



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

# 2022 ESG report



## Overview

About this Report	3	Message from the President	5	Milestone of Ability Enterprise	7
Message from the Chairman	4	Highlight in 2022	6		

## 1 Sustainable Operation

1.1 About Ability Enterprise	10
1.2 Sustainable Development Commitment and Promotion	14
1.3 Stakeholder Communication and Identification of Material Topics	17

## 4 Sustainable and Innovative Products and Services

4.1 Creating Safe, Sustainable and Innovative Products	54
4.2 Supply Chain Management	60
4.3 Customer Relations	63

## 2 Ethical Corporate Management Enterprise

2.1 Board Composition	26
2.2 Ethical Corporate Management	30
2.3 Risk Control	32

## 5 Talent Development and Social Co-prosperity

5.1 Labor Structure and Salary	70
5.2 Employee Welfare	74
5.3 Talent Development and Cultivation	78
5.4 Occupational Health and Safety	82
5.5 Labor-capital Relationship and Communication	87
5.6 Social Participation and Social Welfare	88

## 3 Green Operation

3.1 Climate Change Management	36
3.2 Environment Management	42

## Appendix

Appendix I GRI Standards Index	92
Appendix II Task Force on Climate-related Financial Disclosures (TCFD) and Climate-related Information Index for Listed Companies	98
Appendix III Taiwan Sustainability Disclosure Indicators for Optoelectronic industry	100

## About this Report

### Report Overview

The Report is the first ESG Report published by Ability Enterprise Co., Ltd (the "Ability") that focuses on [sustainable operation], [ethical corporate management enterprise], [green operation], [sustainable and innovative products and services], and [talent development 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, society, and product responsibility for the year 2022 and relevant performances in the hope of exhibiting the achievement of our sustainable development by publishing the Report. Ability 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

The Report is prepared according 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. Relevant statistics are expressed by adopting international common indicators, local regulations, industry standards, or practices as the calculation basis. If the quantitative indicators disclosed have any special meaning, it will be described by making remarks.

### Report Boundary and Scope

The information disclosing boundary of the Report includes the Xinzhuang Headquarter and Wugu Plant of Ability Enterprise, 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 2022 (from January 1 to December 31). To seek the completeness and comparability of information, partial information will be traced retrospectively to 2021 to exhibit relevant trends and changes.

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

Publication time of the Report: September 2023

Estimated publication time of the next Report: June 2024

### Contact Information

If you have any comments or recommendations regarding this Report, please feel free to contact us through the following contact information:

Ability Enterprise Co., Ltd

Address: No. 200, Sec. 3, Zhonghuan Rd., Xinzhuang Dist., New Taipei City

Tel: +886-2-8522-9788

Contact person: Assistant Vice President Jackie Lee/Operating Center and Manager

Jimmy Lin/ISO System Department of the President's Office

E-mail: [ESG@abilitycorp.com.tw](mailto:ESG@abilitycorp.com.tw)

Corporate website: <https://www.abilitycorp.com.tw/>





## Message from the Chairman

According to the news, the survival rate of young King Penguins decreased, which resulted from the lengthening of their foraging route due to global warming and Beijing being flooded under the effects of typhoons and rainstorms. However, the EU and other countries will impose carbon border taxes soon. International investment companies and banks will include ESG implementation as investment loan standards for loans. Government laws and regulations now have explicit guidelines requiring enterprises to promote ESG, and ESG has become the trend of the century, which is closely related to corporate operations. Aligning with the trends, Ability Enterprise has included ESG and EPS as the dual indicators of its sustainable corporate operation.

After the establishment of the "ESG Committee," the Company examines the interior of the enterprise to see which items we have executed in terms of energy-saving and carbon dioxide reduction, social care, employees' interest, and others within the three major scopes of ESG, matters that required improvements, and key elements that are not executed and shall be included in future business planning. After compilation and exploration, the Company reinforced energy management, formulated carbon dioxide reduction strategies, and continued to include risk assessment related to climate into its operations to actively assume social and environmental responsibilities and set short-term, mid-term, and long-term goals according to the requirements of the timeline. While the world is facing a battle of climate and net zero emissions, Ability Enterprise stands in its place and expects employees to carefully complete all projects step by step on a solid basis.

The Company possesses expertise in optical design manufacturing, introduces green product R&D, improves product functions, and effectively controls costs in cooperation with suppliers, which are great challenges to the management team; however, such measures are required under the consideration of ESG strategies to satisfy customer and market requirements. Meanwhile, localized procurement, supply chain human rights, and labor interests continue to be promoted and implemented in all plants. Through promoting and having relevant requirements for suppliers, Ability Enterprise wishes that all its partners be ethical corporate managers who comply with business ethics and labor human rights.

Ability Enterprise considers that talents are the root of enterprises, focuses on position and ability for employment without any limit to country or gender, and pays attention to employees' interests, welfare, and education. At present, the Company has organized relevant. Apart from providing worry-free work environments, it also hopes that employees can bring the philosophy of ESG back to their families and communities to allow climate change improvement, a material global topic, to become a norm promoted by individuals, enterprises, and society.

Chairman Ming-Jen Tseng





## Message from the President

2050 Net zero emissions and environmental sustainability are joint missions for global enterprises to promote and implement ESG.

Under the effects of COVID-19, together with geopolitical impacts, the economies of different countries and the global resource allocation and supply are unstable, resulting in rising prices and severe inflation. In addition, significant carbon dioxide emissions brought by seeking economic growth in the past triggered severe climate effects and caused the sustainability crisis for Earth.

Facing severe political and economic challenges and changes in global climate trends, Ability Enterprise has been actively accelerating its sustainable development, continuing commencing green strategies, and including ESG as its core value. The promotion of ESG topics lies in "environmental sustainability" and "sustainable operation." Sustainability is the nature of corporate management; therefore, the Company established the "ESG Committee" to commence sustainability activities, duly fulfill corporate social responsibility, respond to climate change by achieving energy-saving and carbon reduction goals, and make efforts to eliminate impacts brought by global warming so as to contribute to Earth.

Facing the global battle of climate and the 2050 net zero emissions, Ability Enterprise plans to introduce green product R&D, improve product functions, and include energy management and carbon reduction strategies on the foundation of optical, mechanical, power, and sound integration and core image processing technologies to improve R&D

innovation capacity by combining AI and cloud applications, develop optical and image products that satisfy the new life models of people, and actively reach out to suppliers and customers in terms of ESG-related cooperation opportunities, and, in turn, face challenges in external environments directly and jointly make efforts for "environmental sustainability."

Employees and talents are the strength of Ability Enterprise. Promoting employee expertise, career growth, continuing ESG learning, and comprehensive development is the growing momentum of the business growth of the Company. The Company provides worry-free work environments to allow employees to exhibit their expertise in delivering the happiness of the Company from the inside to the outside. We encourage employees to participate in public welfare activities and regional developments and promote social equality, sustainability, and co-prosperity.

ESG is not merely a target; it will continue to be the process continuously accumulated by Ability Enterprise during its operation. In the future, we will adhere to the philosophy of "sustainable operation," continue conversations with stakeholders, respect and provide different viewpoints, create the maximum value for customers, employees, shareholders, suppliers, communities, and other stakeholders, and commit to including ESG in our corporate culture so as to create a sustainable life.

President Zhang, Xiao-Qi

## Highlight in 2022



### Environment

The energy saving plan reduces carbon emissions by approximately **7.48** tCO<sub>2</sub>e.

GHG emission intensity **reduced by 0.00143** tCO<sub>2</sub>e/NT\$10,000.

There was **no 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.

**All new suppliers** in 2022 executed the "supplier's letter of guarantee to not use hazardous substances."



### Society

There was **no violation** of human rights or discrimination.

There was **no** complaint or material event.

**All** full-time employees participated in the performance evaluation.

Tuition subsidies for family members totaled **NT\$100,000**.

In 2021 and 2022, the total public welfare expenditure was **NT\$1,727,074**.

Ability has sponsored children in disadvantaged families for ten consecutive years. In 2022, it sponsored 45 children in disadvantaged families (the total donation amount was **NT\$741,100**).

The training hours of employees reached **4,945** hours.

In 2022, there were 47 new suppliers, and **all** of them have executed the "supplier's corporate social responsibility agreement."



### Governance

There was **no** major negative information.

Won the **first prize** of the comprehensive review of dashboard camera from My Best website in Japan.

Signed contracts and became strategic partners with pioneers of automotive cameras for Avs.

In 2022, the consolidated R&D expenses accounted for **11.24%** of the consolidated operating income.



## Milestone of Ability Enterprise

- **1965** Mr. C. H. Tong founded Ability Enterprise Co., Ltd. and start as distractor of Canon Printer products in Taiwan. This was the beginning of Ability's long lasting development.
- **1993** Canon Inc., a Japanese company, formally became one of the shareholders of the Company.
- **1995** Ability Enterprise listed in public. The management stepped into a new milestone.
- **1998** ViewQuest Technology Co., Ltd was established
- **1999** ViewQuest set up a plant in Chang'an, Dongguan.  
Obtained the SGS certification for the ISO9001 quality management system.
- **2000** Obtained the SGS certification for the QS9000 automotive product quality management system.
- **2001** ViewQuest Technology Co., Ltd become the largest PC CAM ODM/OEM manufacturer.
- **2003** Acquire "ViewQuest Technology Co., Ltd.", Ability Enterprise became well-known 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.
- **2004** Obtained the SGS certification for the ISO14001 environmental management system.
- **2005** Set up the plant at Liaobu, Dongguan, China.  
Obtained the GPMS certification certified by SGS.
- **2006** Comprehensively introduced the IECQ QC080000 hazardous substance process management system and obtained the SGS certification.  
Responded to environmental requirements, duly fulfilled social responsibilities, and participated in the filming of the promotional video for the hazardous process management system by the Plastics Industry Development Center, engaged by the Ministry of Economic Affairs.
- **2007** Formed a strategic alliance between Asus and Ability Enterprise, and Asus Computer became the largest shareholder of Ability
- **2008** Due to the business split of Asus, Pegatron became the largest shareholder of Ability Enterprise.  
To duly fulfill corporate social responsibility and take care of employees' well-being, Ability Enterprise introduced the OHSAS18001 occupational safety and health management system and obtained the certification of SGS.
- **2009** In response to the environmental requirements of customers, the Company became a Green Partner of Sony.
- **2010** Ranked No. 5 in the "Taiwan Technology Best 100". Become the largest DSC ODM/OEM manufacturer in the world.  
Set up a new manufacture plant in Jiujiang City, Jiangxi province, China.  
Completed the self-inventory of the plant according to the "specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals" of ISO14064-12006.  
Assisted a customer in passing the first digital camera product carbon footprint (PAS2050) third-party independent certification in Taiwan.
- **2011** DSC accumulated shipment volume: 100 million units achieved. The Remuneration Committee was established. To invest E-PIN Optical Industry CO., LTD to enhance LENS design capability.  
Awarded the representative company for the Product Category Rules (PCR) of digital camera products promulgated by the Environmental Protection Administration.
- **2013** Awarded "Top 50 Spot in US Patent Quality Ranking" by Institute for Information Industry and Ocean Tomo, USA.  
Invested in Altasec Technology Corporation, which is focusing on safety monitoring solutions, with a shareholding of 30%.  
Obtained the SGS certification for the ISO27001 information security management system.
- **2014** Ranked in the list of "The Taiwan Top Salary 100 Index".  
Awarded SGS Performance Improvement System PAS99:2012 Management System Award.
- **2016** To invite independent directors into BOD and establish Audit Committee.  
Selected as a constituent stock of Taiwan HC 100 Index.  
Obtained the SGS certification for the TS16949 automotive product quality management system.  
Improved product quality and introduced streamlined production and the 6 Sigma project for products.
- **2017** Moved into new Ability Enterprise Building which is built on our own Purchased land: No. 200, Sec. 3, Zhonghuan Rd., Xinzhuang Dist., New Taipei City.
- **2018** Obtained the SGS certification for the IATF16949 automotive product quality management system.
- **2019** Awarded the ISO14001 Plus Award green supply chain management model award from SGS.
- **2020** Awarded the top 10 IP camera 2019 BUYERS CHOICE AWARDS.  
Obtained the SGS certification for the ISO45001 occupational safety and health management system.
- **2021** Obtained the certification for the ISO26262 functional safety for automotive process management system.
- **2022** In April 2022, the Vietnam Plant was established under a joint venture with Ampacs Corporation.  
Tier IV partners with Ability Enterprise to produce and market automotive cameras for Avs.



# 1

## Sustainable Operation

- 1.1 About Ability Enterprise
- 1.2 Sustainable Development  
Commitment and Promotion
- 1.3 Stakeholder Communication  
and Identification of Material  
Topics

# Material Topic

## Economic Performance

### Materiality, Policy, and Commitment

As a sustainable enterprise, Ability Enterprise 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. The Company 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.

### Evaluate the System and the Performance of the Year

1. Organize business management meetings each month to examine ways to continue strengthening performance and minimize production costs.
2. Perform an audit of corporate governance each year according to the annual audit plan.

### Action Plan (Positive / Negative Impact)

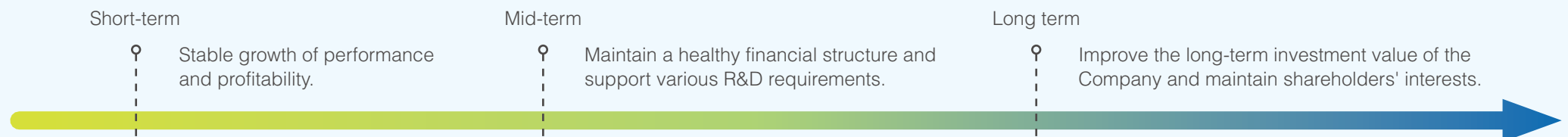
1. Technological manufacturing copes with the changing lifestyles. Ability Enterprise continuously monitors the changes in the external environment, keeps close contact with customers and suppliers, and works together to catch the opportunities generated from the changes so as to develop the products suitable for demands and bring growth.
2. As bonuses arising from the outbreak faded and the low consumer confidence brought by the interest in inflation and interest rate, such circumstances posed stringent challenges to consumer electronic products in terms of supply and sales. Increase the exposure by participating in exhibitions and adopting an in-depth cooperating model with strategic partners to jointly promote operations.

### Grievance 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



# 1.1 About Ability Enterprise

## 1.1.1 Company Profile

Ability Enterprise 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. Ability 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.

## Positioning

Ability focused on the image optic field, set foot in other digital image products by creating advantages with its technologies, and became a pioneer for the professional design, foundry, and manufacturing of optical-mechanical-electro integrated image products.

## Mission

Continue to explore the image optic field and continue to possess the integrated advantage of optics, mechanics, electronics, and AI software/hardware, together with solid technologies, comprehensive manufacturing, and a deeply rooted management foundation, to build the quality certification benchmark. Also, provide innovative smart image solutions and become the first choice sustainability partner of customers on the way to seeking breakthroughs.

## Corporate Philosophy

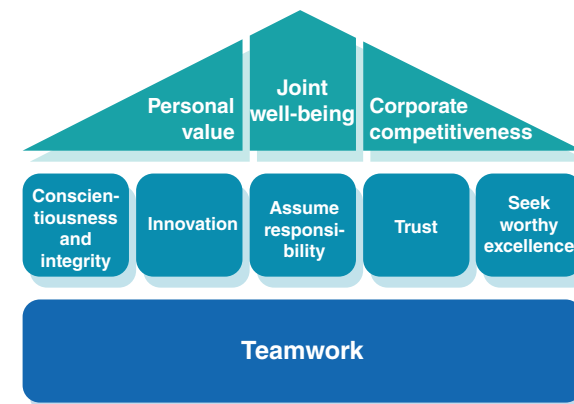
Make efforts to respond to the impacts brought by climate change and global warming, commence sustainability activities, fulfill corporate social responsibility, and contribute to Earth by achieving the target of energy-saving and carbon dioxide reduction.

## Sustainability Vision

Ability Enterprise's 4A corporate logo adopts professional "ability" as the foundation of sustainable services and takes "action" actively for exerting the execution force while encouraging all employees to jointly exert the spirit of "association" in the hope of achieving a unity between employees and Ability to jointly create and achieve "abundance" with initial suppliers or customers, create benefits, and share prosperity. We uphold the core business philosophy of the 4A corporate logo and treats others by cherishing the fate between employees, between Ability and customers, and between Ability and suppliers to maintain favorable relationships. It adheres to the "people-oriented" business philosophy to jointly achieve the ESG prospect of sustainable growth of "mutualistic symbiosis, co-existence, and co-prosperity." To implement corporate sustainability responsibilities, connect to international trends, and provide responses to stakeholders regarding the risk assessments in terms of environment, society, and corporate governance and countermeasures to achieve the target of sustainable operation.

Ability	Opportunities to perform are for those with ability instead of academic background
Action	Focus on and take solid steps at work instead of meaningless talk
Association	Be united as one, help each other, and exert the cooperating spirit
Abundance	Work hard to create benefits and returns to society

## Corporate Core Value





## Locations

Ability Enterprise 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 Wugu Plant in Taiwan, the Dongguan Plant in Mainland China, and 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, the Company provides product sales and technical support services. In terms of R&D manufacturing, products of the Company 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.

### Xinzhuang HQ in Taiwan

No. 200, Sec. 3, Zhonghuan Rd.,  
Xinzhuang Dist., New Taipei City 24242

TEL: +886-2-8522-9788

FAX: +886-2-8522-9789

E-Mail :

sales@abilitycorp.com.tw

### Wugu Plant in Taiwan

3F., No. 10, Ln. 7, Wuquan Rd., Wugu  
Dist., New Taipei City 24886

TEL: +886-2-8522-9788

FAX: +886-2-8522-9789

### Dongguan Plant in China

Liaobu Huanan Industrial Park, Dongguan  
City, Guangdong

TEL: 86-769-83527668

FAX: 86-769-83527665

### Vietnam Plant

LOT B7-H-CN, Bau Bang Industrial Park,  
Lai Uyen Commune, Bau Bang Town,  
Binh Duong Province, Vietnam

TEL: +84-02743803637

FAX: +84-02743803677



## 1.1.2 Products and Services

The 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 Educ 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. The Company combined AI and cloud applications with the basic technology of optical-electro-mechanical-acoustic integration and core image processing technologies. The Company 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 Design, production, and sales of digital cameras and video cameras.
- 2 Design, production, and sales of other digital image-capturing devices.
- 3 Undertaking professional design and professional foundry manufacturing operations from large-scale international digital camera companies.
- 4 Providing AI and IoT solutions with video cameras and professional foundry manufacturing business.

### Production Volume of Products in 2022

Production volume (thousand machines)



Note: Consolidated data of Ability Enterprise and subsidiaries.

## 1.1.3 Operational and Financial Status

The Company made a transition to make arrangements in the three major fields of image application, automotive, and Edge AI, and has transformed from the R&D and manufacturing of digital cameras in the past to smart optical modules. At present, the Company has recorded progress from our arrangements for new image applications. Despite the unfavorable global macroeconomic environment, the operations of the Company have been improving, benefiting from the progress of our product arrangements.

Looking into 2022, the operating income throughout the year was NT\$3,355,316 thousand, representing a growth of 50.44% compared to the operating income of NT\$2,230,373 thousand in 2021. Operating loss in 2022 was NT\$165,616 thousand, representing a decrease of 65.90% compared to the operating loss of NT\$485,704 thousand in 2021.

Unit: NTD thousand

	2021	2022
<b>Generation of direct economic value</b>		
<b>Income: Net sales/interest/dividend/rent/royalty income/income from disposal of assets (tangible/intangible)</b>		
<b>Revenue</b>	2,230,373	3,355,316
<b>Other</b>	1,172,164	59,006
<b>Distribution of direct economic value</b>		
<b>Operating cost: Cost generated from operating activities</b> <sup>(Note 2)</sup>	1,800,979	2,660,053
<b>Employee salary and benefits: Employee salaries, bonuses, incentives, and employee welfare (pension and insurance)</b>	702,185	644,008
<b>Payments to the government</b>	59,967	1,732
<b>Other</b>	(16,151)	(22,608)
<b>Retention of economic value (generation of direct economic value - distribution of direct economic value)</b>	855,557	131,137
<b>Payment to shareholders: Interest expenses, dividend payments, and dividends for preferred shares</b>	141,181	287,582

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

## 1.1.4 Participation in Association/Organization

The Company 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 2021 and 2022 as follows:

Association	Description	2021	2022
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 (USB Forum)	Relevant USB protocols	●	●
HDMI Licensing Administrator, Inc. (HDMI Administrator)	HDMI development	●	●
Apple IOS	Apple IOS development	●	●
MSDN VS Professional MSDN	Microsoft product requirements and protocols	●	●
SD Association (SD Association)	SD protocols, regulations, and other agreements	●	●
EATD	Technology development and verification of the electroacoustic industry	●	●
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		●



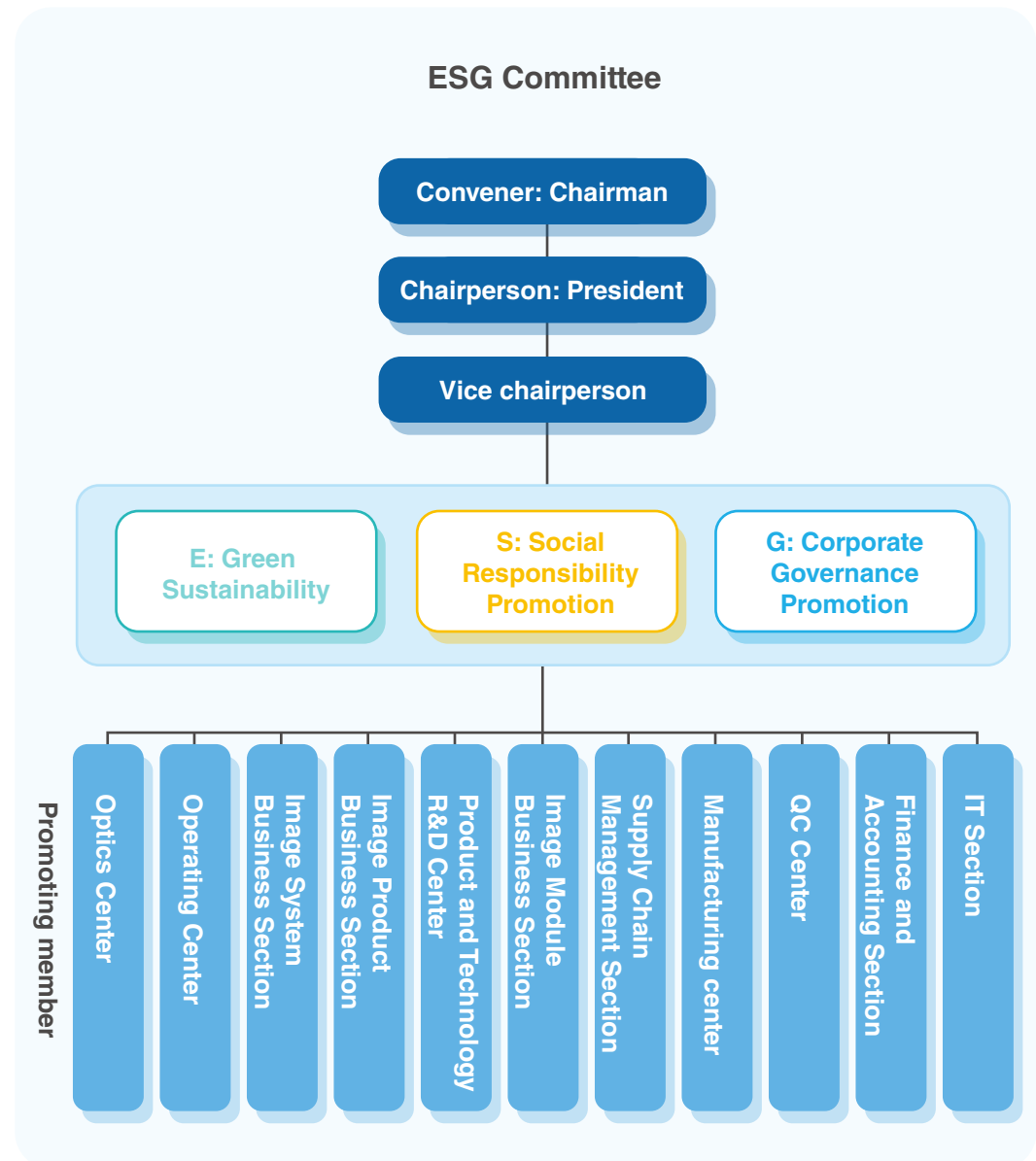
## 1.2 Sustainable Development Commitment and Promotion

### 1.2.1 Sustainable Development Commitment

To reinforce the corporate governance mechanism under sustainable business management, Ability Enterprise has established its "ESG Committee" in 2022 to serve as the senior leading organization for sustainable governance tasks. Its establishment purpose is to accurately implement all commitments that Ability Enterprise 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 Board is responsible for guiding and supervising the ESG-promoting directions and the overall implementation effects of the "ESG Committee." Chairman Ming-Jen Tseng is the convener and chair of meetings; President Hsiao-Chi Chang is the chairperson, and he coordinates ESG strategies, plan implementation monitoring, and performance evaluation. Assistant Vice President Jackie Lee from the operating center is the deputy chairperson, and he assists the chairperson in coordinating ESG implementation and the promotion of affairs. The heads of each centers or the senior managers of functional departments are "ESG members," and they assist in the decision-making of the chairperson for ESG affairs. ESG strategical directions are established, the operations of the Group are examined, and the implementation effects are supervised by holding regular meetings of the ESG Committee. Ability adopted three aspects for its sustainable corporate development, including "develop green sustainability," "maintain social responsibility," and "implement corporate governance," and established "promotion teams," respectively, to collect all internal and external information and data on the economy, corporate governance, environmental protection, employee and social care, innovative and sustainable products that are related to its operating activities. Through this, Ability examines its action plans and the implementation results of performance.

The "ESG Committee" of Ability organizes a meeting every two months and regularly reports the implementation plans and achievements to the Board. The preparation and verification procedures for the sustainability report were reported to the Board on November 11, 2022, and reported the GHG inventory schedule to realize its determination for sustainable development.



