



Tai-Tech Advanced Electronics Co., Ltd.

2020

Corporate Social Responsibility Report

Table of Contents

About this Report	0-3	Sustainability Goals and Vision	0-7
Statement from the Management Team	0-4	Stakeholder engagement	0-10
2020 Highlights of Sustainability Performance	0-6	Identification of material issues	0-12

1 Magnetic Operations

Robust Governance	1-2
Risk Management	1-9
Operational Resilience	1-15

2 Magnetic Growth

Innovation Capabilities	2-2
Partners for Common Good	2-8
Market Operation	2-11

3 Magnetic Nature

Green Factories	3-2
-----------------	-----

4 Magnetic Communities

Overview of the Team	4-2
Remuneration and Benefits	4-4
Human Capital	4-8
Friendly Workplace	4-9
Care for Society	4-15

Appendix

GRI Standards Index

General Disclosures	Appendix-2
Economic aspect	Appendix-4
Environmental aspect	Appendix-5
Social aspect	Appendix-5

About this Report

Welcome to read the first Corporate Social Responsibility (CSR) report of Tai-Tech Advanced Electronics Co., Ltd. (hereinafter referred to as “Tai-Tech”). This report can be downloaded from the Corporate Social Responsibility section on Tai-Tech’s official website. This report is prepared voluntarily to mainly present Tai-Tech’s CSR efforts in 2020 for the reference of our stakeholders. In the future, we will publish a CSR report on a regular basis every year to meet the public expectations of our sustainable business operations.

Basis for preparation

This report reveals Tai-Tech’s management policy and execution performance in material topics in the economic, environmental, and social aspects. It is prepared in alignment with the core option of the Global Reporting Initiative Standards (GRI Standards). The information on the financial performance has been audited by a CPA firm. All amounts are in New Taiwan dollars (NTD) unless otherwise specified.

Reporting period and scope

This report discloses Tai-Tech’s CSR performance in 2020 (January 1, 2020 to December 31, 2020). The content covers the economic, environmental, and social aspects of Tai-Tech’s main operational sites in Taiwan. The company’s main operational sites and headquarters are located in Taoyuan City, Taiwan. The operational sites of our subsidiaries in mainland China are included in some of the chapters to disclose our management performance. As some data is subject to the completeness of the data statistics, the scope of disclosures is indicated in this report separately.

Internal review

The information and data in this report were disclosed after a three-stage internal review. In the first stage, the responsible personnel at each department provided information, which was then reviewed by the head of the department; in the second stage, the Finance and Accounting Department compiled the information and completed the report content after confirmation by each department; in the final stage, after this report was verified and approved by the President and the Chairman, it was released to the public.

Overview of issuance

Date of first publication: September 2021

Publication date of the previous edition: This year is the first year in which the report was published

Publication date of the current edition: September 2021

Publication date of the next edition: September 2022

Contact methods

If you have any suggestions or advice, feel free to provide your valuable comments or contact us directly:

Unit: Management Department

Address: No.1 Yousi Road, Youth Industrial District, Yang-Mei, Tao-Yuan City 326013, Taiwan, R.O.C

Tel.: (03) 4641148

Email: fan@tai-tech.com.tw



▲ Corporate Social Responsibility Section

Statement from the Management Team

Messages from the Chairman and the President

Dear friends who care about Tai-Tech's sustainable development:

Looking back on 2020, it was a year full of drastic changes. Factors, including the spread of the COVID-19 pandemic around the world and the China-US trade conflicts, have caused huge impacts on economic activities and industrial chains all industries should cope with them cautiously. According to the latest The Global Risk Report 2021 released by the World Economic Forum, either measured by probability or impact, four of the top seven risks are environmental risks. It is clear that the challenge derived from climate change is an issue that human society must face for long-term development.

At this moment, full of uncertainties, thanks to the professionalism and endeavors of all our employees, Tai-Tech continued to grow steadily and was officially listed on Taipei Exchange on April 27, 2021 as a major milestone in the Company's development. The external environment not only brings severe risks but also new opportunities. Under the impact of the pandemic, the need for remote work and learning, network upgrades, network audio-visual entertainment, as well as cloud computing and storage have driven the rapid increase in demand for relevant electronic products. Having gone through quarters of strategic adjustments and development of layout of production lines, products, and clients, along with the proper control of the pandemic at our operational sites in China and thus quick resumption of work, Tai-Tech seized the timing of economic recovery and rebound immediately. Therefore we recorded a historical high in both revenue and profit. The consolidated revenue in 2020 reached NT\$4,478,004,000, an increase of 33.6% compared to 2019. The consolidated gross profit of products amounted to NT\$1,459,493,000 (gross profit margin of 32.6%), an 47.0% increase from 2019. With such fruitful results, we will continue to strengthen our business and market development to maintain our long-term competitiveness in the market.

While pursuing economic performance, we actively cooperate with legal requirements of governance to implement a sound corporate governance model. We have formulated the Ethical Corporate Management Best Practice Principles to lay a solid foundation of a corporate culture centered on ethical management. In addition to prohibiting all unethical conduct, it specifies a punishment and complaint system for our employees involved in unethical conduct. In the future, a report on the implementation of corporate ethical management will be submitted to the Board of Directors regularly every year. In addition, through the implementation of the Prevention of Insider Trading Management Regulations, the Integrity Code, the Anti-Corruption Management Regulations, and the Internal Control System, we have improved the standards for internal governance actively to meet all shareholders' and investors' expectations.

In response to the transformation trend in the electronics manufacturing industry in recent years, Tai-Tech has also paid close attention to the potential impact of our business models on the environment, and is committed to the goal of eco-friendly and low-carbon transformation. As for supply chain management, we have followed the green procurement policy over the years. We were named the business with the Exceptional Green Procurement Performance by the Environmental Protection Administration in 2020. We also required our suppliers to submit certificates of non-use of hazardous substances to ensure that all products meet the eco-friendly goal. In terms of operation and management, Tai-Tech has introduced the ISO 14001 environmental management system certification since 2003. We have drawn up various projects for industrial waste reduction and energy consumption reduction according to the environmental policy, and set environmental goals every year to conserve electricity and water and reduce waste while tracking the effectiveness of implementing the projects regularly. Since 2015, Tai-Tech has surpassed the legal requirements for five consecutive years, with an average annual power conservation rate of 1.83%. We achieved a brilliant performance of 5.72% in the total power conservation rate in 2020. In addition to energy conservation, Tai-Tech is committed to reducing the potential pollution from the process. In 2020, we reached the goal of reducing the discharge of high concentrations of electroplating waste liquid by 90%. The volume disposed of by a collection and disposal company was maintained at zero. We also recycled other waste from the process actively to realize the vision of zero-pollution and green manufacturing gradually.

In the social aspect, Tai-Tech fulfills its obligations as a corporate citizen and considers the risk of conflict minerals contained in the electronic products. We adopt a conflict-free mineral procurement policy and have adopted the Conflict Minerals Reporting Template released by the EICC/GeSI Extractives working group and its supporting management tools to investigate whether our suppliers implement the conflict-free mineral policy.

Regarding the work environment, we firmly believe that the maintenance of a first-rate work environment will lead to top-notch productivity. We have passed the ISO 45001 certification and provided a comprehensive benefit and training package to ensure that all our employees can work in a healthy and comfortable environment, so that they can work with peace of mind while our clients will feel reassured. Tai-Tech leverages its corporate influence to care for society in a timely manner, and strives to develop a community based on the common good by providing scholarships and adopting plants.

Looking forward to the future, although the external environment is still precarious, but Tai-Tech, in the ever-changing electronics industry, has been responding to various challenges actively for the past decades and coping with changes in the market flexibly through risk identification and strategy adjustment, all the while we continue to evolve. In the future, we will continue to uphold our business philosophy of focusing on our core business and implementing pragmatic management, enhance the Company's sustainable operation, accelerate the transition to a low-carbon economy model, and carry forward the spirit of "Magnetize the Best", while striving to become one of the world's top-rated suppliers of inductive components.

Chairman and President



Ming-Yen Hsieh
Chairman, Tai-Tech Advanced
Electronics Co., Ltd.

Ming-Liang Hsieh
President, Tai-Tech Advanced
Electronics Co., Ltd.

2020 Highlights of Sustainability Performance

Highlights of Performance



Economic

Applied for listing on Taipei Exchange in November 2020 and passed the review

The consolidated revenue in 2020 increased by 33.6%, the consolidated gross profit of products increased by 47.0%, the operating profit increased by 77.2% on an annual basis, and the net income after tax increased by 67.2% on an annual basis.



Social

No employee harassment (not limited to sexual harassment), violation of human rights and equality, or other serious labor complaints occurred in 2020

An anonymous employee satisfaction survey is conducted every year. The results of the 2020 employee satisfaction survey showed that 64% of the employees were satisfied and very satisfied with the Company as a whole

Passed ISO 45001: We passed the Occupational health and safety management system certification (covering the Kunshan and the Si-Hong Plants in China) in 2018, and perform third-party audits every year. The audit results in 2020 showed no major deficiencies

The subsidiary TAIPAQ Electronic Components (Sihong) Co., Ltd. participated in many charitable activities and events in Sihong County, Jiangsu Province, such as donation of gifts on Teachers' Day, and a children's education subsidy project, with donations in a total amount of around \$80,000 RMB

Passed ISO14001: 2015 environmental management system certification

We promote the digitization of office documents, which can reduce 4,300 pieces of paper every month

We saved 1,268,196kWh of power in 2020, with a total saving rate up to 5.72%

We recycle process wastewater, and the wastewater recycling rate reached 60% in 2020

We replaced equipment and the pure water rate increased to 68%

The recycling rate of electroplating sludge reached 63.4%. After electroplating, waste liquid is directed to the high-concentration primary treatment system, causing zero pollution to the environment

The process from the input of raw materials, product output, exhaust gas, wastewater to waste treatment is in compliance with the requirements of environmental protection laws and regulations. There was no environmental violation in 2020



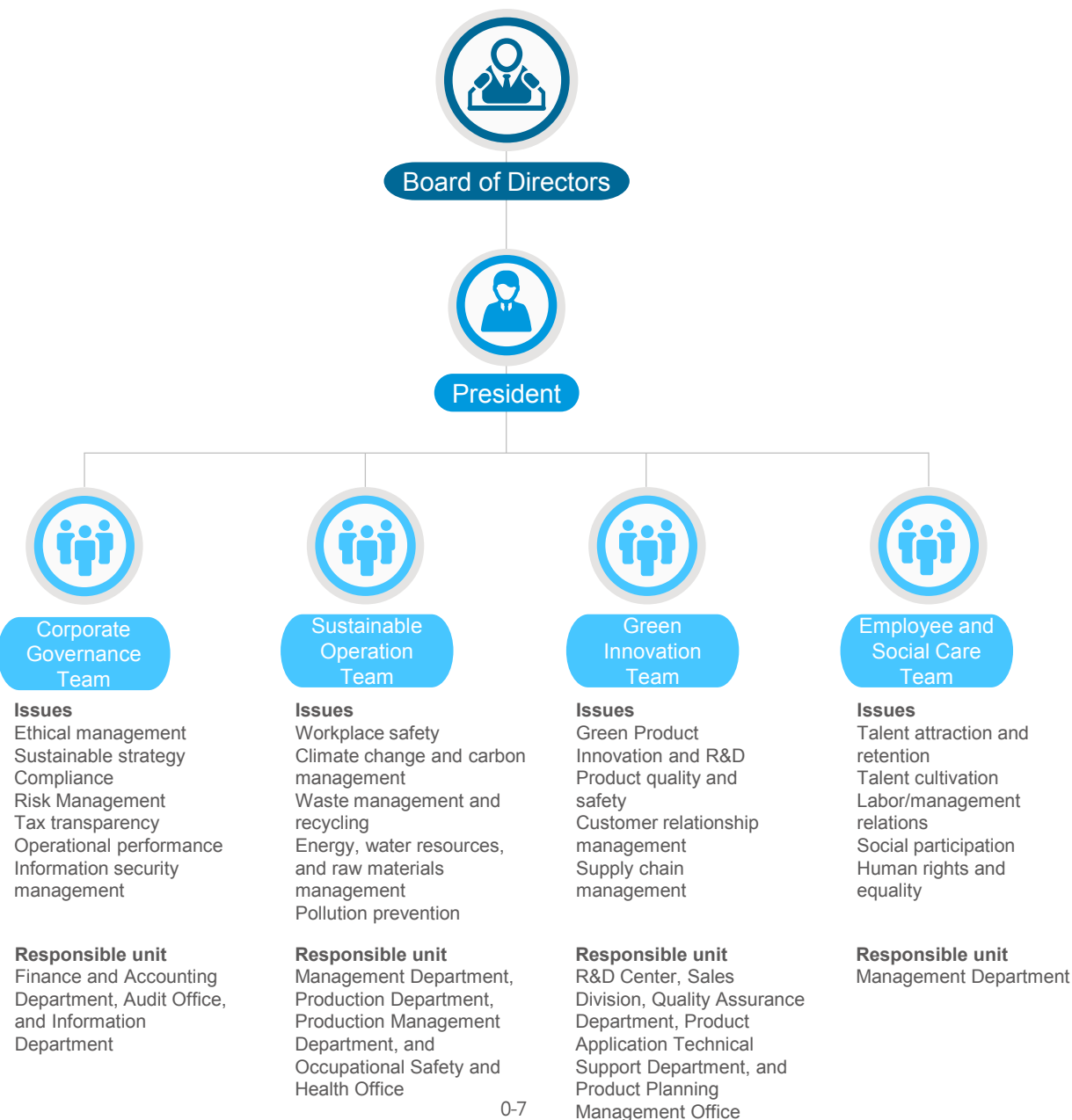
Environment

Sustainability Goals and Vision

Corporate Sustainability Management Organization

To manage the sustainability information in the organization actively and conduct a systematic interdepartmental collaboration mechanism for the execution and planning of sustainable business, Tai-Tech has set up a corporate sustainability report preparation team. The team assigns sustainability issues to corresponding units for management based on the four major aspects of corporate governance, sustainable operation, green innovation, and employee and social care, to meet our stakeholders' expectations. To facilitate the implementation of ESG affairs inside and outside the organization. The decision-making and division of powers and responsibilities for relevant topics are handled by the head of each department as authorized by the President. The departments report the project implementation status and resource requirements to the President and the Board of Directors regularly to keep track of the progress and provide necessary resources timely.

ESG Affairs Organizational Chart



Sustainable strategy and goals

With a focus on "magnetic values" in the industrial chain, Tai-Tech will not only create economic values but create greater values for the environment, society, and various stakeholders. We cannot achieve this goal alone; instead, we need to work with the entire upstream and downstream sections of the industrial chain to make it happen. Amid climate change, pandemic spread, trade conflicts, and other risks, we have examined various risk factors to which our business will be exposed comprehensively, and inspected our organization's core capabilities and main vision to develop a transformation roadmap that allows for the maximum values, while responding to the United Nations Sustainable Development Goals (UN SDGs) in alignment with the international trend to link sustainable governance with operational activities actively. We also set and plan various indicators and targets to enhance our sustainable competitiveness.

Strategy and SDGs table

Aspect	SDGs	Strategy
Environment (E)	 	<ol style="list-style-type: none"> 1. Complying with the government's environmental protection laws and regulations and investing enough funds to maintain the pollution prevention system every year 2. Setting annual water and electricity conservation and waste reduction targets, tracking project progress, and making improvements 3. Implementing the green procurement policy
Social (S)	 	<ol style="list-style-type: none"> 1. Following the Company's occupational safety and health policy and continuing to improve employees' work environment 2. In alignment with ISO 45001: Establishing an occupational safety and health management mechanism under the 2018 framework 3. Establishing a gender-friendly work environment
Governance (G)	 	<ol style="list-style-type: none"> 1. Formulating relevant personnel regulations in accordance with local labor laws and regulations to protect basic labor rights, regardless of nationality 2. Complying with industry-related laws and regulations and international standards to protect clients' health and safety 3. Establishing a complete complaint and response system to prevent illegal harms and corruption incidents from occurring

Strategy Implementation Results and Future Goals

Aspect	Achievements	Future goals
Environment (E)	<ol style="list-style-type: none"> 1. Named the business with the Exceptional Green Procurement Performance by the Environmental Protection Administration 2. Obtained ISO 14001: 2015 environmental management system certification 3. Entrusted a professional treatment company to work at the sewage treatment facility in the plants 24/7 to ensure that the wastewater discharged is in compliance with regulations. In 2020, the total treatment cost was NT\$2,940,000 and the total chemicals cost was NT\$1,946,000 4. Implemented the digitization of administrative procedures to reduce paper consumption, which can reduce around 4,300 pieces of paper per month 5. Set up electric scooter charging stations in the plants 6. Replaced all lamps with LED ones 7. The power saved a year was 1,268,196 kWh, with a total saving rate of up to 5.72% 8. Wastewater recycling rate reached 60% 9. Electroplating sludge recycling rate reached 63.4% 10. The discharge of electroplating waste liquid was reduced by more than 90%, achieving zero pollution to the environment 	<ol style="list-style-type: none"> 1. Continue to be named the business with the Exceptional Green Procurement Performance by the Environmental Protection Administration 2. Continue to pass ISO14001: 2015 environmental management system certification 3. Reduce total tap water consumption by 5% 4. Reduce the discharge of high-concentration waste liquid from electroplating stations by more than 90% 5. Reduce the total annual electricity consumption by 3% 6. Obtain zero hazardous substances certification for the entire supply chain
Social (S)	<ol style="list-style-type: none"> 1. Announced the occupational safety and health policy of Tai-Tech Advanced Electronics Co., Ltd. 2. Passed ISO 45001: Obtained the occupational health and safety management system certification in 2018 3. Implemented a maternal health protection plan to ensure that our female colleagues' physical and mental health can be maintained during pregnancy and after delivery 	<ol style="list-style-type: none"> 1. Continue to pass ISO 45001: Obtained the occupational health and safety management system certification in 2018 2. Continue to provide services, including dedicated parking spaces and medical service discounts, to pregnant employees
Governance (G)	<ol style="list-style-type: none"> 1. Established the customer complaint response procedure to respond to the situation when customers are dissatisfied with the Company's products or services 2. Organized internal and external education and training on the anti-corruption policy regularly, and increased new employees' awareness during the pre-service education and training 3. Established the Employee Reward and Punishment Regulations, and held reward and punishment meetings from time to time, and the contents of such meetings were kept confidential; the internal reporting mechanism allowed employees to convey information in a safe and confidential manner 4. Established an Employee Welfare Committee and held labor-management meetings regularly 5. Established the Sexual Harassment Prevention in the Workplace and Complaints and Punishment Regulations to improve the handling procedures for illegal harms 	<ol style="list-style-type: none"> 1. Continue to hold labor-management meetings in accordance with the law 2. Continue to hold anti-corruption education and training 3. Continue to investigate clients' credit ratings and conduct supplier evaluation to avoid unethical business activities 4. Include the ethical conduct clause in contracts signed with transaction counterparties

Stakeholder engagement

We attach great importance to interaction with stakeholders. Regardless of the impact caused by Tai-Tech or the impact on Tai-Tech, as the organizations, groups, or individuals are all Tai-Tech's stakeholders, we welcome any comments and feedback on the Company at any time. To focus on communication, we have identified six major categories of stakeholders through the five major principles of dependency, responsibility, influence, diverse perspective, and tension under the AA1000 Stakeholder Engagement Standard (SES)-2011: clients, employees, government agencies, suppliers/contractors, shareholders/investors, and banks. For these six categories of stakeholders, we reviewed the risks and opportunities in our operations to develop feasible responses and action policies for their main issues of concern. In the future, we will refer to our stakeholders' opinions as an important basis for developing the corporate sustainable management approaches and vision.

Strategy and SDGs table

Stakeholders	Importance to Tai-Tech	Communication mechanism	Communication frequency
Clients	An enterprise's sustainable operation is built on clients' trust. An enterprise can grow steadily with a continuous and positive interaction model in place	E-mail	Daily
		Telephone	Daily
		Communication software	Weekly
		Visits	Weekly
		Video calls	From time to time
Employees	Employees are the Company's most important asset and the basic foundation for growth	Labor-management meeting	Quarterly
		Suggestion box	From time to time
		Employee Welfare Committee meeting	Quarterly
		Employee satisfaction survey	Annually
Government agencies	All products and services should comply with laws and regulations and are subject to the government agencies' supervision	Official letter by email	From time to time
		Official letter	From time to time
		Telephone	From time to time
		E-mail	From time to time
Suppliers/Contractors	We can only provide competitive products and services by working with value chain partners closely	External audit operations of business waste cleaning contractors	Annually
		Telephone	From time to time
		E-mail	From time to time
		Communication software	From time to time
		Supplier audit checklist	Annually
Shareholders/Investors	Only with the continuous support of shareholders/investors, can an enterprise have the capital to grow steadily	Shareholders' meeting	Regular shareholders' meeting once a year or extraordinary shareholders' meetings
		Investor conference	From time to time
		Financial statements	Quarterly
		Annual report	Annually
		Telephone	From time to time
Banks	Only by establishing a long-term collaboration model with financial institutions can an enterprise ensure stable working capital	E-mail	From time to time
		Visits	From time to time
		Communication software	From time to time



▲ Contact

Strategy Implementation Results and Future Goals

Stakeholders	Top five issues of concern	Response and action
Clients	Product quality and safety Risk management and customer relationship management Innovation and R&D Green product	2.3 Client Management 1.3 Risk Management 2.1 Innovation Capabilities 3.1 Green Factories
Employees	Occupational health and safety Human rights and equality and labor/management relations Operational performance Talent attraction and retention	4.4 Friendly Workplace 4.2 Remuneration and Benefits 1.2 Robust Governance 4.3 Human Capital
Government agencies	Compliance Occupational health and safety Ethical management Risk management Corporate governance	1.3 Risk Management 4.4 Friendly Workplace 1.2 Robust Governance
Suppliers/ Contractors	Supply chain management Raw material management Product quality and safety Risk management Ethical management and human rights and equality	2.2 Partners for Common Good 2.3 Client Management 1.3 Risk Management 1.2 Robust Governance 4.4 Friendly Workplace
Shareholders/ Investors	Operational performance Compliance Innovation and R&D Corporate governance Water resources management	1.2 Robust Governance 1.3 Risk Management 2.1 Innovation Capabilities 3.1 Green Factories
Banks	Compliance, corporate governance, ethical management, and risk management Occupational health and safety Labor/management relations Talent attraction and retention and talent cultivation Waste management and recycling and pollution prevention	1.3 Risk Management 1.2 Robust Governance 4.4 Friendly Workplace 4.2 Remuneration and Benefits 4.3 Human Capital 3.1 Green Factories

Identification of material issues

Corporate Sustainability Management Organization

To further keep abreast of stakeholders' material issues of concern and understand the degree of impact of each issue on stakeholders, a materiality analysis process has been established with reference to the GRI Standards for this report. Based on the analysis results, nine material issues were identified this year, namely compliance, occupational health and safety, operational performance, labor-management relations, product quality and safety, corporate governance, risk management, ethical management, and pollution prevention, and we have developed specific management approaches for each issue. As for other issues about which stakeholders are concerned. However, they are not as material as the nine material issues, as this report is Tai-Tech's first CSR report, we have included six additional issues, namely innovation and R&D, water resources management, customer relationship management, waste management and circular economy, talent attraction and retention, and talent cultivation, to disclose relevant information and governance performance to respond to stakeholders' issues of concern properly.

