



2021
Environmental
Social
Governance
Report

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About This Report

Since its establishment, Ablerex Electronics Co., Ltd. (hereinafter referred to as “Ablerex”) has persistently valued corporate sustainable development and social responsibility as long-term commitments and obligations of the company. In order to make investors, customers, suppliers, employees, community neighbors, government authorities and other stakeholders aware of the Company's efforts and achievements in sustainable development and corporate social responsibility, Ablerex has been proactively disclosing the Ablerex Corporate Social Responsibility Report since 2015. The report is available in the official website under the section of corporate governance for all stakeholders to refer to (Website: http://www.ablerex.com.tw/ch/csr_3_7.php).

In order to continuously improve the disclosure quality of the report and keep up with the global trends, Ablerex has compiled it according to the principles of the GRI Standards issued by the Global Reporting Initiative (GRI) for sustainability reports. It is hoped that the information disclosed is appropriate and can meet the expectations of stakeholders and fully demonstrate Ablerex's actions and performance in sustainable development and social responsibility.

Scope and Year

The information disclosed in this Report is mainly to demonstrate the activity data information and performance in finance of Ablerex (excluding foreign investment companies), quality service, environmental safety and management as well as work environment and social benefit during the years 2019, 2020 and 2021. Most of the information disclosed covers the status of all locations in the Taiwan region. If indicators of other regions are involved, further explanations will be provided in the contents of the report.

Report Preparation Guidelines and Verification

This report compiles with the requirements of the GRI Standards: Core Options and the Rules Governing the Preparation and Filing of Sustainability Reports by TPEX Listed Companies. This report has been verified by Great Certification, and passed the AA1000: AS (2018) Accountability Principle for Type 1 moderate assurance. The assurance statement is attached to the appendix of the report. In addition, the content of 3. Management Performance Data of Chapter Three of this Report refers to the financial annual report information certified by PricewaterhouseCoopers Taiwan (PwC Taiwan). For details, please refer to Chapter Three of this report or the company's annual report. This year, the external assurance of the corporate sustainability report was introduced for the first time to ensure the rigorous presentation of data.

Issuance of Report

2021 ESG report: Issued in September 2022

Report Period: January 1, 2021 to December 31, 2021

Report Period: 1 year

The previous edition 2020 CSR report: Issued in September 2021

To cope with the trend of environmental protection and eco-friendliness, the company promotes paperless operations. Accordingly, this report is an electronic version and is published on the company's website.

Shall you have any suggestions or questions on this report, please feel free to contact us.

Contact Window: Ablerex Electronics/ Headquarters



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Message from our Chairman

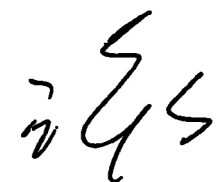
In 2021, the world was still in the middle of the ravaging novel coronavirus pandemic. With the introduction vaccines and the implementation of vaccination measures, the situation in many countries was put under control, and various control measures have also been loosened. The economic activities in the regions where the Group's business locations operate gradually returned to normal, and the revenue of the Company's main products also returned to the level before the pandemic outbreak. Looking forward to the future, the Company will continue to demonstrate its technological advantages to improve existing products and elaborate on its long-term business advantages. Renewable energy and environmental protection have been major issues for the 21st century. Under the impact of greenhouse effect, the earth that we depend on is showing warnings and we have seen numerous natural disasters around the globe. Amid environmental and climate changes, AblereX has responded to the United Nations' initiative on resources and environmental protection. In addition to developing innovative solar power technologies along with the focus in the researches of enhanced energy storage system in light of providing assistance to the government, organizations and society in the evolution of power supply equipment, the Company achieves continuous improvement in the energy usage efficiency and functional stability.

AblereX has declared that it will continue to focus on the core business and refine its technology to fulfill corporate governance and improve customer and shareholder satisfaction, which will lead to the fulfillment of corporate social responsibility and sustainable development. With a mindset of "Cherishing resources for sustainable operations", the Company implements the humanistic rationale of "Return benefits gained from the society" to care more for the environment and the society, so that the Company and employees can align their goals with the expectations of the society and the world. In response to the UN SDGs, resources are committed to several social care projects which cover areas in Taiwan and Medan of Indonesia. For details, please refer to the section on social care.

