



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



2023 ESG report

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About this Report

• Report overview

The Report is ESG Report published by Ability Enterprise Co., Ltd (the "Ability") that focuses on [Sustainable Operation], [Ethical Corporate Management Enterprise], [Green Environment], [Sustainable Innovative Products and Services], and [Friendly Workplace and Social Co-prosperity] as the main chapters of the Report. The Report covers the management policy for sustainability topics in terms of economy, governance, environment, society, and product responsibility for the year 2023 and relevant performances in the hope of exhibiting the achievement of our sustainable development by publishing the Report. We will continue to listen to the expectations, opinions, and feedback of stakeholders to serve as a reference for improvements on the path of sustainability.

• Report boundary and scope of data

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

• Report writing guidelines

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

• Reporting period

The disclosure period of the Report is 2023 (from January 1 to December 31). To seek the completeness and comparability of information, partial information will be traced retrospectively to 2022 to exhibit relevant trends and changes.

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

Publication time of the Report: August 2024

Estimated publication time of the next Report: August 2025

• External Verification and Statement

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

• Contact Information

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

Taiwan Site: Ability Enterprise Co., Ltd / China Site: Ability Technology (Dongguan) Co., Ltd.
Address: No. 200, Sec. 3, Zhonghuan Rd., Xinzhuang Dist., New Taipei City / NO.305, Liaobu Songbai Road, Liaobu Town, Dongguan City, Guangdong Province, P. R. China
Tel: +886-2-8522-9788
Contact person: Assistant Vice President Jackie Lee of Operating Center and Manager Jimmy Lin of ISO System Department of the President's Office
E-mail: ESG@abilitycorp.com.tw
Corporate website: <https://www.abilitycorp.com.tw/html/index.php>

Message from the Chairman

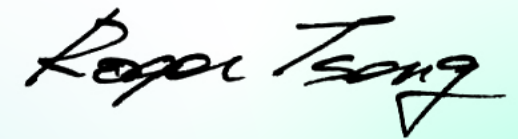
To maintain a suitable living environment, the Paris Agreement 2015 set the global warming target at 1.5 degrees Celsius. Currently, this is the goal that enterprises must collaboratively get involved. NASA's monitoring and analysis show that the global sea level has risen by 4 inches. Taiwan's geographical environment is that of an island. As a result, we also face the potential risk of rising sea levels. On May 8, 2024, Taiwan's National Science and Technology Council and the Ministry of Environment jointly released the National Scientific Report on "Climate Change 2024: Phenomena, Impact and Adaptation". The report points out that under a 2 degrees Celsius warming scenario, coastal rise will increase the sea level overflow area, with Yunlin County (4.3%), Tainan City (3.29%) , and Keelung City (2.26%) as the top three, and New Taipei City ranking the forth, with a submerged area reaching 1.5%. In 2023, Taiwan passed the "Climate Change Response Act" to address the severe global challenge and pursue the environmental, social and economic sustainability.

In 2022, the board of directors of Ability resolved to adopt "sustainability" as the Company's business operating principles. Aside from striving for operational profitability, the Company must align with the United Nations sustainable development goals (SDGs). Since 2023, the Company has been actively promoting energy conservation and carbon reduction. The Ability Corporate Building has been awarded the EEWB-Green Building Label. Meanwhile, after finalizing its internal carbon inventory, the Company completed its first ESG report. In 2024, we conduct the verification of third party to confirm that our execution methods are compliant. At the same time, the Company planned comprehensive ESG courses for employees. These courses aim to help them understand the essentials and concepts that enterprises should implement under ESG regulations from different aspects.

The concept of "carbon pricing" is now widely accepted worldwide. The EU CBAM (Carbon Border Adjustment Mechanism), United States, Canada, Japan, and China are all planning to implement carbon tariffs or fees. In Taiwan, we are also discussing how to impose carbon fees. The major international manufacturers have recognized that the product costs are no longer limited to materials, manufacturing processes, and related costs. The environmental cost of "carbon emissions" could be higher than that of traditional product costs. Both local and international manufacturers have set their carbon emission goals. For instance, Apple aims to reach carbon neutrality and fulfill the RE100 initiative by 2030, Google plans to attain net-zero carbon emissions by the same year, and TSMC has committed to achieving net-zero carbon emissions by 2050. Ability is proactively engaging with the ESG carbon emission standards required by its international clients. In addition to conducting an internal carbon inventory, the net zero emission is one of our materiality and goal of the Company. In the future, we also hope to work together with the supply chain to achieve Taiwan's 2050 net-zero emission target. This is still a long way to go, but Ability will strive to plan the appropriate carbon reduction methods based on the common pursuit of the Company's sustainable operation, green supply chain, and green manufacturing. Then we can ensure both the Company's growth and the sustainable maintenance of the living environment of human being in the future.

Global warming of 1.5 degrees Celsius may seem distant, but in reality, it is approaching at a speed beyond our imagination. In 2023, the Climate Clock (<https://climateclock.world>) shows that there are still 8 years left before the global temperature reaches to 1.5 degrees Celsius based on the current carbon emissions. However, by June 2024, it shows only about 5 years remaining. It is imperative for enterprises to adopt scientific methods to reduce carbon emissions, achieve carbon neutrality, and mitigate the rise in global temperature. As an optical design and manufacturing company, all employees of Ability should recognize the necessity and urgency of carbon reduction and carbon neutrality. Any method or action to reduce carbon emissions will benefit both individuals and companies, and, at the same time, help alleviate the pressure of global warming. Let us work together with the international community to achieve the global net-zero emission goal.

Chairman:
Roger Tseng



Message from the President

The year 2023 has been the hottest on record, with global average temperatures reaching new highs. Extreme heat and unusual weather patterns are impacting our daily lives. In response to environmental changes, we are actively implementing carbon reduction policies to mitigate negative impacts and incorporating the United Nations Sustainable Development Goals (SDGs) into our operations. We have established a long-term plan centered on three main categories: Environment—energy conservation and environmental protection; Society—promoting well-being for all; and Governance—innovative sustainability. Our global objectives are internalized as core strategies.

Ability continues to develop lightweight, energy-efficient optical and audiovisual products, focusing on automotive applications and Edge AI in the optical intelligence sector. We are advancing smart cities through AI cloud applications, moving towards a sustainable, innovative low-carbon manufacturing model. In our global operations, we are not only strengthening our manufacturing centers in China and Taiwan but also deepening our investments in Vietnam. In 2023, we initiated the construction of a factory in northern Vietnam to meet diverse regional market demands.

To expand our global business, we employ staff from various nationalities, respecting local cultures and upholding fundamental human rights, anti-discrimination, and job opportunities for marginalized groups. We promote inclusivity, embrace diversity, listen to the voices of different stakeholder groups, and encourage our suppliers to adhere to occupational safety and labor rights, working together with business partners to create a diverse and inclusive environment.

Ability is progressively implementing ESG initiatives across various dimensions. Environment: In 2023, we obtained an ISO 14064-1 greenhouse gas verification statement, established a carbon inventory management platform, and set carbon reduction policies. Society: We organized employee health promotion activities and initiated charity sales, donating proceeds to local underprivileged families to deepen community engagement. Governance: We established an Integrity Management Promotion Team under the ESG Sustainability Promotion Committee, responsible for advancing the company's integrity operations and anti-corruption policies. While steadily enhancing operational performance, we are gradually achieving our sustainability goals, continuously contributing to society, and working with all stakeholders to create a brighter sustainable future.

President:
Frank Chang



Highlight in 2023



E Environment

The carbon emission reduction quantity of the energy-saving plan was approximately 197.51 tCO₂e.

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.

In 2023, all new suppliers executed "supplier's letter of guarantee to not use hazardous substances."

Participated in "ESG Sustainability Initiative" and commits to the 2050 net-zero carbon emission target and is committed to pursuing sustainable development.



S Society

There was no violation of human rights or discrimination.

All full-time employees participated in the performance evaluation.

Tuition subsidies for family members totaled NT\$70,000.

In 2023, the total public welfare expenditure was NT\$1,286,284.

Sponsored children in disadvantaged families for ten consecutive years. In 2023, it sponsored 43 children in disadvantaged families (the total donation amount was NT\$677,300).

The training hours of employees reached 23,957 hours.

In 2023, all new suppliers executed "supplier's corporate social responsibility agreement."



G Governance

There was no major negative information.

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

In 2023, the consolidated R&D expenses accounted for 12.67% of the consolidated operating income.

In 2023, 10 patent applications were filed and 6 patents were approved.

1 Sustainable Operation

1.1 About Ability

1.2 Sustainable Development Commitment and Promotion

1.3 Stakeholders and Material Topics

Material topic

Economic performance

Materiality, Policy, and Commitment

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

Positive/Negative Impact

1. Positive Impact: The company maintains positive operating profits, reduces employee turnover, increases customer trust and increases orders, continues to cooperate with suppliers, and can improve international visibility and increase market competitiveness.
2. Negative Impact: If the company's operations are poor, employee turnover rate increases, and reduced customer trust may lead to reduced orders and supplier disconnection, which may cause investors to lose confidence and reduce market competitiveness.

Action Plan

1. Ability continuously monitors the changes in the external environment, keeps close contact with customers and suppliers, and works together to catch the opportunities.
2. Increase the exposure by participating in exhibitions and resist the sluggish consumption power caused by inflation and interest rate increases.

Evaluate and the Performance of 2023

1. Organize business management meetings and business meetings each month to examine ways to continue strengthening performance and minimize production costs.
2. The profit in 2023 was NT\$274,625 thousand, continuing to maintain positive growth.

Remedy Mechanism

Responsible department: Management team

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

Goals

Short-term

- Stable growth of performance and profitability.

Mid-term

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

Long term

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

1.1 About Ability

1.1.1 Company Profile

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

Positioning and brand image

Ability focuses 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.

Prospects

Ability continues 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.

Mission

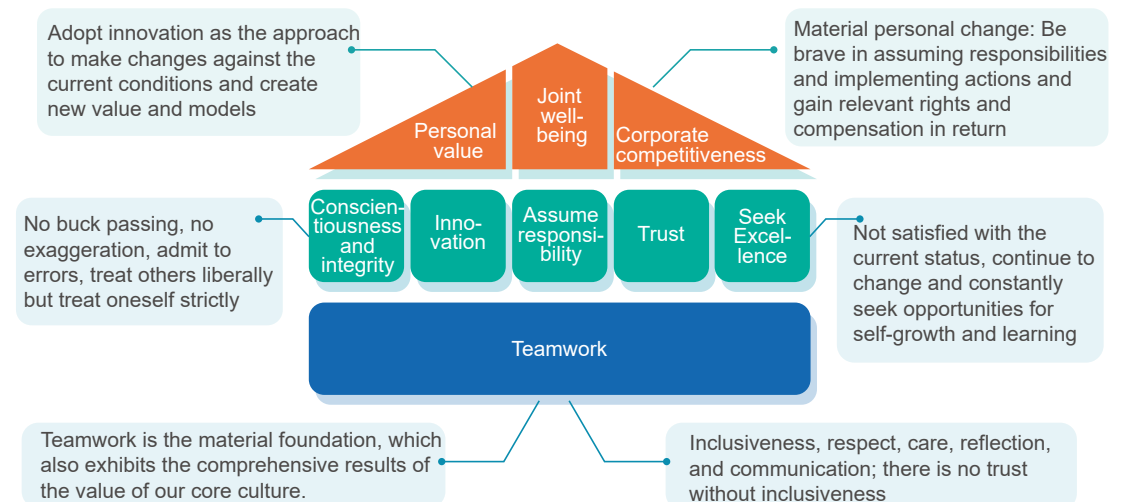
Make efforts to respond to the impacts brought by climate change and global warming, commence sustainability activities, fulfill corporate social responsibility, and contribute to Earth by achieving the target of energy-saving and carbon dioxide reduction.

Sustainability Vision

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

Taiwan HQ

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

TEL: +886-2-8522-9788

FAX: +886-2-8522-9789

Taiwan Wugu Plant

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

TEL: +886-2-8522-9788

FAX: +886-2-8522-9789

China Dongguan Plant

Ability Technology (Dongguan) Co., Ltd.

No.305, Songbai Road, Liaobu Town, Dongguan City, Guangdong Province, P.R.China

TEL: 86-769-83527668

FAX: 86-769-83527665

South Vietnam Plant

Ability Technology (Vietnam) Co., Ltd.

LOT B7-H-CN, BAU BANG INDUSTRIAL PARK, LAI UYEN COMMUNE, BAU BANG TOWN, BINH DUONG PROVINCE, VIETNAM

TEL: +84-02743803637

FAX: +84-02743803677

North Vietnam Plant

Ability Electronics Technology (Vietnam) Co., Ltd.

R4 FACTORY, BA THIEN INDUSTRIAL PARK - DIVISION I, THIEN KE WARD, BINH XUYEN DISTRICT, VINH PHUC PROVINCE, VIETNAM.



1.1.2 Products and services

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

Main products and services:

- 1 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 2023

Production volume (thousand machines)



Note: Consolidated data of Ability 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 2023, the operating profit in 2023 was NT\$122,297 thousand, representing a growth of 623.11% compared to the operating loss of NT\$23,379 thousand in 2022.

Unit: NTD thousand

	2022	2023
Generation of direct economic value		
Income: Net sales/interest/dividend/rent/royalty income/income from disposal of assets (tangible/intangible)		
Revenue	5,285,957	4,933,155
Other	84,815	165,672
Distribution of direct economic value		
Operating cost: Cost generated from operating activities (Note 2)	3,367,056	3,026,165
Employee salary and benefits: Employee salaries, bonuses, incentives, and employee welfare (pension and insurance)	1,489,247	1,568,402
Payment to shareholders: Interest expenses, dividend payments, and dividends for preferred shares	287,582	129,396
Payments to the government (Note3, 4)	68,180	151,257
Donate	202	332
Retention of economic value (generation of direct economic value - distribution of direct economic value)	158,505	223,275

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

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

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

Note 4: In 2022, the amount paid by the Taiwan region to the government was NT\$13,236 thousand and the amount paid by the China Dongguan Plant to the government was NT\$54,944 thousand.

1.1.4 Participation in association/organization

Ability participates in associations related to the industry to understand the industrial environment and improve skills by exchanging and sharing knowledge, information, and experience in the hope of accelerating the industry's improvement and development. Ability participated in organizations in 2022 and 2023 as follows:

Location	Association	Description	2022	2023
Taiwan	New Taipei City Industrial Association	Allowing exchanges of industrial plants in New Taipei City and serving as the bridge between plants and the government	●	●
	USB Implementers Forum	Relevant USB protocols	●	●
	HDMI Licensing Administrator, Inc.	HDMI development	●	●
	Apple IOS	Apple IOS development	●	●
	MSDN VS Professional MSDN	Microsoft product requirements and protocols	●	●
	SD Association	SD protocols, regulations, and other agreements	●	●
	Taiwan External Trade Development Council	International trade resource services	●	●
	ONVIF	Common integration standards for safety protection products	●	●
	Open Security & Safety Alliance	Common standardized platforms for safety solutions	●	●
	Taiwan Investor Relations Institute (TIRI)	Committing to promoting the implementation of investor relations in Taiwan and reinforcing the connection to the international capital market	●	●
	CIO Social Group	Promote exchanges, advice, matchmaking and promotion services among industrial information security executives		●
China	Dongguan Taiwanese Investment Business Association	Serve Taiwanese businessmen, contact the government, and promote government-enterprise economic and trade cooperation and exchanges	●	●
	Association Connecting Electronics Industries(IPC)	Electronics industry manufacturing electronic product design, assembly, acceptance and other industry specifications and standards	●	●

1.2 Sustainable Development Commitment and Promotion

1.2.1 Sustainable development commitment

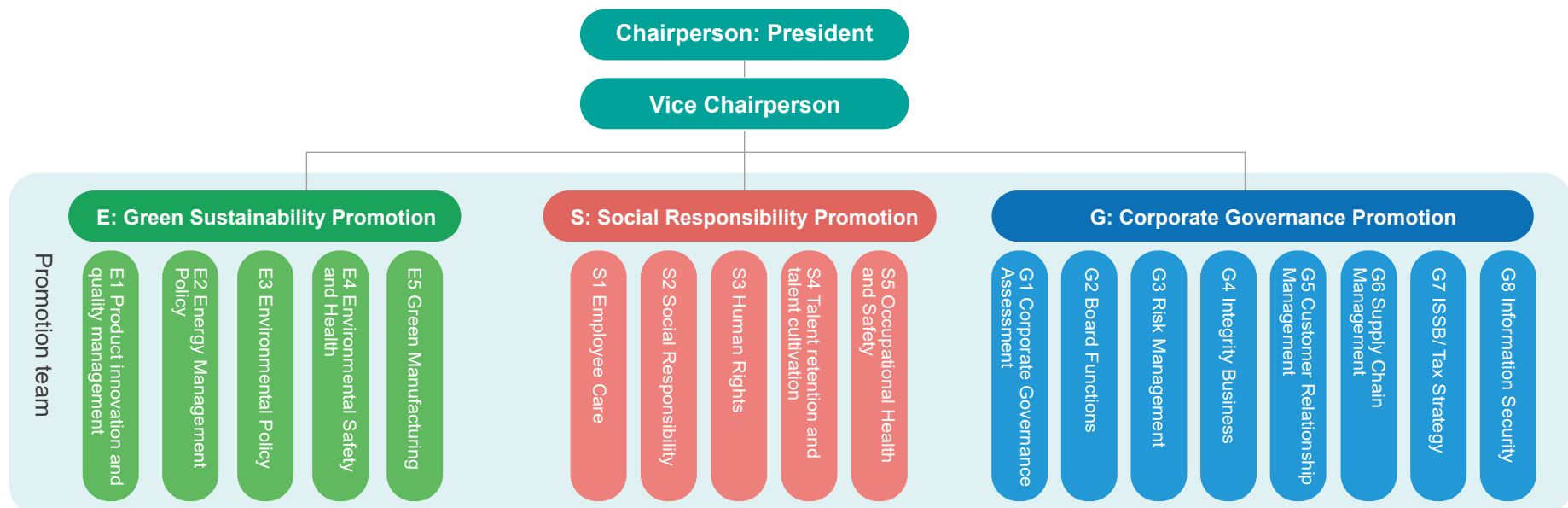
To reinforce the corporate governance mechanism under sustainable business management, Ability has established its "ESG Sustainability Development Promotion Committee"(refers to as ESG Development Committee) in 2022 to serve as the senior leading organization for sustainable governance tasks of Ability.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

The Board is responsible for guiding and supervising the ESG-promoting directions and the overall implementation effects of the "ESG Development Committee" Chairman Roger Tseng is the convener and chair of meetings; President Frank 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 senior supervisors of centers or the supervisors 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 Development Committee. We adopted three aspects for its sustainable corporate development, including "develop 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, we examine its action plans and the implementation results of performance.









The "ESG Development Committee" of Ability organizes a meeting every two months and regularly reports the implementation plans and achievements to the Board. We reported the preparation and verification procedures for the sustainability report to the Board on August 11, 2023, and reported the GHG inventory schedule to realize its determination for sustainable development.

In order to highlight our business culture and ESG concepts, we work with customers and suppliers to create a sustainable and mutually beneficial ESG vision. Together with like-minded companies, we have joined the "E.Sun 2023 ESG sustainability advocacy actions". Ability also promises to set a net-zero carbon emission target for 2050, take practical actions, implement sustainable transformation, and continue to exert its corporate influence.



1.2.2 Blueprint for sustainable development strategies

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




Strategic direction	"Environmental protection and energy-saving" (environmental aspect)	"Society and well-being" (social aspect)	Innovative governance (governance aspect)
SDGs	 12 Responsible consumption and production;  13 Climate action	 3 Good health and well-being;  8 Decent work and economic growth	 9 Industry, innovation and infrastructure  11 Sustainable cities and communities;  12 Responsible consumption and production  17 Partnerships for the goals
Development prospect	In response to the global warming and climate change topics, Ability implements low-carbon sustainability to reduce the environmental impacts of operations and products so as to achieve net zero emissions.	Adopting "Lohas Ability" as the purpose, we create happy workplaces and cultivates employees' functional and career development to allow employees to take delight in work and create social well-being.	Adopting "conscientiousness and integrity" as the principle, Ability implements its operating performance, innovative product designs, production, and services to jointly create the sustainability value chain.
ESG main targets	Create safe, convenient, and comfortable future environments that can be felt by consumers < Make Your Everyday Life Easier and Safer>		
Long-term target After 2030	<ul style="list-style-type: none"> Reduce the total volume of waste by 10% with 2022 as the base year Achieve net zero emissions by 2050 	<ul style="list-style-type: none"> Talent rotation and cultivation of international talents Achieve employee retention rate of 80% or above 	<ul style="list-style-type: none"> Improve the promotion of ethical corporate management and ban violating acts Continue to develop green designs and carbon dioxide reduction designs by adopting energy efficiency as the main strategic theme of sustainable product designs.
Medium-term target 2026 to 2030	<ul style="list-style-type: none"> Reduce the total volume of waste by 5% with 2022 as the base year 	<ul style="list-style-type: none"> Crucial talent cultivation plan Achieve employee retention rate of 80% or above 	<ul style="list-style-type: none"> Reinforce Board operations and legal compliance Increase the number of annual investor conferences to two times 5% of small/low-cost automotive filming products Reduce the power consumption of image products by 5% or improve the use time of products by 5% or above
Short-term target 2023-2025	<ul style="list-style-type: none"> Reduce the total volume of waste by 3% with 2022 as the base year 	<ul style="list-style-type: none"> Achieve an average training hour of employees of 10 hours/year Achieve employee retention rate of 80% or above 	<ul style="list-style-type: none"> Evaluate and continue to improve the control of material risks each year to minimize the operating impacts on enterprises. Small/low-cost automotive filming products: Create small designs for the front camera and reduce the size of the appearance by 10%.
Strategic practice	Adopting ISO14001, 50001, 14064, and other environmental-related certification standards to serve as the foundation for the green operation of Ability and the development of sustainable materials, together with carbon dioxide reduction, innovations, and services of the supply chain, are the critical strategy to realize the target of net zero emissions by 2050.	Continue to initiate talent recruitment plans, recruit outstanding talents in the technical field, adhere to the "people-oriented" business philosophy, and commence various innovative plans and products while motivating the cohesion of employees to take pride in Ability.	Ability has developed its core ability that is segregated in the optical smart application field to create product value by utilizing optical-mechanical-electro integration and made arrangements for three major fields of image applications, automotive, and Educe AI.




- **Provide safe work environments and actively invest in social welfare**

1.3 Stakeholders and 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 Development Committee and with reference to the experience of companies within the industry and AA1000SES Stakeholder Engagement Standard 2015's five aspects: Dependency, Responsibility, Tension, Influence and Diverse perspectives for scoring. Ability identified 6 major stakeholder groups, including employees, customers, suppliers/subcontractors, investors, 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 to continue to carry out communications and engagement with stakeholders.