## 1.2.2 Blueprint for Sustainable Development Strategies

Ability adheres to the "people-oriented" business philosophy, and the ESG Committee is responsible for integrating the operating strategies and focusing on ESG. Ability 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)":

	"Environmental protection and energy-saving" (environmental aspect)	"Society and well-being" (social aspect)	Innovative governance (governance aspect)
<b>SDGs</b>	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 11 Sustainable cities and communities; 12 Responsible consumption and production; 17 Partnerships for the goals    
<b>Development prospect</b>	In response to the global warming and climate change topics, the Company implements low-carbon sustainability to reduce the environmental impacts of operations and products so as to achieve net zero emissions.	Adopting "Lohas Ability Enterprise" as the purpose, the Company creates 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, the Company implemented its operating performance, innovative product designs, production, and services to jointly create the sustainability value chain.
<b>ESG main targets</b>	Create safe, convenient, and comfortable future environments that can be felt by consumers		
<b>Long-term target After 2030</b>	<ul style="list-style-type: none"> <li>Reduce the total volume of waste by 10% with 2022 as the base year</li> <li>Achieve net zero emissions by 2050</li> </ul>	<ul style="list-style-type: none"> <li>Talent rotation and cultivation of international talents</li> <li>Achieve employee retention rate of 80% or above and recruit 75% of bachelors or above</li> </ul>	<ul style="list-style-type: none"> <li>Improve the promotion of ethical corporate management and ban violating acts</li> <li>Continue to develop green designs and carbon dioxide reduction designs by adopting energy efficiency as the main strategic theme of sustainable product designs.</li> </ul>
<b>Medium-term target 2026 to 2030</b>	<ul style="list-style-type: none"> <li>Reduce the total volume of waste by 5% with 2022 as the base year</li> </ul>	<ul style="list-style-type: none"> <li>Crucial talent cultivation plan</li> <li>Achieve employee retention rate of 80% or above and recruit 65% of bachelors or above</li> </ul>	<ul style="list-style-type: none"> <li>Reinforce Board operations and legal compliance</li> <li>Increase the number of annual investor conferences to two times</li> <li>5% of small/low-cost automotive filming products</li> <li>Reduce the power consumption of image products by 5% or improve the use time of products by 5% or above</li> </ul>
<b>Short-term target 2023-2025</b>	<ul style="list-style-type: none"> <li>Reduce the total volume of waste by 3% with 2022 as the base year</li> </ul>	<ul style="list-style-type: none"> <li>Achieve an average training hour of employees of 10 hours/year</li> <li>Achieve employee retention rate of 80% or above and recruit 60% of bachelors or above</li> </ul>	<ul style="list-style-type: none"> <li>Evaluate and continue to improve the control of material risks each year to minimize the operating impacts on enterprises.</li> <li>Small/low-cost automotive filming products: Create small designs for the front camera and reduce the size of the appearance by 10%.</li> </ul>
<b>Strategic practice</b>	Adopting ISO14001, 50001, 14064, and other environmental-related certification standards to serve as the foundation for the green operation of Ability Enterprise, 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 the Company.	The 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.

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 the company, and Ability has spared no effort in creating a solid environment of practices and allowing employees to 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 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. Counterparties for environmental responsibility are natural ecology, environmental resources, and green products; counterparties for social responsibility are employees of Ability and public affairs related to society; counterparties for governance responsibility are employees, customers, suppliers/contractors, investors/shareholders, governmental agencies, society (communities/NGOs), and other stakeholders. 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 established its ESG policies for observation.

- 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

## ▲ Sustainability Slogan of Ability Enterprise











## 1.3 Stakeholder Communication and Identification of Material Topics

### 1.3.1 Stakeholder Identification and Communication

Ability values the interests and opinions of stakeholders. Based on the discussions made by the ESG Committee and with reference to the experience of companies within the industry, it identified 6 major stakeholder groups, including employees, customers, suppliers/contractors, investors/shareholders, governmental agencies, and society (communities/NGOs). Apart from regularly performing questionnaire surveys for the level of attention of stakeholders, we also adopted different engagement forms, including unidirectional, mutual, one-to-multiple or multiple-to-one, and we will continue to carry out communications and engagement with stakeholders.

Stakeholder	Significance of stakeholders to Ability Enterprise	Issue of concern	Communication Channel	Response of Ability Enterprise
 Employees	Promises to adopt the value growth and satisfaction of employees as the core philosophy of its sustainable operation. Employees are the core assets, and Ability's growth is closely related to the development of employees.	Talent development and cultivation Talents attraction and retention Workplace Safety Employee complaint system Retirement Protection	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) Complaint mailbox (timely)	<ul style="list-style-type: none"> <li>Organize professional and individual management training for different levels, occupational safety and health educational training and fire control drills regularly or from time to time.</li> <li>Convey corporate policies and development directions of the Company to employees via various communication channels.</li> </ul>
 Customer	Customers are the source of profitability of Ability Enterprise. 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 interest and service quality Sustainable and innovative products and services Information safety and privacy protection Business Continuity	Project meeting (regular/from time to time) Customer assessment (from time to time) Customer satisfaction survey (annually) External complaint channels (timely)	<ul style="list-style-type: none"> <li>Arrange senior management of both parties to visit each other to reinforce partnerships and create a win-win layout.</li> <li>Understand customers' requirements via the customer satisfaction survey each year and provide fast, efficient, and premium products and services.</li> <li>Protect customers' privacy and accept customers' reviews at all times.</li> </ul>
 Suppliers/ Contractors	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.	Supply chain management Stable material quality and delivery terms Compliance with requirements under regulations and code of conduct	Supplier management platform (from time to time) Supplier comprehensive evaluation (monthly) Supplier audits (regularly) External complaint channels (timely)	<ul style="list-style-type: none"> <li>Carry out raw material management via the supplier management platform, promote green sustainability requirements from time to time, and encourage the participation of suppliers.</li> <li>Regularly execute supplier's comprehensive evaluation each month to ensure the quality of materials provided by suppliers.</li> <li>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.</li> </ul>

Stakeholder	Significance of stakeholders to Ability Enterprise	Issue of concern	Communication Channel	Response of Ability Enterprise
 <b>Investors/ Shareholders</b>	<p>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. The management team made efforts to create operating performance. Regarding decision-making, Ability shall consider investors' interests. Investors and the management team are a community that shares operating performance.</p>	<p>Operating Performance Governance Risk Management Sustainable and innovative products and services</p>	<p>Social media (from time to time) Corporate website (updated from time to time) Phone call/e-mail/meeting (from time to time) Investor conference/shareholders' meeting (one to two times a year/once a year)</p>	<ul style="list-style-type: none"> <li>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.</li> <li>We exhibit 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 of Ability are concurrently published on the website of TWSE and the corporate website.</li> </ul>
 <b>Government Agencies</b>	<p>Fully cooperate with relevant policies of the government and comprehensively comply with governmental specifications to maintain a favorable relationship with the government.</p>	<p>Climate Action Occupational safety and health Corporate image Ethics and legal compliance Corporate governance and operation Employment relations and friendly workplaces</p>	<p>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)</p>	<ul style="list-style-type: none"> <li>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.</li> </ul>
 <b>Society (Communities and NGOs)</b>	<p>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.</p>	<p>Community care Charitable donations Social Participation Corporate image</p>	<p>Corporate website (updated from time to time) Community management committee meetings (quarterly) Participation in public welfare activities (from time to time)</p>	<ul style="list-style-type: none"> <li>Communicate with communities via e-mails, phone calls, and meetings regularly/from time to time.</li> <li>Promote community participation activities regularly or from time to time via social media or the corporate website.</li> </ul>

## Communication Channel

Ability has an external stakeholder section on its website. If there are any questions, recommendations, or even complaints about topics related to Ability, 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.

Employees may make use of the intranet, bulletin, and opinion mailbox. If any circumstances violating laws or the code of conduct for employees are found, employees may directly report to the supervisor of the department, HR Department, and Legal Department apart from the abovementioned channels.

If it is uncertain whether the circumstances violate applicable laws, regulations, binding policies, or corporate specifications, employees may also consult the supervisor of the department, HR Department, and Legal Department to seek recommendations and assistance.



## 1.3.2 Material Topic Identification

Ability collects 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 Enterprise

### List of Material Topics for Ability in 2022

Environmental (E) topic	Social (S) topic	Governance (G) topic	Product (P) topic
Climate change governance	Social welfare and community participation	Governance	Product quality and safety
Raw materials management	Employment relationship and communication	Ethics and integrity	Customer interest and service quality
Energy and GHG management	Occupational health and safety	Risk Management	Sustainable and innovative products and services
Water resources management	Employee diversity and equality.	Economic performance	Supply chain management
Waste management	Human rights assessment		
Bio-diversity	Talent development and cultivation		
	Talents attraction and retention		



Members of the ESG Committee of the Company evaluate effects on environment, governance, and people (including human rights) and carry out comprehensive evaluations regarding actual/potential and positive/negative level of impacts based on the items on the list of material topics for reference in 2022. We perform data analysis based on the questionnaire survey results, add up the positive and negative grades of topics, and calculate the average grade of members for sorting topics by materiality.

#### Material Topic Rating



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

Promotion teams of the ESG Committee examine the material topic identification results after the questionnaire survey and provide feedback, confirm the material topics of Ability in 2022 to serve as the reference basis for the disclosures in our sustainability report in 2022 and establish step by step sustainability strategies to improve our sustainable competitiveness.

## Material Topic Overview and Scope of Impact

● Direct impact ○ Indirect impact

Category	Material Topics	Importance	Scope of impact						Corresponding chapter
			Employees	Customer	Suppliers	Investors/ shareholders	Government agencies	Social	
Environmental	Raw materials management	Consider and reduce raw materials used and procured during the course of the operation and the impacts on the environment.	●	○	●				3.2.2 Raw material and waste management
	Waste management	Continue to carry out waste reduction, recycling, and hazard-free treatments, reduce the generation of wastes, and improve the recycling and reuse of sustainable resources to minimize environmental impacts.	●	○	○		●	○	
Social	Talent development and cultivation	Care for the requirements of employees in multiple aspects, provide diverse and flexible learning channels and information and encourage comprehensive development.	●	○	○	○	○	○	5.3 Talent development and cultivation
	Talents attraction and retention	Provide diverse employee relationship activities for employees to work happily and have multiplied vitality.	●	○	○	○	○	○	5.1 Labor structure and salary 5.2 Employee welfare 5.5 Labor-capital relationship and communication
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 Board composition
	Ethics and integrity	Adopt "conscientiousness and integrity" as the principle and strictly comply with legal requirements.	●	●	●	○	○	○	2.2 Ethical corporate 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.	●	○	○	●	○		1.1 About Ability Enterprise
	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.	●	●	●	●	○		2.3 Risk control
Product	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.	●	●	●		○		4.1.1 Green product quality and safety
	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.	●	●	○				4.3 Customer Relations
	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.	●	●	●				4.1.2 Sustainable and innovative products and services
	Supply chain management	Implement supply chain management to prevent, mitigate, and avoid risks directly or indirectly arising from corporate operations.	●	○	●				4.2 Supply chain management

# 2

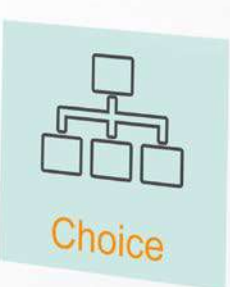
## Ethical Corporate Management Enterprise

REPUTATION

2.1 Board Composition

2.2 Ethical Corporate Management

2.3 Risk Control





# Material Topic

## Governance

### Materiality, Policy, and Commitment

The Company attaches attention to the connectivity between domestic and foreign sustainable development trends and the core businesses of the Company, actively promotes and implements sustainable governance, establishes relevant policies, and formulates management policies and substantial plans to improve its corporate sustainability value. To establish a favorable corporate governance culture, the Company has complied with laws, regulations, and policies to establish various codes of conduct (i.e., "Corporate Governance Best Practice Principles and "Sustainable Development Best Practice Principles") to ensure the implementation of policies.

### Evaluate the System and the Performance of the Year

1. Regularly update the corporate website to improve the transparency of corporate governance information.
2. Establish the ESG Committee to deepen the corporate culture related to sustainable governance.
3. The Board convenes meetings once every quarter; and in 2022, a total of five Board meetings were convened (attendance rate of 96 %).
4. No material punishment.

### Action Plan (Positive / Negative Impact)

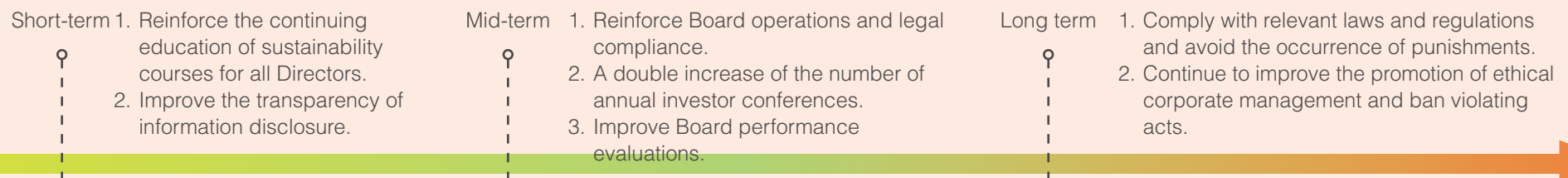
1. Appoint the chief of corporate governance, who is dedicated to corporate governance matters, full disclosure of relevant operations, and implementation status.
2. Reinforce the operations of functional committees (Audit Committee and Remuneration Committee) and fully disclose their implementation status.

### Grievance Mechanism

Responsible unit: Chairman's Office/chief of corporate governance  
Stakeholders may reflect opinions and exchange messages via the responsible department; subsequent handling and follow-ups shall be made based on the materiality classification of topics, and they shall be reported to the Board according to the requirements.

➔ For relevant requirements of Ability Enterprise, please refer to the [corporate website of Ability Enterprise](#)

### Goals



# Material Topic

## Ethics and Integrity

### Materiality, Policy, and Commitment

The Company adheres to the corporate business philosophy of "conscientiousness and integrity and trust-worthy" to include integrity and ethical values into its business strategies, establish "Ethical Corporate Management Best Practice Principles," "Code of Ethical Conduct," and other specifications to establish a corporate culture with ethical corporate management and favorable business operating models and formulate relevant anti-abuse measures that ensure ethical corporate management in accordance with the regulatory system.

### Evaluate the System and the Performance of the Year

1. Perform an inventory of different complaint channels and report the progress of relevant matters.
2. The audit department has completed the audit according to the 2022 internal audit plan and regularly reports to the Board.
3. Establish the ESG Committee and reinforce the ethical corporate management and anti-corruption policies of the Company.
4. No material punishment.

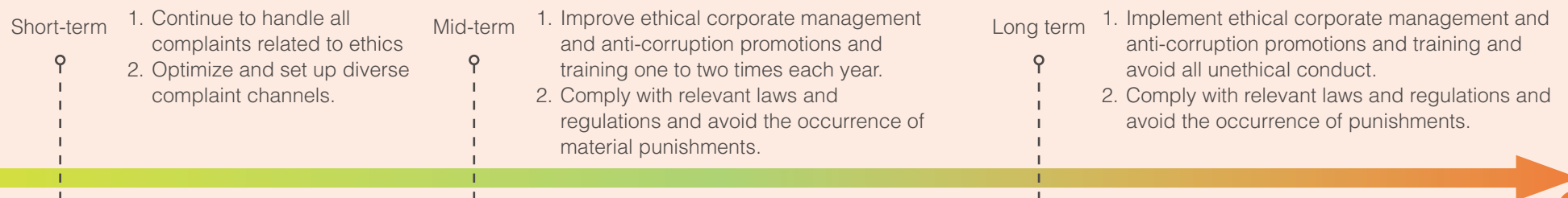
### Action Plan (Positive / Negative Impact)

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 Committee to be responsible for the implementation and execution of ethical corporate management and anti-corruption.

### Grievance Mechanism

Responsible department: HR Department/Audit Office  
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



# Material Topic

## Risk Management

### Materiality, Policy, and Commitment

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

### Action Plan (Positive / Negative Impact)

Material operating risks identified in 2022 include production base planning, supplier management, currency change, information safety, and other risks. The Company discusses the abovementioned risks with relevant departments and formulate countermeasures.

### Evaluate the System and the Performance of the Year

1. There was no material information security event.
2. Disclose the 2022 sustainability report of the Company.

### Grievance 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

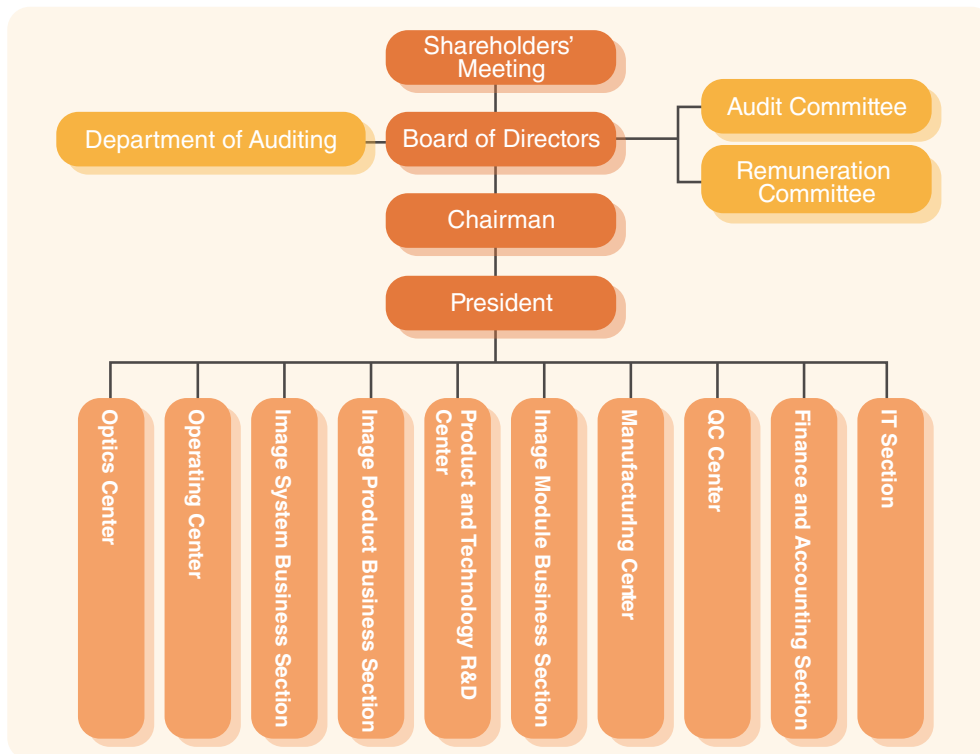




## 2.1 Board Composition

### 2.1.1 Corporate Governance Structure

The Company convened a shareholders' meeting on June 21, 2022 to elect Directors (including Independent Directors) according to the "Regulations for Election of Directors." The candidate nomination system and procedures are adopted for members of the Board. There are nine Directors, including three Independent Directors, with a term of office of three years. To implement the spirit of corporate governance, the Chairman and the President are not the same person. The Chairman is the chairperson of the Board, and guides the Board in supervising various policies of the Company. The President is responsible for the overall business planning and execution.



### 2.1.2 Board Operation

#### Board of Directors

According to the Board meeting specifications, Ability Enterprise shall at least convene one Board meeting each quarter. The main duties of the Board meetings are to supervise operating performance, review material decisions, and risk management, including economic, environmental, and social impacts. Eight meetings were held in 2021, and the attendance rate was 100%. Five meetings were held in 2022, and the attendance rate was 96%.

Regarding the recusal for the conflict of interest, the Company has established its "Rules of Procedures for Board Meetings," "Corporate Governance Best Practice Principles," and "Ethical Corporate Management Best Practice Principles." Directors of the Company shall be highly disciplined and independent. If a Director or the corporation it represents has any interest in a proposal at the Board meeting that may harm the Company's interests, the Director may provide its opinions and respond to inquiries. It shall not join the discussion and voting, shall recuse oneself from the discussion and voting, and shall not exercise the voting rights on behalf of another Director.

On May 4, 2021, the Board resolved to appoint a chief of corporate governance, who is responsible for executing and promoting affairs related to corporate governance and handling relevant matters according to the law, including arranging Board meetings, organizing continuing education of Directors, and providing data required by Directors for the execution of businesses.

➔ For the introduction of members of the Board, please refer to the [website of Ability Enterprise](#).

#### Board Diversification

The Company values the diversification of the professional knowledge, skills, and composition of Board members and focuses on gender equality. Directors' professional knowledge and skills include finance and accounting, legal profession, business judgment ability, business management ability, crisis management ability, industry knowledge, international market viewpoint, leadership and decision-making ability, and other aspects, which are beneficial for the decision-making of the Board and strengthen the internal supervision system.

In the future, the Company will continue to increase the number of female Directors based on the principle of gender equality to provide diverse viewpoints for the sustainable operations of Ability Enterprise.

Diverse core item  Position/name		Basic composition								Professional competency							
		Nationality	Gender	Concurrently an employee of the Company	Age			Term of office of Independent Director									
					41-50	51-60	61-70	Below 3 years	3 to 6 years	Legal affairs	Accounting and finance	Business administration	Operational judgment	Crisis management	Industry background knowledge	International market viewpoint	Leadership and decision-making
Chairman	Ming-Jen Tseng	ROC	Male	V			V					V	V	V	V	V	V
President	Hsiao-Chi Chang	ROC	Male	V			V					V	V	V	V	V	V
Director	Chun-Jen Tong	ROC	Male			V						V	V	V	V	V	V
Director	Chun-Yi Tong	ROC	Male			V						V	V	V	V	V	V
Director	Shiang-Chi Hu	ROC	Male				V					V	V	V	V	V	V
Director	Wen-Hsiung Chan	ROC	Male			V						V	V	V	V	V	V
Independent Director	Chien-Hung Chen	ROC	Male			V			V	V		V	V	V	V	V	V
Independent Director	Chih-Chen Huang	ROC	Male			V			V		V	V	V	V	V	V	V
Independent Director	Kuo-Lun Huang	ROC	Male		V			V				V	V	V	V	V	V

## Continuing Education of the Board

Ability arranges continuing education courses from time to time for economic, environmental, and social topics related to operations to assist Directors in improving their functions and professional capacity. Such courses include finance, risk management, sustainability, economy, law, corporate governance, and integrity and ethics. In the future, the Company will increase continuing education courses related to corporate sustainability for Directors. Nine Directors have participated in a total of 61 hours of continuing education in 2021 (in compliance with the requirements for continuing education hours), and the continuing education hours were 60 hours in total in 2022.

▲ The continuing Education Courses for Directors in 2022 are as Follows:

Director	Course Title	Category
Ming-Jen Tseng Chun-Jen Tong Chun-Yi Tong Shiang-Chi Chang Hsiang-Chi Hu Chih-Chen Huang Chien-Hung Chen	Inheritance mechanism and tax issues that must be known in family business and wealth continuity	Corporate sustainability
	Discussion on corporate operation and related tax system and introduction of the latest major shareholder related tax laws and practices	Corporate sustainability
Wen-Hsiung Chan	Regulations and preventive practices of insider trading	Anti-corruption
	Corporate Governance and Securities Regulations	Governance
Kuo-Lun Huang	Investigation Practice and Cases of Corporate Fraud	Anti-corruption
	The Development Trend of Internet Technology and the New Thinking of Internal Auditors	Corporate sustainability

➔ For the continuing education of Directors, please refer to the [website of Ability Enterprise](#).

### 2.1.3 Functional Committees

Functional committees established under the Board are the Audit Committee and Remuneration Committee, and three Independent Directors are the members of the committees.



Title	Name	Experience	Audit committee	Remuneration committee
Independent Director	Chih-Chen 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 a favorable corporate governance system, Ability has established its Audit Committee and established the Audit Committee Charter. Members are all Independent Directors, and a meeting is convened at least once each quarter. The duties of the Audit Committee are to reinforce the internal control system, assist the Board in decision-making, implement risk management, specifications related to the Board, and other legal compliance matters. Discussion matters include financial statements, the validity of the internal control system, matters with material effects on the finance and business of Ability, matters involving the interests of Directors, the appointment, dismissal, or remuneration of CPAs, and the appointment and dismissal of the chief accountant or chief internal auditor.

### Audit Committee Attendance

Year	2021	2022
Number of meetings	5	4
Attendance	100%	100%

➔ For the operation of the Audit Committee in 2022, please refer to the [website of Ability Enterprise](#).

## Remuneration Committee

To reinforce corporate governance and optimize the remuneration system for Directors and managers, Ability has established its Remuneration Committee and formulated the Remuneration Committee Charter. The Committee regularly reviews remuneration policies, systems, standards, and structures, approves performance targets, and evaluates the achievement results.

Ability has established the "Regulations for Management of Director's Remuneration." The remuneration of Directors includes the Director's remuneration, compensation, and fees related to business execution. According to the requirements of the Articles of Incorporation, if Ability records profits, it shall appropriate no more than 1.5% as the Director's remuneration by taking operating achievements into account with reference to the level of contribution of Directors to Ability's performance and the results of the Board performance evaluations so as to provide reasonable compensation.

The remuneration of Ability Enterprise's managers is proposed by the Remuneration Committee to the Board for resolution according to the payment standards within the industry, bonus market, and the operating status, in combination with relevant management regulations, including performance evaluation and bonus plan proposals.

### Remuneration Committee Attendance

Year	2021	2022
Number of meetings	4	2
Attendance	100%	100%

➔ For the operation of the Remuneration Committee in 2022, please refer to the [website of Ability Enterprise](#).

## 2.1.4 Board Performance Evaluation

To optimize corporate governance and supervise and reinforce the internal management system, Ability has established its "Regulations for Board Performance Evaluation" and disclosed them on the corporate website and MOPS. Board performance evaluations are regularly performed each year for Directors to evaluate the operating aspects of the Board and functional committees, and the evaluation results shall be reported at the Board meeting in the following year. The evaluation results in 2021 and 2022 were excellent which was reported to the Board. For Board performance evaluations, please refer to the [website of Ability Enterprise](#).