It has been 6 years since the Company began to voluntarily release the Corporate Social Responsibility Report in 2015, and from this year onwards, it will continue to release and renamed ESG Report in accordance with the law. This report presents the Company's operation related to three aspects, environment, society and governance, and uses several indicators to evaluate the Company's performance in promoting sustainable development, and at the same time tests the appropriateness of the Company's business policy. Overall, the Company aligns itself with the expectations, directions and efforts of stakeholders. We will continue to pay attention to the trends and policies of corporate social responsibility as the basis of our efforts.

AblereX was first ranked in the top 6% to 20% of the 1st Corporate Governance Evaluation held in 2014. After the active efforts in improving the operating conditions, the Company was ranked in the top 5% in the 2nd to 5th evaluation held in the following years. In the 6th evaluation, the Company was again ranked in the 6% to 20%, followed by the ranking of top 5% again in the 7th evaluation. The Company has stayed committed to adhering to the business philosophy of continuous improvement and sustainable development, ensuring that all stakeholders can receive full relevant information and supervise the Company to keep up with the ever-changing business environment through attention and communication. We will also continue to issue sustainability reports in the future to demonstrate the Company's core value in fulfilling its corporate social responsibility, hoping that all partners and stakeholders will empathize with our efforts to move forward in the future.

Chairman and President



Sustainable Performance

Corporate governance performance

Company's performance in corporate governance evaluation over the years

2014	1st	Top 6% to 20%	2018	5th	Top 5%
2015	2nd	Top 5%	2019	6th	Top 6% to 20%
2016	3rd	Top 5%	2020	7th	Top 5%
2017	4th	Top 5%	2021	8th	Top 6% to 20%

Green product development

In its early years in business, Ablerex focused on the on-site application of uninterruptible power supply (UPS) and other power conversion equipment. After years of experience with uses and on-site services, the Company began to introduce the in-house design and manufacturing of power and electronic products in 2000. In addition to the UPS systems, the product lineup includes active power filters (APF), battery management system (BMS) and smart power distribution units (PDU).

In response to the development of the green energy industry, the Company launched its first grid-connected photovoltaic inverter (PV Inverter) product series in 2009. In 2015, the Company announced its first smart photovoltaic cloud management platform which can help domestic small and medium-sized system integrators and users manage their projects and operation and maintenance jobs and even automate software upgrades and parameter adjustment, which can greatly reduce labor costs and improve return on investment.

In order to facilitate the development of the domestic photovoltaic industry, the Bureau of Standards, Metrology and Inspection of the Ministry of Economic Affairs issued the updated grid-connection regulations for photovoltaic converters CNS 15382:2017 in 2018, so that converters are no longer just a simple power generation device, but has become a smart converter. It can help stabilize the power grid and improve the penetration rate of new energy, and the Company fully promotes the certification for localization. Ablerex took the initiative in applying for voluntary product certification (VPC), and became the first photovoltaic inverter supplier to

Business performance return to shareholders

Dividend distribution the last five years

Unit: NT\$

Dividends policy					
Year	Cash dividend	Retained shares distribution	Capital surplus to issue bonus shares	Stock dividends	Total
2021	1.25	0	0	0	1.25
2020	1.00	0	0	0	1.00
2019	1.00	0	0	0	1.00
2018	1.50	0	0	0	1.50
2017	2.50	0	0	0	2.50



VPC certificate

be awarded a VPC.