Stakeholder	Significance of stakeholders to Ability	Issue of concern	Engagement Channel	Ability Response	Engagement result
 Employees	Ability promises to adopt the value growth and satisfaction of employees as the core philosophy of its sustainable operation. Employees are the core assets of Ability, and Ability's growth is closely related to the development of employees.	Talent development and cultivation Talents attraction and retention 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"> Regularly or irregularly organize general, management and professional courses, as well as occupational safety and health training and fire drills.. Convey corporate policies and development directions of the Company to employees via various communication channels. 	<ul style="list-style-type: none"> 100% employee training in Taiwan location and 400 employees in China Dongguan Plant. Convened 4 labor-management meetings to smoothly communicate the opinions of both labor and management. There are no employee complaints. Passed the Healthy Workplace certification from the National Health Service and obtained the "Healthy Workplace" label.
 Customer	Customers are the source of profitability of Ability. We listen to customers' requirements, keep abreast of industrial trends, provide professional services, create long-term stable operations for Ability leveraging our diverse and stable customer bases, and grow concurrently with customers.	Customer interest and service quality Sustainable innovative products 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"> Arrange senior management of both parties to visit each other to reinforce partnerships and create a win-win layout. Understand customers' requirements via the customer satisfaction survey each year and provide fast, efficient, and premium products and services. Protect customers' privacy and accept customers' reviews at all times. 	<ul style="list-style-type: none"> A total of 18 companies were surveyed on customer satisfaction, with an average satisfaction rate of 91.8%.
 Suppliers/ Subcontractors	Ability deems suppliers as important partners for sustainable growth, cooperates in promoting and implementing sustainable supply chain management and provides stable, outstanding, trustworthy services to customers to build partnerships of co-prosperity and well-being.	Supply chain management Stable quality and delivery terms of supplies Compliance with requirements under regulations and code of conduct	Supplier management platform (from time to time) Supplier comprehensive evaluation (monthly) Supplier audits (regularly) External complaint channels (timely)	<ul style="list-style-type: none"> Carry out raw material management via the supplier management platform, promote green sustainability requirements from time to time, and encourage the participation of suppliers. Regularly execute supplier's comprehensive evaluation each month to ensure the quality of materials provided by suppliers. Regularly carry out supplier audits and communicate with suppliers about operating performance and annual operating and development targets to actively respond to topics that are concerned by suppliers. 	<ul style="list-style-type: none"> 18 new suppliers have been added, 100% compliant with Canon's supplier review process. New raw material suppliers 100% signed back the "Supplier Social Responsibility Agreement" and the Commitment Letter for Business Continuous Management.

Stakeholder	Significance of stakeholders to Ability	Issue of concern	Engagement Channel	Ability Response	Engagement result
 Investors	<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 of Ability. The management team made efforts to create operating performance. Regarding decision-making, we shall consider investors' interests. Investors and the management team are a community that shares operating performance.</p>	<p>Economic Performance Governance Risk Management Sustainable 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"> Communicate with shareholders regarding the current operating status of the Company and future development through phone calls, interviews, and meetings regularly and from time to time. Ability exhibits its economic benefits arising from operation to shareholders through financial statements and reports operating achievements and prospects to shareholders via investor conferences and shareholders' meetings. Annual reports and financial statements are concurrently published on the website of TWSE and the corporate website. 	<ul style="list-style-type: none"> Convened a regular shareholders' meeting Convened a legal person briefing meeting (online) Announce financial revenue status on the official website every month
 Government agencies	<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 Health and Safety Corporate image Ethics and Legal compliance Corporate governance and operation Labor-Employer Relationship 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"> 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. 	<ul style="list-style-type: none"> There are no major incidents that violate laws and regulations in the social, environmental and economic fields. In accordance with the requirements of the Financial Supervisory Committee, disclose the greenhouse gas emissions and sustainability reports of Taiwan location and China Dongguan Plant.
 Society (communities and NGOs)	<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"> Communicate with communities via e-mails, phone calls, and meetings regularly/from time to time. Promote community participation activities regularly or from time to time via social media or the corporate website. 	<ul style="list-style-type: none"> Join the "E.Sun 2023 ESG sustainability advocacy actions" and commit to pursuing sustainable development Cooperated with The Mustard Seed Mission to adopt Taiwanese children project, with a total of 43 disadvantaged children and a total of NT\$677,300.

Communication Channel

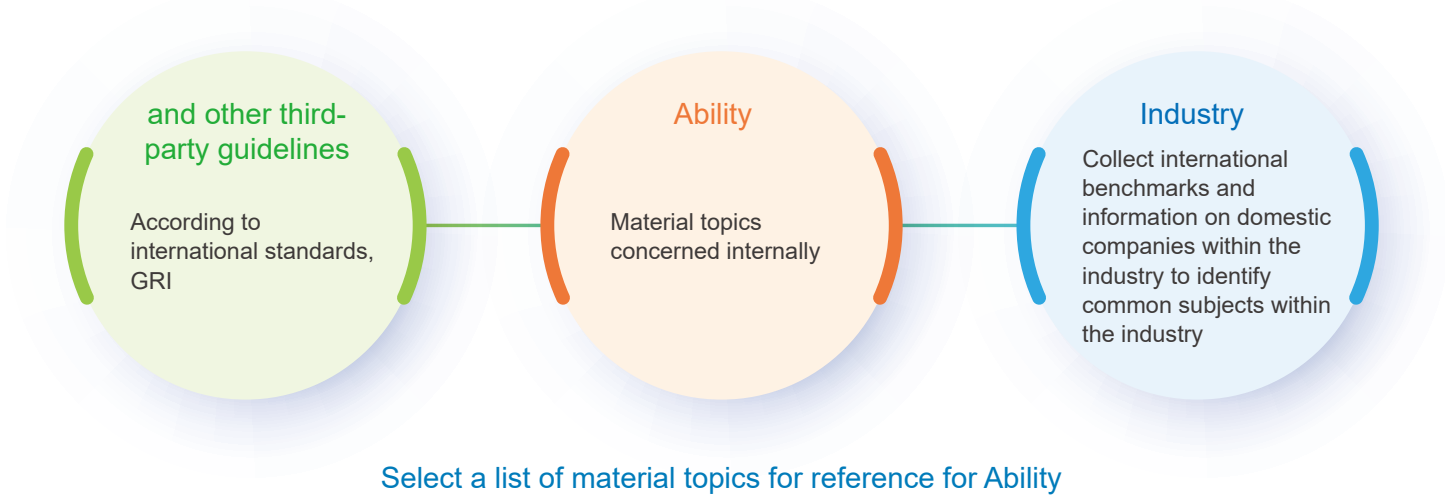
Ability has an external stakeholder section on its website. If there are any questions, recommendations, or even complaints about topics related to us, please communicate with us via the opinion mailbox and telephone. Dedicated personnel will notify relevant internal departments of emails and messages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

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

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

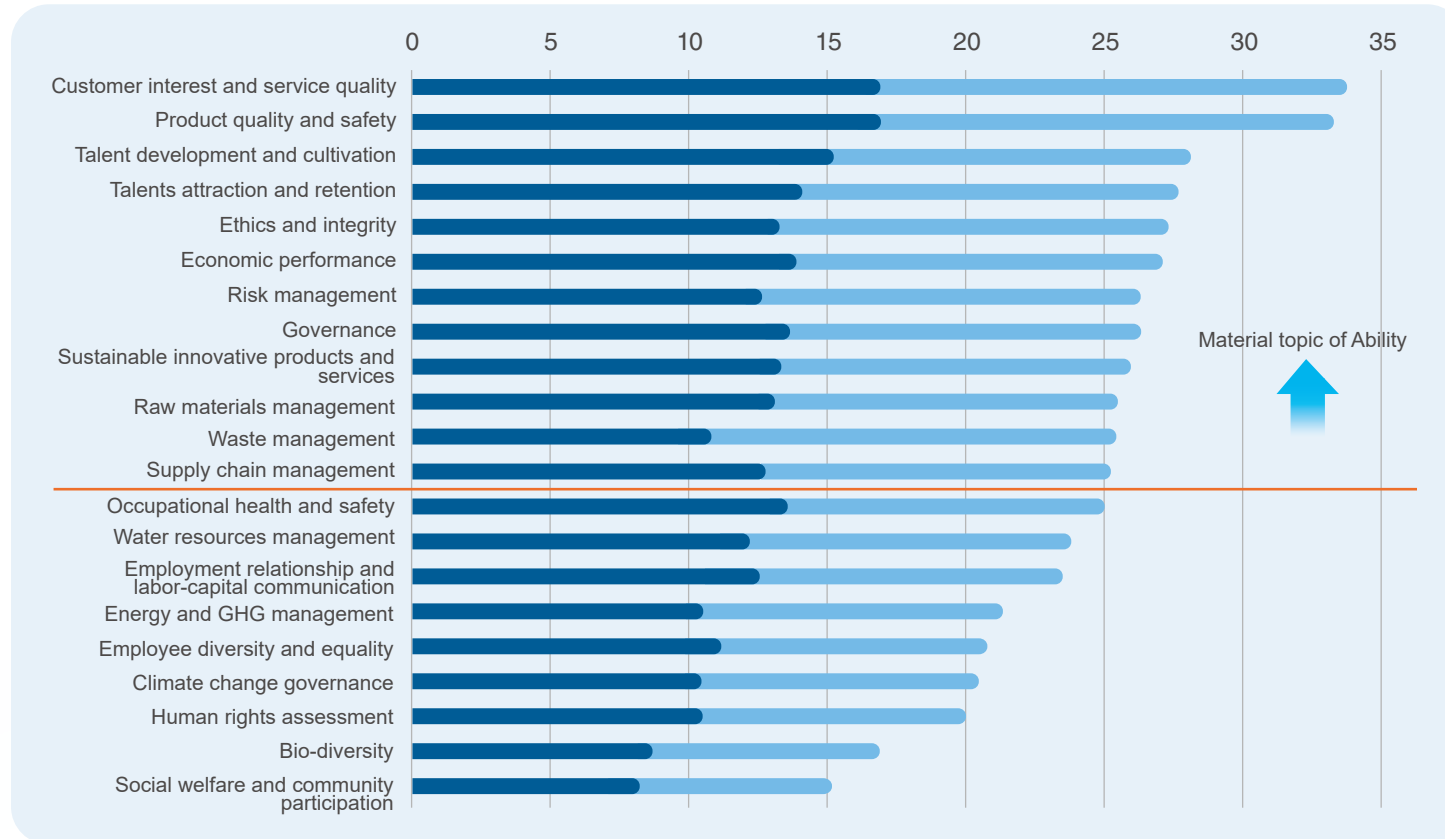


⊕ List of Material Topics for Ability in 2023

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 Development Committee of Ability evaluate effects on environment, governance, social and product aspects, 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 2023. At the same time, we conduct an attention survey on stakeholders to understand the topics that stakeholders are concerned about, compile the positive and negative impact results of topics and stakeholder concern survey results, and integrate them into the ranking of the material topics.

Material topic rating



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

Promotion teams of the ESG Development Committee examine the material topic identification results after the questionnaire survey and provide feedback, confirm the material topics of Ability in 2023 to serve as the reference basis for the disclosures in our sustainability report in 2023.



⊕ Material Topic Overview and Scope of Impact

● Direct impact ○ Indirect impact

Category	Material topic	Importance	Scope of impact						Corresponding chapter
			Employees	Customer	Suppliers	Investors	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 management 4.1.1 Green product quality and safety
	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.	●	○	○		●	○	3.2.3 Waste management
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.	●	○	○	●	○		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
	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 Management
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 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

2.1 Board Composition

2.2 Ethical Corporate Management

2.3 Risk Management

Material topic

Governance

Materiality, Policy, and Commitment

The company actively promotes and implements sustainable governance by establishing relevant policies, management guidelines, and concrete implementation plans to enhance corporate sustainability value. To build a sound corporate governance culture in line with legal policies, we have established various codes of conduct, such as the "Corporate Governance Best Practices" and "Sustainable Development Best Practices."

Positive/Negative Impact

1. Positive Impact: Establishing a robust corporate governance mechanism, including board operations, protecting shareholder rights, and balancing the interests of other stakeholders, can provide an effective oversight mechanism. This helps support business operations and management, reduces negative impacts on the company, and enhances competitiveness.
2. Negative Impact: If the corporate governance mechanism is not well-established, it may lead to internal misconduct, harm stakeholder rights, erode market trust in the company, reduce investor willingness, and negatively affect the company's reputation and image.

Action Plan

1. Organize and provide sustainability-related training courses for directors.
2. Regularly update the company's website to disclose recent activities, financial reports, and key information.

Evaluate and the Performance of 2023

1. All board members have completed sustainability-related training courses.
2. The performance evaluations of the Board of Directors and functional committees have been completed.
3. No major penalties or violations have occurred.

Remedy Mechanism

Responsible unit: Chairman's Office/chief of corporate governance

1. Stakeholders can communicate opinions and exchange information with the responsible unit. Based on the significance of the issue, the matter will be classified, handled, and followed up, and reported to the Board of Directors as required.
2. Review and improve the quality of corporate governance in accordance with the criteria of the "Corporate Governance Evaluation."

Goals

Short-term

1. Strengthen the sustainable development training for all directors, with related courses accounting for half of the total training hours.
2. Improve transparency of information.

Mid-term

1. Enhance the performance evaluation of the board of directors.
2. Increase the number of annual institutional investor meetings to two.

Long term

1. Comply with relevant laws and regulations to avoid penalties.
2. Promote integrity in business operations to eliminate violations.



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

Material topic

Ethics and Integrity

Materiality, Policy, and Commitment

The Company adheres to the corporate business philosophy of "conscientiousness, integrity and trust-worthy" to include integrity and ethical values into our business strategies. To formulate "Ethical Corporate Management Best Practice Principles", "Code of Ethics and Conduct" and other regulations, to establish a corporate culture with ethical corporate management and sound business operation modes, and formulate anti-fraud measures that related to ethical corporate management in compliance with laws and regulations.

Positive/Negative Impact

1. Positive Impact: Establish business principles and standards based on integrity and ethics, develop sound business operation model, and formulate internal regulations and relevant anti-fraud measures in compliance with laws and regulations.
2. Negative Impact: In the event of unethical or integrity-related misconduct incidents, the image and reputation of the company may be damaged, and investor confidence and the interests of shareholders may be affected.

Action Plan

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

Evaluate and the Performance of 2023

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

Remedy Mechanism

Responsible department: HR Department/Audit Office

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

Goals

Short-term

1. Continue to handle all complaints related to ethics
2. Optimize and set up diverse complaint channels.

Mid-term

1. Improve ethical corporate management and anti-corruption promotions and training one to two times each year.
2. Comply with relevant laws and regulations and avoid the occurrence of material punishments.

Long term

1. Implement ethical corporate management and anti-corruption promotions and training and avoid any unethical conduct.
2. Comply with relevant laws and regulations and avoid the occurrence of punishments.

Material topic

Risk Management

Materiality, Policy, and Commitment

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

Positive/Negative Impact

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

Evaluate and the Performance of 2023

1. The risk assessment has been completed in 2023 and response measures for major risks have been proposed.

Action Plan

Material operating risks identified in 2023 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.

Remedy Mechanism

Responsible department: ESG Committee

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

Goals

Short-term

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

Mid-term

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

Long term

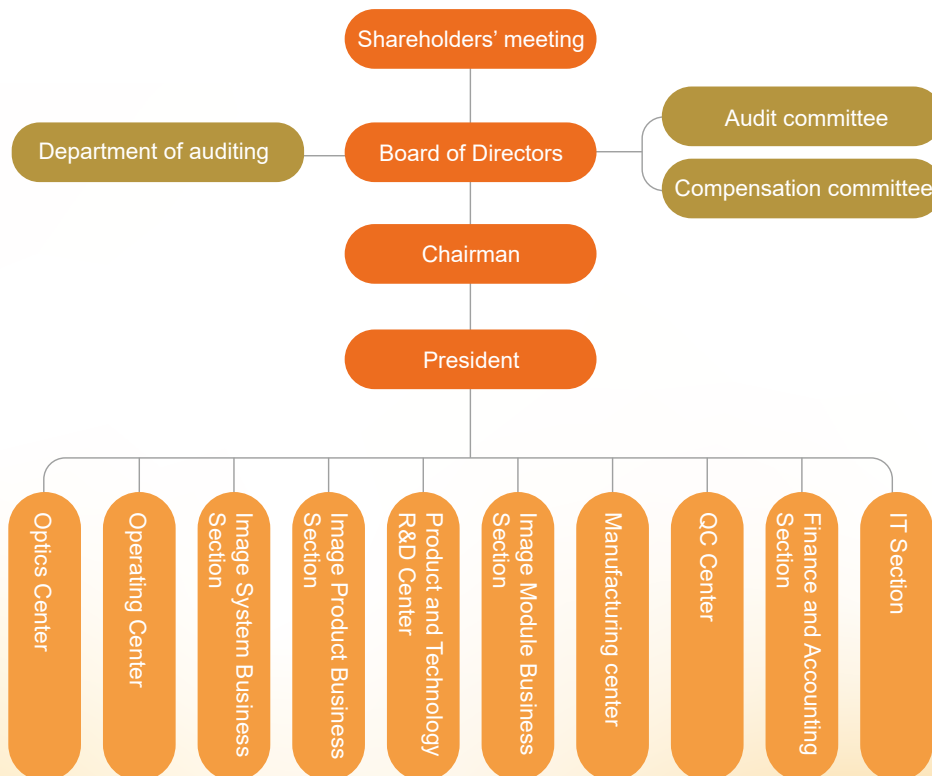
- Regarding climate change, evaluate relevant risks and formulate strategies of five years or above to minimize corporate risks.



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.



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. Five meetings were held in 2023, and the attendance rate was 98%.

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.

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 [Ability Enterprise website](#)

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

Board members also hold positions in other companies. For details, please read Ability Enterprise's [2023 Annual Report](#) page5~8.

Continuing education of the Board

The Company 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. Nine Directors have participated in a total of 60 hours of continuing education in 2023

⊕ The continuing education courses for Directors in 2023 are as follows:

Title	Traini	Duratio	Title	Traini	Duratio
Risk Management	Global future risks and opportunities for sustainable transformation	3	Business management	Controlled Foreign Corporations (CFC) & Global Anti-Avoidance	3
	Business management and news crisis management strategies	6		How to use Excel for business valuation and IR work management	3
Sustainable development	Embracing ESG Challenges: Creating Transformational Opportunities for Companies	24	Taiwan Corporate Governance	Practical analysis of the new version of corporate governance and board	3
	Macroscopic vision of sustainable development of global enterprises - from vision 2050 to action 2021	3		How to Use the Intellectual Property Management System to Improve Corporate Governance	3
	In the era of digital economy, how can enterprises innovate and break through	3		Introducing of Taiwan's corporate governance blueprint 3.0	3
Business management	Listed OTC Companies-Insight into the Derivative Financial Market and Move towards Corporate Sustainability Seminar	3		Board governance under ESG	3

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

2.1.2 Functional committees

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

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

Audit Committee

To establish a favorable corporate governance system, the Company 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 the Company, 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	2022	2023
Number of meetings	4	5
Attendance	100%	100%

→ For the operation of the Audit Committee in 2023, please refer to the [website of Ability Enterprise](#).

Compensation Committee

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

Ability has established the "Regulations for Management of Director's Compensation." The compensation of Directors includes the Director's compensation, 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 compensation 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	2022	2023
Number of meetings	2	3
Attendance	100%	100%

→ For the operation of the Remuneration Committee in 2023, please refer to the [website of Ability Enterprise](#).

2.1.3 Board performance evaluation

To enhance corporate governance, oversight, and strengthen internal management mechanisms, the company has established the "Board Performance Evaluation Procedures." These are disclosed on the company's official website and the Market Observation Post System. The Board's performance evaluation is conducted at least once a year, with directors assessing the operational aspects of the Board of Directors and functional committees. The evaluation results are reported at the Board meeting in the following year. The 2023 evaluation results were rated as excellent and were presented at the Board meeting on March 8, 2024. For details on the Board performance evaluation, please refer 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 take action to investigate the case. Our Company will keep informants' identities and their reports confidential and complete the investigation as soon as possible. The informant may report any illegal activities.

Reporting Channel

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

After receiving a report, the task force 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 shall keep the written documents for the report, including the acceptance of the report, the investigation process, and the results of the investigation, for a retention period of five years. The documents may be kept in electronic form. If any litigation related to the report occurs before the expiry of the retention period, related materials shall be kept until the litigation is concluded.

⊕ Situation of Reports

Event	2022	2023
Number of reports	0	0

Implementation Status

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. And, the ESG Committee is responsible for promoting and practicing ethical corporate management and anti-corruption actions. Every year, the ESG Committee disseminates information about ethical corporate management/anti-corruption, and encourages directors and employees to participate in relevant training, including courses related to trade secrets, information security, insider trading, and anti-competitive practices. In 2023, there were 526 employees that participated the ethical corporate management and anti-corruption courses. And, the total number of hours of participation in the courses was 87.67 hours. The relevant implementation status has already reported to the Board on November 10, 2023.

Substantial measures	2022	2023
Occurrence of violations of ethical corporate management and corruption	0	0
Level of completion for ethical corporate management courses under new employee educational training (Note)	100%	100%

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

2023	Location	
	Taiwan	China
Number of raw material suppliers who have executed the Supplier Social Accountability Agreement	9	41
Level of completion for raw material suppliers to execute the Supplier Social Accountability Agreement(Note)	100%	100%

Note: Level of completion = the number of new raw material suppliers added in that year who have executed the Supplier Social Accountability Agreement / the number of new raw material suppliers added in that year

2.2.2 Legal Compliance

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

Aspect	Laws and regulations to comply with
Financial and organizational planning	The Company Act, Securities and Exchange Act of Taiwan, Money Laundering Control Act, and other relevant laws and regulations
Internal and customer information protection	Taiwan Trade Secrets Act, Personal Data Protection Act, PIPL (Personal Information Protection Law of the People's Republic of China), and other relevant laws and regulations
Personnel policy and management	Labor Standards Act of Taiwan, Labor (Contract) Law of the People's Republic of China, and other relevant laws and regulations
Environment management	Basic Environment Act, Occupational Safety and Health Act, Environmental Protection Law of the People's Republic of China, and other relevant laws and regulations

Event	2022	2023
Occurrence of violation of anti-competition, anti-trust, and monopoly conduct	0	0
Major events that violate social, environmental, and economic regulations (with the fine amount reaching NT\$1 million or above)	0	0

2.3 Risk Management

Ability has set up the corporate governance promotion team under the ESG Development Committee. The promotion team is responsible for executing risk management, adopting appropriate measures within the acceptable scope, preventing or minimizing the potential loss of the Company to protect the interests of employees, customers, shareholders, partners, and other stakeholders of the Company, continuing to improve and mitigate the operating risks, and regularly reporting to the ESG Development Committee meeting regarding the risk management results.

Risk management process

The Company 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 Development Committee to monitor the implementation status via the Development Committee and adjust the management countermeasures and control emphasis in due course to achieve risk management targets.



Risk management topics

Aspect	Effects of Ability	Response measures
Operational risks	Expand production base Increase overseas production joints in response to customers' demand and disperse the risk of production in Mainland China. Ability 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.
	Risk of raw material interruption The source of crucial supplies is relatively centralized. If suppliers delay the delivery or there is missing material, it will affect Ability Enterprise's production.	1. Introduce the second supplier to separate the material deficiency risk. 2. Plan and control the safety inventory of crucial supplies.
	Risk of concentration sales Customers with long-term stable cooperation can ensure the stable growth of Ability Enterprise; however, there are risks of sales concentration.	1. Separate customers and seek new customers. 2. Product diversification arrangements.
	Information safety Due to the frequent occurrence of network hackers, viruses, and phishing e-mails; 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	Interest risk Interest risks are generated from bank borrowings, which are primarily for operations; such debts to support operating requirements with cash outflows do not generate high borrowing costs.	1. For the interest rate of bank borrowings, the Company makes its best efforts to secure the most preferred borrowing interest rate.
	Currency risk Due to cross-country operations, there are corresponding currency risks generated from the use of currencies of multiple countries, primarily the USD and RMB. Such risks mostly arise from future commercial trading, recognized assets and liabilities, and net investments in foreign operating institutions.	1. Adjust foreign exchange positions according to interest rate and exchange rate differences, and may use spot, forward foreign exchange, exchange and derivative or non-derivative financial product contracts to reduce exchange rate risks; 2. Plan and evaluate the storage of foreign currencies. 3. Reinforce loan recovery.
	Credit risk Credit risks are risks arising from potential financial losses due to the inability of customers or transaction counterparties of financial instruments that cannot fulfill contract obligations, which primarily arise from accounts receivable for which transaction counterparties are not able to settle the payment based on the collection conditions.	1. Based on the credit loan policy of Ability Enterprise, the Company performs management and credit risk analysis based on payment and shipping conditions. 2. Execute internal credit risk control, including the evaluation of the financial position of customers, prior experiences, and other factors. 3. Use to regularly monitor credit limits.
Environmental risks	Climate change risk Regarding the effects of the industry chain on climate change and impacts on Ability under the existing trends, please refer to "climate change management" in chapter 3.1 of the Report for details.	1. Ability Enterprise executed climate change-related risk identification and management procedures; for details, please refer to "climate change management" in chapter 3.1 of the Report.

3 Green Environment

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.

