability compiles information from domestic and international regulations such as RoHS, Prop 65, JAMP, and China RoHS, as well as customer requirements and limits for hazardous substances (also known as environmentally controlled substances), to develop and regularly review and revise its environmentally controlled substance management standards. Based on these standards, Ability manages the source of hazardous substances in raw materials. During the raw material approval process, Ability uses supplier-provided material testing reports from a third-party certified chemical laboratory. Dedicated personnel then review and confirm that the raw materials contain no hazardous substances or that their content meets Ability's standard limits. As a result, Ability's raw materials are 100% compliant with hazardous substance management. For some environmentally controlled substances (such as polychlorinated biphenyls (PCBs), hexabromocyclododecane (HBCDD), and bisphenol-A), Ability implements hazardous substance control at the source by signing a non-use guarantee. If the customer specifies otherwise, Ability will conduct testing or sign a non-use guarantee in accordance with the customer's requirements.
- Procedure management: Ability Enterprise carries out effective internal procedure management activities to reduce the negative impacts on product quality and safety. Material recognition shall be completed for each raw material before its intake. Data required to be provided by suppliers for material recognition, including material ingredient lists and testing reports of chemical laboratories recognized by a third-party certification institution, shall be uploaded to the green product management platform for the green product personnel of Ability Enterprise to review. Upon material intake, raw materials are classified as high/middle/low risks by materials and the XRF test is performed based on the test frequency (three months/six months/twelve months) based on the different levels of risk to carry out sampling tests which ensure hazardous substance content in raw materials is within the limit.
- Product test: Green products produced by Ability Enterprise are delivered to chemical laboratories recognized by a third-party certification institution for FATP to ensure that products comply with customers' requirements or the regulations of the country of sales.



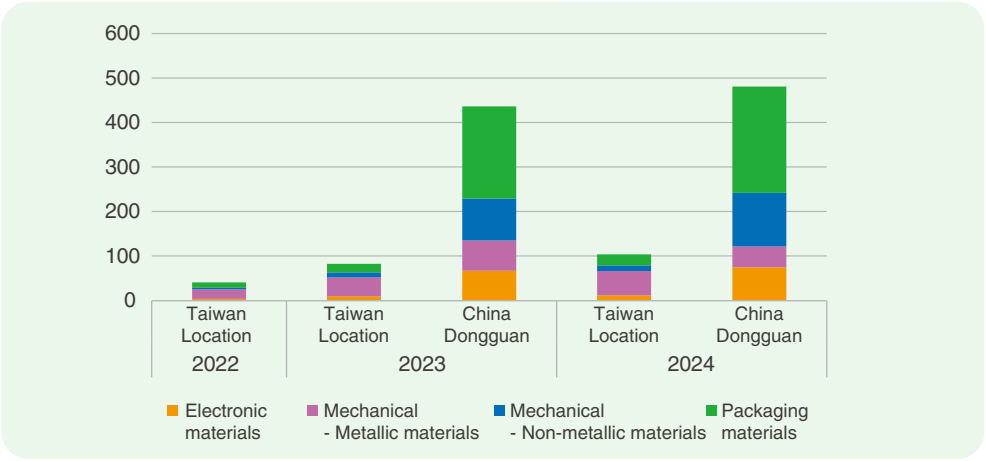
▲ Management flow chart:

Collect international regulations and customer standards (responsible department: QC Center/ISO System Department)
▶ Establish environmental management substance standards (responsible department: QC Center)
▶ Announce on the green product management system (the system will automatically dispatch e-mails to notify suppliers) (responsible department: QC Center)
▶ Suppliers upload data on materials recognized (responsible department: Supplier)
▶ Green product management personnel review the correctness and completeness of data (after the review is completed, the green product management system will automatically dispatch e-mails to notify suppliers of whether they pass or not) (responsible department: QC Center)
▶ Intake personnel will perform sampling tests based on the XRF conversion rules (responsible department: QC Center)
▶ Auxiliary resources, materials, jigs and tools used during the procedures are also included in control (responsible department: QC Center)
▶ Ensure products shipped are free of substances under control through all procedure control (responsible department: QC Center)

3.6.2 Raw Material Management

Our company's primary products are digital imaging equipment, using key materials such as printed circuit boards (PCBs), integrated circuits (ICs), passive components, connectors, plastics, metals, and packaging materials. In 2024, Ability (including Wugu plant) consumes a total of 103.88 tons of raw materials for production, an increase from 2023, primarily due to increased shipments. The China Dongguan plant consumes a total of 481.21 tons of raw materials. If extreme weather, natural disasters, or man-made geopolitical events cause an imbalance in the material market supply and demand, procurement, R&D, and quality assurance will propose an alternative material supply plan. After trial production at the factory and reliability testing by the quality assurance department, the product will be reported to the customer and approved before production can begin. This ensures that even in the event of supply chain disruptions, we can still meet customer shipment needs.

▲ 2022-2024 Annual Raw Material Usage Statistics



Unit: ton

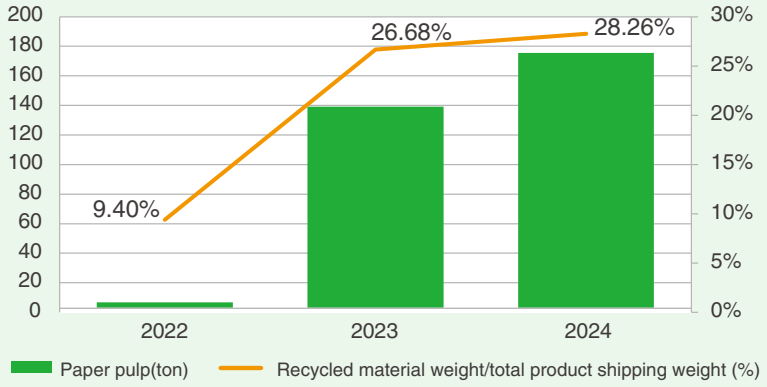
Raw material(note)		2023		2024	
Location		Taiwan	China Dongguan	Taiwan	China Dongguan
Electronic materials		9.70	67.17	11.39	75.06
Mechanical materials	Metallic materials	42.47	67.92	54.87	46.36
	Non-metallic materials	11.29	94.22	12.79	120.56
Packaging materials		19.21	207.35	24.83	239.23
Total		82.67	436.66	103.88	481.21

Note: Data is derived from the quantity of finished products shipped from the materials department at each operating location. This is calculated by multiplying the raw material usage in the SAP system by the raw material weight in the Green Supply Chain Management (GSM) platform, and then summing the data by category.

To promote Ability's commitment to energy conservation, carbon reduction, and sustainable use of global resources, all paper packaging materials (including cartons, paper pallets, and related packaging materials) are manufactured from recycled pulp. Combined Taiwan locations and China Dongguan plant that use a total of 175.63 tons of recycled materials in 2024. This is primarily due to increased shipments in 2024, an increase in the amount of recycled pulp used in paper products, and an increase in the proportion of recycled materials used

Material	2023	2024
Paper (tons)	138.54	175.63
Recycled material weight/total product shipping weight (%)	26.68%	28.26%

▲ Annual usage and ratio trends of recycled materials from 2022 to 2024



3.6.3 Innovation and R&D

The company continues to develop with its technological advantages, integrates the resources of the R&D team, strives for excellence in product technology, and is committed to enhancing the added value of product development. In order to continue to strengthen its market leadership, the company uses its core capabilities in software and firmware to expand its advantages in the development of video and audio products to the fields of servers, network equipment, smart phones, vehicles and robots, and provides a wide range of functions and services from the basic development of key hardware and software systems and devices. In order to maintain the industry's indicators and respond to the risks and threats of various changes, we mainly consider the environment and society as the considerations of innovative R&D strategies. In the environmental aspect, the optimal design of hardware and the control of software in the process of R&D innovation are to optimize energy and efficiency. If the product can have the lowest energy consumption and the longest use time, it will reduce the harm to the environment. At the same time, in the process of software design, the efficiency of the back-end production is considered, so that the working hours in the production process can be reduced, and automated testing is introduced to reduce energy consumption; in the social aspect, the focus is on the quality and safety of the product to meet the quality requirements of customers and relevant laws and regulations, and obtain relevant certification marks to ensure that there is no safety risk in the use of the product and meet the social demand for product quality and safety.

R&D and design sustainable strategy

The beginning of a product begins with R&D and design. Under the existing policies, corresponding planning is done in the early stages of product design. From the selection of important parts, product specifications and related materials, production planning of subsequent production lines, customer maintenance and subsequent overall warranty maintenance and scrapping, the concept of sustainability is introduced, and the requirements such as shortening of testing hours, selection of halogen-free materials, environmentally friendly materials, and selection of recycled materials are included in the design guidelines at the early stage of product design. In addition to responding to the company's overall strategy, it can also reduce the risk of project delays caused by subsequent material changes.

Execution Planning	Target	2024 Implementation Notes
Reduce the impact of the production process on the environment: In the early stages of design, the subsequent assembly and testing details are included in the design review to reduce production hours and testing time to reduce overall energy waste. Through the design and integration of firmware, the integration of test stations improves test efficiency and reduces the overall test time.	Reduce testing hours by 5% each year.	1. The R&D back-end testing hours were reduced by 29.03%, and the manpower was reduced by 13.64% 2. For assembly lines, the station investment was reduced, and the manpower hours decreased by 3.88%
The product design and surface treatment (painting/printing, etc.) of the exterior parts use more environmentally friendly materials and technologies to reduce the possibility of generating waste and pollutants. The overall material selection is free of harmful substances and meets the standards of green materials.	1. Halogen-free products will be implemented to reach more than 90% of each model by 2025. 2. By 2030, the introduction of coating standards that meet the requirements of volatile organic compounds (VOC) control will reach more than 70%.	1. Halogen-free components are 97.89% 2. Halogen-free packaging materials are 99.18% 3. Halogen-free packaging materials are used throughout the imaging system products
In terms of hardware circuit design, we improve the overall power supply circuit to reduce power consumption, and optimize with software to create better energy-saving products, using the least parts to achieve the best usage time. At the same time, we review the power consumption of the product and the usage time/standby time of the whole machine every year to ensure that energy-saving standards are met...	1. Achieve the goal of reducing power consumption by 5% or increasing product usage time by 5% by 2025. 2. All products meet energy efficiency standards (BC/NRCAN/ErP) by 2030.	1. R&D product energy efficiency specifications 2. California battery charging system energy efficiency requirements (BC) reach 100% 3. Canadian Energy Efficiency Label (NRCAN) reaches 100% 4. EU Energy-related Products Directive (ErP) reaches 100%.
R&D has been carried out to reduce plastic in the design of the mechanism and packaging materials, with environmentally friendly materials as the primary design choice. Currently, we have begun to introduce plastic bag-free packaging design on specific customer models. Product Energy Efficiency Specifications	1. Start implementing plastic reduction actions in 2023, and aim to reduce the use of plastic bags from 2024 to 2025. 2. Introduce laser engraving processes to reduce the use of specification labels. Promote to products and customers from 2023, with the goal of adding one model each year.	1. In 2024, only 11 models will use plastic packaging, and the rest have achieved the goal of no plastic bags for packaging. 2. In 2024, 9 models have introduced laser engraving processes to reduce the use of specification labels.

The R&D expenses in the most recent two years of the Company account for 10% of the turnover of the current year or above, representing the level of attention it attaches to product sustainability and innovation.

Year	R&D human resources (number of persons)	R&D expenses (NT$1 million)	Ratio of R&D expenses to turnover of the current year
2023	227	625.07	12.67%
2024	254	719.23	11.63%

Note: 2023 R&D manpower is taken from page 77 of the 2023 annual report, and expenses are shown on page 70. 2024 R&D manpower is taken from page 74 of the 2024 annual report, and R&D expenses are shown on page 68.

2024 innovation will bring breakthroughs to the industry

1. Video products:

A series of video conferencing products designed for remote work will be developed from 2022. The products are equipped with high-definition 4K lenses to present clear and realistic images; equipped with DOA (Direction of Arrival) audio positioning and voice recognition capabilities, they can accurately identify the direction of voice, making communication in meetings smoother and more fluent; equipped with low-frequency acoustic speakers, they provide rich sound effects, making meetings as realistic as on-site. In the post-epidemic era, many companies still maintain remote working mode to save time and costs. Ability provides video conferencing products with good image and sound quality. The imaging industry chain continues to develop and improve the efficiency of work meetings.

2. Smart Products:

For products using standard interfaces like Ethernet and USB in security and automotive applications, Ability offers customized artificial intelligence (AI) functionality services, allowing customers to implement their desired AI features directly into their products, eliminating the need for cloud-based services and providing exceptional value. The company's hardware and software engineers simultaneously develop a unique AI architecture and establish standardized hardware and software interfaces (providing a complete software development kit, interface instructions, and image pre-processing). This allows AI developers to quickly develop their own unique AI features using the company's hardware and software, eliminating the need to develop hardware and software from scratch and accelerating product mass production.

2. In-vehicle camera products

With the vigorous development of smart cars, self-driving cars and electric cars around the world, in-vehicle cameras play a very important role. Under the innovative trend of advanced driver assistance systems (ADAS) in the automotive industry, vehicles will be equipped with in-vehicle cameras of different specifications and more functions (5 to 17 per vehicle) to facilitate the collection of 360-degree views around the vehicle body and even around the vehicle body, and various complex scene object images at different distances, such as: surrounding vehicles, traffic, vehicle distance, traffic signs, signs, pedestrians, riders and various obstacles. The camera provides clear, high-definition, recognizable images to the advanced driver assistance processing system (ADAS) connected to the back end, so as to achieve rapid and agile intelligent driving control, safe driving, and even unmanned driving functions. Ability has developed a series of dedicated car cameras to meet customer needs, with total pixel counts ranging from 2.4 million, 5.5 million to 8 million pixels, and horizontal viewing angles ranging from narrow angles (30) to ultra-wide angles (120), and even fisheye angles (180) and other types of camera modules. They have high definition, high contrast, high dynamic range (HDR), and can achieve flicker suppression (LFM) of LED lights of other nearby cars, and have special functions such as waterproof, high temperature resistance, and cold resistance. At the same time, in terms of design, they are energy-saving and low-consumption and use environmentally friendly recyclable materials. Ability cooperates with Japanese self-driving software open platform system companies to integrate camera lens modules into their self-driving open system devices, such as expanding the sales and rental of its self-designed electric vehicles (EVs) from 2024, and has actually introduced many commercial applications

3.6.4 Intellectual Property Management

Intellectual property rights are intangible assets for a company. In order to enhance competitiveness, we encourage our employees to be innovative, to produce high-quality patents, and to protect our business secrets, research and development results at the same time. In addition, we create sustainable advantages and values of our Company by establishing and implementing patent management regulations to protect our product design and patent monetization. The Legal Department under the President Office is responsible for assisting the R&D Department with patent application and maintenance process.