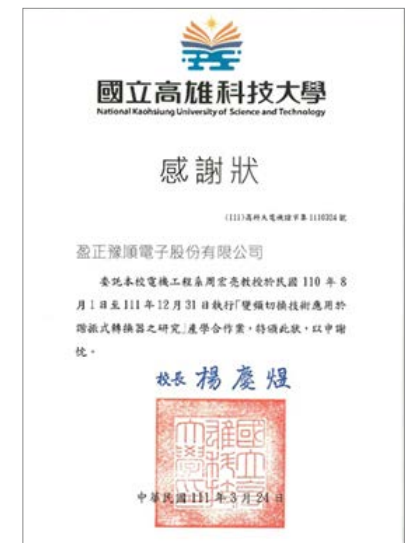
- Photovoltaic inverter (PV inverter) -- Energy conservation benefits of three-phase grid-connected PV inverter**
The PV inverters manufactured by the Company conform to the best specifications for solar panels currently in the market. They adopt smart maximum power tracking technology and incorporate the I-V curve scanning technology to detect project site conditions in real time, so that the reasons for low power production efficiency can be screened out to generate higher power production efficiency.
- Uninterruptible power supply (UPS) -- Three-phase UPS KRONOS 40kVA**
Adopt the multi-level architecture which has better power factor improvement function over the traditional two-level architecture. Product efficiency is improved, saving overall power.
- UPS -- On-line UPS ARES Plus 1-3k RT Series**
The efficiency of the 3rd-generation machine is 1-2% higher than the 2nd-generation product, and the 3rd-generation product can meet the Energy Star V2.0 performance standard. The products can be used in communication/telecom/data equipment rooms, etc., which shall not be powered off, or in load equipment applications that require higher power quality in the power supply system.
- Energy Storage System (ESS) -- ESS500KW**
Conduct scheduling according to the time-of-use price, so it can release electricity at the peak time to reduce the contracted capacity of the users, and then fully recharge the battery at night. Products can be used in energy storage solutions incorporating bidirectional power conversion system, battery, system controller and cloud energy management system, and can conduct real-virtual power coordination with according to grid scheduling.

Social care public welfare activities

Industry-academia collaboration to cultivate student and professional talents.
For details, please refer to Chapter Six on employee care and social participation.










Chunghwa Telecom Sustainability Gold Award



Certificate of appreciation from National Kaohsiung University of Science and Technology

Respond to UN Sustainable Development Goals

2021 performance highlights and response to the UN SDGs

Item	Aspect	2021 Performance Highlights	Corresponding SDGs
1	Corporate Governance and Ethical Management	<ul style="list-style-type: none"> Voluntary disclosure on CSR report yearly since 2015. It's ranked in the top 6% to 20% of the 8th corporate governance evaluation held in 2021. 	
2	Sustainable Product and Customer Management	<ul style="list-style-type: none"> Has obtained 127 patent certificates as of 2021. Published a total of 62 journal papers and seminar papers as of 2021. 9th Taiwan Excellent PV Award held by the Bureau of Energy of the Ministry of Economic Affairs in 2021. Awarded the Gold Class of the Sustainability Rating Certificate as an excellent supplier in the Sustainability and Low-Carbon Alliance by Chunghwa Telecom and SGS in 2020. 	 
3	Sustainable Environment	<ul style="list-style-type: none"> The waste intensity decreased year by year from 2019 to 2021, and in 2021, it decreased 15.4% over 2020. In 2021, there were no fines or penalties for violations of environmental laws and/or regulations. 	
4	Employee Care	<ul style="list-style-type: none"> The retention rate of female employees after their parental leave increased every year from 2019 to 2021, and the retention rate in 2021 reached 100%. 	
5	Social Participation	<ul style="list-style-type: none"> Between 2019 and 2021, a total of NT1,867 thousand was put into the support efforts for several industry-academia research projects. 	 

The background features a complex, abstract design. It consists of various shades of blue and grey, with some areas appearing darker and more saturated. There are numerous small, golden-brown specks and larger, irregular splatters scattered throughout, giving it a textured, almost organic feel. A large, semi-transparent white number '01' is positioned on the left side, partially overlapping the blue and grey shapes. To the right of the '01', the word 'Overview' is written in a clean, white, sans-serif font. The overall composition is balanced and visually appealing, suitable for a presentation or report cover.