Positive/Negative Impact

1. Positive Impact: Recycling waste and reselling it to recyclers or disposing of it by ourselves for reuse not only increase revenue, reduce raw material purchase costs, create a circular economy for the company, but also reduce waste removal and disposal costs.
2. Negative Impact: Failure to reduce waste properly will increase transportation and disposal costs.

Action Plan

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.

Evaluate and the Performance of 2023

1. In 2023, there was no waste leakage and pollution for different wastes, and the processing methods of all wastes complied with the regulatory specifications.

Remedy Mechanism

Responsible department: Administration Department

1. 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.
2. If the suppliers cannot process the waste effectively, it should contact other qualified suppliers immediately to assist in processing for fear of causing pollution.

Goals (Setting 2022 as the base year)



3.1 Climate Change Management

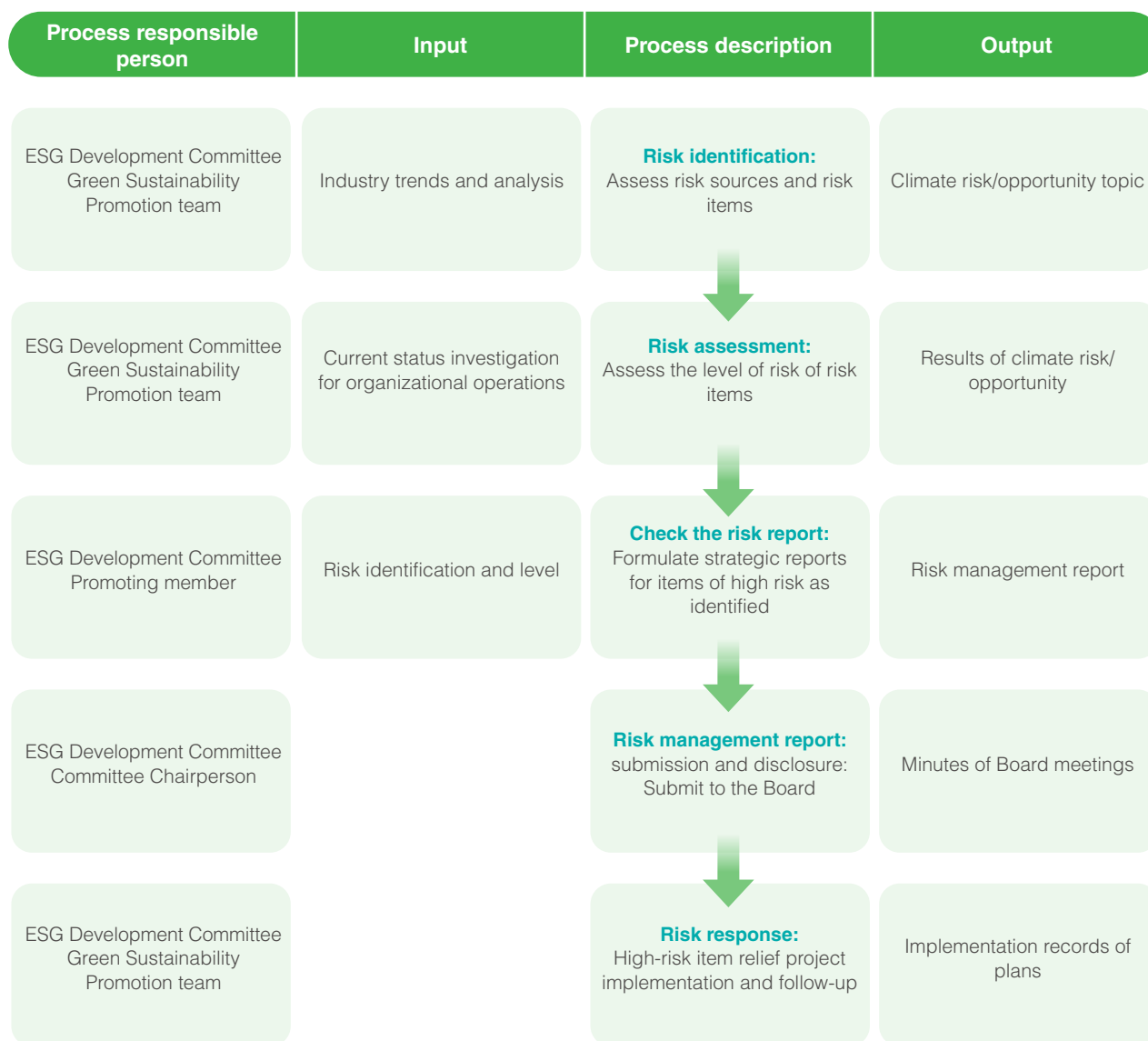
In response to global climate change, Ability Engagement actively establishes countermeasures to mitigate the effects of industry chains on climate. We made disclosures of climate-related financial risks and opportunities through the four major frameworks, including climate topic governance, climate-related 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's climate change governance and is responsible for overseeing the management strategies developed by the ESG Development Committee. A Green Sustainability Promotion team is established under the ESG Development Committee to assume the responsibility to improve environmental management performance, low-carbon product development, and environmental risk control and regularly carry out investigations and analysis of climate-related risks and opportunities to ensure the effective execution of the management strategies.

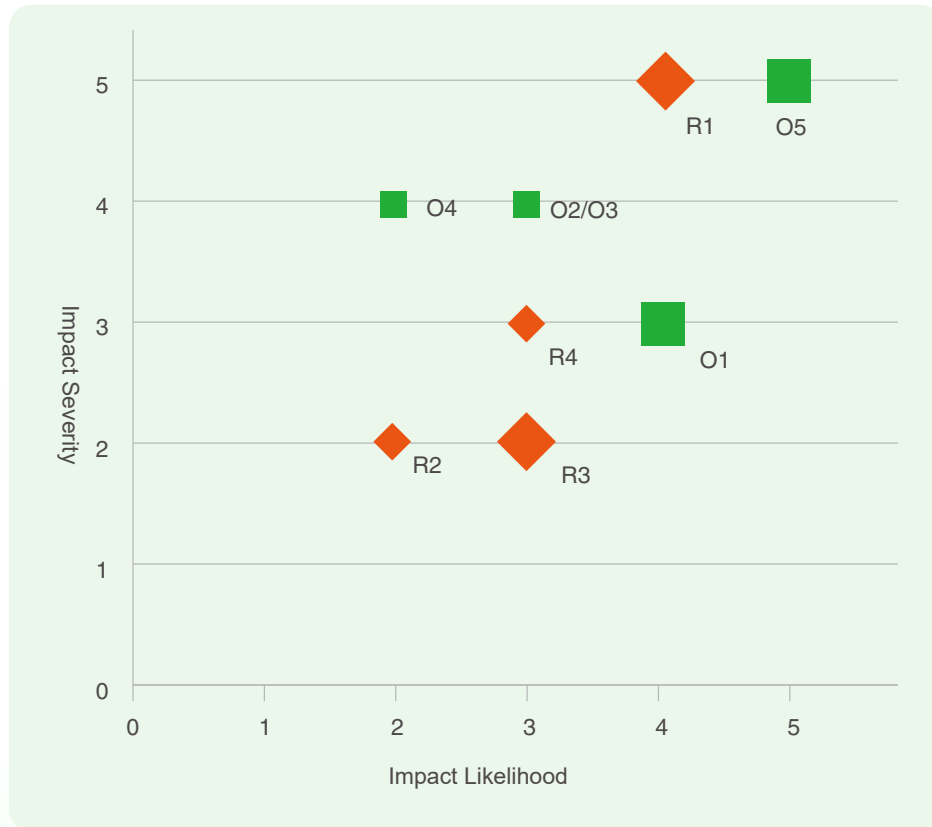
Climate change-related risk identification and management procedures

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



Climate change-related financial risks and opportunities

Ability identified 4 climate change risks and 5 climate opportunity topics in 2023 via a comprehensive evaluation of the probability of impacts and level of impacts of climate risks and opportunity topics on Ability's operations.



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

R1 Increased severity of extreme weather events

R2 Enhance GHG Emission Pricing

R3 Demands and monitoring of current products and services

R4 Changing customer behavior

O1 Develop or add low-carbon products and services

O2 R&D and innovation to develop new products and services

O3 Develop new markets

O4 Consumer preference changes

O5 Use more efficient production and distribution processes

Climate change-related financial risks and opportunity strategies

The ESG Development 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	<p>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.</p> <ol style="list-style-type: none"> 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. 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. 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. 	Taiwan Location, China Dongguan Plant	Short term	<p>Decrease of revenue Increase of capital expense Increase in operating costs</p>	<ol style="list-style-type: none"> 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. 2. Maintenance or repair costs will increase if buildings are damaged due to extreme weather. 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.
			Enhance GHG Emission Pricing	<p>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.</p> <ol style="list-style-type: none"> 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. 2. Promote green supply chain: The Company 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. 3. In the future, the Company estimates to respond to the increase in the cost of carbon dioxide emissions through the following strategies: <ol style="list-style-type: none"> a Develop low-carbon technologies: The Company 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). b Participate in the carbon market transaction: In the future, the Company 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. 	Ability	Medium term	<p>Increase in operating costs Increase of capital expense Increase of revenue</p>	<ol style="list-style-type: none"> 1. Purchasing carbon allowances or paying carbon taxes will increase operating costs and reduce the competitiveness in the market. 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. 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.

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.	1. The R&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. 2. In the future, it is estimated that the R&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.	Ability	Short term	Increase in operating costs	1. 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. 2. 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.
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.	1. 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 of the Company, 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. 2. In the future, the Company 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 .	Ability	Medium term	Increase in operating costs Decrease of revenue	1. 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. 2. 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.

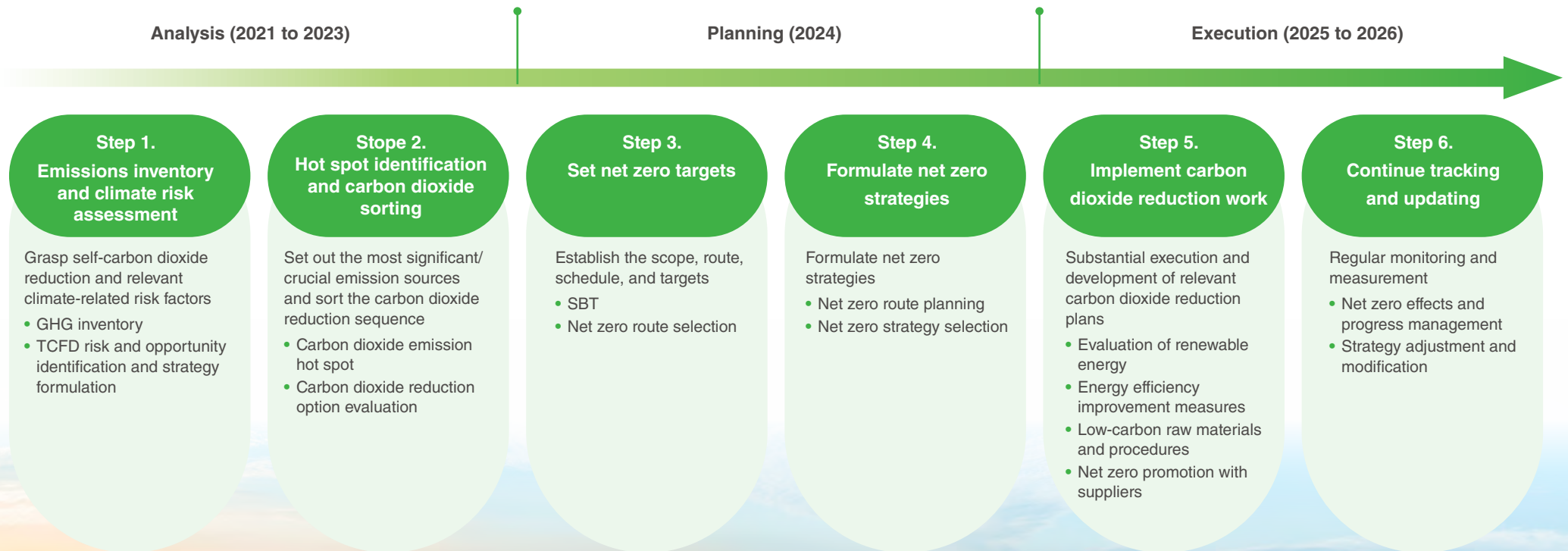
Climate-related risk topic			Description	Responding strategy and action plan	Area of effect	Impact Timeline	Financial impacts on corporate operations	
							Financial impact point	Description of financial impact point
O1	Products and services	Develop or add low-carbon products and services	The acquisition 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"> 1. 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. 2. Use parts and materials complying with low-carbon and energy-saving requirements to achieve the requirements of different low-carbon or energy-saving labels. 3. Appoint dedicated personnel in the R&D department. In the future, the Company 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., ISO14067 product carbon footprint certification). 	Ability	Short term	Increase of revenue Increase of capital expense Increase in operating costs	<ol style="list-style-type: none"> 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.
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 <ol style="list-style-type: none"> 1. Regarding product development, the Company examines design and verification procedures, selects environmentally friendly materials and recyclable materials and parts of low power consumption for designs in general, and reduces the number of parts selected for use. 2. Establish product development procedures and standards, record development history, and subsequently examine procedure simplification. 	Ability	Medium term	Increase of revenue Increase of capital expense Increase in operating costs	R&D <ol style="list-style-type: none"> 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 <ol style="list-style-type: none"> 1. The Company estimates 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 <ol style="list-style-type: none"> 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.

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
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.	<ol style="list-style-type: none"> In the future, the Company estimates to carry out the investigation planning for climate change-related requirements in the market and sort the priority of products preferred by consumers. In the future, the Company 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	Medium term	Increase in operating income	<ol style="list-style-type: none"> If the Company is able to produce environmentally friendly products and find target customers, it will be beneficial for improving its operating income. Operating costs increased due to the increase in human resources and equipment by the Company to develop low carbon energy-saving products.
O5	Resource consumption efficiency	Use more efficient production and distribution processes	<p>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.</p>	<p>Inventory management</p> <ol style="list-style-type: none"> Adjust and improve the full-load rate of import and export trucks. Reduce inventory turnover days: Supply suppliers on time according to the plan and improve the processing time limit of obsolete supplies. WMS: Allow real-time inventory visibility, improve warehouse operating efficiency, and reduce the waste of inventory allocation and labor costs. <p>Production/manufacturing</p> <ol style="list-style-type: none"> The Company estimates to commence optimizing improvements and implement operation foolproof to improve the production efficiency of products. The Company 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. 	Taiwan Wugu Plant, China Dongguan Plant	Short term	Increase in operating costs	<ol style="list-style-type: none"> Improve the full-load rate of import and export trucks to reduce transportation, warehouse rental, and insurance fees. Reduce inventory turnover days, increase the consumption efficiency of working capital, reduce the space used by suppliers, and minimize the Company's operating costs. Invest in labor and equipment for procedure improvement, improve procedure stability, increase operating costs, and reduce the fees for changes in design. Shorten waiting/turnover working hours for product testing to reduce operating costs. 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 Development Committee via the Green 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

Ability establishes and maintains environmental management requirements in accordance with the ISO 14001 environment management system, and complies with environmental laws and related environmental requirements at its location. In addition, we will continue to move towards the goal of "zero pollution and zero disasters".

Environment management system	Location	Obtaining date	Effective date
ISO 14001:2015	Taiwan	2023/04/30	2026/04/30
	China Dongguan Plant	2022/08/03	2025/08/02

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, the Company continues to implement energy-saving measures and improve energy efficiency to minimize the environmental impacts caused by GHG emissions and improve its tenacity in facing climate change risks. Energy consumed by the Company is non-renewable energy purchased from power companies, and it is used in production procedures, office buildings and China Dongguan dormitory electricity. In 2023, a total of 2,048,496kWh of purchased power of Taiwan was consumed, accounting for 98.96% of the total energy consumption. Followed by petroleum used by corporate cars and diesel used by power generators, the Company consumed 1,877L and 306 L, respectively, in 2023, accounting for 0.98% of the total energy consumption. The use of renewable energy is from the power generated from the solar power panels of Taiwan Headquarter, and the power is used in lighting in elecators of the office building, accounting for 0.06% of the total energy consumption. A total of 7,316,332kWh of purchased power of China Dongguan Plant was consumed, accounting for 97.82% of the total energy consumption in 2023. Followed by petroleum used by corporate cars (We didn't purchase diesel for power generators in 2023) the Company consumed 17,790.69L in 2023 , accounting for 2.18% of the total energy consumption.

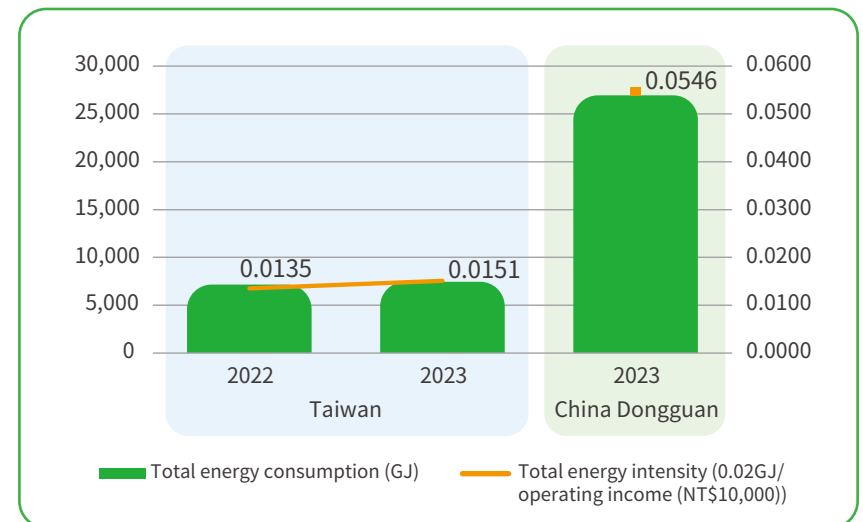
In the future, we'll continue to enhance the energy management and achieve the energy transformation gradually in order to reach the goal of green operation.

Energy consumption		2022	2023	
		Taiwan	Taiwan	China Dongguan
Non-renewable energy	Gasoline (L)	1,620	1,877	17,790.69
	Diesel (L)	100	306	0
	Power consumption (kWh)	1,968,849	2,048,496	7,316,332
	Non-renewable energy consumption (GJ)	7,145.89	7,447.25	26,925.89
renewables	Solar power (kWh)	1,418	1,278	0
	Renewable energy consumption (GJ)	5.11	4.60	0
Total energy consumption (GJ)		7,151.00	7,451.85	26,925.89
Total energy intensity (0.02GJ/operating income (NT\$10,000))		0.0135	0.0151	0.0546

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

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

⊕ Annual energy consumption

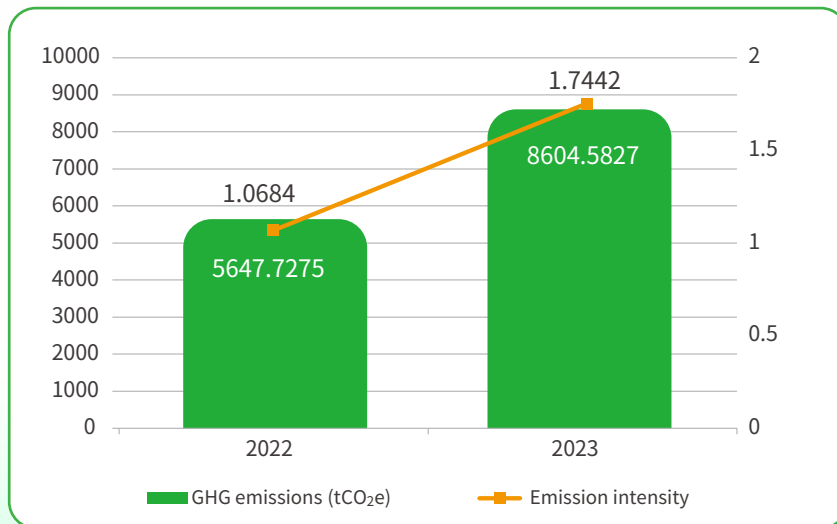


GHG management

To actively search for key factors in mitigating climate change, Ability conducts 2023 greenhouse gas emissions inventory in accordance with ISO 14064:2018 standards and completes third-party verification. In addition to greenhouse gas emissions (Category 1 and Category 2) from its own operations, In terms of other indirect greenhouse gas emissions(Category 3 and Category 6) , Consider the occurrence rate, improvement potential, activity data source, emission coefficient and other materiality assessment factors, Identify major sources of indirect greenhouse gas emissions such as upstream raw material emissions from purchased products, upstream and downstream transportation and cargo distribution, business travel and product use, total of 7 indirect emissions were disclosed.

The category 1 and category 2 GHG emissions of the Company was 8,604.5827 tCO₂e in 2023 , representing an increase of 2,956.8552 tCO₂e as compared to 2022,Mainly due to the increase in greenhouse gas emissions caused by the replacement of air-conditioning equipment in dormitories, workshops, offices, etc. by China Dongguan Plant in and the actual filling amount is recognized.

⊕ GHG emissions



Note1 : Emission intensity = combined emissions of Category 1 and Category 2 (tCO₂e)/ Revenue (million NT)

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

Unit : tCO₂e/year

	CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	NF ₃	total
Category 1 and Category 2	5260.6457	2428.2989	0.3276	915.3105	0.0000	0.0000	0.0000	8,604.5827

Note :

1. Category 1 direct greenhouse gas emissions, including diesel, gasoline, natural gas, refrigerant, septic tanks, etc., refer to the GWP value of the IPCC 2021 Sixth Assessment Report.
2. Category 2 Indirect emissions from purchased energy (electricity) : Taiwan electricity emission coefficient = 0.494kg CO₂e/ kWh (Announcement information from the Energy Administration of the Ministry of Economic Affairs of Taiwan) ; China emission coefficient = 0.5703kg CO₂e/ kWh (Announcement information from the Ministry of Ecology and Environment of China) .
3. The statistical scope of greenhouse gas emissions includes Taiwan base and China Dongguan plant. °

⊕ Statistics on other indirect greenhouse gas emissions in 2023

Category	category items	Scope of coverage (operational bases)	GHG emissions (tCO ₂ e/year)
Category 3	Upstream transportation and distribution	Taiwan, China Dongguan Plant	45.3283
Category 3	Downstream transportation and distribution	Taiwan, China Dongguan Plant	16.0300
Category 3	employee commuting	Taiwan	227.3311
Category 3	business trip	Taiwan, China Dongguan Plant	112.2241
Category 4	Purchase goods (raw material emissions)	Taiwan, China Dongguan Plant	21,753.3219
Category 4	Purchased fuel and energy resources (upstream emissions)	Taiwan, China Dongguan Plant	552.8161
Category 5	Product use	Taiwan, China Dongguan Plant	4,496.8689
Total			27,203.9204

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

By the result of Ability Green Gas House inventory, our energy-saving and carbon dioxide reduction planning focus on energy-saving as the major strategy to minimize the generation of carbon dioxide emissions through reducing power consumption. Taiwan HQ building is an office building, we examined the power consumption of relevant public facilities, and then add lighting sensor switches in the basement elevator hall to reduce energy consumption. Taiwan Wugu plant replaced air conditioning equipment and fluorescent lamps. The China Dongguan plant evaluated energy-saving improvement plans and replaced old and high-energy-consuming equipment, such as using energy-saving air compressors and energy-saving fluorescent lamps. The improvement effects under energy-saving measures in 2023 are as follows:

Location	Improvement item in 2023	Annual energy-saving volume (kWh)	Annual energy-saving volume (GJ) (Note 1)	Annual carbon reduction amount (kg CO ₂ e) (Note2)
Taiwan HQ	Lighting microwave sensor switches are added to the elevator halls on B4F, B5F, B6F and other floors, with an energy saving rate of 95%.	1,888.80 ^(Note 3)	6.79	933.07
Taiwan Wugu Plant	Replaced with 5 inverter air conditioner hosts	64,789 ^(Note 4)	233.24	32,005.77
	4F, No. 2 was replaced with LED energy-saving lamps. The energy saving rate is 76% while the original usage time remains the same.	2,100 ^(Note 4)	7.56	1,037.40
China Dongguan Plant	Workshops and conference rooms were replaced with LED energy-saving lamps	37,667 ^(Note 4)	135.60	18,645.17
	Replaced with energy-saving air compressor equipment	118,794 ^(Note 4)	427.66	58,803.03
	Energy-saving renovation of employees' domestic hot water (from heat pump to solar + heat pump assistance)	26,570 ^(Note 4)	95.65	13,152.15
	SMT hot air air conditioners are transformed into shared cold water pipes for workshop air conditioners	10,140 ^(Note 4)	36.50	5,019.30
	The water-cooled cabinet in the semi-product warehouse was transformed into a wall cabinet type	3,312 ^(Note 4)	11.92	1,639.44
	Replaced with energy-saving air conditioner equipment	133,896 ^(Note 4)	482.03	66,278.52
Total		399,156.80	1,436.95	197,513.85

Note 1: 1kWh is equivalent to 0.0036GJ.