Before filing patent applications, our Company may have the Legal Department or the professional patent consultant to carry out patent search to minimize the infringement risk and protect our intellectual properties. Our Company conducts internal proposals and foreign patent evaluation through the e-patent platform, and entrusts professional patent consultants and patent firms to assist in the review and submits patent applications for different countries. Our Company also provides patent bonuses according to internal patent management measures to encourage employees to propose proposals and create high-quality patents. After obtaining patents, our Company collects patent fee details through the e-patent platform, conducts regular inventory checks and re-evaluates patents to control costs.

To protect and manage our Company's trade secrets, new employees shall sign the "Employment Contract" which includes provisions on the protection of intellectual property and trade secrets, and attend new employee orientation/ training to understand the importance of protection of intellectual property and trade secrets. Our employees also receive dissemination of information security from time to time, and participate in business secrets related training as needed. Our Company classifies the confidential information into different levels of confidentiality according to its nature and importance, and applies different access and storage period. In order to protect our Company's intellectual property and trade secrets, every resigned or retired employee shall sign the "Resignation Letter", and still need to abide by the confidentiality obligation after resignation or retirement.

Our Company has achieved the following goals in 2024, and will continue improving and optimizing our intellectual property management:

1. Launched the Taiwan Intellectual Property Office (TIPO)'s electronic patent application process.
2. Conducted advanced patent training courses.

▲ Innovative R&D achievements and output in 2023 and 2024

Year	Granted patents (number)
2023	6
2024	20

4 Friendly Workplace and Social Co-prosperity

4.1 Human Rights Management
4.2 Employee Diversity, Equality and Inclusion
4.3 Talent Development and Cultivation
4.4 Occupational Health and Safety
4.5 Participation in Public Welfare

Material topic:Occupational Health and Safety

Materiality, Policies, and Commitments

Establishing a sound occupational safety and health management system, Ability strives to provide employees with a safe, hygienic, and comfortable working environment. This demonstrates the company's commitment to the physical and mental well-being of its workforce and ensures the development of a healthy and sustainable labor force.

Positive/Negative Impact

1. Positive: Provide a safe and comfortable working environment and promote the physical, mental, and emotional well-being of employees, with the goal of building a happy and fulfilling workplace.
2. Negative: Affect work efficiency, which in turn impacts team and organizational functions, management, and operations.

Action Plan

1. Provide a safe and hygienic working environment for employees. Conduct workplace environment monitoring every six months, self-defense fire drill training every six months, and environmental inspections every month.
2. Conduct annual occupational safety and health training for all employees, hold quarterly Occupational Safety and Health Committee meetings, and carry out legal registration and identification of hazards.
3. Provide monthly on-site occupational health services, including implementation of the four major occupational health programs, health education and promotion, health interviews, and consultations.
4. Offer annual health check-ups for all employees that exceed regulatory requirements, including special health examinations for specific hazards and free medical check-ups for new hires.
5. Organize health seminars on an ad hoc basis to promote health awareness and disseminate health information.
6. Select high-quality medical institutions to provide employees with appropriate health screening programs.
7. Develop suitable health promotion activities to encourage employee participation and foster a healthy, sustainable, and thriving workplace.

Evaluation and Performance of 2024

1. Zero major occupational accidents occurred in 2024.
2. The health check-up completion rate reached 98.2%, and the participation rate in health promotion activities reached 13%.

Remedy Mechanism

Responsible Department: Administrative Management Department

Employees are encouraged to provide feedback. In addition, labor representatives also participate in Occupational Safety and Health Committee meetings, where they may raise concerns or suggestions, which will be reviewed and addressed through appropriate adjustments or improvements.

Goals

Short-Term

Zero major occupational accidents, Health check-up completion rate: 95%, Participation rate in health promotion activities: 10%

Medium-Term

Zero major occupational accidents, Health check-up completion rate: 96%, Average annual increase of 2% in participation rate in health promotion activities

Long-Term

Zero major occupational accidents, Health check-up completion rate: 97%, Average annual increase of 2% in participation rate in health promotion activities

4.1 Human Rights Management

The Company affirms and supports the principles of human rights as outlined in international conventions such as the Universal Declaration of Human Rights, the United Nations Global Compact, and the International Labour Conventions. We strictly comply with the labor laws and regulations of the countries where our facilities are located.

In 2016, the Company established the Corporate Social Responsibility Management Manual, which includes our Human Rights Policy. This policy not only commits to respecting and upholding internationally recognized fundamental human rights, but also firmly opposes any form of discrimination or human rights violations, including sexual harassment and workplace bullying. In accordance with applicable labor laws, we are dedicated to protecting the legal rights of our employees.

Labor and Human Rights Policy

1.Protection of Workplace Human Rights

The Company strictly prohibits human rights violations such as the employment of child labor, discrimination, sexual harassment, and forced labor. All working hours comply with applicable laws and industry standards. We promote diversity and equality by hiring individuals with disabilities and, in accordance with legal requirements, granting leave for Indigenous employees to participate in traditional festivals specific to their tribes. Through these practices, we aim to foster a diverse, inclusive, and respectful workplace—free from discrimination and harassment.

2.Implementation of Equal Pay for Equal Work

The Company ensures that compensation practices do not discriminate based on gender or sexual orientation. In addition, we remain committed to addressing issues related to the gender pay gap as part of our ongoing efforts to fulfill corporate social responsibility.

3.Promoting Harmonious Labor Relations

The Company provides diverse and open channels for labor-management communication and holds regular labor-management meetings to discuss matters related to employee rights and welfare. These efforts aim to protect employee interests, foster harmonious labor relations, strengthen mutual trust, and build a friendly and supportive workplace environment.

4.Protection of Personal Data

The Company strictly complies with all applicable personal data protection laws and regulations. We ensure that the collection, processing, and use of personal data are conducted in accordance with legal requirements to safeguard the rights and interests of individuals.

5.Human Rights and Social Responsibility

Human rights are fundamental entitlements to which all individuals are inherently entitled. Respect for human rights is essential to upholding the rule of law, as well as social justice and fairness. The Company acknowledges its responsibility to respect human rights and is committed to doing so within the scope of its influence.

The Company adopts its Human Rights Policy as the highest guiding principle for the protection of human rights. In alignment with this policy and relevant legal requirements, we have established a range of human resource regulations and procedures. These include the Work Rules, which safeguard employee rights, and the Workplace Sexual Harassment Prevention, Complaint, and Disciplinary Guidelines, as well as the Prevention Plan for Unlawful Acts Against Employees in the Performance of Duties.

To ensure a workplace free from discrimination and harassment, the Company has also set up a dedicated email address for employee complaints. All related policies and procedures are published on the Company's internal website.

➔ For more information about Ability's human rights management practices, please visit the Ability Website.

4.2 Employee Diversity, Equality and Inclusion

The Company regards talent as its most valuable asset and upholds a principle of diversity and non-discrimination in employment. Employment decisions—including recruitment, working hours, compensation and benefits, performance evaluations, and promotion—are not based on race, gender, age, religion, political affiliation, sexual orientation, disability, or nationality.

To protect employee human rights, any violations may be reported through designated HR channels via telephone or email. In 2024, there were no reported cases of discrimination or human rights violations, such as the employment of child labor.

In support of a diverse workplace, Ability not only values local employees but also hires foreign workers to promote international exchange and broaden perspectives through exposure to different cultures. In 2024, 100% of senior management (Note) positions were held by local residents at all Ability locations.

Ability continues to care for socially disadvantaged groups by offering employment opportunities for persons with disabilities in accordance with legal requirements. Since 2008, Ability has employed visually impaired massage therapists to provide services at the workplace. In 2024, the Company employed three individuals with severe disabilities and three with moderate disabilities. We continue to assess job roles and openings to support the integration of persons with disabilities into the workforce and society.

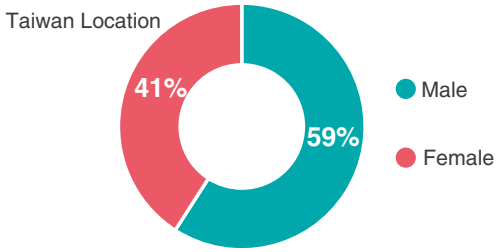
Note: "senior management" is defined as Assistant Division Manager and above in Taiwan, and Assistant Manager and above in China Dongguan.

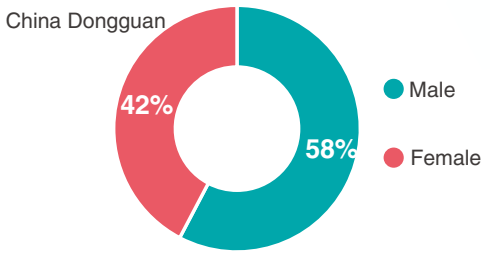
4.2.1 mployee Structure

Based on the classification of employees by employment contract type, the following data reflects the actual number of employees on duty as of the end of each calendar year. The table below shows the distribution of employee contract types for the year 2024.

The Year 2024	Location					
	Taiwan			China Dongguan		
Category \ Gender	Male	Female	Total	Male	Female	Total
Indefinite-term Contract Employees	343	184	527	431	316	747
Fixed-term Contract Employees	3	54	57	0	0	0
Hourly-paid Temporary Employees	2	3	5	0	0	0
Total	348	241	589	431	316	747

Note: 1. Both indefinite-term and fixed-term contract employees are full-time staff.
2. Hourly-paid temporary employees are classified as part-time staff.





For Employment of Persons with Disabilities and Foreign Nationals, the following data reflects the actual number of employees on duty as of the end of each calendar year. At the Taiwan location, the Company fully complies with legal requirements for the employment of persons with disabilities, thus eliminating the need for supplemental contributions. Ability actively provides employment opportunities for individuals with disabilities. As of 2024, the China Dongguan plant did not employ any persons with disabilities or foreign nationals.

Year	2024		
Category \ Gender	Persons with Disabilities	Foreign Nationals	Subtotal
Male	12	3	16
Female	2	29	31
Total	14	32	47

Note 1: The number of persons with disabilities is calculated based on the Ministry of Labor's official calculation criteria.

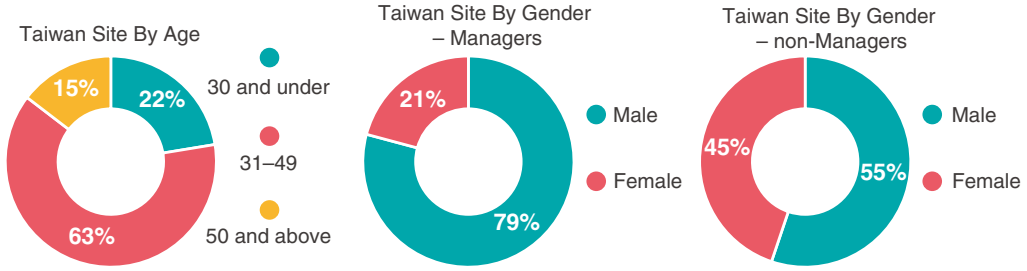
Note 2: For the purpose of calculating the mandatory employment quota at the Taiwan location, the following foreign nationals are included: 36 Filipino technicians, 18 Vietnamese production workers, 2 Vietnamese technicians, and 1 Japanese specialist.

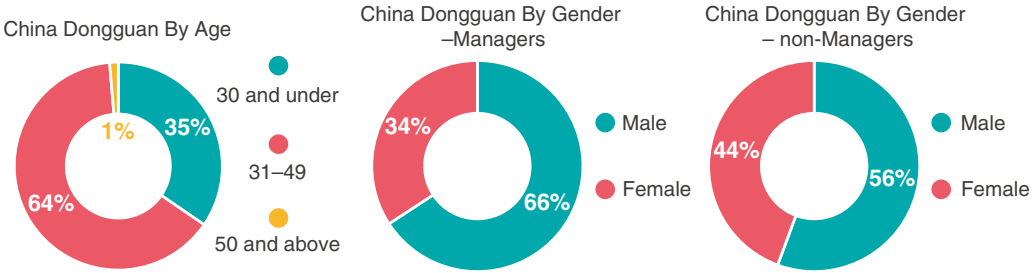
For Gender and Age Distribution by Employee Job Level, the following statistics reflect the actual number of employees on duty as of the end of each calendar year. In 2024, female managers accounted for 20.8% of all management positions at the Taiwan site and 34% at the China Dongguan plant

The Year 2024	Taiwan						
	Age				Job Position		
	Aged below 30	Age group: 31–49	Aged 50 and above	Total	Management	Non-managerial staff	Total
Male	69	220	59	348	76	272	348
Female	63	151	27	241	20	221	241
Total	132	371	86	589	96	493	589

The Year 2024	China Dongguan						
	Age				Job Position		
	Aged below 30	Age group: 31–49	Aged 50 and above	Total	Management	Non-managerial staff	Total
Male	159	262	10	431	100	331	431
Female	99	217	0	316	52	264	316
Total	258	479	10	747	152	595	747

Note: 1. At the Taiwan location, managers are defined as employees holding senior-level positions at Grade 9 (Assistant Division Manager) and above, as well as mid-level managers from Grade 6 to Grade 8 (Manager level), and Grade 5 (Section Chief). Non-managerial staff refers to general employees.
2. At China Dongguan plant, managers are defined as employees from Grade G00 (Assistant Line Leader) up to Grade G12 (Senior Manager). Non-managerial staff refers to general employees.





For Non-employee Workers, the following data reflects the actual number of non-employee workers as of the end of each calendar year.

Taiwan Site	2024
Security Personnel	3
Cleaning Personnel	8.5
Dispatched Employees	2
Total	13.5

Note：At the Wugu Plant, one cleaning staff member works a half-day schedule (4 hours per day), and is therefore counted as 0.5 full-time equivalent (FTE).

China Dongguan	2024
Security Personnel	31
Cleaning Personnel	10
Internship Students	1
Dispatched Employees	1087
Total	1129

Note：As of July 2024, there are no cafeteria workers at the China Dongguan plant.

Talent Recruitment

To attract diverse talent, the Company publishes job openings on various recruitment platforms (such as 104 Job Bank and WeChat Official Accounts), providing information on business areas, job vacancies, and employee benefits.

In addition, we actively participate in campus recruitment events and encourage internal applications and employee referrals as part of our efforts to recruit top talent from multiple channels.

The Company supports employees' continuous growth and career advancement through diversified training programs, competitive benefits, and compensation packages. From the moment new hires join, supervisors and HR personnel periodically check in to ensure smooth adaptation and reduce onboarding challenges. Orientation training and ongoing education are also provided to help new employees integrate into the work environment.