Materiality analysis process

Process and basic information confirmation

After the report task force confirmed the process of identifying material issues this year, it began planning questionnaires and collecting various feedback and opinions

Issue identification and setting

The report task force identified and set sustainability issues based on short-, medium-, and long-term strategic goals in accordance with the GRI Standards, sustainability evaluation questionnaires, benchmark enterprise precedents, and industry trends in 2020

Issues sorting

The report task force conducted issue analysis and relevant discussions based on the organization's current situation, industry prospects, value chain trends, and stakeholders' suggestions, and sorted the issues by materiality and impact

Material issues matrix confirmation

The report task force and relevant members from various departments were invited to consider the relevance of such issues to operations, and material operational approaches comprehensively, and they determined the 2020 issue identification results and drew up a material issue matrix, which was then reviewed and confirmed by the senior management

Materiality matrix

High		<ul style="list-style-type: none">• Risk management• Ethical management• Pollution prevention	<ul style="list-style-type: none">• Compliance• Occupational health and safety	
	<ul style="list-style-type: none">• Green Product• Human rights and equality	<ul style="list-style-type: none">• Innovation and R&D• Waste management and recycling• Talent attraction and retention• Talent cultivation	<ul style="list-style-type: none">• Operational performance• Labor/management relations• Product quality and safety• Corporate governance	
	<ul style="list-style-type: none">• Energy management• Tax transparency• Climate change and carbon management• Social participation	<ul style="list-style-type: none">• Raw material management• Information security management• Supply chain management	<ul style="list-style-type: none">• Water resources management• Customer relationship management	
Low	Impact on company operations and the overall economy, environment, and society			High

• The text in grey means common material issues

• The text in orange means this year's additional issues

• The text in blue means this year's material issues

List of material issues in 2020

Additional issues	Material issues	
<ul style="list-style-type: none"> • Innovation and R&D • Water resources management • Customer relationship management • Waste management and circular economy • Talent attraction and retention • Talent cultivation 	<ul style="list-style-type: none"> • Compliance • Occupational health and safety • Operational performance • Labor/management relations • Product quality and safety • Corporate governance 	<ul style="list-style-type: none"> • Risk management • Ethical management • Pollution prevention

Note: Additional issues are disclosed to respond to stakeholders' issues of concern properly

Table of Chapters Corresponding to Material Issues in 2020

Material Issues of Tai-Tech in 2020	Significance to Tai-Tech	Material Topics Corresponding to the GRI Standards	Management Approach	Corresponding Chapter
Compliance	Duly complying with government regulations is a prerequisite for a company's normal operations.	GRI 307: Environmental compliance GRI 417: Marketing and labeling GRI 419: Socioeconomic compliance	<ul style="list-style-type: none"> Implementing compliance and management mechanisms. Tracking and auditing the compliance with relevant regulations regularly and making improvements immediately. 	<ul style="list-style-type: none"> 1.3 Risk Management
Occupational health and safety	The Company ensures a safe work environment for efficient production and economic activities.	GRI 403: Occupational health and safety	<ul style="list-style-type: none"> The Company implements occupational safety and health management in accordance with the ISO 45001 framework. 	<ul style="list-style-type: none"> 4.4 Friendly Workplace
Operational performance	Stable and positive economic performance is the foundation of sustainable business operations.	GRI 201: Economic performance	<ul style="list-style-type: none"> The Company continues to develop new products and explore new markets to maintain competitiveness. 	<ul style="list-style-type: none"> 1.2 Robust Governance
Labor/management relations	A positive labor-management relationship is the guarantee of an enterprise's sustainable operation	GRI 402: Labor/management relations	<ul style="list-style-type: none"> Labor-management meetings are held regularly for communication An employee satisfaction survey mechanism is established 	<ul style="list-style-type: none"> 4.2 Remuneration and Benefits
Product quality and safety	Only by improving product quality continuously can the Company have stable competitiveness in the market.	GRI 416: Customer health and safety	<ul style="list-style-type: none"> Quality management is conducted in accordance with the ISO 9002 and the ITAF1694 frameworks. Quality improvement projects are conducted and reports submitted every year The quality management policy is implemented 	<ul style="list-style-type: none"> 2.3 Client Management
Corporate Governance	A sound governance mechanism is a prerequisite for gaining stakeholders' trust and an essential element of sustainable operation.	GRI 102: General disclosures	<ul style="list-style-type: none"> Board performance evaluations are conducted regularly to improve the operation of the Board of Directors. The Corporate Governance Best Practice Principles are followed to protect shareholders' rights and interest. 	<ul style="list-style-type: none"> 1.2 Robust Governance
Risk Management	Only with a sound risk management strategy can a company respond to the ever-changing external competitive environment.	GRI 102: General disclosures GRI 201: Economic performance	<ul style="list-style-type: none"> The internal control and audit mechanisms are implemented Compliance education and training are held regularly to increase risk awareness; risks and opportunities from climate change are identified and included in the discussion of the Board of Directors meetings. 	<ul style="list-style-type: none"> 1.3 Risk Management
Ethical management	Business management is built on stakeholders' trust, and the implementation of ethical management will guarantee the trust.	GRI 102: General disclosures GRI 205: Anti-corruption GRI 206: Anti-competitive behavior GRI 415: Public policy	<ul style="list-style-type: none"> Ethical management is conducted and relevant regulations on business ethics are followed. We continue to offer anti-corruption education and training to reflect our commitment to corporate governance in daily operating procedures. 	<ul style="list-style-type: none"> 1.2 Robust Governance
Pollution prevention	As a corporate citizen, we have an obligation to maintain the beauty of the environment and the right to a healthy life for all.	GRI 305: Emissions GRI 307: Environmental protection related compliance	<ul style="list-style-type: none"> Environmental policies are implemented to reduce the impact of operating activities on the environment. We continue to invest in environmental protection to treat process wastewater and waste properly and strengthen recycling technology 	<ul style="list-style-type: none"> 3.1 Green Factories

Table of Chapters Corresponding to Material Issues in 2020

Material Issues	GRI Material Topics	Internal Boundaries		Stakeholders				
		Tai-Tech	Employees	Clients	Government Agencies	Suppliers/Contractors	Shareholders/Investors	Banks
Compliance	GRI 307: Environmental compliance GRI 417: Marketing and labeling GRI 419: Socioeconomic compliance	●	▲	●	●	▲	▲	▲
Occupational health and safety	GRI 403: Occupational health and safety	●	●	▲	●	●		
Operational performance	GRI 201: Economic performance	●	▲	●	●	●	●	●
Labor/management relations	GRI 402: Labor/management relations	●	●	▲	▲		▲	
Product quality and safety	GRI 416: Customer health and safety	●	▲	●	▲	▲	▲	
Corporate governance	GRI 102: General disclosures	●	●	▲	▲	▲	●	▲
Risk management	GRI 102: General disclosures GRI 201: Economic performance	●	●	▲	▲	▲	●	●
Ethical management	GRI 102: General disclosures GRI 205: Anti-corruption GRI 206: Anti-competitive behavior GRI 415: Public policy	●		●	▲	▲	▲	●
Pollution prevention	GRI 305: Emissions GRI 307: Environmental compliance	●	●	●	▲	▲		

Note: ● Direct impact; ▲ Indirect impact

Table of Chapters Corresponding to Additional Issues in 2020

Secondary Issues	Corresponding Chapter
1. Innovation and R&D	2.1 Innovation Capabilities
2. Water resources management	3.1 Green Factories
3. Customer relationship management	2.3 Client Management
4. Waste management and circular economy	3.1 Green Factories
5. Talent attraction and retention	4.2 Remuneration and Benefits
6. Talent cultivation	4.3 Human Capital

1

Magnetic Operation

\$1.03

billion (NTD)

2020 Company' s capital

734

million (NTD)

2020 net income after tax

\$8.07

(NTD)

2020 earnings per share



Robust Governance P.1-2

Risk Management P.1-9

Operational Resilience P.1-15

Robust Governance

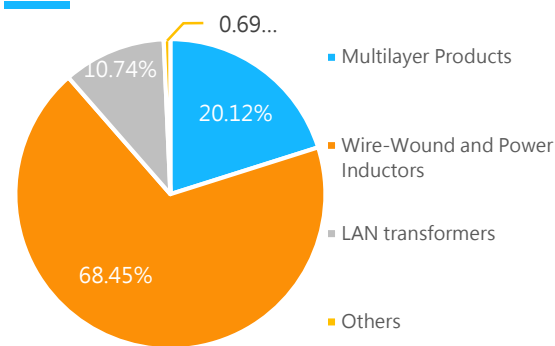
Company Profile



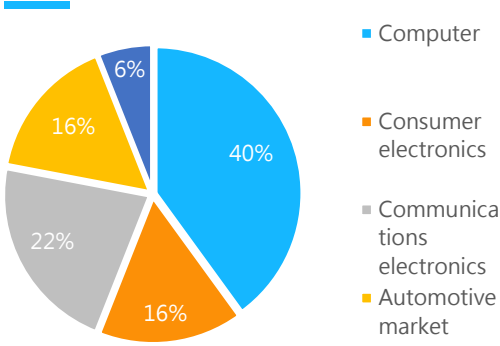
Company name	Tai-Tech Advanced Electronics Co., Ltd.	Location of headquarters	No.1 Yousi Road, Youth Industrial District, Yang-Mei, Tao-Yuan City, Taiwan, R.O.C
Date of incorporation	November 2, 1992	Main operational sites	Headquarters in Taoyuan, Si-Hong Plant, and Kunshan Plant
Date of being listed on Taipei Exchange	April 27, 2021	Capital	NT\$1,031,340,000
Chairman	Ming-Yen Hsieh	Number of employees	465 people (including full-time and part-time employees in Taiwan as of December 31, 2020)
President	Ming-Liang Hsieh		

Tai-Tech Advanced Electronics Co., Ltd. has been in operation for more than 45 years since its predecessor, North West Electric Engineering Industry Co., Ltd. was established. With years of experience in magnetic material technology and vertically integrated manufacturing capabilities, the Company has competitive advantages in diverse inductive products and highly automated production capabilities, and therefore has laid a solid foundation in the inductive and magnetic components industry. In terms of product portfolio, our three major categories of products are multilayer products, wire-wound and power inductor, and LAN transformers.

Proportion of product revenue



Market share of product applications

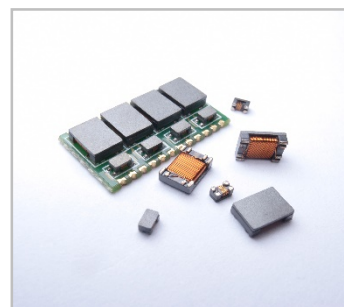


Overview of Operations

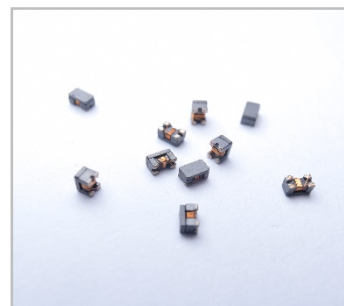
As the functions of electronic products continue to evolve and the specifications of magnetic and inductive components continue to be improved, electronic products are higher speed, lighter, thinner, shorter, and smaller. Thus, Tai-Tech's main products have been developed toward the direction of high frequency, thinning, low loss, high power, and high current resistance. In addition, in response to the trend of global automated production, we consider automated production in the early design stage of the development of various products. With rising awareness of environmental protection in the market, the green requirements for electronic components have become more stringent. The above-mentioned trend will shape the future direction of the Company's product development.

With the trend of smart manufacturing and green factories, we have steadily promoted our own annual management goals for energy conservation, water conservation, and waste reduction over the years. In the future, we will continue to invest in pollution prevention, energy conservation, and waste reduction to reduce the impact of our operating procedures on the environment actively, while developing first-class durable products with low energy consumption. We will also leverage our strong research and development (R&D) and manufacturing capabilities accumulated over the years to provide clients and the market with the most competitive and forward-looking solutions.

In addition to enhancing the competitiveness of our core business, we actively participate in relevant associations and organizations to communicate and brainstorm new ideas with the businesses in the same industry and connect the influences of various companies and organizations to deepen our social participation.



▲ TFX Series



▲ WCM Series

Relevant associations

Name of associations	Membership status
Taiwan Electrical and Electronic Manufacturers' Association	Member
Association of Cubs Industry, Taoyuan City	Member
Taoyuan City Industrial Association	Member



▲ Taiwan Electrical and Electronic Manufacturers' Association



▲ Taoyuan City Industrial Association



▲ Association of Cubs Industry, Taoyuan City

Corporate Governance

Tai-Tech adheres to the business philosophy of focusing on the core business and pragmatic management. In addition to actively recruiting outstanding talents to the Board of Directors to assist with business management, we duly implement compliance and strengthen corporate governance through the operation of the board's performance evaluation, the Audit Committee, and the Remuneration Committee, to protect each shareholder's rights and interest effectively.

Board of Directors

The Board of Directors is composed of nine directors (including two independent directors appointed through a by-election on July 23, 2021) as Tai-Tech's highest governing body. It includes six directors (including two female ones) and three independent directors, all for a term of three years. Currently, there is one executive director (Ming-Yen Hsieh).

The Company has formulated the Director Election and Appointment Guidelines in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and set relevant election and appointment policies. Based on the principle of diversity, the board of directors shall have relevant industrial experiences, and some of them are from financial and legal backgrounds. Our directors need to take relevant courses on a regular basis, and the Company has purchased liability insurance for all independent directors during their term of office for the scope of business.

Each board member has different professional backgrounds or fields of specialization to implement the board diversity policy. We recruit outstanding talents from all sectors, regardless of gender, age, nationality, and culture, and plan the number of directors based on gender equality. Please refer to the Company's annual report and other internal governance regulations for detailed information on education and experience, concurrent positions, and operation of the board members.

Statistics of directors and supervisors

	Age			Gender		Total
	Under 30 years old	30–49 years old	50 years old or above	Female	Male	
Number of people	0	0	9	2	7	18
Percentage	0%	0%	100%	22.22%	77.78%	100 %

The term of office of the current Board of Directors is from June 25, 2019 to June 24, 2022. It has held nine meetings so far, and the attendance of all directors is 100%. To ensure the independence of board meetings, the Company has formulated the Rules of the Procedure for Board of Directors Meetings in accordance with the Regulations Governing Procedure for Board of Directors Meetings of Public Companies amended by the Financial Supervision Commission (FSC), as the guiding principle of the rules of procedure. We strictly abide by relevant regulations on recusal during discussions and voting to avoid conflicts of interest.

In addition, the Chairman's Office is responsible for corporate governance-related matters. All operating procedures are handled in accordance with the Corporate Governance Best Practice Principles. It assists in providing materials required by directors to execute business, handling matters related to board and shareholders' meetings in accordance with the law. It prepares board and shareholders' meeting minutes, to protect shareholders' rights and interest while strengthening the functions of the Board of Directors. In the future, we will set up a dedicated unit or appoint dedicated personnel when necessary or as required by law.

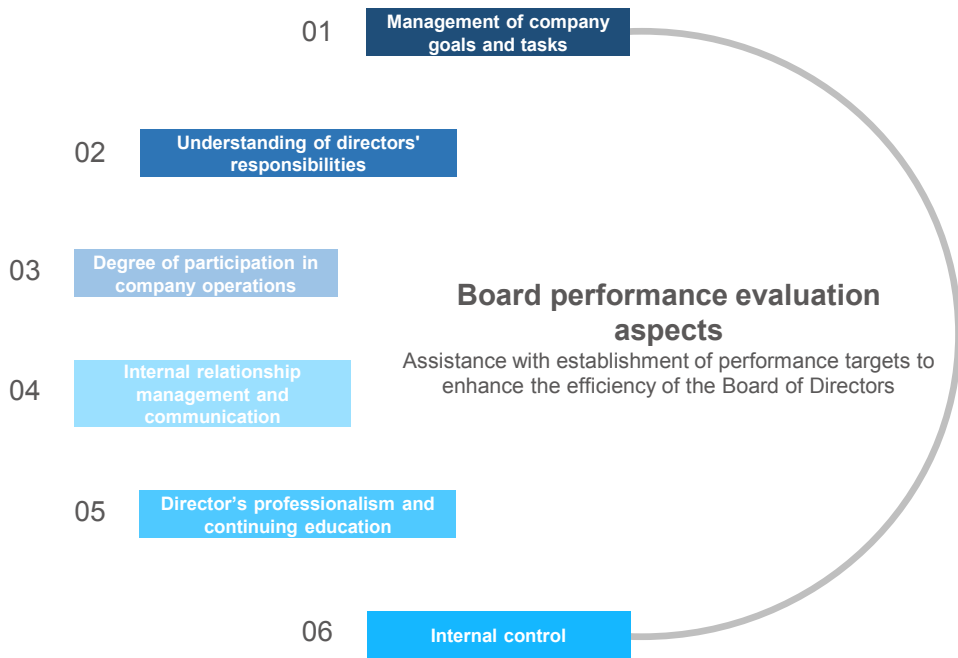


Rules of the
Procedure for Board
of Directors
Meetings

Board performance evaluation

To implement corporate governance and enhance the functions of the Board of Directors, Tai-Tech has launched a performance evaluation system for the Board of Directors since this year and formulated the Regulations on the Performance Evaluation of the Board of Directors of Tai-Tech Advanced Electronics Co., Ltd. in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, to carry out the director performance evaluation procedures. The performance evaluation shall be conducted at least once a year as per the regulations in the form of internal self-evaluation of the Board of Directors, self-evaluation of directors, peer evaluation, the appointment of external professional institutions or experts, or other appropriate methods. The evaluation results shall be submitted to the Board of Directors for review and improvement, and the relevant information shall be revealed in the annual report. The execution entity of the performance evaluation shall be a fair, objective, and independent entity. It shall be personnel or an entity without direct interest involved in the operation of the entities evaluated. The evaluation of the directors' performance covers six aspects. The Board of Directors' performance evaluation results will be adopted as a reference for the selection or nomination of directors, and the individual directors' performance evaluation results will be used as the basis for determining their remuneration. The 2020 board performance evaluation, covering the overall Board of Directors, individual board members, and functional committees, has been completed. The overall evaluation result is "excellent", indicating that the Company's Board of Directors is operating well. In the future, we will continue to strengthen the operation of the Board of Directors to improve the performance of corporate governance.

Board performance evaluation aspects



Board of Directors' relevant information



▲ Tai-Tech's Annual Reports



▲ Articles of Incorporation



▲ Rules Governing the Scope of Powers of Independent Directors



▲ Director Election and Appointment Guidelines

Audit Committee

Tai-Tech established the Audit Committee in accordance with the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies. The committee is composed of three independent directors, responsible for the fair presentation of the Company's financial statements, the selection (dismissal), independence, and performance of the Company's certified public accountants (CPAs), the effective implementation of the Company's internal control, the Company's compliance, and the Company's control of existing or potential risks. The term of office of the current Board of Directors is from June 25, 2019 to June 24, 2022. It has held nine meetings so far, and the attendance of the audit committee members is 100%.



▲ Audit Committee Charter

Remuneration Committee

Tai-Tech established the Remuneration Committee in accordance with the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange and the Audit Committee Charter approved by the Company's Board of Directors. The committee is mainly responsible for the matters below and submits its suggestions to the Board of Directors for discussion: (1) formulating and reviewing the policy, system, standard, and structure of directors' and managers' performance evaluation and remuneration regularly; (2) regularly evaluate and determine the achievement of the performance targets by directors and managers while determining the content and amount of individual remuneration based on the evaluation results as per the performance evaluation standards. The committee is composed of three independent directors and holds at least two meetings a year. The current term of the committee is from July 30, 2019 to June 24, 2022, and it has held five meetings so far, and the attendance of the committee members is 100%.



▲ Audit Committee Charter

Directors' continuing education

Tai-Tech actively provides directors' channels for continuing education and encourages directors to participate in external courses or forums to be exposed to extensive management expertise and new knowledge in this industry to reinforce their foundation of knowledge of corporate governance. In the future, we will invest more resources to arrange diverse educational opportunities for board members, such as courses in finance, risk management, sales, business, legal affairs, accounting, corporate social responsibility, or other corporate governance topics or courses related to internal control system and financial reporting responsibilities to achieve the directors' continuing education goals as suggested in the Taiwan Stock Exchange's Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies.

2020 Courses for Directors' Continuing Education

Course title	Organizer	Director
Corporate Governance and Securities Laws and Regulations	Securities and Futures Institute	Che-Chin Sheng, Chih-Cheng Hung, Kuei-Kuang Huang, Yu-Tsun Li, Ming-Yen Hsieh, Yu-Hsiang Hsieh Yu, and Chien-Jung Lin
Business Consideration for and Legal Risk Analysis of Business Decision-Making	Securities and Futures Institute	Che-Chin Sheng, Chih-Cheng Hung, Kuei-Kuang Huang, Yu-Tsun Li, Ming-Yen Hsieh, Yu-Hsiang Hsieh Yu, and Chien-Jung Lin

Ethical Management and Important Management Regulations

We firmly believe that only by upholding the highest standards of self-discipline and implementing systematic management can we win the trust and support of the majority of our stakeholders based on the principle of integrity and transparency. Tai-Tech's entire team and even our partners in the value chain are subject to the relevant regulations of ethical management. The Company's relevant internal management regulations, including the Corporate Governance Best Practice Principles, the Guidelines for the Adoption of Codes of Ethical Conduct, the Ethical Corporate Management Best Practice Principles, the Corporate Social Responsibility Best Practice Principles, and the Procedures for Ethical Management and Guidelines for Conduct, are disclosed publicly annually, and we fully disclose the results of the implementation of corporate governance in the annual report; as such, the operation of corporate governance can be reviewed by the public, and we sincerely welcome suggestions and feedback from all sectors of society.

The Company instructs departments, including the Sales Division, the Product Planning and Management Office, the Management Department, the Occupational Safety and Health Office, and the Finance and Accounting Department, to communicate with stakeholders depending on the situation, and has published the information on the spokesperson and the contact information of relevant business units on the company website, to maintain communication channels with stakeholders properly, while responding to relevant issues of concern in a timely manner.



▲ Corporate Governance Best Practice Principles



▲ Guidelines for the Adoption of Codes of Ethical Conduct



▲ Ethical Corporate Management Best Practice Principles



▲ Corporate Social Responsibility Best Practice



▲ Procedures for Ethical Management and Guidelines for Conduct



▲ Financial statements information

Operational performance

The Company's main products are magnetic and inductive components. We are classified under the passive component industry in terms of the industry category. Tai-Tech is one of the few domestic professional manufacturers of magnetic and inductive components that can produce multiple such components in different types with different materials for different application fields simultaneously. In 2020, affected by the impact of stagnant market economic activities in major countries, such as Europe, the United States, and mainland China, due to the COVID-19 pandemic, as well as with the disappearance of incentives, such as the postponement of the Tokyo Olympic Games 2020, the global demand for electronic products was not as high as expected; as such, the output value of the global passive component industry dropped to US\$45.5 billion, with an annual decline of 4.1%

Despite the poor performance in the global environment, Tai-Tech's performance was still excellent, thanks to years of efficient management and product layouts, while passing Taipei Exchange's review successfully and was officially listed on Taipei Exchange on April 27, 2021 for trading. This has indicated the market's recognition of the Company's operational performance. Please refer to the financial statements for detailed financial data.

Financial data in the past two years

Item	2020	2019
Operating income	4,478,004	3,351,915
Operating costs	3,018,511	2,358,857
Gross profit	1,459,493	993,058
Operating expenses	569,959	490,943
Net income after tax	734,671	439,416
Earnings per share	NT\$8.07	NT\$4.83
Total assets	6,175,845	5,244,735
Total liabilities	2,609,961	2,237,143
Total equity	3,565,884	3,007,592

Note: Direct economic value generated: (Unit: NT\$1,000)

Tax Governance

On the basis of the principles of transparent and accountable tax governance, our tax governance mechanism is established in accordance with local tax laws and regulations and the spirit of international anti-tax avoidance. All of our operating locations around the world comply with the local tax laws and regulations, implement the arm's length principle, refrain from aggressive tax planning, and disclose tax information to stakeholders in financial reports to enhance the overall information transparency.

Income tax expenses

Unit: NT\$1,000



2019	2020
NT\$82,221	NT\$134,747

Financial subsidies received by Tai-Tech, Taiwan, from the government in 2020

Subsidy and grant	Amount (unit: NT\$1,000)	Remarks
Tax credit of R&D investment	4,946,037	Attributable to the 2020 profit-seeking enterprise income tax credit
Tax credit of investment under Statute for Industrial	11,565,273	Attributable to the 2020 profit-seeking enterprise income tax credit and 2019 undistributed earnings tax credit
Tax credit of investment under Statute for Industrial	6,742,680	2018 undistributed earnings tax refund as per 2020 actual investment

Risk Management

Risk identification and management

Tai-Tech believes that identifying the risks faced by an enterprise accurately and planning accordingly is necessary for an enterprise to move toward sustainability in the fast-changing business market. Identifying the organization's relevant risks and devising effective management strategies can minimize potential threats. The table below shows the types of critical risks identified by the Company and the countermeasures.