Note 2: Calculated in Taiwan based on the national power emission coefficient announced by Taiwan Energy Bureau; In China, calculated based on the national electricity emission coefficient announced by the Ministry of Ecology and Environment of China.

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 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:

Work items	"Sustainable Development Roadmap for Listed OTC Companies" stipulated timetable	Ability's estimated completion time and execution results
Determine the establishment of full-time (part-time) units, the number of full-time (part-time) personnel and their scope of duties	Company independent planning	Ability Enterprise: December 2022/Completed as planned
		Consolidated reporting subsidiaries: June 2024
Develop an inventory plan and complete the inventory	Ability Enterprise: Completion by 2026 Consolidated reporting subsidiaries: Completed in 2027	Taiwan location: 2023/Completed according to plan China Dongguan Plant: 2024/ Year 2023 inventory completed ahead of schedule Vietnam Plant: 2024
		Consolidated subsidiary companies: 2025
Develop verification plan	Ability Enterprise: Completion in 2028 Consolidated reporting subsidiaries: Complete in 2029	Taiwan location: 2024/Completed Year 2023 verification ahead of schedule China Dongguan Plant: 2025/Completed Year 2023 verification ahead of schedule Vietnam Plant: 2025
		Consolidated subsidiary companies: 2026

3.2.2 Raw material and waste management

Raw materials management

The main products of the Company are digital image equipment, and crucial materials used are PCB, IC, passive components, connectors, plastics, metal and packing materials.

In 2023, raw materials consumed for use in production totaled 82.67 tons, representing an increase of 103.5% from 2022, primarily due to the increase in shipping volume. Total material consumption used by Dongguan factory is 436.66 tons. 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		2022	2023	
Location		Taiwan	Taiwan	China Dongguan Plant
Electronic materials		4.02	9.70	67.17
Institution materials	Metal materials	21.34	42.47	67.92
	Non-metal materials	3.33	11.29	94.22
Packaging materials		11.94	19.21	207.35
Total		40.63	82.67	436.66

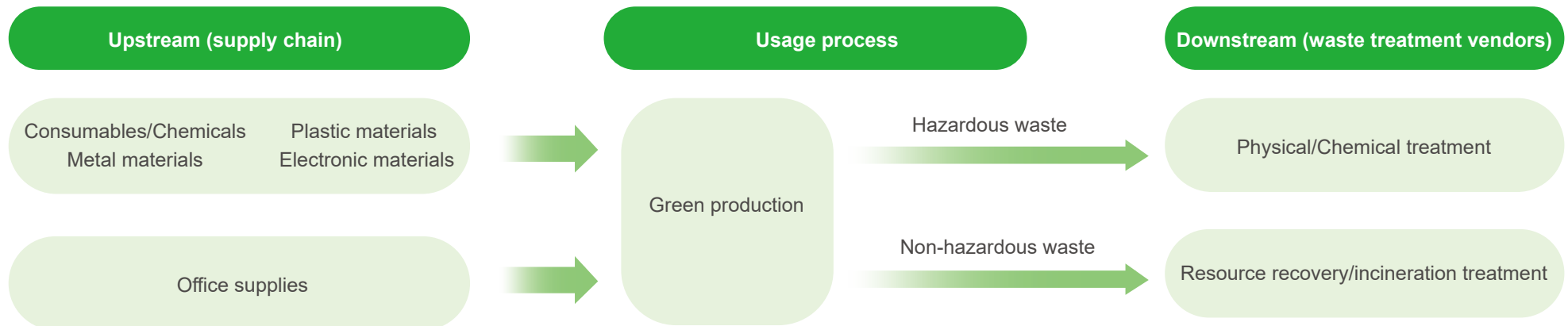
Note: The data source is the quantity of finished products delivered by the material department of each operating location. It is calculated by multiplying the quantity of raw materials used in the SAP system and the weight of raw materials in the Green Supply Management Platform (GSM), and summing them up by category.

In order 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 2023, a total of 138.54 tons of recycled and reused materials have been used, In 2023, the number of recycled pulp products has increased, and the proportion of recycled materials has also increased at the same time.

Material	2022	2023
Paper pulp (ton)	3.82	138.54
Recycled weight/total weight of product shipped (%)	9.40%	26.68%

3.2.3 Waste management

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



In 2023, the total weight of non-hazardous and hazardous waste of Taiwan Xinzhuang HQ and Wugu Plant was 30.84 tons; China Dongguan Plant was 96.54 tons. All waste is handled by vendors licensed by the relevant authorities. Waste is first temporarily stored on-site before being transferred to the licensed vendors for disposal. During the transportation of hazardous waste, irregular inspections are conducted to ensure that the hazardous waste is not discarded indiscriminately, thereby preventing environmental contamination.

In 2023, there was no waste leakage or pollution, and the processing method of all wastes complied with laws and regulations.

⊕ Taiwan location

2022

Waste categories	Waste details	Annual generation amount(tons)	Outsourced third-party treatment			Total amount divided by hazardous/non-hazardous (tons)	Percentage %
			Annual treatment volume (tons)	Treatment methods	Remarks		
Non-hazardous waste	Employee waste and general business waste (Wugu)	5.5	5.5	Incineration (energy recovery)	Daily waste collection	38.5	97.64%
	Employee waste and general business waste (Xinzhuang)	33	33	Incineration (energy recovery)	Daily waste collection		
Hazardous waste	Waste optoelectronic components, scraps, and defective products (Wugu)	0.39	0.39	Physical and chemical treatment	Irregular waste collection volume	0.93	2.36%
	Printed circuit boards with attached components (Wugu)	0.54	0.54	Physical and chemical treatment	Irregular waste collection volume		
Total waste volume			Total volume of off-site treatment	Percentage %			
39.43			39.43	100%			

2023

Waste categories	Waste details	Annual generation amount(tons)	Outsourced third-party treatment			Total amount divided by hazardous/non-hazardous (tons)	Percentage %
			Annual treatment volume (tons)	Treatment methods	Remarks		
Non-hazardous waste	Employee waste and general business waste (Wugu)	5.3	5.3	Incineration (energy recovery)	Daily waste collection"	26.9	87.22%
	Employee waste and general business waste (Xinzhuang)	21.6	21.6	Incineration (energy recovery)	Daily waste collection		
Hazardous waste	Waste optoelectronic components, scraps, and defective products (Wugu)	3.11	3.11	Physical and chemical treatment	Irregular waste collection volume	3.94	12.78%
	Printed circuit boards with attached components (Wugu)	0.83	0.83	Physical and chemical treatment	Irregular waste collection volume		
Total waste volume			Total volume of off-site treatment	Percentage %			
30.84			30.84	100%			

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

⊕ China Dongguan Plant

2023

Waste categories	Waste details	Annual generation amount(tons)	Outsourced third-party treatment			Waste collection frequency	Total amount divided by hazardous/non-hazardous (tons)	Percentage %
			Annual treatment volume (tons)	Treatment methods	Supplier management			
Non-hazardous waste	Employee waste	54	54	recycle	Landfill	Daily waste collection	93.2	96.54%
	Employee waste and general business waste (Cardboard)	35.66	35.66	recycle	Recycled materials	Regular waste collection		
	Employee waste and general business waste (Plastic materials)	3.54	3.54	recycle	Recycled materials	Regular waste collection		
Hazardous waste	Waste rags / gloves	0.5465	0.5465	Incineration (non-energy recovery)	Landfill	Annually	3.3405	3.46%
	Waste coolant	0.1455	0.1455	recycle	Incineration	Annually		
	Waste hoses	1.9135	1.9135	Incineration (non-energy recovery)	Landfill	Annually		
	Waste fluorescent tubes	0.342	0.342	On-site storage	Physical treatment	Annually		
	Waste containers	0.334	0.334	Incineration (non-energy recovery)	Landfill	Annually		
	Waste batteries	0.007	0.007	On-site storage	Chemical treatment	Annually		
	Waste circuit boards	0.052	0.052	On-site storage	Chemical treatment	Annually		
Total waste volume			Total volume of off-site treatment	Percentage %				
96.5405			96.5405	100%				

Note 1: Non-hazardous waste, hazardous waste data source: Guangdong Province Solid Waste Environmental Supervision Information Platform.

Note 2: The waste in the employee dormitory area is collected 3 times daily, calculated as follows: (5 buckets * 0.01 tons/bucket * 3 times/day) * 30 days * 12 months).

3.2.4 Water resources management

The Company performs an annual inventory of the water consumption of all business locations. The major scope of Taiwan operating activities and the water consumption areas are concentrated within the Taipei Metro Area. The water withdrawal source is the Taipei Water Department and Taiwan Water Corporation, and the source of water is the Xindian River and Dahan River, which are not located in areas with water pressure.

The water withdrawal source in China Dongguan Plant is the municipal water supply company, and the source of water is the Dongjiang. The procedures of the Wugu Plant and China Dongguan Plant are primarily assembly operations. Water is not required for the procedures. The primary source of wastewater comes from domestic sewage, discharged into the local municipal sewage pipeline system, complying with the wastewater discharge standards in the area and having minor effects on the environment.

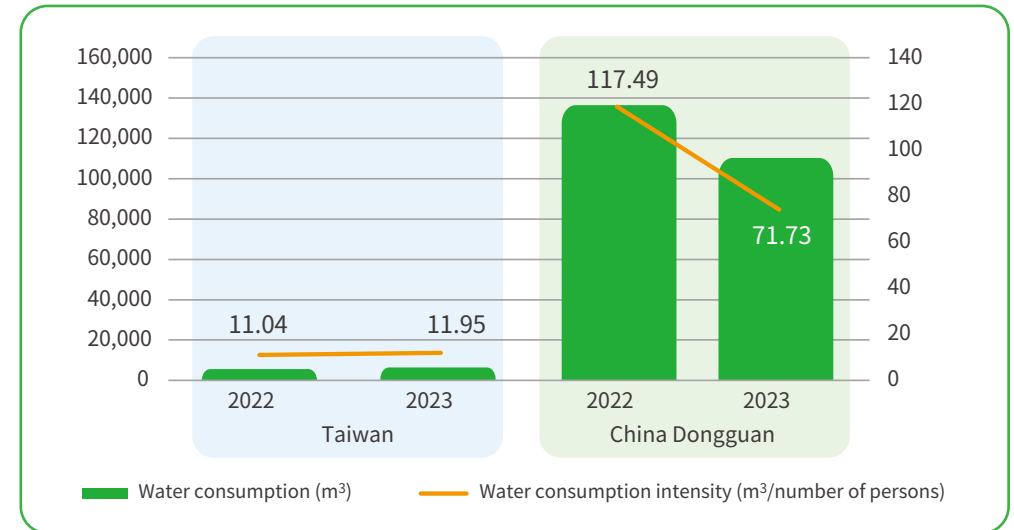
⊕ The total of the water consumption in 2022 and 2023

Water consumption statics	2022		2023	
Water consumption (m3)	Taiwan	China Dongguan	Taiwan	China Dongguan
Location	5,607	136,408	6,355	109,955
Water consumption intensity (m3/number of persons)	11.04	117.49	11.95	71.73

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

Note 2: The number of persons who consumed water in 2022 and 2023 was 508 people and 532 people in Taiwan, respectively, which is 1161 people and 1533 people in China Dongguan Plant, respectively.

⊕ Annual water consumption



Ability 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.

Taiwan Headquarter

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

China Dongguan Plant

- Adjust the water replenishment schedule in real time based on water usage, implementing timed water replenishment.
- Update the outdated flushing valves in the dormitory restrooms.
- Use water-saving faucets.
- Post water conservation signs.

In 2023, the water consumption of the Dongguan factory in China was 109,955 m³, a decrease of 26,453 m³ compared to 2022, which is a reduction of 19%. The water-saving results are significant.



4 Sustainable Innovative Products and Services

4.1 Creating Safe, Sustainable Innovative Products

4.2 Supply Chain Management

4.3 Customer Relations



Material topic

Product quality and safety & 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.

Positive/Negative Impact

1. Positive Impact: The deterioration of the environment and ecology, the shortage of energy and natural resources, the intensification of climate change, the reduction of greenhouse gases, and the tightening of international regulations. Therefore, the development of green product design, greenhouse gas reduction, recycling and reuse to meet the requirements of international regulations can reduce the cost of products. The risk of customs barriers in various countries may increase opportunities for new customers.
2. Negative Impact: When products are imported to customs in various countries, if they do not comply with local regulations, they will be returned or fined, which will affect the company's reputation.

Action Plan

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.

Evaluate and the Performance of 2023

1. We provide products with designs in compliance with green products, and they are in line with the requirements of 81.80% of reuse & recycling and 92.42% 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.

Remedy 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.
3. If a product is found not to comply with national regulations, supporting information is needed to prove that the product is not harmful.

Goals

Short-term

- Products comply with the following green product requirements:
 1. Achieve 80% of reuse & recycling
 2. Achieve 85% of recovery
 3. Achieve 70% of all product materials being free of halogen and hazardous substances.

Mid-term

- Products comply with the following green product requirements:
 1. When developing, give priority to materials with high reuse/recycling/recovery efficiency.
 2. Achieve 80% of all product materials being free of halogen and hazardous substances

Long term

- Products comply with the following green product requirements:
 1. When developing, give priority to materials with high reuse/recycling/recovery efficiency.
 2. Achieve 85% of all product materials being free of halogen and hazardous substances.

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.

Positive/Negative Impact

1. Positive Impact: Improving the information security protection network to avoid customer privacy or information leakage, strengthening customer care and after-sales service can help companies improve customer satisfaction, expand customer markets, improve company production efficiency and reduce costs, thereby enhancing corporate competitiveness.
2. Negative Impact: Possible risks caused by poor information security and customer data protection include: leakage of confidential information, loss of customers, legal disputes, or revision of customer orders, etc. Loss of customer trust may lead to customers diversifying suppliers or directly switching to other suppliers. significant risks.

Action Plan

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.

Evaluate and the Performance of 2023

1. Successfully passed the ISO 27001 certification in 2023.
2. There was no information safety event or customer data leakage during the year.
3. In 2023, the customer satisfaction surveys for Imaging Product Division is 82.5%, Imaging System Division is 97.4%, Imaging Module Division is 100%

Remedy Mechanism

Responsible department: Marketing department/IT Section

Business department:

1. Collect customers' requirements for interests and services, transform them into internal process planning, and integrate relevant departments of the Company to achieve customers' requirements.
 2. Regularly and actively carry out customer satisfaction surveys each year to understand the level of satisfaction of customers regarding Ability.
- IT Section:
1. 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

Short-term

- 1. No information safety event
- 2. New employee information safety information training achievement rate of 100%
- 3. Customer satisfaction score reaches 90%

Mid-term

- 1. Achieve 90% of the turnover in cumulation regarding the recovery of satisfaction surveys from customers
- 2. Achieve 90% for customer satisfaction grade
- 3. Material customer complaints from a single customer in a single year (Note) not exceeding 1 case
- 4. No information safety event

Long term

- 1. Achieve 95% for customer satisfaction grade
- 2. Material customer complaints in a single year not exceeding 5 cases
- 3. No information safety event

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 innovative products and services

Materiality, Policy, and Commitment

Ability 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 Ability, and address the commitment to environmental and social responsibilities under our corporate culture and value.

Positive/Negative Impact

1. Positive Impacts: R&D and design respond to environmental issues and respond to the product life cycle, reduce environmental impact, improve energy and usage efficiency, introduce green product design to reduce materials that damage the earth, and strive to design products with environmentally friendly and sustainable values to create products that are designed with Consider the purpose of energy saving and green environmental protection.

Action Plan

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.

Evaluate and the Performance of 2023

1. 44% of the patent cases filed from 2021 to 2023 have been commercialized.
2. Successfully developed a series of automotive front cameras with high definition, high light and dark contrast, high dynamic range (HDR) and LED flicker suppression (LFM).

Remedy Mechanism

Responsible unit: R&D

Leaders and supervisors develop and design innovative products to respond to customers' needs in innovative products and services. We use professional teams to respond to customer needs and fulfill the core of sustainable value. Cooperate with customers and related issues, and take sustainability as the responsibility and obligation of the design side.

Goals

Short-term

1. In 2023, designs in response to environmental topics and halogen-free material selection were added for the R&D design for green energy product optimization.
2. Small/low-cost automotive filming products: Create small designs for the front camera and reduce the size of the appearance by 10%.
3. Evaluate and implement the environmentally friendly packaging plastic reduction plan (extending the 2023 project to simplify environmentally friendly plastics).

Mid-term

1. Introduce the new RD design review checklist for image products and add material confirmation items.
2. Reduce the power consumption of image products by 5% or improve the use time of products by 5% or above.
3. Shorten end-testing working hours by 5% each year.
4. Small/low-cost automotive camera product: Reduce the size and cost by 5%, respectively, as compared to the products of the previous series.

Long term

1. Our products comply with NRCAN, ErP, and Appliance Efficiency Regulation.
2. Taking energy efficiency as the strategic focus of product sustainable design, we continue to develop green design and carbon reduction design.

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.

Positive/Negative Impact

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

Action Plan

1. 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.

Evaluate and the Performance of 2023

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 2023, Ability had 18 new suppliers, and all of them 100% complied with the supplier review procedures of Ability.
2. The raw materials of the Company are mostly from suppliers of electronic parts and mechanism parts; they are mainly material manufacturers, licensed regional distributors, and subcontractors by category. In 2023, the local (including Taiwan/Hong Kong/China) supplier procurement ratio of our business locations achieved 86%.
3. In 2023, 100% of raw material suppliers signed and submitted the supplier's social responsibility agreement and on-going business management commitment.

Remedy Mechanism

Responsible department: Supply Chain Management Section/QA department

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

Goals

Short-term

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

Mid-term

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

Long term

1. Implement ESG item audit evaluation for all suppliers

4.1 Creating Safe, Sustainable Innovative Products

4.1.1 Green product quality and safety

Ability 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.

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 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:

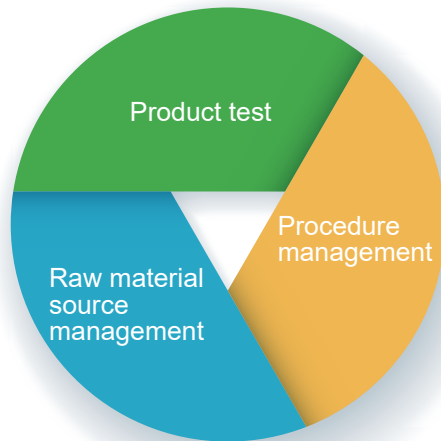


- **Product recycling design:** Ability referred to the EU regulations and customers' requirements to establish the minimum value to be achieved for the "recovery rate" and "reuse and recycling rate." We calculate the recovery rate and reuse and recycling rate of products based on the weight of materials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

	Reuse and recycling rate (%)	Recovery rate (%)
Green product specification	80%	85%

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

- **Use green materials:** Regarding materials used in our products, they shall comply with the RoHS requirements of the EU upon the recognition of materials. Apart from otherwise stated by the EU, products sold to different countries shall comply with the substance control regulations of the importing country. If customers otherwise set substance prohibition requirements, we shall satisfy customers' requirements; please refer too ["hazardous substance management"](#) below for details.
- **Energy-saving and carbon dioxide reduction policy:** We set reduce 5% of power consumption or increase the using time of products by 5% as the target; please refer to ["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.

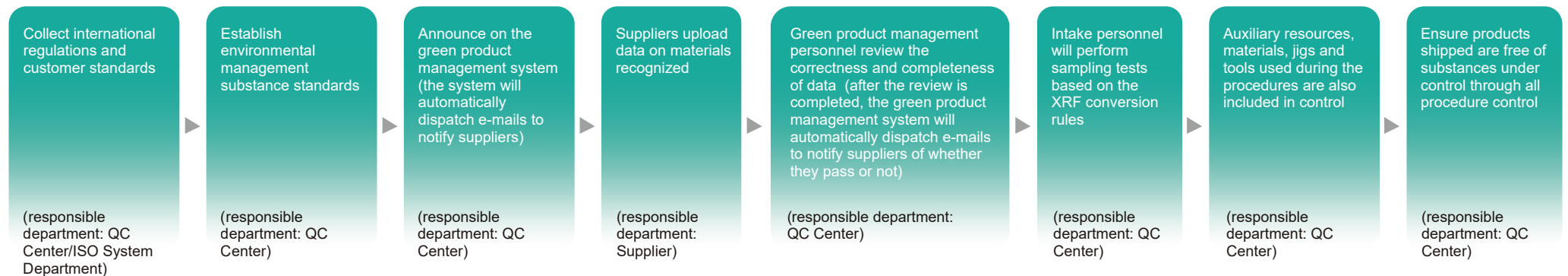


Hazardous Substance Management

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

- Raw material source management: Ability 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.
- Procedure management: Ability 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 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 are delivered to chemical laboratories recognized by a third-party certification institution for FATP to ensure that products comply with customers' requirements or the regulations of the country of sales.

⊕ Management flow chart:



4.1.2 Sustainable and innovative products and services

The 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, the 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, the Company 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 the Company, it also avoids the delay of the overall project due to the subsequent change in materials and other characteristics.

Plan	Goal	Implement in 2023
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.	1. The testing work hours in the post-development stage were reduced by 36.6%, and the manpower was reduced by 11.24%. 2. For assembly lines, site investment is reduced and labor hours are reduced by 3.88%
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.	1. 95.68% halogen-free mechanical components 2. Packing materials are 98.76% halogen-free. 3. Imaging system products have all adopted halogen-free packaging materials
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.	Product Energy Efficiency Specifications 1. California battery charging system energy efficiency requirement (BC) reaches 100% 2. Canadian energy efficiency label (NRCAN) reaches 100% 3. EU Energy Related Products Directive (ErP) reaches 100%
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. Start implementing plastic reduction actions in 2023, with the goal of reducing the use of plastic bags in 2024 and 2025. 2. Introduce the laser engraving process to reduce the use of specification labels. Starting from 2023, it will be promoted to products and customers, with the goal of adding one model every year	1. In 2023, only 17 models will use plastic packaging, and the rest have achieved the goal of packaging without using plastic bags. 2. In 2023, 8 models will have introduced the laser engraving process to reduce the use of specification labels.

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
2022	237	593.90	11.24%
2023	227	625.07	12.67%

Note : R&D human resources in 2022 is taken from page 72 of the 2022 financial report, R&D expenses from page 65; R&D human resources in 2023 is taken from page 77, R&D expenses from page 70 of the 2023 financial report.

Industrial breakthrough of R&D innovation in 2023

1. Video Products:

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



2. Intelligent products:

Proposing products with standard interfaces such as Ethernet/USB in fields such as security and automobiles, Ability provides customized artificial intelligence (AI) function services, allowing customers to integrate the AI product functions they need. Implemented on the product side, you can enjoy value-for-money products without using cloud services. The company's software and hardware engineers also develop a unique AI architecture and establish standard hardware and software interfaces (providing a complete software development kit, interface description, and image pre-processing) so that AI developers can use the company's software and hardware. The system can quickly develop its own unique AI functions without having to develop software and hardware from scratch to speed up product mass production.