In cases where employees express their intention to resign, HR personnel conduct stay/exit interviews to identify key factors influencing retention and attrition. In 2024, the employee retention rate at the Taiwan location was 83.10%. To further improve retention and reduce turnover, the Company plans to strengthen exit interview practices and implement targeted improvement measures based on feedback.

In 2024, the Taiwan location hired 148 new employees (71 male, 77 female), with a total hiring rate of 25.1%. At the China Dongguan plant, 912 new employees were hired (636 male, 276 female), with a total hiring rate of 122.1%.

Regarding employee resignation procedures, Ability strictly adheres to all relevant labor laws. Any changes to employment terms are carried out in accordance with legal notification requirements.

In 2024, the Taiwan location recorded 89 resignations (46 male, 43 female), with a total turnover rate of 9.85%, showing a decline compared to the previous year.

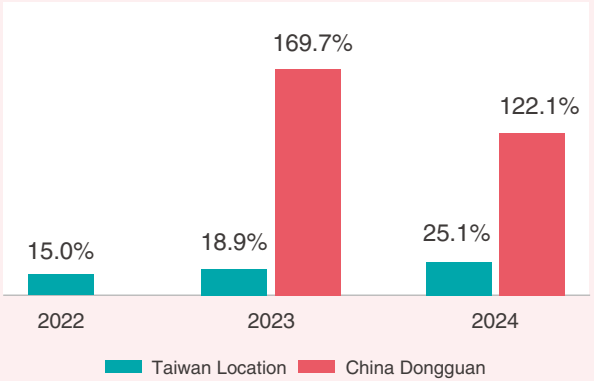
The China Dongguan plant recorded 880 resignations (604 male, 276 female), with a total turnover rate of 117.8%, representing a significant decrease from the previous year.

▲ New Hires in 2024 – Breakdown by Age Group, Gender, and Location

Location	Age	Male		Female		Subtotal by Category	
		Headcount	Proportion	Headcount	Proportion	Headcount	Combined Total of Both Groups
Taiwan	Aged below 30	36	48.2%	39	52.0%	75	50.6%
	Age group: 31–49	30	46.1%	35	53.9%	65	44.0%
	Aged 50 and above	5	62.5%	3	37.5%	8	5.4%
	The total number of employees as of the end of 2024 was 589.	71	59.0%	77	41.0%	148	25.1%
China Dongguan	Aged below 30	342	69.4%	151	30.6%	493	54.1%
	Age group: 31–49	294	70.2%	125	29.8%	419	45.9%
	Aged 50 and above	0	0.0%	0	0.0%	0	0.0%
	The total number of employees as of the end of 2024 was 747.	636	85.1%	276	36.9%	912	122.1%

Note : All figures are based on full-time employees only.

▲ New Hire Rate (2022–2024)



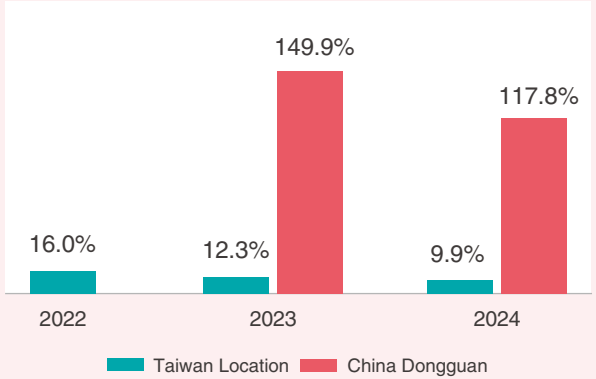
Note ：China Dongguan plant was first included in the ESG report starting in 2023.

▲ Employee Turnover in 2024 (Including Voluntary and Involuntary) – Breakdown by Age Group, Gender, and Operating Site

Location	Age	Male		Female		Subtotal by Category	
		Headcount	Proportion	Headcount	Proportion	Headcount	Headcount
Taiwan	Aged below 30	8	42.1%	11	57.9%	19	21.3%
	Age group: 31–49	26	47.3%	29	52.7%	55	61.8%
	Aged 50 and above	12	80.0%	3	20.0%	15	17.9%
	The total number of employees as of the end of 2024 was 589.	46	51.6%	48.4	7.4%	89	9.9%
China Dongguan	Aged below 30	322	69.7%	140	30.3%	462	52.5%
	Age group: 31–49	280	67.6%	134	32.4%	414	47%
	Aged 50 and above	2	50.0%	2	50.0%	4	0.5%
	The total number of employees as of the end of 2024 was 747.	604	68.6%	276	31.4%	880	117.8%

Note : All figures are based on full-time employees only.

▲ Employee Turnover Rate (2022–2024)



4.2.2 Compensation Policy

The Company conducts annual market compensation surveys and adjusts salaries based on market pay levels, economic trends, and individual performance to maintain overall compensation competitiveness and retain top talent.

To attract and retain high-performing employees while sharing the Company's operational success, our compensation system is based on job responsibilities and is linked to both corporate and individual performance. Employees are rewarded through profit-sharing, performance bonuses, and various benefits.

In line with relevant regulations issued by Taiwan's Ministry of Finance, the Company also flexibly implements long-term incentive programs such as stock options, treasury stock plans, restricted employee shares, and employee stock ownership trusts. These mechanisms promote shared value creation and contribute to sustainable business operations.

Gender-based statistics are used to calculate the average annual salary ratio between male and female employees across different job levels. Variations in gender pay ratios are influenced by differing gender distributions across job categories, job functions, and locations.

Location	Classified by Position Level	2023				2024			
		Annual Total Compensation		Monthly Basic Salary		Annual Total Compensation		Monthly Basic Salary	
		Male	Female	Male	Female	Male	Female	Male	Female
Taiwan	Senior Management	0.66	1	0.66	1	0.82	1	0.95	1
	Middle Management	1.04	1	1.04	1	1.15	1	1.11	1
	General Indirect Employees	1.32	1	1.32	1	1.37	1	1.31	1
	Direct Labor	1.11	1	1.11	1	0.94	1	0.97	1

Note: The data is based on full-time employees only.

Job Level Classification:
- Senior Management: Grade 9 (Assistant Division Manager) and above, excluding executive officers (including 1 General Manager, 2 Deputy General Managers, 1 Associate Director, and 3 others).
- Middle Management: Grade 6 to Grade 8 managerial positions and Grade 5 Section Chiefs.
- General Indirect Staff: Non-managerial positions at Grade 5 and below.

Location	Classified by Position Level	2023				2024			
		Annual Total Compensation		Monthly Basic Salary		Annual Total Compensation		Monthly Basic Salary	
		Male	Female	Male	Female	Male	Female	Male	Female
China Dongguan	Middle Management	1.20	1	1.20	1	1.30	1	1.16	1
	Non-Managerial Staff	1.14	1	1.03	1	1.06	1	1.05	1
	Indirect Labor (Production)	1.04	1	1.05	1	1.01	1	1.06	1
	Direct Labor	1.01	1	1	1	1	1	1	1

Note: Data is based on full-time employees only.

Job Level Classification: Middle Management: Grade 7 (Section Manager) and above
General Staff: Non-managerial positions from Grade 1 to Grade 6

▲ Minimum Salary Ratio by Gender Across Sites

Taiwan	Local Entry-Level Wage for Male Employees (TWD)	Local Entry-Level Wage for Female Employees (TWD)	Local Statutory Minimum Wage	Ratio of Male Entry-Level Wage to Local Minimum Wage	Ratio of Female Entry-Level Wage to Local Minimum Wage
2023	26,400	26,400	26,400	1	1
2024	27,470	27,470	27,470	1	1
China Dongguan	**Local Entry-Level Wage for Male Employees (TWD)**	**Local Entry-Level Wage for Female Employees (TWD)**	**Local Statutory Minimum Wage**	**Ratio of Male Entry-Level Wage to Local Minimum Wage**	**Ratio of Female Entry-Level Wage to Local Minimum Wage**
2023	2,200	2,200	2,200	1	1
2024	2,200	2,200	2,200	1	1

▲ Disclosure of Full-Time Non-Managerial Employee Compensation – Taiwan location

Disclosure Item	2023	2024
Headcount	446	468
Total Compensation (in thousands of NTD)	512,034	564,060
Average (in thousands of NTD)	1,148	1,133
Median (in thousands of NTD)	1,090	1,063

▲ Annual Total Compensation Ratio (Taiwan location)

Ratio of Highest Annual Compensation to Median Annual Salary (%)	Ratio of Increase in Highest Compensation to Median Salary Adjustment (%)
24.58	138.33

Note : The annual total compensation ratio appears relatively high due to a larger proportion of entry-level employees at the location, which lowers the overall median salary.

▲ Percentage of Senior Management Hired from the Local Community at Key locations

Location	Number of Senior Executives Hired Locally at the Operational Site	Total Number of Senior Executives at the Operational Site	Percentage of Senior Management Hired Locally
Taiwan	19	19	100%
China Dongguan	0	0	0%

Note : At Taiwan location, senior management refers to Grade 9 (Assistant Division Manager) and above, excluding executive officers.
At China Dongguan plant, senior management refers to Grade 9 (Assistant Division Manager) and above.

4.2.3 Labor Relations and Communication

To foster harmonious employee relations, the Company has established diverse communication channels to maintain smooth two-way dialogue and ensure that employees' voices are heard and addressed. In addition to day-to-day interactions, the Company regularly holds communication meetings and provides grievance channels to build a comprehensive and transparent communication platform. Employee feedback and suggestions are used as important references for continuous improvement, and all employees' legal rights are fully protected.

Labor-management meetings are held quarterly, serving as a formal mechanism for negotiation and employee rights assurance. Meeting minutes are made available in the Ability labor-management section for employee access. At China Dongguan plant, a labor union is in place and monthly meetings are held to maintain open communication on labor relations. In 2024, there were no major operational changes that impacted employee rights.

The Company values employee well-being and fosters positive labor relations. Employees are encouraged to share their opinions through various channels, including suggestion mailboxes, meetings, and email. A healthy level of interaction is maintained between labor and management. Key employee communication and support mechanisms include: an employee feedback mailbox, publicly posted on the internal website for open access, labor representative meetings, the employee assistance program (EAP) and the sexual harassment prevention hotline.

Through the EAP, a dedicated psychological counseling hotline is available. Professional and experienced counselors and clinical psychologists are contracted to provide timely mental health support. Additionally, wellness seminars are held periodically to promote emotional well-being.

Protection of Rights and Interests

For protection of employee rights and Interests, Ability is committed to safeguarding employee rights by establishing all systems in accordance with legal requirements as a fundamental principle.

To support both individual growth and overall organizational performance, the Company has implemented a performance management system that promotes two-way communication and employee development planning. All employees are evaluated through a fair and reasonable performance appraisal process, which serves as the basis for promotion, salary adjustments, compensation, and training needs.

In cases where an employee is deemed unsuitable for their current position, the Company may implement a performance improvement plan or assist with internal transfers. If the employment relationship still cannot be sustained, the Company will, in compliance with relevant labor laws, provide proper notice, severance pay, and official documentation to support the employee in applying for unemployment benefits or vocational training subsidies—ensuring that their labor rights are fully protected.

Ability's advance notice periods comply with Taiwan's Labor Standards Act as follows:

1.For employees who have worked continuously for more than 3 months but less than 1 year, at least 10 days' notice is given.

2.For employees who have worked 1 year or more but less than 3 years, at least 20 days' notice is given.

3 For employees who have worked 3 years or more, at least 30 days' notice is given.

4.2.4 Employee Benefits

Employees are Ability's most valued partners in achieving sustainable development. The Company continuously enhances its employee benefits system to support the physical and mental well-being of its workforce, enabling every employee to enjoy a fulfilling and joyful experience at Ability.

Starting in 2023, a new benefit—birthday leave—was introduced at the Taiwan location. This special day off allows employees to temporarily step away from work and enjoy a day of personal relaxation and celebration.

Ability has established a Welfare Committee at its Taiwan site and both a labor union and welfare committee at China Dongguan plant. These bodies organize a variety of recreational, wellness, and employee support activities, expanding the scope of benefits to provide holistic care for employees. This ensures that staff can enjoy personal time and space in addition to their professional responsibilities.

Information about available benefits is communicated to employees through announcements, the Ability internal website, emails, and internal broadcasting. Comprehensive benefits programs are in place at all operating sites. While certain benefits may vary by location due to local conditions, all offerings comply with—or better than—local legal requirements.

Comprehensive Insurance

- Ability Taiwan Location insurance includes life insurance, accidental injury insurance, hospitalization and medical group health insurance, and cancer medical health insurance.
- China Dongguan plant provides social insurance in accordance with regulations, including unemployment, work injury, pension, and medical insurance.
- Both Ability Taiwan Location and China Dongguan plant offer travel accident insurance, with the Headquarter also including overseas emergency assistance services.

Enjoyable Holidays

- Ability Taiwan Location offers flexible working hours and allows new employees to advance their personal leave.
- The China Dongguan plant organized departmental team-building activities in 2023.
- Both Ability Taiwan Location and China Dongguan plant provide travel subsidies.

Thoughtful Care

- Ability Taiwan Location provides counseling services, massage therapy by visually impaired professionals, and health check-ups.
- The Dongguan plant equips each department with medical kits for use in emergencies.

Honorable Retirement

- China Dongguan plant organizes farewell events for retiring supervisors.

Diverse Benefits

- Ability Taiwan Location offers new employee welcome meals, birthday
- lunches, cultural events, vouchers for holidays and birthdays, wedding gifts, and maternity subsidies.
- The Dongguan plant provides birthday gifts, attendance bonuses, meal subsidies, holiday gifts, fruit snacks, and year-end commemorative gifts.
- Both Ability Taiwan Location and China Dongguan plant offer yearend bonuses, performance bonuses, condolence payments, and discounts from contracted vendors.

Thoughtful Facilities

- Ability Taiwan Location features a relaxing café, gym, yoga and aerobics room, reading lounge, and vending machines.
- China Dongguan plant offers free accommodation and an employee cafeteria.
- Both Ability Taiwan Location and China Dongguan plant provide parking spaces for employee cars and motorcycles.