## 2.2 Ethical Corporate Management

### 2.2.1 Compliance with Principle of Ethics and 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 led by Audit Office will takes action to investigate the case. Our Company keeps informants' identities and their reports confidential and completes the investigation as soon as possible. Discovery of any unethical behavior or violation of the code of conduct may be reported by using one of the following methods

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

After receiving a report, the task force led 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 of our Company keeps 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

- Our Company did NOT have any violations of ethical corporate management in 2021 and 2022.

Event	2021	2022
Number of reports	NA	NA



## Implementation Status

To implement ethical corporate management and anti-corruption, the Company has established an effective internal control system and established electronic and physical compliant channels managed by dedicated personnel. In 2022, the corporate governance promotion team was established under the "ESG Committee" to assume the responsibility of implementing ethical corporate management and anti-corruption, carrying out ethical corporate management and anti-corruption promotions, and encouraging Directors and employees to participate in relevant educational training, including business secrets, information safety, insider trading, anti-trust, and other relevant courses.

Substantial measures	2021	2022
Occurrence of violations of ethical corporate management and anti-corruption	NA	NA
Level of completion for raw material suppliers to execute the Supplier Social Accountability Agreement	100%	100%
Level of completion for ethical corporate management courses under new employee educational training <sup>(Note)</sup>	100%	100%

Note: New employees refer to employees who join our Company during the current year



## 2.2.2 Legal Compliance

In order to implement Ethical Corporate Management and Anti-Corruption Policy, our Company has established internal control system correspondingly, set up electronic and physical grievance procedure, managed by dedicated personnel. Also, in 2022, our Company set up "ESG Committee" to promote and practice ethical corporate management and anti-corruption actions. Every year, we disseminates information about ethical corporate management/anti-corruption, and encourage directors and employees to participate in relevant training, including courses related to trade secrets, information security, insider trading, and anti-competitive practices.

Aspect	Laws and Regulations to comply
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	The Trade Secrets Act, Personal Data Protection Act, and other relevant laws and regulations
Personnel policy and management	The Labor Standard Act and other relevant laws and regulations
Environment management	Basic Environment Act, Occupational Health and Safety Act and other relevant laws and regulations

Event	2021	2022
Occurrence of violation of anti-competition, anti-trust, and monopoly conduct	NA	NA
Major events that violate social, environmental, and economic regulations (with the fine amount reaching NT\$1 million or above)	NA	NA

## 2.3 Risk Control

Since 2022, the global effects of COVID-19 have decreased, and the economic recovery syndromes worldwide are significant. Global supply chains re-arrangement, increasing inflation, acceleration of digital transformation, new variants, and other impacts may affect the economic expansion capacity of the world. To encounter the new wave of challenges in the post-pandemic era, Ability has set up the corporate governance promotion team under the ESG Committee. The promotion team is responsible for executing risk management, adopting appropriate measures within the acceptable scope, preventing or minimizing the potential loss to protect the interests of employees, customers, shareholders, partners, and other stakeholders. Ability, continuing to improve and mitigate the operating risks, and regularly reporting to the ESG Committee meeting regarding the risk management results.

### Risk Management Process

Ability allows all departments to clearly understand their relevant risks, respectively, through the risk management procedures and evaluates risk topics to be faced potentially so as to reduce or avoid impacts and effects brought by them. Ability selected its main risk aspects, including operating risks, economic risks, and environmental risks, according to the materiality principle and ISO31000 risk management standards and established the "Procedures for Risk Management" to specify the authority and responsibility, method, and procedures for risk management in the hope of effectively identifying potential risks of procedures, evaluating the probability of the occurrence of risks, and the impacts on operations to ensure appropriate risk management operations may be effectively implemented to align with the requirements of risk management.

Regarding risk management procedures, the first step is to carry out risk identification; secondly, perform risk analysis and assessment for risks identified; lastly, relevant departments shall propose countermeasures based on the material risk items and items that require risk management in the assessment results and report the estimated completion timeline to the corporate governance promotion team. After compiling risk responses and countermeasures, the corporate governance promotion team shall report to the ESG Committee to monitor the implementation status via the Committee and adjust the management countermeasures and control emphasis in due course to achieve risk management targets.



## Risk Management Topics

Aspect	Effects of Ability Enterprise	Response measures
Operational risks	<b>Expand production base</b> 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 the operation of the Vietnam Plant and maintain the operation of plants in Mainland China. Ability Enterprise has planned to make southbound investments in Vietnam for plant establishment and to maintain the operation of plants in Mainland China. 2. Allocate employees with working experience in foreign countries to work in Vietnam. 3. Encourage employees to learn Vietnamese to avoid cultural differences.
	<b>Risk of raw material interruption</b> 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.
	<b>Risk of concentration sales</b> 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.
	<b>COVID-19 risk</b> Under the continuation of the outbreak of COVID-19, the Company shall ensure the health and safety of employees to generate material effects on stabilizing production.	1. Establish a dedicated anti-pandemic team to regularly review the status of the outbreak and issue anti-pandemic measures. 2. Work by shift and work from home. 3. Adopt remote video conferences and change the paper-based procedures to electronic procedures.
	<b>Information safety</b> Recently, with more employees working from home due to COVID-19, and network hackers, viruses, and phishing e-mails have occurred frequently; there are mass electronic procedures and network communication, and information safety control has material effects on Ability Engagement.	1. Reinforce information safety promotion and regularly publish information safety alert reports. 2. Perform regular information safety inventory each year.
Economic risk	<b>Interest risk</b> 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.
	<b>Currency risk</b> Due to cross-country operations, there are corresponding currency risks generated from the use of currencies of multiple countries, primarily the USD and RMB. Such risks mostly arise from future commercial trading, recognized assets and liabilities, and net investments in foreign operating institutions.	1. The Company utilizes forward exchange, currency exchange, derivative or non-derivative financial product contracts to minimize currency risks. 2. Plan and evaluate the storage of foreign currencies. 3. Reinforce loan recovery.
	<b>Credit risk</b> 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	<b>Climate change risk</b> 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 <a href="#">3.1 of the Report</a> for details.	Ability Enterprise executed climate change-related risk identification and management procedures; for details, please refer to "climate change management" in chapter <a href="#">3.1 of the Report</a> .



# 3

## Green Operation

3.1 Climate Change Management

3.2 Environment Management

# Material Topic

## Waste Management

### Materiality, Policy, and Commitment

If business wastes are not duly processed, it may have effects on the Company's operation and generate material impacts on the environment. The Company is committed to promoting product green designs and waste management measures to minimize the output of waste during production and improve the circulation and recycling of sustainable resources in order to achieve the target of effective management and waste reduction.

### Evaluate the System and the Performance of the Year

In 2022, there was no waste leakage and pollution for different wastes, and the processing methods of all wastes complied with the regulatory specifications.

### Action Plan (Positive / Negative Impact)

1. Continue to implement garbage classification and recycling in the hope of achieving the target of reduction.
2. The Company engages qualified suppliers to process all business wastes and ensure that the waste is disposed of ultimately by adopting legal approaches.

### Grievance Mechanism

Responsible department: Administration Department  
Provide communication channels for internal and external personnel to reflect topics related to waste; if there is any pollution, the Company will contact clearing suppliers to make improvements.

### Goals

Setting 2022 as the base year:



## 3.1 Climate Change Management

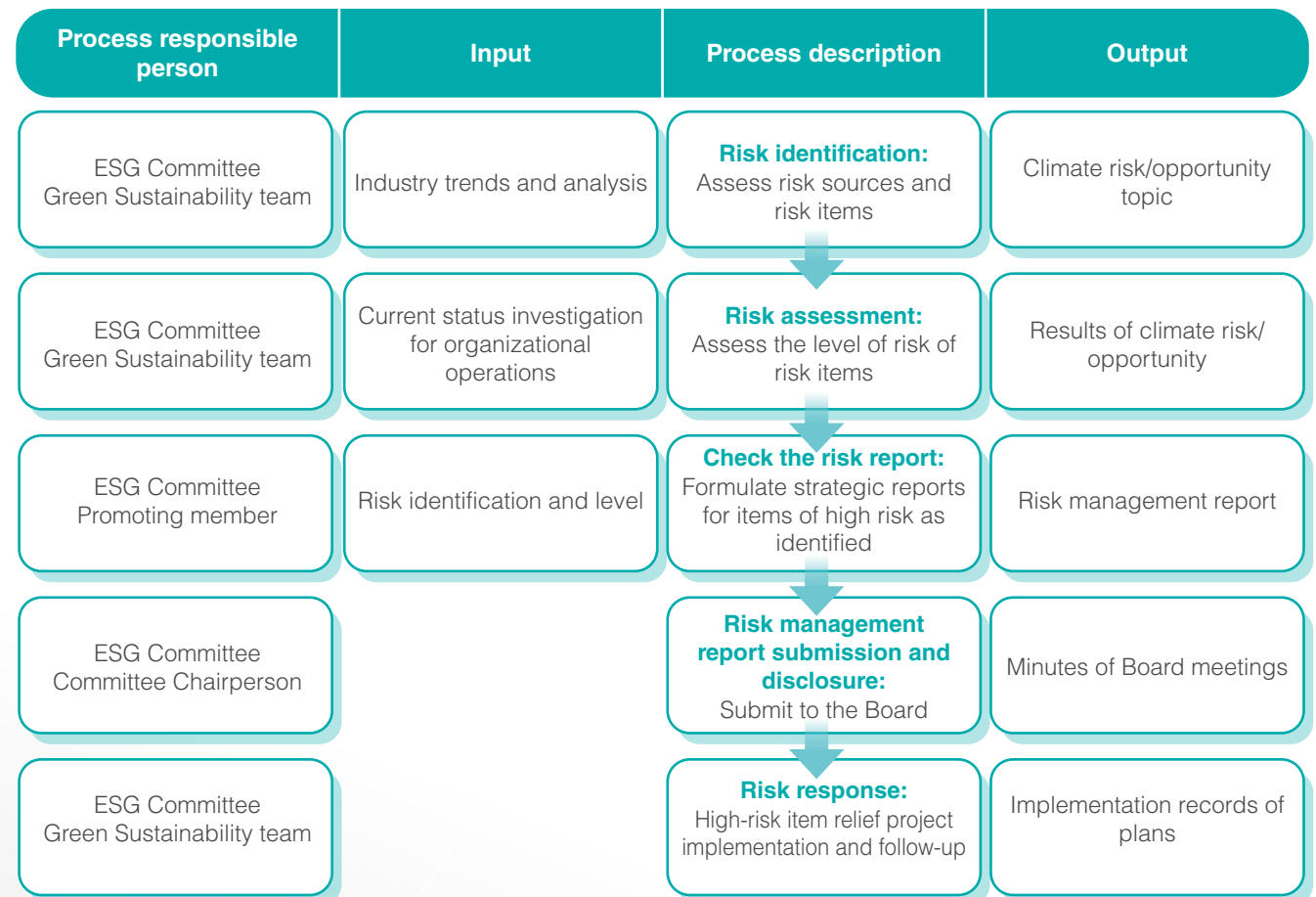
In response to global climate change, Ability Engagement actively establishes countermeasures to mitigate the effects of industry chains on climate. We made disclosures of climate-related financial risks and opportunities through the four major frameworks, including climate topic governance, climate-related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

### Climate Change-related Governance

The Board of Directors is the highest governing body for Ability Enterprise's climate change governance and is responsible for overseeing the management strategies developed by the ESG Committee. A Green Sustainability promotion team is established under the ESG 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.

### Climate Change-related Risk Identification and Management Procedures

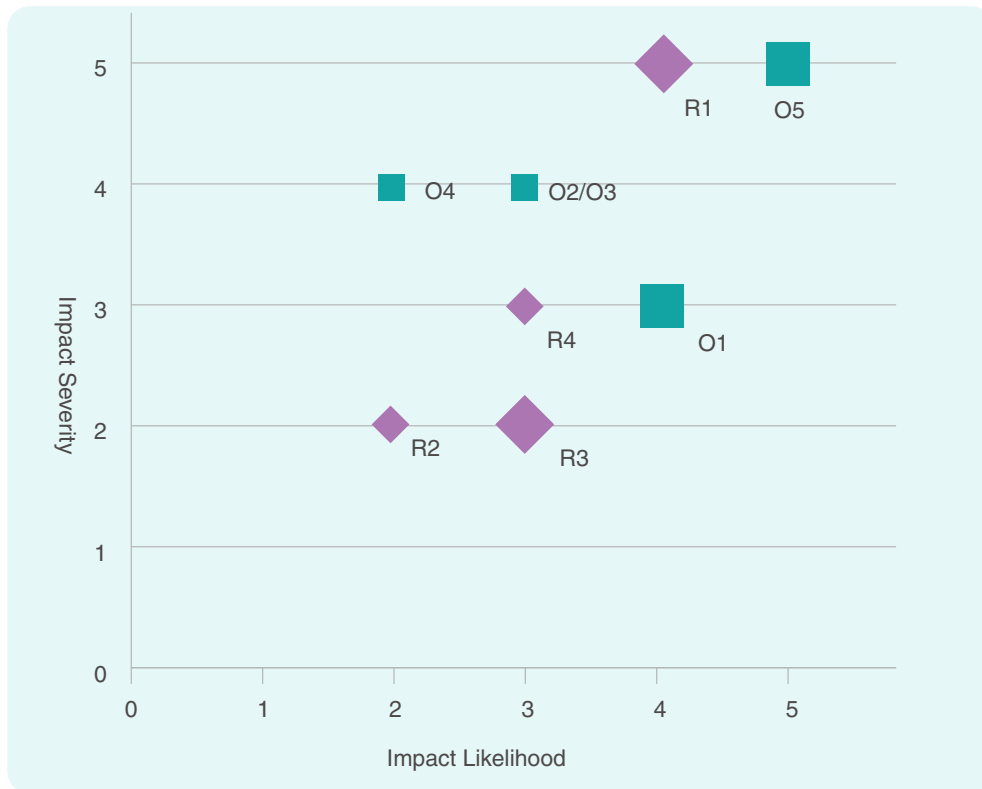
The ESG promotion team is responsible for collecting domestic and foreign climate change trends and regulatory changes, performing climate-related risks and opportunities within the industry, compiling a list of climate-related risk and opportunity topics and submitting it to the ESG Committee, and subsequently 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 ESG promotion team shall commence the execution plan and give regular reports to the execution achievements to the ESG Committee.





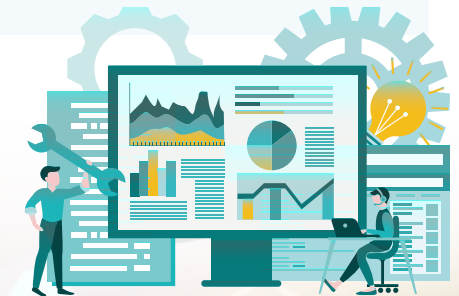
## Climate Change-related Financial Risks and Opportunities

Ability identified four climate change risks and five climate opportunity topics in 2022 via a comprehensive evaluation of the probability of impacts and level of impacts of climate risks and opportunity topics on our operations.



- |           |  |
|-----------|--|
| <b>R1</b> | Increased severity of extreme weather events             |
| <b>R2</b> | Enhance GHG Emission Pricing                             |
| <b>R3</b> | Demands and monitoring of current products and services  |
| <b>R4</b> | Changing customer behavior                               |
| <b>O1</b> | Develop or add low-carbon products and services          |
| <b>O2</b> | R&D and innovation to develop new products and services  |
| <b>O3</b> | Develop new markets                                      |
| <b>O4</b> | Consumer preference changes                              |
| <b>O5</b> | Use more efficient production and distribution processes |

Note: The size of the mark represents the timeline of the effects; the larger mark represents the shorter period of effects.





## Climate Change-related Financial Risks and Opportunity Strategies

The ESG Committee formulates responding strategies and action plans at the present stage for climate-related risks and opportunities as identified and assesses the potential financial impacts of such topics on corporate operations:

Climate-related risk topic				Description	Responding strategy and action plan	Area of effect	Impact Timeline	Financial impacts on corporate operations	
								Financial impact point	Description of financial impact point
R1	Physical risk	Acute Risk	Increased severity of extreme weather events	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.	<div>1. Make pre-arrangements for dredging work before the typhoon season; require property management personnel of the building to propose a typhoon control plan when the land typhoon alert is issued, prepare for typhoon control (i.e., piling sandbags, fixing trees, and checking whether doors and windows are closed), and carry out patrol inspections; make immediate processing if there is any abnormal status to minimize impacts of the disaster.</div> <div>2. For power suspension, power outage, windstorm disaster, and flood, immediately form an emergency response team to keep abreast of the latest development and the issue relevant matter of notice at all times, attach attention to whether there is any personnel injury, and check whether the buildings and equipment/facilities are damaged.</div> <div>3. If the shipping schedule to customers may be delayed as the delivery of materials by suppliers is affected, the Company will immediately negotiate with customers to handle the shipping schedule and ensure the short-term effects. Carry out the second source evaluation and introduction plan for materials that are materially affected and continue to update the material evaluation surveys of suppliers who are under effects until the shortage of materials is eliminated.</div>	Ability Enterprise	Short term	<div>1. Decrease of revenue</div> <div>2. Increase of capital expense</div> <div>3. Increase in operating costs</div>	<div>1. Extreme weather may result in the inability to use equipment due to the invasion of flood and the suspension in raw material supply, resulting in delays in product shipment and losses of customers and affecting the Company's orders, reputation, and image.</div> <div>2. Maintenance or repair costs will increase if buildings are damaged due to extreme weather.</div> <div>3. Necessary measures adopted to compensate for the risk of supply chain suspension (i.e., the increase in the second source materials and the change in transportation method) will increase operating costs.</div>
R2	Transformation risk	Policy and Legal Risks	Enhance GHG Emission Pricing	Cost increases as enterprises are required to purchase carbon rights via transactions in the carbon market to offset carbon dioxide emissions or pay excessive fees due to carbon rights, carbon tax, or carbon fees imposed by the government to limit the total GHG emissions.	<div>1. Improve energy efficiency and reduce emissions: Replace old model A/C to improve energy efficiency; reduce emissions by consolidating testing workstations to optimize production procedures and expanding the use of renewable energy.</div> <div>2. Promote green supply chain: Ability estimates to reduce the carbon dioxide emissions of the supply chain by guiding suppliers to adopt green designs, clean production, and energy-saving and carbon dioxide reduction approaches.</div> <div>3. In the future, the Company estimates to respond to the increase in the cost of carbon dioxide emissions through the following strategies:<div><div>a. Develop low-carbon technologies: We will reduce emissions by developing low-carbon technologies to minimize the cost of transactions in the carbon market (i.e., develop new energy-saving equipment, adopt environmental-friendly materials, and continue to optimize production procedures).</div><div>b. Participate in the carbon market transaction: In the future, we will offset its carbon dioxide emissions by purchasing carbon rights, avoiding the payment of excessive fees, and seeking carbon credits with cost-benefits by participating in carbon market transactions or disposing of carbon rights by using the Company's carbon credit.</div></div></div>	Ability Enterprise	Medium term	<div>1. Increase in operating costs</div> <div>2. Increase of capital expense</div> <div>3. Increase of revenue</div>	<div>1. Purchasing carbon allowances or paying carbon taxes will increase operating costs and reduce the competitiveness in the market.</div> <div>2. The adoption of measures to reduce energy consumption may be required (i.e., change the source of energy or improve equipment efficiency), which will increase capital expenditures.</div> <div>3. Alongside the promotion of the development of a low carbon economy by the government, the Company also faces new market and business opportunities (i.e., develop low carbon technologies and products and improve the innovation capacity and competitive strength) to, in turn, improve operating income.</div>

Climate-related risk topic				Description	Responding strategy and action plan	Area of effect	Impact Timeline	Financial impacts on corporate operations	
								Financial impact point	Description of financial impact point
R3	Transformation risk	Policy and Legal Risks	Demands and monitoring of current products and services	Require compliance with the specifications (i.e., energy, water consumption, and other efficiency) regarding regional or national standards or requirements formulated for the efficiency or product labeling to avoid affecting the import or sales.	<ol style="list-style-type: none"> <li>The R&amp;D Center shall call upon personnel of different departments to form a task force for collecting documents related to compliance requirements and regular meetings for sharing discussions and achievements.</li> <li>In the future, it is estimated that the R&amp;D Center will regularly hold meetings each quarter to examine the energy consumption status of existing products and environmental protection-related requirements so as to ensure whether designs can be adjusted or carbon dioxide reduction optimization can be performed during production.</li> </ol>	Ability Enterprise	Short term	1. Increase in operating costs	<ol style="list-style-type: none"> <li>Operating costs increased due to the extension in the production schedule as it is required to invest labor in investigating and studying the compliance of relevant standards or requirements.</li> <li>Designs and production changes carried out to comply with regulatory requirements (i.e., select power IC with better efficiency and optimize production and procedure jigs by plants) will cause an increase in operating costs.</li> </ol>
R4	Transformation risk	Market risks	Changing 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.	<ol style="list-style-type: none"> <li>Study the annual sustainability reports or ESG reports of major customers to understand their requirements or environmental protection preferences. In the case of Customer R, the issuance time of its annual report each year is from August to October; therefore, from November to December each year, the business department invites relevant departments to discuss the planning direction of product designs subsequently after having discussions on the content of the customer's report.</li> <li>In the future, we will adopt product designs in response to climate change as product features by placing emphasis on major sales customers (i.e., comply with local energy efficiency specifications or satisfy customers' green procurement policies) so as to reinforce the awareness of customers regarding the energy-saving and carbon dioxide reduction products of Ability Enterprise.</li> </ol>	Ability Enterprise	Medium term	<ol style="list-style-type: none"> <li>Increase in operating costs</li> <li>Decrease of revenue</li> </ol>	<ol style="list-style-type: none"> <li>To satisfy customers' requirements for products, corresponding labor and equipment are required to be invested in the initial phase of product development, and relevant certifications are also required, which will increase the operating cost.</li> <li>If the Company is unable to provide products in line with customers' requirements, appropriately respond to carbon taxes and transactions in the carbon market, or achieve the emission reduction targets stated by the government, operating income may decrease due to the possibility of causing customers or consumers to have negative impressions on the Company's brand image.</li> </ol>
O1	Products and services		Develop or add low-carbon products and services	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).	<ol style="list-style-type: none"> <li>Take the initiative to develop low-carbon and energy-saving images and automotive product samples, seek relevant customers with low-carbon or energy-saving requirements, and discuss the subsequent cooperating product schedule.</li> <li>Use parts and materials complying with low-carbon and energy-saving requirements to achieve the requirements of different low-carbon or energy-saving labels.</li> <li>Appoint dedicated personnel in the R&amp;D department. In the future, we estimates to complete the carbon footprint research of new products by 2024 and commence applying for low-carbon and energy-saving certification in 2024 and 2025 (i.e., ISO 14067 product carbon footprint certification).</li> </ol>	Ability Enterprise	Short term	<ol style="list-style-type: none"> <li>Increase of revenue</li> <li>Increase of capital expense</li> <li>Increase in operating costs</li> </ol>	1. Operating costs increase due to the increase in human resources and equipment so as to obtain low carbon or energy-saving labels; however, it is expected that it will concurrently gain positive attention and recognition from the industry or customers and, in turn, bring about an increase in operating income.

Climate-related risk topic			Description	Responding strategy and action plan	Area of effect	Impact Timeline	Financial impacts on corporate operations	
							Financial impact point	Description of financial impact point
O2	Products and services	R&D and innovation to develop new products and services	New procedures and product R&D are differentiated from the market to satisfy the requirements of new markets and new customers.	R&D 1. Regarding product development, we examine design and verification procedures, select environmentally friendly materials and recyclable materials and parts of low power consumption for designs in general, and reduce the number of parts selected for use. 2. Establish product development procedures and standards, record development history, and subsequently examine procedure simplification.	Ability Enterprise	Medium term	1. Increase of revenue 2. Increase of capital expense 3. Increase in operating costs	R&D 1. Operating costs increase due to the increase in human resources and equipment so as to develop new procedures and products; however, it is expected that it will concurrently gain positive attention and recognition from the industry or customers and, in turn, bring about an increase in operating income.
O3	Market	Develop 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.	Business 1. Ability estimate to focus on existing customers from 2023 to 2025, including smart image applications, smart analysis, 360o image products, video appliances, and automotive modules as target products, and add low carbon, energy-saving, and function-improving technologies to expand its market share.				Business 1. Provide low carbon energy-saving image products to existing customers. 2. Provide environmentally friendly products, find new target customers, and expand market share to improve operating income.
O4	Products and services	Consumer preference changes	With the improved awareness of consumers for climate change, the demand for effective and environmentally green products may increase.	1. In the future, we estimate to carry out the investigation planning for climate change-related requirements in the market and sort the priority of products preferred by consumers. 2. In the future, we will focus on customers for development. Except for standard functions, the R&D for image applications will include low-carbon, energy-saving, and environmentally friendly concepts to improve the philosophy of green products.	Ability Enterprise	Medium term	1. Increase in operating income 2. Increase in operating costs	1. If Ability is able to produce environmentally friendly products and find target customers, it will be beneficial for improving its operating income. 2. Operating costs increased due to the increase in human resources and equipment to develop low carbon energy-saving products.
O5	Resource consumption efficiency	Use more efficient production and distribution processes	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.	1. Inventory management <ul style="list-style-type: none"> <li>Adjust and improve the full-load rate of import and export trucks.</li> <li>Reduce inventory turnover days: Supply suppliers on time according to the plan and improve the processing time limit of obsolete supplies.</li> <li>WMS: Allow real-time inventory visibility, improve warehouse operating efficiency, and reduce the waste of inventory allocation and labor costs.</li> </ul> 2. Production/manufacturing <ul style="list-style-type: none"> <li>Ability estimates to commence optimizing improvements and implement operation foolproof to improve the production efficiency of products.</li> <li>Ability estimates to develop a testing platform for its procedures, integrate testing items and increase the variable portfolio of testing items, increase the automated/semi-automated testing ratio, and reduce the working hours of personnel operation.</li> </ul>	Wugu Plant	Short term	1. Increase or decrease in operating cost	1. Improve the full-load rate of import and export trucks to reduce transportation, warehouse rental, and insurance fees. 2. Reduce inventory turnover days, increase the consumption efficiency of working capital, reduce the space used by suppliers, and minimize our operating costs. 3. Invest in labor and equipment for procedure improvement, improve procedure stability, increase operating costs, and reduce the fees for changes in design. 4. Shorten waiting/turnover working hours for product testing to reduce operating costs. 5. Invest labor in developing a testing platform for the integrated testing item, resulting in an increase of operating costs. Reduce manufacturing working stations, reduce the space occupied by production, and reduce the spatial rental costs of areas that are required.