3. Automotive camera products:

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 17 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. Ability 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 (30°) to ultra-wide angle (120°), Even fish-eye perspective (180°) and high definition, high contrast, HDR, LFEM of surrounding LED lights, and other special functions; meanwhile, for designs, Ability focuses on the use of energy-saving and low power consumption and recyclable materials. Ability cooperated with a Japanese self-driving software open platform system company to integrate camera lens modules into its self-driving open system devices. From 2023, it expanded sales and rentals of its self-designed electric vehicles (EVs), and had actually introduced many commercial applications.

4.1.3 Intellectual Property Management

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

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

⊕ Innovative R&D achievements and output in 2022 and 2023

Year	Patent applications (number)	Granted patents (number)
2022	10	25
2023	10	6

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

Our Company has achieved the following goals in 2023, and will continue improving and optimizing our intellectual property management:

1. Establish intellectual property newsletter section.
2. Promote intellectual property knowledge from time to time.



4.2 Supply Chain Management

Supply chain overview

The raw materials of the Company are mostly from suppliers of electronic parts and mechanism parts; they are mainly material manufacturers, licensed regional distributors, and subcontractors by category. In 2023, suppliers who were included in the approved vendor list (AVL) totaled 715 companies, and their locations spread across Taiwan, China, Southeast Asia, Japan, Korea, Europe, and the U.S.; 90% of major suppliers are in Asia. We continue to promote supply chain localization and encourage suppliers to join and use the e-procurement system platform and the green electronic information platform of green supplier management (GSM) to minimize transportation costs and achieve the paperless purpose. Before cooperating with a supplier, we consider quality, price, delivery term, production and technical factors, make constant efforts toward "green design," "clean production," and "energy-saving and carbon dioxide reduction" for the supply chain, and establish promotion, requirement, audit, evaluation, and other internal procedures for suppliers for sustainable supply chain management circulation.

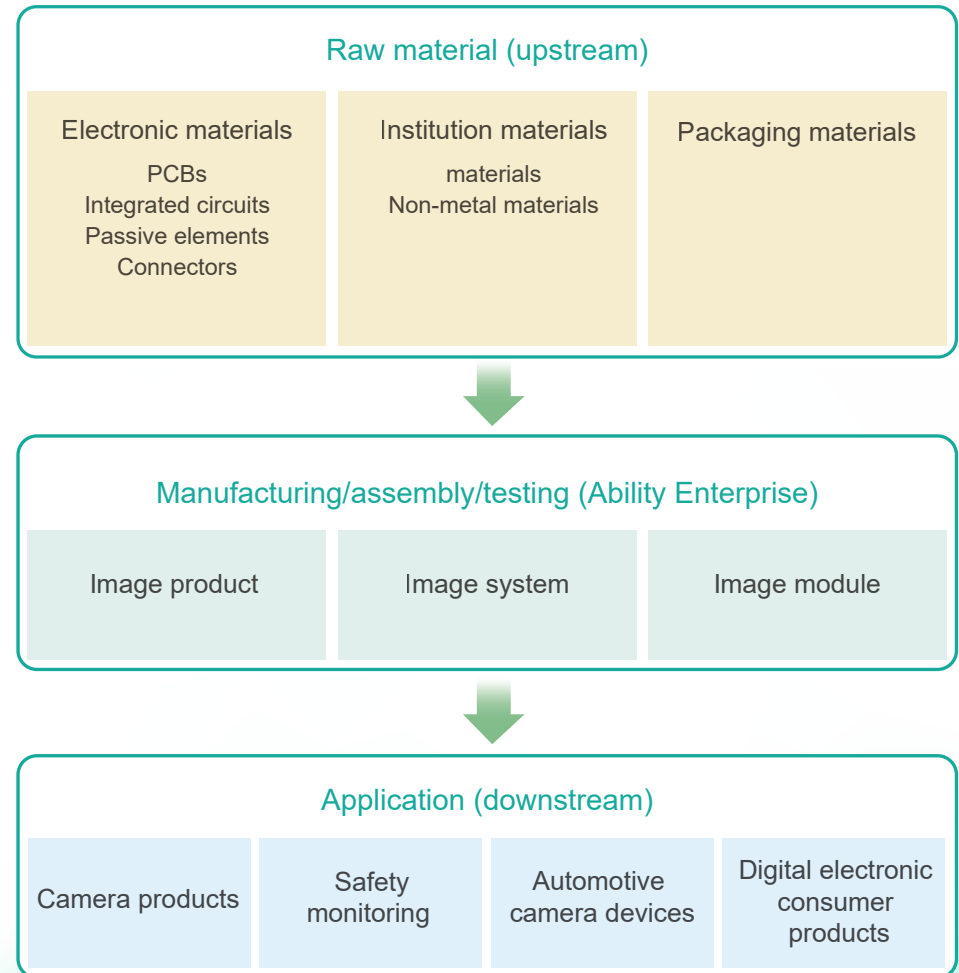
Local supplier procurement ratio (Note)	2023
Taiwan Headquarter	72.73%
China Dongguan	57.66%

Note : 1. "Based on the location where the supplier's company is registered"

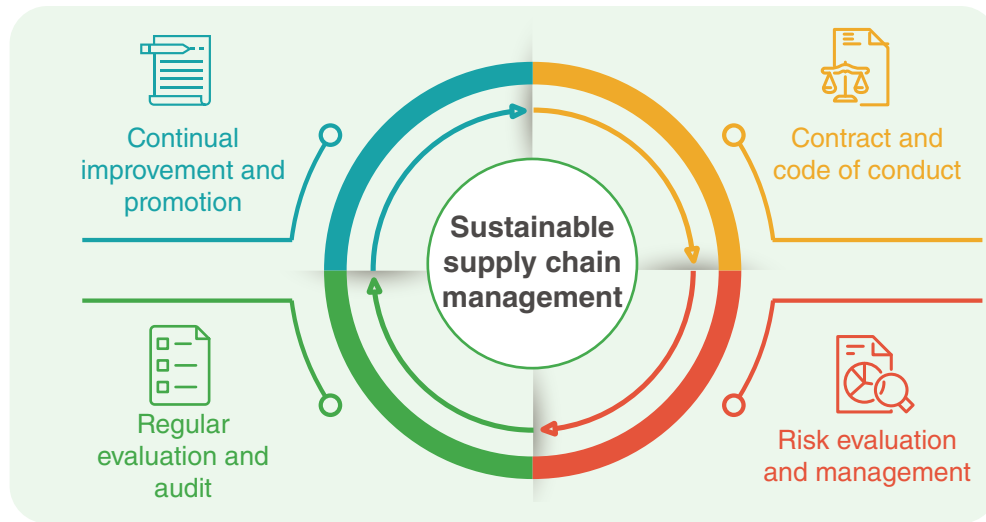
The local procurement of the Taiwan headquarter refers to local suppliers in Taiwan; the Dongguan factory in China refers to suppliers in mainland China and Hong Kong.

2. Local supplier procurement ratio= Local supplier transaction amount of the current year/total procurement amount of the current year

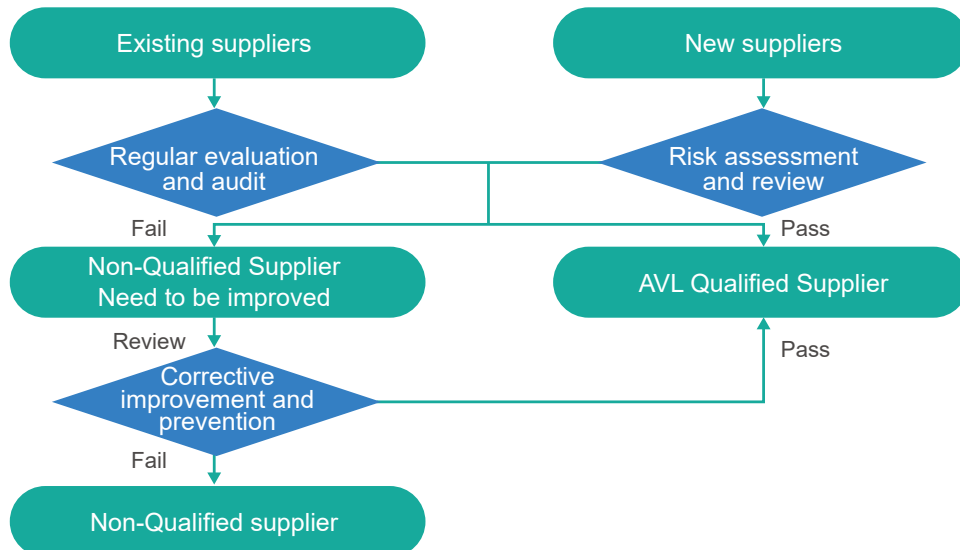
Ability Industry Value Chain



Sustainable supply chain management



Supplier Management Procedures



New supplier evaluation and review

A new supplier who joined the supply chain of Ability 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 Mechanism

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 2023, Ability had a total of 18 new suppliers that complied with supplier review procedures.

Regular evaluation and audit of employees

The Company performs regular evaluation of existing suppliers each month based on internal procedure documents each year and performs evaluations based on quality, delivery term, level of supply cooperation, and cost competitiveness to ensure that suppliers on the AVL comply with the supplier standard requirements of Ability, 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 designated by customers.

The results of the number of suppliers under regular evaluation in 2022 and 2023 are as follows

Regular evaluation of suppliers by Ability (number of companies) ^{Note}	2022	2023
Class A	0	2
Class B	333	216
Class C	0	4
Class D	0	0

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

Regarding the human rights management and policy for suppliers, the Company 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, the Company 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.

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

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

⊕ Supplier audit results in 2022 and 2023

		2022	2023
On-site audit of supplier (number of companies)	Taiwan headquarter	7(Note)	9
	China Dongguan factory		41

Note: Due to the COVID-19, document reviews were majorly adopted in 2022

4.3 Customer Relations

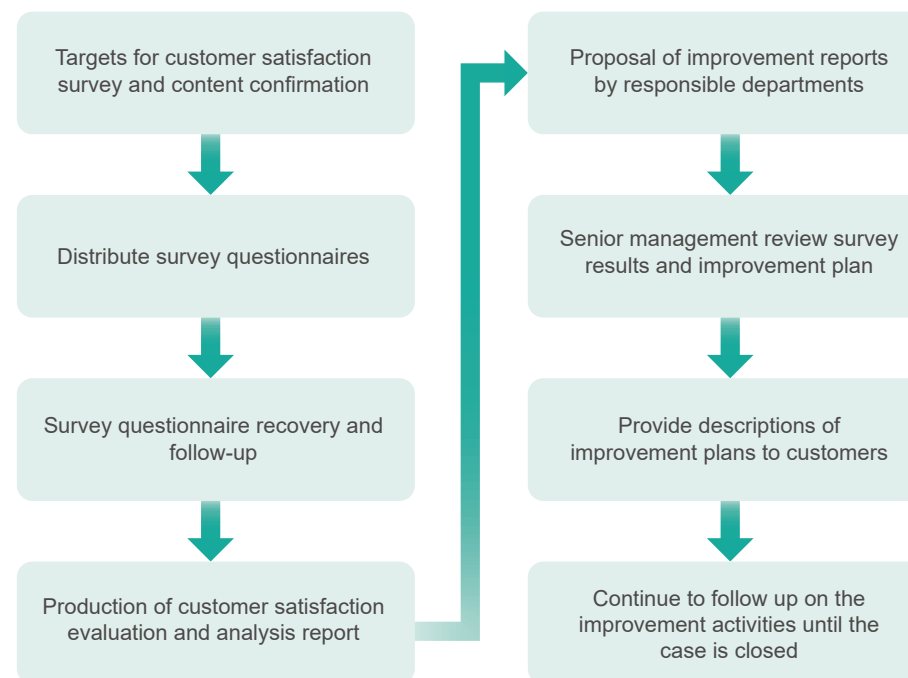
4.3.1 Customer relationship management

Ability is committed to achieving customer satisfaction and creating maximum profits, ensuring technologies and procedure capacity, and providing high-quality products and services to satisfy customers' requirements. As such, all employees participate and exhibit their abilities, actions, unity, and prosperous teamwork awareness. We 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.

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

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

Customer satisfaction evaluation procedures



The overall customer satisfaction survey of the Imaging Products BU in 2023 shows that the processing time of green product management operations and sustainability issues is too long, material changes or product verifications affect product delivery, and customer complaint handling has low scores, which makes customers have a negative attitude toward Ability. Satisfaction with products and services has declined compared with 2022. We have analyzed and proposed solutions for customer response items, continued to accumulate development and production experience, combined with flexible manpower processing, improved the accuracy and speed of supplier samples, and considered possible risks in advance for pre-processing, Ability will continue to improve and strive to meet customer expectations.

Customer satisfaction	2022	2023
Overall CIBU customers	95%	82.5%
Overall ISBU customers	100%	97.4%
Overall IMBU customers	100%	100%

4.3.2 Customer interest protection

Information security policy

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

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

ISO 27001 information security management system

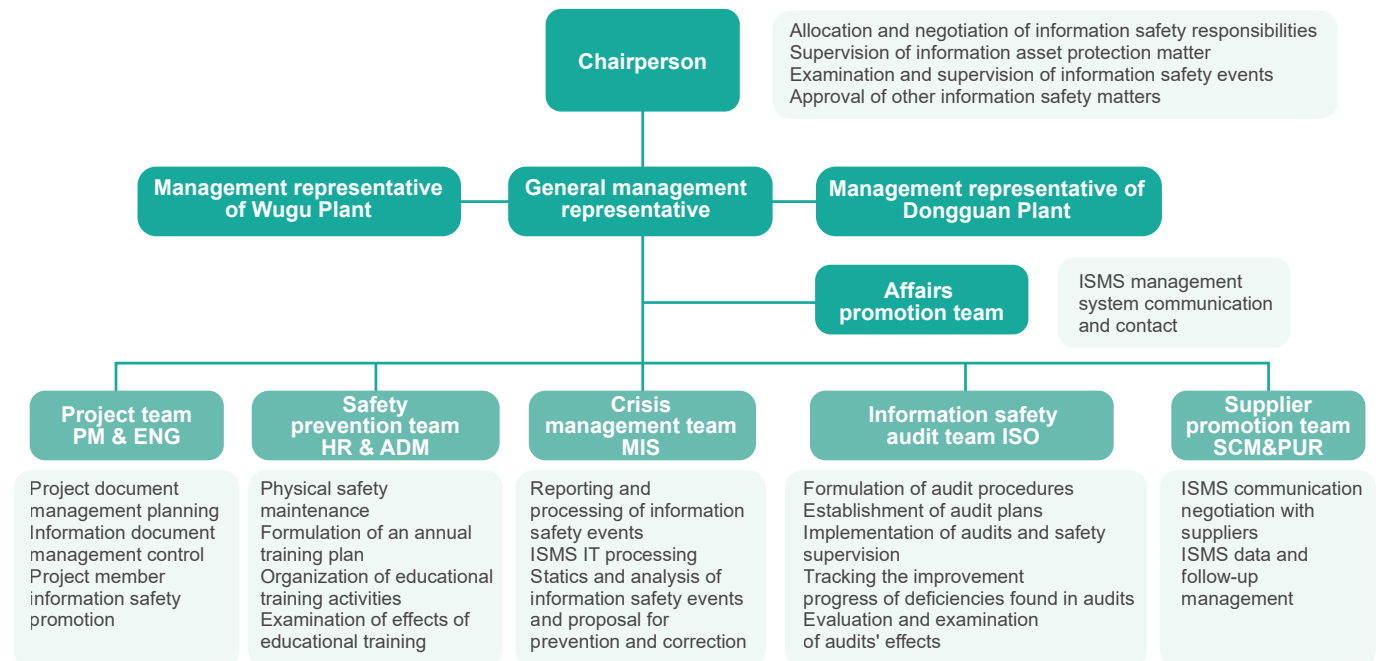
To reinforce information safety protection, the Company comprehensively promoted the introduction of the information security management system in 2012 and obtained the ISO 27001 information security management system (ISMS) certificate in August 2013. The Company continues to advance its cybersecurity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

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

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

Information safety organization

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



Information risk control

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

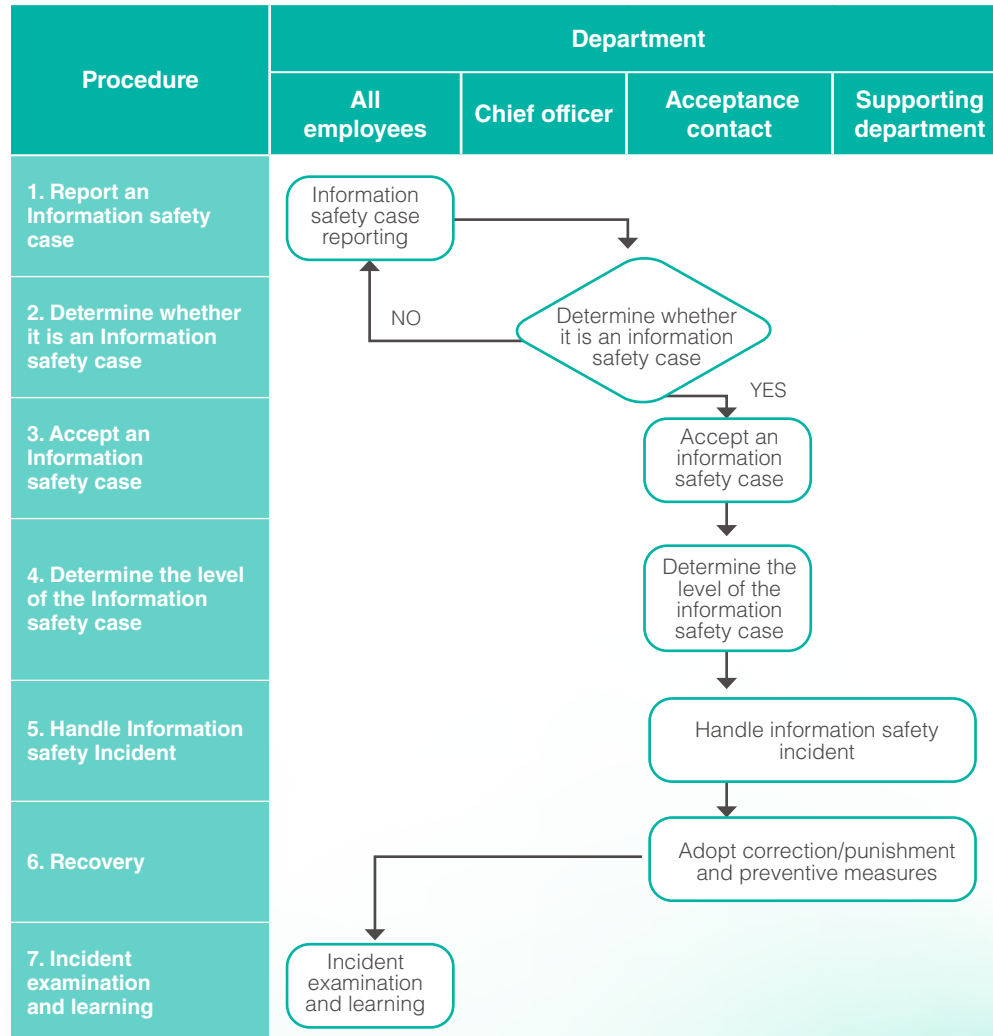
Information safety protection	Protection item
EDR information safety protection	EDR
	MDR
	Avoid network or blackmailing software attack
Firewall	Stop hackers from attacking and paralyzing the network
	Control reasonable network use
Anti-virus software	Stop viruses from damaging corporate data
	Avoid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

Information safety protection	Protection item
External personnel connection control	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
Control for external computers	Internet connection control for partners/suppliers/customers when visiting the plant
	Control for private computers of employees when visiting the plant
Online behavior screening and control	Avoid employees from mistakenly accessing websites with malware
	Authorize online connection categories based on level and work requirements
	Statistics of employees' online behaviors/time/ranking
	Record online behaviors and perform anomaly analysis
Anti-virus wall	Stop internal viruses from external attack
	Stop new variants of malware from attacking
	Battle viruses and reduce internal infection opportunities
Centralized control of material figures and text	Centralized control of material files
	Knowledge base management and sharing

We comply with information safety policy requirements via the introduction of the ISO 27001 information security management system and regularly carry out information safety promotion and employee information safety educational training. Internal and external professional auditors and the organization carry out audits of the information safety management system each year, evaluate the information operating status, risk control, and event improvement, and report to the information safety processing team to control and minimize information safety risks.

Information safety event reporting and response system

To effectively grasp confidential information leakage, damage or inappropriate use of information systems, computer viruses, hacker invasion, or other information safety events, Ability rapidly adopts necessary response disposals to ensure the recovery within the shortest time and reduce damages that may be brought by such events; therefore, the Company has established the information safety event reporting and response system.



Employee information safety training

The Company carries out basic information safety educational training when new employees report to work and reinforces employees' information safety awareness via quarterly information safety educational training, announcements, and promotions. 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 safety management policies with respect to management and technologies and collects and exchanges information safety information through relevant information safety alliances. 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 2022 and 2023, Ability had not violated customer privacy or lost customer information, and there has been no major lack of information security protection.

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 Health and Safety

5.5 Labor-Capital Relationship and Communication

5.6 Participation in Public Welfare

Material topic

Talent Development and Cultivation

Materiality, Policy, and Commitment

Under the philosophy of continuous learning and pursuit of excellence, we aim to enhance employees' professional knowledge and work skills, improve work quality and motivation, and align with future workforce development needs. By enriching employees' knowledge, attitudes, skills, and potential, we strengthen operational capabilities and organizational functions. We provide diverse and flexible learning channels and information, encouraging employees to develop in all aspects, ultimately achieving a sustainable foundation for the company's long-term success.

Positive/Negative Impact

1. Positive Impact: Enhance employee skills and knowledge, foster talent development, and strengthen operations for sustainable growth.
2. Negative Impact: Affecting work quality, which in turn impacts team and organizational functions, management, and operations.

Action Plan

1. **Ability upholds the philosophy** that talent is the foundation of the company, offering employees diverse and flexible learning channels and resources. Through on-the-job, off-the-job, and e-learning training systems, along with access to libraries, e-books, and magazine resources, it helps employees develop their talents and enhance their competitiveness.
2. Integrating internal and external resources to provide employees with learning and growth opportunities, aiming to enable both employees and Ability to grow together and pass on Ability's accumulated expertise and technology.

Evaluate and the Performance of 2023

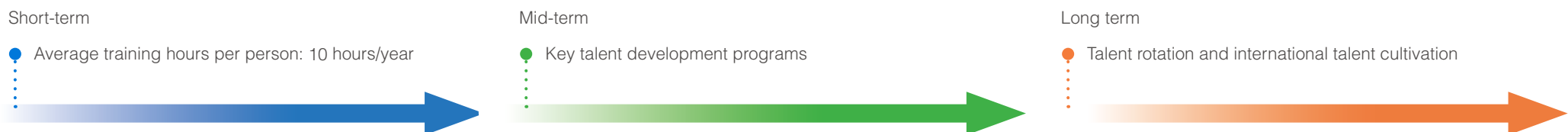
1. Average training hours per person in 2023: 6.54 hours/year for Taiwan location, 29.32 hours/year for China Dongguan Plant. We will continue to improve by providing diverse training courses, channels, and methods to enhance participation.
2. The average course satisfaction rate of Taiwan location is 88.41%.

Remedy Mechanism

Responsible department: HR Department and relevant departments.

1. Provide employees with counseling services, suggestion boxes, labor-management meetings, satisfaction surveys, and HR customer service, communicating with employees through these channels periodically.
2. Strengthen management skills at all levels, motivate and inspire employee growth, and reduce negative impacts.

Goals



Material topic

Talents Attraction and Retention

Materiality, Policy, and Commitment

Through strong management principles, corporate image, and compensation and benefits systems, we can attract and retain top talent. Ability aims to be a happy company, offering diverse employee engagement activities, including a quality work environment, subsidies from the welfare committee, benefits, wellness programs, and occasional themed events, to ensure employees enjoy their work and feel revitalized.

Positive/Negative Impact

1. Positive Impact: A high retention rate reduces recruitment costs, boosts morale, and attracts talent to grow with the company.
2. Negative Impact: Talent turnover increases recruitment costs and impacts employee morale and sense of belonging.