Risk identification and management table

Type of risk	Description of risk	Countermeasures
Industry risk	The trend of industry consolidation is on the rise, and the trend of large companies becoming larger has become more obvious	<ul style="list-style-type: none"> Classify products into standardized and differentiated products based on trends properly, and continue to refine the process to roll out cost-competitive products to enhance product competitiveness Continue to strengthen collaboration and partnerships with competitors (including Taiwan, China, Japan and Korea), and increase the visibility and competitiveness of our products through collaboration with distributors and agents
	The electronic product market is highly competitive and faces the risk of declining average selling prices	<ul style="list-style-type: none"> Leverage the core magnetic materials and key process capabilities, and reinforce the vertical integration of production processes to cut production and operating costs Adjust our product mix and strengthen strategic collaboration with competitors, leverage the competitiveness of our products at an advantage, and actively develop and produce new products with high precision and high margins, to avoid price wars and maintain reasonable profits
	The US-China trade war has led to an unpredictable international political and economic situation and increased systemic risks	<ul style="list-style-type: none"> Closely cooperate with client' production line transfer and restructuring projects in the short term, allocate production capacity flexibly, and share product delivery and logistics costs and risks with clients, while putting clients' needs first Continue to increase investment and restructure the product structure and the layout of products based on clients' demand and risk diversification in the medium and long term, to balance the output value of the main plant in Taiwan and that of the plants in China appropriately.
Operational risk	Performance is easily affected by the needs of the end market and changes significantly	<ul style="list-style-type: none"> Develop product applications at multiple levels with our critical technological capabilities of magnetic materials and iron cores and respond to market changes quickly to reduce the potential impact of changes in application market demand or the slowdown of single market demand on the company
	With the gradual rise of the supply chain in China, the growth space of Taiwan's manufacturers may be squeezed	<ul style="list-style-type: none"> Continue to release cost-competitive products through process improvement, and strengthen collaboration with local businesses in China to assist the Company in launching our products to end customers in the new product development and design stage Insist on providing high-quality products and services to cope with price wars, which will let us gain an advantage to obtain clients' orders, diversify business risks, or increase the added value of our products in the future
	The supply and demand imbalance in the labor market has made it difficult to recruit grassroots-level employees, with a risk of employee turnover	<ul style="list-style-type: none"> Recruit foreign migrant workers and strengthen the industry-academia collaborative education; work with human resources agencies to increase recruitment channels, diversify the recruitment sources of new grassroots-level employees to fill the void of grassroots-level operators; continue to increase automation equipment and enhance computerized management to reduce requirements for manpower Strengthen employees' pre-service and on-the-job training to improve their quality and productivity; improve various employee benefits more actively, distribute employee compensation; pay out retention bonuses, performance bonuses, and year-end bonuses to share the operating results with our employees, and thereby enhance their sense of identity with the Company and reduce employee turnover

Type of risk	Description of risk	Countermeasures
Potential risks	International currency exchange rates change rapidly, and the risk of exchange losses rises	<ul style="list-style-type: none"> Adopt necessary exchange rate hedging measures, such as reserving a safe amount of payment for supplies in foreign currencies for two months to balance the positions of foreign-currency assets
	The impact of the COVID-19 pandemic continues, and there is still no obvious sign of ending in the short term	<ul style="list-style-type: none"> Adopt anti-pandemic measures actively and prevent risks of business interruption caused by the infection with the pandemic in the Company Pay attention to cash flow management in finance, review capital investment carefully, and focus on accounts receivable and inventory management Increase the frequency of communication with clients, keep abreast of clients' needs and changes in a timely manner, and continue to provide quality customer services Maintain communication with suppliers, put prevention of the lack of materials first in the procurement plan, and increase material stocks when necessary

Climate change risks and opportunities

In recent years, climate change has become a common problem faced by all mankind. In addition to the increasingly significant negative impact on our daily life, it has caused a huge impact on enterprises. In view of this, Tai-Tech refers to the Task Force on Climate-related Financial Disclosures (TCFD) released by the international Financial Stability Board (FSB) in 2017 to review and assess our current risks and opportunities arising from climate change, and devise countermeasures.

Four core elements of climate-related financial information disclosures



Governance

The organization's governance of climate-related risks and opportunities

Strategy

The actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy, and financial planning

Risk Management

The organization's processes for identifying, assessing, and managing climate-related risks

Indicators and Targets

Indicators and targets used to assess and manage climate-related risks and opportunities

TCFD framework

Although Tai-Tech currently does not have a climate governance organization, we establish a governance unit in the future step by step in line with the TCFD framework, and raise this issue to the board level as the basis for the Company to set out countermeasures against climate change. In view of the potential risks and opportunities arising from climate change, the Company has conducted preliminary assessment and identification, and the results are as follows.

Climate change risks

Type of risk	Source of risk	Description	Finances impact	Countermeasures
Physical risks	Daily operation interruption	Natural disasters, such as typhoons and floods, cause flooding hazards, which will cause damage to the company's equipment and power outages, thereby resulting in operation interruption	Increased operating costs	Respond in accordance with the Emergency Response Procedures set by the Company's Occupational Health and Safety Office, and cooperate with the government's disaster prevention policy to minimize the potential damage caused by disasters
Transition risk	Market changes	To meet domestic and foreign clients' requirements for low-carbon products, we need to adopt renewable energy and purchase renewable energy certificates	Increased operating costs	Make good use of the Company's R&D and production capabilities, and continue to develop green products to meet clients' needs
Transition risk	Carbon pricing	To achieve the goal of net-zero carbon emissions, the government has formulated relevant regulations on carbon pricing and levied a carbon tax on enterprises	Increased operating costs	Continue to promote energy conservation and carbon reduction measures and set relevant carbon reduction targets to reduce the potential impact of carbon pricing on our operating costs

Climate change opportunities

Type of opportunity	Source of opportunity	Description	Finances opportunity and development	Countermeasures
Products and services	Low-carbon products Increase in demand	With the global low-carbon development trend, clients' demand for low-carbon products is increasing day by day	Increased operating income	Work with green energy companies and continue to improve process efficiency to increase the proportion of green products produced by the Company gradually
Resource efficiency	Reduction in product energy consumption	With the circular economy trend on the rise, high-power products with low energy consumption on the market are popular with the market	Decreased operating costs	Continue to strengthen the Company's waste recycling and reuse to reduce water resources, energy, and raw materials consumed in the production process, and thereby enhance our competitiveness in the market

As for the climate change risks and opportunities identified, Tai-Tech will implement relevant countermeasures gradually to cope with the potential financial impact caused by climate change and improve our organization's resilience; meanwhile, we will seize potential climate change-related opportunities for financial development and continue to develop green and low-carbon products, with the aim of stepping into new markets and creating business opportunities.

Internal control and audit

The Company has established an effective accounting system and an internal control system, which the Audit Office regularly audits under the Board of Directors as per the audit plan. Our CPAs will also audit the internal control system on a regular basis. The appointment and dismissal, evaluation, as well as salary and remuneration of internal auditors will be reported to the Board of Directors for approval. At present, there are two members in the Audit Office of the head office and each subsidiary has an audit assistant. All auditors receive continual training in accordance with laws and regulations, and the number of training hours is higher than what is required in law. In 2020, the auditing personnel in Taiwan received an average of 18 hours of training. Please refer to the figure below for the main duties of the Company's Audit Office.

Main duties of the Audit Office.



In the 2020 audit results, a total of three deficiencies were identified, all of which have been improved. The details of the improvement content are shown in the table below.

Internal audit improvements in 2020

- | | |
|---|--|
| 1 | During a supervisory audit of subsidiaries, it was discovered that the custodian of Si-Hong Plant's petty cash had resigned, but the petty cash custody affidavit has not been updated. It has been consistent after improvement. |
| 2 | The Company has formulated the Acquisition or Disposal of Assets Management Regulations. It was discovered that the version open to the public and that kept by the Management Department were inconsistent. It has been consistent after improvement. |
| 3 | CPAs attended the Board of Directors meeting on April 7, 2020 in a non-voting capacity throughout the whole process, which was not in compliance with the rules of procedure for board meetings (CPAs, attorneys, or other professionals present in a non-voting capacity shall recuse themselves from voting). After the improvement, the legal requirement has been met. |

Compliance

Tai-Tech strictly complies with the requirements of various laws and regulations and receives notices of the latest laws and regulations from the competent authorities at any time. In 2020, the Company did not engage in any conduct related to corruption, bribery, scams, insider trading, anti-competitive behavior, antitrust, and monopoly, and did not have relevant lawsuits and penalties. There were no violations of product safety and health laws, product labeling, or marketing. In the aspect of laws and regulations governing the economic and social fields, the Company was only fined NT\$1,800 for a traffic violation by a company vehicle.

Information security protection

Tai-Tech attaches great importance to information security management, has appointed the Information Department as the dedicated unit responsible for formulating, launching, and implementing information security policies, and has established the Information and Communication Security Management Regulations, including the major information security management measures below.

Information security management measures	
Personnel security assessment	<ol style="list-style-type: none"> Each unit shall implement appropriate security assessment procedures for personnel who can access confidential and sensitive information or systems and personnel who will be granted special access permissions to the systems due to work and strengthen work assessments before assigning tasks. When an employee resigns, his/her access to all the information and systems at the unit shall be canceled immediately, which shall be included in the unit's necessary procedures for job changes.
Computer system security management	<ol style="list-style-type: none"> The information security incidents shall be managed properly as per the control of the information security check in the computer operation cycle of the internal control system, and the check results shall be recorded. The Company shall appoint different personnel responsible for the management, design, and execution of important information services, respectively, and establish a mechanism of mutual checks and balances to avoid illegal or improper use of data or systems.
Daily operations security management	<ol style="list-style-type: none"> Only legal software with intellectual property rights can be used. The use of unauthorized legal software shall be prohibited. Necessary measures shall be taken to prevent the intrusion of computer viruses, and computer virus prevention software with complete functions shall be selected carefully and maintained and updated regularly.
Network security management	<ol style="list-style-type: none"> A security control mechanism for the computer network system shall be established to ensure the security of data transmitted through the network, protect connected operations, and prevent unauthorized system access. The use of illegal or inappropriate information that violates copyrights or morals, or hinders the normal operation of the network system shall be prohibited.
Equipment security management	<ol style="list-style-type: none"> The equipment shall be placed in an appropriate location and protected to reduce the risks caused by environmental insecurity and reduce the chance of unauthorized access to the systems. A standby power supply shall be set up, and the response measures for the failure of the uninterruptible power system shall be included. Additional strengthened security measures shall be taken for more important systems.
Business sustainable operation plan	<ol style="list-style-type: none"> A backup system and a remote backup mechanism shall be set up to ensure that important businesses continue to operate in the event of an accident occurring to the information system, data files, or personnel. System restoration plan management regulations shall be formulated, and disaster restoration drills shall be conducted from time to time.

Most of the software products currently used by the Company, such as enterprise resource planning (ERP), are provided by external vendors, with whom an annual maintenance contract has been signed. In the event of any relevant problems or disasters, the external vendors will provide assistance. In 2020, we replaced the hosts of our server room with the hyper-converged infrastructure, which will further improve performance and information security.

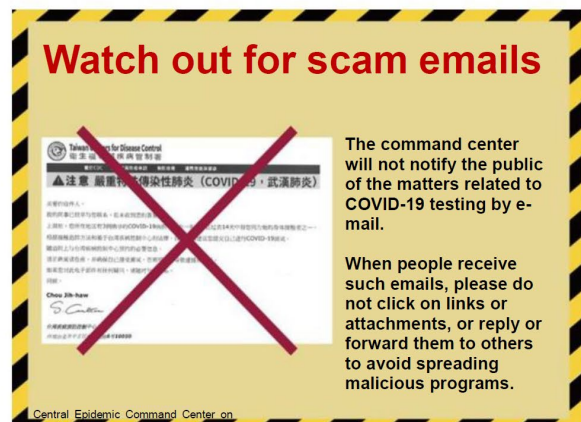
In addition, the drill reports from the annual disaster restoration drills performed are used to strengthen the ability of our colleagues in the Information Department to respond to emergencies. The Company appoints a third party to conduct an information audit every year. Over the past three years, there have been no material deficiencies, while the Company did not receive complaints about violations of customer privacy or loss of customer data in 2020. The Information Department promotes information security issues occasionally to our other colleagues through e-mails to enhance all employees' awareness of information security protection and minimize potential risks.

Examples of the Company's internal information security education emails in 2020:

Dear all

Following the ransomware attack on CPC Corporation yesterday (4), the Formosa Plastic Group was attacked by hackers today (5).

Please be vigilant and **avoid clicking on links and opening emails at will.**





Operational Resilience

Risk identification and management

In response to the global COVID-19 pandemic in 2020, the Company established an anti-pandemic team on March 9, 2020, and devised a workplace COVID-19 prevention response plan in alignment with the business continuity guidelines of the Central Epidemic Command Center, while updating the plan flexibly at any time based on changes in the pandemic and implementing specific management measures to maintain our colleagues' health and ensure the Company's normal operation during the pandemic.

Specific anti-pandemic measures

Measures	Management focus	Major operations
Health management	<ul style="list-style-type: none"> ➢ Manage and keep records of workers with discomfort symptoms ➢ Keep abreast of the number of people at risk of infection and their health condition 	<p>A. Investigate whether employees have ever traveled to any pandemic area or area at risk announced by the government and prepare a list for self-health management and monitoring</p> <p>B. Each unit collects information on personnel's health status and reports it to the President and follows up on cases on a daily basis.</p> <p>C. On December 1, 2020, due to the sudden surge in cases imported from abroad, our plants required employees who entered the country from overseas to stay in home quarantine for 14 days and self-management for seven days without entering the plants.</p>
Occupational safety and health education and training	<ul style="list-style-type: none"> ➢ We held awareness-raising activities or offered education and training in safety and health measures related to workplace pandemic prevention 	<p>A. Education and training: The plant nurses gave lectures in the general safety and health training course for new employees to inform them of the general situation of the pandemic and the current pandemic prevention measures at the plants.</p> <p>B. The plant nurses or the Management Department informed our employees of the pandemic situation through emails or posters placed at the check-in sites from time to time.</p>  <p>Note: The photo was taken during training held</p>
Migrant workers work location management and notification	<ul style="list-style-type: none"> ➢ Migrant workers living in the same dormitory were arranged to work in different locations ➢ Workplace management (such as flexible work time and temperature measurement) ➢ Access control at migrant workers' dormitory (such as temperature measurement and visitor management) ➢ Notification in migrant workers' mother tongues 	<p>A. The dormitory rooms were reassigned in alignment with the production line planning and work shifts for migrant workers to eliminate the concern that the workers working different shifts in the same room might be infected to minimize the impact. In contrast, some vacant rooms were reserved for personnel with pandemic symptoms.</p> <p>B. Migrant workers who had just entered the country from overseas were arranged for quarantine in single rooms in line with the quarantine policy.</p> <p>C. We placed ear thermometers at the entrance and exit of the dormitory, and posted information on health education in migrant workers' mother tongues.</p> <p>D. Personnel other than relevant personnel are strictly prohibited from accessing the dormitory.</p> <p>E. Government and plants' policies translators were appointed to assist in raising migrant workers' awareness</p>  <p>Note: The photo was taken when the translator assisted in raising migrant workers' awareness</p>

Measures	Management focus	Major operations
Protective measures	<ul style="list-style-type: none"> ➤ Risk levels as per the nature of work operations ➤ Adopted management measures ➤ Strengthened the replacement or cleaning of the air purifier filters ➤ Installed physical shields (such as transparent plastic sheets) ➤ Implemented labor attendance control measures ➤ Implemented access control measures ➤ Cleaned and disinfected the work environment regularly ➤ Prepared anti-pandemic supplies ➤ Adjusted work or attendance methods 	<p>A. Mask management: inventory control and strict control</p> <ol style="list-style-type: none"> High-risk parties: Provided the personnel in the front line with medical face masks, and strictly required them to wear masks. Required all employees to wear masks at work during the escalation of the pandemic. Required all visitors to wear masks when entering the plants. All units reduced the number of meetings, and all meeting participants needed to wear masks. <p>B. Access control:</p> <ol style="list-style-type: none"> All employees <ul style="list-style-type: none"> ✓ Required all employees to implement self-management; once an employee had a fever, he/she needed to take days off and, and his/her unit needed to report. ✓ Implemented a body temperature measurement measure for all employees entering the plants and around the plants in the afternoon Visitors, contractors, and other guests: <ul style="list-style-type: none"> ✓ Reduced the number of guests visiting the plants in principle during the pandemic period. Measured all guests' temperature when visiting the plants and limited the areas they could access at the plants. ✓ Required visitors to fill out the health declaration form and prohibited those with health concerns from entering the plants. <p>C. Cleaning and disinfection</p> <ol style="list-style-type: none"> Individuals: <ul style="list-style-type: none"> ✓ Placed alcohol-based hand sanitizers at all check-in sites and the entrance of the cafeteria. ✓ Reminded and required colleagues to clean the work environment when going to and getting off work. Overall: <ul style="list-style-type: none"> ✓ Required all units to clean the air-conditioning filter and keep a record, and the Occupational Safety and Health Office perform audits from time to time. ✓ Entrusted an external cleaning company to carry out the plant-wide disinfection work. ✓ Dedicated personnel were responsible for the disinfection of each area on a daily basis. <p>D. Work location and shifts management:</p> <ol style="list-style-type: none"> Planning: <ul style="list-style-type: none"> ✓ Inspected manpower, office space, and information equipment resources, and drew up plans for each stage based on each unit's operational characteristics to allow for emergency response in the first place in the event of any change to the pandemic situation and maintain the Company's normal operation. Implementation: <ul style="list-style-type: none"> ✓ Work location and shifts measures at the peak of the pandemic. ✓ The office area was adjusted by units; some personnel were sent to work in the production area. The large office was divided into two areas and separated, and the personnel could not enter the other area. The units in the production area strictly required personnel to work the same shifts so that when someone in a shift was infected or needed to be isolated, personnel from other shifts could provide support to prevent the entire production line from being suspended. Zhongyuan and Zhongli facilities were controlled by floor. <p>D. Meal management</p> <p>E. Maintained social distancing and no conversations during dining.</p>



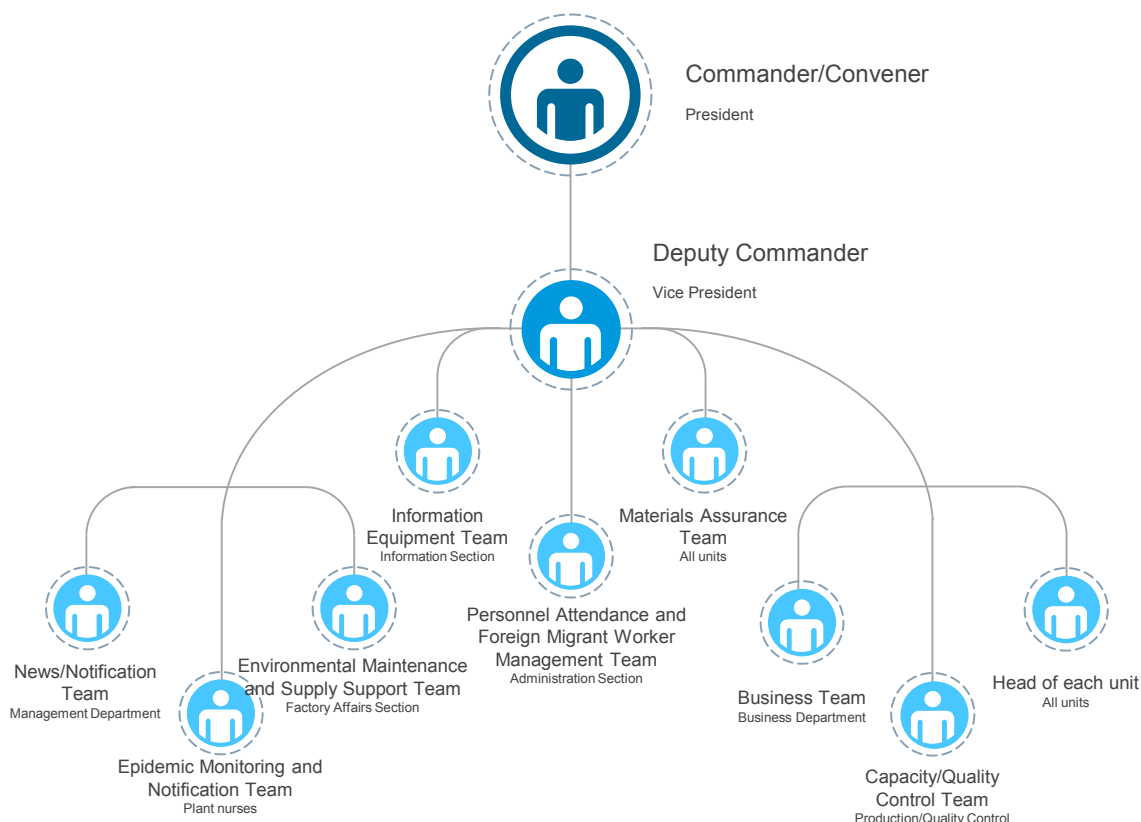
Note: The photo was taken during the body temperature measurement around the plant



Note: The photo was about an alcohol-based hand sanitizer

To properly respond to the impact of various biological pathogen disasters in the future and strengthen the Company's operational resilience to cope with risks, the Company has established a Response Plan for Biological Pathogen Disasters based on our practical experiences in epidemic prevention. The commander/convenor may implement the systematic response mechanism within the organization when necessary in alignment with the guidelines of the competent authority.

Organizational Chart of the Biological Pathogen Disaster Response Team



Main response mechanism:



- Responsibility of response team members

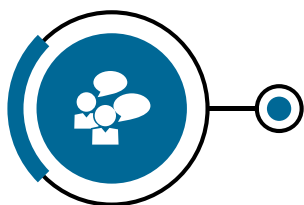


- Formulate epidemic prevention measures for each stage to respond to changes in an epidemic



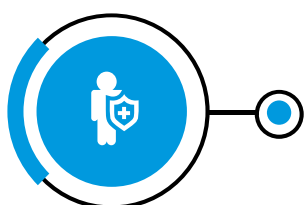
- Emergency response to confirmed cases in the plant

Procedure for handling confirmed cases in the plant:



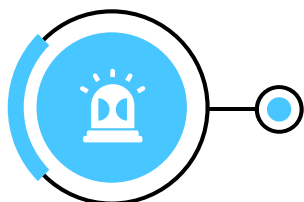
Receive a notification of a confirmed case

- Colleagues take the initiative to notify the Company
- Receive a notice from the health authority



Response team performs necessary tasks

- Notify the convener/commander to announce the entry to the alert state
- Disinfect the work environment
- Confirm the health authority's requirements (list of quarantined personnel and period, large-scale rapid tests, and confirmation of the source of infection)
- Assess the scope of impact and draw up a press release and a statement
- Implement colleagues' health management
- Provide daily care to and confirm the condition of the infected personnel and personnel in home quarantine



Lift the alert state

- The alert state can only be lifted when all infected personnel and personnel in home quarantine are released from the quarantine
- The response team conducts a review of relevant incidents and evaluates whether subsequent management needs to be adjusted
- Epidemic prevention work records are kept by the Management Department

2

Magnetic Growth

105

million (NTD)

2020 green procurement
amount

60

million (NTD)

2020 R&D expenses reached
NT\$60,638,980

95

patents

Innovation Capabilities P.2-2

Partners for Common Good P.2-8

Market Operation P.2-11

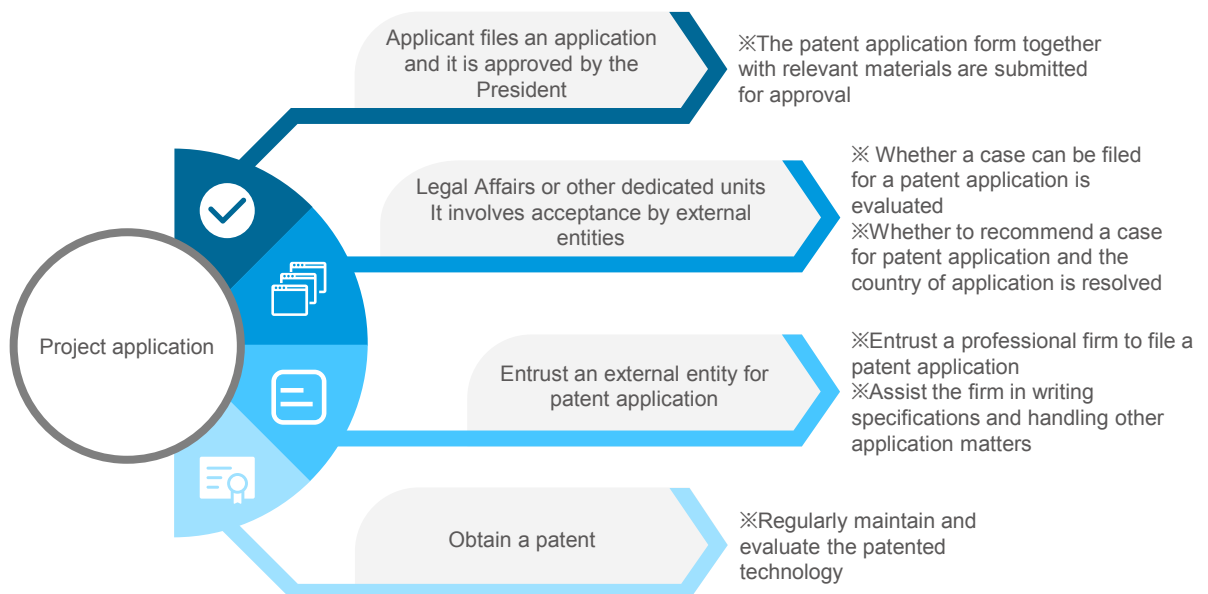


Innovation Capabilities

Intellectual Property Management

Tai-Tech is clearly aware that having top-rated technological capabilities is an important prerequisite for winning clients' trust in the ever-changing electronics industry. To consolidate our core technologies, we have long developed product capabilities surpassing our competitors in the industry through a patent layout, and we specialize in meeting clients' needs and joint research and development to provide the market with the best solutions, while applying for patents to maintain our long-term competitiveness actively. As for the system, we have set up a dedicated unit in charge of patent management, formulated patent application management regulations, and established relevant application management procedures, while providing employees with rewards for active application for patents to cope with the fierce market competition. Currently, the number of patents is 95 in total, and there were seven new patents obtained in 2020.