## Corporate Net Zero Emissions Target and Steps

Ability has established its carbon dioxide reduction route, committed to reducing self-produced and product GHG emissions and regularly reports the implementation achievements and the target achieving progress to the ESG Committee via the sustainability promotion team to ensure the sustainable development plan is being implemented. The short-term net zero steps that we organized at present are as follows:

### Net Zero Steps of Ability Enterprise





## 3.2 Environment Management

### 3.2.1 Energy and GHG Management

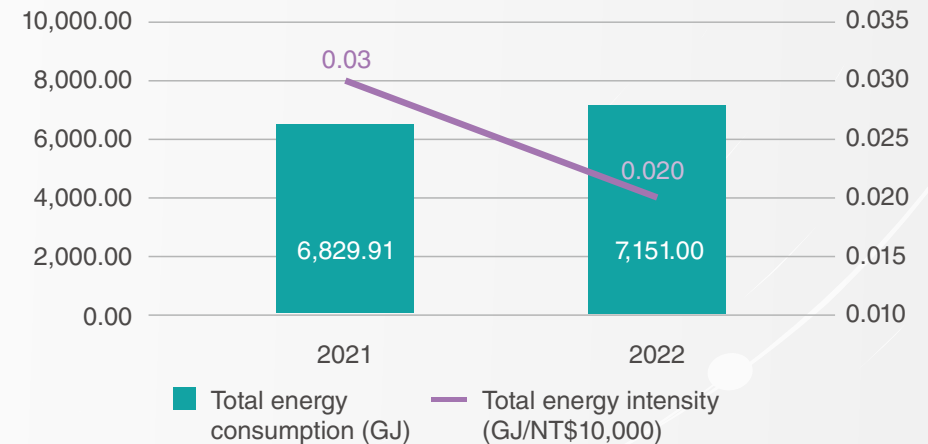
#### Energy Management

In response to the energy-saving, carbon dioxide reduction, and sustainable development policies of the government, Ability 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 is non-renewable energy purchased from power companies, and it is used in production procedures and office buildings. In 2022, a total of 1,968,849kWh of purchased power was consumed, accounting for 99.14% of the total energy consumption. Followed by petroleum used by corporate cars and diesel used by power generators, our Company consumed 1,620L and 100L, respectively, in 2022, accounting for 0.79% of the total energy consumption. The use of renewable energy is from the power generated from the solar power panels of Xinzhuang HQ, and the power is used in lighting in electors of the office building, accounting for 0.07% of the total energy consumption. The total energy consumption in 2022 was 7,151.00GJ, and the total energy intensity was 0.02GJ/operating income (NT\$10,000), representing a decrease of approximately 33% as compared to the total energy intensity in 2021. In the future, we will continue to reinforce our energy management and achieve energy transition step by step so as to reach the target of green operation.

Energy consumption		2021	2022
Non-renewable energy	Gasoline (L)	1,350	1,620
	Diesel (L)	95	100
	Power consumption (kWh)	1,882,111	1,968,849
	Non-renewable energy consumption (GJ)	6,823.47	7,145.89
renewables	Solar power (kWh)	1,789	1,418
	Renewable energy consumption (GJ)	6.44	5.11
Total energy consumption (GJ)		6,829.91	7,151.00
Total energy intensity (GJ/operating income (NT\$10,000))		0.03	0.02

Note 1: Ability 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.

Annual Energy Consumption



## GHG Management

The GHG emission statistics of our Company are primarily the category 2 emissions generated from purchased power and GHG category 1 GHG emissions generated from petroleum and diesel used by corporate cars and power generators, accounting for 90% of GHG emissions of Ability Enterprise.

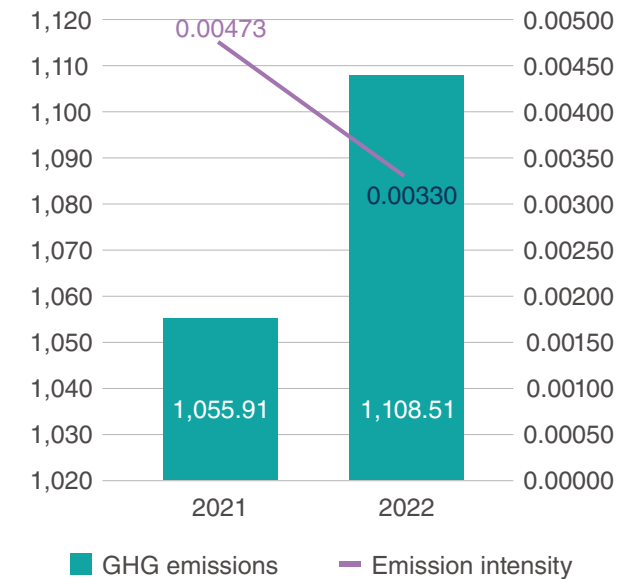
The category 1 and category 2 GHG emissions of the Company was 1,108.51 tCO<sub>2</sub>e in 2022, representing an increase of 52.6 tCO<sub>2</sub>e as compared to 2021, primarily due to the mild increase in GHG emissions resulting from the increasing production capacity in accordance with the slowdown of COVID-19; however, GHG emission intensity reduced by 0.00143 tCO<sub>2</sub>e/NT\$10,000 as compared to 2021 due to the increase in operating income.

GHG emissions		
GHG category	2021	2022
Category 1 (tCO <sub>2</sub> e)	111.09	106.37
Category 2 (tCO <sub>2</sub> e)	944.82	1,002.14
Total (tCO <sub>2</sub> e)	1055.91	1108.51
GHG emission intensity (tCO <sub>2</sub> e/operating income (NT\$10,000))	0.00473	0.00330

Note 1: the petroleum and diesel consumption carbon emission coefficients are calculated based on the emission coefficients (ver. 6.04) announced by the Environment Protection Administration.

Note 2: The carbon emissions from power consumption are calculated based on the national power emission coefficient announced by the Bureau of Energy.

### Annual GHG Emission



As power consumption has the highest carbon emission proportion, our energy-saving and carbon dioxide reduction planning will focus on energy-saving as the major strategy to minimize the generation of carbon dioxide emissions through reducing power consumption. Xinzhuang HQ building is an office building. In 2022, our Company examined the power consumption of relevant public facilities, adjusted the power consumption time of partial equipment, and, in turn, reduced energy consumption. The air compressor of high power consumption of the Wugu Plant was replaced, and we organized and evaluated the replacement of A/C of high power consumption in 2023. The improvement effects under energy-saving measures in 2022 are as follows:

Factory Area	Improvement item in 2022	Annual energy-saving volume (kWh)	Annual energy-saving volume (GJ) <sup>(Note 1)</sup>	(kg CO <sub>2</sub> e) <sup>(Note2)</sup>
Xinzhuang HQ	Adjusted the operating time of ventilators in the basement, and the operating time changed from 10 minutes per time initially to 5 minutes per time.	868.00 <sup>(Note 3)</sup>	3.12	429.66
	Shortened the turned-on time of external wall lights of the building, and the time changed from 10 minutes per time initially to 5 minutes per time.	86.80 <sup>(Note 3)</sup>	0.31	42.97
	Replaced the ventilating fans of toilets with DC energy-saving ventilating fans.	101.18 <sup>(Note 4)</sup>	0.36	50.08
	The turn-off time of A/C at the lobby on working days changed from 18:30 initially to 17:00.	2,480.00 <sup>(Note 3)</sup>	8.93	1,227.60
	The spray irrigation system was turned off in winter for 90 days starting from 2022.	263.25 <sup>(Note 3)</sup>	0.95	130.31
Wugu Plant	Replaced power consumption air compressors.	10,557.60 <sup>(Note 4)</sup>	38.01	5,266.01
	Changed the light bulbs in toilets and pantry to LED light bulbs.	337.28 <sup>(Note 4)</sup>	1.21	166.95
Total		14,694.11	52.89	7,273.58

Note 1: 1kWh is equivalent to 0.0036GJ.

Note 2: Calculated based on the national power emission coefficient announced by the Bureau of Energy.

Note 3: Calculation formula = Equipment power \* number of hours of operation reduced \* number of working days throughout the year

Note 4: Calculation formula = Power difference of new and old equipment \* number of equipment replaced \* number of operating hours \* number of working days throughout the year

Ability Enterprise has established the following GHG inventory and verification planning to respond to the 2050 net zero emission target of the government to align with the expectations of stakeholders and mitigate impacts brought by climate change:

#### GHG Inventory and Verification Planning of Ability Enterprise (including Subsidiaries in the Consolidated Statements)

Inventory description\year of implementation	2023	2024	2025	2026
Self-inventor	Ability Enterprise (only Xinzhuang HQ and Wugu Plant)	Ability Enterprise (including overseas plants)	Ability Enterprise (including subsidiaries in the consolidated statements)	NA
External verification	NA	Ability Enterprise (only Xinzhuang HQ and Wugu Plant)	Ability Enterprise (including overseas plants)	Ability Enterprise (including subsidiaries in the consolidated statements)

## 3.2.2 Raw Material and Waste Management

### Raw Materials Management

The main products of Ability are digital image equipment, and crucial materials used are PCB, IC, passive components,

connectors, plastics, and metal. In 2022, raw materials consumed for use in production totaled 40.63 tons, representing an increase of 44.2% from 2021, primarily due to the increase in shipping volume. If the supply and demand in the material market are unbalanced due to natural disasters arising from extreme weather or regional man-made events, the Procurement/R&D/QA department shall propose a substitute material introduction plan. The QA department shall carry out the reliability test after the pilot production of the plant; once passing all tests, report to customers to obtain their consent to introduce such materials for production in order to ensure the satisfaction of customers' shipping requirements when encountering supply chain suspension risks.

Unit: tons

Raw materials		2021	2022
Electronic materials		2.90	4.02
Institution materials	Metal materials	15.39	21.34
	Non-metal materials	2.19	3.33
Packaging materials		7.70	11.94
Total		28.18	40.63

To comprehensively promote energy-saving, carbon dioxide reduction, and the sustainable use of resources on Earth, paper-based packaging materials (including paper boxes, paper pallets, and relevant packaging materials) are made by using recycled paper pulp as raw materials. In 2022, we used a total of 3.82 tons of recycled supplies, representing an increase of 70.5% as compared to 2021, primarily due to the increase in output in 2022, the increase in the recycled paper pulp products, and the increase in the ratio of using recycled supplies.

Material	2021	2022
Paper pulp (ton)	2.24	3.82
Recycled weight/total weight of product shipped (%)	7.95%	9.40%

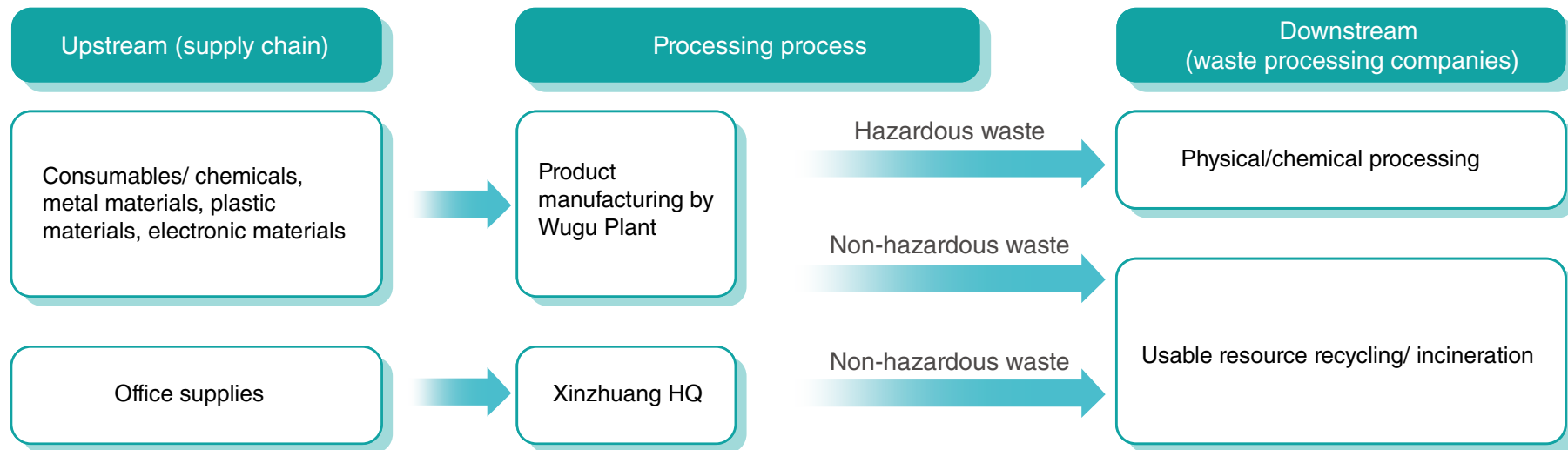
### Conflict Mineral Management and Investigation

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, or W 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.



## Waste Management

Ability classifies wastes 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, we reduce 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, Ability 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. Ability 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 2022, the total weight of non-hazardous and hazardous waste was 39.43 tons; our Company engaged legal waste clearing and processing companies for disposal. In 2022, there was no waste leakage or pollution, and the processing method of all wastes complied with laws and regulations.

2021							
Type of waste	Sub-item	Annual generation volume of waste (ton)	Engaged third parties for processing			Total volume by hazardous/ non-hazardous attribute (ton)	Ratio %
			Annual processing fees of wastes (ton)	Processing method	Remark		
Non-hazardous waste	Employees' garbage and general business waste (Wugu)	6	6	Incineration (non-energy recycling)	Clear daily	42	98.92%
	Employees' garbage and general business waste (Xinzhuang)	36	36	Incineration (non-energy recycling)	Clear daily		
Hazardous waste	Waste optoelectronic parts and components, scraps, and non-conformed goods (Wugu)	0.19	0	Physical and chemical processing	No clearing	0.46	1.08%
	Waste PCBs as auxiliary parts and components	0.27	0	Physical and chemical processing	No clearing		
Total waste volume			Total volume for off-site processing	Ratio %			
42.46			42	98.92%			

2022							
Type of waste	Sub-item	Annual generation volume of waste (ton)	Engaged third parties for processing			Total volume by hazardous/ non-hazardous attribute (ton)	Ratio %
			Annual processing fees of wastes (ton)	Processing method	Remark		
Non-hazardous waste	Employees' garbage and general business waste (Wugu)	5.5	5.5	Incineration (non-energy recycling)	Clear daily	38.5	97.64%
	Employees' garbage and general business waste (Xinzhuang)	33	33	Incineration (non-energy recycling)	Clear daily		
Hazardous waste	Waste optoelectronic parts and components, scraps, and non-conformed goods (Wugu)	0.39	0.39	Physical and chemical processing	Cumulative storage volume	0.93	2.36%
	Waste PCBs as auxiliary parts and components	0.54	0.54	Physical and chemical processing	Cumulative storage volume		
Total waste volume			Total volume for off-site processing	Ratio %			
39.43			39.43	100%			

### 3.2.3 Water Resources Management

Ability performs an annual inventory of the water consumption of all business locations. The major scope of 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 procedures of the Wugu Plant are primarily assembly operations. Water is not required for the procedures; therefore, there was no procedure for wastewater discharge. Wastewater is directly discharged to the sewage system of the New Taipei Industrial Park, complying with the wastewater discharge standards of the New Taipei Industrial Park and having minor effects on the environment.

In terms of water conservation, Ability Enterprise promotes treasuring water resources and adopts 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.

- Xinzhuang HQ set up a rainwater reclamation system for the irrigation of surrounding plants.
- Adjusted the water discharge volume of faucets and urinals to avoid excessive water discharge volume.
- Adopted sanitary ware with water-saving labels.

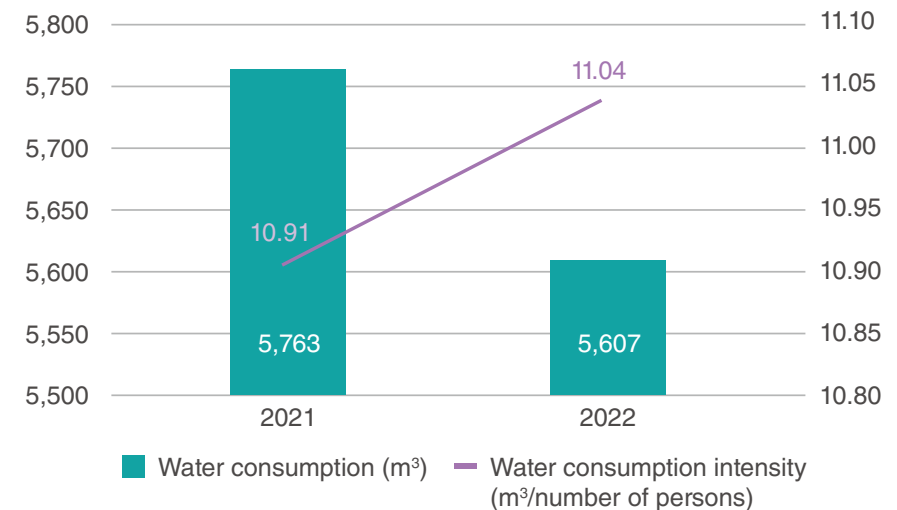
The water consumption of Ability in 2022 was 5,607m<sup>3</sup>, representing a decrease of 156m<sup>3</sup> as compared to 2021, which exhibits the effects of actively promoting water conservation. We will continue to promote actions to protect water resources.

Water consumption statics	2021	2022
Water consumption (m <sup>3</sup> )	5,763	5,607
Water consumption intensity (m <sup>3</sup> /number of persons)	10.91	11.04

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

Note 2: The number of persons who consumed water in 2021 and 2022 was 528 persons and 508 persons, respectively.

#### Annual Water Consumption



# 4

## Sustainable and Innovative Products and Services



- 4.1 Creating Safe, Sustainable and Innovative Products
- 4.2 Supply Chain Management
- 4.3 Customer Relations



# Material Topic

## Product Quality and Safety and Raw Material Management

### Materiality, Policy, and Commitment

Customers are material stakeholders of the Company. The Company introduced the ISO 9001 quality management system, IATF 16949 automotive product quality management system, and QC 080000 hazardous substance process management system according to customers' opinions and requirements and established its corporate culture of the promised quality that is recognized and complied by all employees through continual education and promotion. We gain customers' recognition and trust with premium products. The quality concept was introduced during the R&D and design stage to establish preventive measures and corrective and debugging systems so as to comprehensively control product quality.

### Evaluate the System and the Performance of the Year

1. We provide products with designs in compliance with green products, and they are in line with the requirements of 55% of reuse & recycling and 75% of recovery.
2. Achieve 50% of all product materials being free of halogen and hazardous substances
3. 100% of the quality provided to customers complies with the RoHS safety and health requirements.

### Action plan (Positive / Negative Impact)

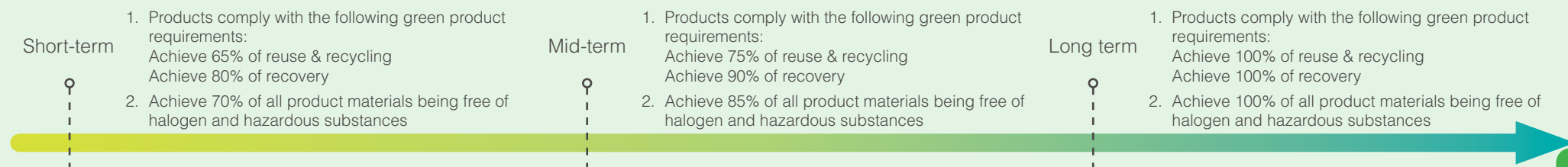
1. Comply with the ISO9001 quality management system and IECQ QC080000 hazardous substance process management system.
2. Adopt product lifecycle management (PLM), GSM, and SAP information management systems for raw material management and hazardous substance review to align with the requirements of our customers.
3. All product designs shall pass relevant quality verification tests, including function verification, compatibility verification, and reliability verification, to ensure that products comply with the specifications of customers and relevant environmental and safety regulations.
4. Upon raw material intake, perform XRF inspection and adopt first-in-first-out management.
5. If any raw material used is found abnormal, the Company will immediately stop the use and carry out anomaly investigations and damage scope control. Meanwhile, the Company will perform audits and examinations of suppliers of such anomalies, propose recurrence prevention reports, and continue the circular management.
6. Based on customers' requirements, paper pulp in the packaging materials continues to comply with the specifications of the Forest Stewardship Council (FSC).
7. Based on customers' requirements, the Company adopts soy ink for colored boxes, instruction, and paper-based printing.

### Grievance Mechanism

Responsible department: Business department and QA department

1. The business department uses e-mails and telephones to carry out business reviews and customer satisfaction surveys to understand customers' level of satisfaction in terms of product quality, R&D, delivery terms, services, and green requirements.
2. Regarding questions reflected by customers or required suppliers to improve, the QA department allocates them to responsible departments for anomaly handling, analysis, correction, and countermeasure.

### Goals



# Material Topic

## Customer Interest and Service Quality

### Materiality, Policy, and Commitment

The Company values customer interest and privacy. It introduced the ISO 27001 information security management system, exchanged information safety intelligence with information safety companies via the information safety alliance to explore and share information safety issues, and implemented information safety management policies with respect to management and technologies to safeguard customers' interests. The quality commitment made by the Company to customers is not limited to the in-house manufacturing system but extended to the after-sales services of products, and the Company implements quality management and follow-up through customer satisfaction surveys to satisfy the service quality required by customers.

### Evaluate the System and the Performance of the Year

1. Successfully passed the ISO 27001 certification in 2022.
2. There was no information safety event or customer data leakage during the year.
3. In 2022, the customer satisfaction surveys for the image system business section and image module business section reached 100%.

### Action Plan (Positive / Negative Impact)

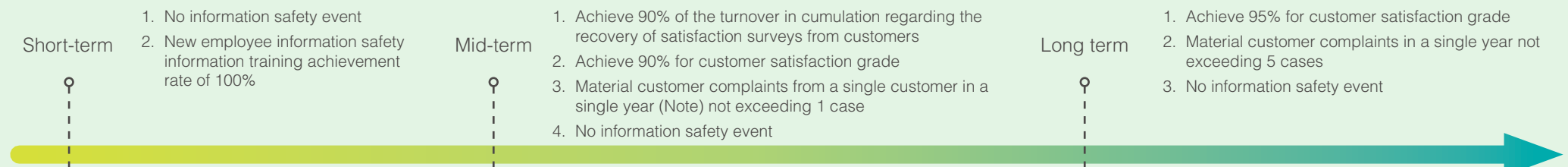
1. Provide information safety training to employees and reinforce overall information safety awareness.
2. Establish information safety control equipment and detect safety loopholes on a timely basis to prevent computer hacker invasion and destruction caused by viruses. Establish a real-time reporting system to immediately adopt countermeasures when any safety event occurs.
3. Regularly and actively carry out customer satisfaction surveys each year to understand the level of satisfaction of customers regarding products/delivery terms/services provided by the Company and propose improvement plans according to the results.

### Grievance Mechanism

Responsible department: Marketing department/IT Section

1. Business department: Collect customers' requirements for interests and services, transform them into internal process planning, and integrate relevant departments of the Company to achieve customers' requirements. Regularly and actively carry out customer satisfaction surveys each year to understand the level of satisfaction of customers regarding Ability Enterprise.
2. IT Section: The IT Committee regularly convenes management meetings each year to examine and resolve information safety and information protection policies and implement the effectiveness of information safety management measures.

### Goals



Note: Material complaints refer to:

- A. Multiple or recurrent non-conformities (customer complaints that occur 5 times or above within 3 months in different regions with the same problem); or
- B. Occurrence of burned machines, smoking, material function losses, or injuries of users

# Material Topic

## Sustainable and Innovative Products and Services

### Materiality, Policy, and Commitment

The Company is committed to providing low-carbon and low power consumption solutions in terms of product development and production. Product designs are based on the principles of easy-to-disassemble, recyclability, and green designs and set the sustainable development of the environment as the material target of the most attention attached to. We promise to support the R&D and production of sustainable and innovative products, avoid using hazardous materials and chemical substances in our product designs to ensure the production and use of sustainable products and the reduction of carbon dioxide emissions and other negative impacts on the environment, encourage employees to actively participate in and promote the sustainable and innovative policies of the Company, and address the commitment to environmental and social responsibilities under our corporate culture and value.

### Evaluate the System and the Performance of the Year

1. In 2022, 100% of the applied patent cases were commercialized for application.
2. Successfully developed a series of high definition, high contrast, HDR, LED LFM automotive front cameras.

### Action Plan (Positive / Negative Impact)

1. Use environmental materials and technologies in designs: Optimize the design of existing products, reinforce the communication and cooperation with suppliers, improve product recovery rate, and jointly create a green supply chain to reduce the environmental pollution and resource consumption of products and improve the sustainability of products.
2. Reduce the impacts of the production process on the environment: Reduce production process and detection time, improve plant efficiency, and reduce the use of energy.
3. Carry out halogen-free material confirmation at the initial designing period for image products to improve the ratio of halogen-free products and comply with green energy product designs. Use environmentally friendly materials to optimize products, set up the targets to reduce power/improve using time during the design reviewing stage and propose improvement items for targets while examining the target achievement status during each R&D judgment stage.

### Grievance Mechanism

Responsible department: Design development and production departments.  
The supervisor of the R&D department is the leader and supervisor for the innovative product promotion plans. When customers have questions or requirements for innovative products and services, it shall establish a project team to individually respond to customers' requirements so as to meet customers' expectations.