Benefits

Parking spaces for employees' cars and motorcycles
Employee fitness center
Festive gift vouchers
Birthday vouchers
Employee health checkups
Employee travel subsidies
Flexible work hours
Advance paid leave for new employees
Discount offers from partnered vendors
Counseling services
Massage therapy for the visually impaired
Birthday leave

Compensation

Guaranteed annual salary
Employee bonuses and performance incentives
Labor, health, group insurance, and pension contributions

Activities

Cultural and artistic events
Year-end parties or spring banquets
Sports competitions
Outdoor hiking events
Club activities
New employee welcome dinners

Employee Benefits Provided by China Dongguan plant

Employee Dormitory

Managerial Staff Dormitory

Senior Management Dormitory

Birthday Gifts and Celebrations

Company Trips

Festive Gifts

Employee Care

Free Employee Parking

Department Team-Building Activities

Fruit Snacks

Retirement Farewell Events

Employee Cafeteria

Ability Taiwan location provides tuition subsidies to the dependents of low-income or middle-low-income employees, including employees who died during employment (including deceased colleagues) and have served for more than six months, and whose children or siblings are enrolled in government-registered public or private schools (including kindergartens, excluding cram schools). The amount of subsidy per semester is as follows. The total number of applicants in 2024 is 4, and the total amount of application is NT$45,000.

Educational Level Amount	Educational Level Amount	Educational Level Amount	Educational Level Amount
Kindergarten	10,000	Technical college (including vocational college)	15,000
Elementary school	10,000		
Junior high school	10,000	University (including vocational college)	15,000
Senior high school	10,000		

Parental Benefits

Ability is committed to providing meaningful support and care to employees with childcare needs. This includes job arrangements for parental leave without pay, relevant benefit subsidies, and the provision of a secured and private lactation room to ensure a safe and comfortable environment for breastfeeding employees.

In addition, flexible working hours and family care leave policies are in place to support work-life balance.

At China Dongguan plant, all parental benefits are provided in strict compliance with local labor regulations. Parents with legally registered children under the age of three are each entitled to 10 days of parental leave per year, as required by law.

Beyond regulatory requirements, Ability offers enhanced maternity support measures for female employees, such as: pregnant employees are exempted from passing through security gates to avoid the risk of physical injury, those living in employee dormitories are prioritized for lower bunk assignments to ease movement, and due to physiological changes shape during pregnancy, they are also exempt from wearing standard work uniforms. These thoughtful accommodations are designed to provide a more comfortable and supportive environment for employees before and after childbirth.

▲ Year 2024 Parental Leave Without Pay Status – Taiwan location

Item	Male	Female	Total
Number of Employees Eligible for Parental Leave in 2024 (A)	14	12	26
Number of Employees Who Applied for Parental Leave in 2024 (B)	1	7	8
Expected Number of Returnees in 2024 (C)	1	6	7
Actual Number of Returnees in 2024 (D)	0	4	5
Actual Number of Returnees in 2023 (E)	0	3	3
Number of Employees Remaining Employed One Year After Returning from Parental Leave in 2023 (F)	0	3	3
Retention Rate After Parental Leave (F / E)	0%	100%	100%
Return-to-Work Rate After Parental Leave (D / C)	0%	66.7%	71.4%

Note: e A represents the number of employees eligible to apply for parental leave without pay, defined as those who applied for maternity or paternity leave between January 1, 2022 and December 31, 2024.

In 2024, a total of 36 employees at China Dongguan plant were eligible for parental leave. Of these, 23 employees took parental leave, with 19 completing the full leave period. This reflects a utilization rate of 64%, a completion rate of 83%, and a post-leave retention rate of 95%. These figures demonstrate Ability's commitment to providing comprehensive employee support, enabling staff to strike a healthy balance between childcare and work responsibilities. This approach not only supports employee well-being but also contributes to workforce stability and talent retention.

▲ Year 2024 Parental Leave Overview – China Dongguan plant

Category	Male	Female	Total
Total number of employees eligible for parental leave (A)	20	16	36
Total number of employees who took parental leave (B)	12	11	23
Total number of employees who completed parental leave (C)	11	8	19
Total number of employees still employed in 2025 after completing leave (D)	11	7	18
Parental leave utilization rate (B / A)	60%	69%	64%
Completion rate of parental leave (C / A)	55%	50%	83%
Retention rate after parental leave (D / C)	100%	88%	95%

Note: (A) employees eligible for parental leave) includes those who applied for maternity or paternity leave between January 1, 2022 and December 31, 2024.

Retirement Benefit Plan

The company contributes to a statutory retirement system for all employees, with a 100% participation rate in the retirement plan. This ensures that every employee can enjoy a secure future after retirement. The Human Resources Department regularly reviews the list of employees nearing retirement age to proactively understand their retirement intentions and assist with career planning.

At the Taiwan location, employee retirement benefits are governed by the Labor Standards Act and the Labor Pension Act. Employees hired on or before June 30, 2005, are eligible for the old pension system. For these employees, the company contributes 2% of each qualifying employee's monthly salary to a dedicated old pension fund account held at the Bank of Taiwan. As of 2024, the pension fund has accumulated approximately NT$1.012 million, which is sufficient to cover current retirement obligations.

For employees under the new pension system, the company contributes 6% of each eligible employee's monthly salary to their individual pension accounts. In addition to the employer's contribution, employees may voluntarily contribute between 0% and 6% of their salary to their individual pension accounts, based on personal preference.

Employee Clubs and Recreational Activities

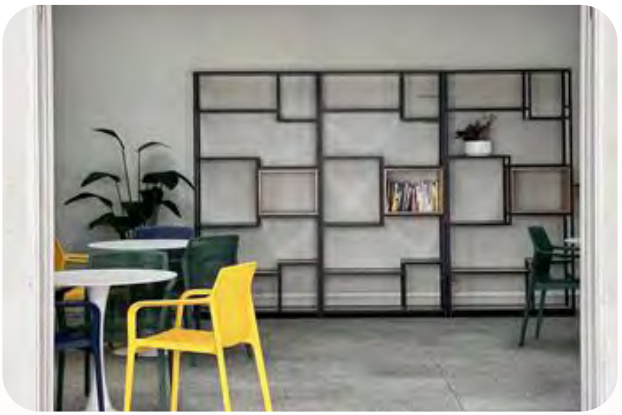
The Company actively encourages employees to establish and participate in a variety of clubs, offering opportunities to enrich both physical and mental well-being while cultivating personal interests outside of work. These clubs regularly organize events and competitions, fostering camaraderie and interaction among colleagues.

Ability currently supports 11 employee clubs, including Parent-Child, Badminton, Bowling, Coffee Art, Lohas (Healthy Living), Yoga & Aerobics, Extreme Sports & Rock Climbing, Volleyball, Board Games, Film Studies, and Camping Clubs.

At China Dongguan plant, dedicated areas have been set up for employee recreation, including a fitness equipment zone, reading room, and an activity center equipped with badminton, table tennis, and billiards facilities—providing staff with ample options for leisure and relaxation.

Fitness equipment

Reading room



Employee Activity Center

To demonstrate care for employees and enhance their physical and mental well-being, the Company organized two themed events: the "Moonlight BBQ – Mid-Autumn Festival with Mr. Fa" on September 13, and the "Silent Night, Ability Delight – Christmas Eve Concert with Santa" on December 24. These activities promote team cohesion and interpersonal connection, fostering a stronger sense of belonging and happiness among employees. They also provide opportunities for relaxation and mental refreshment, helping to reduce work-related stress and ultimately contributing to higher job satisfaction and improved overall productivity.

On April 21, the Film Studies Club hosted a screening of Sully, inviting employees to explore themes of love through a light yet emotionally resonant film that bridged both local and global perspectives in a relaxed atmosphere.

The Bowling Club held the 16th Ability Cup Bowling Showcase on October 19, where all Ability employees were invited to participate in a team competition. Prizes were awarded to the top eight teams, fostering teamwork and an energetic, fun-filled environment.

Employee Café and Healthy Plant-Based Meals

Ability has established an employee café on the first floor of its Xinzhuang headquarters, providing a safe and comfortable space for staff to relax and recharge when needed.

Carbon Reduction Activities

Since 2022, the company has actively responded to a low-carbon lifestyle, showing care for the environment and employee health. A vegetable-growing area was set up in the café, allowing employees to experience planting greens and enjoy healthy vegetarian meals. This initiative also contributes to office greening and environmental protection. Employees are encouraged to bring their own reusable cups or mugs to promote sustainable consumption and demonstrate their love for the Earth through everyday actions.

Carbon Reduction	2024 Monthly Average	2024 Total
Carbon Reduction from Low-Carbon LOHAS Lunch Program	75 kg	899 kg

Note:

From January to December 2024, a total of 1,183 vegetarian meals were provided. Based on an estimated carbon reduction of 760g CO_2 per meat-free meal, this equates to approximately 899 kilograms of carbon emissions reduced (1,183 meals × 760g).

Data Source: Ability supports a low-carbon lifestyle and environmentally friendly plant-based meals as part of its commitment to a sustainable planet. According to the 2011 report by the Environmental Working Group (EWG) in the United States, skipping meat for one meal can reduce carbon emissions by approximately 760 grams of CO_2. This calculation is based on the EWG's 2011 carbon footprint data.

4.3 Talent development and cultivation

The company is committed to enhancing employees' professional knowledge and job skills to improve work quality and motivation. In alignment with future workforce development needs, we aim to strengthen employees' knowledge, attitudes, skills, and potential, thereby enhancing operational capabilities and organizational effectiveness.

To support this, the company provides diverse and flexible learning opportunities and resources, encouraging well-rounded development to build a solid foundation for sustainable business operations.

Diverse Learning Channels

The company offers employees diverse and flexible learning channels and resources, including classroom training, online learning, external training programs, digital books and magazines, and access to reading rooms. These initiatives enable employees to achieve meaningful development in both management and technical/professional areas. In addition, the company strengthens the management capabilities of leaders at all levels and actively encourages employee participation and shared growth with the organization.

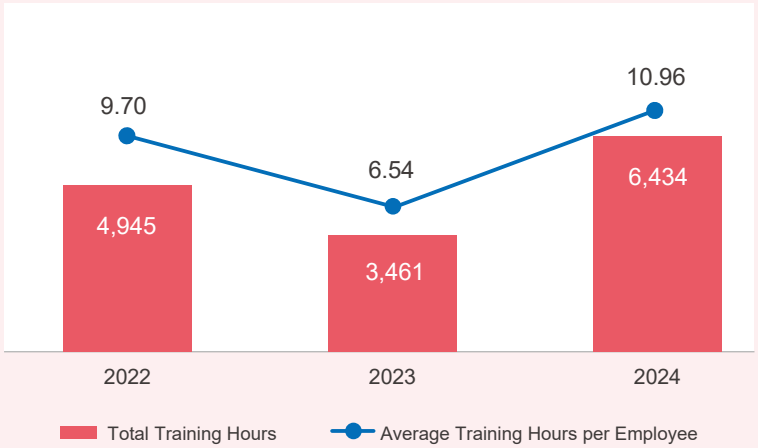
Ability places strong emphasis on employees' career development, ensuring that all employees have access to training opportunities. In 2024, the total number of training hours for the Taiwan operations site was 6,434 hours, with an average of 10.96 training hours per employee. At China Dongguan plant, total employee training hours reached 110,546, with an average of 60.28 hours per employee.

The company continuously plans its learning and development strategies with the goals of enhancing employee managerial and professional competencies, improving team performance and synergy, strengthening organizational efficiency and momentum, and achieving sustainable corporate growth and development.

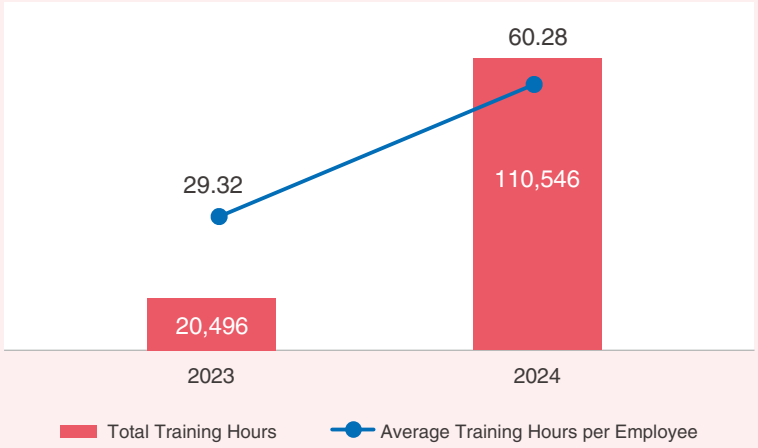
▲ Overview of Employee Education and Training in 2024

Year 2024	Taiwan				China Dongguan			
By Job Category	Managerial Position		Non-Managerial Position		Managerial Position		Non-Managerial Position	
Gender	Male	Female	Male	Female	Male	Female	Male	Female
Total Number of Employees Trained	76	17	272	222	100	52	1104	578
Total Training Hours	1388	425	2301	2,320	1067	301	84,729	24,450
Average Training Hours per Employee	18.26	25.00	8.46	10.45	10.67	5.78	76.75	42.30

▲ Taiwan location – Training Trend (2022–2024)



▲ China Dongguan – Training Trend (2023–2024)



Note: China Dongguan plant was included in the ESG report starting in 2023.

▲ Ability's Learning and Development Framework through Diverse Learning Channels

"Continuous Learning" and "Pursuit of Excellence"

Professional Skills
- On-the-Job Training
- Internal Training
- External Training
- E-Learning

Management/ General Skills
- Management Training
- Internal Trainer Development
- Consensus Building Workshops

Self-Development
- Language Training TOEIC Rewards
- Various Lectures
- ABILITY Reading Room
- Industry Newsletters

On-Job Training
- Job Rotation Project
- Participation
- Job Acting

Ability Academy

- **Management Development**
- **Professional Development**
  R&D/Quality Control / Marketing / Sales/Manufacturing
- **General Development**
  New Employee Training / Oocupational Safety / Legal / Language / Self-Development
- **Core Competencies**

Core Value

- **A**ccountability
- **B**rilliance
- **I**ntegrity
- **L**earning continuously
- **I**nitiating action
- **T**eam work
- **Y**es! You are "**AB**er"

▲ Learning and Development Resources

New Employee Orientation

- To help new employees familiarize themselves with the company's history, management systems, products, occupational safety and health, information security, quality management, and other key topics, enabling them to better integrate into the organization and adapt to their new environment.
- The "New Employee Onboarding Support Program" complements the training by providing both professional and daily life assistance, with senior colleagues from the department offering support to help new hires quickly adapt to the company culture and job responsibilities.

Management Training

Management training programs are designed based on the competencies required at each leadership level. Courses are categorized into basic supervisor training, first-time manager training, middle management training, and senior leadership development, aiming to continuously enhance managerial capabilities.

Professional/Technical Training

The training programs feature a team of instructors composed of senior executives, external experts, and professional vendors. In addition to department-led seminars initiated by individual business units, professional development is also supported through courses provided by industry consulting firms to ensure continuous learning without interruption. Beyond internal training, employees may also apply to attend external professional courses relevant to their job responsibilities, with the company offering appropriate financial support.