Patent application management process



Layout of main patents by core product type

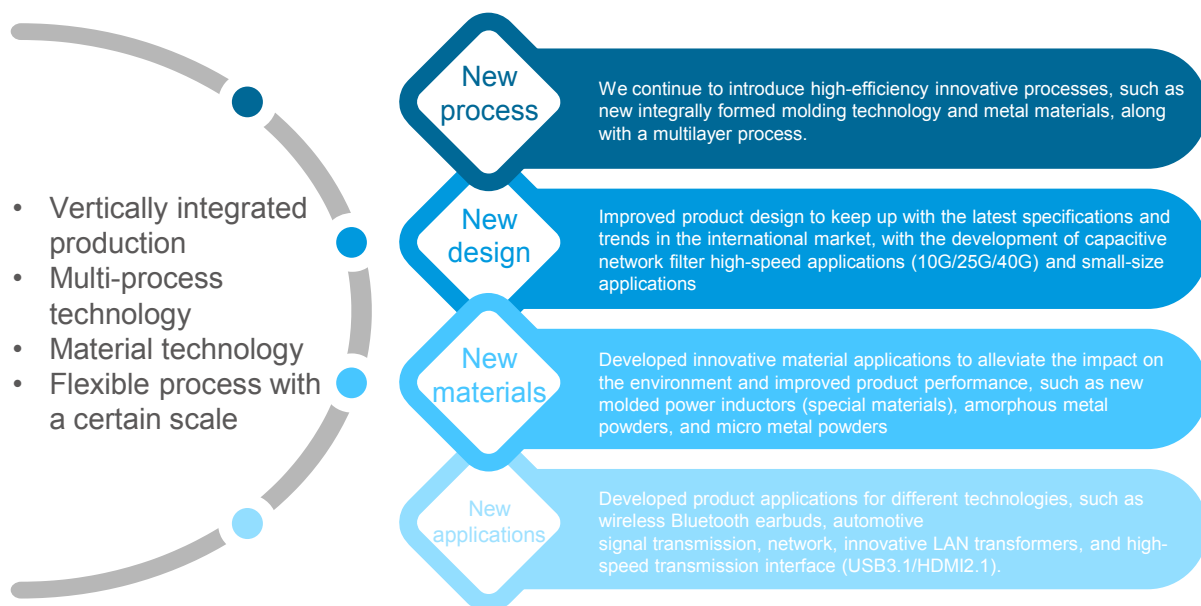
Product type	New patent	Utility patent
Common mode filter	16	1
LAN transformers	24	5
Inductors	11	4
Others (antennas, etc.)	7	0

R&D blueprint

Tai-Tech's innovation and R&D momentum mainly come from the feedback received from interaction with clients. With the extensive network of clients developed over the years, the Company can keenly keep abreast of market trends, design products as per clients' needs, and provide the most competitive solutions. In 2020, our R&D expenses reached NT\$60,638,980, accounting for 1.83% of the overall revenue.

We focus on the R&D of passive components. Based on the development of new materials, product automation, and production process optimization, we aim to develop products with higher specifications. In addition, due to the industry's commitment to transitioning to a low-carbon economy, the Company is dedicated to developing low-Rdc, high-efficiency, and low-power products to meet low-carbon requirements. As for business opportunities arising from green energy, we continue to develop products for electric vehicle applications and have gradually occupied a place in the power management and the battery management module markets.

Tai-Tech's blueprint for product development



Green design

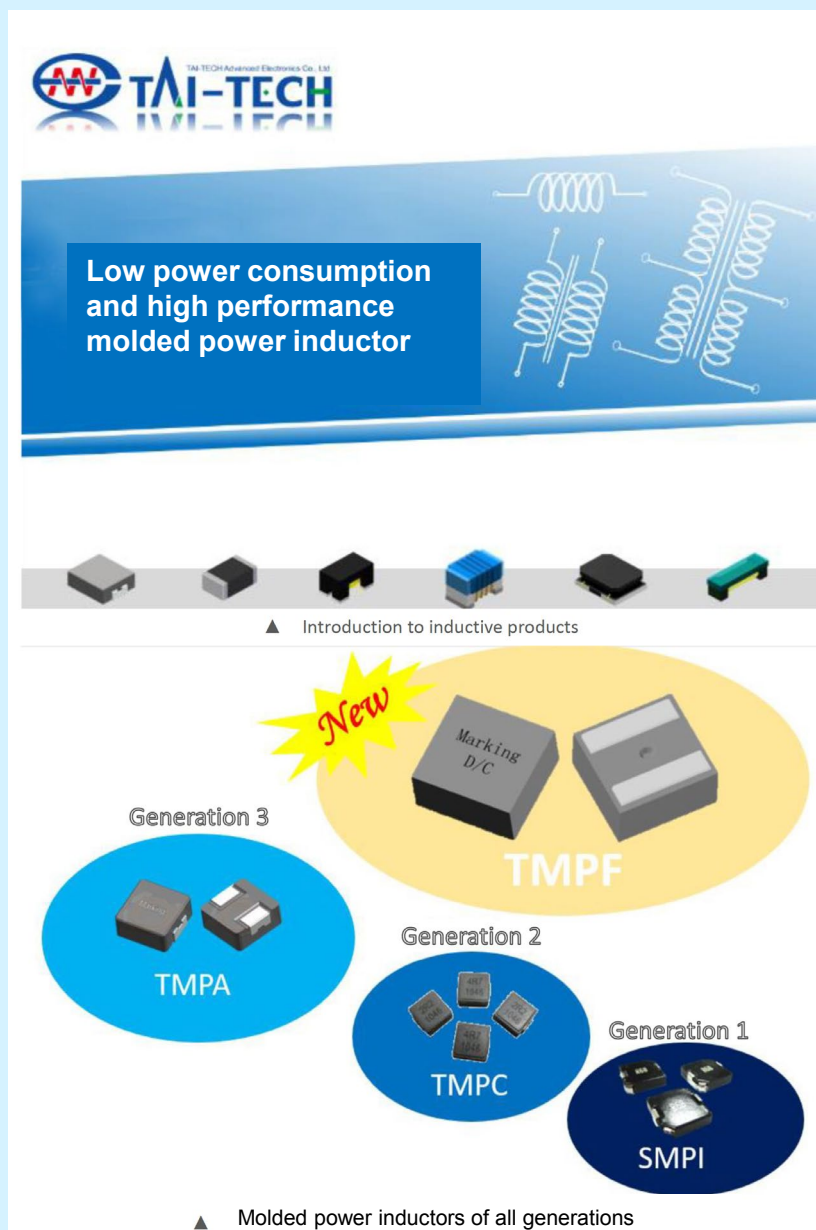
We tap into our excellent R&D and innovation capabilities to incorporate green concepts into product R&D and design. For example, in the product design and the production stages, we reduce the size of components, develop low-loss materials, and improve product application efficiency, to achieve energy conservation in the product use stage. Moreover, the Company's production and R&D units have an energy conservation project in place, such as reducing coil winding time by using high-speed machines, improving the efficiency of the overall process and achieving energy conservation and carbon reduction.

In terms of products, to take advantage of the thriving development of green products, we tap into our advantages in material development and design to continue to expand the product portfolios of high-efficiency and low-power inductors, and provide clients with products that meet the features of low energy consumption for application in the emerging fields, such as electric vehicles and servers. This also allows the Company to be part of the overall low-carbon economic supply chain.

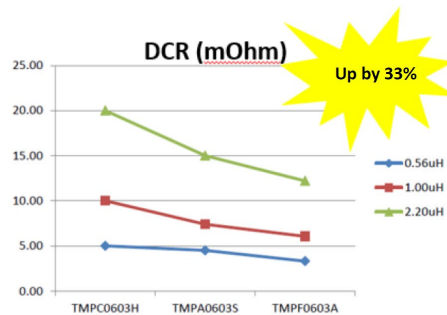
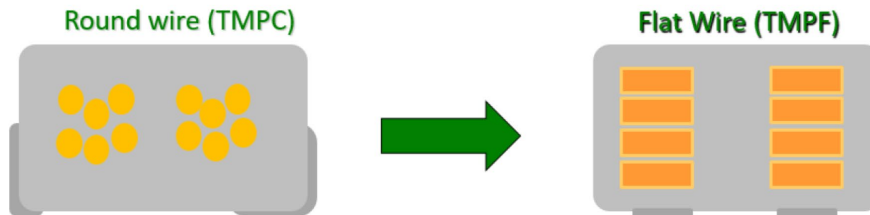
Column: Green Concept Products

The excellent performance of low energy consumption of inductive components has helped clients create greater values

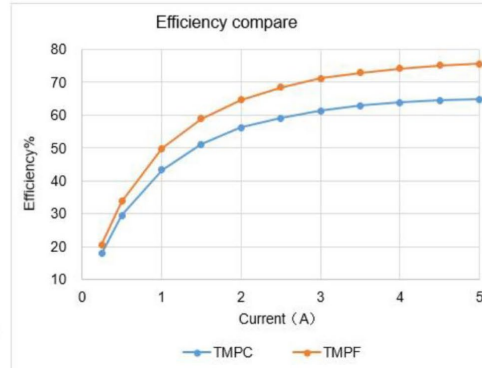
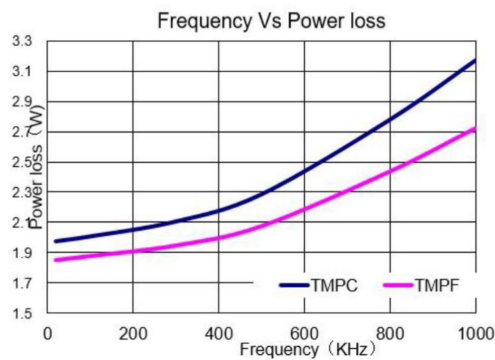
Our pursuit of excellence in technology never stops. We have long focused on developing more energy-efficient product lines to reduce the potential impact on the environment during the product life cycle. Choosing to adopt Tai-Tech's solutions means choosing to stand on the side of environmental protection to strive to create a better future for all.



- The round wire is upgraded to a flat wire to reduce the useless winding area, which can reduce the DCR effectively and enhance the temperature rise feature of products.



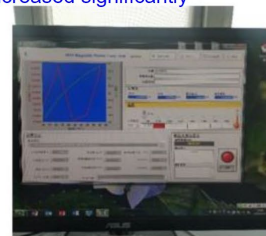
▲ Product efficiency (1)



- Material loss test showed that TMPF had decreased significantly



- Product efficiency simulation showed that TMPF had increased significantly



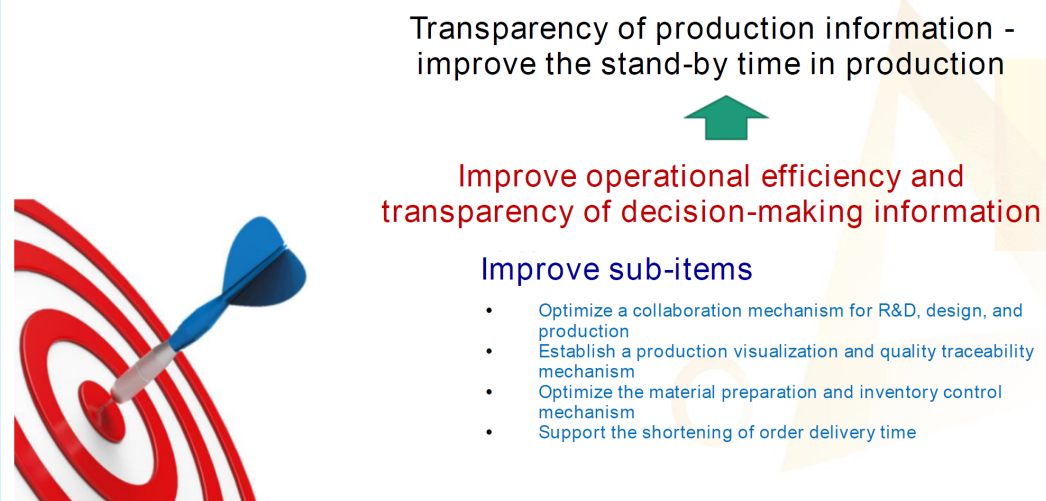
▲ Product efficiency (2)

Column: Industry 4.0 Project

Maintenance of cutting-edge manufacturing capabilities through investment in equipment and production line upgrades

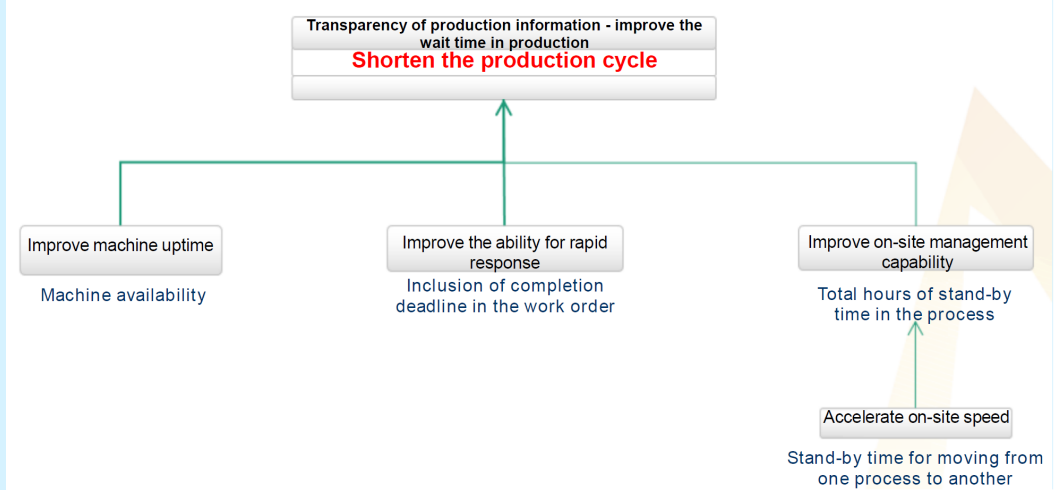
In view of the fact that it has been tough for the traditional manufacturing model of electronic components to compete against the industry 4.0 trend that integrates artificial intelligence (AI), Internet of Things (IoT), and other elements in terms of efficiency and quality, Tai-Tech has invested in equipment and conducted production line upgrades actively to maintain our cutting-edge manufacturing capabilities. In recent years, we have adopted external resources for a comprehensive upgrade of software and hardware to ensure that our products and services are in alignment with the latest trends in the industry.

Project target: Shorten the production cycle



▲ The goals of a comprehensive software and hardware upgrade project

Key monitoring indicator tree

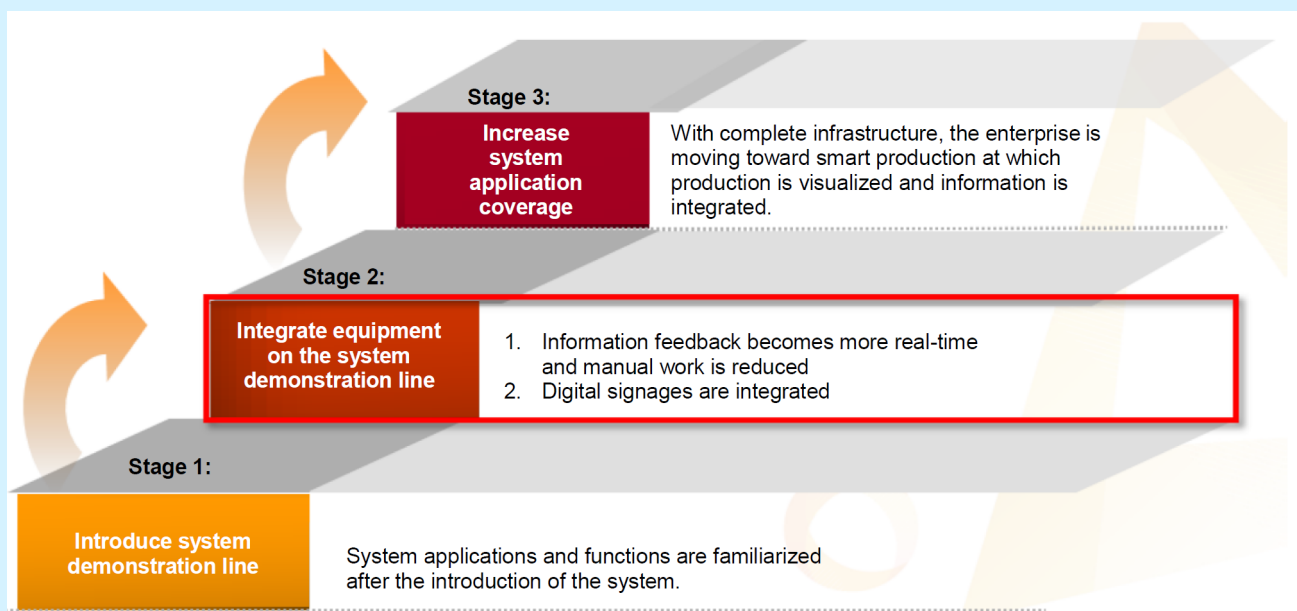


▲ Key monitoring indicator tree of software and hardware

Efficiency evaluation before and after improvement

Core competencies	Changes to the core mechanism		Changes made
	Before launched online	After launched online	
Production control ability (real-time reporting) Scheduling and production information feedback (dispatching)	<ol style="list-style-type: none"> 1. It was unable to check and track production capacity and progress in real-time 2. The information on the stand-by time for production and manufacturing to begin was not instant enough and could not be counted 3. The supervisor relies on feedback from personnel patrolling around the plant or relevant personnel to learn about the information on abnormal machine operation 4. Production inspection traced through records in writing was time-consuming 5. The auditor questioned the correctness of the handwritten information 	<ul style="list-style-type: none"> ✓ The system confirms the current work progress and produces reports needed for meetings ✓ The stand-by time for beginning production and manufacturing is monitored to reduce the wait time ✓ Abnormal machine operation information is fed back to improve the processing efficiency ✓ The traceability system allows for machine failure cause investigation to reduce extra on-site workload ✓ System records increase auditors' confidence 	<ul style="list-style-type: none"> ➢ Used real-time reporting to make on-site information more transparent ➢ Used the system to monitor and warn the occurrence of abnormalities ➢ Used the system to improve traceability efficiency

▲ Evaluation of efficiency before and after software and hardware improvements



▲ Software and hardware upgrade planning for each stage

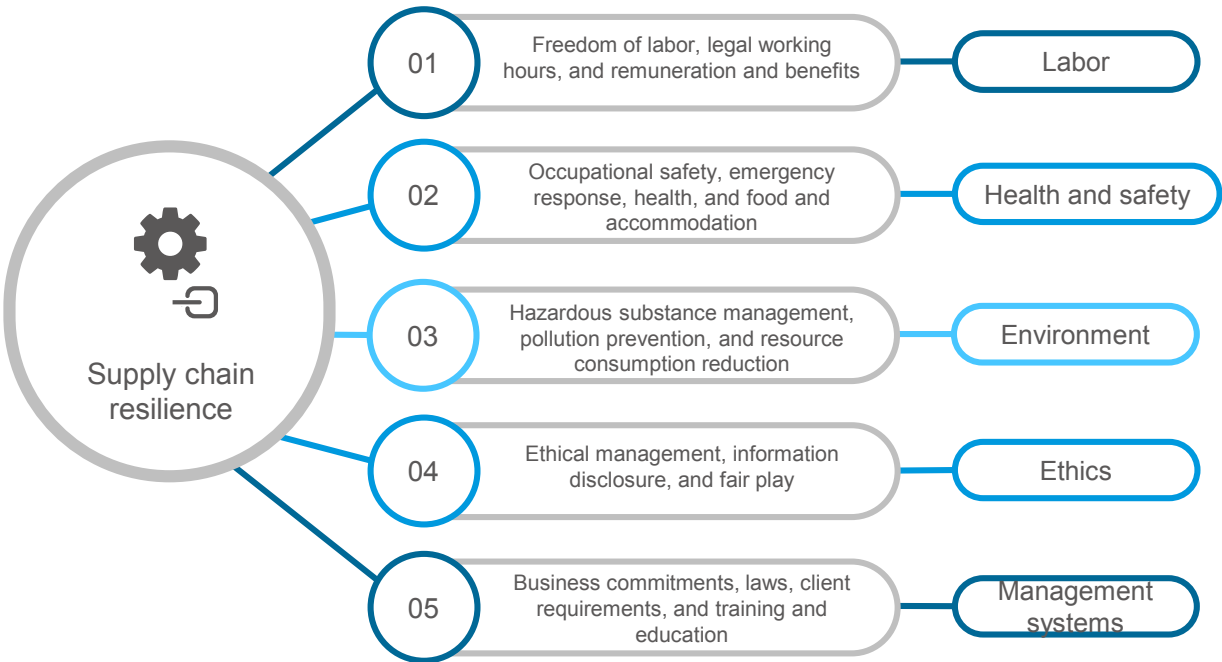
Partners for Common Good

Supply chain strategy

Global risk incidents occur frequently. To keep promises to our clients and control the impact of uncertainties effectively, we attach importance to the issue of supply chain resilience, implement risk diversification strategies for sources of important raw materials, and maintain more than two suppliers for one kind of raw material to avoid the significant impact of material shortage. The Company's proportion of purchases from the largest supplier in 2020 has been reduced to 9.60%, and there is no risk of supplier concentration.

As Tai-Tech's operations have expanded to the global market, we assume more risks and responsibilities. We comply with the local laws and regulations as the basic principle of a series of operating activities from planning, procurement, manufacturing, and distribution to after-sales services. We also follow the international organization standards and initiative trends by incorporating the spirit of the Responsible Business Alliance Code of Conduct into the Company's overall supply chain management strategy. We have thus formulated the guidelines for the entire supply chain to follow in the five major dimensions of labor, health and safety, environment, ethics, and management systems, to lead our business partners to jointly create the maximum values for the environment and society.

Layout of main patents by core product type



Supplier management and regulation

To implement the supply chain management strategy, Tai-Tech conducts regular evaluations of suppliers to avoid unethical business activities, and has gradually included the ethical conduct clause in contracts signed with transaction counterparties. In the aspect of occupational safety, we have formulated the Contractor Management Procedures, and the Occupational Safety and Health Office sends emails regularly regarding relevant occupational safety and health matters to engage with supply chain partners. As for environmental protection issues, we have formulated the Green/Environmental Product Specifications Operating Procedures, which will be provided to suppliers to sign and return when new specifications are recognized, to urge suppliers to follow the latest green standards. During the annual supplier audit, suppliers must fill in the supplier audit checklist and return it. If any records of serious adverse impact on the environment and society are found during the transaction or collaboration period, the business dealings with such suppliers will be terminated immediately.



Tai-Tech adopts a conflict-free mineral procurement policy, and the procurement documents all specify the requirement for the zero use of conflict minerals. We support RBA's and GeSI's strategies and approaches to conflict minerals, and have adopted the Conflict Minerals Reporting Template released by the EICC/GeSI Extractives working group and its supporting management tools released by the RBA-GeSI joint working group to investigate whether our suppliers implement the above policy. As for hazardous substances, we implement a zero-tolerance policy and follow internal procurement management regulations. Our suppliers must provide certificates of zero use of hazardous substances. We will also send the substances for inspections and testing to ensure that the products are 100% in compliance with the standards through the double-check mechanism. Due to the pandemic in 2020, the on-site audit mechanism adopted in previous years has been replaced with audits of written materials. According to the Company's supplier audit regulations, if our important raw material suppliers have any deficiencies in the key audit items, they shall respond with an improvement plan within 10 days and the re-evaluation date within one month after the improvement. If a supplier still fails to meet the standard in the re-evaluation, we will cancel its eligibility and stop purchasing from it.