Action Plan

1. Develop workforce plans based on annual business strategies, update the official website and recruitment page, and provide a user-friendly interface to enhance application efficiency and convenience.
2. Recruit top talent through job banks, campus recruitment events, and internal referrals. Expand recruitment channels vertically and plan internal training programs horizontally to attract more talent and develop an outstanding team.

Evaluate and the Performance of 2023

1. With a 78.42% retention rate, we will conduct exit interviews to create targeted improvements and reduce turnover.

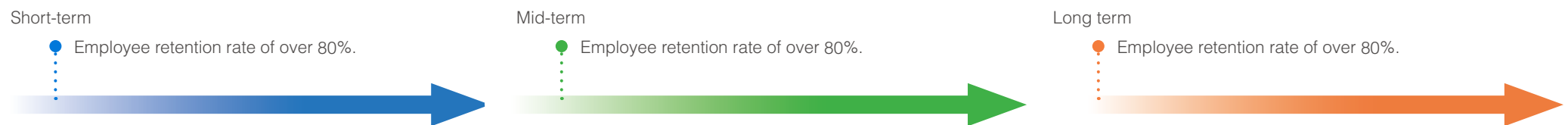
Remedy Mechanism

Responsible department: HR Department and relevant departments

1. Communicate with employees through internal emails, periodic satisfaction surveys, and regular labor-management meetings.
2. Talent is a key competitive advantage for business operations. Adjust and strengthen recruitment and retention plans to minimize negative impacts.

Goals

Each year, develop recruitment plans based on annual business strategies, aiming to bring more talented individuals into the Ability team.



Note: The scope of disclosure for this major topic is focused on Taiwan location.

5.1 Labor Structure and Salary

5.1.1 Employee diversity and equality

Our company views talent as our most valuable asset, with a commitment to diversity and non-discrimination in employment. We do not use race, gender, age, religion, political stance, sexual orientation, disability, or nationality as criteria for employee retention, working hours, compensation and benefits, performance evaluations, or promotions.

Regarding employee human rights, any violations can be reported through the HR department via phone or email. In 2023, Ability had no incidents of discrimination or child labor.

In line with our goal of fostering a diverse workplace, Ability not only values local employees but also hires foreign staff, exposing the company to different cultural customs and international exchanges, thereby gaining a variety of perspectives and ideas. In 2023, 100% of the senior management positions at Ability were held by local residents.

Ability continues to support vulnerable groups by providing employment opportunities for people with disabilities in accordance with legal requirements. Since 2008, we have employed visually impaired massage therapists. In 2022 and 2023, we hired 2 individuals with severe disabilities and 1 with moderate disabilities. We continually assess job roles to offer suitable positions and help individuals with disabilities integrate into society.

Note: Senior management is defined as positions at or above Deputy Director at Taiwan operations and at or above Deputy Manager at China Dongguan Plant.

5.1.1.1 Diversity of Employee Profile and Distribution

Based on employee categories defined in employment contracts, the statistics cover the actual number of employees at the end of each year. Here is the breakdown of employee categories for 2023.

2023	Operational Locations					
	Taiwan			China Dongguan		
Category \ Gender	Male	Female	Subtotal	Male	Female	Subtotal
Employees with temporary contracts	327	199	526	390	309	699
Employees with fixed-term contracts	0	0	0	0	0	0
Employees with no working hours guarantee	0	3	3	0	0	0
Total	327	202	529	390	309	699

Note:

- Both of temporary contract employees and fixed-term contract employees are counted into full-time staff.
- Employees with no working hours guarantee are part-time staff.

Ability's employment of individuals with disabilities and foreign staff is based on the actual number of employees at the end of each year. At the Taiwan operations, we comply with legal requirements by hiring the required number of employees with disabilities. At China Dongguan Plant, there are no employees with disabilities or foreign staff.

Category \ Gender	2023		
	Persons with physical and mental disabilities	Foreigners	Subtotal
Male	13	3	16
Female	2	29	31
Total	15	32	47

Note: At the Taiwan location, there are 19 Filipino technicians, 10 Vietnamese operators, 2 Vietnamese technicians, and 1 Japanese specialist.

Based on employee levels, gender, and age distribution, the statistics reflect the actual number of employees at the end of each year. In 2023, female managers accounted for 21.1% of management positions at the Taiwan location; and 38% at China Dongguan Plant.

2023	Taiwan						
	Ages				Position		
	< 30 years old	30-49 years old	> 50 years old	Total	Management position	Non-management position	Total
Male	43	220	64	327	75	252	327
Female	32	143	27	202	20	182	202
Total	75	363	91	529	95	434	529
2023	China Dongguan						
	Ages				Position		
	< 30 years old	30-49 years old	> 50 years old	Total	Management position	Non-management position	Total
Male	145	236	9	390	80	310	390
Female	95	214	0	309	49	260	309
Total	240	450	9	699	129	570	699

Note:

- At the Taiwan operations, supervisory positions are defined as high-level management roles (G9 and above, including Deputy Directors) and mid-level management roles (G6 to G8, including department heads and G5 section chiefs). Non-supervisory positions are defined as general employees.
- At China Dongguan Plant, supervisory positions are defined as G00 Deputy Team Leaders (inclusive) and above up to G12 Senior Managers. Non-supervisory positions are defined as general employees.

Non-employee workers, with statistics based on the actual number of individuals at the end of each year.

Taiwan	2023
Security personnel	3
Cleaning staff	8.5
Temporary staff	3
Total	14.5

Note: At the Wugu facility in Taiwan, one of the cleaning staff works half a day (4 hours) daily, thus representing 0.5 full-time equivalent.

China Dongguan	2023
Security personnel	26
Cleaning staff	12
Cafeteria staff	17
Interns	2
Temporary staff	834
Total	891

5.1.1.2 Personnel recruitment

In terms of talent recruitment, our company posts job openings on various recruitment websites (such as 104 and WeChat public accounts), detailing business directions, job vacancies, and benefits to attract diverse talent. Additionally, we participate in campus recruitment events, encourage internal applications, and seek referrals from current employees to recruit outstanding talent.



Our company enhances employee personal and career development through diverse training programs, benefits, and competitive compensation. After joining, supervisors and HR specialists periodically check on new employees' adaptation to minimize onboarding challenges. We support new hires in adjusting to the overall environment through training and education. When employees resign, HR specialists conduct care interviews to analyze key factors influencing retention and turnover, aiming to improve retention rates. In 2023, the retention rate at our Taiwan operations was 78.42%. To further improve retention and reduce turnover, we will implement exit interviews for departing employees to develop targeted improvement plans.

In 2023, the number of new hires at the Taiwan operations was 100 (41 male, 59 female), with a total turnover rate of 18.9%. The total number of new hires was 1,186 (770 male, 416 female), with a total turnover rate of 169.7% at China Dongguan Plant.

Regarding employee resignation procedures, Ability strictly adheres to labor laws and regulations, ensuring that all changes in labor conditions follow legal notification procedures. In 2023, the total number of resignations at the Taiwan operations was 65 (26 male, 39 female), with an overall resignation rate of 12.3%, a decrease from the previous year. At China Dongguan, the total number of resignations was 1,048 (694 male, 354 female), with an overall resignation rate of 149.9%.

⊕ 2023 New Hires by Operational Location, Age Group, and Gender

Locations	Ages	Male		Female		Group total	
		Number	Proportion	Number	Proportion	Number	Total of two groups
Taiwan	< 30 years old	20	40.0%	30	60.0%	50	50.0%
	31-49 years old	19	40.0%	28	60.0%	47	47.0%
	> 50 years old	2	67.0%	1	33.0%	3	3.0%
	Total employees at the end of 2023: 529.	41	7.8%	59	11.2%	100	18.9%
China Dongguan	< 30 years old	447	67.6%	214	32.4%	661	55.7%
	31-49 years old	319	61.2%	202	38.8%	521	43.9%
	> 50 years old	4	100.0%	0	0.0%	4	0.3%
	Total employees at the end of 2023: 699	770	110.2%	416	59.5%	1186	169.7%

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

⊕ 2023 Annual Employee Turnover (Including Voluntary and Involuntary) by Operational Location, Age Group, and Gender

Locations	Ages	Male		Female		Group total	
		Number	Proportion	Number	Proportion	Number	Total of two groups
Taiwan	< 30 years old	10	36.0%	18	64.0%	28	43.0%
	31-49 years old	14	42.0%	19	58.0%	33	51.0%
	> 50 years old	2	50.0%	2	50.0%	4	6.0%
	Total employees at the end of 2023: 529.	26	4.9%	39	7.4%	65	12.3%
China Dongguan	< 30 years old	398	69.1%	178	30.9%	576	55.0%
	31-49 years old	291	62.7%	173	37.3%	464	44.3%
	> 50 years old	5	62.5%	3	37.5%	8	0.8%
	Total employees at the end of 2023: 699	694	99.3%	354	50.6%	1048	149.9%

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

5.1.2 Remuneration policies

Our company participates in annual market salary surveys to adjust salaries based on market rates, economic trends, and individual performance, maintaining competitive overall compensation to retain top talent. To attract and retain exceptional employees and share operational results, we offer bonuses, performance incentives, and benefits based on job responsibilities and individual performance. Additionally, in accordance with Taiwan's Ministry of Finance regulations, we implement flexible measures such as stock options, treasury shares, restricted stock plans, and employee stock trusts to incentivize and retain top talent, promoting profit-sharing and sustainable business growth.

5.1.2.1 Remuneration of employees

The average annual salary difference by gender across various job levels is measured by the ratio of male to female salaries. The gender distribution varies across different job categories, roles, and operational locations.

Operational Locations	Classified by Job Level	2022				2023			
		Annual Compensation		Monthly Base Salary		Annual Compensation		Monthly Base Salary	
		Male	Female	Male	Female	Male	Female	Male	Female
Taiwan	Executive-Level Managers	0.98	1	0.96	1	0.66	1	0.82	1
	Mid-Level Managers	1.11	1	1.08	1	1.04	1	1.13	1
	General Indirect Employees	1.32	1	1.25	1	1.32	1	1.25	1
	Direct Employees	1.42	1	1.44	1	1.11	1	1.12	1

Note:

Based on full-time employees

Job Level Classification:

Executive-Level (G9 and above): Includes positions such as Deputy Director (G9) and higher, excluding managers (General Manager, 1 person; Deputy General Manager, 2 person; Associate Director, 1 person; Others, 3 person)

Mid-Level Managers (G6-G8): Includes Senior Managers (G6-G8) and Section Managers (G5)

General Indirect Employees: Includes positions at G5 and below, non-managerial roles

Locations	Classified by Job Level	2023			
		Annual Compensation		Monthly Base Salary	
		Male	Female	Male	Female
China Dongguan	Mid-Level Managers	1.20	1	1.20	1
	General Employees	1.14	1	1.03	1
	Indirect Production Line Employees	1.04	1	1.05	1
	Direct Production Line Employees	1.01	1	1	1

Note: Based on full-time employees.

Job Level Classification:

Mid-Level Managers (G7 and above): Includes positions such as Section Manager (G7) and higher.

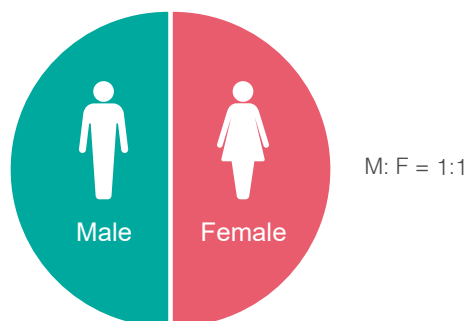
General Employees (G1-G6 and below): Non-managerial roles.



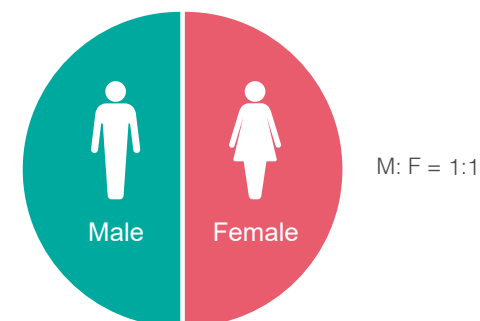
⊕ Minimum Salary Ratio by Gender for Each Location

Taiwan	Local Minimum Salary Standard for Males (TWD)	Local Minimum Salary Standard for Females (TWD)	Local Minimum Wage Standard	Male Local Minimum Wage Ratio	Female Local Minimum Wage Ratio
2022	25,250	25,250	25,250	1	1
2023	26,400	26,400	26,400	1	1
China Dongguan	Local Minimum Salary Standard for Males (RMB)	Local Minimum Salary Standard for Females (RMB)	Local Minimum Wage Standard	Male Local Minimum Wage Ratio	Female Local Minimum Wage Ratio
2022	1,900	1,900	1,900	1	1
2023	1,900	1,900	1,900	1	1

⊕ Taiwan Operational Site 2023 Gender Minimum Wage Ratio



⊕ China Dongguan Plant 2023 Gender Minimum Wage Ratio



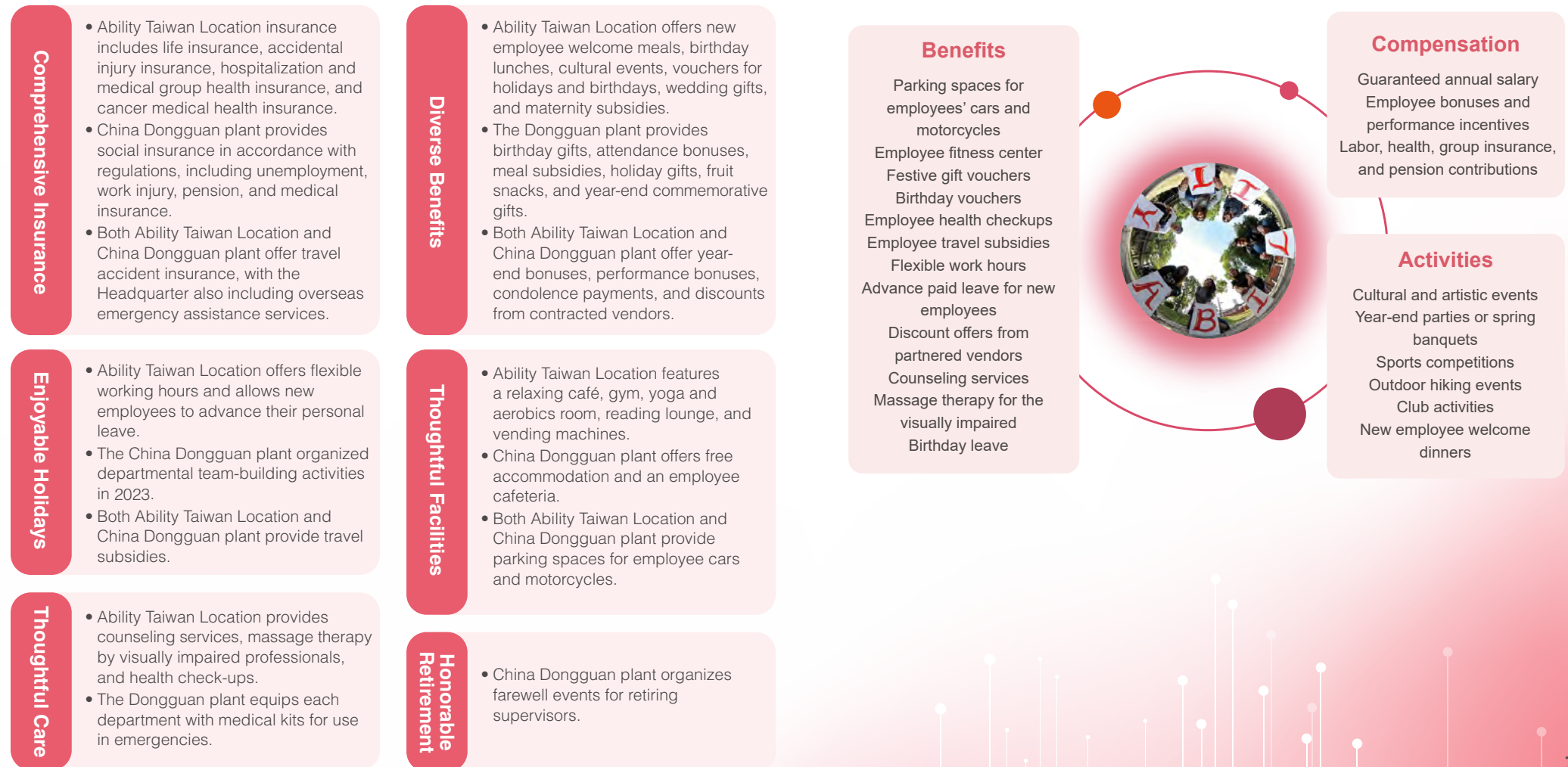
⊕ Taiwan Site Non-Managerial Full-Time Employees' Compensation Disclosure Overview

Disclosure Items	2022	2023
Number of persons	453	446
Total salary (NTD thousands)	566,897	512,034
Average (NTD thousands)	1,251	1,148
Median (NTD thousands)	1,080	1,090

5.2 Employee Welfare

Employees are the best partners in Ability sustainable development. Ability is committed to continually enhancing its employee welfare system, focusing on both the physical and mental well-being of its staff, ensuring that every employee is happy and fulfilled. Beginning in 2023, Ability Taiwan operations have introduced a "birthday leave" benefit, allowing employees to take a day off on their birthday to relax and take a break from work.

In Taiwan, a Staff Welfare Committee has been established, and at China Dongguan Plant, a union and a Staff Welfare Committee are in place. Both organizations manage various employee recreational activities and provide welfare subsidies. They work to expand the scope of welfare protection, ensuring comprehensive support for employees, allowing them to enjoy a balanced work and personal life. All welfare details are communicated through announcements, Ability website, email, or broadcasts, ensuring employees are informed and able to apply for benefits. Although there may be some differences in welfare benefits depending on the location, all benefits comply with or exceed local regulations.



Welfare provided by China Dongguan Plant

Free Accommodation

Employee Dormitories



Senior Executive Dormitories



Manager Dormitories



Executive Dormitories



Birthday Gifts



Welfare provided by China Dongguan Plant the Union and Welfare Committee

Company Travel



Department Team Building



Holiday Greetings



Fruit Snacks



Employee Care



Retirement Farewell



Ability Taiwan Location provides educational subsidies for dependents of employees who are from low-income or lower-middle-income families. This includes dependents of employees who have passed away (including deceased colleagues) and have been employed for at least six months, provided their children or siblings are enrolled in government-registered public or private schools (including kindergartens, but excluding cram schools). The subsidy amount per semester is as shown in the image on the right. In 2023, there were 6 applicants with a total subsidy amount of NT\$70,000.

Educational Level	Amount	Educational Level	Amount
Kindergarten	NT\$10,000	Specialized Schools (including distance learning schools)	NT\$15,000
Elementary School	NT\$10,000		
Junior High School	NT\$10,000	University (including distance learning schools)	NT\$15,000
Senior High School	NT\$10,000		

5.2.1 Parental Leave Benefits

At Ability Taiwan Location, employees with parental needs receive substantial support and care. This includes arrangements for unpaid leave, relevant benefits, and access to a secure breastfeeding room designed with restricted access to provide a private space for breastfeeding employees. The company also offers flexible working hours and family care leave mechanisms to help employees balance family and work responsibilities. In addition to complying with local labor regulations, China Dongguan plant provides enhanced maternity benefits that exceed legal requirements. This includes dedicated breastfeeding rooms, exemption from security checks for pregnant employees to avoid accidental injuries, and preferential arrangements in employee dormitories, such as assigning lower bunks for easier access. Pregnant employees are also allowed to forego wearing work uniforms to ensure a more comfortable environment before and after childbirth.

⊕ Status of nursery leave without pay in 2023

Item	Male	Female	Total
Number of employees qualified for the application of nursery leave without pay in 2023 (A)	15	16	31
Number of actual applicants in 2023 (B)	0	10	10
Number of employees expected to be reinstated in 2023 (C)	0	6	6
Number of employees who reinstated in 2023 (D)	1	5	5
Number of employees who reinstated in 2022 (E)	0	1	1
Number of employees who continue to work for one year after reinstatement from nursery leave without pay in 2022 (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%	83%	83%

Note:

The number of employees eligible for parental leave or maternity leave is based on those who applied for parental or paternity leave between January 1, 2021, and December 31, 2023 (A).



5.2.2 Retirement benefit plan

Ability adheres to statutory retirement systems by allocating retirement funds for each employee. The participation rate in the retirement plan is 100%, ensuring that all employees can enjoy secure benefits upon retirement. The Human Resources department regularly reviews the list of employees reaching retirement age, proactively understanding their retirement intentions and providing guidance on career planning.

At the Taiwan location, employees who joined before June 30, 2005, are covered under the old retirement pension scheme according to Taiwan's Labor Standards Act and the Labor Pension Act. The old pension contributions are set at 2% of each eligible employee's monthly salary, deposited monthly into a designated bank account for the old pension scheme. In 2023, the reserve amount was approximately NT\$1.599 million, sufficient to meet the retirement needs of current employees under the old scheme. For the new pension scheme, contributions are made at a rate of 6% of the monthly salary into each employee's individual retirement account. In addition to the employer's fixed contribution of 6% per month, employees can choose to contribute an additional 0% to 6% of their salary to their personal retirement account based on their preference.

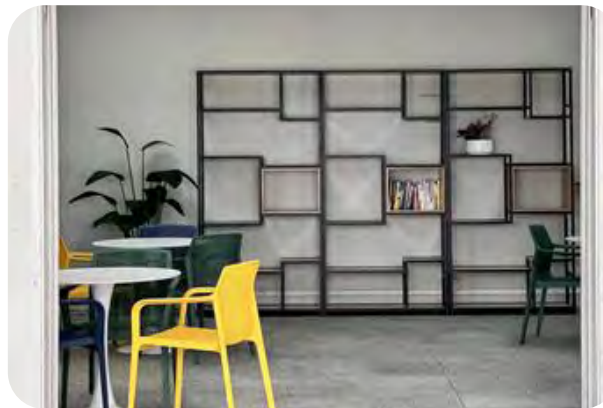
5.2.3 Employees' club and leisure activities

Ability encourages employees to form and participate in various clubs, which not only offer opportunities to diversify and improve physical and mental health but also help develop interests outside of work. Each year, these clubs organize various activities and competitions to foster interaction among colleagues. The Taiwan location currently has 11 clubs: Parenting, Badminton, Bowling, Coffee Art, Healthy Living, Yoga & Aerobics, Rock Climbing, Volleyball, Intellectual Games, Film Studies, and Outdoor Activities. China Dongguan Plant features a fitness equipment area, a reading room, and an employee activity center equipped with facilities for badminton, table tennis, and billiards, providing employees with options for leisure activities.

Fitness Equipment Area



Reading Room



Employee Activity Center



Club Activities

Employees can participate in various events organized by the company and the Employee Welfare Committee, including sports meets, ball games, and club activities, enjoying a balance between work and well-being.



Leisure Activity

In addition to participating in various activities organized by Ability and the Employee Welfare Committee, employees also have access to travel subsidies, hiking, a reading room, a gym, and a coffee bar. These amenities enrich employees' lives and provide a well-rounded balance to their work.



To promote and publicize Ability ESG principles of "Environmental Protection, Sustainable Living, and Innovative Sustainability," a "Green Living: ABILITY HERE WE GO" walking event was held on March 22, 2023. The event featured a series of eco-friendly activities that align with the goals of ESG, combining education with enjoyment to offer everyone a day of health and environmental consciousness.



Ability, in collaboration with the newly established Outdoor Club, hosted the "ABILITY CHILL Employee Picnic Day" on September 23, 2023. This event provided busy employees with a chance to relax and enjoy a new lifestyle mode of "wild living, wild sustainability" in a natural environment, making their lives more chill.

The Bowling Club held the "Ability Cup 15th Bowling Achievement Exhibition" on October 28, 2023. This event allowed Ability employees to participate in team competitions, with prizes awarded to the top 8 teams.