Occupational Safety and Health Training

Providing a safe and secure working environment is essential. We regularly conduct fire drills, first aid training, and other occupational safety courses to ensure employees are well-prepared and protected in the workplace.

ABILITY Reading Room

A wide range of books and magazines (in both print and digital formats) are available for employees to borrow, supporting flexible and self-paced learning.

Language Training

To enhance and strengthen employees' foreign language skills, the company offers partial subsidies for English and Japanese courses, as well as incentive bonuses and exam fee reimbursements for achieving designated scores on language proficiency tests such as TOEIC and JLPT. Employees are encouraged to continuously improve their language abilities through in-person or online self-study programs.

Personal Growth Programs

- A variety of seminars are offered to support employees' well-being beyond the workplace, covering topics such as health, mental wellness, interpersonal communication, financial planning, fitness, travel, DIY crafts, and more — all aimed at promoting personal growth and lifelong learning.
- Employees are subscribed to industry e-newsletters to stay informed on market and industry trends, economic fluctuations, product and technology developments, and strategic moves by major corporations.
- The China Dongguan plant offers a "Dream Fulfillment Program" that provides subsidized opportunities for employees to pursue higher education. In 2024, a total of 7 employees enrolled in the program.

2024 ESG Training

To continuously promote corporate sustainability, a total of seven ESG-related training sessions were conducted in 2024. These sessions aimed to embed ESG values into the corporate culture and foster professional talent in the field of corporate sustainability. Number of participants: 451 employees.

2024 Ministry of Economic Affairs iPAS Talent Development – Junior Carbon Reduction Planning Manager Certification (Training)

ESG has become a global trend, and green, low-carbon procurement is one of the key factors for enhancing corporate competitiveness. In response to the growing demand for talent in Taiwan's net-zero transition, driven by government initiatives, this program encourages employees to strengthen their understanding of ESG and net-zero carbon strategies, enhancing their individual competitiveness while contributing to the company's sustainable development. Number of participants: 41, number of certifications obtained: 19

2024 Workplace Harassment and Unlawful Infringement Prevention Training

To enhance supervisors' awareness and response capabilities regarding workplace harassment and unlawful infringement, a licensed counseling psychologist was invited to deliver training sessions. The course used relatable examples and practical scenarios to explore potential workplace risks and effective response strategies. The goal is to foster a safe and secure working environment where all employees can thrive without concern. Number of participants: 51

2024 English/Japanese Language Training

To continuously enhance employees' English and Japanese language skills and strengthen global communication capabilities, we provided flexible learning channels through online language learning platforms and informational sessions. Number of participants: 49

2024 Fire Safety Equipment Training – Fire Extinguisher Drill at China Dongguan Plant

Through hands-on practice, participants gained a better understanding of how to operate fire safety equipment and basic fire prevention knowledge. The training ensured that every participant learned how to properly use a fire extinguisher. This exercise enhanced organizational response capabilities in fire emergencies and reinforced fire safety awareness. It also emphasized proper fire and electrical usage practices, helping to foster a safe and secure workplace environment. Number of participants trained: 91

2024 Elevator Operation Training at China Dongguan Plant

Through regular training sessions, participants gained a deeper understanding of key safety precautions and operational guidelines related to daily elevator use. The program aimed to ensure that every participant is equipped with the knowledge to operate elevators safely. By promoting safety awareness and standardized elevator usage, the company continues to build a safe and secure working environment. Number of participants trained: 114

2024 First Aid Responder Training at China Dongguan Plant

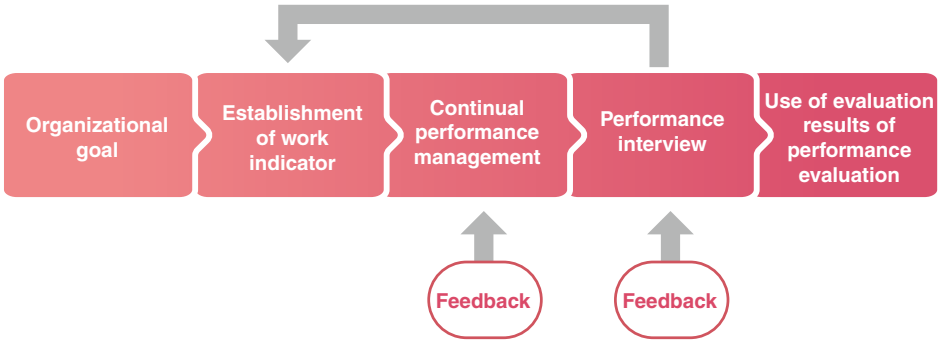
Through professional first aid skills training and hands-on exercises, participants learned the correct methods and techniques for administering emergency care. The training aimed to equip employees with the ability to respond quickly and effectively to unexpected incidents, thereby protecting their own safety and that of others. This initiative reflects the company's commitment to creating a safe and secure workplace environment. Number of participants trained: 20

Performance Evaluation System

The company implements a biannual performance management process to ensure alignment between individual and organizational goals. All employees are required to define personal Key Performance Indicators (KPIs), implementation methods, and evaluation criteria based on their objectives and daily responsibilities. To ensure effective goal achievement, KPI progress is reviewed continuously, and adjustments are made as needed.

Formal performance evaluations are conducted mid-year and year-end in accordance with the "Performance Appraisal Management Guidelines." During the appraisal process, employees first complete a self-assessment based on KPI achievement and behavioral performance, followed by a performance review discussion with their direct supervisor. Supervisors are expected to provide feedback and coaching during the review, as well as listen to employees' suggestions for Ability Enterprise, fostering mutual understanding and commitment to shared goals.

At China Dongguan plant, IDL team leaders undergo a quarterly performance management cycle to align individual and organizational objectives. Supervisors evaluate performance based on execution of daily tasks, cooperation across various functions, and skill proficiency. Performance reviews are conducted four times per year in accordance with the "Performance Appraisal Management Guidelines." Targeted guidance is provided during these reviews to help ensure a shared understanding and effective goal attainment.



Through structured performance review discussions, the company aims to enhance employee effectiveness while ensuring alignment with Ability's strategic objectives and identifying any potential deviations. Ultimately, performance evaluations are integrated into key HR initiatives, serving as a basis for workforce planning, salary adjustments, promotions, bonuses, year-end awards, and training programs. This alignment of performance with rewards helps boost employee morale.

Performance evaluations are conducted annually for all employees based on their tenure. Excluding dispatched personnel and new hires with less than three months of service, 100% of eligible employees completed the performance evaluation process.

Location	Assessment Method	Applicable Job Levels for Assessment	Assessment Frequency
Taiwan	Online Assessment and Paper-based Assessment	All Employees	Biannually
China Dongguan	Online Assessment	STAFF	Biannually
	Paper-based Assessment	IDL Supervisors	Quarterly

2024	Taiwan		China Dongguan plant	
	First Half of the Year	Second Half of the Year	First Half of the Year	Second Half of the Year
Number of Staff	521	549	219	235
Assessment Completion Rate (%)	100%	100%	100%	100%

China Dongguan				
2024	Q1	Q2	Q3	Q4
Number of IDL Supervisor	88	89	98	97
Assessment Completion Rate (%)	100%	100%	100%	100%

4.4 Occupational health and safety

4.4.1 Occupational health and safety management system

The Company introduced the OHSAS18001 occupational safety and health management system in 2008. China Dongguan Plant formally introduced the relevent management procedure in 2012. Taiwan Wugu Plant introduced the ISO45001 occupational safety and health management system in 2020. The Company engages a third-party certification institution, to carry out the external certification and obtains the certificate each year. The scope of application covers all employees and workers of locations of Taiwan Wugu Plant and China Dongguan Plant to exhibit that we value and support occupational safety and health management by adopting actual actions. We carry out accident prevention, employee safety and health improvement, emergency management, emerging pandemic prevention, solutions, and disaster risk management through continuously improving the safety and health management system.

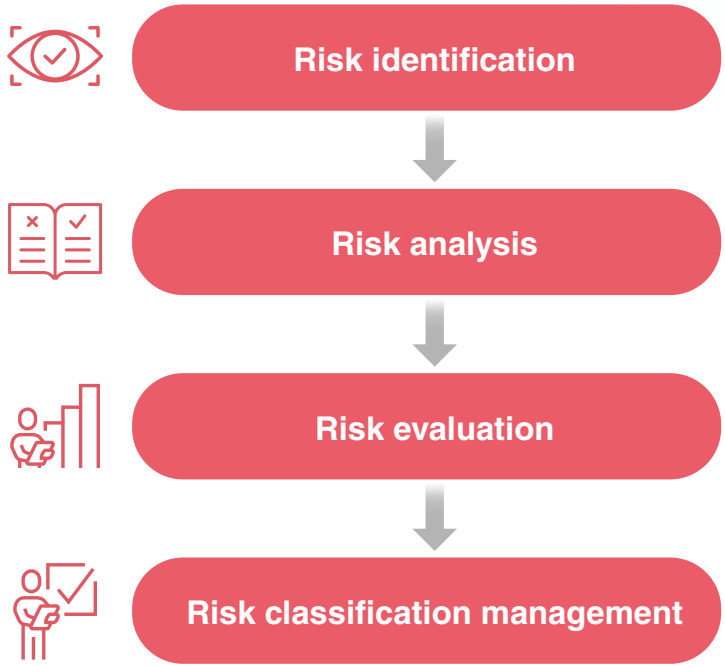
Occupational Safety and Health Management System Certification	Location	Acquisition date	Effective Date
ISO 45001:2018	Taiwan Wugu Plant	May 12, 2023	May 12, 2026
	China Dongguan Plant	August 7, 2023	August 6, 2026

Occupational health and safety management department

The "Environmental, Health and Safety Committee" was established by merging the ISO 45001 Occupational Health and Safety Management System and the ISO 14001 Environmental Management System; members include supervisors and employee representatives of Taiwan locations, a total of 14 persons, in which there are 5 employee representatives, accounting for approximately one-third of the total number of persons. The OSH Committee is responsible for the external environmental and internal occupational safety and health issues. The members of the EHS Committee in China Dongguan Plant include supervisors and employee representatives, a total of 9 persons, in which there are 4 employee representatives, accounting for approximately one-fourth of the total number of persons. It is responsible for the external environmental and internal occupational safety and health issues of Dongguan Plant. Both of them holds regular meetings to have discussions on safety and health management, educational training implementation plan, health management, occupational disease prevention and health improvement matters, auto-inspection and safety and health audits, machinery, equipment, or raw material, preventive measures of material hazards, occupational disaster survey reports, and various safety and health topics to have comprehensive control for environmental safety. Meanwhile, opinions and recommendations proposed by workers are included in discussions by the Committee.

Occupational hazard identification and risk evaluation procedures

The Company regularly organizes hazard identification and risk evaluation operation each year. Items with a risk level of high or above after screening from the hazard identification and risk assessment list are listed as items to be improved first. The Company adopts effective control measures to minimize risks with reference to existing technical resources, ability, and available resources based on the priority of elimination, replacement, engineering control, management control, and personal protection. However items with a risk level of medium or above are included in the management plan and annual target for regular follow-up and effect improvement. The Company regularly follows up and confirms the effectiveness of risk control measures and countermeasures for control measures adopted to mitigate risks.



Incident reporting and investigation procedures

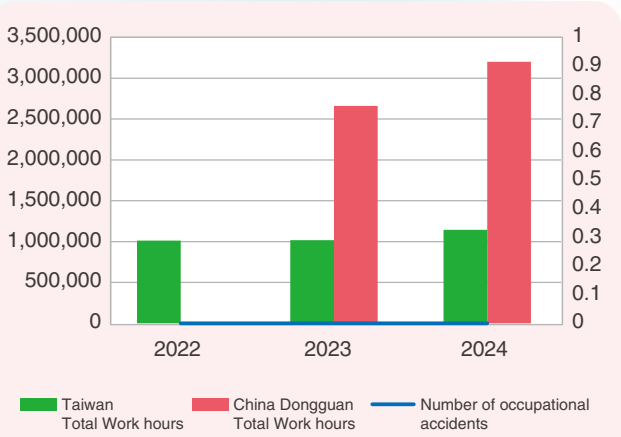
The Company has established the "Procedures for Emergency Management" and "Regulations for Incident and Anomaly Investigation." Its scope of application includes all workers of Taiwan and China Dongguan Plant. All workers are entitled to suspend the operation or evacuate from the operating site after adopting possible response measures when discovering emergencies that directly harm personal safety during the implementation of relevant operations. The Company shall not offer unfavorable wages, welfare, and other packages, lay off, or cancel the contract entered into with the worker due to the abovementioned behavior. When an injury case occurs, dial the emergency reporting line and assist the injured persons in hospitalization. When an occupational disaster occurs, occupational safety and health personnel shall meet up with employee representatives to perform incident investigation and follow-up based on the Regulations for Incident and Anomaly Investigation and make judgments based on the content of the incident on the damage status and work injuries. After the completion of the incident investigation, submit for approval and implement improvement countermeasures, and the dedicated department shall continue to supervise and track to reduce losses and prevent the recurrence of similar circumstances.

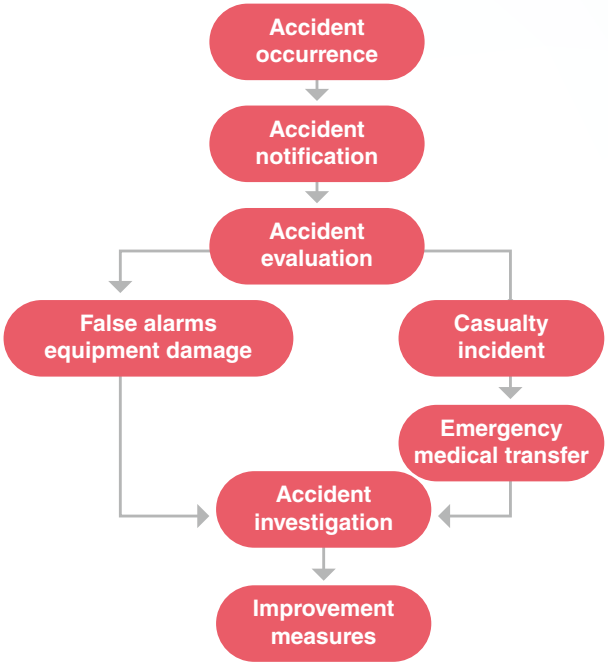
2024Year									
Location	Worker category	Death caused by occupational injury		Severe occupational injuries (excluding the number of persons who passed away)		False alert		Work-Related Illnesses		Actual total working hours
		Quantity	Ratio	Quantity	Ratio	Quantity	Ratio	Quantity	Ratio	
Taiwan	Full-time employees (Note 1)	0	0	0	0	0	0	0	0	1,115,552
	Part-time employees (Note 2)	0	0	0	0	0	0	0	0	5,624
	Contractor (security+cleaner)	0	0	0	0	0	0	0	0	23,760
China Dongguan	Full-time employees (Note 1)	0	0	0	0	0	0	0	0	1,413,208
	Part-time employees (Note 2)	0	0	0	0	0	0	0	0	1,689,112
	Contractor (security + cleaner + restaurant)	0	0	0	0	0	0	0	0	98,408

Note 1: Full-time employees include employees with permanent contracts and employees with fixed-term contracts.