01 Overview

1.1 Company Profile

1.1.1 Company information

Stock Code	3628	Industry Type	Other electronics business	Country where the foreign company is registered	---
Company Name	Ablerex Electronics Co., Ltd.		Contact Number	02-29176857	
Address	1F, No. 3, Lane 7, Baogao Road., Xindian District, New Taipei City				
Chairman	Steven Hsu	President		Steven Hsu	
Spokesman	Jeff Lin	Title of Spokesperson		Manager of Finance Department	
Phone Number of Spokesperson	02-29176857	Deputy Spokesman		Damon Chao	
Main Operating Business	Uninterrupted Power Supply (UPS) system research, development, manufacturing, sales and agency Power quality improvement system and equipment, photovoltaic power system equipment research, development, manufacturing and sales Maintenance and technical service business				

1.1.2 About Ablerex

Ablerex Electronics Co., Ltd. with its headquarter stationed in Xindian, New Taipei City, R.O.C. is a world leading manufacturer in Uninterruptible Power Supply (UPS) systems and Power Quality Devices (PQD). The main products include UPS, active power filters, photovoltaic (PV) inverters, power monitoring systems and automatic transfer switches etc. With a strong R&D team and advanced professional production equipment, the Company is committed to the development and production of fast and high-efficient power electronic products that are capable of satisfying the market demands.

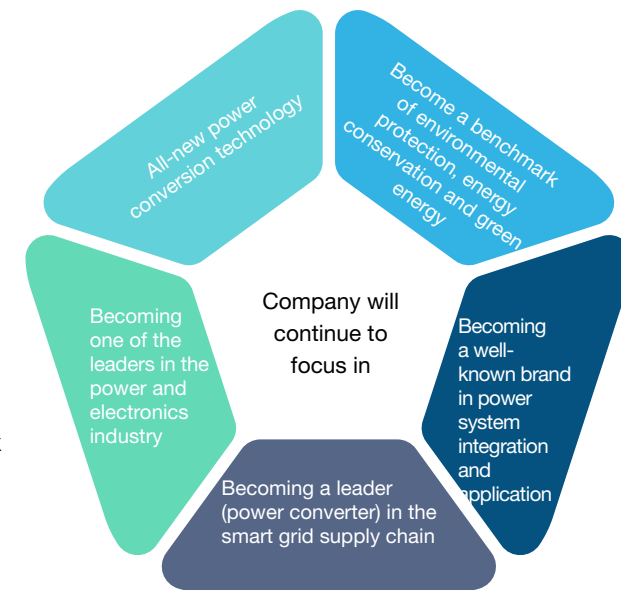
To satisfy the market demands and price competition for power electronic devices, the company established its first manufacturing facility plant in Suzhou, China in 2005. Subsequently, as the company continues to launch new products,

to meet the rapid development of the market demand, the company has completed the construction of Suzhou Plant 2 in 2008, and its scale is five time greater than Plant 1. The Company and Suzhou plant have qualified and received the international certification of ISO9001:2015 and ISO14001:2015. In addition, the products of the company have also qualified certifications of the international quality control system one after another along with the acquisition of TLC product certification and various international certificates, such as: CE, UL, CB and VDE etc.

As of the end of 2021, the Company has not yet signed the economic, environmental and social regulations, principles or other initiatives established by the external and approved by organizations. In response to the emergence of the concept of green and environmental protection, the Company's R&D team is committed to developing renewable energy solutions. In 2005, the PV inverter was the Company's first achievement for the initiative of environmental protection and green products. In the future R&D, we will expand to wind power inverters and fuel cell inverters.

“Experts in Power Conversion” is the sustainability goal we seek to achieve with dedication. Our vision is to be the best energy solution provider in the fields of industrial application and information application.

With the expansion of the market and business operation scope, Ablerex presently has operation offices in Taiwan, China, Italy, Singapore and