Major audit items on the supplier audit checklist

Quality control system

Quality control organization and whether quality control system certification is obtained

Technology capabilities

Review the design process and R&D personnel assignment

Manufacturing capabilities

Review operators' qualifications and production processes

Machinery and equipment

Whether a maintenance and inspection system is established

Business management

Whether personnel education and training is held, the factory environment is inspected, and finances are stable

Traceability mechanism

Whether a manufacturing control system is established

Laws and regulations and customer requirements

Review the organization, talents, and measures of environmental management and zero use of conflict minerals

Cooperation and service

Whether a declaration or a survey form is signed and returned

Instruments and analysis methods

Whether there is a documented procedure to control inspection, measurement, calibration of testing equipment

Design engineering

Whether there are environmental restricted substance change management regulations in place

Training and education

Check whether there are education and training documents and plans related to environmental protection

Defective goods control

Check whether there are documented defective goods control procedures in place

Raw material management

Whether a mechanism to distinguish green products from non-green ones is established

Outsourcing and supplier management

Whether there is an appropriate supplier rating system to track suppliers' key performance indicators

Incoming quality control

Whether the incoming material inspection documents (standard inspection procedure or SIP) contains inspection and records of environmental restricted substances

Process quality control

Whether the operating procedures for preventing the pollution and mixing of prohibited substances have been established

Outgoing quality control

Whether there is an identification method in place for green products

Internal review

Whether there is a documented procedure stipulating the audit plan and the responsibilities and requirements of audits

Document control

Whether there is a documented process to define the engineering drawing purpose and specification changes to conduct version control and keep quality records

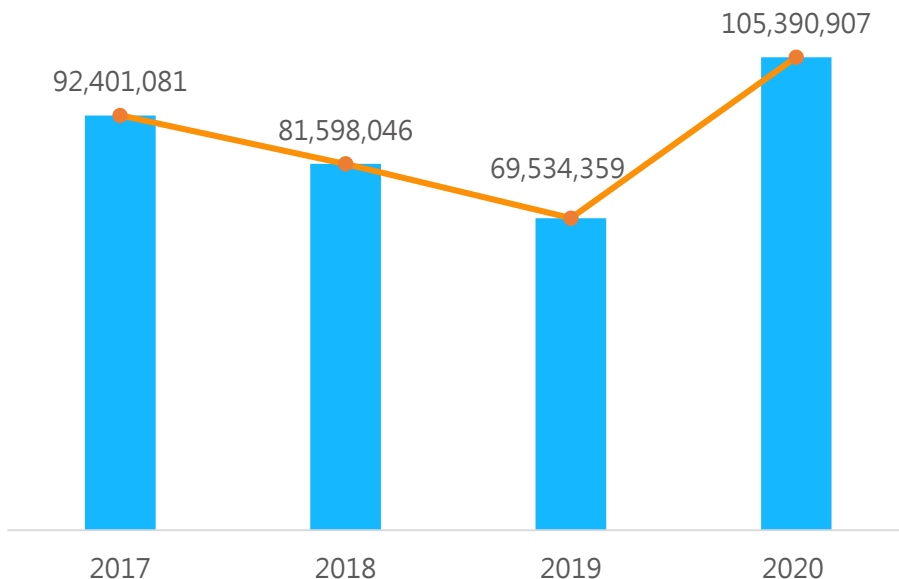
The review of written materials contains 19 dimensions and fully covers all levels of ESG. In addition to the suppliers' self-evaluation, the Company's evaluation is included to ensure the rigorous nature of the overall evaluation mechanism; meanwhile, we encourage supply chain partners to transform and upgrade themselves actively to create greater values in the overall industry chain.

Furthermore, all 34 suppliers passed this year's review of written materials. In the future, Tai-Tech will continue to deepen the collaborative relationship with our supply chain partners and work together on various major issues to meet our stakeholders' expectations.

Sustainable procurement

To establish a more resilient supply chain strategy and implement supplier-related management regulations, Tai-Tech has incorporated sustainable procurement strategies in procurement practices, actively selected sources with eco-friendly or green labels for raw material procurement, and striven to work with suppliers to improve corporate social responsibility and contribute to the environment and society where we live together. Tai-Tech has been publicly named the business with the Exceptional Green Procurement Performance by the Environmental Protection Administration for the most recent four years. In the future, we will continue to plan and implement local procurement to reduce carbon emissions generated from transportation and increase economic opportunities in the areas where our operational sites are located.

Amount of green procurement over the past four years



Certificate of Merit for Exceptional Green Procurement Performance



▲ Publicly praised by the Environmental Protection Administration in 2017
Photo of the Certificate of Merit for Exceptional Green Procurement Performance



▲ Publicly praised by the Environmental Protection Administration in 2018
Photo of the Certificate of Merit for Exceptional Green Procurement Performance



▲ Publicly praised by the Environmental Protection Administration in 2019
Photo of the Certificate of Merit for Exceptional Green Procurement Performance



▲ Publicly praised by the Environmental Protection Administration in 2020
Certificate of Merit for Exceptional Green Procurement Performance

Note: As the certificate of merit for 2020 has not been issued yet, the photo of the certificate of merit for 2019 is used as a substitute

Market Operation

Customer relationship maintenance

After years of endeavor in the field of passive components, Tai-Tech is one of the few companies in the industry with the ability to manufacture and sell various types of inductors and provide customized products to clients. With a transformed business model, Tai-Tech can no longer be defined as a traditional contracted manufacturer. We work with clients closely to develop products and markets and provide them with high value-added solutions as the key to our foothold gained in the fiercely competitive market. In recent years, our customer service has progressed to the stage where we develop products with clients, including component design, engineering verification, and after-sales service. We provide services to improve customer stickiness from the initial stage of product development. The Company also has a professional laboratory and a professional team of engineers to provide clients with services, including verification reports. Tai-Tech has transcended the purely manufacturing framework and runs on a manufacturing service model.

Under this new business model, Tai-Tech is committed to enhancing the interaction with clients and conducting systematic management to keep abreast of clients' feedback effectively. We have formulated the internal Customer Complaint Response Procedures to establish a complete interdepartmental response mechanism for customer complaint risks to ensure that each client's advice and criticism are duly handled quickly to meet their needs and gain their trust. We analyze and review the content of their complaint and put forward countermeasures and improvement reports to prevent the same incident from recurring and promote our after-sales services and improve product quality.

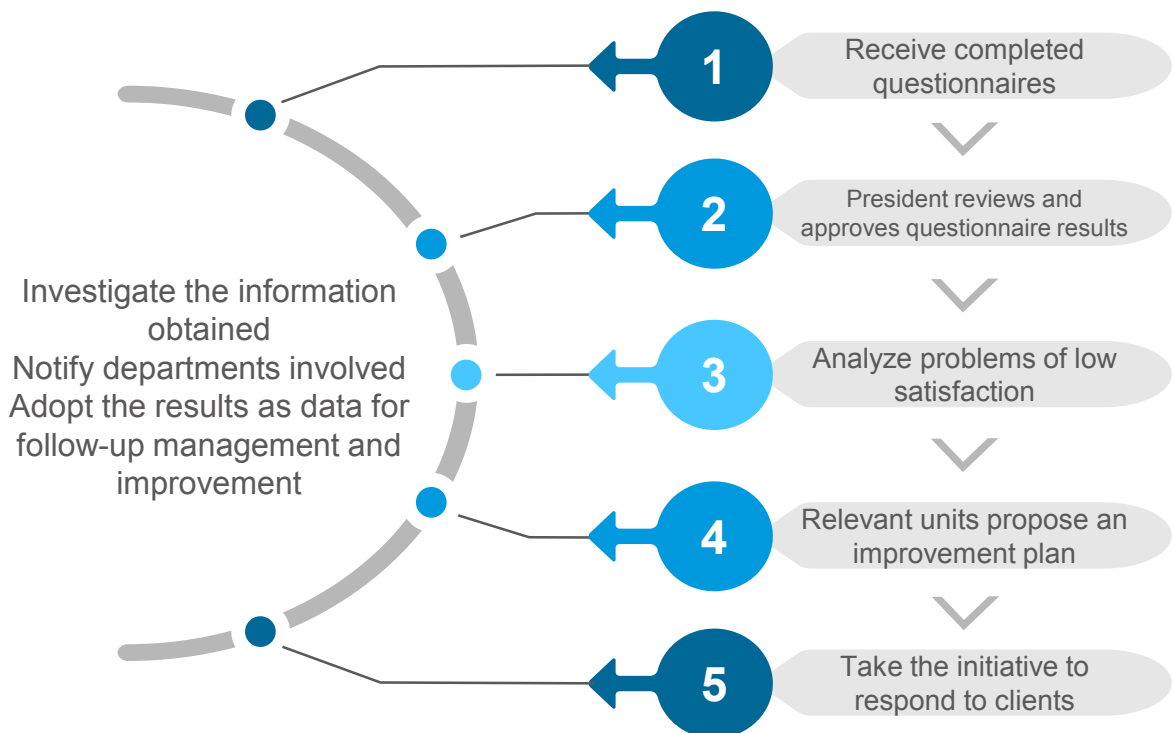
Customer Complaint Response Process



In addition to a complete customer complaint response mechanism, Tai-Tech has established the Client Satisfaction Operating Procedures to conduct client satisfaction surveys. The Company's sales staff will give the customer satisfaction questionnaire to clients to conduct client satisfaction surveys through visits or by fax or e-mail each year to evaluate the four dimensions of "quality", "delivery", "technological research and development", and "price and sales service". A total of 23 copies of questionnaires were distributed in 2020, with a response rate of 100% and an average satisfaction score of 91.13 points, indicating that our clients highly recognized Tai-Tech.

As per the Client Satisfaction Operating Procedures, we have established a continuous improvement and tracking mechanism based on the results of the questionnaires collected to instantly keep abreast of clients' feedback and market trends, which has allowed us to adjust our operational strategies flexibly strengthen the overall business resilience.

Client Satisfaction Operating Process



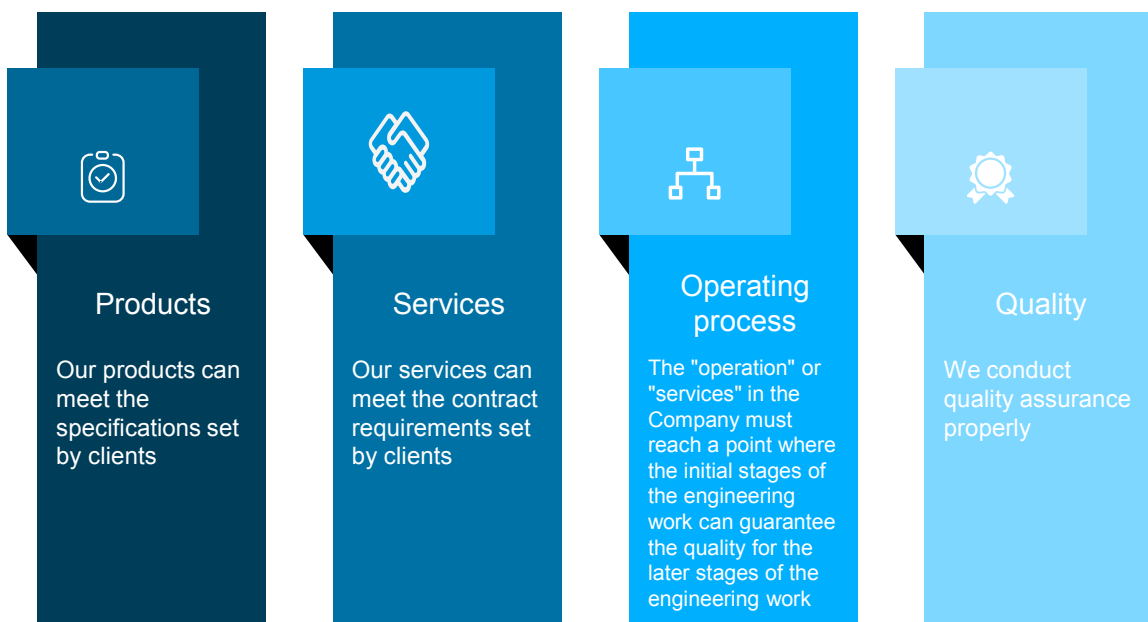
Quality management

Providing clients with reliable products and services is Tai-Tech's core competitiveness. We have long upheld the quality policy of "meeting clients' needs" and provided them with the highest quality and specifications.

Based on the substance of our quality policy, we have improved the quality of our products constantly, and formulated the corresponding key performance indicators (KPI) according to this policy, to ensure that our product quality meets clients' expectations with quantitative indicators as the performance of the Company's overall quality management system. Every year, we set and review the annual quality KPI in the management review in line with the Company's overall business policy and quality KPI, and request relevant departments to cooperate with the execution, review, and follow-up accordingly

Tai-Tech's manufacturing and management quality are in alignment with international standards. To reinforce our foundation in the field of automotive electronics, to enter the supply chain of world-class automobile manufacturers, and seize emerging opportunities from electric vehicles, we have obtained the IATF automotive industry quality management system certification (IATF 16949: 2016). It covers design and development, production, installation, and service regulations, proving that we have top-rated capabilities to provide automotive electronic component solutions.

Quality policy: Meeting clients' needs



Based on the substance of our quality policy, we have improved the quality of our products constantly, and formulated the corresponding key performance indicators (KPI) according to this policy, to ensure that our product quality meets clients' expectations with quantitative indicators as the performance of the Company's overall quality management system. Every year, we set and review the annual quality KPI in the management review in line with the Company's overall business policy and quality KPI, and request relevant departments to cooperate with the execution, review, and follow-up accordingly

Tai-Tech's manufacturing and management quality are in alignment with international standards. To reinforce our foundation in the field of automotive electronics, to enter the supply chain of world-class automobile manufacturers, and seize emerging opportunities from electric vehicles, we have obtained the IATF automotive industry quality management system certification (IATF 16949: 2016). It covers design and development, production, installation, and service regulations, proving that we have top-rated capabilities to provide automotive electronic component solutions.

System and management system

Tai-Tech has introduced ISO 9001: 2015 quality management system structure comprehensively and continued to be certified. We have established management and evaluation mechanisms, including leadership, planning, software and hardware resources, operation and production, performance evaluation, and continuous improvement, and we have the Quality Assurance Department within the organization to be responsible for product inspection and abnormality, clients' complaint response, quality audit and certification, instrument calibration and management, and after-sales service. As the management representative authorized by the President, the head of the Quality Assurance Department is responsible for implementing a quality assurance system under ISO 9001: 2015 and IATF 16949: 2016 to ensure the implementation of the client-oriented policy, to improve our overall business performance and client satisfaction.

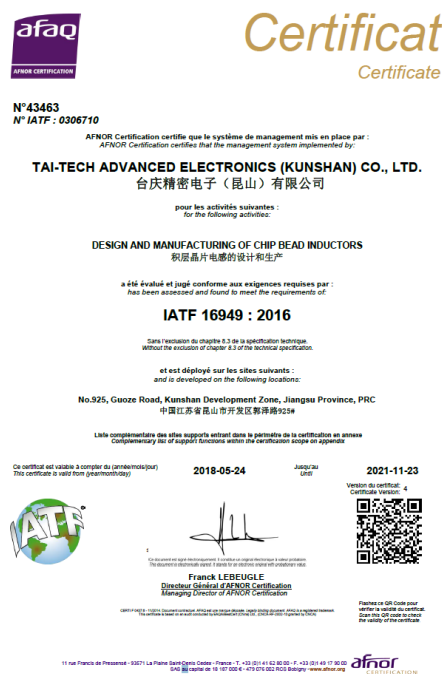
With the above management systems, we have established the Product Identification and Traceability Procedures and the Non-conforming Product Control Procedures to ensure that all products and materials are traceable, and raw materials, materials, or products that are non-conforming or may not meet the requirements can be identified, labeled, isolated, and handled immediately. To prevent further processing or misuse from causing non-conformities to occur again, we will do our best to ensure that every product and part produced by Tai-Tech can withstand the market test.

In addition to the complete quality management procedures, we invest resources and manpower to implement quality improvement projects every year, explore the issues related to the processes or the products to break through the current bottlenecks we encounter. We also continue improving efficiency and enhancing our own technological capabilities through current situation analyses, improvement countermeasures, and effect verification. Tai-Tech has been able to build diverse and innovative product lines with years of experience, which is the key to winning our clients' trust and reflects our performance of implementing the quality management system.

Relevant certificates



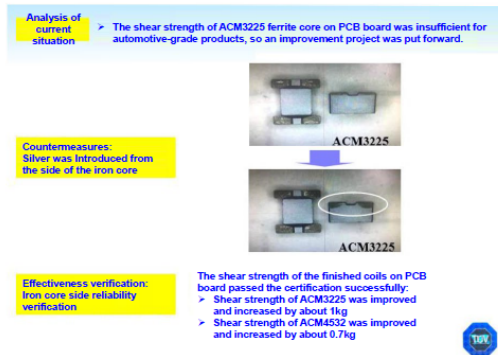
▲ ISO 9001: 2015



▲ IATF 16949: 2016

2020 Quality Improvement Project

Iron core improvement project



Smart logistics project

Tai-Tech's challenge

Warehousing operations, first-in-first-out, and product record traceability all relied on manual operation without systematic tool support

- On-site information still mainly relied on manual operation, and the information on the number of items was needed for checkout.
- The precision of warehouse operations failed to meet the requirements of management.
- The batch number management records of procurement/production still failed to meet clients' requirements for product traceability and audit.

Focus on Tai-Tech's key management issues

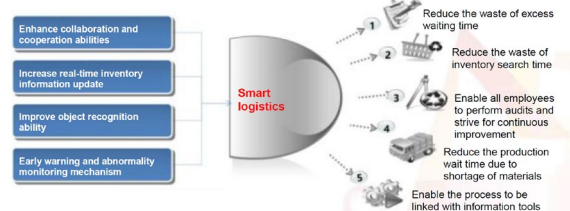
Improvement to warehousing efficiency and traceability management



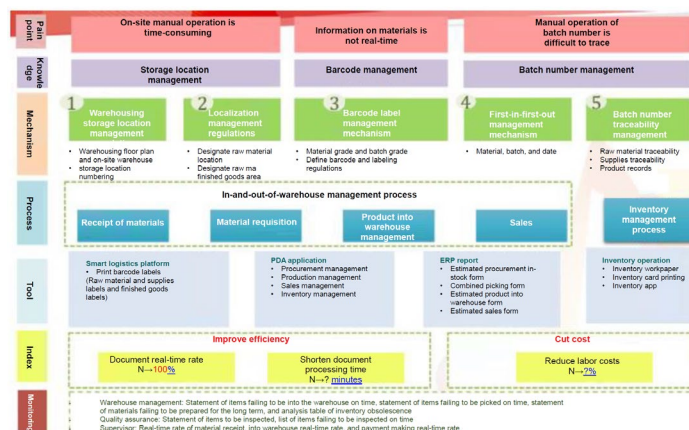
Improvement targets

- Improve first-in-first-out management capability **Batch number management**
- Improve storage location management capability **Storage location management**
- Improve the ability for the correct preparation of materials **Barcode management**

Estimated benefits of smart logistics project



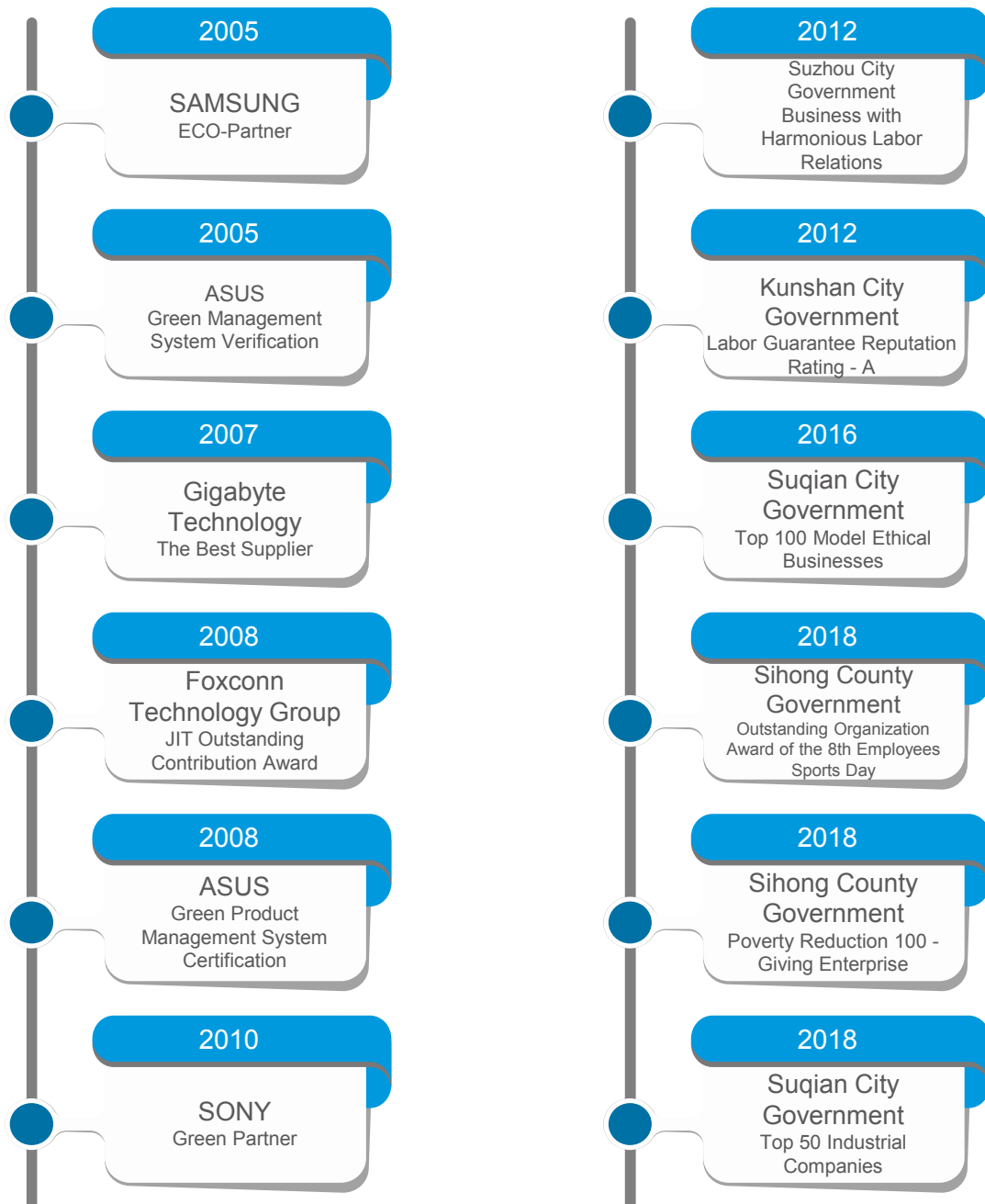
Adopt the transparency of logistics information as the main focus for procurement
→production→optimization of the entire sales cycle

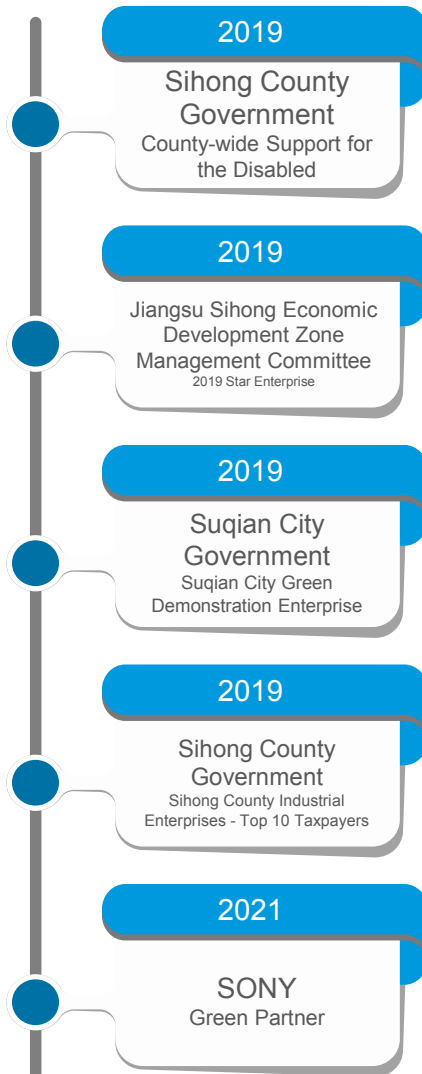


Relationship management and recognition

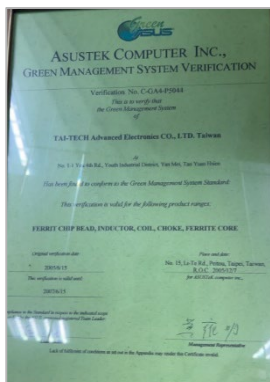
Over the years, Tai-Tech and its subsidiaries have maintained positive interactions with various stakeholders around the world and are committed to building a solid and reliable corporate image. With the endeavors of Tai-Tech's entire team, we have repeatedly obtained recognition and certifications from important stakeholders of the government agencies and industry chain clients and also demonstrated our specific governance achievements in the ESG fields.