5.2.4 Employees' canteen and healthy vegetarian diet

Ability has set up an employee café on the first floor of its Taiwan Headquarter, providing a comfortable space for employees to relax and shift their mood when needed.

carbon reduction activities

Starting in 2022, the company has embraced a low-carbon lifestyle and care for employee health by setting up vegetable boxes in the café, organizing vegetable box planting experiences, and offering healthy vegetable meals. This initiative promotes a greener office environment, blending health with environmental responsibility. The café also implements eco-friendly practices by encouraging employees to bring their own reusable cups or dine-in cups, demonstrating a commitment to protecting the planet through everyday actions.



Category	2023 Monthly Average Carbon Reduction	2023 Annual Carbon Reduction
Low Carbon Lunch Reduction	91.6 kg	1099 kg

Note:

From January 2023 to December 2023, a total of 1,446 meals were provided. Each meatless meal reduces carbon emissions by approximately 760 grams. Therefore, 1,446 meals * 760 grams = approximately 1,099 kilograms.

Source: November 25th each year is "World Meatless Day." Ability supports low-carbon, eco-friendly plant-based meals to contribute to the sustainability of the planet. According to the 2011 research report by the Environmental Working Group (EWG) in the United States, which evaluates the life cycle of common foods and considers relevant research from various countries, 20 types of food were analyzed for their carbon emissions. The results show that meat has a significantly higher carbon footprint compared to plant-based foods. On average, a person consumes approximately 78 kilograms of meat per year. Based on EWG's 2011 carbon emission values, one meatless meal can reduce carbon emissions by about 760 grams per person.

5.3 Talent Development and Cultivation

Our company strengthens employees' professional knowledge and work skills to improve job quality and motivation. In alignment with the company's future human resource development needs, we enhance employees' knowledge, attitudes, skills, and potential to strengthen operational development and organizational functionality. We offer diverse and flexible learning channels and information, encouraging comprehensive development to achieve sustainable business operations.

5.3.1 Diverse learning channels

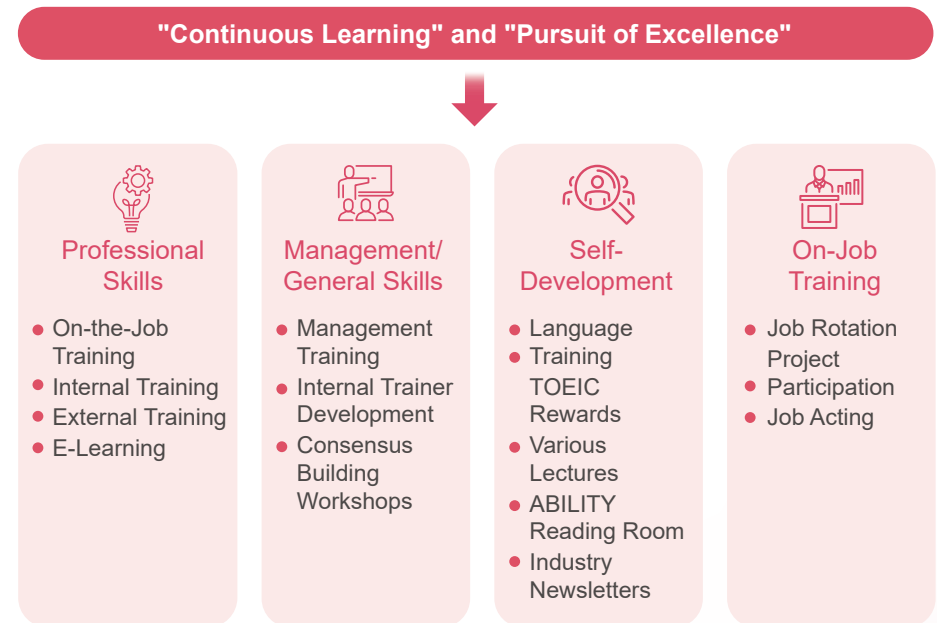
Our company provides employees with a range of flexible learning channels and resources, including classroom training, online learning, external training, digital libraries/magazines, and reading rooms. These resources support employees in achieving development in management or technical/professional areas while enhancing the management capabilities of supervisors at all levels. We encourage employee engagement and growth alongside the company.

We value employees' career development, and all employees are eligible for education and training. In 2023, the total training hours for employees at our Taiwan location amounted to 3,461 hours, with an average of 6.54 hours per person and a course satisfaction rate of 88.41%. At China Dongguan plant, total training hours amounted to 20,496 hours, with an average of 29.32 hours per person. We plan our learning and development direction to continuously enhance employee management and professional skills, improve team performance and synergy, strengthen organizational effectiveness and motivation, and achieve sustainable business growth and development.

⊕ 2023 Employee Education and Training Overview, Total Training Hours Completed (January 1, 2023 - December 31, 2023):

2023	Taiwan				China Dongguan			
Duty	Management position		Non-management position		Management position		Non-management position	
Gender	Male	Female	Male	Female	Male	Female	Male	Female
Total number of employees	78	20	249	182	80	49	967	437
Training Total hours	622	287	1,239	1,313	502	347	12,653	6,994
Average training hours	7.97	14.37	4.98	7.21	6.27	7.07	40.82	26.90

⊕ Ability Diverse Learning Pathways Course Planning Structure



Ability Academy

Core Value

Management Development

Accountability

Professional Development

R&D / Quality Control / Marketing /
Sales / Manufacturing

Brilliance

Integrity

General Development

New Employee Training /
Occupational Safety / Legal /
Language / Self-Development

Learning continuously

Initiating action

Team work

Core Competencies

Yes! You are "ABer"

⊕ Learning and Development Resources

New Employee Training

- This training aims to familiarize new hires with the company's history, management systems, products, workplace safety, information security, and quality management. It helps new employees understand the company and adapt to the environment effectively.
- This plan provides assistance from senior colleagues within the department, covering both daily life and professional aspects. The goal is to help new employees quickly adapt to the company's culture and job responsibilities.

Management Training

Management training courses are planned according to the management skills required for each supervisory level. They are divided into foundational supervisor/first-time supervisor training, middle management training, and senior management training, with the aim of continuously improving management capabilities.

Professional training

A team of instructors composed of senior executives, external experts, and professional vendors conducts the training, which includes seminars organized by various professional departments or training courses provided by industry consulting companies. This ensures that professional learning in each department continuously progresses. In addition to internal training, employees can apply to participate in external professional courses based on job requirements, with the company providing appropriate financial support.

Occupational Safety and Health Training

Providing a safe and secure work environment for employees is crucial. This includes regularly conducting fire drills, first aid training courses, and other related activities.

Language Training

To enhance and strengthen the international language skills of all employees, the company offers partial subsidies for English and Japanese courses, as well as TOEIC achievement rewards and registration fee subsidies. Employees can continuously improve their language skills through both in-person and online courses.

Self-Development

- Various lectures are provided to help employees rejuvenate their mind, body, and spirit outside of work. These include topics such as health, psychology, interpersonal communication, financial management, exercise, travel, and crafts, enabling employees to grow personally.
- Employees can also join industry newsletters to stay informed about market and industry trends, economic changes, product and technology developments, and major companies' operational strategies.
- At China Dongguan Plant, the "Dream Fulfillment Program" offers educational advancement discounts, with 12 participants enrolled in 2023.

ABILITY Reading Room

Provides a variety of books and magazines (both print and digital) for employees to borrow and engage in flexible learning.

2023 Corporate Sustainability ESG Training:

This year, a series of ESG courses were offered to integrate ESG principles into the DNA of company employees and cultivate professional talent in "Corporate Sustainability ESG." A total of 6 ESG-related training sessions were held, with 209 participants.



2023 Workplace Misconduct Training:

Through EAPC, professional counseling psychologists were invited to deliver courses, providing internal supervisors with practical examples and insights into potential workplace hazards and handling techniques. The goal is to collaboratively establish a safe and secure work environment. A total of 68 participants attended the training.



2023 English/Japanese Language Training:

Through an online language learning platform, flexible learning channels were provided to employees to continuously enhance their English and Japanese skills and align with international standards. A total of 42 participants attended the training.

English Proficiency Enhancement Program: In addition to offering English training subsidies, the program aims to encourage employees to advance their English skills through financial support and rewards. The TOEIC test was used as a standard for language proficiency, being an internationally recognized and accepted test. Based on this program, 15 employees obtained the TOEIC Gold Certificate.

2023 Fire Extinguisher Training at Dongguan Plant:

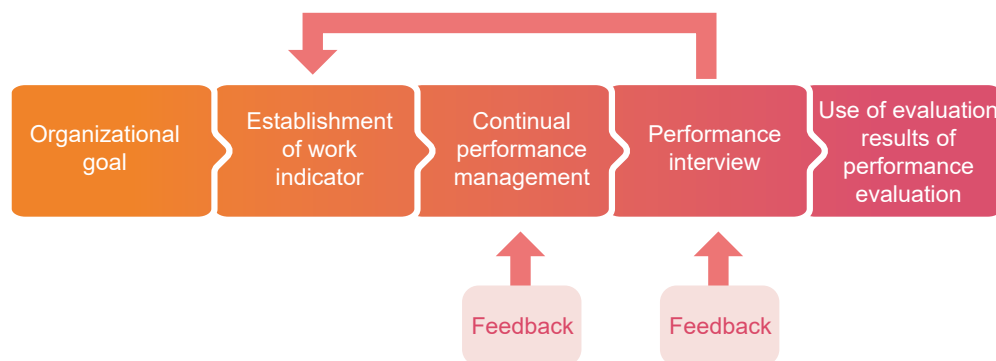
Through on-site practical drills, participants learned about the proper use of fire extinguishers and basic fire safety knowledge. This training aimed to ensure that each participant could effectively operate a fire extinguisher. The drills helped enhance organizational and handling capabilities in fire emergencies. By conducting fire extinguisher training, the program strengthened safety awareness, standardized fire and electrical safety practices, and fostered a safer operating environment. A total of 119 participants attended the training.



5.3.2 Performance evaluation system

The company ensures alignment between individual and organizational goals through a semi-annual performance management process. All employees are required to set personal KPI objectives, execution methods, and evaluation standards based on their goals and daily tasks. To ensure effective goal achievement, the company regularly reviews KPI progress and adjusts objectives as needed. Performance evaluations are conducted twice a year, at mid-year and year-end, according to the "Performance Evaluation Management Regulations." Employees first perform a self-assessment of their KPI achievements and work attitude and behavior, followed by a performance review discussion with their direct supervisor. The supervisor provides feedback on the self-assessment results, offers direct feedback and guidance, and listens to employees' suggestions for the company to reach a mutual understanding of goal achievement.

At China Dongguan Plant IDL team leaders ensure alignment between individual and organizational goals through a quarterly performance management process. Supervisors assess performance based on daily work execution, collaboration, and skill proficiency. Performance evaluations are conducted four times each quarter according to the "Performance Evaluation Management Regulations." During this process, supervisors can provide targeted guidance to achieve a mutual understanding of goal achievement.



Through the interview system, employee work efficiency is improved more effectively while ensuring that employees understand Ability strategic goals and identify any deviations. Ultimately, performance evaluations are linked to key HR planning decisions such as salary adjustments, promotions, bonuses, year-end incentives, and training. This integration of performance and rewards boosts employee morale. Depending on the employee's tenure, various assessments are conducted annually. Excluding dispatched personnel and new hires with less than three months of service, 100% of all employees complete the evaluation.

operational site	Assessment Method	Applicable Job Levels	Assessment Frequency
Taiwan	Online Assessment and Paper-based Assessment	All employees	conducted semi-annually
China Dongguan	Online Assessment	STAFF	conducted semi-annually
	Paper-based Assessment	IDL and supervisory levels	conducted quarterly

2023	Taiwan		China Dongguan	
	First Half of the Year	Second Half of the Year	First Half of the Year	Second Half of the Year
Number of STAFF	478	500	198	211
Assessment %	100%	100%	100%	100%

China Dongguan				
2023	Q1	Q2	Q3	Q4
Number of IDL Supervisors	86	77	83	82
Assessment %	100%	100%	100%	100%

5.3.3 Rights Protection

To ensure employee rights, Ability establishes policies in compliance with legal requirements as a fundamental principle. The company develops a performance management system to enhance both individual and organizational performance, implementing a fair and reasonable evaluation procedure for all employees. This system serves as the basis for promotions, salary adjustments, compensation, and training needs. In cases where an employee is unable to meet job requirements, the company offers counseling plans or assists with transfers to suitable positions. If the situation does not improve, and in accordance with relevant legal regulations, the company provides appropriate notice and severance pay, along with necessary documentation to support applications for unemployment benefits or vocational training subsidies, ensuring that employee rights are upheld.

The notice periods at Ability are as follows, in accordance with labor laws:

- For employees who have worked for more than three months but less than one year, a ten-day notice is required.
- For employees who have worked for one year but less than three years, a twenty-day notice is required.
- For employees who have worked for three years or more, a thirty-day notice is required.

5.4 Occupational Health and Safety

5.4.1 Occupational health and safety management system

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

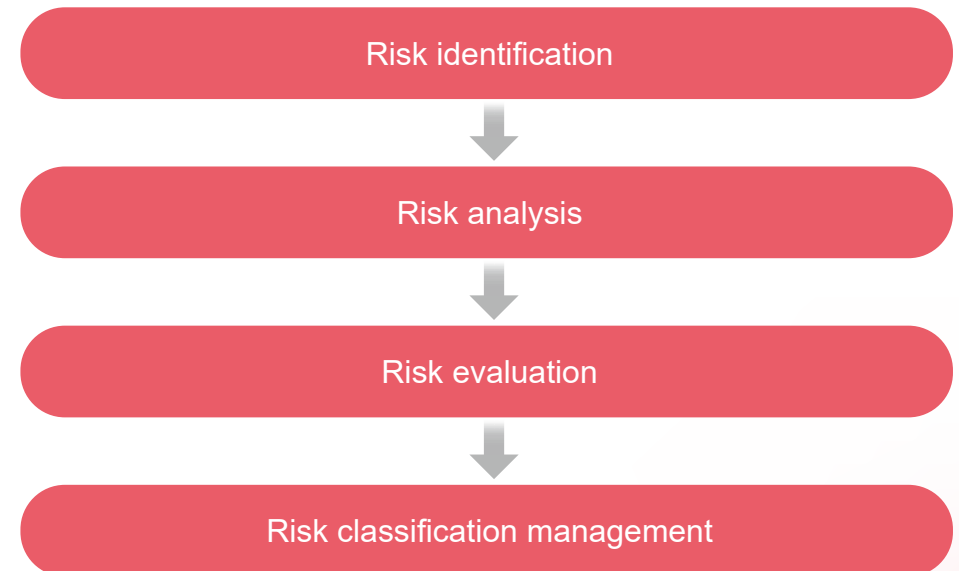
Occupational Safety and Health Management System Certification	Location	Obtaining Date	Effective Date
ISO 45001:2018	Taiwan	2023/5/12	2026/5/12
	China Dongguan	2023/8/7	2026/8/6

Occupational health and safety management department

ISO 45001 occupational safety and health management system establish the "OSH Committee"; members include supervisors and employee representatives of Taiwan locations, a total of 14 persons, in which there are 5 employee representatives, accounting for approximately one-third of the total number of persons. The OSH Committee is responsible for the external environmental and internal occupational safety and health issues. The members of the OSH Committee in China Dongguan Plant include supervisors and employee representatives, a total of 10 persons, in which there are 4 employee representatives, accounting for approximately one-third of the total number of persons. It is responsible for the external environmental and internal occupational safety and health issues of Dongguan Plant. Both of them holds regular meetings to have discussions on safety and health management, educational training implementation plan, health management, occupational disease prevention and health improvement matters, auto-inspection and safety and health audits, machinery, equipment, or raw material, preventive measures of material hazards, occupational disaster survey reports, and various safety and health topics to have comprehensive control for environmental safety. Meanwhile, opinions and recommendations proposed by workers are included in discussions by the Committee.

Occupational hazard identification and risk evaluation procedures

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



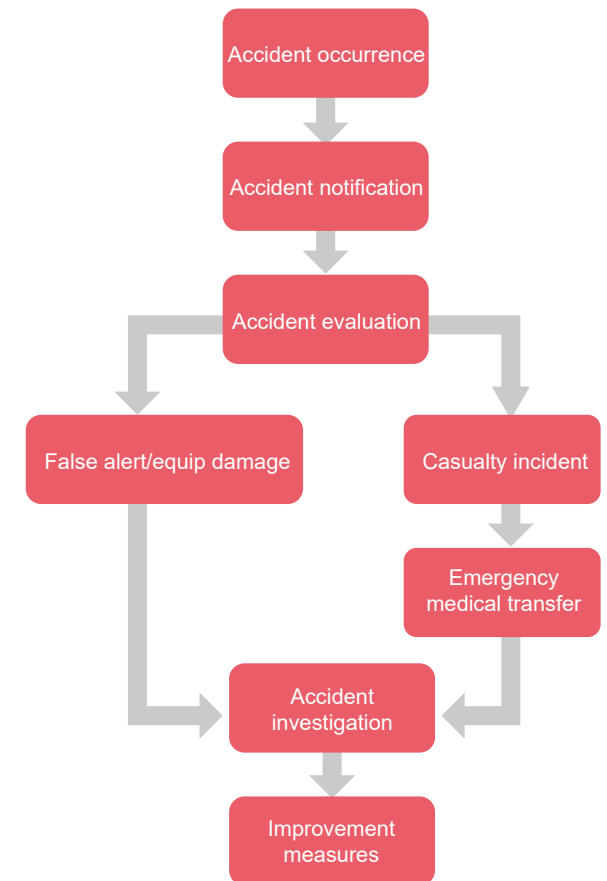
Incident reporting and investigation procedures

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

2023										
Location	Worker category	Death caused by occupational injury		Severe occupational injuries (excluding the number of persons who passed away)		False alert		Work-Related Illnesses		Actual total working hours
		Quantity	Ratio	Quantity	Ratio	Quantity	Ratio	Quantity	Ratio	
Taiwan	Full-time employees (Note 1)	0	0	0	0	0	0	0	0	1,014,232
	Part-time employees (Note 2)	0	0	0	0	0	0	0	0	2,096
China Dongguan	Full-time employees (Note 1)	0	0	0	0	0	0	0	0	1,392,704
	Part-time employees (Note 2)	0	0	0	0	0	0	0	0	1,165,408
	Contractor (security+cleaner +restaurant)	0	0	0	0	0	0	0	0	103,200

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

Note 2: Part-time employees are employees with no hour guarantee. In 2023, there were 2 part-time employees and 585 part-time employees in Taiwan and China Dongguan Plant, respectively.



Safety and health education and training

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

⊕ Taiwan location

2023 educational training course		Number of trainees	Training hours	Total hours
Internal training	New employee safety and health educational training	90	3	270
	Occupational safety and health educational training	497	1	497
	Hazard general knowledge educational training	34	3	102
	Self-defense fire safety grouping training	50	4	200
External training	Fire manager educational training	1	6	6
	First-aid personnel educational training	4	3	12
	Radiation protection educational training	2	3	6

⊕ China Dongguan Plant

2023 educational training course		Number of trainees	Training hours	Total hours
Internal training	General occupational safety and health training	4506	8	36048
	Chemical management knowledge training	13	0.3	4
	Environmental, safety, and health regulations and fire safety knowledge	10	0.5	5
	Fire evacuation drill	2310	5	11550
	Firefighting equipment and fire extinguisher hands-on training	119	0.16	19
External training	First aid training	17	1.5	26
	Training for the responsible persons of production and business units	1	12	12
	Training for safety management personnel in production and business units	9	16.4	148
	ISO 14001/ISO 45001 key points training	111	13	1443
	Radiation protection educational training	10	0.5	5

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 2023, the execution rate achieved 100% in both Taiwan and China Dongguan. The Company provides a contracting work hazard notice before the construction and completes the "construction application and pre/post-confirmation form," and the commencement of the construction is subject to approval. During the construction period, reinforce the daily on-site patrol inspection. If there is any non-compliance with safety and health requirements, the construction managing department will fill out a deficiency improvement notice and require the contractor to make instant improvements. After the completion of the construction, the supervising department shall fill out the "completion safety confirmation form" to effectively prevent accidents of contractors and personal injuries.

Occupational injuries and occupational diseases

We create 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, 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, we wish employees to have a life of physical and mental harmony in addition to work and commits to improving employees’ personal health, lifestyle, and behaviors.

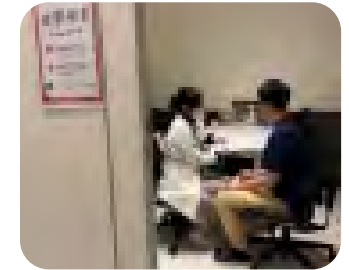
Employees Health Management

(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, n-Hexane, Methanol, toluene, tin compounds, noise, etc. and are regulated based on the specific work items of each factory area). Meanwhile, it provides premium health inspection plans for employees to allow employees to understand their own health status and exert self-health management through comprehensive inspection items.

After completing health inspections, professional medical personnel will provide hospitalization assistance and inspection notice based on the material anomalies found in the results of health inspections to realize care services. It provides professional consultation for groups with abnormal health and regularly arranges for doctors to visit for on-site services to provide professional consultation channels to employees. The Company has established a management plan for personal health anomaly health education and consultation, preventive risk monitoring, and medical assistance. The Company only uses the personal health service records and information of employees as the basis for evaluation of a safe occupational environment and it will not be used for any other purposes. The data is duly preserved by the dedicated health management department to prevent leakage. Since 2023, the number of on-site employee health check-up quotas has been increased, and the check-up items have been adjusted based on the common health issues encountered by employees in the previous year in Taiwan. Regarding the in-service employee patrol health inspection in 2023, 309 persons were to be inspected (note), 303 persons participated in the inspection, and the inspection rate was 98%. Additionally, the quota for the biennial advanced health check-up program has been increased, with 169 eligible participants and 166 completing the check-up, resulting in a completion rate of 98.2%.

Health Inspection of employees in Taiwan location



- Regarding the in-service employee patrol health inspection in 2023, 309 persons were to be inspected (Note), 303 persons participated in the inspection, and the inspection rate was 98.1%.
- With 169 eligible participants and 166 completing the check-up, resulting in a completion rate of 98.2% in the biennial advanced health check-up program.

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.

Health Inspection of employees in China Dongguan Plant



- Regarding the Supervisors and Staff advanced, 347(Note 1) persons were to be inspected , 263 persons participated in the inspection, and the inspection rate was 75.8%.
- With employee occupational health inspection, 361persons were to be inspected (Note2), 305 persons participated in the inspection, and the inspection rate was 84.5%.

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

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

(II) Occupational medicine doctors visiting service

The Company values employees' physical and mental health and has established "four major plans for labor health protection" to arrange for doctors 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.



- In 2023, Occupational medicine doctors, safety and health personnel, and supervisors of each department examine job patterns and environmental risk factors on-site.

Employee health improvement

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

- Taiwan location

(I) Establish a gym and yoga classroom

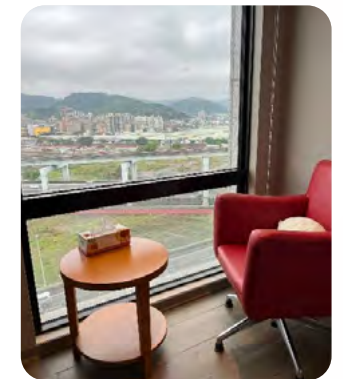
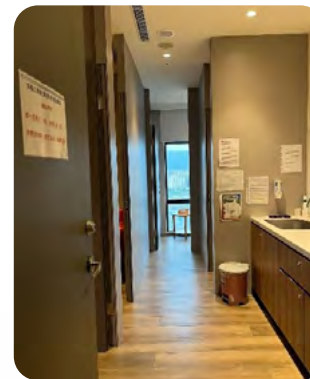
To maintain employees' hobbies in exercising, Ability Enterprise has set up an internal gym and yoga classroom to encourage employees to make use of their spare time to exercise.

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

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

(III) Maternity care and care resources

To care for female employees, the Company regularly organizes health lectures exclusively for females and arranges exclusive inspection items for female employees in the health inspection each year. The Company encourages female employees to continue to feed their babies after delivery. It has established a "nursery room" and offers 60 minutes of breast milk 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.