Note 2: Part-time employees are employees with no hour guarantee. In 2024,there were 5 part-time employees and 847 part-time employees in Taiwan and China Dongguan Plant, respectively.

▲ Working hours and occupational accident trend





Health and safety education and training

To improve the accurate awareness of employee knowledge related to safety and health, we organize relevant training courses, training frequency, and course content, and we comply with the regulatory requirements for the course hours. Internal training courses include new employee safety and health educational training, hazard general knowledge educational training, self-defense fire safety grouping training, General occupational safety and health training, Chemical management knowledge training, Environmental, safety, and health regulations and fire safety knowledge, Firefighting equipment and fire extinguisher hands-on training and external training courses include ISO14001/ISO45001 training, fire manager educational training, first-aid personnel educational training, occupational safety and health relevant management personnel educational training, and radiation protection educational training. We regularly organize self-defense fire safety grouping training every half year to rapidly mobilize members of the organization upon the occurrence of emergencies and adopt accurate actions to effectively control disasters and minimize losses. For other workers who are not employed laborers, we provide hazard notice safety and health educational training and work safety analysis and safety notice before entering the plant, exert safety monitoring during the operating period, and provide safety and health concepts and knowledge from time to time for them to pay more attention to occupational safety and health.

▲ Taiwan locations

2024 educational training course		Number of trainees (Persons)	Training hours (hrs)	Total hours (hrs)
Internal training	New employee safety and health educational training	149	3	447
	Occupational safety and health educational training	546	1	546
	Self-defense fire safety grouping training	54	4	216
External training	Fire manager educational training	1	6	6
	First-aid personnel educational training	7	3	21
	Occupational Safety and Health Supervisors' Training	1	42	42
	On-the-job Training for Occupational Safety and Health Management Personnel	2	12	24
	On-the-job Training for Occupational Health Service Nurses	1	19	19
	On-the-job Training for Supervisors Handling Organic Solvent Operations	1	6	6
	Radiation protection educational training	2	3	6

▲ China Dongguan Plant

2024 educational training course		Number of trainees (Persons)	Training hours (hrs)	Total hours (hrs)
Internal training	General occupational safety and health training	3969	8	31752
	Chemical management knowledge training	16	1	16
	Environmental,safety,and health regulations and fire safety knowledge	20	0.5	10
	Fire evacuation drill	3017	0.08	251
	Firefighting equipment and fire extinguisher hands-on training	91	0.16	14.56
External training	First aid training	20	2	40
	Training for the responsible persons of production and business units	1	12	12
	Training for safety management personnel in production and business units	10	16.4	164
	Radiation protection educational training	6	0.5	3
	Electrician	1	8	8

Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

The Company has established its Procedures for Contractor Management. When entering into a contract with a contractor, we deliver the "Contractor Safety Notice Handbook" and execute the "construction safety and health environmental protection commitment." In 2024, the execution rate achieved 100% in both Taiwan and China Dongguan. The Company provides a contracting work hazard notice before the construction and completes the "construction application and pre/post-confirmation form," and the commencement of the construction is subject to approval. During the construction period, reinforce the daily on-site patrol inspection. If there is any non-compliance with safety and health requirements, the construction managing department will fill out a deficiency improvement notice and require the contractor to make instant improvements. After the completion of the construction, the supervising department shall fill out the "completion safety confirmation form" to effectively prevent accidents of contractors and personal injuries.

Occupational injuries and occupational diseases

The Company created a healthy and safe workplace for employees and established various SOPs to prevent the occurrence of occupational injuries and occupational diseases, and operational environment monitoring is performed every year. Since its establishment, there has been no occupational injury or occupational disease. We promise to continue to provide working environments free of safety concerns for all workers to achieve the target of zero occupational disaster and zero occupational disease.

4.4.2 Occupational health services

Employees are the material assets of Ability Enterprise, and the health of employees is the foundation for sustainable corporate development; favorable production capacity requires healthy employees. Through diverse "health management" and "health improvement" activities, the Company wishes employees to have a life of physical and mental harmony in addition to work and commits to improving employees' personal health, lifestyle, and behaviors.

Employees Health Management

(I) Health inspection

Comprehensive health inspections may discover diseases as early as possible. Ability arranges in-service employees to accept health inspections more favorable than the regulations each year and arrange health inspections with special items for employees of special operating positions (i.e., Ionizing radiation, n-Hexane, Methanol, toluene, tin compounds, dust, noise, etc. and are regulated based on the specific work items of each factory area). Meanwhile, it provides premium health inspection plans for employees to allow employees to understand their own health status and exert self-health management through comprehensive inspection items.

After completing health inspections, professional medical personnel will provide hospitalization assistance and inspection notice based on the material anomalies found in the results of health inspections to realize care services. It provides professional consultation for groups with abnormal health and regularly arranges for doctors to visit for on-site services to provide professional consultation channels to employees. The Company has established a management plan for personal health anomaly health education and consultation, preventive risk monitoring, and medical assistance. The Company only uses the personal health service records and information of employees as the basis for evaluation of a safe occupational environment and it will not be used for any other purposes. The data is duly preserved by the dedicated health management department to prevent leakage. Since 2023, the number of on-site employee health check-up quotas has been increased, and the check-up items have been adjusted based on the common health issues encountered by employees in the previous year in Taiwan. Regarding the in-service employee patrol health inspection in 2024, 336 persons were to be inspected (note), 330 persons participated in the inspection, and the inspection rate was 98.2%. Additionally, the quota for the biennial advanced health check-up program has been increased, with 169 eligible participants and 167 completing the check-up, resulting in a completion rate of 98.8%. By collaborating with government agencies and external medical institutions, we provide cancer screening services such as cervical and breast cancer screenings to prevent the onset of diseases.

Health inspection in Taiwan Location

Taiwan Wugu Plant

Xinzhuang Headquarter

Regarding the in-service employee patrol health inspection in 2024, 336 persons were to be inspected (Note), 330 persons participated in the inspection, and the inspection rate was 98.2%.

Note：Persons to be inspected for the patrol health inspection are the number of employees, deducting new employees who reported to work within 6 months, dispatched staff, and other non-formal employees and the number of persons arranged for premium hospital health inspection.

Note: Beginning in 2023, advanced health examinations are conducted biennially, with an increased examination allowance.

Health inspection in China Dongguan Plant

Regarding the Supervisors and Staff advanced, 400(Note 1) persons were to be inspected , 324 persons participated in the inspection, and the inspection rate was 81%.

With employee occupational health inspection, 375persons were scheduled for inspection (Note2), 314 persons participated in the inspection, and the inspection rate was 83.7%.

Note1：The number of employees undergoing general health inspection includes those who have been employed for over one year.

Note2：The number of employees undergoing occupational health inspection includes those in positions exposed to occupational disease hazard factors.

(II) Occupational medicine doctors visiting service

The Company values employees' physical and mental health and has established "four major plans for labor health protection" to arrange for doctors to carry out on-site services and the schedule is set independently by each operational location. We also meet occupational safety and health personnel, department supervisors, occupational nursing personnel, and relevant personnel to have patrol inspections of the on-site work environments and evaluate risks so as to avoid WMSDs. According to the health status questionnaires of employees, we provide health education and consultation for employees with high risks to avoid cerebrovascular diseases or cardiovascular diseases due to overwork. Work protection is provided for female employees during pregnancy preparation, pregnancy, and one year after delivery to avoid any harm to employees' bodies or their children during pregnancy or the nursery period after delivery. In addition, the Company carries out reinstatement evaluations for reinstated employees due to personal injuries and sickness to maintain employees' workplace and operational safety.

Taiwan Wugu Plant

China Dongguan Plant

▲ In 2024,Occupational medicine doctors, safety and health personnel, and supervisors of each department examine job patterns and environmental risk factors on-site.

Employee health improvement

Health promotion activities are implemented based on the employee health condition at each location.

Taiwan locations

(I) Establish a gym and yoga classroom

To maintain employees' hobbies in exercising, Ability Enterprise has set up an internal gym and yoga classroom to encourage employees to make use of their spare time to exercise.

(II) Provide massage by persons with visual disabilities to relieve muscle pain and pressure on employees

The company understood the heavy work pressure of employees and the demand to relax their bodies and minds. To duly fulfill corporate social responsibilities and expand the employment opportunities of persons with visual disabilities, the Company recruits massagers with physical and mental disabilities to provide professional services at the special massage room through reservation, allowing employees to relax their bodies and minds and relieve pressure.

(III) Maternity care and care resources

To care for female employees, the Company regularly organizes health lectures exclusively for females and arranges exclusive inspection items for female employees in the health inspection each year. The Company encourages female employees to continue to feed their babies after delivery. It has established a "nursery room" and offers 60 minutes for breast milk each day at work. For the convenience of taking care of preschool children, it has entered into a contract with a kindergarten.

▲ Established a nursery room.

(IV) Health promotion activities

Since the fourth quarter of 2022, through a diverse range of health promotion activities, the company encourage employees to develop a habit of regular activity and healthy diet . The activities include various types of classes, a point collection system, daily walking step challenges, and monthly stair-climbing events, all centered around healthy fat reduction as the core goal. These initiatives aim to help employees achieve weight loss and body fat management. In order to further advocate for plant-based and environmentally friendly eating habits, rewards such as salads and green smoothies from the coffee bar at the Taiwan HQ were provided to encourage employees to consume more fruits and vegetables, thereby achieving goals of environmental sustainability and carbon reduction。

In 2023, we continued to promote health workforce through 'health promotion' and 'health management' activities, allowing employees to utilize their spare time for physical activities, ensuring their well-being and achieving a win-win situation for both the company and employees by reducing sick leave and medical costs. By the end of 2023, we received the "Badge of Accredited Healthy Workplace"certification from the National Health Agency, demonstrating the company's commitment to promoting employee health and preventing work-related injuries. We will continue to implement various health promotion activities to enhance workforce safety and health, thereby increasing workforce competitiveness and improving corporate image.

▲ Health promotion activities from April 2023 to December 2023

Health promotion activities	2023	2024	
Average number of stair-climbing participants	64 participants	66 participants	Goal achievement rate improved by 2.7%
Average stair-climbing completion rate	38 people (59.4%)	41 people (62.1%)	
Average number of walking activity participants	50 participants	92 participants	Goal achievement rate improved by 6.2%
Average walking activity completion rate	23 people (46%)	48 people (52.2%)	
Number of participants in the fat reduction program	Male: 19 participants Female: 20 participants	Male: 10 participants Female: 27 participants	Female fat reduction improved by 7.8%
Total fat reduced	Male: 10% Female: 14.8%	Male: 7.4% Female: 22.6%	

▲ Accumulated daily walking steps from 2022 to 2024

Walking activity	2022/ November to December	2023/ April to December	2024/ April to September	Total
Cumulative number of participants	186 participants	303 participants	240 participants	729 participants
Cumulative step count	45,104,097	95,283,309	115,216,563	255,603,969 steps
Approximate total distance(m)	31,572,868	66,698,316	80,651,594	178,922,778 m
Estimated cumulative calories burned(Kcal)	1,209,241	2,554,545	3,088,956	6,852,742 Kcal
Total carbon reduction based on distance(kg)	6,405	13,530	16,361	36,296 kg

*Exercise Data – Calculation Method:
Daily Walking Distance: Daily steps × 70 cm
Daily Calories Burned: Walking distance (in kilometers) × 38.3 kcal
Carbon Reduction Estimate: (Total steps ÷ 10,000) × 1.42 (Assuming 10,000 steps ≈ 1 round trip walking distance, which reduces approximately 1.42 kg of CO_2 emissions)

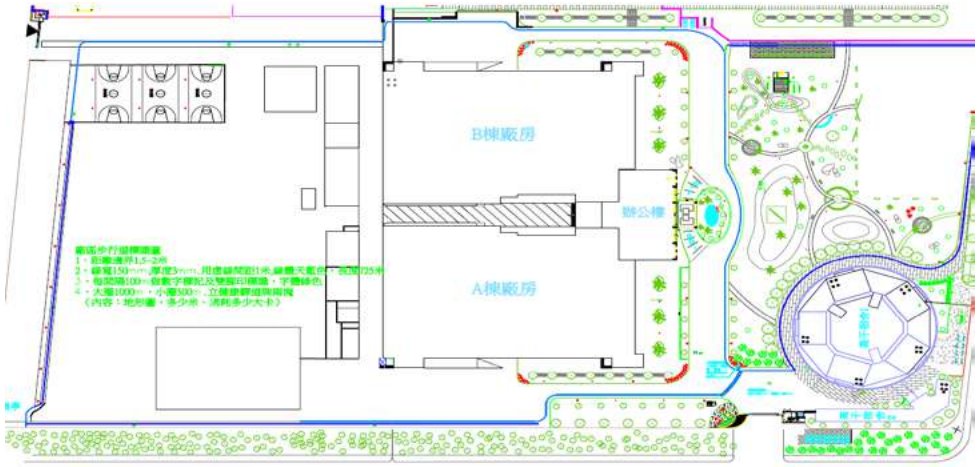
▲ Summary of Body Fat Reduction Activities (2023–2024)

	2023/04-2023/07		2024/04-2024/06 (mid-term)		2024/04-2024/09 (Final cumulative total	
Body weight reduction	Male-18 people	10kg	Male-10 people	20.1kg	Male-6 people	21.9kg
Body fat reduction		6.6%		7.9%		7.4%
Body weight reduction	Female-19 people	24.5kg	Female-27 people	27.2kg	Female-18 people	32.6kg
Body fat reduction		14.8%		18.9%		22.6%

China Dongguan Plant

(I) Establish fitness trails

To maintain employees a regular exercise habit, walking paths have been established around the green spaces of the factory, encouraging staff to utilize their spare time for physical activity.