Recognition gained over the years





Photos of relevant certifications



▲ 2005
Green Management
System Verification



▲ 2007
The Best Supplier

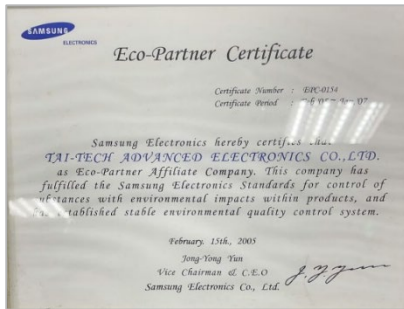


▲ 2008
JIT Outstanding
Contribution Award



▲ 2008
Green Product Management
System Certification

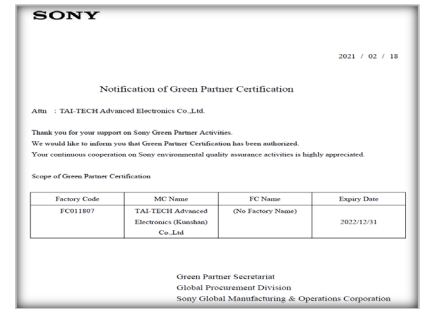
Photos of relevant certifications



▲ 2005
ECO-Partner



▲ 2010
Green Partner



▲ 2021
Green Partner



▲ 2019
Star Enterprise



▲ 2019
Suzhou City Green
Demonstration Enterprise



▲ 2019
Sihong County Industrial
Enterprises - Top 10
Taxpayers

Webinar Column

Interacting with business partners closely by holding online seminars

To respond to the ever-changing market trends and enhance the image of our technical services, we are clearly aware that traditional visits by sales personnel alone are insufficient to bridge the gap between our products and the market and keep abreast of clients' needs. Therefore, we have actively held webinars or other forms of product education and training meetings. In addition, due to the pandemic in 2020, it was difficult to hold large physical conferences, but we maintained close interaction with our business partners successfully by holding webinars frequently. We invited our product agents, clients, and the Company's professional team to the webinars to discuss and exchange ideas about various issues. We also invited external consultants to learn about product technical issues and trends to make progress with our clients, and fully implement the common good philosophy to grow with our clients by taking action and investing resources.

Online seminar in the fourth quarter of 2020 at which external guests were invited to participate

Date	Technical exchange course	Participants	Number of participants
2020/09/24	Buck Power Inductor Webinar	Agents, clients, and personnel in Tai-Tech's plants	180
2020/10/22	Bead - DC Power Filter Circuit Application	Agents, clients, and personnel in Tai-Tech's plants	188
2020/11/19	Transformer Technology Exchange Conference	Agents, clients, and personnel in Tai-Tech's plants	210
2020/12/23	EMI Management Seminar	Agents, clients, and personnel in Tai-Tech's plants	104

Physical seminars

▼ Xformer Seminar -Taipei session / Number of participants: 70



▼ Xformer Seminar - Hsinchu session / Number of participants: 60



3

Magnetic Nature

Tai-Tech believes that being friendly to the environment is the best way for an enterprise to give back to nature. Faced with the fierce competition and rapid changes in the external environment, the Company has attached great importance to the environment. In addition to actively researching and developing green products, we consider water and energy conservation and pollution reduction in every link of our process, aiming to create a green environment and earth by tapping into the power of the company.

18.2

GJ/NT\$ million

The energy intensity per unit of revenue is only 18.2, and the power saving rate has reached 1.83% for five consecutive years

60

%

We work with external qualified wastewater treatment plants to improve water consumption efficiency by 60%

63.4

%

We adopt recycling technology, and the waste recycling rate reaches 63.4%



Green Factories

Environmental management system

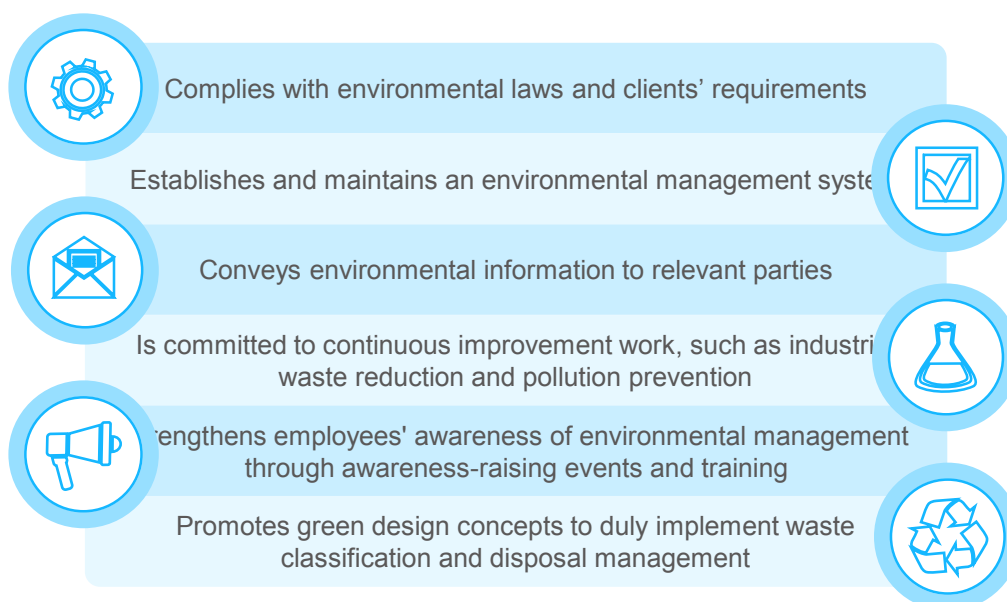
Tai-Tech has obtained and passed the ISO14001:2015 environmental management system certification. The Environmental Safety and Health Promotion Committee formulates environmental protection targets and environmental management plans. At the same time, we hold the environmental management review meeting every year to review and determine the targets and plans, and the relevant departments are responsible for communicating relevant information. We implement the operation and execute the environmental management system through internal and external audit operations.

In addition, the Company strictly complies with all environmental laws and regulations, and there was no environmental violation in 2020. The Company's environmental management policy aims to maintain the natural environment, implement green activities, and formulate the six environmental management commitments below.

Tai-Tech ISO14001 Certificate



Tai-Tech's Six Environmental Management Commitments

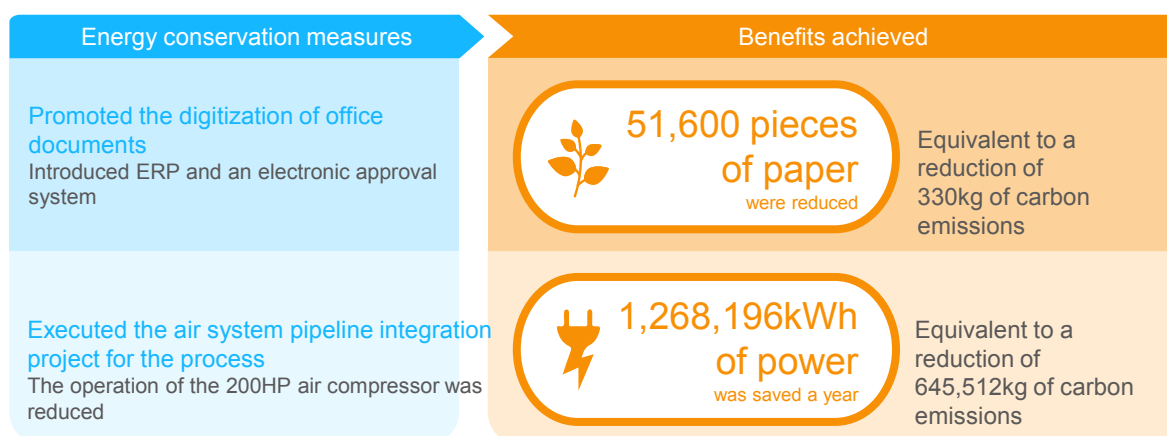


Energy and greenhouse gas management

As climate change has become a topic of global concern with a greater impact on our daily life, Tai-Tech has striven to save energy in daily operation, such as the use of electronic receipts and introduction of an electronic approval system to make it easier to send and receive documents, to send fewer official documents delivery time, and reduce paperwork costs. We use double-sided paper as much as possible, and set up a recycling container next to the photocopiers to recycle the used paper, to reduce the consumption of paper significantly.

In addition, our offices set the air conditioning temperature at 26°C during summer, replace all lights with LED T5 ones, launch a light-off mechanism during lunch breaks and off work to reduce power consumption. In addition, we have continued to replace old air-conditioners and air compressors in recent years to achieve the purpose of energy conservation and carbon reduction.

Energy conservation measures and benefit analysis in 2020



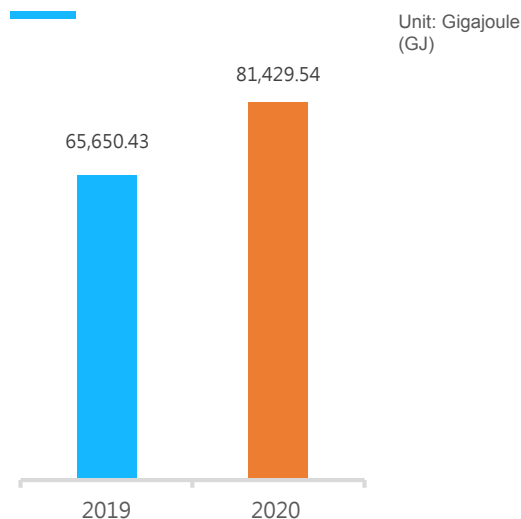
Note 1: According to the information published on the website (Carbon Footprint Information Platform) of the Environmental Protection Administration, Executive Yuan, the carbon emission of a piece of A4 paper is 0.0064kg CO₂e
 Note 2: The electricity emission factor is based on the electricity emission factor of 0.509kg CO₂e/kWh in 2019 by the Bureau of Energy, Ministry of Economic Affairs

Energy management

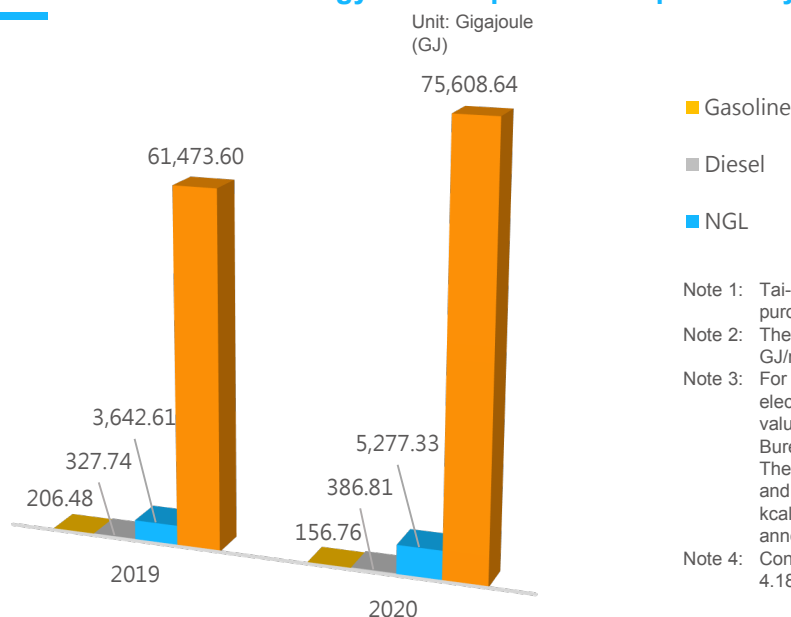
Tai-Tech's energy consumed is mainly from purchased electricity, gasoline, diesel, and liquefied natural gas (LNG). In compliance with the government's policy, major energy users should save energy by at least 1% in the annual energy conservation report filed. The Company's average annual power saving rate had reached 1.83% for five consecutive years from 2015 to 2019, in line with the government's requirements.

In 2020, as the Company's overall production capacity and revenue have grown significantly, energy consumption increased compared to 2019. However, after the energy intensity assessment with two years of revenue included, the energy intensity per unit of revenue has shown a downward trend. This indicates the effectiveness of our efforts in energy management. The statistics on the total energy consumption over the past two years are shown on the right, and the relevant detailed data can be seen in the table on the next page.

Statistics of total energy consumption in the past two years

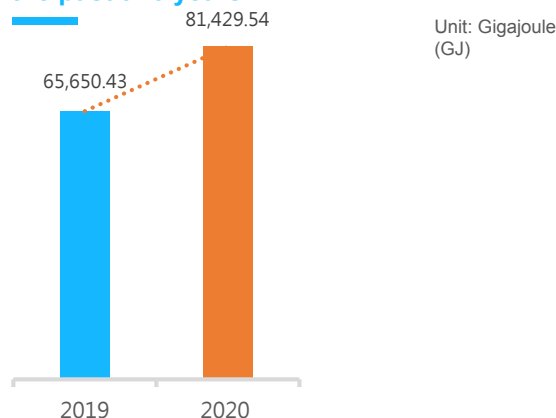


Statistics of detailed energy consumption in the past two years

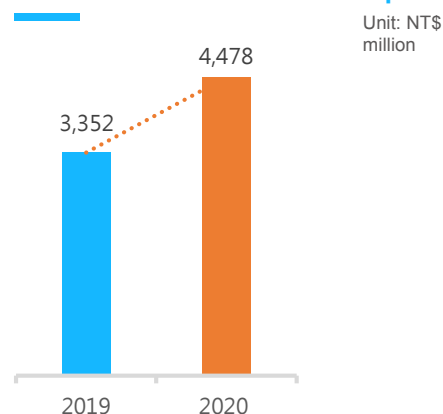


- Note 1: Tai-Tech does not use purchased coal or purchased steam and renewable energy in Taiwan
- Note 2: The calorific value of purchased electricity: 3,600 GJ/million kWh
- Note 3: For energy sources other than purchased electricity, the conversion is subject to the calorific value table per product unit announced by the Bureau of Energy, Ministry of Economic Affairs. The calorific values of automobile gasoline, diesel, and LNG are 7,800kcal/L, 8,400kcal/L, and 9,000 kcal/L, respectively, according to the announcement by the Bureau of Energy
- Note 4: Conversion of energy unit is subject to 1 cal = 4.184J

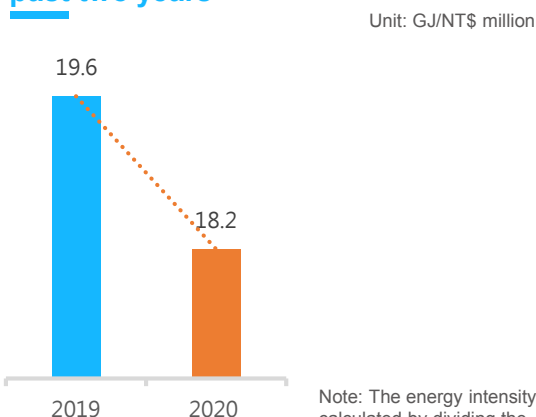
Trend chart of total energy consumption in the past two years



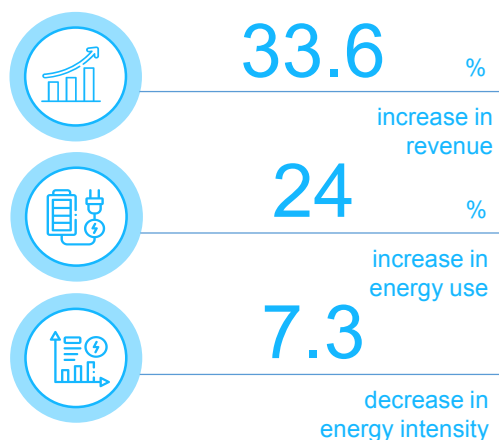
Trend chart of revenue in the past two years



Trend chart of energy intensity in the past two years



Note: The energy intensity is calculated by dividing the total energy consumption by revenue

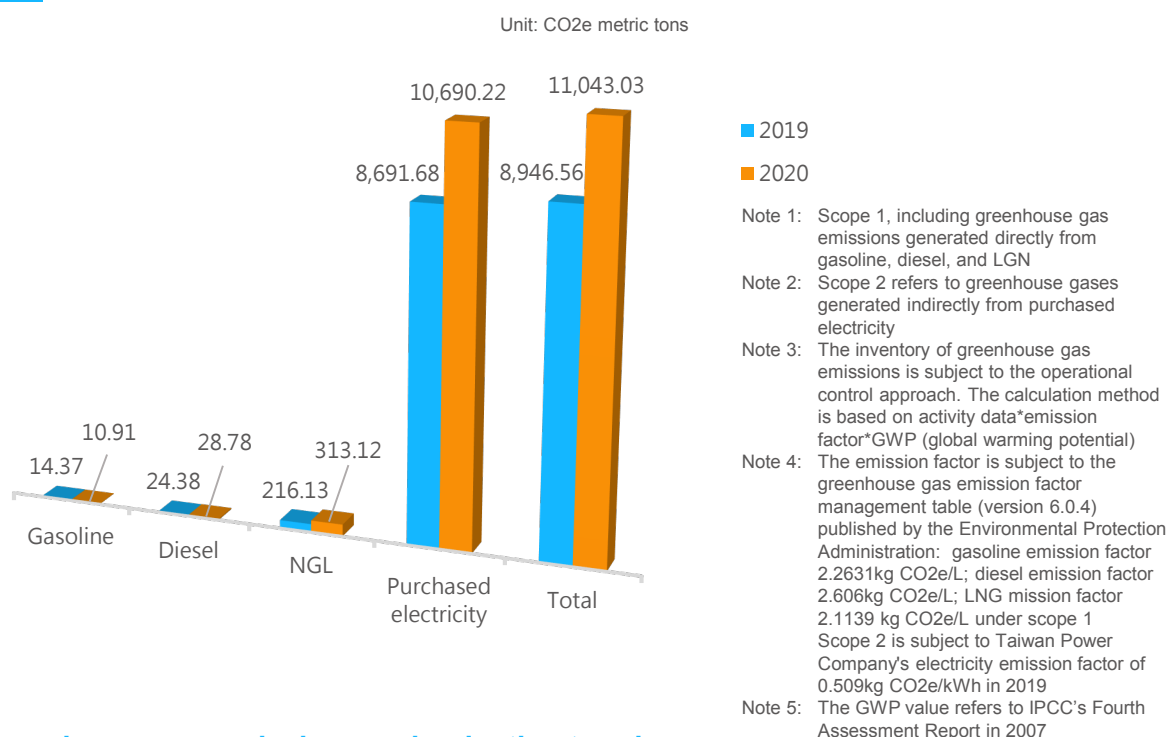


Note: The calculation of percentage is subject to rounding to the 10th digit

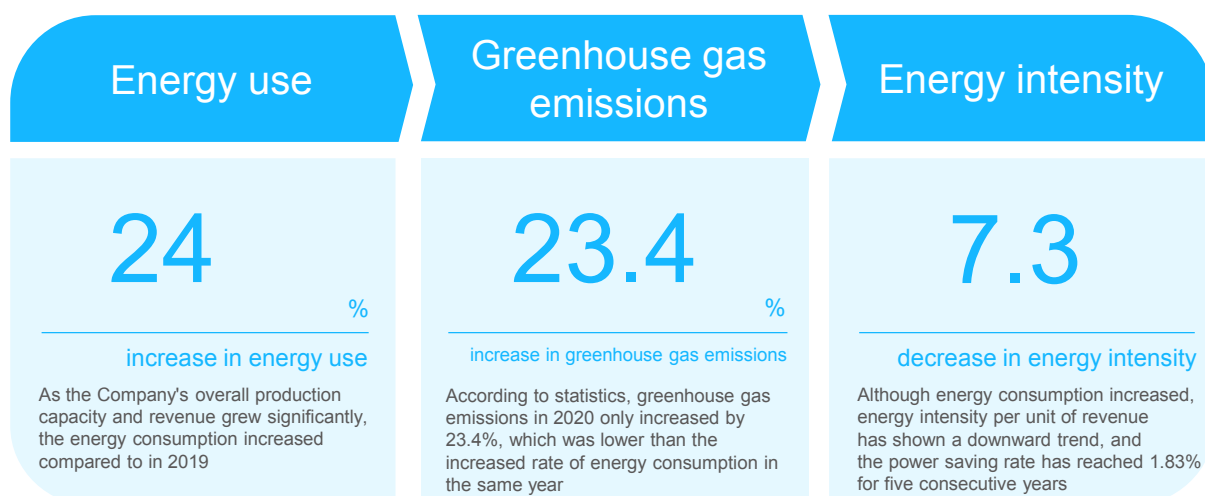
Greenhouse gas inventory

Tai-Tech also calculated and revealed the direct (Scope 1, including gasoline, diesel, and LNG) and indirect (Scope 2, i.e. purchased electricity) greenhouse gas emissions from energy consumption. The emissions data for the past two years are shown in the figure below.

Statistics of greenhouse gas emissions in the past two years



Greenhouse gas emissions and reduction trends



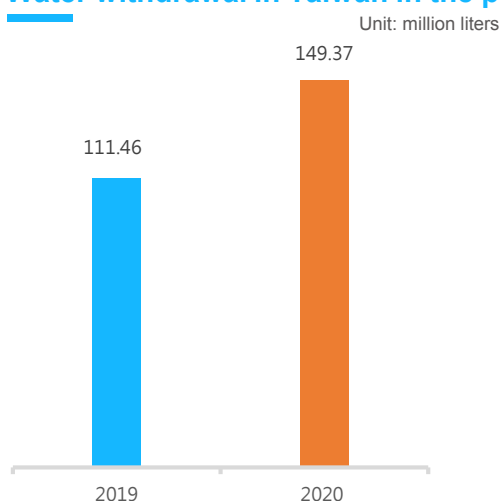
Note: The data between 2020 and 2019 were compared, and the calculation of percentage is subject to rounding to the 10th digit

Water resources management

Tai-Tech is deeply aware that it is hard to obtain water resources, so we are committed to water conservation and water recycling measures. After analyses and evaluation, it was discovered that the electroplating water in the production process accounted for 80% of the Company's total water consumption. Therefore, we inspected the overflow discharge of electroplating water daily to avoid excessive waste.

In addition, we reuse the wastewater generated from the process for toilets, water in the grinding process, and washing water for air pollution equipment. The wastewater recycling rate in 2020 reached 60%. Considering the pure water production rate of the old reverse osmosis (RO) pure water devices for electroplating, was only about 48%. The poor water production efficiency caused a waste of water resources, the Company decided to replace the RO devices with new ones. The pure water production rate can increase up to 68%, improving water use efficiency effectively.

Water withdrawal in Taiwan in the past two years



Note 1: The water sources are all from third-party entities (tap water)
 Note 2: The sources of water withdrawal are all freshwater, and based on the WRI Aqueduct water stress data analysis, Tai-Tech's operational sites in Taiwan are in an area with no water stress.

Column: Water Recycling

Reuse of pure water created from RO devices
 The recycling rate reached 60%.

TAI-TECH Advanced Electronics (Kunshan) Co., Ltd., one of Tai-Tech's subsidiaries, spends \$70,000 RMB a month to work with an external qualified wastewater treatment company to concentrate the overflow of electroplating wastewater, and then filter it through the RO device to reuse the pure water produced from the device to properly treat the electroplating wastewater generated from the production process and improve the efficiency of water resources. It can treat about 37 tons of wastewater per day, and produce around 22 tons of pure water, with a recycling rate of nearly 60%.



Note: TAI-TECH Advanced Electronics (Kunshan) Co., Ltd.

Waste management

Tai-Tech complies with the requirements of environmental protection laws in terms of raw material input, product output, exhaust gas, wastewater, and waste treatment. Among them, for the treatment of wastewater, the Company entrusts a professional treatment company to operate the wastewater treatment facility at the plants 24/7. To ensure that our wastewater discharged is in compliance with laws and regulations. In 2020, we spent a total of NT\$2,940,000 on the costs of operation by the treatment company, and a total of NT\$1,946,000 on chemicals. Furthermore, the Company and the subsidiaries Si-Hong Plant and Kunshan Plant, have applied for pollution facility installation permits and pollution discharge/emission permits by law, and set up dedicated environmental protection personnel to manage and supervise the process.

In the electronic components industry, Tai-Tech is committed to R&D and manufacturing of products related to magnetic materials and inductive components. The waste generated from the operations can be divided into hazardous waste and non-hazardous waste (general waste). General waste includes office paper, domestic waste, and plastic bottles and tin cans generated in the offices. Hazardous wastes include electroplating sludge, waste solvents, and waste electronic components generated during the production process.