### Goals

Short-term	Mid-term	Long term
<ol style="list-style-type: none"> <li>1. In 2023, designs in response to environmental topics and halogen-free material selection were added for the R&amp;D design for green energy product optimization.</li> <li>2. Small/low-cost automotive filming products: Create small designs for the front camera and reduce the size of the appearance by 10%.</li> <li>3. Evaluate and execute the environmental packaging material plastic reduction plan (extend from the project in 2022 for the simplification of environmental plastic materials).</li> </ol>	<ol style="list-style-type: none"> <li>1. Introduce the new RD design review checklist for image products and add material confirmation items.</li> <li>2. Reduce the power consumption of image products by 5% or improve the use time of products by 5% or above.</li> <li>3. Shorten end-testing working hours by 5% each year.</li> <li>4. Small/low-cost automotive camera product: Reduce the size and cost by 5%, respectively, as compared to the products of the previous series.</li> </ol>	<ol style="list-style-type: none"> <li>1. Our products comply with NRCAN, ErP, and Appliance Efficiency Regulation.</li> <li>2. Continue to develop green designs and carbon dioxide reduction designs by adopting energy efficiency as the main strategic theme of sustainable product designs.</li> </ol>

# Material Topic

## Supply Chain Management

### Materiality, Policy, and Commitment

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.

### Evaluate the System and the Performance of the Year

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 2022, Ability Enterprise had 47 new suppliers, and all of them complied with the supplier review procedures of Ability Enterprise.
2. The raw materials of the Company are mostly from suppliers of electronic parts and mechanism parts; they are mainly manufacturers, licensed regional distributors, and subcontractors by category. In 2022, the local supplier procurement ratio of our business locations achieved 86%.
3. In 2022, 100% of raw material suppliers signed back the supplier's social responsibility agreement and on-going business management commitment.

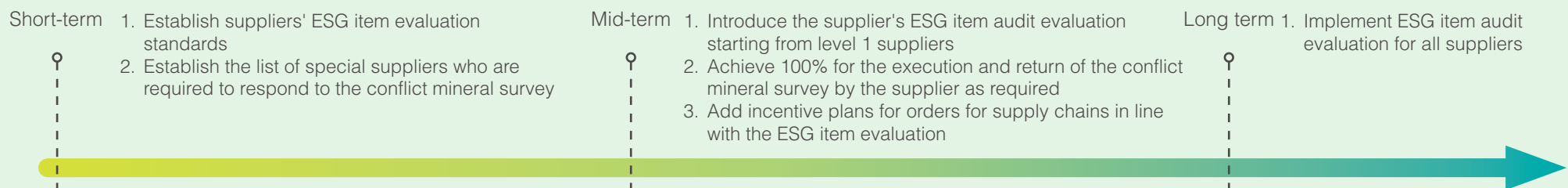
### Action Plan (Positive / Negative Impact)

Before carrying out the on-site audit for a new supplier, the supplier shall complete the self-evaluation for its quality system, procedure system, green product and business management comprehensive evaluation and sign the procurement contract, non-disclosure agreement, letter of guarantee for not using hazardous substances, supplier's quality agreements, suppliers' trade safety and legal compliance audit, and other documents.

### Grievance Mechanism

Responsible department: Supply Chain Management Division/QA department  
Supply Chain Management Division: by e-mails, visiting, or phone calls to understand the level of cooperation of suppliers in terms of the quality, technical, delivery terms, services, and green design of parts.  
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





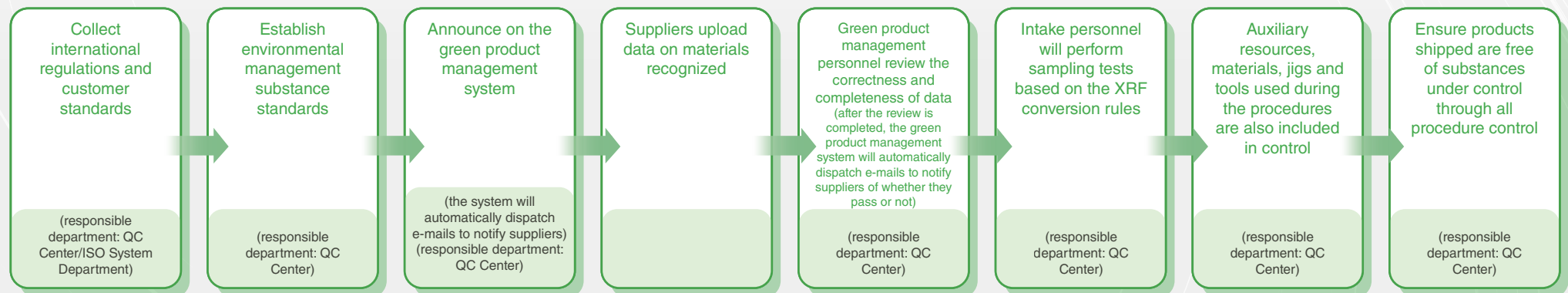
## 4.1 Creating Safe, Sustainable and Innovative Products

### 4.1.1 Green Product Quality and Safety

Ability Enterprise promises to provide premium products and services. From raw material acquisition, development and designs, and production and manufacturing, we have implemented the philosophy of environmental protection to comply with laws and regulations and customers' requirements and protect users' safety and health. We will continue to improve the development, design, and manufacturing of products to create safe, sustainable, and innovative products for customers, employees, and the environment.

In accordance with the "Procedures for Environmental Management Substance Management," "Environmental Management Substance Standards," "Procedures for Production Control," and other internal procedure documents and with reference to green product designs and hazardous substance management, the Company introduced ISO 9001 quality management system, IATF16949 automotive product quality management system, and IECQ QC080000 hazardous substance procedure management system, passed the third-party certification, and ensured that products and services provided by the Company comply with green product quality and safety requirements and satisfy customers' requirements.

#### Management Flow Chart:



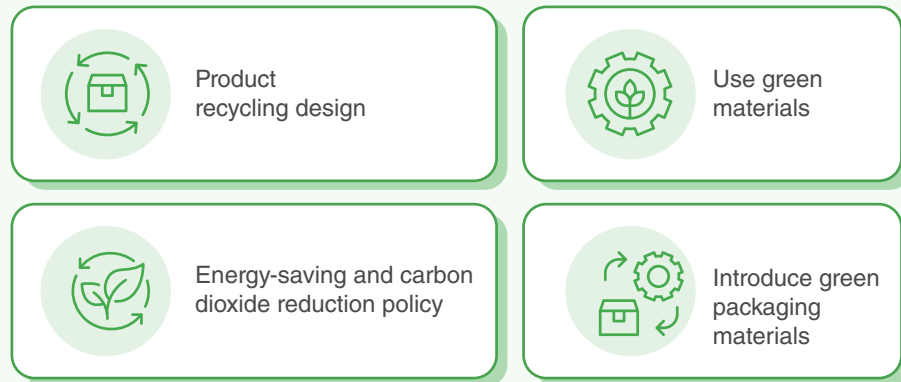
### Quality Management System Certification

	Date of acquisition	Effective date
ISO 9001: 2015	August 23, 2022	August 23, 2025
IATF16949: 2016	December 26, 2022	December 25, 2025

## Green Products

With the increasing net zero awareness worldwide, the majority of large-scale branded companies are committed to promoting energy-saving and carbon dioxide reduction and reducing environmental pollution. Ability Enterprise develops green products that comply with customers' standards and international regulatory trends and minimize environmental impacts. Our design philosophy for green products primarily focuses on the following four design aspects:

### Green Products Design



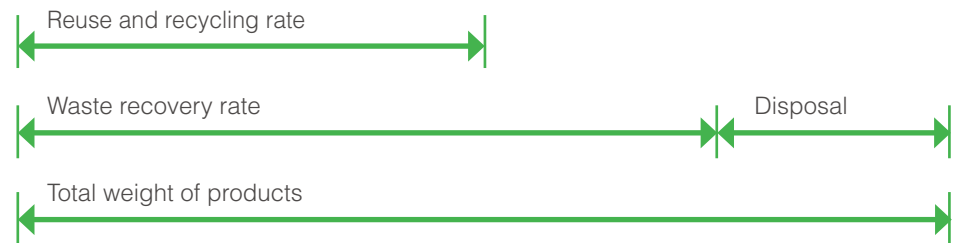
Product recycling design: Mainly reuse, recycling, and recovery

**Reuse:** Use waste electronic and mechanical equipment or parts and components in the operations for its initial designed usage, including flowing to the recycling spot, equipment or parts and components of distributors, recycling companies, or manufacturers for extended use.

**Recycling:** Refer to the initial usage or other usage, and re-process waste supplies during procedures.

**Recovery:** Mainly used as fuels or used to generate energy by other means and solvent reproduction or regeneration, including compound and other biotransformation procedures and energy recycling.

Parts and components	Materials		Residual materials
Reuse	Recycle	Recovery of energy	



Ability Enterprise 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 and recycling rate (%)

Recovery rate (%)



Green product  
specification

55%

75%

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 "[4.1.2 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



Procedure management



Product test

- **Raw material source management** : Ability Enterprise primarily manages the hazardous substances set out in the following table through the testing reports of chemical laboratories recognized by a third-party certification institution that are provided by suppliers to confirm that raw materials are free of hazardous substances or the content of hazardous substances is within the limit. For partial substances (i.e., PCB, HBCDD, and Bisphenol-A), we adopt the execution of a letter of guarantee for no use to implement the hazardous substance control of raw materials from the source. If customers have other requirements, we perform tests or execute the letter of guarantee for no use according to customers' requirements.

Item	Hazardous substance	Limit(ppm)	Basis	Management method
1	Cd	100	EU (RoHS)	Testing report
2	Pb	1000		Testing report
3	Hg	1000		Testing report
4	Cr6+	1000		Testing report
5	PBB	1000		Testing report
6	PBDE	1000		Testing report
7	DEHP	1000		Testing report
8	BBP	1000		Testing report
9	DBP	1000		Testing report
10	DIBP	1000		Testing report
11	Cl	900	Customers have no halogen requirements	Testing report
12	Br	900		Testing report
13	Cl + Br	1500		Testing report
	Other substances			Execute the letter of guarantee for no use

- **Process 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.

## 4.1.2 Sustainable and Innovative Products and Services

Our Company extends its development by leveraging its technical advantages. It integrates the resources of the R&D team, seeks perfection for product technologies, and commits to improving the added value of product development. To continue to reinforce its leadership in the market, our Company utilizes its software/hardware core ability to expand its video and audio product development advantages into the fields of servers, network equipment, smart phones, vehicles, and robots to provide functions and services of multiple aspects from the basic development of crucial software/hardware systems and devices. To maintain the indicating capacity in the industry and respond to ever-changing risks and threats, we primarily take environmental and social aspects into account for our innovative R&D strategies. For the environmental aspect, the optimized designs of hardware and the control of software during the course of R&D innovation lie in the optimization of energy and efficiency. If products can have the lowest energy consumption and the longest time of use, it will reduce damage to the environment. Meanwhile, during the designing course of software, we considered the efficiency of back-end production to reduce the working hours during the production course and introduced auto-testing to reduce the consumption of energy. For the social aspect, we focus on the quality and safety of products to align with customers'

quality requirements and relevant laws and specifications and obtain relevant certifications and labels to ensure the use of products is free of safety risk, satisfying the requirements for product quality and safety of the society.

### R&D and Design Sustainability Strategy

Products start from R&D and designs. Under the existing policies, Ability is required to manage all the planning from the source. For material parts, product specifications and the selection of relevant materials, subsequent production planning of the production line, maintenance at the customer end, subsequent overall repair and scrapping, and relevant details, relevant arrangements and results are determined at the initial design period. The sustainability concept shall be introduced during the development and design stage to allow all design personnel to shorten the testing working hours, the selection of halogen-free materials, the selection of environmental materials and recycled materials, and other requirements into the design standards during the initial period for execution. Apart from corresponding to the overall policy of Ability, it also avoids the delay of the overall project due to the subsequent change in materials and other characteristics.

Measures implemented by Ability Enterprise at present	Future target
Reduce effects of the course of production on the environment: Include subsequent assembly, testing, and other relevant details in the design examinations at the initial designing period to shorten production working hours and testing hours so to reduce the overall energy waste and combine test stations and improve test efficiency through hardware designs and integration to achieve overall testing time reduction.	Reduce working hours by 5% each year.
Regarding product designs and the surface processing (coating/printing) of appearance, we use environmental materials and technologies to reduce the possibility of generating waste materials and pollutants. non-hazardous substances are selected for the overall materials to fulfill the green material standards.	1. Achieve 90% or higher by 2025 for each machine type for the implementation of halogen-free products. 2. Achieve 70% or higher for introducing VOC coating standards by 2030.
For hardware circuits, improve the overall power circuit, minimize consumption power and work with software for optimization to produce better power-saving products. Utilize minimum parts to achieve the optimum time of use while examining the power consumption and overall time of use/idle time of products on a yearly basis to duly comply with energy-saving specifications.	1. Reduce power consumption by 5% or improve the time of use of products by 5% by 2025. 2. Allow all products to fulfill energy efficacy specifications (BC/NRCAN/ErP) by 2030.
Carry out plastic reduction designs for mechanisms and packaging materials and adopt environmental materials as the first choice for designs. At present, we have started to introduce plastic bag-free packaging designs for machine types of specific customers.	1. The comprehensive introduction was made in 2023; it is estimated to achieve the target of zero plastic bags for packaging by 2025. 2. Introduce laser engraving procedures to reduce the use of specification labels. We commenced to promote products to customers in 2023 and set the target to increase one machine type each year.



The R&D expenses in the most recent two years of Ability 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
2021	274	633.63	17.72%
2022	237	593.90	11.24%

Note: The data source is the consolidated financial statements of Ability Enterprise, audited and certified by CPAs.

## Industrial Breakthrough of R&D Innovation in 2022

**1. Acoustic products of the Company :** In 2020, the global outbreak of COVID-19 occurred, and many enterprises adopted remote work approaches to avoid the risk of infection. Regarding the changes in response to such working models, Ability Enterprise developed a series of video conference products designed for remote work with products equipped with high-resolution 4k cameras to display clear and authentic scenes in 2022. Together with the direction of arrival (DOA), the products can accurately identify the direction of the sound to allow smooth meeting communications. Equipped with low-frequency acoustic speakers, the products provide abundant ample acoustic effects to make meetings feel like on-site meetings. Entering into the post-pandemic era, partial companies maintain the remote work model. Ability Enterprise continues to provide video conference products of favorable image and acoustic quality to improve the efficiency of work meetings.

**2. Smart products of the Company :** Propose Ethernet/USB and other standard interface products and provide customized AI functions and services to allow customers to realize the AI product functions that they require on the product end and enjoy value-added products without cloud services. Software/hardware engineers of the Company develop exclusive AI structures and establish standard hardware and software interface (provide comprehensive software development auxiliaries, interface description, and pre-processing of image) to allow the utilization by AI developers of the software/hardware of Ability to rapidly develop self-exclusive AI functions without developing software/hardware from the beginning, thus accelerating the time for product mass production.

**3. Automotive camera products of the Company :** With the constant development of the innovative applications of smart vehicles, autonomous vehicles, and EVs worldwide, automotive cameras play a significant role in part and component. In response to the innovative trends and specifications of the automobile industry, the vehicle will be equipped with automotive cameras with different specifications and quantity (5 to 12 for each vehicle) to collect the 360-degree views surrounding the vehicles to display item images of various complicated scenes under long, medium, and short distance (i.e., surrounding cars, car flows, vehicle distance, traffic lights, signs, passersby, riders, and various hindrance) and, in turn, provide clear and identifiable images to the connecting electronic cabinet, that is, ADAS, for rapid and real-time driving control to achieve the functions of smart driving control, safe driving, and even autonomous driving. The Company develops a series of automotive cameras in accordance with customer requirements with a total pixel ranging from 2.4 million, 5.5 million, and to 8 million, multiple camera modules of horizontal view angles from a small angle (30o) to ultra-wide angle (120o), and high definition, high contrast, HDR, LFEM of surrounding LED lights, and other special functions; meanwhile, for designs, the Company focuses on the use of energy-saving and low power consumption and recyclable materials. The camera module of the series is integrated with automotive driving under the automotive open system in cooperation with the automotive vehicle software open platform system company in Japan for the development of environments by multiple persons and substantial introduction to the application (i.e., use in the automotive mini bus for crews and transportation affairs personnel in airports).



## Intellectual Property Management

Our Company has mastered optical imaging technologies and the latest market information. In response to the ever-changing information and technology environment, our Company continues to improve its competitive advantage by adopting strategic management of intellectual property, based on development of research and development and setting of operating goals. 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 plans to achieve the following targets in 2023 to continue improving and optimizing our intellectual property management:

1. Establish trademark management regulations.
2. Evaluate and upgrade the e-patent platform.
3. Promote intellectual property knowledge from time to time.

### Innovative R&D Achievements and Output in 2021 and 2022

Year	Granted patents (number)
2021	12
2022	24

## 4.2 Supply Chain Management

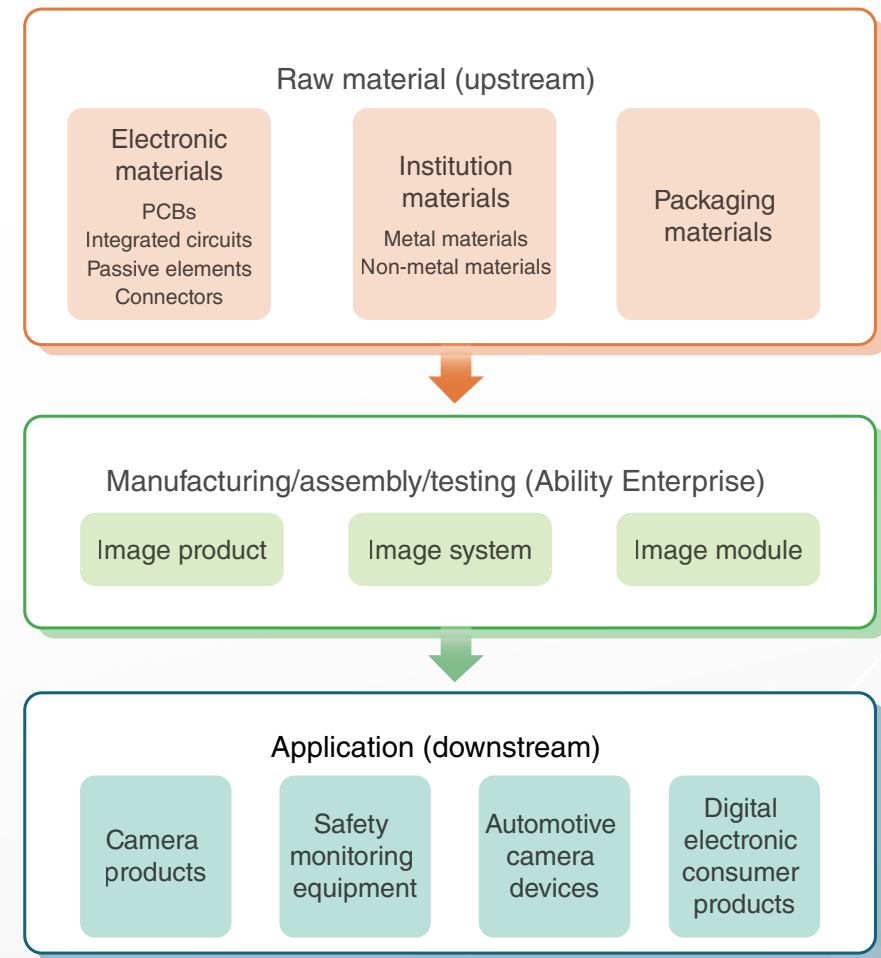
### Supply Chain Overview

The raw materials of Ability are mostly from suppliers of electronic parts and mechanism parts; they are mainly manufacturers, licensed regional distributors, and subcontractors by category. In 2022, suppliers who were included in the approved vendor list (AVL) totaled 712 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.



Note: Local supplier transaction amount of the current year/total procurement amount of the current year

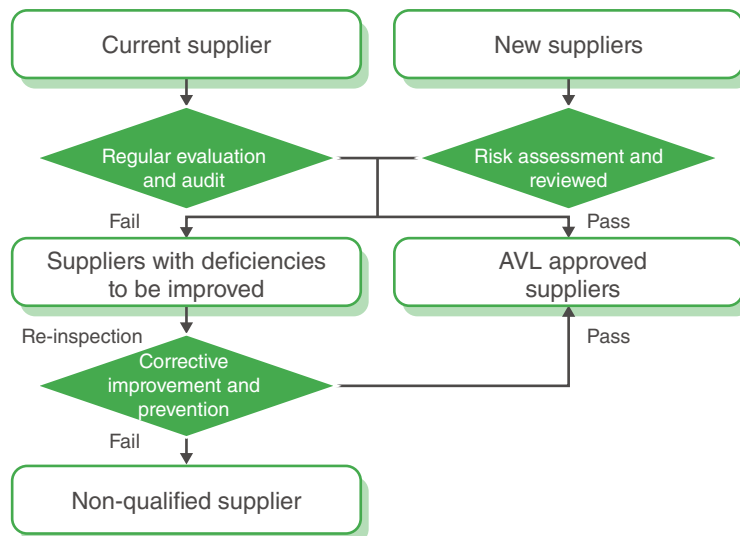
### Ability Enterprise Industry Value Chain



## ▲ Sustainable Supply Chain Management



## ▲ Supplier Management Procedures



## ■ New Supplier Evaluation and Review

A new supplier who joined the supply chain of Ability Enterprise 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

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

#### Management System

1. Quality system
2. Procedure system
3. Non-disclosure agreement
4. Supplier quality agreement
5. Procurement contract

#### Risk identification

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.

The contract entered into with the supplier has stipulated that the supplier shall comply with BC, 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 2022, Ability Enterprise had a total of 47 new suppliers that complied with supplier review procedures.



## Regular Evaluation and Audit of Suppliers

Ability 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 - Excellent suppliers 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.
- Level B - Suppliers of stable quality are ranging from 89 to 80.
- Level C - 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 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 assigned by customers.

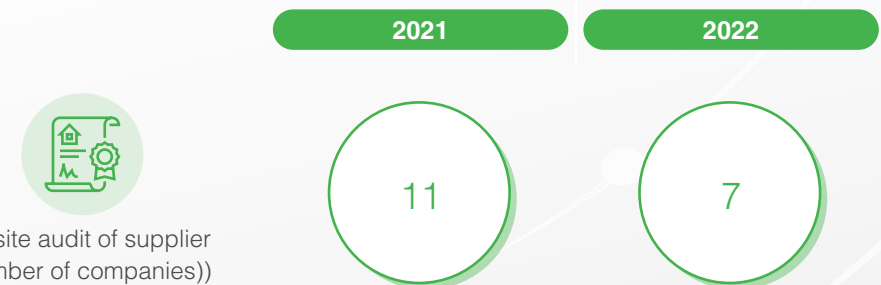
▲ The Results of the Number of Suppliers Under Regular Evaluation in 2021 and 2022 are as Follows

Regular evaluation of suppliers by Ability Enterprise (number of companies)	2021	2022
Class A	2	0
Class B	265	333
Class C	0	0
Class D	0	0

Regarding the human rights management and policy for suppliers, Ability stipulates that suppliers shall comply with the Code of Conduct of amfori BSCI to protect human rights and ban child labor via the "supplier's social responsibility agreement" entered into with suppliers. For any violation committed by a supplier, we may terminate the cooperation with the supplier. Each year, the procurement department performs human rights-related investigations and evaluations when cooperating with the CSR internal audits.

Ability 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. In case of emergencies, the supplier in question will be subject to emergency audit. 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

▲ Supplier Audit Results in 2021 and 2022



Note: Due to COVID-19, document reviews were majorly adopted in 2021 and 2022.

## 4.3 Customer Relations

### 4.3.1 Customer Relationship Management

Ability Enterprise 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 attach attention to source management for each operation, adhere to the philosophy of doing it right at the beginning, and continue to improve internal procedures.

We have 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

Customer service

On time delivery

Quality

Complaint follow up

Development

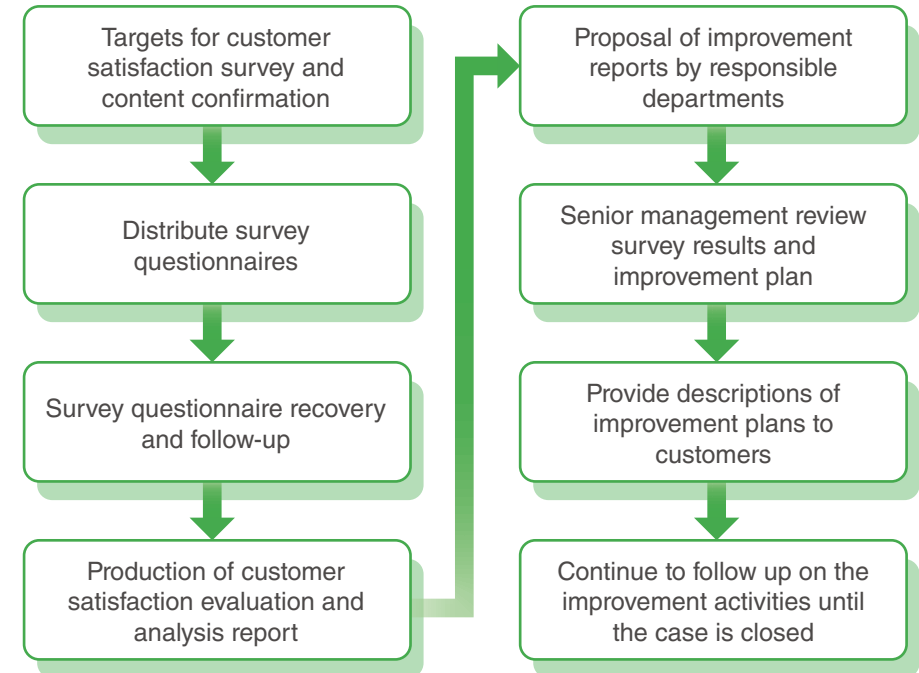
Green product development/manufacturing capacity

Green Product  
Management System  
Process

Technical support

Logistics

#### Customer Satisfaction Evaluation Procedures



In 2022, the customer satisfaction survey showed that satisfaction with the products and services of Ability Enterprise improved. We will continue to make advances and improve and commit to satisfying customers' expectations.