(IV) Health promotion activities

Since the fourth quarter of 2022, various activity courses and collection points were introduced with a daily walking and step-counting initiative to encourage employees to participate in health promotion activities and develop a habit of regular activity. Additionally, rewards such as salads and green smoothies from the coffee bar at the Taiwan HQ were provided to encourage employees to consume more fruits and vegetables, thereby achieving goals of low-carbon living and carbon reduction °

1. A total of 87 participants met the target in the collection points activity, with 60 individuals receiving bonus rewards.
2. The monthly walking activity (averaging 7,000 steps per day) had a total of 319 participants, with 290 meeting the target, accumulating a total of 79,335,215 steps.
3. There were three outdoor events, and 91 employees participated and completed the races, receiving reimbursement for their registration fees.
4. Fat reduction competition : There were 19 men and 20 women successfully reduced their body fat. The highest body fat percentage reduction was 6.6%, with the most significant body weight loss being 13 kilograms.

Health promotion activities from November 2022 to February 2023

Course/Month	November 2022		December 2022		January 2023		Febuary 2023	
Collection activity: Health seminars	Healthy eating seminar	27.7%	-	-	-	-	Sleep and weight loss	12.8%
Collection activity: Exercising	Yoga	10.8%	Basketball shooting machine competition	51.4%	Muscular endurance experience	35.8%	-	-
Collection activity: Climbing stairs	11/15 (1-6F)	76.4%	12/6 (1-10F)	73.7%	1/10 (1-14F)	63.5%	2/7 (1-18F)	62%
The monthly walking activity (averaging 7,000 steps per day)	59.5%		53.4%		47.3%		37.2%	
Outdoor events	100,000 Steps Challenge: 44.6%		4/16 Taipei Marathon:5.4%		5/6 Taoyuan Marathon: 11.5%			
Fat reduction competition	There were 19 men and 20 women successfully reduced their body fat. The highest fat reduction was 6.6%, with the most significant weight loss being 13 kilograms.							



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

Health promotion activities from April 2023 to December 2023						
Course/Month	April - June		July - September		October - December	
Collection activity: Health seminars	In 2023, a total of 4 events were held, with 50 participants					
Climbing stairs	Every month on the 22nd is designated as Stair Climbing Day, encouraging employees to be more active by using stairs instead of elevators. The total participation for the year reached 575 individuals."					
The monthly walking activity	Average daily steps: 8,000	127 participants, with a total of 35,908,596 steps accumulated	Average daily steps: 9,000	87 participants, with a total of 25,949,882 steps accumulated	Average daily steps: 10,000	89 participants, with a total of 33,424,831 steps accumulated
Fat reduction competition	The program lasted for 10 weeks, with 20 male participants and 19 female participants. The highest fat reduction was 4.8%, and the most significant body weight loss was 18.1 kilograms.					
The Walkii Health Step activity	The 8-week walking activity integrated digital technology through an app, facilitating online health promotion activities and participation in an exercise evidence press conference. All participating employees agreed to donate their exercise data for use by relevant organizations. A total of 93 participants accumulated 34,785,101 steps, total covering a distance of 24,348.936 kilometers, with a total caloric burn of 933,151 kcal					

• China Dongguan Plant

(I) Establish fitness trails

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



5.5 Labor-Capital Relationship and Communication

Ability has established diverse communication channels to maintain smooth two-way communication, listening to and responding to employees' voices. In addition to daily communication channels, the company holds regular communication meetings and provides grievance mechanisms to build a comprehensive communication platform. This ensures that communication between the company and employees is open, transparent, and immediate, using employee suggestions and feedback as a basis for enhancement and improvement, thus safeguarding the legitimate rights and interests of every employee.

Quarterly labor-management meetings are held regularly, offering a labor-management negotiation mechanism to ensure employee rights. Meeting records are made available in the labor-management section of the company's website for employee access. The Taiwan office has not established a union (nor signed a collective agreement), and there have been no significant operational changes affecting employee rights in 2023. The company values employee welfare and care, maintaining harmonious labor-management relations. Communication between labor and management is facilitated through employee suggestion boxes, meetings, and emails, allowing employees to fully express their opinions and issues. The company maintains good interactive relationships with employees, including providing an "Employee Suggestions" mailbox, labor representatives' meetings, Employee Assistance Program (EAP), and sexual harassment prevention hotlines.

An "Employee Suggestions" mailbox is announced on the internal website, allowing all employees to submit their opinions.

The Employee Assistance Program (EAP) includes a psychological counseling hotline with professional and experienced psychologists and clinical psychologists, providing timely mental and physical healthcare services to employees in need and regularly holding wellness seminars.

5.6 Participation in Public Welfare

Ability upholds the sustainable vision of "Making Society Better" and understands the needs of disadvantaged groups across various sectors. By integrating its core business into localized corporate social responsibility, we plan for sustainable management. It harnesses both internal and external resources to focus on disadvantaged children and the elderly. In addition to making financial and material donations and supporting charitable projects, we are involved in volunteer activities, actively participating in social care initiatives, and encouraging employee involvement. It continues to plan and engage in both regular and ad-hoc charitable activities. Initially, the company started with community service and support for the disadvantaged, and gradually expanded its efforts to other areas in need of care. The goal is to foster a sense of unity within the company through employee-driven participation in public welfare activities, demonstrating its commitment to corporate social responsibility through actionable values.

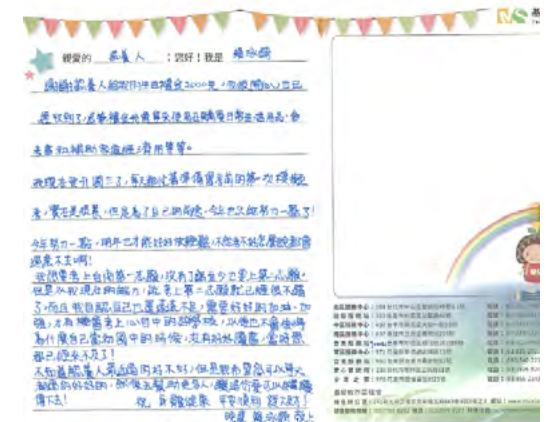
One of the United Nations Sustainable Development Goals (SDGs) is to eradicate poverty. The company recognizes that children are the future pillars of the nation and has long focused on their care and support. By sponsoring living expenses or scholarships, Ability aims to ensure that children with fewer resources are not abandoned by society and can develop their abilities, thereby transforming their potentially impoverished futures. In 2023, our total charitable donations amounted to NT\$1,286,284, which includes contributions to external charitable activities and sponsorships, as well as employee participation in company-initiated charitable events.

Support for Disadvantaged Groups

To fulfill its corporate social responsibility, the company has been regularly sponsoring local charitable organizations through scholarships or living expense support. Since 2013, the company has partnered with the Christian Mustard Seed Foundation, maintaining a consistent donation record for 11 years. The company continues to provide stable funding and encourages employee participation. In addition to financial aid for living expenses, the company is concerned with the physical, mental, and emotional development of children. It encourages more employees to engage in activities initiated by the Christian Mustard Seed Foundation. By fostering continuous interaction, the company aims to move employees from awareness and recognition to active participation. The company also regularly solicits donations and disseminates information through its internal website. These efforts have resulted in significant positive impacts, both for the children receiving aid and for Ability employees.

1. Taiwanese children sponsorship plan:

From the beginning, Ability and its employees have provided a monthly living subsidy of NT\$1,000 per child through the Adopt-a-Child program. Over time, the support has expanded to include additional contributions for major festivals, Christmas, and discretionary birthday and school opening gifts. In 2023, the company and its employees collectively sponsored 43 children from disadvantaged families, contributing a total of NT\$677,300.



2. Ability Christmas Angel Program:

Every Christmas, Ability invites employees to participate in the "Christmas Angel" initiative, where they donate Christmas gifts to disadvantaged children across the country. This gesture aims to provide warmth and care, not only in terms of material satisfaction but also as a symbol of love and hope. In 2023, a total of 149 Christmas gifts were prepared.

Item	Region					Total
	Northern	Central	Taitung	Hualien	Kaohsiung-Pingtung	
Five-sense stimulation toy		4		12	13	29
Educational toy	5	3			10	18
Educational building set	2					2
Enlightenment block set	10			12		22
Elementary school backpack	1					1
Elementary school smart jump rope	10					10
Electronic writing tablet	1					1
Eye-protection desk lamp	50		16			66
Total	79	7	16	24	23	149



3. CNY warm givings - CNY Eve red envelope donation activities:

The company encouraged employees to voluntarily donate red envelopes, raising a total of NT\$20,400. During the holiday season, this was used to bring love and blessings to 34 underprivileged children, helping them to have a warm and happy New Year.



Emergency Assistance – Spreading Warmth with Love

Ability proactively participated in the Taiwan World Vision project (2023 Turkey and Syria Earthquake Relief) and the Tzu Chi Foundation project (Support for Turkey Earthquake Relief). The company launched the "Turkey Century Earthquake Relief Donation" campaign, encouraging employees to contribute voluntarily. A total of NT\$432,000 (including company donations) was raised.

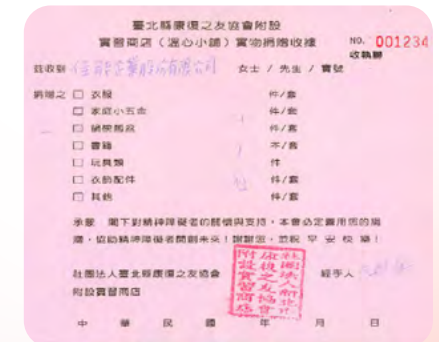


Ad-hoc Charity Activities

1. Collaborating with various organizations to initiate ad-hoc charity events and host charity sales, Ability has consistently participated in the Huashan Foundation' s fundraising campaigns for elderly care and the Annual Meal Program. Employees are encouraged to donate freely, extending a helping hand to the elderly who are disabled, orphaned, or suffering from dementia, providing them with warm meals during the Lunar New Year. In 2023, Ability also participated in the "630" Rural Revitalization Support and Dongguan Charity Day event in Dongguan, Guangdong, China, donating RMB 3,000.



2. On January 3, 2023, Ability launched the "Ability Charity Sale Event," encouraging employees to freely participate in the sale and donate items. The total proceeds from the charity sale, including the company's donation, amounted to NT\$100,000. Half of the proceeds (NT\$50,000) were used to purchase supplies for local residents in Zhongyuan Village (including impoverished or disadvantaged families and elderly people living alone). The remaining NT\$50,000 was donated to the Andrew Charity Association, which was used to buy 50 food boxes for disadvantaged families with children aged 4-15 in the areas surrounding the Taiwan Headquarter (Wugu, Xinzhuang, and Taishan). The leftover unsold items were donated to the Rehabilitation Friends Association' s affiliated training shop for continued charity sales, with the income going towards funding the operations of the Rehabilitation Friends Association.



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 IV ESG Report Verification Statement and Third-Party
Certification**

Appendix I GRI Standards Index

Statement of Use	Ability Enterprise Co., Ltd. reported the information quoted in the GRI Standard index table reference to the GRI Guidelines for the period from January 1, 2023 to December 31, 2023.
GRI 1 Used	GRI 1 : Foundation 2021

GRI Disclosure Item			Corresponding section	Page
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	2-2	Entities Included in the Sustainability Report	About this Report	3
	2-3	Reporting period, frequency and contact point	About this Report	3
	2-4	Restatements of information	About this Report	3
	2-5	External assurance	About this Report	3
Activities and workers	2-6	Activities, value chain and other business relationships	1.1 About Ability	9
	2-7	Employees	5.1 Labor structure and salary	70
	2-8	Workers who are not employees	5.1 Labor structure and salary	70
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	2-11	Nomination and selection of the highest governance body	2.1 Corporate Governance Structure	25
	2-12	Chair of the highest governance body	2.1 Corporate Governance Structure	25
	2-13	Role of the highest governance body in overseeing the management of impacts	2.1 Corporate Governance Structure	25

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	2-15	Role of the highest governance body in sustainability reporting	1.2 Sustainable development commitment and promotion	25
	2-16	Conflicts of interest	2.1 Corporate Governance Structure	13 16
	2-17	Communication of critical concerns	1.2 Sustainable development commitment and promotion	25
	2-20	1.3 Stakeholder and Material Topics	2.1 Board Composition	25
Strategy, policies, and practices	2-22	Collective knowledge of the highest governance body	2.1 Corporate Governance Structure	13
	2-23	Process to determine the remuneration	2.1 Corporate Governance Structure	29
	2-24	Embedding policy commitments	2.2 Ethical corporate management	29
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	2-27	Compliance with laws and regulations	2.2 Ethical corporate management	29
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GRI 3 Material Topics Disclosures 2021				
GRI 3: Material Topics	3-1	Process to determine material topics	1.3 Stakeholder and material topics	16
	3-2	List of material topics	1.3 Stakeholder and material topics	16
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GRI 201 Economic Performance 2016	201-1	Direct economic value generated and distributed	1.1 About Ability	9
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GRI 3: Material Topics	3-3	Management of material topics	Material topic: Corporate governance	22
Major topic: Ethics and integrity				
GRI 3: Material Topics	3-3	Management of material topics	Major topic: Ethics and integrity	23
Material topic: Risk management				
GRI 3: Material Topics	3-3	Management of material topics	Material topic: Risk management	24
Material topic: Waste management				
GRI 3: Material Topics	3-3	Management of material topics	Material topic: Waste management	34
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	Waste directed to disposal	3.2 Environment management	42

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GRI 301: Materials 2016	301-1	Materials used by weight or volume	3.2 Environment management	42
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GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety effects of product and service categories	4.1 Creating safe, sustainable and innovative products	55
Material topic: Customer interest and service quality				
GRI 3: Material Topics	3-3	Management of material topics	Material topic: Customer interest and service quality	52
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	4.3 Customer Relations	63
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GRI 3: Material Topics	3-3	Management of material topics	Major topic: Supply chain management	54
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	4.2 Supply chain management	60
GRI 308: Supplier Environmental Assessment 2016	308-2	Negative environmental impacts in the supply chain and actions taken	4.2 Supply chain management	60
GRI 414: Supplier Social Assessment 2016	414-2	Negative social impacts in the supply chain and actions taken	4.2 Supply chain management	60
Material topic: Talent development and cultivation				
GRI 3: Material Topics	3-3	Management of material topics	Material topic: Talent development and cultivation	68
GRI 404 Training and Education 2016	404-1	Average hours of training per year per employee	5.3 Talent development and cultivation	82
	404-2	Programs for upgrading employee skills and transition assistance programs	5.3 Talent development and cultivation	82
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GRI 3: Material Topics	3-3	Management of material topics	Material topic: Talents attraction and retention	69
GRI 201 Economic Performance 2016	201-3	Defined benefit plan obligations and other retirement plans	5.1 Labor structure and salary 5.2 Employee welfare	70 75
GRI 202: Market Presence 2016	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
GRI 401: Employment 2016	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	75
	401-3	Parental leave	5.2 Employee welfare	75
GRI 402: Employment 2016	402-1	Minimum notice periods regarding operational changes	5.3 Talent development and cultivation	82

GRI general topic disclosure

Subject		Disclosures of GRI Standards	Corresponding chapter	Page
GRI 302: Energy 2016	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
GRI 303: Water and effluents 2018	303-2	Management of water discharge-related impacts	3.2 Environment management	42
	303-3	Water withdrawal	3.2 Environment management	42
GRI 305: Emissions 2016	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

Subject		Disclosures of GRI Standards	Corresponding chapter	Page
GRI 305: Emissions 2016	305-4	Greenhouse Gas Emission Intensity	3.2 Environment management	42
	305-5	Reduction of GHG emissions	3.2 Environment management	42
GRI 403 : Occupational Health and Safety 2018	403-1	Occupational health and safety management system	5.4 Occupational health and safety	86
	403-2	Hazard identification, risk assessment, and incident investigation	5.4 Occupational health and safety	86
	403-3	Occupational health services	5.4 Occupational health and safety	86
	403-4	Worker participation, consultation, and communication on occupational health and safety	5.4 Occupational health and safety	86
	403-5	Worker training on occupational health and safety	5.4 Occupational health and safety	86
	403-6	Promotion of worker health	5.4 Occupational health and safety	86
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.4 Occupational health and safety	86
	403-8	Workers covered by an occupational health and safety management system	5.4 Occupational health and safety	86
	403-9	Work-related injuries	5.4 Occupational health and safety	86
	403-10	Work-Related Illnesses	5.4 Occupational health and safety	86
GRI 405: Diversity and Equal Opportunity 2016	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
GRI 406 Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	5.1 Labor structure and salary	70
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	5.1 Labor structure and salary	70
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	2.2 Ethical corporate management 4.2 Supply chain management	29 60
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	5.6 Social participation and social welfare	93
	413-2	Operations with significant actual and potential negative impacts on local communities	5.6 Social participation and social welfare	93

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	35	
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	35	
TCFD 2(b)	Describe the impacts of risks and opportunities related to climate on the business, strategic, and financial planning of the organization.	3. Explain the financial implications of extreme climate events and transition actions.	3.1 Climate change management	35	
TCFD 2(c)	Describe the organization's strategic resilience and consideration of different climate-related scenarios (including a 2° C or more stringent scenario).	4. If resilience to climate change risks is assessed using scenario analysis, explain the scenarios, parameters, assumptions, analysis factors, and major financial impacts employed.	-	-	Ability has not adopted scenario analysis to evaluate its tenacity when facing climate change, and we are having internal discussions and evaluations.
Risk Management					
TCFD 3(a)	Describe the identification and evaluation procedures of the organization for risks related to climate.	5. 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	35	
TCFD 3(b)	Describe the management procedures of the organization for risks related to climate.				
TCFD 3(c)	Describe how the identification, evaluation, and management procedures of risks related to climate are integrated with the overall risk management system of the organization.				
Indicators and Targets					
TCFD 4(a)	Disclose indicators used by the organization when evaluating risks and opportunities related to climate according to the strategic and management procedures.	6. If there are transformation plans to manage climate-related risks, explain the contents of such plans and the indicators and objectives used to identify and manage physical risks and transition risks.	3.1 Climate Change Management	35	

TCFD Suggested Disclosure Items		Climate-related Information for Listed and OTC Companies	Corresponding Chapter	Page	Supplementary Explanation
TCFD 4(b)	Disclosure Scope 1, Scope 2, and Scope 3 (if applicable) greenhouse gas emissions and related risks.	7. Inventory of greenhouse gas emissions and certainty	3.1 Climate Change Management	35	
TCFD 4(c)	Describe goals adopted by the organization when managing risks and opportunities related to climate and the performance of implementing such goals.	8. If climate-related targets are set, provide information on the activities covered, scope of greenhouse gas emissions, planning timeline, annual progress, etc. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve the targets, explain the source and quantity of carbon offsets or the number of RECs.	-	-	<ul style="list-style-type: none"> Carbon offsets or RECs have not been used in the current year. Internal discussions and evaluations are ongoing within the company.
--	--	9. If internal carbon pricing is used as a planning tool, explain the basis for price determination.	-	-	<ul style="list-style-type: none"> 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 Index Indicators for Optoelectronics industry


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

Governing Rules		Disclosure Item	Corresponding Chapter	Page
Subparagraph 1	Item 1	Total energy consumed, ratio of purchased power, and ratio of the use of renewable energy	3.2 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	86
	Item 5	Disclosures related to product life cycle management: Include the weight of scrapped products and electronic wastes and the recycled ratio (Note)	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	29
	Item 8	Production volume of major products by product category	1.1 About Ability	9

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

Appendix IV Ability Enterprise ESG Report Verification Statement and Other Third-Party Certification

ESG Report Verification Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE ABILITY ENTERPRISE CO., LTD.'S ESG REPORT FOR 2023

NATURE AND SCOPE OF THE ASSURANCE
SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by ABILITY ENTERPRISE CO., LTD. (hereinafter referred to as ABILITY) to conduct an independent assurance of the ESG REPORT FOR 2023 (hereinafter referred to as the Report). The scope of assurance is based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standard v3 Type 1 Moderate level to assess whether the text and data in accompanying tables contained in the report presented and complies with the GRI Standards and AA1000 Accountability Principles (2018) during assurance (2024/5/7~2024/5/8) in ABILITY headquarter. The assurance process did not include the evaluation of specific performance information outside the scope, such as climate-related financial disclosures (TCFD), sustainability accounting standards (SASB), and non-material topics and the related indicators.

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

INTENDED USERS OF THIS ASSURANCE STATEMENT
This Assurance Statement is provided with the intention of informing all ABILITY's Stakeholders.

RESPONSIBILITIES
The information in the ABILITY's ESG REPORT of 2023 and its presentation are the responsibility of the directors or governing body (as applicable) and management of ABILITY. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the report content within the scope of assurance with the intention to inform all ABILITY's stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE
The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2 General Disclosure 2021 for organization's reporting practices and other organizational detail, GRI 3 2021 for organization's process of determining material topics, its list of material topics and how to manages each topic, and the guidance on levels of assurance contained within the AA1000 series of standards.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options	Level of Assurance
A	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)
B	AA1000AS/3 Type 1 Moderate Level (AA1000AP Evaluation only)

SCOPE OF ASSURANCE AND REPORTING CRITERIA
The scope of the assurance included evaluation of adherence to the following reporting criteria:

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

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

ASSURANCE METHODOLOGY
The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, ESG committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

LIMITATIONS AND MITIGATION
Financial data drawn directly from independently audited financial accounts, Task Force on Climate-related Financial Disclosures (TCFD), SASB related disclosures and non-material topics and the related indicators has not been checked back to source as part of this assurance process.

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

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

ASSURANCE / VERIFICATION OPINION
On the basis of the methodology described and the assurance work performed, we are satisfied that the disclosure with inclusivity, materiality, responsiveness, and impact information in the scope of assurance is reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria. We believe that the organization has chosen an appropriate level of assurance for this stage in their reporting.

ADHERENCE TO AA1000 ACCOUNTABILITY PRINCIPLES (2018)

INCLUSIVITY
ABILITY has practiced commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, sustainability experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, ABILITY may proactively consider having more direct two-ways involvement of stakeholders during future engagement.


MATERIALITY
ABILITY has established processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders.

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


IMPACT
ABILITY has included in this report the disclosures of the organisation's impacts on stakeholders and on the organization itself. To present impacts as a qualitative, quantitative or monetised measurement to well demonstrate the impact management status are to be carried out in the future reporting.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS
The report, ABILITY's ESG Report of 2023, is reporting with reference to the GRI Universal Standards 2021 and complies with the requirements set out in section 3 of GRI 1 Foundation 2021. The significant impacts were assessed and disclosed with reference to the guidance defined in GRI 3: Material Topic 2021 and the relevant 200/300/400 series Topic Standard related to Material Topic have been disclosed. The report has properly disclosed information related to ABILITY's contributions to sustainability development. For future reporting, ABILITY is encouraged to conduct due diligence in GRI Standards, to properly present the capability and effort devoted to various topics among the organization of the impact management on the economy, environment, and people, and disclosed the measurement and monitoring process of impact identified with responsive indicators based on application of due diligence.

Signed:
For and on behalf of SGS Taiwan Ltd.

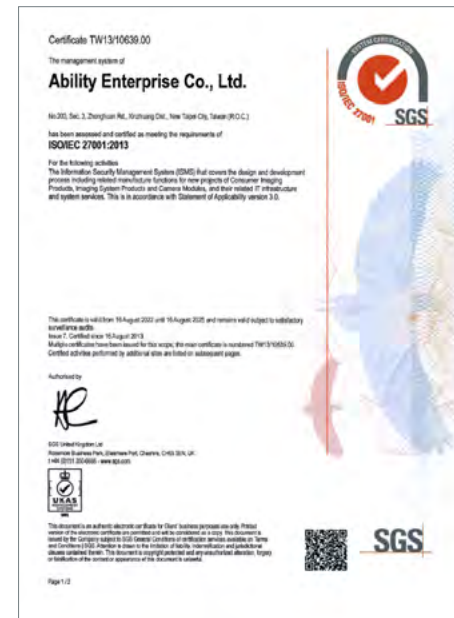


Stephen Pao
Business Assurance Director
Taipei, Taiwan
26 July, 2024
WWW.SGS.COM



AA1000
Licensed Report
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ISO series Certification





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>