The Company complies with the requirements of laws and regulations for waste disposal, works with qualified recycling companies, and disposes of the remaining waste that cannot be recycled to reduce the impact on the environment. In 2020, the headquarters in Taiwan paid a total of NT\$5,000,000 for the disposal of business waste. Please refer to the table on the next page for relevant data on waste statistics in Taiwan in 2020.



Note: The sewage treatment facility at the plant of the headquarters in Taiwan

Column: Sludge Recycling

Tai-Tech adopts recycling technology, and the waste recycling rate reaches 63.4%

Electroplating sludge is the residue after the treatment of electroplating wastewater. As it contains a large quantity of heavy metal substances, it is classified as hazardous waste in the world. Once not treated properly, the heavy metals in the electroplating sludge can enter the water and soil easily, which will cause serious damage to the environment and ecological balance and pose a daunting threat to human beings through the ecological cycles.

Therefore, Tai-Tech entrusted an end treatment company to adopt the solidification treatment technology to enable the heavy metals in the electroplating sludge to be in an inert state to reduce the risk. In 2020, we further switched to the recycling technology, through which the metal concentration was separated from heavy metal substances in the electroplating sludge through physical concentration. After proper removal, treatment, and operation, the sludge would pose no pollution threat to the environment, and the waste recycling rate reached 63.4%.

2020 Tables of Waste Data in Taiwan

2020 Summary Table of Waste Data in Taiwan

Unit: metric tons

Category	Waste composition	Waste generation (A+B)	Waste transferred from disposal (A)	Waste direct disposal (B)
Hazardous waste	Electroplating sludge	155.12	98.4	56.72
	Dust collected	20	0	20
	Waste electroplating filter elements	9.91	0	9.91
	Plastic empty buckets for chemicals	1.395	0	1.395
	Electroplating waste liquid	160	160	0
	Waste solvent	0.5	0	0.5
	Tailings and defective products of waste electronic components	13.503	10.463	3.04
	Subtotal	360.428	268.863	91.565
Non-hazardous waste	Waste paper	26.51	26.51	0
	Scrap iron cans, scrap aluminum cans, waste PET bottles	1.9	1.9	0
	Waste plastic	5.44	4.45	0.99
	Scrap iron (iron scraps and scrapped equipment)	30.044	30.044	0
	Scrap copper wire	7.522	7.522	0
	Waste light tubes	0.1	0.1	0
	Kitchen waste	2.4	0	2.4
	Domestic waste	4.66	0	4.66
	Waste timber	7.78	7.78	0
	Waste sagger and workstation plates	7	0	7
	Non-hazardous single scrap metal - core	1.72	0	1.72
	Waste lubricant oils.	0.4	0	0.4
	Night soil	39.21	0	39.21
	Subtotal	134.686	78.306	56.38
Total		495.114	347.169	147.945

As shown in the above table, the total volume of hazardous waste that was transferred from disposal was 268.863 metric tons, and the total volume of non-hazardous waste was 78.306 metric tons. We do our best to improve the utilization of various resources. For example, we implement waste classification management to increase the resource recycling rate and continue to recycle and reuse raw materials from the process, to reduce costs and alleviate the impact on the environment as well. Please refer to the table below for data on waste transferred from disposal.

Waste transferred from disposal in recycling operations in 2020

Unit: metric tons

Category		On site (A)	Off site (B)	Total (A+B)
Hazardous waste	Reuse of imminent waste	-	-	0
	Recycling and reuse	-	108.863	108.863
	Other recycling operations	160	-	160
	Total	160	108.863	268.863
Non-hazardous waste	Reuse of imminent waste	-	-	0
	Recycling and reuse	-	7.78	7.78
	Other recycling operations	-	70.526	70.526
	Total	0	78.306	78.306

Note 1: Reuse of imminent waste refers to inspection, cleaning, or maintenance, and products or components that are about to become waste is reused for the same purpose again through such operations

Note 2: Recycling and reuse refers to the reprocessing of products or components that are about to become waste to produce new materials

After a rigorous waste classification and treatment process, there is still waste that cannot be recycled and reused. We adopt incineration and landfill methods for disposal in compliance with the requirements of relevant environmental protection laws and regulations. Please refer to the table below for detailed data.

Waste disposed of directly in disposal operations in 2020

Unit: metric tons

Category		On site (A)	Off site (B)	Total (A+B)
Hazardous waste	Incineration (including energy recovery)	-	0.5	0.5
	Incineration (excluding energy recovery)	-	-	0
	Landfill	-	86.63	86.63
	Other disposal methods	-	4.435	4.435
	Total	0	91.565	91.565
Non-hazardous waste	Incineration (including energy recovery)	-	0.4	0.4
	Incineration (excluding energy recovery)	-	5.65	5.65
	Landfill	-	8.72	8.72
	Other disposal methods	-	41.61	41.61
	Total	0	56.38	56.38

Note: The incineration of waste can be conducted with or without energy recovery, which can be judged based on whether a waste incineration facility is equipped with the waste heat recovery function.

4

Magnetic Communities

Tai-Tech focuses on establishing stable and harmonious relationships with external stakeholders, including employees and the community, as a people-oriented company. We take good care of our employees' needs in all aspects, provide excellent remuneration and benefits and a healthy and friendly work environment, while giving back to the community. We leverage the power as an enterprise to invest in social care, to enable Tai-Tech to become the best model for driving the progress of the community.

465

persons

Total number of employees in Taiwan in 2020

100

%

Reinstatement rate after parental leave in the past two years

97

%

In the 2020 employee satisfaction survey, the percentage of employee satisfaction at the acceptable level or above was 97%

Overview of the Team P.4-2

Remuneration and Benefits P.4-4

Human Capital P.4-8

Friendly Workplace P.4-9

Care for Society P.4-15



Overview of the Team

Employee composition and diversity

Tai-Tech abides by international human rights conventions, such as gender equality, freedom of association, the right to collective bargaining, care for disadvantaged groups, prohibition of child labor, elimination of various forms of forced labor, and elimination of employment discrimination, and confirms that our human resources policy does not discriminate against employees based on gender, race, socioeconomic status, age, marriage, and family conditions, to ensure equality and fairness in employment, conditions of employment, remuneration and benefits, training, evaluation, and promotion opportunities.

With that said, the Company pays attention to the employees' diverse backgrounds. In addition to recruiting people with disabilities in accordance with the laws to ensure their employment opportunities, we employ people from other disadvantaged groups, such as indigenous people and new immigrants. The total number of employees in Taiwan in 2020 was 465. Please refer to the table below for the employees classified according to the type of employment, age, gender, and other diversified employment indicators.

Data on Employees in Taiwan in 2020

Type of employment

Unit: persons

	Employment contract		Type of employment	
	Full-time employee (indefinite contract)	Temporary worker (term contract)	Full-time employee	Part-time employee
Male	210	9	218	1
Female	240	60	246	0
Total	450	15	464	1

Proportions of employees by age

Unit:
persons

	30 or under		31–50		51 or above		Gender	
	Number of people	Percentage (%)	Number of people	Percentage (%)	Number of people	Percentage (%)	Number of people	Percentage (%)
Male	62	13.3	137	29.5	20	4.3	219	47.1
Female	60	12.9	160	34.4	26	5.6	246	52.9
Total	122	26.2	297	63.9	46	9.9	465	100

Diversified employment indicators



People with
disabilities

4
persons 0.86%



Indigenous peoples

6
persons 1.29%



New immigrants

10
persons 2.15%



Foreign migrant
workers

125
persons 26.88%

A total of 145 people,
accounting for 31.18%

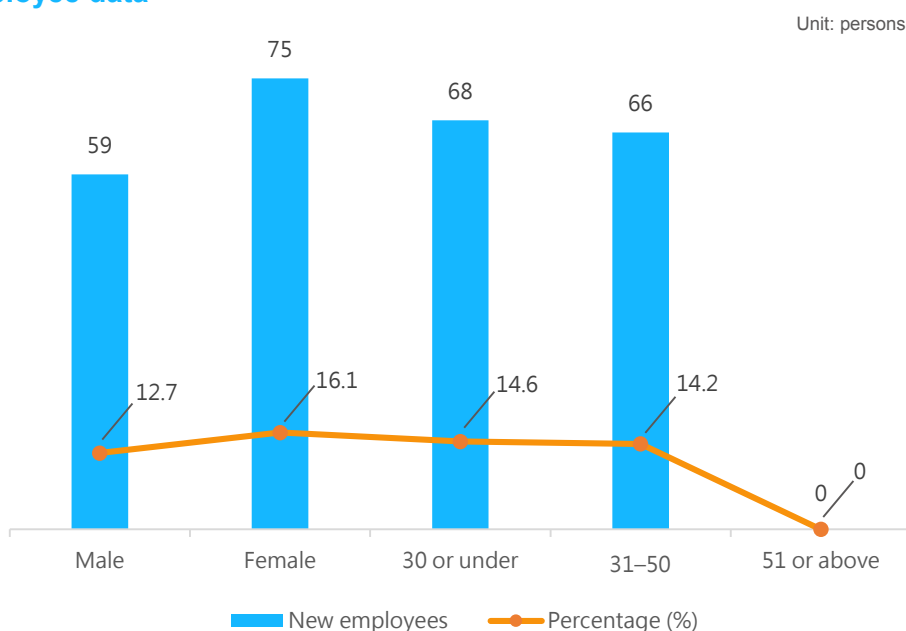
Note 1: Based on the principle of non-discrimination and personal privacy protection, the Company does not require indigenous peoples and new immigrants to provide relevant identity documents or materials, so the data on the number of persons is based on the estimation by the Management Department

Note 2: The data on the percentages was calculated with the total number of employees in Taiwan as the denominator

Data on new and resigned employees

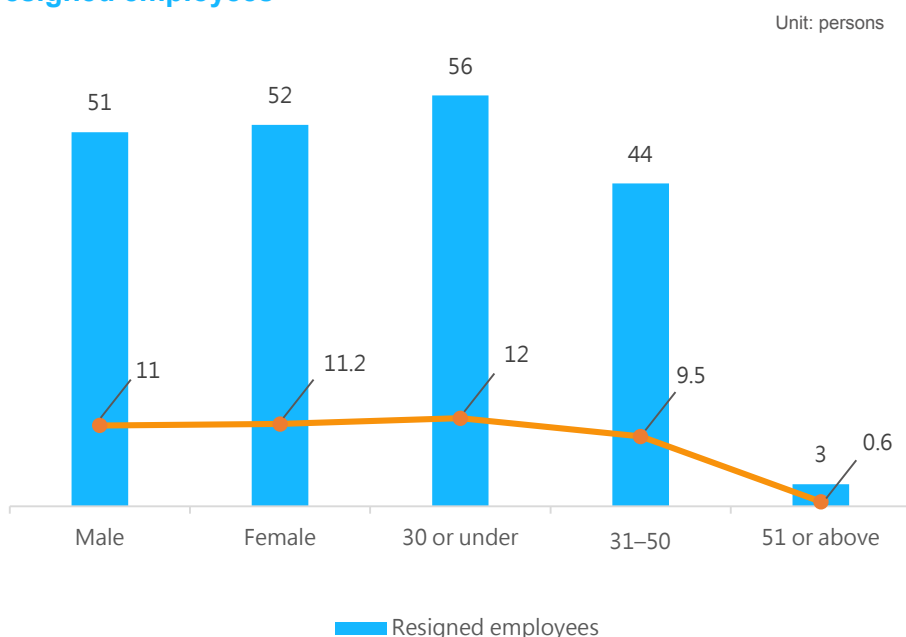
With the growth of the Company's business and scale, we continue to recruit talents in various fields through 104 Job Bank, internal recommendation, dispatch work agencies, and employment service stations. In 2020, there were a total of 134 new employees and 103 resigned employees in Taiwan. The detailed distribution by age and gender is shown in the table below.

New employee data



Note: The data on the percentages was calculated with the total number of employees in Taiwan as the denominator

Data on resigned employees



Note: The data on the percentages was calculated with the total number of employees in Taiwan as the denominator

Remuneration and Benefits

Remuneration system

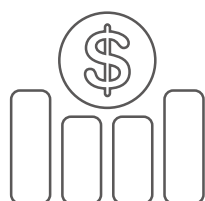
Tai-Tech's salary and remuneration policy for our employees is subject to individual ability, contribution to the Company, performance, and the consideration for the Company's future operational risks. We do not treat our employees differently due to gender, age, race, and other factors

We distribute employee compensation at a fixed percentage of the year's pre-tax earnings (paid in the middle of the following year) as per the Company Act and the Articles of Incorporation. We also distribute year-end bonuses at a fixed percentage of the year's earnings after tax. Business performance and results are reflected in employee compensation appropriately. Tai-Tech was officially listed on Taipei Exchange on April 27, 2021, and discloses the salary information of full-time non-managerial positions in active cooperation with laws. Please refer to the table below for relevant data on employee salary and performance evaluation.

Data on Employee Salary in Taiwan in 2020

Information on full-time non-managerial employees' salaries

Unit: NT\$



Average salary

NT\$746,000

Median salary

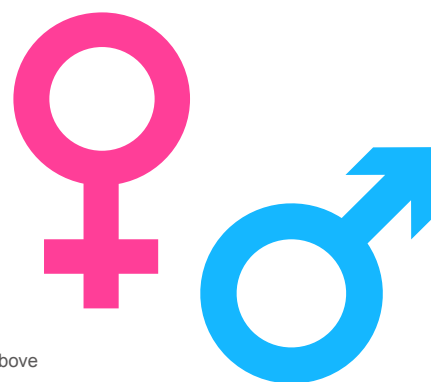
NT\$647,000

Note 1: The number of full-time non-managerial employees is 389

Note 2: It is disclosed based on the Taiwan Stock Exchange Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TPEx Listed Companies

Salary ratio by gender

	Managerial positions	Non-managerial positions	All positions
Male	56.5%	53.2%	56.8%
Female	43.5%	46.8%	43.2%



Note: The managerial position is defined as the employees as the head of each unit or above

Acceptance of performance and career development review



Managerial male employees

100%



Managerial female employees

100%



Non-managerial male employees

77.4%



Non-managerial female employees

68.2%



All employees

74.6%

Note: The managerial position is defined as the employees as the head of each unit or above

Benefit policy

To attract outstanding talents and retain critical talents, Tai-Tech has formulated a comprehensive and excellent employee benefits policy, and established the Employee Welfare Committee in accordance with the law to be responsible for the planning and implementation of employee benefits. We actively protect employees' basic benefits in cooperation with laws and regulations and have set many measures that are superior to what is stipulated in laws, such as employee group insurance, employee gatherings for each unit, personal leave for new employees (one day per month without influencing the perfect attendance record, and education scholarships for employees' children.

As for our work environment, we have set up electric scooter charging stations in the plants in line with the government's policy, while working with 7-11 to set up smart vendor machines in the plants for employees to buy beverages, desserts, bread, and rice balls during breaks to reward their hard work.

Furthermore, to encourage and commend senior employees, the Company has set up a system to present a gold medal to an employees' service for five (five multiple) years, to recognize their contribution. Due to the COVID-19 pandemic in 2020, many industries were affected, which also impacted workers' employment and livelihood. However, we take good care of our employees and their families, and did not adjust our salary and benefit system due to the pandemic. The table below presents the four major aspects of the Company's benefits policy: bonuses and benefits, employee insurance, employee leave, and leisure activities.

Four major aspects of the benefit policy



Employee leave

Female employees' menstrual leave
Family care leave
New employees' personal leave
Maternity leave
Parental leave



Employee insurance

6% contribution to employee pension funds
Employee health check
Employee labor and health insurance
Employee group insurance
Occupational accident insurance
Accident insurance



Leisure/daily life/activity

Kindergarten discounts
Electric scooter charging stations
Employee travel
Employee club subsidy
On-the-job training subsidy
Employee gatherings for each unit
Cooperating store discounts
Smart vending machines
Year-end party
Employee dorm
Breastfeeding rooms
Medical rooms



Bonuses

Gold medals for employees with five (or five multiple) years of services and children education scholarships
New employee retention bonus
Employee introduction bonus
Mentorship bonus
Hospitalization consolation money
Year-end bonus
Employee bonus
Wedding cash gift
Funeral white envelope (condolence money)
Childbirth allowance
Birthday gift certificates
Gift certificates upon three major holidays
Employee stock option

Relevant photos of employee benefits



Note: Medical room



Note: Electric scooter charging station



Note: Smart vending machines



Note: Employee club activities



Note: Year-end party



Note: Employee gathering



Note: Employee travel



Note: Gold medal for five (or five multiple) years of service



Note: Breastfeeding room

Parental leave data

In 2020, the Company had 62 employees entitled to parental leave, of whom five applied for it. In 2019, the percentage of those who applied for reinstatement after parental leave and had worked for one full year after reinstatement, and the reinstatement rate of after parental leave in 2020 were both 100%. Please refer to the table below for more detailed data.

Data on Employees in Taiwan on Parental Leave

	2020				2019			
	Total number of employees entitled to parental leave	Total number of employees applying for parental leave	Number of employees who should have been reinstated after parental stay (A)	Number of employees who were reinstated after a parental stay (B)	Number of employees who were reinstated after a parental stay (C)	Number of employees who have worked for one full year after the reinstatement after parental leave (D)	Reinstatement rate (B/A)	Retention rate (D/C)
Male	28	0	0	0	0	0	None	None
Female	34	5	1	1	4	4	100 %	100 %
Total	62	5	1	1	4	4	-	-

Labor-management communication

Harmonious labor-management relations have always been one of the areas to which Tai-Tech is committed. The Company adopts a two-way and open approach to communicating with employees. We have set up physical employee suggestion boxes internally as per the Employee Suggestion Box Management Regulations. Employees can specify their opinions and suggestions in writing, put them in the employee suggestion box, or send them directly to the President by e-mail. All employees' opinions are handled and responded to appropriately by the President in person, and we promise to keep the information on the employees who raise such opinions absolutely confidential. If an employee puts forward a useful proposal for the Company's operation and management, those whose proposals have been adopted by the Company with effective results will be rewarded appropriately and commended publicly after we obtain such employees' consent. However, if such employees have any concerns and do not want to make it public, we will also respect their intention and will not make it public.

In addition, the Company has established the Sexual Harassment Prevention in the Workplace and Complaints and Punishment Regulations in response to the Act of Gender Equality in Employment. When an employee is harassed sexually, he/she can file a complaint through the sexual harassment prevention hotline or e-mail, and the Company's internal Grievance Committee (composed of a total of seven members and female members are not fewer than one half) will handle the entire process in a confidential manner. Tai-Tech had no employee harassment (not limited to sexual harassment), violation of human rights and equality, or other serious labor complaints occurring in 2020.



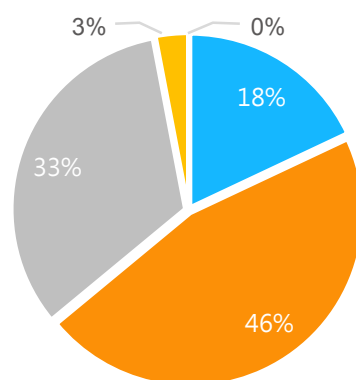
Note: Employee suggestion box

Employee satisfaction survey

In addition to the above-mentioned management regulations, the Company prioritizes employees' right to work, so we did not lay off employees due to major operational changes in 2020. In the event of major operational changes that may seriously affect employees' rights, the Company will notify them in advance as per the procedures and schedules stipulated under the Act for Worker Protection of Mass Redundancy in Taiwan and the Labor Standards Act. For those who have worked for more than three months and fewer than one year, we will notify them 10 days before the lay-off; for those who have worked for more than one year but fewer than three years, we will notify them 20 days before the lay-off; for those who have worked for more than three years, we will notify them 30 days before the lay-off. In the event of mass redundancy, we will notify them 60 days in advance to protect all employees' rights and interests.

To communicate with employees more in-depth and understand their true thoughts, the Company conducts an anonymous employee satisfaction survey every year to mainly survey their satisfaction with the Company's environment, supervisors, colleagues, salary, job content, and personal development. If employees fill in other opinions, we will consolidate them to relevant departments for follow-up improvement, and follow up regularly to ensure that their opinions can be taken seriously. The diagram on the right shows the results of the employee satisfaction survey in 2020. It can be seen that as high as 64% of our employees were satisfied and very satisfied with the Company as a whole, and only 3% were dissatisfied; this indicates that our employees highly recognized the Company's efforts in all aspects.

2020 Employee satisfaction survey



- Very satisfied
- Satisfied
- Acceptable
- Dissatisfied
- Very dissatisfied

Note: The pie chart shows the results of the employee satisfaction survey in 2020

Human Capital

Industry-government-academia collaboration projects

To cultivate talents and enhance Tai-Tech's R&D strengths and technological foundation, the company actively engages in industry-government-academia collaboration. We worked with the National Taipei University of Technology in 2017 to successfully develop a series of LAN products (network transformers), which are widely recognized and praised by customers in the market; also, we have established a long-term partnership with the Industrial Technology Research Institute (ITRI) for seven years since 2014, and the research has yielded fruitful results. Please refer to the table below for the details of the collaboration.

Data on Employees in Taiwan on Parental Leave

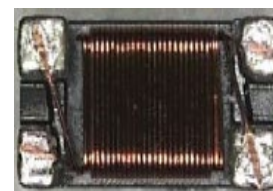
Partner	Collaboration period	Results/Project
ITRI	August 1, 2014–August 1, 2019	Established force lines of magnetic field (B-H) testing equipment and technology transfer
National Taipei University of Technology	January 1, 2017–June 30, 2017	Designed optimal capacitive network transformer module matching
ITRI	October 3, 2019–October 3, 2021	High-permeability materials
ITRI	April 31 2020–April 1, 2022	Developed high-temperature-resistance and high-permeability materials



Note: The network transformer jointly developed with the National Taipei University of Technology



Note: The high-permeability materials jointly developed with the ITRI



Note: The high-permeability materials jointly developed with the ITRI

Talent training and education and training

The Company puts emphasis on employee career planning and is committed to talent training. We actively encourage employees to participate in external training courses and seminars. Each unit also put forwards training plans based on the needs of employees' competencies; the plans will be integrated into the annual education and training program. For example, the Company holds new employee orientation. It has set out additional training programs for production line employees, technological R&D personnel, and sales personnel, to improve employees' capabilities continuously, thereby enhancing the Company's overall competitiveness. Meanwhile, employees can apply for education and training sessions according to their needs at work, to train their abilities for career development. The overall employee training situation and the numbers of training hours in 2020 are shown in the table below.

Data on Employee Training in Taiwan in 2020

	All employees			Each employee
	Number of internal training hours	Number of external training hours	Total number of training hours	Average number of training hours
Number of hours	768.5	2,255	3,023.5	6.5

Note: As this year is the year that Tai-Tech prepared the first CSR report, only the total number of training hours of all employees was counted. In the future, we will further disclose the number of training hours by employee type and gender, to improve the completeness of the disclosure.

Friendly Workplace

Occupational health and safety management system

We attach great importance to industrial safety and safety and health, while introducing ISO45001 occupational health and safety management system in 2019 (covering the Kunshan and the Qingbang Plants in China) in 2018, and performing third-party audits every year. The audit results in 2020 showed no major deficiencies.

In addition, the Company has formulated the Occupational Safety and Health Policy, which specifies that the Company's occupational safety and health policy is mainly built on the spirit of "participation by all employees, awareness-raising and communication, and injury prevention". We are committed to the five major issues in the figure below to allow all our employees to participate in the implementation of the occupational safety and health management system, eliminate hazards, and reduce occupational safety and health risks.

Five major issues in Tai-Tech's occupational safety and health policy



Risk assessment and control

To realize the meaning of the occupational safety and health policy and ensure all employees' and other workers' (such as contractors') safety, the Company has also formulated the Occupational Safety and Health Risk Assessment Procedure. The risk assessment referred to in this procedure is a collective term for hazard identification, risk assessment, and risk control. The requirements and the risk assessment guidelines of safety and health regulations, ISO45001, and TOSHMS are adopted as a reference for the Company's planning and implementation of risk assessment.

The figure on the right is a flowchart of the risk assessment operations, and the risk level table is on the next page. The two major factors that determine the risk level are the "probability of occurrence" and the "severity of consequences" of a hazard. The probability of occurrence is rated based on the "frequency of operation" and the "probability of accidents in the past"; the "severity of consequences" is rated based on the "impact of the hazard on personnel". After the above assessment, all in-plant tasks can be divided into five risk levels, and corresponding control measures are taken according to different risk levels to eliminate hazards and minimize the risks.