Plant Walking Map

4.5 Participation in Public Welfare

In line with our sustainable vision of "Creating a Better Society," the Company actively seeks to understand the needs of disadvantaged groups across various sectors. By leveraging our core business, we implement localized corporate social responsibility initiatives and plan for long-term sustainable development. We integrate internal and external resources to care for the underprivileged through monetary and material donations, collaboration with public welfare organizations, and active participation in volunteer services. We also encourage employees to take part in both regular and ad hoc social welfare activities. Our efforts began with volunteer services focused on community engagement and caring for vulnerable groups, and have gradually expanded to other areas in need of support. Through voluntary employee participation in public welfare initiatives, we aim to strengthen cohesion within the Company and fulfill our corporate social responsibility through tangible actions rooted in the value of shared prosperity.

The first of the United Nations Sustainable Development Goals (SDGs) is to end poverty. Ability recognizes that children are the foundation of a nation's future and has long been committed to their care and well-being. Through sponsorship programs such as living allowances and scholarships, the Company aims to ensure that children from under-resourced backgrounds are not left behind by society. These efforts are intended to empower them to develop their potential and transform their future. In 2024, the Company's total social donations amounted to NT$982,897, including corporate contributions to public welfare initiatives and sponsorships, as well as employee-led participation in charitable activities promoted by the Company.

Support for disadvantaged groups

In the early stages of implementing corporate social responsibility, the Company began providing regular sponsorships—through scholarships and living allowances—to public welfare organizations in Sanchong District, New Taipei City. Since 2013, we have maintained a long-term partnership with the Mustard Seed Mission, a Christian charitable foundation, sustaining our donations for 11 consecutive years. These ongoing contributions provide a stable source of funding, and we actively encourage employees to participate in related initiatives.

In addition to financial support for living expenses, we care deeply about the holistic development—physical, mental, and emotional—of children. We motivate employees to join the caring activities initiated by the Mustard Seed Mission, fostering ongoing interaction that moves employees from awareness, to recognition, and ultimately to active participation. We regularly promote donation campaigns and share related updates on the Company's internal platform. These efforts have generated a profoundly positive impact, not only for the children receiving support but also for our employees at Ability.

1. Taiwan Child Sponsorship Program:

Initially, both Ability and its employees provided monthly living allowances of NT$1,000 per child through the sponsorship program. Over time, we recognized the importance of enabling children to experience the joy of festive occasions, just like other families. As such, we began offering additional financial support during the Lunar New Year, traditional festivals, Christmas, and birthdays, allowing children to purchase items they enjoy. Since 2019, sponsors have also been encouraged to contribute special back-to-school allowances to help children prepare for the new academic year with peace of mind. In 2024, the Company and its employees jointly sponsored a total of 50 children from underprivileged families, contributing a combined donation of NT$764,300.

2.Ability Christmas Angel Program:

Each year during the Christmas season, Ability invites employees to participate in the Christmas Angel Program by voluntarily donating gifts. These presents are distributed to underprivileged children across Taiwan, allowing them to feel warmth and care during the holidays. Beyond material support, the initiative symbolizes love and hope. In 2024, a total of 105 Christmas gifts were prepared. Additionally, employees donated NT$29,604 for children's Christmas presents and NT$54,050 for gifts to their caregivers.

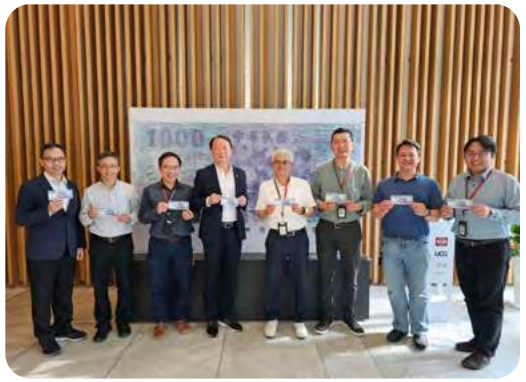
Non-regular philanthropic initiatives

1. Ability regularly participates in various ad hoc charitable initiatives organized in collaboration with government agencies and nonprofit organizations, including hosting charity sale events. The Company has maintained a long-standing partnership with the Huashan Social Welfare Foundation in Taishan District, New Taipei City, supporting its annual fundraising and New Year meal programs for elderly individuals who are disabled, living alone, or affected by dementia. Employees are encouraged to make voluntary donations, joining hands to bring warmth and care through the delivery of festive meals to those in need.

2. Ability Charity Sale Event:

   On January 5, 2024, Ability initiated the Ability Charity Sale Campaign by organizing a donation drive for goods. The on-site charity sale was held from February 22 to February 23 on the 7th floor of the Company premises. The total proceeds, including corporate contributions, amounted to NT$100,347. All funds raised were subsequently donated to the United Way of Taiwan.

   Remaining unsold items were donated to the Huashan Social Welfare Foundation in Taishan District, New Taipei City, for continued charity sales or to be gifted to elderly individuals living alone.



3.China Dongguan Plant Donation for Elderly Appreciation Festival:

In 2024, China Dongguan Plant (Ability Technology) participated in a charitable donation campaign for the Elderly Appreciation Festival held in Shibu Village, Liaobu Town, Dongguan. A donation of RMB 3,000 was made to support the event.

佳能企業股份有限公司
ABILITY ENTERPRISE CO.,LTD.

Appendix

Appendix I GRI Standards Index

Appendix II SASB Standards Index-TC-HW

Appendix III Task Force on Climate-related Financial Disclosures (TCFD) and Climate-related Information Index for Listed Companies

Appendix IV Taiwan Sustainability Disclosure Indicators for Optoelectronic industry

Appendix V ESG Report Verification Statement

Appendix I GRI Standards Index

Statement of Use	Ability Enterprise Co., Ltd. reported the information quoted in the GRI Standard index table reference to the GRI Guidelines for the period from January 1, 2024 to December 31, 2024.
GRI 1 Used	GRI 1：Foundation 2021

GRI Disclosure Item			Corresponding section	Page
GRI2 General Disclosures 2021				
The organization and its reporting practices	2-1	Organizational details	About Ability	6
	2-2	Entities Included in the Sustainability Report	About this Report	3
	2-3	Reporting period, frequency and contact point	About this Report	3
	2-4	Restatements of information	About this Report	3
	2-5	External assurance	About this Report	3
Activities and workers	2-6	Activities, value chain and other business relationships	About Ability	6
	2-7	Employees	4.2 Employee Diversity, Equality and Inclusion	63
	2-8	Workers who are not employees	4.2 Employee Diversity, Equality and Inclusion	63
Governance	2-9	Governance structure and composition	2.1 Corporate Governance Structure	24
	2-11	Chair of the highest governance body	2.1 Corporate Governance Structure	24
	2-12	Role of the highest governance body in overseeing the management of impacts	2.1 Corporate Governance Structure	24
	2-13	Delegation of responsibility for managing impacts	2.1 Corporate Governance Structure	24
	2-14	Role of the highest governance body in sustainability reporting	1.1 Sustainable Development Commitment and Promotion	10
	2-15	Conflicts of interest	2.1 Corporate Governance Structure	24

GRI Disclosure Item			Corresponding section	Page
Governance	2-16	Communication of critical concerns	1.1 Sustainable Development Commitment and Promotion 1.2 Stakeholders and Material Topics	10 13
	2-17	Collective knowledge of the highest governance body	2.1 Corporate Governance Structure	24
	2-18	Evaluation of the performance of the highest governance body	2.1 Corporate Governance Structure	24
	2-19	Remuneration policies	2.1 Corporate Governance Structure 4.2 Employee Diversity, Equality and Inclusion	24 63
	2-20	Process to determine the remuneration	2.1 Corporate Governance Structure	24
	2-21	Annual total compensation ratio	4.2 Employee Diversity, Equality and Inclusion	63
Strategy, policies, and practices	2-22	Statement on sustainable development strategy	Message from the Management 1.1 Sustainable Development Commitment and Promotion	10
	2-23	Policy commitments	2.3 Integrity Management	28
	2-24	Embedding policy commitments	2.3 Integrity Management	28
	2-25	Processes to remediate negative impacts	1.2 Stakeholders and Material Topics	13
	2-26	Mechanisms for seeking advice and raising concerns	2.3 Integrity Management 2.6 Customer Relationship Management 4.2 Employee Diversity, Equality and Inclusion	28 35 63
	2-27	Compliance with laws and regulations	2.3 Integrity Management	28
	2-28	Membership of associations	About Ability	6
Stakeholder engagement	2-29	Approach to stakeholder engagement	1.2 Stakeholders and Material Topics	13

GRI 3 Material Topics Disclosures 2021				
GRI 3: Material Topics	3-1	Process to determine material topics	1.2 Stakeholder and material topics	13
	3-2	List of material topics	1.2 Stakeholder and material topics	13

GRI Disclosure Item			Corresponding section	Page
Material topic: Corporate governance				
GRI 3: Material Topics	3-3	Management of material topics	Material topic: Corporate governance	18
Major topic: Economic performance				
GRI 3: Material Topics	3-3	Management of material topics	Major topic: Economic performance	19
GRI 201 Economic Performance 2016	201-1	Direct economic value generated and distributed	2.2 Economic Performance	28
Major topic: Ethics and integrity				
GRI 3: Material Topics	3-3	Management of material topics	Major topic: Ethics and integrity	20
Material topic: Risk management				
GRI 3: Material Topics	3-3	Management of material topics	Material topic: Risk management	21
Major topic: Supply chain management				
GRI 3: Material Topics	3-3	Management of material topics	Major topic: Supply chain management	22
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	2.5 Supply Chain Management	32
GRI 308: Supplier Environmental Assessment 2016	308-2	Negative environmental impacts in the supply chain and actions taken	2.5 Supply Chain Management	32
GRI 414: Supplier Social Assessment 2016	414-2	Negative social impacts in the supply chain and actions taken	2.5 Supply Chain Management	32
Material topic: Customer interest and service quality				
GRI 3: Material Topics	3-3	Management of material topics	Material topic: Customer interest and service quality	23
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.7 Information Security	36
Material topic: Climate change management				
GRI 3: Material Topics	3-3	Management of material topics	Material topic: Climate change management	40

GRI Disclosure Item			Corresponding section	Page
Material topic: Product quality and safety & Raw material management				
GRI 3: Material Topics	3-3	Management of material topics	Material topic: Product quality and safety	41
GRI 301: Materials 2016	301-1	Materials used by weight or volume	3.6 Sustainable Innovative Products	54
	301-2	Recycled input materials used	3.6 Sustainable Innovative Products	54
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety effects of product and service categories	3.6 Sustainable Innovative Products	54
Material topic: Sustainable and innovative products and services				
GRI 3: Material Topics	3-3	Management of material topics	Material topic: Sustainable innovative products and services	42
Material topic: Occupational Health and Safety				
GRI 3: Material Topics	3-3	Management of material topics	Material topic: Occupational Health and Safety	61
GRI 403：Occupational Health and Safety 2018	403-1	Occupational health and safety management system	4.4 Occupational Health and Safety	80
	403-2	Hazard identification, risk assessment, and incident investigation	4.4 Occupational Health and Safety	80
	403-3	Occupational health services	4.4 Occupational Health and Safety	80
	403-4	Worker participation, consultation, and communication on occupational health and safety	4.4 Occupational Health and Safety	80
	403-5	Worker training on occupational health and safety	4.4 Occupational Health and Safety	80
	403-6	Promotion of worker health	4.4 Occupational Health and Safety	80
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.4 Occupational Health and Safety	80
	403-8	Workers covered by an occupational health and safety management system	4.4 Occupational Health and Safety	80
	403-9	Work-related injuries	4.4 Occupational Health and Safety	80
	403-10	Work-related ill health	4.4 Occupational Health and Safety	80

GRI general topic disclosure

GRI Disclosure Item			Corresponding section	Page
GRI 201 Economic Performance 2016	201-3	Defined benefit plan obligations and other retirement plans	4.2 Employee Diversity, Equality and Inclusion	63
GRI 202: Market Presence 2016	202-1	Ratios of standard entry-level wage by gender compared to local minimum wage	4.2 Employee Diversity, Equality and Inclusion	63
	202-2	Proportion of senior management hired from the local community	4.2 Employee Diversity, Equality and Inclusion	63
GRI 302: Energy 2016	302-1	Energy consumption within the organization	3.2 Energy Management	49
	302-3	Energy intensity	3.2 Energy Management	49
	302-4	Reduction of energy consumption	3.2 Energy Management	49
GRI 303: Water and effluents 2018	303-2	Management of water discharge-related impacts	3.5 Water Resources Management	53
	303-3	Water withdrawal	3.5 Water Resources Management	53
GRI 305: Emissions 2016	305-1	Direct (Scope 1) greenhouse gas (GHG) emissions.	3.3 Greenhouse Gas Management	50
	305-2	Indirect greenhouse gas emissions (Scope 2)	3.3 Greenhouse Gas Management	50
	305-4	Greenhouse Gas Emission Intensity	3.3 Greenhouse Gas Management	50
	305-5	Reduction of GHG emissions	3.3 Greenhouse Gas Management	50
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impact	3.4 Waste Management	51
	306-2	Management of significant waste-related impact	3.4 Waste Management	51
	306-3	Waste generated	3.4 Waste Management	51
	306-4	Waste diverted from disposal	3.4 Waste Management	51
	306-5	Waste directed to disposal	3.4 Waste Management	51

GRI Disclosure Item			Corresponding section	Page
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	4.2 Employee Diversity, Equality and Inclusion	63
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.2 Employee Diversity, Equality and Inclusion	63
	401-3	Parental leave	4.2 Employee Diversity, Equality and Inclusion	63
GRI 402: Employment 2016	402-1	Minimum notice periods regarding operational changes	4.2 Employee Diversity, Equality and Inclusion	63
GRI 404 Training and Education 2016	404-1	Average hours of training per year per employee	4.3 Talent Development and Cultivation	75
	404-2	Programs for upgrading employee skills and transition assistance programs	4.3 Talent Development and Cultivation	75
	404-3	Percentage of employees receiving regular performance and career development reviews	4.3 Talent Development and Cultivation	75
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	4.2 Employee Diversity, Equality and Inclusion	63
	405-2	Ratio of basic salary and remuneration of women to men	4.2 Employee Diversity, Equality and Inclusion	63
GRI 406 Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	4.2 Employee Diversity, Equality and Inclusion	62
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	4.2 Employee Diversity, Equality and Inclusion	62
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	2.3 Integrity Management 2.5 Supply Chain Management	28 32
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	4.5 Participation in Public Welfare	86
	413-2	Operations with significant actual and potential negative impacts on local communities	4.5 Participation in Public Welfare	86

Appendix II SASB Standards Index-TC-HW

Product Category：TECHNOLOGY & COMMUNICATIONS/Hardware，Release version: August 2024