Customer satisfaction	2021	2022
Overall CIBU customers	92%	95%
Overall ISBU customers	96%	100%
Overall IMBU customers	100%	100%

## 4.3.2 Customer Interest Protection

### Information Security Policy

Information security safeguards the confidentiality, integrity, availability and legality of information from both internal and external threats. Ensure information assets must be protect from internal or external and human factor sabotage imprudence while affecting company operation. The ISM Policy sets out the concepts of information security. Rules and procedures that established by all operations must conform to the Policy, ISM Standards, and ISM Guidelines.

1. Protect information from unauthorized access.
2. Protecting data against unintentional, unlawful, or unauthorized access, disclosure.
3. Ensure information integrity preclude unauthorized tampering
4. The Authorized personnel as required for information in due time
5. Non-unauthorized /non-pirated software to abide by information security.
6. Ensure system backup recovery operate to business continuity developments.
7. Provide employee training of information security management deepen understand of information security.
8. To protect information security risk and hackers attack or virus infect, set up security management equipment.
9. Ensure respond promptly notifications system to information security incident can be taken.

### ISO 27001 Information Security Management System

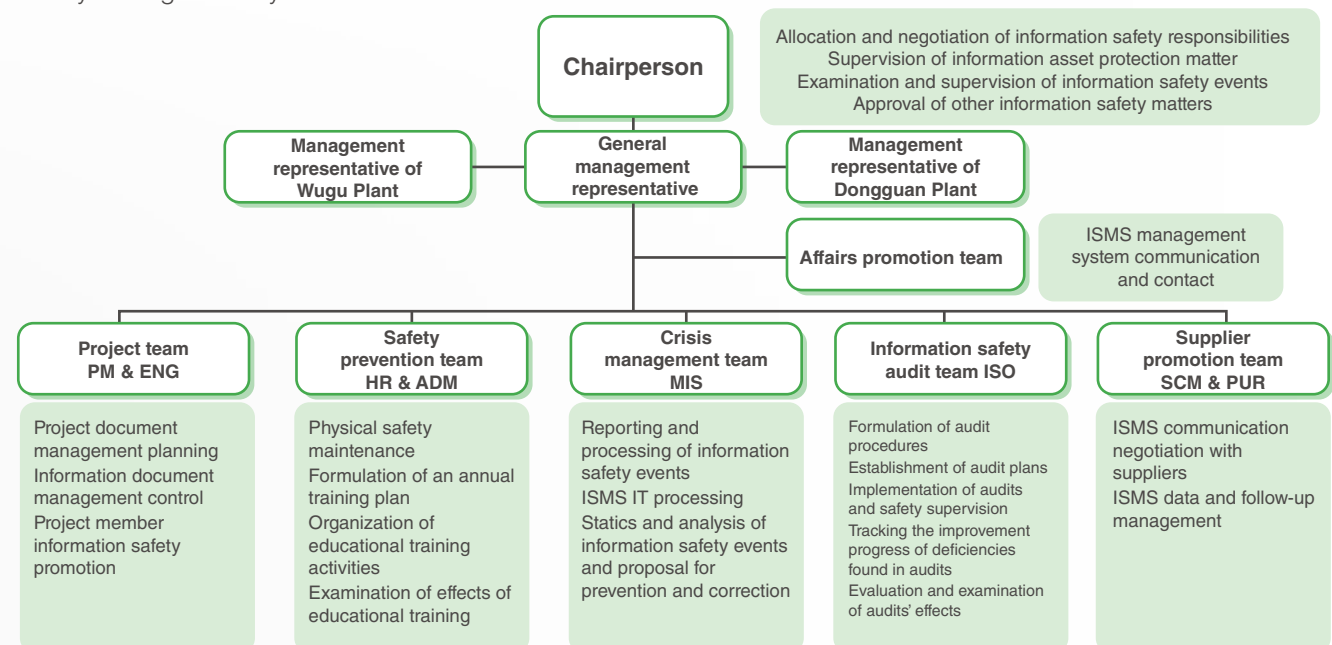
To strengthen information security protection, Ability has been fully promoting the introduction of an "Information Security Management System, ISMS" since 2012. In August 2013, Ability has certified with the ISO 27001 Information Security Management System (ISMS) performed by Taiwan Inspection Technology Co., Ltd. (abbreviation: SGS).

The company continues to improve the structure of the cybersecurity with high standards. At the same time, it requires colleagues to put in place cybersecurity regulations with a rigorous working attitude, and build a complete system through mechanisms such as information asset and risk assessment, monitoring operation impact analysis, and operation continuous drills. Information security protection, integrating information security awareness and concepts into a part of the company's corporate culture, moving towards the goal of building a zero-trust network architecture.

### Information Safety Organization







The company has set up a security processing team for corporate information security. The team holds regular management review meetings to plan and review security objectives and policies.






To promote the information management policy, a security prevention team, an audit team, an education training team, and an emergency response team are set up under the information security organization, in which the major staffs are senior managers from various functional departments to ensure the continuous and stable operation of the Information Security Management System.



## Information Risk Control

In order to implement information risk management and control, the company carries out relevant information security protection measures, not only focusing on strengthening relevant network boundary control, but also moving towards the goal of Zero Trust (Zero Trust) network architecture. In 2022, the Company introduced EDR security protection (endpoint detection and response) and MDR security protection (managed detection and response services) solutions to avoid network or ransomware attacks, which can connect to the intranet through detection computers or connected devices to block abnormal behavior and the execution of suspicious programs. Risk control measures related to the information safety of Ability Enterprise are as follows:

Information safety protection		Protection item
	<b>EDR information safety protection</b>	EDR
		MDR
		Avoid network or blackmailing software attack
	<b>Firewall</b>	Stop hackers from attacking and paralyzing the network
		Control reasonable network use
	<b>Anti-virus software</b>	Stop viruses from damaging corporate data
		Avoid viruses from affecting work efficiency
		Avoid external attacks of viruses from affecting goodwill
	<b>Anti-spam</b>	Avoid excessive spam from affecting work efficiency
		Avoid viruses from being delivered to the Company via e-mail
	<b>E-mail sending/receiving record</b>	Record e-mails sent/received and avoid deletion of mails by mistake, virus, and loss
		For subsequent audits and proof
	<b>PC end protection</b>	Peripheral data access control of USB disk/Bluetooth/Network Neighborhood/memory card
		Instant communication and file-sending control and webmail/cloud disk control
		Mobile communication network control

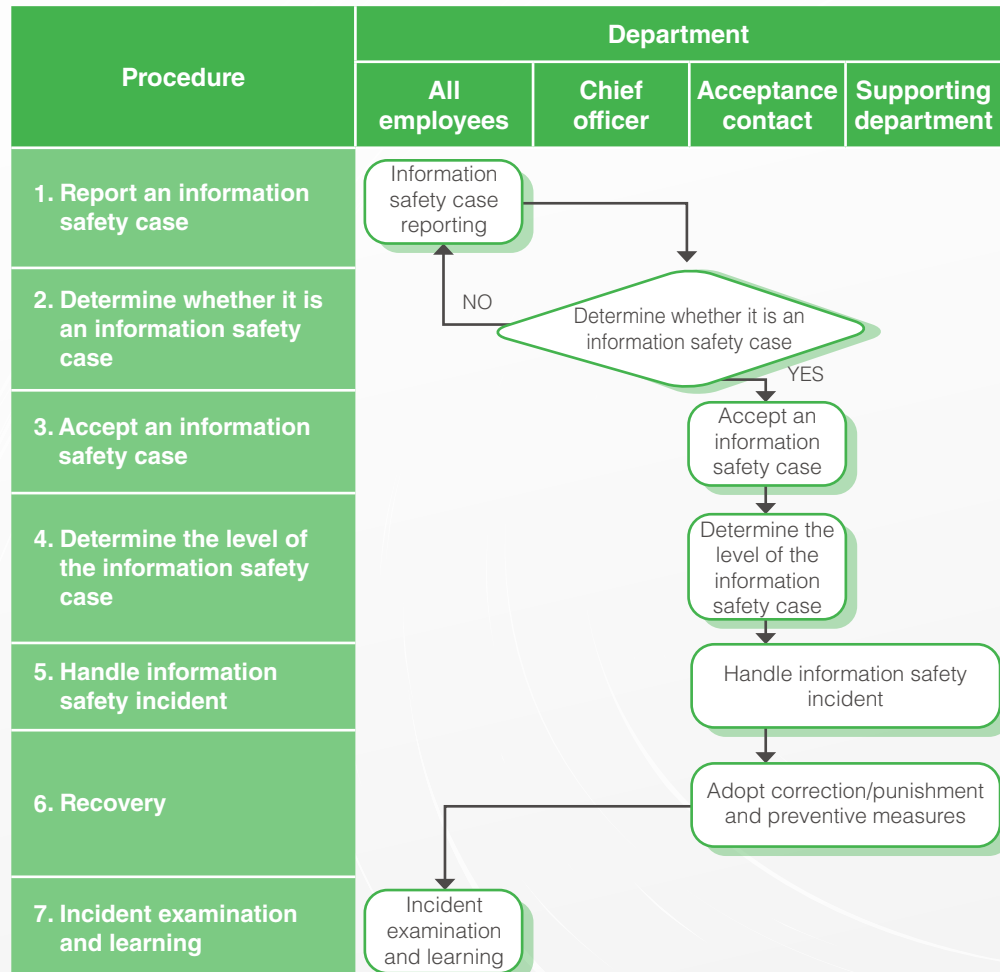
Information safety protection		Protection item
	<b>External personnel connection control</b>	Control for the remote access of personnel to corporate resources
		Control for the WFH access of personnel to corporate resources
		Control for mobile communication equipment
	<b>Control for external computers</b>	Internet connection control for partners/suppliers/customers when visiting the plant
		Control for private computers of employees when visiting the plant
	<b>Online behavior screening and control</b>	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
	<b>Anti-virus wall</b>	Stop internal viruses from external attack
		Stop new variants of malware from attacking
		Battle viruses and reduce internal infection opportunities
	<b>Centralized control of material figures and text</b>	Centralized control of material files
		Knowledge base management and sharing

Through the introduction of the ISO 27001, follow the security policies, conduct information security publicity, information security education and training, etc., audit the ISMS by internal and external professional auditors and organizations every year, and provide information on information security. Review the security operation status, risk control and event improvement, and report to the information security processing team to control and reduce information security risks. There was no material deficiency in 2021 and 2022.



## Information Safety Event Reporting and Response System

In order to effectively grasp information security incidents such as leakage of confidential information, damage or improper use of information systems, computer viruses or hacker intrusions that have occurred in Ability Enterprise, necessary contingency measures will be taken quickly to ensure recovery in the shortest possible time and reduce the possibility of such incidents. To prevent the damage caused, the company has established an information security incident reporting and response system.



## Employee Information Safety Training

The company conducts basic information security education and training for new recruits, and strengthens employees' awareness of information security through regular information security education and training and public announcements for incumbents. Meanwhile, information safety personnel participate in CYBERSEC Taiwan each year to improve the information safety protection knowledge of information safety personnel and learn and understand various potential information safety issues and various protection and solutions from information safety companies and information safety experts.

## Information Safety Information and Joint Defense

The company implements information security management policies, collects and exchanges cybersecurity information through relevant cybersecurity alliances and manufacturers, and discusses and shares security issues or recently discovered important issues to achieve cybersecurity joint defense enhances the company's security protection. In 2022, the Company engaged Trend Micro, an information safety company, to provide MDR for protection reinforcement:

1. For non-periodical alerts and reporting, adopt relevant alert response actions as soon as possible (i.e., when receiving phishing mail reporting sent by national/organizational hackers, immediately add to the e-mail control system for filtering; when receiving material risk loophole reporting from the Windows system, immediately and appropriately carry out system repair.)
2. Carry out response processing measures for information safety detection activity records, reporting alerts, and information safety events via information events and monthly statements provided each month.
3. Trend Micro explored and shared material information safety topics that were found recently by the threat intelligence center in Taiwan to achieve information safety joint defense and overall information safety protection capacity.

In 2021 and 2022, Ability Enterprise did not infringe on customer privacy or lose customer data.

# 5

## Talent Development and Social Co-prosperity

5.1 Labor Structure and Salary

5.2 Employee Welfare

5.3 Talent Development and Cultivation

5.4 Occupational Safety and Health

5.5 Labor-capital Relationship and Communication

5.6 Social Participation and Social Welfare

# Material Topic

## Talent Development and Cultivation

### Materiality, Policy, and Commitment

Under the philosophy of continuing education and seeking excellence, we reinforce employees' professional knowledge and working skills, improve work quality and intention, and enrich employees' knowledge, attitude, skills, and potential enlightenment in accordance with the requirements of labor development in the future, provide diverse and flexible learning channels and information, and encourage the comprehensive development of employees to achieve sustainable corporate management.

### Evaluate the System and the Performance of the Year

1. Implement the OGSM (objective, goal, strategy, measure) training course to build a team of high agility to introduce products, improve team consensus, and establish effective communication channels.
2. Implement DFSS (design for six sigma) training courses to improve and achieve high-standard quality requirements of customers.

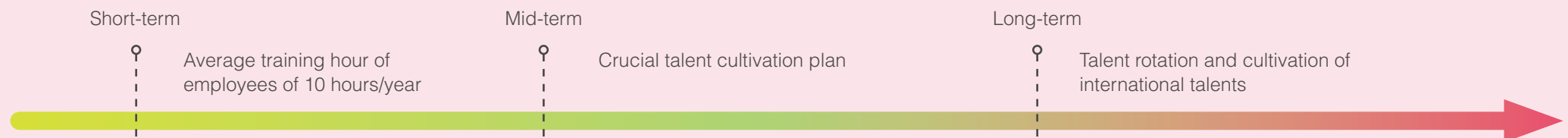
### Action Plan (Positive / Negative Impact)

1. Ability Enterprise adheres to the philosophy of having talents as the root of the enterprise, provides diverse and flexible learning channels and information, and assists employees in developing self-talents and improving competitiveness via on-job, off-job, e-learning educational training systems, laboratory, and magazine resources.
2. Integrate internal and external resources to provide learning and growing opportunities for employees in the hope of allowing employees to jointly learn and grow with Ability Enterprise and inherit expertise and technologies cumulated by Ability Enterprise in the long run.

### Grievance Mechanism

Responsible department: HR Department and relevant departments  
Provide employee consultation services, employee opinion mailbox, labor-capital conferences, satisfaction surveys, HR customer services, and other channels to communicate with employees from time to time.

### Goals



# Material Topic

## Talents Attraction and Retention

### Materiality, Policy, and Commitment

Ability possesses a favorable business philosophy, corporate image, and remuneration system and is able to attract outstanding talents and retain them. Ability Enterprise's target is to become a happy enterprise. As such, the Company provides diversified employee engagement activities, including premium work environments, subsidies from the Employee Welfare Committee, welfare measures, physical and mental growth activities, and timely activities from time to time to allow employees to enjoy work and improve their energy.

### Evaluate the System and the Performance of the Year

Achieve 100% for the completion rate of performance evaluations

### Action Plan (Positive / Negative Impact)

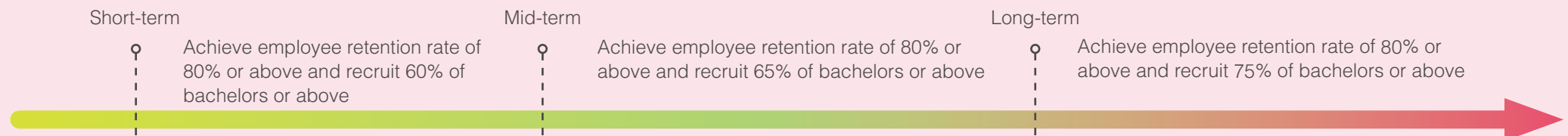
1. Formulate labor plans according to the business strategic directions each year, update the website and exclusive webpage for recruitment, provide a humanized interface for applicants, and improve the efficiency and convenience of job applications
2. Recruit outstanding talents from different sectors via job banks, participation in campus talent recruitment activities, and internal employees' recommendations, commit to extending recruitment channels horizontally, and organize horizontal internal employee training plans to attract more talents and cultivate an outstanding team.

### Grievance Mechanism

Responsible department: HR Department and relevant departments  
Continue to communicate with employees via internal e-mails, satisfaction surveys from time to time, and regular labor-capital conferences.

### Goals

Organize the annual recruitment plan according to the annual business strategic plan each year in the hope of recruiting more outstanding talents to join Ability Enterprise's team.





## 5.1 Labor Structure and Salary

### 5.1.1 Employee Diversity and Equality.

Our Company deems talents the most significant assets, adopts diversification and non-discrimination as the employment purpose, and does not use ethnicity, gender, age, religion, political stance, sexual orientation, physical and mental disabilities, and nationality as the standards for employee retention, working hours, salaries and welfare, performance evaluation, and position promotion.

For employees' human rights, the Administration Department and the HR Department carry out relevant surveys and evaluations each year. If there is any violation of human rights, employees may file complaints via the HR contact person, telephone, or e-mail. In 2021 and 2022, Ability Enterprise has no discrimination, employment of child labor, or other events violating human rights.

#### 5.1.1.1 Overview and Distribution of Diversified Employees

Employee categories are distinguished based on employment contracts. The statistical period is the actual number of in-service employees at the end of each year. In 2021 and 2022, the employee category has no material difference.

Year	2021			2022		
Gender Category	Male	Female	Subtotal	Male	Female	Subtotal
Employees with permanent contracts	327	191	518	312	181	493
Employees with fixed-term contracts	2	8	10	4	9	13
Employees with no working hours guarantee	0	0	0	0	2	2
Total	327	199	528	316	192	508

Note: 1. Employees with permanent contracts and employees with fixed-term contracts are full-time employees.

2. Employees with no working hour guarantee are part-time employees.

Under the target of a diverse workplace, apart from valuing local employees, we also recruit foreign employees to allow Ability Enterprise and employees to come into contact with the customs and culture of different countries and have concurrent international exchange to gain views and thinking of different aspects. In 2021 and 2022, the ratio of senior management who are local residents was 100%.

Ability Enterprise continues to care for the socially disadvantaged and offers employment opportunities to persons with physical disabilities according to the regulations. In 2008, Ability Enterprise hired massagers with visual disabilities to visit the Company for services. In 2021 and 2022, we employed 2 persons with severe physical and mental disabilities and 1 person with medium physical and mental disabilities. We continued to evaluate work content to provide job vacancies to assist persons with physical and mental disabilities to join society.

For the employment of persons with physical and mental disabilities and foreigners, the statistical period is the actual number of in-service employees at the end of each year; foreigners are primarily technicians. Ability Enterprise employs employees with physical and mental disabilities at full according to the law and is not required to pay the difference subsidies. Meanwhile, it offers employment opportunities to persons with physical and mental disabilities; in 2021 and 2022, the employment of persons with physical and mental disabilities and foreigners has no material difference.

Year	2021			2022		
Gender Category	Persons with physical and mental disabilities	Foreigners	Subtotal	Persons with physical and mental disabilities	Foreigners	Subtotal
Male	8	1	9	10	1	11
Female	3	14	17	3	15	18
Total	11	15	26	13	16	29

Regarding the distribution of employee job level, gender, and age, the statistical period is the ratio of the actual number of in-service employees at the end of each year. In 2021 and 2022, female management accounted for 23.2% and 23.6% of the management, respectively.

Year		2021			2022		
Gender		Male	Female	Subtotal	Male	Female	Subtotal
Age	Job level						
< 30 years old	Management position	0	0	0	0	0	0
	Non-management position	12.5%	6.3%	18.8%	11.8%	7.1%	18.9%
30-50 years old	Management position	11%	3%	14%	11.1%	2.9%	14%
	Non-management position	32.8%	25.9%	58.7%	32.1%	24.2%	56.3%
> 50 years old	Management position	2.8%	1.2%	4%	3.5%	1.6%	5.1%
	Non-management position	3.2%	1.3%	4.5%	3.7%	2%	5.7%
Total		62.3%	37.7%	100%	62.2%	37.8%	100%

For the distribution of the academic background of management and non-management, the statistical period is the ratio of the actual number of in-service employees at the end of each year. In 2021 and 2022, 75% of employees have a bachelor's degree (inclusive) or above.

Year		2021			2022		
Educational background		Above masters	Bachelor's	Other	Above masters	Bachelor's	Other
Job level							
Management position		7.6%	7.6%	2.8%	8.4%	7.9%	2.8%
Non-management position		25.8%	39.2%	17.1%	21.9%	39.9%	19%
Total		33.3%	46.8%	19.9%	30.3%	47.8%	21.9%

Note: 1. Others are primarily college and high school (inclusive) or below.

For workers who are not employees (securities and cleaning staff commissioned by the Company), the statistical period is the actual number of persons at the end of each year.

	2021	2022
Male	3	3
Female	8.5	8.5
Total	11.5	11.5

Note: One of the cleaning staff at Wugu Plant works half a day (4 hours) each day; therefore, they are counted as 0.5 staff.

### 5.1.1.2 Personnel Recruitment

For talent recruitment, the job vacancies of Ability are announced on the exclusive webpage for recruitment on 104; the page introduces the business direction, job vacancies, and benefits of Ability Enterprise so as to attract talents from different sectors to join the family of Ability Enterprise. Meanwhile, we recruit outstanding talents through participating in campus talent recruitment activities, internal employee recommendations, and other channels.

Our Company facilitates employees' constant self-improvement via diverse training courses, welfare systems, and salary packages to achieve employees' personal career development. The work content in the recruitment interview and after reporting to work is consistent. Department supervisors and HR specialists shall understand the adapting status of new employees to reduce the resignation of new employees due to non-adaptivity. After reporting to work, the Company assists new employees in adapting to the overall environment of Ability Enterprise through educational training and promotion. If an employee resigns, the HR specialist of Ability Enterprise will analyze the material factors of retention and resignation through interviews to improve the personnel retention rate.

In 2021, the total number of new employees of Ability Enterprise was 78 persons (41 males and 37 females), and the total recruitment rate was 15%. In 2022, the total number of new employees of Ability Enterprise was 61 persons (32 males and 29 females), and the total recruitment rate was 12%.

Regarding employees' resignation procedures, Ability Enterprise strictly complies with the requirements of labor laws and regulations and completes the notification process in compliance with regulatory requirements for changes in labor conditions. In 2021, the total number of resigned employees was 75 persons (43 males and 32 females), and the total resignation rate was 14%. In 2022, the total number of resigned employees was 79 persons (46 males and 33 females), and the total resignation rate was 16%.

▲ Number of New and Resigned Employees (Including Voluntarily and not Voluntarily) in 2021 and 2022

New employee training		2021					
Item	Category	Male		Female		Group total	
		Number of persons	Percentage	Number of persons	Percentage	Number of persons	Total of two groups
Under 30	Full-time employees	17	50%	17	50%	34	47%
	Fixed-Term Contract Employees	2	33%	4	67%	6	100%
31 to 49 years old	Full-time employees	22	58%	16	42%	38	53%
	Fixed-Term Contract Employees	0	0%	0	0%	0	0%
50 years old or above	Full-time employees	0	0%	0	0%	0	0%
	Fixed-Term Contract Employees	0	0%	0	0%	0	0%
The total number of employees was 528 persons at the end of 2021		41	8%	37	7%	78	15%

Resigned employee		2021					
Item	Category	Male		Female		Group total	
		Number of persons	Percentage	Number of persons	Percentage	Number of persons	Total of two groups
Under 30	Full-time employees	19	58%	14	42%	33	47%
	Fixed-Term Contract Employees	1	20%	4	80%	5	100%
31 to 49 years old	Full-time employees	18	56%	14	44%	32	46%
	Fixed-Term Contract Employees	0	0%	0	0%	0	0%
50 years old or above	Full-time employees	5	100%	0	0%	5	7%
	Fixed-Term Contract Employees	0	0%	0	0%	0	0%
The total number of employees was 528 persons at the end of 2021		43	8%	32	6%	75	14%

New employee training		2022					
Item	Category	Male		Female		Group total	
		Number of persons	Percentage	Number of persons	Percentage	Number of persons	Total of two groups
Under 30	Full-time employees	16	62%	10	38%	26	43%
	Fixed-Term Contract Employees	1	100%	0	0%	1	100%
31 to 49 years old	Full-time employees	14	42%	19	58%	33	55%
	Fixed-Term Contract Employees	0	0%	0	0%	0	0%
50 years old or above	Full-time employees	1	100%	0	0%	1	2%
	Fixed-Term Contract Employees	0	0%	0	0%	0	0%
The total number of employees was 508 persons at the end of 2022		32	6%	29	6%	61	12%

Resigned employee		2022					
Item	Category	Male		Female		Group total	
		Number of persons	Percentage	Number of persons	Percentage	Number of persons	Total of two groups
Under 30	Full-time employees	11	50%	11	50%	22	29%
	Fixed-Term Contract Employees	2	100%	0	0%	2	100%
31 to 49 years old	Full-time employees	32	62%	20	38%	52	68%
	Fixed-Term Contract Employees	0	0%	0	0%	0	0%
50 years old or above	Full-time employees	1	33%	2	67%	3	4%
	Fixed-Term Contract Employees	0	0%	0	0%	0	0%
The total number of employees was 508 persons at the end of 2022		46	9%	33	6%	79	16%

## 5.1.2 Remuneration Policies

Our Company participates in market salary surveys each year and adjusts salaries based on the market salary standards, economic trends, and personal performance to maintain the overall remuneration competitiveness and retain outstanding talents. To attract and retain outstanding talents and allow employees to share operating achievements with Ability, it combines corporate management with personal performance to provide bonuses, performance bonuses, and welfare to employees and provides incentives to and retain outstanding talents in accordance with the bonus laws and regulations of the Ministry of Finance in Taiwan. It implements flexible stock option/treasury share/restricted stock award plan/employee stock ownership trust, and other relevant measures to make joint efforts for the business performance of the Company to realize profit-sharing and achieve sustainable operations.