Occupational safety and health risk assessment process



Risk level determination table

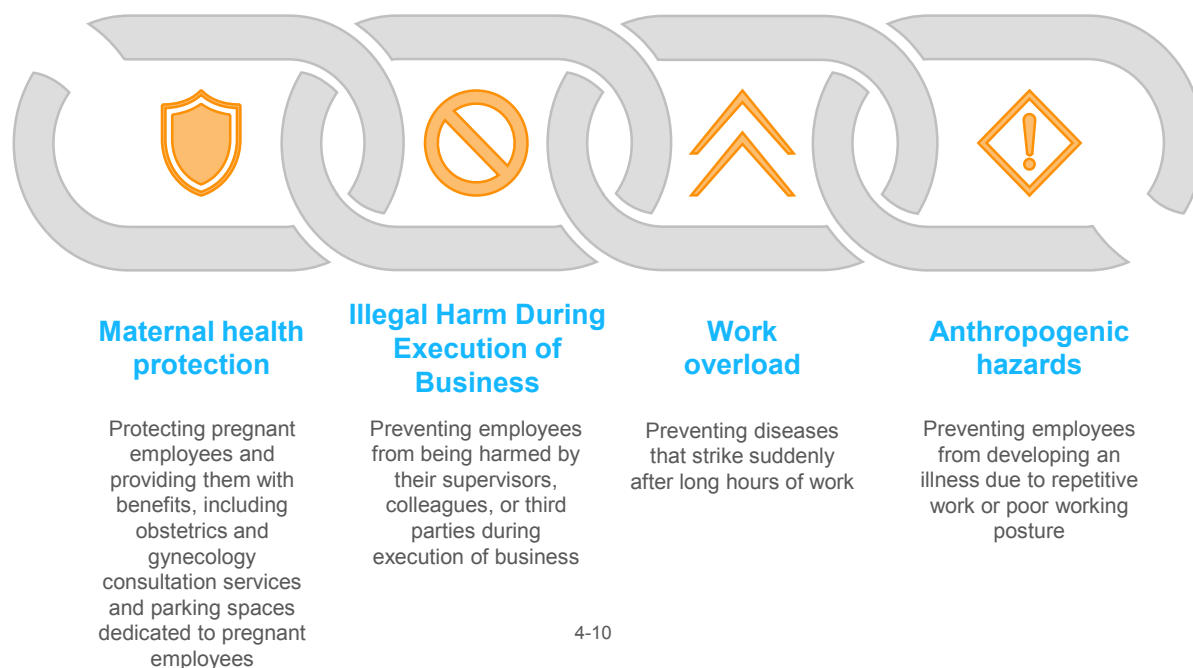
Risk level	Determination criteria	Countermeasures
5	Extremely high risk	It is an unacceptable risk level. We will review the integrity of existing protection and control measures immediately, and continue to set out improvement plans
4	High risk	It is a barely acceptable risk level, and each unit should prioritize the improvement to such risks at this level when drawing up a management plan, to further review and determine the improvement measures
3	Medium risk	It is an acceptable risk level temporarily, but we need to pay attention to the current control situation
2	Low risk	It is an acceptable risk level, we manage it in an existing manner
1	Ignorable risk	Such risks can be ignored without the need for improvement

Occupational health services

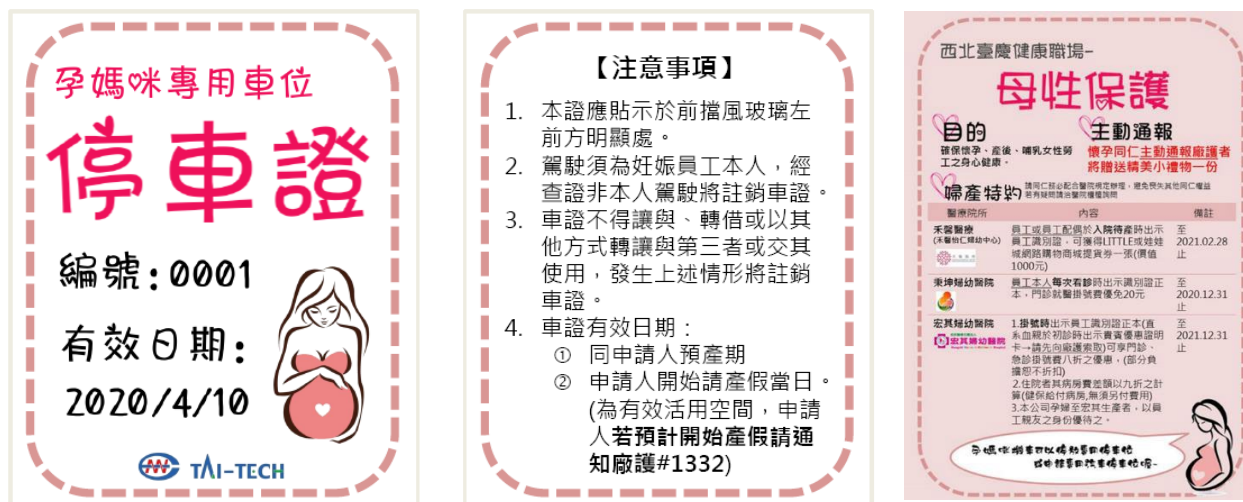
Tai-Tech employs full-time labor health service nursing personnel and contracted occupational medicine specialists to take care of employees' physical and psychological health properly, and provides each employee with an annual health check superior to what is stipulated in laws and conducts health management classification based on the results of the check.

The Company has formulated four major programs for workplace health protection, namely the Maternal Health Protection Program, the Abnormal Workload-Induced Disease Prevention Program, the Anthropogenic Hazard Prevention Program, and the Program for Illegal Harm Prevention During Execution of Business, and the specific contents are described as follows.

Four major programs for workplace health protection



Specific maternal health protection measures



In addition to the above two maternal health protection measures, Tai-Tech has assessed the work environment and operational hazards, identified physical, chemical, and human-induced hazards that may be harmful to pregnant women's health, and established relevant protection guidelines to ensure the health of the mother and fetus.

Results of employee surveys in 2020

Employee work overload survey results

Program: Abnormal Workload-Induced Disease Prevention Program

Questionnaire survey period: September 23, 2020–October 30, 2020

Response rate: We distributed a total of 449 copies of questionnaires (i.e. the total number of people in the plants) at this time, and received 423 copies returned, with a response rate of 94%



Analysis results

Number of people to interview: 0

Number of people advised to interview: 18

Number of people without the need for an interview: 405

Subsequent action: We arranged one-on-one interviews between the respondents and the on-site physicians

Note 1: Zero person required an interview

Note 2: Eighteen people were advised to have an interview

Note 3: Four hundred and five people did not need an interview

Anthropogenic hazard investigation results

Program: Musculoskeletal Disorder Prevention Program

Questionnaire survey period: September 23, 2020–October 30, 2020

Response rate: We distributed a total of 449 copies of questionnaires (i.e. the total number of people in the plants) at this time, and received 423 copies returned, with a response rate of 94%

Analysis results

Number of people requiring an interview: 46

Subsequent action: We arranged one-on-one interviews between the respondents and the on-site physicians, and zero cases needed improvement based on the on-site physicians' assessment

Specific measures for illegal harm prevention during the execution of business

Formulation of a Code of Conduct: The Company re-issued the Written Statement on Prevention of Violence in the Workplace in August 2019 and required all units to post it on the respective bulletin boards

Risk assessment: Relevant control measures are in place for all risky projects

Education and training sessions

Internal training

- Due to the pandemic, in-plant education and training were suspended in 2020, and the head of each unit conducted an independent review. The illegal harm prevention training is included in the 2021 education and training program.
- The safety and health education and training courses (for new and in-service employees on-the-job) were included to continue to raise employees' awareness

External training

- There was one external training session with a total of two participants

Number of illegal harm incidents reported in 2020: 0

Column: Employee Traffic Improvement

Submission of a Request for improvement to Taoyuan City Government

Employees are allowed to commute safely

In mid-2020, an employee reported to Tai-Tech that the traffic was busy with frequent traffic accidents at an intersection during his commute to work, but the traffic light malfunctioned from time to time, which posed a threat to all road users. After receiving this opinion, the Company submitted a request for improvement to the Taoyuan City Government immediately and the problem was improved within a short period of time. Afterwards, the employee posted on the Facebook fan page to express his appreciation toward Tai-Tech and the government for the efforts to allow employees to go to and get off work safely.



Note: The employee's post on Facebook

Occupational safety and health training and employee participation

The Company established an Occupational Safety and Health Committee as per the Occupational Safety and Health Act to create a safe and secure work environment for our employees; meanwhile, we inspect and monitor the safety of the work environment thoroughly, to reduce the chance of occupational injury accidents. We were not imposed with any occupational safety or labor penalties in 2020. The committee is composed of 11 people, of whom five are labor representatives. The committee meets once a quarter. The highest decision maker is President Ming-Liang Hsieh.

We offer all new employees three hours of orientation training on their first day of work, including occupational safety and health information. On the whole, we organize at least four occupational safety and health training sessions every year. The sessions cover general safety and health training, tasks involving special health hazards, and ISO 45001 system lectures.

Photos of occupational safety and health education and training



Work-related injuries

We work to reduce the probability of occurrence of hazards actively, while having established relevant response procedures and an incident investigation mechanism for actions to be taken in the aftermath of the occurrence of any hazard. As per the Company's Incident Response and Investigation Management Procedures, if an occupational safety and health incident caused by our employees or other workers occurs, the person who discovered the incident or the head of the unit at which the incident occurred should issue a notification in accordance with the Emergency Response Procedures. The detailed process is shown in the figure on the next page.



Accident investigation process

As shown in the figure, in addition to investigating the cause of each accident, we are committed to implementing follow-up improvement measures. Therefore, accident improvement measures may be passed on to other departments as necessary. After receiving an accident report, the head of each department should take advantage of an appropriate opportunity to raise employees' awareness to learn from the experience, thereby improving similar potential risks to prevent the same accident from recurring. The table below is the data on work-related injuries in Taiwan in 2020.

Accident investigation process

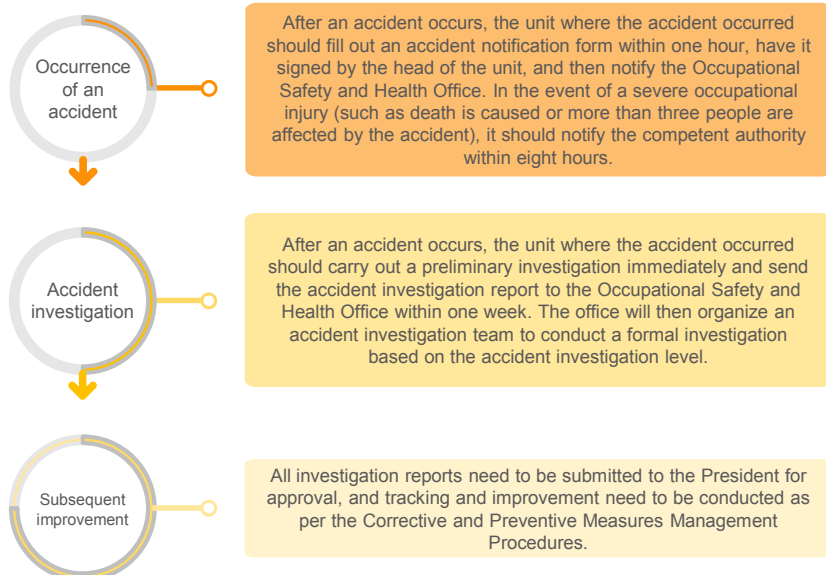


Table of data on the work-related injuries in Taiwan in 2020

	Employees	Contractors
Number of recordable work-related injuries	7	2
Number of deaths caused by work-related injuries	0	0
Number of people suffering from serious occupational injuries caused by work-related injuries	1	0
Death rate caused by work-related injuries (%)	0	0
Proportion of severe work-related injuries (excluding deaths)	0.23	0
Proportion of recordable work-related injuries (%)	1.61	15.38
Total number of hours	872,000	26,000

Note 1: The formula for calculating the number of working hours is to multiply the total number of people in this category by eight hours of work per day and by 250 workdays

Note 2: The death rate caused by work-related injuries = (Number of deaths caused by work-related injuries/Total working hours) * 200,000

Note 3: Proportion of the number of severe work-related injuries = (Number of severe work-related injuries/Total number of working hours) * 200,000

Note 4: Proportion of recordable work-related injuries = (Number of recordable work-related injuries/Total number of working hours) * 200,000

Note 5: All nine cases in the recordable work-related injury category were physical injuries

Note 6: Severe work-related disasters are defined as those with deaths caused, more than three people affected in the same accident, one or more people affected in the same accident with the need for hospitalization, or other disasters as designated by the central competent authority

Note 7: The Company has established the policy and procedure to allow workers to report on occupational hazards and dangerous working conditions and to leave working conditions that they believe may cause injuries or disorders without being subject to punishment in compliance with Article 18 of the Occupational Safety and Health Act

Care for Society

Charitable donations

By upholding the spirit of “giving what you have taken from society back to society”, Tai-Tech treats employees as family members, provides various emergency relief services, and pays visits to disadvantaged families in villages and townships to help them satisfy their daily needs. We also give back to society through various channels, including long-term donations to disadvantaged groups, adoption of plants outside the plants, and handing over waste cardboard boxes in the plants to the Tzu Chi Foundation for recycling.

Furthermore, the subsidiary TAIPAQ Electronic Components (Sihong) Co., Ltd. participated in many charitable activities and events in Sihong County, Jiangsu Province, between June 2020 and June 2021, including delivering towels, cold beverages, and soaps to hard-working cleaning staff, donating gifts on Teachers' Day, and a children's education subsidy project, to warm the local people's hearts. The local government has even commended the subsidiary as a model enterprise for creating the common good with the local community. The table below is a summary of the participation in major charitable events in 2020.

Table of the participation in major charitable events in 2020

Event	Relevant data
We have long supported the Fangzhou Nursing Home to care for the mentally retarded elders	We have donated NT\$30,000 every year since 2014, and the cumulative donations have reached NT\$210,000
We have adopted plants outside the plants and pruned flowers and trees to make the environment look more beautiful	We contributed a total of NT\$80,000
We hand over waste cardboard boxes in the plants to the Tzu Chi Foundation for recycling.	We donated the total amount from such recycling to the Tzu Chi Foundation as a charity fund
Subsidiary Qingbang Electronic Components (Sihong) Co., Ltd.'s charitable projects (including care for cleaning staff, donation of gifts on Teachers' Day, and a children's education subsidy project)	A total amount of around \$80,000 RMB was donated

Qingbang Electronic Components (Sihong) Co., Ltd.'s participation in charitable events and awards received



Social participation

With the second outbreak of the COVID-19 pandemic in May 2021, all of Taiwan entered level 3 pandemic alert, which caused a huge impact on people's daily life and also made many medical staff in the front line work around the clock to safeguard the public.

Tai-Tech coped with this sudden challenge calmly, and provided rapid tests to all employees and suppliers' personnel stationed in the plants at our own expense, and launched different work locations and shifts policy to protect our employees' and their family members' health and safety, while ensuring that we could continue to maintain the supply to our clients. In addition, to thank all the medical staff for their sacrifice and dedication, we sent free coffee to National Taiwan University Hospital and the Taipei City Hospital a number of times from July 2021, to cheer for the hard-working medical staff and express our deepest respect and gratitude.

Photos of heartwarming activities during the pandemic



Appendix

Disclosures under GRI Sustainability Reporting Guidelines

General Disclosures

- Organizational profile
- Strategy
- Ethics and integrity
- Stakeholder engagement
- Reporting practice
- Management Approach

Economic aspect

- Economic performance
- Anti-corruption
- Anti-competitive behavior

Environmental aspect

- Energy
- Water and effluents
- Emissions
- Waste
- Environmental compliance

Social aspect

- Employment
- Labor/management relations
- Occupational health and safety
- Training and education
- Diversity and equal opportunity
- Non-discrimination
- Child labor
- Rights of indigenous peoples
- Public policy
- Customer health and safety
- Marketing and labeling
- Customer privacy
- Socioeconomic compliance

General Disclosures P. Appendix-2

Economic aspect P. Appendix-4

Environment aspect P. Appendix-5

Social aspect P. Appendix-5

Disclosures under GRI Sustainability Reporting Guidelines

GRI Standards Index

General Disclosures		Chapter of the Report and Description	Page
Organizational profile (2016)			
102-1	Name of the organization	About this Report	P. 0-3
102-2	Activities, brands, products, and services	1.1 Robust Governance	P. 1-2
102-3	Location of headquarters	1.1 Robust Governance	P. 1-2
102-4	Location of operations	1.1 Robust Governance	P. 1-2
102-5	Ownership and legal form	1.1 Robust Governance	P. 1-2
102-6	Markets served	1.1 Robust Governance	P. 1-2
102-7	Scale of the organization	1.1 Robust Governance	P. 1-2
102-8	Information on employees and other workers	4.1 Overview of the Team	P. 4-2
102-9	Supply chain	Stakeholder engagement	P. 0-10
		2.2 Partners for Common Good	P. 2-8
102-10	Significant changes to the organization and its supply chain	There were no significant changes this year.	
102-11	Precautionary principle or approach	1.2 Risk Management	P. 1-9
102-12	External initiatives	The Company did not sign any external initiatives this year.	
102-13	Membership of associations	1.1 Robust Governance	P. 1-2
Strategy (2016)			
102-14	Statement from senior decision-maker	Statement from the Management Team	
102-15	Key impacts, risks, and opportunities	1.2 Risk Management	P. 1-9

General Disclosures	Chapter of the Report and Description	Page
Ethics and integrity (2016)		
102-16	Values, principles, standards, and norms of behavior 1.1 Robust Governance	P. 1-2
Governance (2016)		
102-18	Governance structure Sustainability Goals and Vision 1.1 Robust Governance	P. 0-7 P. 1-2
102-27	Collective knowledge of highest governance body 1.1 Robust Governance	P. 1-2
102-32	Highest governance body's role in sustainability reporting About this Report	P. 0-3
Stakeholder engagement (2016)		
102-40	List of stakeholder groups Stakeholder engagement	P. 0-10
102-41	Collective bargaining agreements The Company has no collective bargaining agreement in place; instead, we hold a quarterly labor-management meeting to build a consensus between both parties.	
102-42	Identifying and selecting stakeholders Stakeholder engagement	P. 0-10
102-43	Approach to stakeholder engagement Stakeholder engagement	P. 0-10
102-44	Key topics and concerns raised Stakeholder engagement	P. 0-10
Reporting practice (2016)		
102-45	Entities included in the consolidated financial statements About this Report	P. 0-3
102-46	Defining report content and topic boundaries About this Report Identification of material issues	P. 0-3 P. 0-12
102-47	List of material topics Identification of material issues	P. 0-12
102-48	Restatements of information This year is the year in which the Company prepared this report for the first time. Hence there is such thing as restatements of information.	
102-49	Changes in reporting This year is the year in which the Company prepared this report for the first time. Hence there are no changes to the material topics and the boundaries of the topics.	
102-50	Reporting period About this Report	P. 0-3

General Disclosures		Chapter of the Report and Description	Page
102-51	Date of most recent report	This year is the year in which the Company prepared this report for the first time.	
102-52	Reporting cycle	About this Report	P. 0-3
102-53	Contact point for questions regarding the report	About this Report	P. 0-3
102-54	Claims of reporting in accordance with the GRI Standards	About this Report	P. 0-3
102-55	GRI content index	Appendix Table of Disclosures under GRI Sustainability Reporting Guidelines	Appendix
102-56	External assurance	No external assurance was performed this year.	

Management Approach (2016)

103-1	Explanation of the material topic and its boundary	Identification of material issues	P. 0-12
103-2	The management approach and its components	Identification of material issues	P. 0-12
103-3	Evaluation of the management approach	Sustainability Goals and Vision	P. 0-7
		Stakeholder engagement	P. 0-10
		Chapter 1 Magnetic Operation	P. 1-1
		Chapter 2 Magnetic Growth	P. 2-1
		Chapter 3 Magnetic Nature	P. 3-1
		Chapter 4 Magnetic Communities	P. 4-1

Economic aspect		Chapter of the Report	Page
GRI 201: Economic performance (2016)			
201-1	Direct economic value generated and distributed	1.1 Robust Governance	P. 1-2
201-4	Financial assistance received from government	1.1 Robust Governance	P. 1-2

GRI 205: Anti-corruption (2016)

205-3	Confirmed incidents of corruption and actions taken	No confirmed corruption incidents occurred at the Company this year.
-------	---	--

GRI 206: Anti-competitive behavior (2016)

206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No relevant incidents occurred at the Company this year.
-------	---	--

Environmental aspect	Chapter of the Report	Page
GRI 302: Energy (2016)		
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No relevant incidents occurred at the Company this year.	
GRI 303: Water and effluents (2018)		
303-3 Water withdrawal	3.1 Green Factories	P. 3-2
GRI 305: Emissions (2016)		
305-1 Direct (Scope 1) GHG emissions	3.1 Green Factories	P. 3-2
305-2 Energy indirect (Scope 2) GHG emissions	3.1 Green Factories	P. 3-2
GRI 306: Waste (2020)		
306-3 Waste generated	3.1 Green Factories	P. 3-2
306-4 Waste diverted from disposal	3.1 Green Factories	P. 3-2
306-5 Waste directed to disposal	3.1 Green Factories	P. 3-2
Environmental aspect	Chapter of the Report	Page
GRI 307: Environmental compliance (2016)		
307-1 Non-compliance with environmental laws and regulations	No such incident occurred.	
Social aspect	Chapter of the Report	Page
GRI 401: Employment (2016)		
401-1 New employee hires and employee turnover	4.1 Overview of the Team	P. 4-2
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.2 Remuneration and Benefits The benefits described in the corresponding chapter of this report are the benefits for full-time employees.	P. 4-4
401-3 Parental leave	4.2 Remuneration and Benefits	P. 4-4

Social aspect	Chapter of the Report	Page
GRI 402: Labor/management relations (2016)		
402-1 Minimum notice periods regarding operational changes	4.2 Remuneration and Benefits The Company complies with local laws and regulations. The Company gives an advance notice before terminating a labor contract in compliance with the Labor Standards Act and the Act for Worker Protection of Mass Redundancy in Taiwan.	P. 4-2
GRI 403: Occupational health and safety (2018)		
403-1 Occupational health and safety management system	4.4 Friendly Workplace	P. 4-9
403-2 Hazard identification, risk assessment, and incident investigation	4.4 Friendly Workplace	P. 4-9
403-3 Occupational health services	4.4 Friendly Workplace	P. 4-9
403-4 Worker participation, consultation, and communication on occupational health and safety	4.4 Friendly Workplace	P. 4-9
403-5 Worker training on occupational health and safety	4.4 Friendly Workplace	P. 4-9
403-6 Promotion of worker health	4.4 Friendly Workplace	P. 4-9
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.4 Friendly Workplace	P. 4-9
403-9 Work-related injuries	4.4 Friendly Workplace	P. 4-9
GRI 404: Training and education (2016)		
404-1 Average hours of training per year per employee	4.3 Human Capital	P. 4-8
404-3 Percentage of employees receiving regular performance and career development reviews	4.1 Overview of the Team	P. 4-2
GRI 405: Diversity and equal opportunity (2016)		
405-1 Diversity of governance bodies and employees	1.1 Robust Governance	P. 1-2
	4.1 Overview of the Team	P. 4-2
405-2 Ratio of basic salary and remuneration of women to men	4.2 Remuneration and Benefits	P. 4-4

Social aspect		Chapter of the Report and Description	Page
GRI 406: Non-discrimination (2016)			
406-1	Incidents of discrimination and corrective actions taken	In 2020, there were no discrimination incidents related to race, color, gender, religion, politics, nationality, or social origin, nor was there any relevant discrimination incident involving internal/external stakeholders of the organization as defined by the International Labor Organization	
GRI 408: Child labor (2016)			
408-1	Operations and suppliers at significant risk for incidents of child labor	No such incident occurred.	
GRI 411: Rights of indigenous peoples (2016)			
411-1	Incidents of violations involving rights of indigenous peoples	In 2020, no incidents of infringement on the rights of indigenous peoples were identified, and no relevant incidents occurred.	
GRI 415: Public policy (2016)			
415-1	Political contributions	There was no such incident this year.	
GRI 416: Customer health and safety (2016)			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	There was no such incident this year.	
GRI 417: Marketing and labeling (2016)			
417-2	Incidents of non-compliance concerning product and service information and labeling	There was no such incident this year.	
417-3	Incidents of non-compliance concerning marketing communications	There was no such incident this year.	
GRI 418: Customer privacy (2016)			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There was no such incident this year.	
GRI 419: Socioeconomic compliance (2016)			
419-1	Non-compliance with laws and regulations in the social and economic area	1.2 Risk Management	P. 1-9