The disclosure scope of this table is the same as that of this report

Topic	Disclosure indicator	Indicator No.	Nature	Unit	Corresponding chapter or description
Product safety	Description of approach to identifying and addressing data security risks	TC-HW-230a.1	Qualitative	NA	2.7 Information Security
Employee diversity and inclusion	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	TC-HW-330a.1	Quantitative	%	4.2 Employee Diversity, Equality and Inclusion
Product Life Cycle Management	Percentage of products by revenue that contain IEC 62474 declarable substances	TC-HW-410a.1	Quantitative	%	The product contains 100% IEC 62474 substances. The product sold contains 0% IEC 62474 declarable substances. The company uses PLM, GSM, and SAP information management systems to manage all component components, including 100% compliance statements, hazardous substance test reports, material safety data sheets, and safety/EMC compliance reports. Please refer to 3.6.1 Green Products.
	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	TC-HW-410a.2	Quantitative	%	Our products are manufactured by OEM, and EPEAT registration is performed by the customer. If the customer has application requirements, we will provide the customer with the required registration information.
	Products Conforming to Energy Efficiency Certifications as a Percentage of Operating Revenue	TC-HW-410a.3	Quantitative	%	Our products are manufactured by OEM, and energy efficiency certification is performed by the customer. If the customer has application requirements, we will provide the customer with the required registration information.
	Weight of end-of-life products and e-waste recovered, percentage recycled	TC-HW-410a.4	Quantitative	Ton %	Not applicable. Our products are manufactured as OEM products, not final consumer products. Therefore, the end-of-life scrapping, recycling services, and recycling weight of the products are planned by the client.
Supply chain management	Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all suppliers and (b) high-risk suppliers (conflict minerals)	TC-HW-430a.1	Quantitative	%	No audit conducted
	Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority non-conformances, and (b) other non-conformances	TC-HW-430a.2	Quantitative	rate	No audit conducted

Topic	Disclosure indicator	Indicator No.	Nature	Unit	Corresponding chapter or description
Material procurement	Description of the management of risks associated with the use of critical materials	TC-HW-440a.1	Qualitative	NA	Ability implements local procurement based on the location of the manufacturing plant and evaluates whether to authorize safety stock based on the characteristics of key product components and the lead time. See 2.5 Supply Chain Management for details.
	Number of units produced by product category	TC-HW-000.A	Quantitative	piece	About Ability
	Area of manufacturing facilities	TC-HW-000.B	Quantitative	m^2	Taiwan Wugu plant: 1,700m^2 China Dongguan plant: 118,000m^2
	Percentage of production from owned facilities	TC-HW-000.C	Quantitative	%	100% of the production is carried out in the disclosed areas

Appendix III Task Force on Climate-related Financial Disclosures (TCFD) and Climate-related Information Index for Listed Companies

TCFD Suggested Disclosure Items		Climate-related Information for Listed and OTC Companies	Corresponding Chapter	Page	Supplementary Explanation
Governance					
TCFD 1(a)	Describe the supervising status of the Board regarding risks and opportunities related to climate.	1.Describe board and management level supervision and governance on climate-related risks and opportunities.	3.1 Climate change management	43	
TCFD 1(b)	Describe the role of management in assessing and managing climate-related risks and opportunities.				
Strategy					
TCFD 2(a)	Describe short-term, mid-term, and long-term risks and opportunities related to climate identified by the organization.	2. Explain how the identified climate risks and opportunities affect the company's operations, strategies, and finances (short-term, medium-term, and long-term).	3.1 Climate change management	43	

TCFD Suggested Disclosure Items		Climate-related Information for Listed and OTC Companies	Corresponding Chapter	Page	Supplementary Explanation
TCFD 2(b)	Describe the impacts of risks and opportunities related to climate on the business, strategic, and financial planning of the organization.	3. Explain the financial implications of extreme climate events and transition actions.	3.1 Climate change management	43	
TCFD 2(c)	Describe the organization's strategic resilience and consideration of different climate-related scenarios (including a 2° C or more stringent scenario).	5. If resilience to climate change risks is assessed using scenario analysis, explain the scenarios, parameters, assumptions, analysis factors, and major financial impacts employed.	-	-	Ability has not adopted scenario analysis to evaluate its tenacity when facing climate change, and we are having internal discussions and evaluations.
Risk Management					
TCFD 3(a)	Describe the identification and evaluation procedures of the organization for risks related to climate.	4. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	3.1 Climate change management	43	
TCFD 3(b)	Describe the management procedures of the organization for risks related to climate.				
TCFD 3(c)	Describe how the identification, evaluation, and management procedures of risks related to climate are integrated with the overall risk management system of the organization.				
Indicators and Targets					
TCFD 4(a)	Disclose indicators used by the organization when evaluating risks and opportunities related to climate according to the strategic and management procedures.	6. If there are transformation plans to manage climate-related risks, explain the contents of such plans and the indicators and objectives used to identify and manage physical risks and transition risks.	3.1 Climate change management	43	
TCFD 4(b)	Disclosure Scope 1, Scope 2, and Scope 3 (if applicable) greenhouse gas emissions and related risks.	9. Inventory of greenhouse gas emissions and certainty	3.1 Climate change management	43	
TCFD 4(c)	Describe goals adopted by the organization when managing risks and opportunities related to climate and the performance of implementing such goals.	8. If climate-related targets are set, provide information on the activities covered, scope of greenhouse gas emissions, planning timeline, annual progress, etc. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve the targets, explain the source and quantity of carbon offsets or the number of RECs.	-	-	Carbon offsets or RECs have not been used in the current year. Internal discussions and evaluations are ongoing within the company.
--	--	7.If internal carbon pricing is used as a planning tool, explain the basis for price determination.	-	-	Internal carbon pricing has not been used as a planning tool in the current year. Internal discussions and evaluations are ongoing within the company.

Appendix IV Taiwan Sustainability Disclosure Index Indicators for Optoelectronics industry

Enhanced disclosure items and assurance items according to Article 4, Paragraph 1 of Taipei Exchange Rules Governing the Preparation and Filing of Sustainability Reports by TPEx Listed Companies - Opto-electronics industry

Governing Rules		Disclosure Item	Corresponding Chapter	Page
Subparagraph 1	Item 1	Total energy consumed, ratio of purchased power, and ratio of the use of renewable energy	3.2 Energy Management	49
	Item 2	Total water withdrawal and total water consumption	3.5 Water Resources Management	53
	Item 3	Weight of hazardous waste generated and recycled ratio	3.4 Waste Management	51
	Item 4	Describe the category of occupational disaster, number of persons, and ratio	4.4 Occupational Health and Safety	80
	Item 5	Disclosures related to product life cycle management: Include the weight of scrapped products and electronic wastes and the recycled ratio (Note)	3.4 Waste Management 3.6.2 Raw Material Management	51 56
	Item 6	Describe risk management related to the use of key materials	3.6.2 Raw Material Management	56
	Item 7	Total money loss caused by litigation related to Non-competition Act	2.3 Integrity Management	28
	Item 8	Production volume of major products by product category	About Ability	6

Note: Include the sales of scraps or other recycling disposals, and relevant descriptions shall be provided.

Appendix V Ability Enterprise ESG Report Verification Statement

SGS

ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE ABILITY ENTERPRISE CO., LTD.'S ESG REPORT FOR 2024

NATURE AND SCOPE OF THE ASSURANCE

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by Ability Enterprise Co., Ltd. (hereinafter referred to as Ability) to conduct an independent assurance of the ESG Report for 2024 (hereinafter referred to as the Report). The assurance is based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standardv3 Type 1 Moderate level during 2025/05/17 to 2025/06/13. Ability sites as disclosed in Ability's ESG Report of 2024. The boundary includes Ability's main operation sites in Taiwan and Dongguan, China, which covers a partial entity of Ability's consolidated financial statements.

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

INTENDED USERS OF THIS ASSURANCE STATEMENT

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

RESPONSIBILITIES

The sustainability information in the Ability's ESG Report of 2024 and its presentation are the responsibility of the directors or governing body and management of Ability. SGS has not been involved in the preparation of any of the material included in the Report.

SGS' responsibility is to express an opinion on the text, data, graphs and statements within the scope of assurance based upon sufficient and appropriate objective evidence.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The assurance of this report has been conducted according to the AA1000 Assurance Standard (AA1000AS v3), a standard used globally to provide assurance on sustainability-related information across organizations of all types, including the evaluation of the nature and extent to which an organization adheres to the Accountability Principles (AA1000AP,2018).

Assurance has been conducted at a type 1 moderate level of scrutiny.

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

Reporting Criteria Options	
1	AA1000 Accountability Principles (2018)
2	Reference to GRI Universal Standards (2021)

TWLPP 5008 Issue 2502

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

ASSURANCE METHODOLOGY

The assurance comprised a combination of desktop research, interviews with relevant employees, superintendents, ESG committee members and the senior management in Taiwan; documentation and record review and validation where relevant.

LIMITATIONS

Financial data drawn directly from independently audited financial accounts, Greenhouse Gas Emission, SASB related disclosures, and non-material topics and the related indicators have not been checked back to source as part of this assurance process.

INDEPENDENCE AND COMPETENCE

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

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

FINDINGS AND CONCLUSIONS

ASSURANCE OPINION

On the basis of the methodology described and the assurance work performed, we are satisfied that the specified performance information included in the scope of assurance is accurate, reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the AA1000 Accountability Principles (2018).

The assurance team believes that the organization has chosen an appropriate level of assurance for this stage in their reporting.

ADHERENCE TO AA1000 ACCOUNTABILITY PRINCIPLES (2018)

INCLUSIVITY

Ability has practiced commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns.

TWLPP 5008 Issue 2502

MATERIALITY

Ability has established processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group. Materiality determination process is recommended to integrate into the organization in its operational process as well as risk/compliance management.

RESPONSIVENESS

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

IMPACT

Ability has included in this report the disclosures of the organization's impacts on stakeholders and on the organization itself. To present impacts as a qualitative, quantitative, or monetized measurement is to be carried out in future reporting to clearly demonstrate the impact management status.

ADHERENCE TO GRI

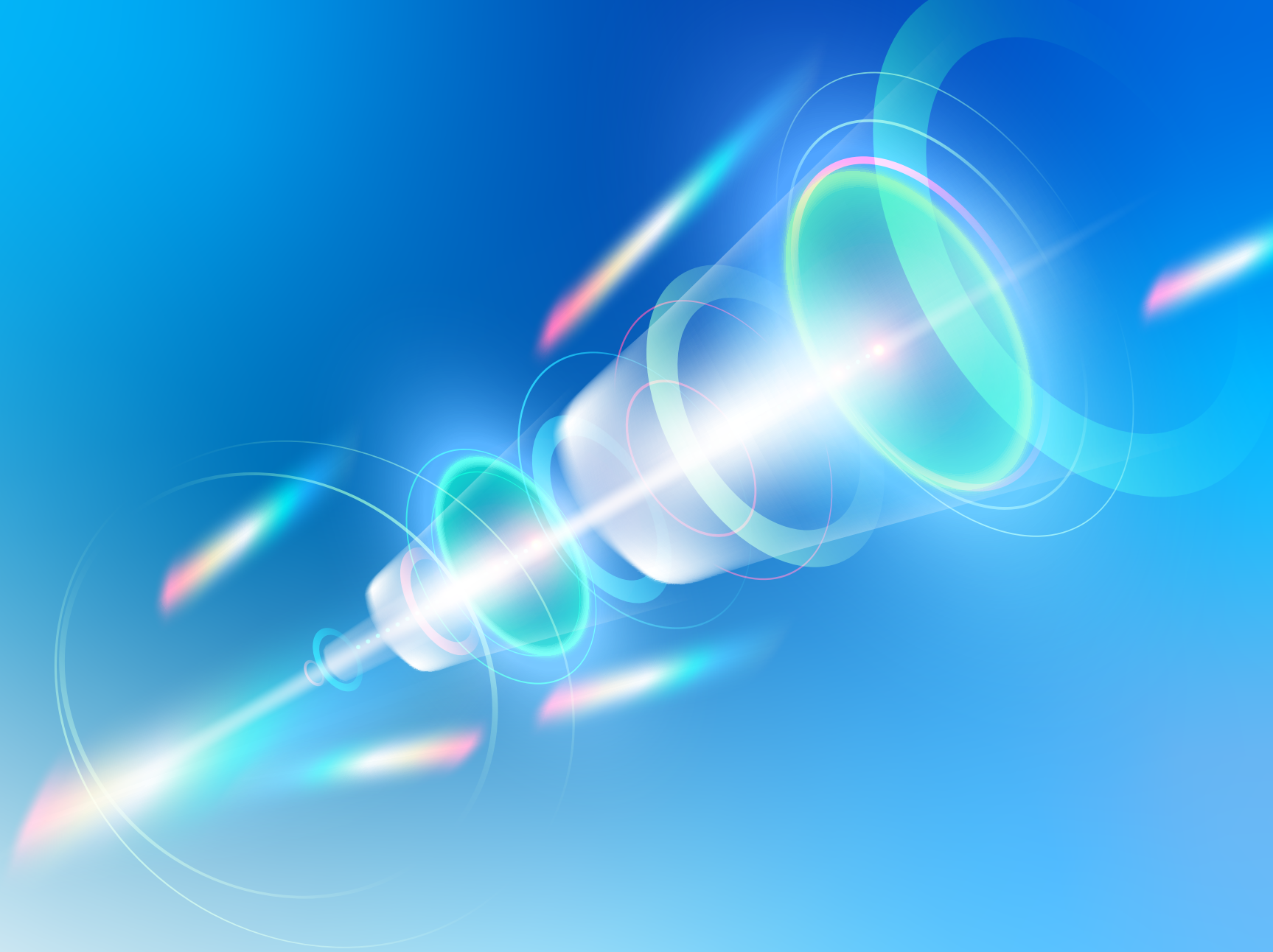
The report, Ability's ESG Report of 2024, is reporting with reference to the GRI Universal Standards 2021. The significant impacts were assessed and disclosed with reference to the guidance defined in GRI 3: Material Topic 2021 and the relevant 200/300/400 series Topic Standard related to the material topics claimed in the GRI content index. The report has properly disclosed information related to Ability's contributions to sustainability development. For future reporting, it is recommended for Ability to undertake thorough due diligence, incorporating stakeholder perspectives and expectations to ensure a well-rounded assessment in the process of impact management.

Signed:
For and on behalf of SGS Taiwan Ltd.

AA1000
Licensed Report
000-8/V3-U2BVS

Stephen Pao
Business Assurance Director
Taipei, Taiwan
16 July, 2025
WWW.SGS.COM

TWLPP 5008 Issue 2502



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