### 5.1.2.1 Remuneration of Employees

Our Company calculates the average annual salary difference multiple between males and females of different job levels by gender. The males and females account for different ratios in different job categories, work duty attributes, and fields. Males have slightly higher salaries than females.

Job level category	2021				2022			
	Remuneration of the year		Basic salary of the month		Remuneration of the year		Basic salary of the month	
	Male	Female	Male	Female	Male	Female	Male	Female
Senior supervisor	1	1.15	1	1.08	1	1.02	1	1.04
Middle supervisor	1	0.90	1	0.94	1	0.90	1	0.93
General indirect employee job level	1	0.77	1	0.80	1	0.76	1	0.80
Direct employees	1	0.87	1	0.84	1	0.70	1	0.69

Note: Job level category

Senior management G9 deputy department director, including the above but excluding managers

Middle management G6 to G8 level supervisors and G5 section chief

General indirect employee job level G5, including non-management below

### Local Minimum Remuneration Standard

Year	Local minimum remuneration standard for males	Local minimum remuneration standard for females	Local minimum salary standard	Local minimum salary standard for males	Local minimum salary standard for females
2021	24,000	24,000	24,000	1	1
2022	25,250	25,250	25,250	1	1

### Disclosure List for Information on the Remuneration of Full-time employees of Non-supervisor Duties:

Disclosure Item / Year	2021	2022
Number of persons	479	453
Total salary (NTD thousands)	531,549	566,897
Average (NTD thousands)	1,110	1,251
Median (NTD thousands)	995	1,080

### 5.1.2.2 Employee Stock Ownership Trust Plan

Ability Enterprise initiated the "employee stock ownership trust" in September 2021 and invited employees to become its shareholders. Employees may choose to participate or not based on their personal will. A fixed amount of monthly salaries will be appropriated, and Ability Enterprise appropriates relative bonuses to jointly deposit them in a trust account to allow employees to have opportunities to participate in the business achievements of Ability Enterprise, in the long run, to accumulate wealth and jointly create a win-win partnership.





## 5.2 Employee Welfare

Employees are the best partners of Ability Enterprise for sustainable corporate development. Ability Enterprise continues to optimize the employee welfare system, care for employees' physical and mental status, and allow all employees to be happy through rich experiences.

Welfare measures are generally divided into welfare measures provided by our Company and welfare measures provided by the Employee Welfare Committee of Ability Enterprise. We have favorable employee welfare that is recognized by employees, and the Employee Welfare Committee provides descriptions to employees via announcements, on the corporate website, or e-mails for them to acknowledge and send applications.

1. Welfare measures provided by Ability: Group insurance (including life insurance, accident/injury insurance, hospitalization medical group health insurance, and cancer medical health insurance), business trip travel insurance (including overseas emergency relief services, health inspections, year-end bonuses, performance bonuses, employees' car and motorcycle parking spaces, flexible selection of work shifts, advanced annual leaves for new employees, consultation services, massage by the visually impaired, and gatherings for new employees.
2. Welfare measures provided by the Employee Welfare Committee of the Ability Enterprise: Group activities, three major Chinese festivals and birthday vouchers, marriage gift money, bereavement money, nursery subsidy, travel subsidy, and discounts for contracted companies.



3. Ability provides tuition subsidies for family members of employees in households with low or mid-to-low income, including employees who worked for the Company for six months and died during the in-service period due to accidents (including deceased employees) whose children or siblings are studying in public and private schools (including kindergartens but excluding cram schools) registered with the government.

▲ The Subsidy Amount Each Semester is as Follows:

Grade	Amount	Grade	Amount
Kindergarten	10,000	High school level	10,000
Elementary school	10,000	College (including online college)	15,000
Junior high school	10,000	University (including online university)	15,000

Tuition subsidy for family members of employees in households with low or mid-to-low income	2021	2022
Total number of applicants(first/second semester)	6	8
Total amount applied by family members	80,000	100,000



## 5.2.1 Nursery Welfare

Ability provides substantial care for employees with nursery requirements, including the work arrangement of leave without pay and relevant benefits and subsidies, and sets up nursery rooms with access control to allow employees with nursery requirements to use private spaces with ease. Meanwhile, Ability has established flexible working hours and family care leave systems. In 2022, the number of employees who applied for nursery leave without pay totaled 6 persons, and the reinstatement rate was 67%, representing the approach adopted by Ability Enterprise to provide comprehensive care for employees, allowing employees with nursery requirements to care for family and work at the same time.

### ▲ Status of Nursery Leave Without Pay in 2021

Item	Male	Female	Total
Number of employees qualified for the application of nursery leave without pay in 2021 (A)	38	30	68
Number of actual applicants in 2021 (B)	3	17	20
Number of employees expected to be reinstated in 2021 (C)	3	15	18
Number of employees who reinstated in 2021 (D)	0	2	2
Number of employees who reinstated in 2020 (E)	0	1	1
Number of employees who continue to work for one year after reinstatement from nursery leave without pay in 2020 (F)	0	0	0
Retention rate after nursery leave without pay (F/E)	0%	0%	0%
Reinstatement rate after nursery leave without pay (D/C)	0%	13%	11%

Note: 1. The number of employees who qualified for the application of nursery leave without pay (A) is based on employees who applied for maternity leave and nursery leave from January 1, 2018 to December 31, 2021.

2. The calculation of the number of employees includes those who change the period of nursery without pay in between.

### ▲ Status of Nursery Leave Without Pay in 2022

Item	Male	Female	Total
Number of employees qualified for the application of nursery leave without pay in 2022 (A)	27	22	49
Number of actual applicants in 2022 (B)	0	6	6
Number of employees expected to be reinstated in 2022 (C)	0	3	3
Number of employees who reinstated in 2022 (D)	1	1	2
Number of employees who reinstated in 2021 (E)	0	0	0
Number of employees who continue to work for one year after reinstatement from nursery leave without pay in 2021 (F)	0	0	0
Retention rate after nursery leave without pay (F/E)	0%	0%	0%
Reinstatement rate after nursery leave without pay (D/C)	0%	33%	67%

Note: 1. The number of employees who qualified for the application of nursery leave without pay (A) is based on employees who applied for maternity leave and nursery leave from January 1, 2019 to December 31, 2022.

2. The calculation of the number of employees includes those who change the period of nursery without pay in between.

## 5.2.2 Retirement Benefit Plan

Ability appropriate retirement pension for employees based on the legal retirement system, and the participation rate in the retirement plan of employees is 100% in the hope that employees can enjoy carefree protection after retirement. The HR Department regularly examines the list of employees who are about to retire at retirement age to understand employees' retirement intentions in advance and provide guidance for the career planning of employees.

According to the Labor Standard Act and the Labor Pension Act in Taiwan, employees who joined Ability before June 30, 2005 (inclusive) enjoy the old system pension seniority. The old system pension appropriates 2% of the monthly salaries of each person qualified for the old system retirement seniority and deposits it to the old system retirement reserve account with the Bank of Taiwan on a monthly basis. In 2022, the amount of the annual reserve was approximately NT\$4.715 million, and Ability made a full appropriation to satisfy relevant employee retirement requirements at present. The new system pension appropriates 6% salaries for employees who qualified for the new system pension to the personal pension account of employees. Apart from the fixed appropriation of 6% of salaries as pension each month by the employer, employees may choose to appropriate 0%~6% of salaries as pension based on their personal will to deposit to the personal pension account.

## 5.2.3 Employees' Club and Leisure Activities

Ability encourages employees to establish and participate in various clubs to adjust their physical and mental status in all respects through clubs, improve employees' physical and mental health, and cultivate their habits away from work. In particular, the clubs organize different activities and games each year to improve the exchanges between employees. Ability Enterprise has family, badminton, bowling, coffee art, LOHAS, yoga, extreme sports - rock climbing, volleyball, puzzle games, and movie clubs, a total of 10 clubs.

### Club Activities

Employees can participate in activities organized by the Company and the Employee Welfare Committee, including sports day, ball games, and club activities, to enjoy work and physical/mental balance.



### Leisure Activity

Apart from participating in activities organized by the Company and the Employee Welfare Committee, the Company also offers travel subsidies, hiking, a reading room, a gym, a cafe, and other leisure activities to employees to enrich their lives apart from focusing on work.





In 2021, to protect employees' health and in response to the outbreak of COVID-19, group gatherings were avoided; therefore, all groups stopped organized activities. The outbreak slowed down in 2022. After the club activities became available, the bowling club organized the "Ability Enterprise 14th Bowling Achievement Exhibition" on October 22 and invited all employees of Ability Enterprise to jointly participate in the group competition and generate the top eight rankings for the distribution of bonuses.



## 5.2.4 Employees' Canteen and Healthy Vegetarian Diet

Ability Enterprise set up an employee cafeteria on the first floor of the Xinzhuang HQ to provide a carefree and comfortable space for employees to relax and refresh. Apart from snacks, coffee, and drinks, the Company responded to low-carbon life to care for the earth and care for employees' health in 2022. It set up a vegetable box in the cafeteria to organize the planting vegetable box experience and provide limited edition green lattes and healthy vegetarian meals twice a week to introduce plants to the office for health and environmental protection.



▲ The cafeteria provides vegetable box planting experiences for employees and healthy vegetarian meals.



Carbon dioxide reduction volume in 2022 (May 2022 to December 2022)	Month	Year
Carbon dioxide reduction volume of low-carbon Lohas lunch meals	51kg	411kg

Note: A total of 541 meals were provided from May 2022 to December 2022; one meatless meal reduced carbon dioxide by approximately 760g; 541 meals \* 760g = approximately 411 kg

Source: November 25 each year is International Meatless Day. Ability Enterprise responded to the low-carbon life to care for earth and environmental-friendly vegetarian meals to make joint efforts for the sustainability of the earth. The Company evaluates the life cycle of food according to the research report published by the EWG in 2011 and refers to relevant studies in different countries, which provide the carbon emission value of 20 types of food. The results show that the carbon dioxide emission volume of meat is way higher than that of vegetarian meals. According to the statistics, the average consumption of meat is approximately 78kg per person per year. Calculated based on the carbon dioxide emission value of EWG in 2011, approximately 760g of carbon dioxide emissions may be reduced if one person has one meatless meal.



## 5.3 Talent Development and Cultivation

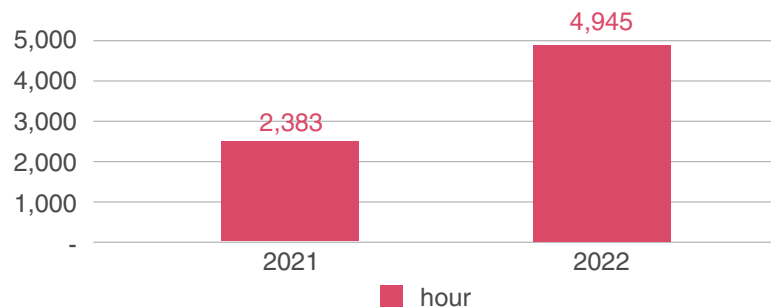
We reinforce employees' professional knowledge and working skills, improve work quality and intention, enrich employees' knowledge, attitude, skills, and potential enlightenment in accordance with the requirements of labor development in the future, provide diverse and flexible learning channels and information, and encourage comprehensive development to achieve sustainable corporate management.

### 5.3.1 Diverse Learning Channels

Ability provides diverse and flexible learning channels and information and allows employees to have favorable development in the management or technical/professional field through class teaching, online learning, external training, digital books/magazines, and reading rooms. Moreover, our Company reinforces the management capacity of supervisors of different levels and encourages employees to join, participate, and grow with Ability.

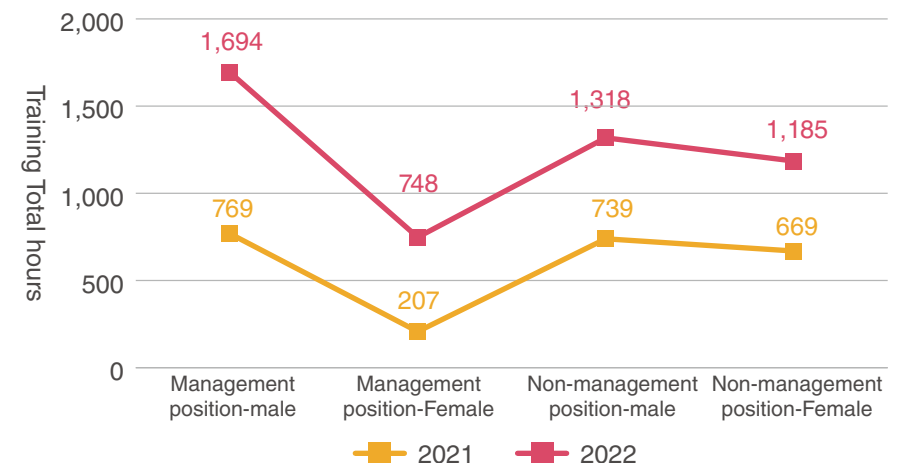
Ability focuses on employees' career development, and all employees can accept educational training. In 2021, the employees' training hours totaled 2,383 hours, and the average training hour per person was 4.5 hours. In 2022, the employees' training hours totaled 4,945 hours, and the average training hour per person was 9.7 hours. We plan for the learning development directions, continue to improve employees' management and professional functions, improve group performance and exert synergies, and strengthen the operating functions and momentum of the organization to achieve sustainable corporate management and development

#### ▲ Total Educational Training Hours of Employees in 2021 and 2022



▲ The overview of the educational training of employees in 2021 and 2022 is based on the total training hours completed from January 1 to December 31 of the current year.

Year	2021				2022			
Duty	Management position		Non-management position		Management position		Non-management position	
Gender	Male	Female	Male	Female	Male	Female	Male	Female
Total number of employees	76	22	253	177	76	23	241	168
Training Total hours	769	207	739	669	1,694	748	1,318	1,185
Average training hours	10.1	9.4	2.9	3.8	22.3	32.5	5.5	7.1



▲ The Diverse Corporate Learning Channel Course Planning Framework of Ability Enterprise is Described as Follows:



▲ Learning Development Resources

Learning development resources	Contents
<b>New employee training</b>	<ul style="list-style-type: none"> <li>• Allow new employees to understand our corporate history, management systems, products, labor safety and health, information safety, quality management, and other topics in order to assist new employees in understanding the Company and adapting to the environment.</li> <li>• With the "new employees stabilization plan," mentors in departments provide the assistance required by new employees in the hope that new employees can get used to our corporate culture and work content as soon as possible.</li> </ul>
<b>Management training</b>	Organize management courses based on the management functions required for supervisors of different levels. Divide into basic supervisor/rookie supervisor training, middle supervisor training, and senior supervisor training to constantly improve management capacity.
<b>Professional Training</b>	The lecturers are comprised of senior supervisors, external experts, and professional suppliers. Apart from forming seminars voluntarily in cooperation with professional departments, training courses of industry management and consultancy companies also allow the professional learning of all departments to continue without being stagnant. Apart from internal training, employees can apply to participate in expertise-related courses organized by external training institutions based on the requirements of their duties, and the Company grants appropriate subsidies.
<b>Labor safety and health training</b>	Providing carefree workplaces to employees is important. We regularly carry out fire drills, first-aid courses, and others.
<b>Language training</b>	To improve and reinforce the foreign language proficiency of all employees, we provide partial subsidies and incentives for English/Japanese courses for target achievement and subsidies for registration fees for TOEIC, allowing employees to continue to improve their language capacity by way of physical/online course self-education.
<b>Self-growth</b>	<ul style="list-style-type: none"> <li>• Provide various lectures to allow employees to have physical, mental, and spiritual experiences in addition to work. Include health, psychology, interpersonal communication, wealth management, sports, travel, handicrafts, and others for employees to have self-learning and growth.</li> <li>• Join industry e-newsletters as a member and continue to provide employees with an understanding of market and industry/material trends, economic development, product and technical development, and large-scale companies' business strategies.</li> </ul>
<b>Ability reading room</b>	Provide various books/magazines (paper-based/electronic) for employees to read for flexible learning.

## OGsm Training in 2022:

The OGSM training courses are introduced during the year to assist supervisors and the team in the focused communication for the annual plan and the implementation. The system is connected within the organization layer by layer, and supervisors are the connecting links to continue optimizing the internal management system and establish common languages to rebuild new momentum; 107 employees participated in the training. The course satisfaction was 97%.



## DFSS in 2022:

Our Company improved its product yield by introducing DFSS, introduced project improvement at the R&D end, and achieved high-standard quality requirements of customers; 29 employees participated in the training. DFSS training is an integrated improvement project, and the guiding project is expected to improve quality and specifications, increase operating income, improve customers' quality satisfaction and trust in the Company, and gain more orders.

## English Proficiency Training in 2022:

Provide flexible learning channels to employees through the online English learning platform to continue to improve employees' English proficiency to connect to the international stage; 38 employees participated in the training.

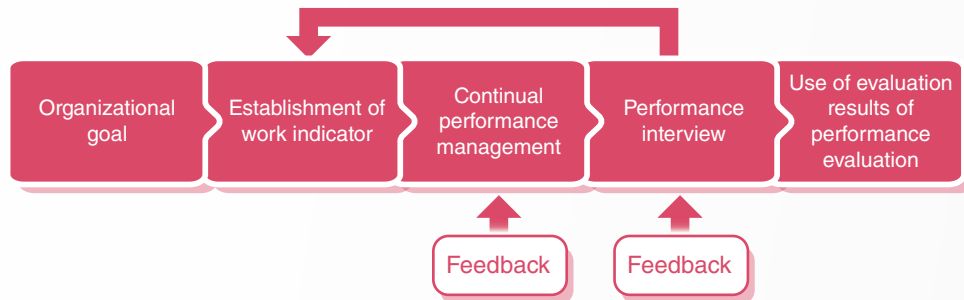
English proficiency improvement plan in 2022: Apart from providing English training subsidies, the Company hopes to encourage employees to participate in continued education and improve their personal English proficiency. TOEIC is adopted as the reference standard for language proficiency, and it is also an internationally common and recognized test; therefore, the Company adopts "TOEIC" as the basis for registration fee subsidies and incentives. After the plan, 2 employees obtained a TOEIC gold certificate.





### 5.3.2 Performance Evaluation System

Ability ensures that the targets of individuals and organizations are consistent through the continual management procedures once every half-year; all employees shall fill in individual KPIs, execution methods, and rating standards based on the targets and daily work. To ensure that the targets can be effectively achieved, the Company will examine the achieving status of KPIs at all times to ensure whether the target set required to be adjusted and perform two performance evaluations in the middle and at the end of each year according to the "Regulations for Performance Evaluation." For the evaluation, employees shall perform a self-evaluation for the KPI achieving status, working attitude, behaviors, and performance and have performance interviews with direct supervisors. Supervisors shall provide the review results for the work performance self-evaluation during the interviews to offer direct feedback and consultation to employees while listening to the recommendations of employees to Ability Enterprise to achieve a consensus between both parties in terms of targets.



Effectively improve employees' work functions through the interview system while ensuring employees' understanding of Ability Enterprise's strategic targets and whether there is any deviation. Ultimately, performance evaluations are linked to labor planning and salary adjustment, promotion, bonuses, year-end bonuses, training, and material measures for reference to achieve the combination of performance and bonus and improve employees' morale. Based on the term of office of employees, employees' evaluations are performed each year; apart from dispatched personnel and new employees, all employees have completed their evaluations.

	First half of 2021	Second half of 2021	First half of 2022	Second half of 2022
<b>Number of employees</b> <small>(Note 1)</small>	511	503	473	477
<b>Evaluation %</b>	100%	100%	100%	100%

Note: Exclude dispatched personnel and new employees of the year

### 5.3.3 Interest Protection

To ensure employees' interests, Ability Enterprise established its systems by adopting compliance with regulatory requirements as the basic principles:

Ability carries out evaluations of all employees with the goal of improving the overall individual and organizational performance, developing the performance management system, implementing two-way communications and the employees' development plan by adopting fair and reasonable performance evaluation procedures, and the results serve as the basis for position promotion, salary adjustment, distribution of remuneration of employees, and employee development training requirements. If an employee is not capable, the Company adopts consultation plans or assists them in transferring to an appropriate department. If the cooperation between the enterprise and the employee cannot be satisfied, our Company will offer an adequate notice period and severance in compliance with relevant regulatory requirements and provide relevant certifying documents needed in applying for relevant unemployment payment or occupational training subsidies to ensure employees' work interests are not affected.

The notice period of Ability in accordance with the requirements of the Labor Standard Act is as follows:

1. For employees who have worked for more than three months but less than one year, a notice is given at least 10 days in advance.
2. For employees who have worked for more than one year but less than three years, a notice is given at least 20 days in advance.
3. For employees who have worked for more than three years, a notice is given at least 30 days in advance.



## 5.4 Occupational Health and Safety

### 5.4.1 Occupational Health and Safety Management System

Ability introduced the OHSAS18001 Occupational Health and Safety management system in 2008. Wugu Plant introduced the ISO45001 Occupational Health and Safety management system in 2020. Our Company engages SGS, a third-party certification institution, to carry out the external certification and obtains the certificate each year. Xinzhuang HQ formally introduced relevant management procedures in 2020. The scope of application of the "Occupational Health and Safety management system" covers all employees and workers of Xinzhuang HQ and Wugu Plant to exhibit that we value and support occupational health and safety management by adopting actual actions. We carry out accident prevention, employee health and safety improvement, emergency management, emerging pandemic prevention, solutions, and disaster risk management through continuously improving the health and safety management system.

#### Occupational Health and Safety Management Department

ISO 45001 occupational health and safety management system and ISO14001 environmental management system are combined to establish the "ESH Committee"; members include supervisors and employee representatives of Xinzhuang HQ and Wugu Plant, a total of 14 persons, in which there are 5 employee representatives, accounting for approximately one-third of the total number of persons. The ESH Committee is responsible for the external environmental and internal occupational health and safety issues, and it holds regular meetings every three months 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.

Xinzhuang HQ and Wugu Plant 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. Ability 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. 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. Our Company regularly follows up and confirms the effectiveness of risk control measures and countermeasures for control measures adopted to mitigate risks.



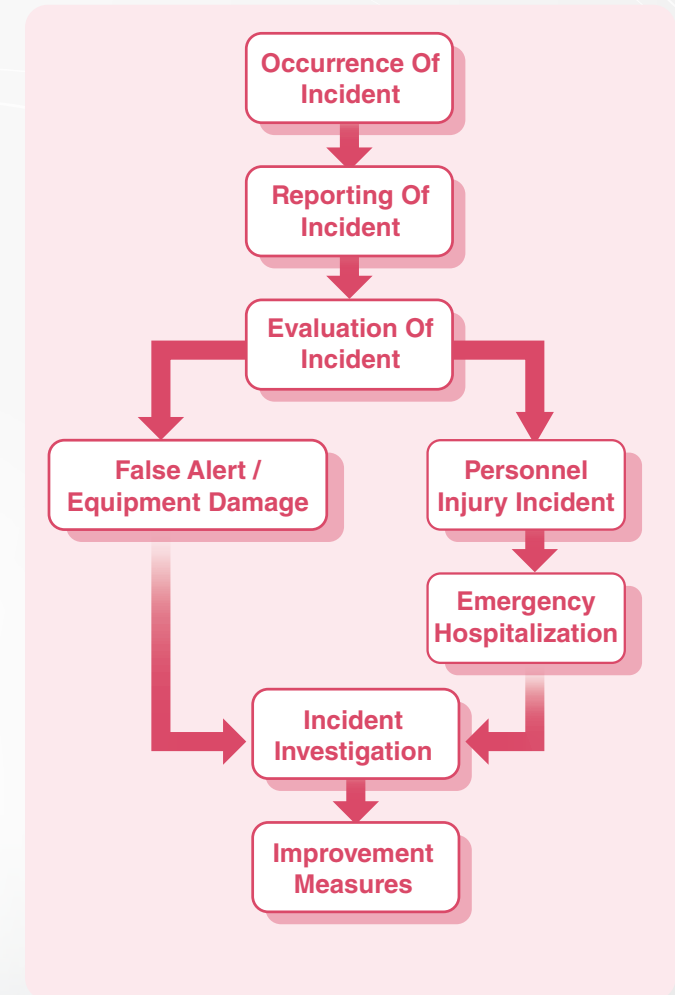
## Incident Reporting and Investigation Procedures

Ability has established the "Procedures for Emergency Management" and "Regulations for Incident and Anomaly Investigation". Its scope of application includes all workers of Xinzhuang HQ and Wugu 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 "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.

Worker category	Year	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	
Full-time employees	2022	0	0	0	0	0	0	0	0	1,007,952
	2021	0	0	0	0	0	0	0	0	1,047,552
Part-time employees	2022	0	0	0	0	0	0	0	0	3,984
		0	0	0	0	0	0	0	0	0

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. There was nil and 2 part-time employees in 2021 and 2022, respectively.



## Health and Safety Education and Training

To improve the accurate awareness of employees' knowledge related to health and safety, 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 health and safety educational training, hazard general knowledge educational training, self-defense fire safety grouping training, and external training courses include fire manager educational training, first-aid personnel educational training, occupational health and safety supervisor educational training, occupational health and safety management personnel educational training, occupational health and safety nursing practitioner 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 health and safety 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.

Training courses in 2021		Number of participants (person)	Number of training hours (hour)	Total hours (hour)
Internal training	New employee health and safety educational training	116	3	348
	Hazard general knowledge educational training	54	3	162
	Self-defense Fire Safety Grouping Training	60	4	240
External training	First-aid personnel educational training	9	3	27
	Occupational health and safety supervisor educational training	0	6	0
	Occupational health and safety management personnel educational training	0	12	0
	Occupational health and safety nursing personnel educational training	0	7.5	0
	Radiation protection educational training	2	3	6

Educational training courses in 2022		Number of participants (person)	Number of training hours (hour)	Total hours (hour)
Internal training	New employee health and safety educational training	178	3	534
	Hazard general knowledge educational training	150	3	450
	Self-defense Fire Safety Grouping Training	60	4	240
External training	First-aid personnel educational training	1	3	3
	Occupational health and safety supervisor educational training	2	6	12
	Occupational health and safety management personnel educational training	1	12	12
	Occupational health and safety nursing personnel educational training	1	7.5	7.5
	Radiation protection educational training	2	3	6

## Prevention and Mitigation of Occupational Health and Safety Impacts Directly Linked by Business Relationships

Ability 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 2021 and 2022, the execution rate achieved 100%. Our 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 health and safety 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

Ability 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 half 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.

## 5.4.2 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, Ability 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 Enterprise 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 and n-Hexane). 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. In 2021, due to the outbreak of COVID-19, medical personnel focused on supporting in hospitals. Health inspection institutions suspended or delayed the provision of health inspection medical services; therefore, no health inspections were arranged during the year.

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. Our Company has established a management plan for personal health anomaly health education and consultation, preventive risk monitoring, and medical assistance. Our 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.



Regarding the in-service employee patrol health inspection in 2022, 326 persons were to be inspected (note), 320 persons participated in the inspection, and the inspection rate was 98.2%.

A total of 173 persons qualified for the premium hospital health inspection, 151 persons completed the health inspection, and the completion rate was 87.3.

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.

#### (II) Occupational medicine doctors visiting service

Ability values employees' physical and mental health and has established "four major plans for labor health protection" to arrange for doctors from the occupational medicine department to carry out visiting services every two months. We 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.

#### Occupational Medicine Doctors, Safety and Health Personnel, and Department Supervisors Examine Work Patterns and Environmental Risk Factors On-site.



#### Occupational Medicine Doctors Assist in Evaluating Employees' Reinstatement Status.





### (III) Protect employees' health and safety

Under the effects of 2021, the Company established its pandemic control task force and formulated the "COVID-19 pandemic control response plan" to adjust pandemic control measures based on the status of the pandemic on a rolling basis. Before the third level alert was raised in Taiwan, the pandemic control task force had performed a modulation to take turns to work in the office in advance and monitor employees' health status. On the third level, the work-from-home plan was immediately initiated, and Ability offered work-from-home, pandemic isolation leave, and pandemic care leave and maintained the production capacity under the circumstances of remote working to prevent clustering infection risks, initiated a corporate rapid test plan and one-year vaccination insurance policy based on risks to protect the health and safety of employees. The Company prepared sufficient pandemic control supplies, test kits, and daily necessities for employees to use and allow employees to fulfill the care requirements of their families apart from work.

- ▲ In 2021, During the Outbreak Period of COVID-19, Employees had Contact with Family Members Who Were Diagnosed, and the Company Arranged Immediate Corporate Tests to Ensure the Safety of Workplace Employees.



- ▲ In 2021, Ability Enterprise Arranged Personnel to Deliver Pandemic Control Supplies for Employees Who are in Isolation Due to COVID-19.



- ▲ In 2021, The Work-from-home Plan Was Initiated.



- ▲ Provide Pandemic Control Supplies for Employees on Business Trips.



## Employee Health Improvement

### (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. During the outbreak period, the Company encouraged employees to adopt personal protective measures, maintain social distancing, improve cleaning and sanitization frequency, and visit the gym to exercise.

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

The Chairman 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) COVID-19 pandemic control promotion and policy

During the COVID-19 pandemic control period in 2021 and 2022, the Company grasped employees' health status through the internal reporting system; it set up a line for the pandemic control task force to provide consultation to employees. During the outbreak period in Taiwan, the Company implemented the work-from-home policy to ensure that employees can work at venues that are relatively safer and fulfill the care requirements of families.

In the second half of 2021, COVID-19 vaccines were launched. The government allowed the vaccination of different age levels step by step. To encourage vaccination, the Company provided vaccination leave for employees. In 2022, the Company launched incentives for those who finished three dosages of vaccination to improve employees' protection and workplace safety. Number of persons who participated in the activities and finished three vaccinations was 270 persons (59.6%) and 34 persons (60.7%) from Xinzhuang HQ and Wugu Plant, respectively.

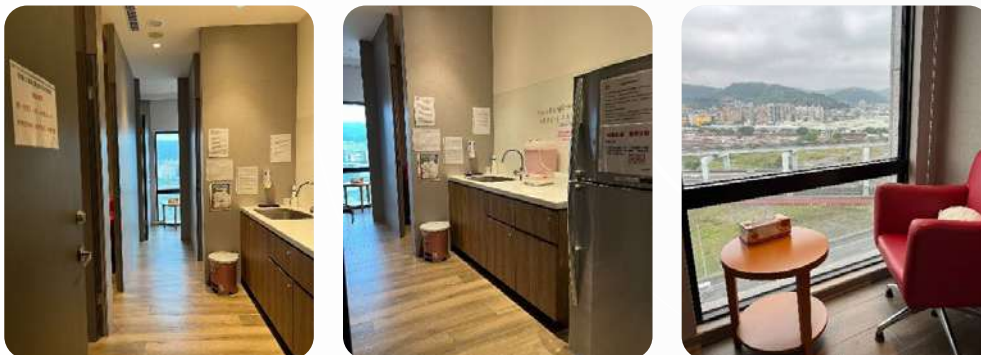
- ▲ The Company Encouraged Vaccination and Provided Vaccination Leave for Employees and Incentives for Those Who Finished Three Dosages of Vaccination.



#### (IV) 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 of nursery or collection time 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.



## 5.5 Labor-capital Relationship and Communication

To establish harmonic employee relationships, Ability has established diverse communication channel for employees, maintains smooth two-way communication and listens and respond to employees' comments. In addition to daily communication channels, the Company also convenes communication meetings periodically and provides employee complaint channels to build a comprehensive communication platform in order to allow the communication between Ability and employees to be smooth, timely and transparent. Employees' recommendations and opinions are used as the basis for improvements of Ability Enterprise, and all legitimate rights and interests of each employee are protected.

Ability regularly convenes labor-capital conferences each quarter, provides the labor-capital negotiation system to ensure employees' interests, and provides meeting minutes of labor-capital conferences, which are in the labor-capital section for employees to browse. Ability Enterprise has not established a labor union (nor entered into a group agreement). In 2022, there was no material operating change that affected employees' interests.

Our Company attaches attention to employee welfare and care and harmonious labor-capital relations. The Company and employees can communicate opinions via the employee opinion mailbox, meetings, and e-mails; employees can fully express their opinions and reflect on issues to maintain favorable labor-capital interactions, including setting up the "employee opinion" mailbox, labor representative meetings, EAP, and sexual harassment prevention line.



The Company announced the "employee opinion" mailbox on its intranet to allow all employees to raise their opinions.

Under the EAP, a mental consultation line was established. Our Company engaged professional and senior psychologists and clinical psychologists to provide physical and mental medication channels in due course, provide services to employees with instant requirements, and organize sharing lectures from time to time.



## 5.6 Social Participation and Social Welfare

Ability adheres to the sustainability prospect to "make society better" to actively understand the requirements of disadvantaged groups in different sectors and fulfill the corporate social responsibility of localization based on the core business to plan for sustainable operations. Integrate internal and external resources, focusing on disadvantaged children and senior citizens. The Company made donations, donated supplies, and cooperated with public welfare groups (Hualien New Dawn Institution/Bornanew Youth Caring Association/Kids See World Association (Taichung)/Artist Association of Public Welfare (Kaohsiung)/international volunteer groups of National Chiao Tung University) to donate camera products for project activities. Moreover, it invested in volunteer service activities, participated in social care, actively encouraged employees' participation, and continued to organize and participate in public welfare activities regularly and from time to time. In the beginning, the Company started with volunteer service activities of community services and caring for the disadvantaged and extended its reach step by step to expand into other fields that require care. It is hoped that employees will actively participate in public welfare activities to improve cohesion to duly fulfill corporate social responsibilities by taking actual actions based on the value of the common good.

Over the past two years of the outbreak, to care for employees' health, the Company reduced the voluntary volunteer services; however, regular donations and supplies donation continued. With the slowdown of the outbreak, we will organize to assist local charitable associations in disadvantaged children cultivation based on our core business to closely combine with local communities, care for disadvantaged families in the communities, and continue to promote active volunteer services of employees to achieve joint well-

being with society through implementing actions.

One of the SDGs of the UN is to eliminate poverty. The first target is to eliminate poverty. Our Company considers children to be the future pillars of the nation. Therefore, Ability Enterprise focuses on caring for children in the long run in the hope of allowing children with relatively fewer resources to maintain their access to society, further cultivate their own abilities, and turn their future around by sponsoring living expenses or scholarships or grants. The total social donations of Ability in 2021 and 2022 was NT\$1,727,074, including participation in external public welfare events, sponsorships, donations, and employees' active participation in public welfare activities guided by the Company. In the past two years, the world has been continuously affected by the outbreak. Many private departments and groups have been deeply affected. Apart from continuing to focus on the environment, we encouraged employees to participate in public welfare activities in the hope that resources may help groups in need more effectively through full participation and corporate appeals.

The activity items, participation, and achievements in 2021 to 2022 are described as follows.

### Care for the Disadvantaged

To fulfill corporate social responsibilities in the early stage, our Company regularly sponsored local public welfare groups in the form of scholarships and grants or living expenses. Starting in 2013, Ability entered into long-term cooperation with The Mustard Seed Mission, and it has been donating continuously for a decade. So far, the Company continued to regularly make sponsorships to stabilize the source of funding and encourage the participation of employees. Apart from living subsidies and donations, we care for the physical and mental development of children and encourage more employees to participate in the care activities organized by The Mustard Seed Mission in the hope of allowing employees to go through the stages of awareness, recognition, and participation via continual interactions. We regularly announce donation raising on our intranet and send push notices; under such efforts, the results achieved gave rise to significant positive effects on children who received donations and employees of Ability Enterprise.

#### Taiwanese Children Sponsorship Plan

Initially, only Ability Enterprise and its employees may sponsor the living subsidies of NT\$1,000 per month per child. Subsequently, the Company wishes that children can also receive gift money on festivals just like other families to purchase the things they like; therefore, it provides subsidies of a non-fixed amount for Chinese New Year, three material Chinese festivals, Christmas, and birthdays. In 2019, we encourage sponsors to provide back-to-school gift money to help children buy school supplies and grow with ease. The Company and employees sponsored a total of 44 children from disadvantaged families and donated a total of NT\$804,700 in 2021 and sponsored a total of 45 children from disadvantaged families and donated a total of NT\$741,100 in 2022.



## Ability Enterprise Christmas Angel Recruitment Activity

Every Christmas, Ability Enterprise calls upon employees to jointly participate in voluntary sponsorship for Christmas gifts. In 2021, employees actively participated in the sponsorship, and a total of 100 Christmas gifts were prepared in 2022.



特別銘謝：

台灣特斯拉汽車・新天鵬堡桌遊・全虹・佳能企業等  
29家愛心企業共同參與聖誕禮物認捐活動！  
因為有您們的樂意付出，在寒冬中溫暖孩子們的心  
過一個幸福快樂的聖誕節！

♥ Thank You! ♥



## CNY Warm Givings - CNY Eve Red Envelope Donation Activities

Ability encourages employees to voluntarily sponsor for the donations of red envelopes. A total of NT\$75,600 was raised to spread love and blessings to 126 disadvantaged children so that they can enjoy a happy and warm New Year.



特別感謝：

臺灣寶碩綠5家愛心企業共同參與，  
因為有您們的樂意付出，在寒冬中溫暖孩子們的心  
祝孩子們新年快樂新的一年幸福健康！

♥ Thank You! ♥



愛心企業



台北市金站獅子會





## First-aid Charitable Donation

Ability Enterprise took the initiative to participate in the activities to bring warmth to Ukraine organized by the Ministry of Foreign Affairs and encouraged employees to voluntarily donate supplies or make donations for Ability Enterprise to procure supplies on their behalves and dispatch their supplies together to the Ministry of Foreign Affairs. A total of NT\$55,674 was raised, and a total of 18 sleeping bags and 6 pairs of woolen socks were purchased, together with other sponsored supplies.

受理捐贈物資收據		UA2022003232
茲領收 佳能企業股份有限公司 (統一編號: 11394902) 捐贈烏克蘭之物資如下表, 特開立本收據為證。		
		111 年 4 月 15 日 外交部秘書處
品項名稱與數量		
睡袋*18、口罩*1、維他命*2、發熱衣*1、毛毯*2、		
其他 - 毛襪*6、其他 - 發熱褲*1		
捐贈者地址: 新北市新莊區中環路三段 200 號		經辦人: 張國華
捐贈者聯絡電話: 02 8522 9788 #2286		

## Public Welfare Activities from Time to Time

1. Together with public welfare activities and charitable bazaars initiated and organized by institutions and groups from time to time, the Company has long been participating in raising regular funds for senior citizens and CNY dinner plans organized by Huashan Social Welfare Foundation. Employees may donate based on their free will to jointly reach out to help senior citizens who have disabilities, lost dependents, or suffer from dementia as well as delivering warm CNY Eve dinners.
2. Ability Enterprise also attached attention to public welfare activities for environmental protection. In 2022, it participated in the "Bag for Me - Old Jeans Recycling" organized by SOGA STOP; the activity produced the brand-new SOGA STOP reclaimed bags through old jeans recycling, disassembly, and reproduction, and the bags were delivered to 122 existing independent bookstores and shops that recognize the plastic reduction philosophy nationwide for consumers who forgot to bring their own shopping bags to borrow for free and return by themselves. Apart from realizing recycling and recovery, plastic reduction, and circulation, the activity also nostalgically re-exhibits the warm and cherishing hearts. In the future, we will also focus on environmental protection topics and actively participate in relevant public welfare activities at all times.

### 袋我走 即刻行動



你可以捐出穿不下、淘汰的牛仔褲，讓它成為再生布料，賦予二次生命，降低對新原料的消耗與環境成本。

**舊牛仔褲捐贈 >>**

募集已經結束



# Appendix

**Appendix I GRI Standards Index**

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

**Appendix III Taiwan Sustainability Disclosure Indicators for Optoelectronic industry**



# Appendix I GRI Standards Index

GRI		Disclosure Item	Corresponding section and special description	Page
GRI2 General Disclosures 2021				
Organization and reporting practices	2-1	Organizational details	1.1 About Ability Enterprise	10
	2-2	Entities Included in the Sustainability Report	Report boundary and scope	3
	2-3	Reporting Period, Frequency, and Contact Person	Contact Information	3
	2-4	Restatements of information	Not applicable, the report is the initial publication; therefore, there was no information reinstatement.	-
	2-5	External assurance	Not applicable; external guarantee/assurance has not been obtained for the report.	-
Event and workers	2-6	Activities, value chain and other business relationships	1.1 About Ability Enterprise	10
	2-7	Employees	5.1 Labor structure and salary	70
	2-8	Workers who are not employees	5.1 Labor structure and salary	70
Governance	2-9	Governance Structure and Composition	2.1 Board composition	26
	2-10	Nomination and selection of the highest governance body	2.1 Board composition	26
	2-11	Chair of the highest governance body	2.1 Board composition	26
	2-12	Role of the highest governance body in overseeing the management of impacts	1.2 Sustainable development commitment and promotion	14
	2-13	Delegation of responsibility for managing impacts	1.2 Sustainable development commitment and promotion	14
	2-14	Role of the highest governance body in sustainability reporting	1.2 Sustainable development commitment and promotion	14
	2-15	Conflicts of interest	1.2 Sustainable development commitment and promotion	14
	2-16	Communication of critical concerns	1.2 Sustainable development commitment and promotion 1.3 Stakeholder communication and identification of material topics	14 17
	2-17	Collective knowledge of the highest governance body	2.1 Board composition	26
	2-18	Evaluation of the performance of the highest governance body	2.1 Board composition	26



GRI		Disclosure Item	Corresponding section and special description	Page
GRI2 General Disclosures 2021				
Governance	2-19	Remuneration policies	2.1 Board composition	26
	2-20	Process to determine the remuneration	2.1 Board composition	26
	2-21	Annual total compensation ratio	Not applicable, the maximum total annual remuneration is confidential information of the organization.	-
Strategy, policies, and practices	2-22	Statement on sustainable development strategy	1.2 Sustainable development commitment and promotion	14
	2-23	Policy commitments	2.2 Ethical corporate management	30
	2-24	Embedding policy commitments	2.2 Ethical corporate management	30
	2-25	Processes to remediate negative impacts	1.3 Stakeholder communication and identification of material topics	17
	2-26	Mechanisms for seeking advice and raising concerns	2.2 Ethical corporate management	30
			4.3 Customer Relations	63
			5.5 Labor-capital relationship and communication	87
	2-27	Legal compliance	2.2 Ethical corporate management	30
	2-28	Membership of associations	1.1 About Ability Enterprise	10
Engagement of stakeholders	2-29	Approach to stakeholder engagement	1.3 Stakeholder communication and identification of material topics	17
	2-30	Collective bargaining agreements	5.5 Labor-capital relationship and communication	87
GRI 3 Material Topics 2021				
GRI 3: Material Topics	3-1	Process to determine material topics	1.3 Stakeholder communication and identification of material topics	17
	3-2	List of material topics	1.3 Stakeholder communication and identification of material topics	17
Major topic: Economic performance				
GRI 3: Material Topics	3-3	Management of material topics	Major topic: Economic performance	9





GRI		Disclosure Item	Corresponding section and special description	Page
GRI 201 Economic Performance 2016	201-1	Direct economic value generated and distributed	1.1 About Ability Enterprise	10
	<b>Material topic: Corporate governance</b>			
GRI 3: Material Topics	3-3	Management of material topics	Material topic: Corporate governance	23
<b>Major topic: Ethics and integrity</b>				
GRI 3: Material Topics	3-3	Management of material topics	Major topic: Ethics and integrity	24
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	2.2 Ethical corporate management	30
	205-2	Communication and training about anti-corruption policies and procedures	2.2 Ethical corporate management	30
	205-3	Confirmed incidents of corruption and actions taken	2.2 Ethical corporate management	30
GRI 206: Anti-competition 2016	206-1	Legal actions for anti-competitive behavior, antitrust and monopoly behaviors	2.2 Ethical corporate management	30
<b>Material topic: Risk management</b>				
GRI 3: Material Topics	3-3	Management of material topics	Material topic: Risk management	27
<b>Material topic: Waste management</b>				
GRI 3: Material Topics	3-3	Management of material topics	Material topic: Waste management	35
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impact	3.2 Environment management	42
	306-2	Management of significant waste-related impact	3.2 Environment management	42
	306-3	Waste generated	3.2 Environment management	42
	306-4	Waste diverted from disposal	3.2 Environment management	42
	306-5	Direct Disposal of Waste	3.2 Environment management	42
<b>Material topic: Raw material management and product quality and safety</b>				
GRI 3: Material Topics	3-3	Management of material topics	Material topic: Product quality and safety & raw material management	50
GRI 301: Materials 2016	301-1	Materials used by weight or volume	3.2 Environment management	42

GRI		Disclosure Item	Corresponding section and special description	Page
<b>GRI 301: Materials 2016</b>	301-2	Use of suppliers recovered	3.2 Environment management	42
<b>Material topic: Customer interest and service quality</b>				
<b>GRI 3: Material Topics</b>	3-3	Management of material topics	Material topic: Customer interest and service quality	51
<b>GRI 416: Customer Health and Safety 2016</b>	416-1	Assessment of the health and safety effects of product and service categories	4.1 Creating safe, sustainable and innovative products	54
<b>GRI 418: Customer Privacy 2016</b>	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	4.3 Customer Relations	63
<b>Material topic: Sustainable and innovative products and services</b>				
<b>GRI 3: Material Topics</b>	3-3	Management of material topics	Material topic: Sustainable and innovative products and services	52
<b>Major topic: Supply chain management</b>				
<b>GRI 3: Material Topics</b>	3-3	Management of material topics	Major topic: Supply chain management	53
<b>GRI 204: Procurement Practices 2016</b>	204-1	Proportion of spending on local suppliers	4.2 Supply chain management	60
<b>GRI 308: Supplier Environmental Assessment 2016</b>	308-2	Negative environmental impacts in the supply chain and actions taken	4.2 Supply chain management	60
<b>GRI 414: Supplier Social Assessment 2016</b>	414-2	Negative social impacts in the supply chain and actions taken	4.2 Supply chain management	60
<b>Material topic: Talent development and cultivation</b>				
<b>GRI 3: Material Topics</b>	3-3	Management of material topics	Material topic: Talent development and cultivation	68
<b>GRI 404 Training and Education 2016</b>	404-1	Average hours of training per year per employee	5.3 Talent development and cultivation	78
	404-2	Programs for upgrading employee skills and transition assistance programs	5.3 Talent development and cultivation	78
	404-3	Percentage of employees receiving regular performance and career development reviews	5.3 Talent development and cultivation	78
<b>Material topic: Talents attraction and retention</b>				
<b>GRI 3: Material Topics</b>	3-3	Management of material topics	Material topic: Talents attraction and retention	69



GRI		Disclosure Item	Corresponding section and special description	Page
<b>GRI 201 Economic Performance 2016</b>	201-3	Defined benefit plan obligations and other retirement plans	5.1 Labor structure and salary	70
			5.2 Employee welfare	74
<b>GRI 202: Market Presence 2016</b>	202-1	Ratios of standard entry-level wage by gender compared to local minimum wage	5.1 Labor structure and salary	70
	202-2	Proportion of senior management hired from the local community	5.1 Labor structure and salary	70
<b>GRI 401: Employment 2016</b>	401-1	New employee hires and employee turnover	5.1 Labor structure and salary	70
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.2 Employee welfare	74
	401-3	Parental leave	5.2 Employee welfare	74
<b>GRI 402: Employment 2016</b>	402-1	Minimum notice periods regarding operational changes	5.3 Talent development and cultivation	78

## GRI general topic disclosure

Subject	Disclosures of GRI Standards		Corresponding chapter	Page
<b>GRI 302: Energy 2016</b>	302-1	Energy consumption within the organization	3.2 Environment management	42
	302-3	Energy intensity	3.2 Environment management	42
	302-4	Reduction of energy consumption	3.2 Environment management	42
<b>GRI 303: Water and effluents 2018</b>	303-2	Management of water discharge-related impacts	3.2 Environment management	42
	303-3	Water withdrawal	3.2 Environment management	42
<b>GRI 305: Emissions 2016</b>	305-1	Direct (Scope 1) greenhouse gas (GHG) emissions.	3.2 Environment management	42
	305-2	Indirect greenhouse gas emissions (Scope 2)	3.2 Environment management	42
	305-4	Greenhouse Gas Emission Intensity	3.2 Environment management	42
	305-5	Reduction of GHG emissions	3.2 Environment management	42

Subject	Disclosures of GRI Standards		Corresponding chapter	Page
<b>GRI 403: Occupational health and safety 2018</b>	403-1	Occupational health and safety management system	5.4 Occupational health and safety	82
	403-2	Hazard identification, risk assessment, and incident investigation	5.4 Occupational health and safety	82
	403-3	Occupational health services	5.4 Occupational health and safety	82
	403-4	Worker participation, consultation, and communication on occupational health and safety	5.4 Occupational health and safety	82
	403-5	Worker training on occupational health and safety	5.4 Occupational health and safety	82
	403-6	Promotion of worker health	5.4 Occupational health and safety	82
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.4 Occupational health and safety	82
	403-8	Workers covered by an occupational health and safety management system	5.4 Occupational health and safety	82
	403-9	Work-related injuries	5.4 Occupational health and safety	82
	403-10	Work-Related Illnesses	5.4 Occupational health and safety	82
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1	Diversity of governance bodies and employees	5.1 Labor structure and salary	70
	405-2	Ratio of basic salary and remuneration of women to men	5.1 Labor structure and salary	70
<b>GRI 406 Non-discrimination 2016</b>	406-1	Incidents of discrimination and corrective actions taken	5.1 Labor structure and salary	70
<b>GRI 408: Child Labor 2016</b>	408-1	Operations and suppliers at significant risk for incidents of child labor	5.1 Labor structure and salary	70
<b>GRI 409: Forced or Compulsory Labor 2016</b>	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	2.2 Ethical corporate management	30
			4.2 Supply chain management	60
<b>GRI 413: Local Communities 2016</b>	413-1	Operations with local community engagement, impact assessments, and development programs	5.6 Social participation and social welfare	88
	413-2	Operations with significant actual and potential negative impacts on local communities	5.6 Social participation and social welfare	88





## Appendix II 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	36	
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	36	
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.		36	
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.		-	The Company has not adopted scenario analysis to evaluate its tenacity when facing climate change, and the Company is 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	36	
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.				



TCFD Suggested Disclosure Items		Climate-related Information for Listed and OTC Companies	Corresponding Chapter	Page	Supplementary Explanation
Indicators and Targets					
<b>TCFD 4(a)</b>	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	36	
<b>TCFD 4(b)</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		-	The Company is estimated to complete the GHG inventory and investigation of the Company (Xinzhuang HQ and Wugu Plant) in 2023 and 2024
<b>TCFD 4(c)</b>	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.		-	The Company is estimated to complete the GHG inventory and investigation of the Company (Xinzhuang HQ and Wugu Plant) in 2023 and 2024 By that time, the Company will have set climate-related targets based on its GHG emissions. 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 III Taiwan Sustainability Disclosure Indicators for Optoelectronic 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 Environment management	42
	Item 2	Total water withdrawal and total water consumption	3.2 Environment management	42
	Item 3	Weight of hazardous waste generated and recycled ratio	3.2 Environment management	42
	Item 4	Describe the category of occupational disaster, number of persons, and ratio	5.4 Occupational health and safety	82
	Item 5	Disclosures related to product life cycle management: Include the weight of scrapped products and electronic wastes and the recycled ratio <sup>(Note)</sup>	3.2 Environment management	42
	Item 6	Describe risk management related to the use of key materials	3.2 Environment management	42
	Item 7	Total money loss caused by litigation related to Non-competition Act	2.2 Ethical corporate management	30
	Item 8	Production volume of major products by product category	1.1 About Ability Enterprise	10

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



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



No. 200, Sec. 3, Zhonghuan Rd., Xinzhuang Dist., New Taipei City 24242, Taiwan (R.O.C.)



+886-2-8522-9788



<https://www.abilitycorp.com.tw>