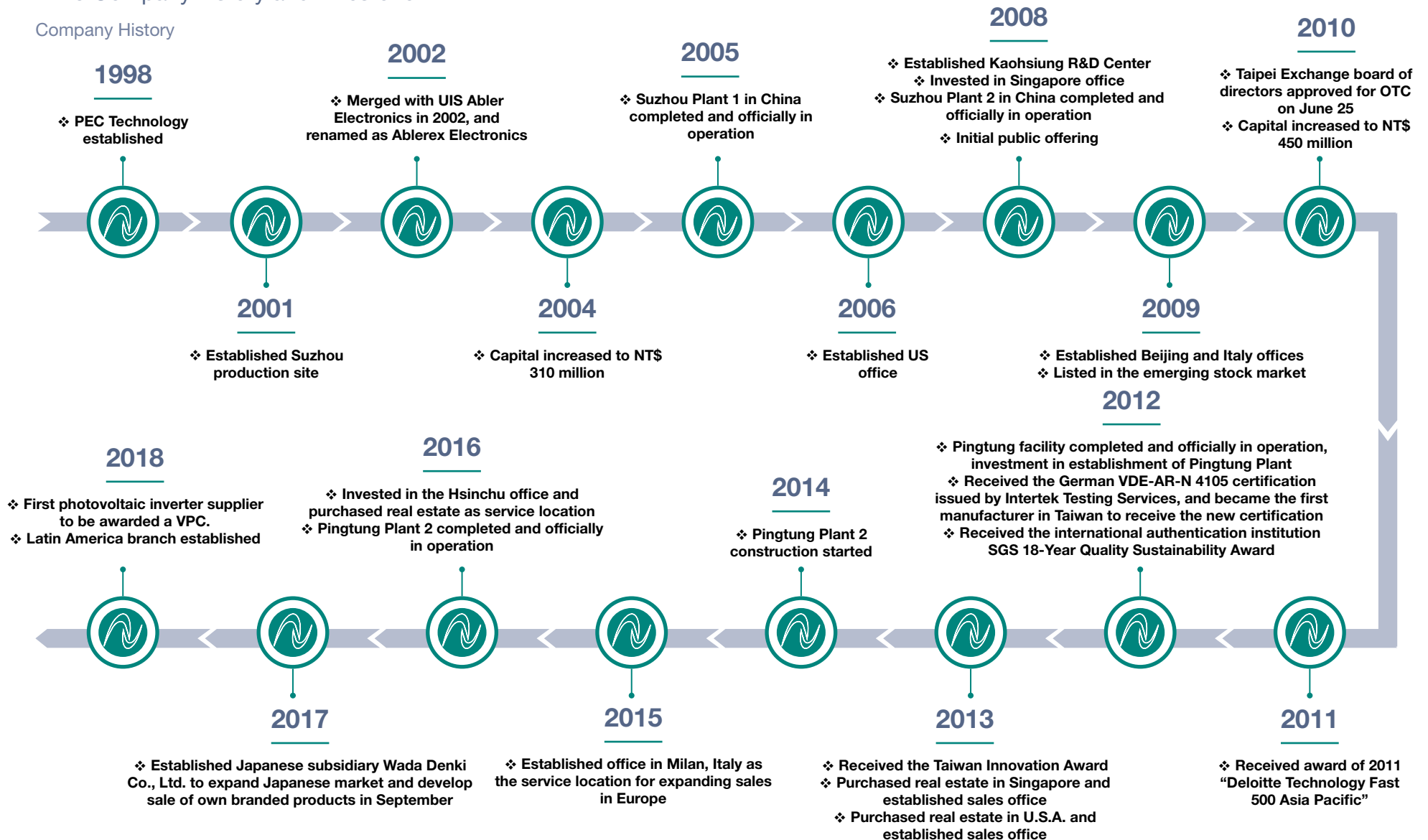
U.S.A. For the region of Taiwan, in addition to the headquarters of the company, we also have offices in Hsinchu, Taichung and Tainan. Furthermore, we have also established R&D centers and manufacturing sites in Kaohsiung and Pingtung. The total number of employees in Taiwan is approximately 333 people. In response to the growth, the Company has built locations around the world and partnered with thousands of professionals with excellent R&D and manufacturing capabilities. With a solid competitive fundamental, Ablerex will be the best choice for providing consumer power solutions.

In 2021, the world was still in the middle of the ravaging novel coronavirus pandemic. With the introduction of vaccines and the implementation of vaccination measures, the situation in many countries was put under control, and various control measures have also been loosened. The economic activities in the regions where the Group's business locations operate gradually returned to the level before the pandemic outbreak, showing significant annual growth of 26.37% in revenue due to the lower base period in 2020.

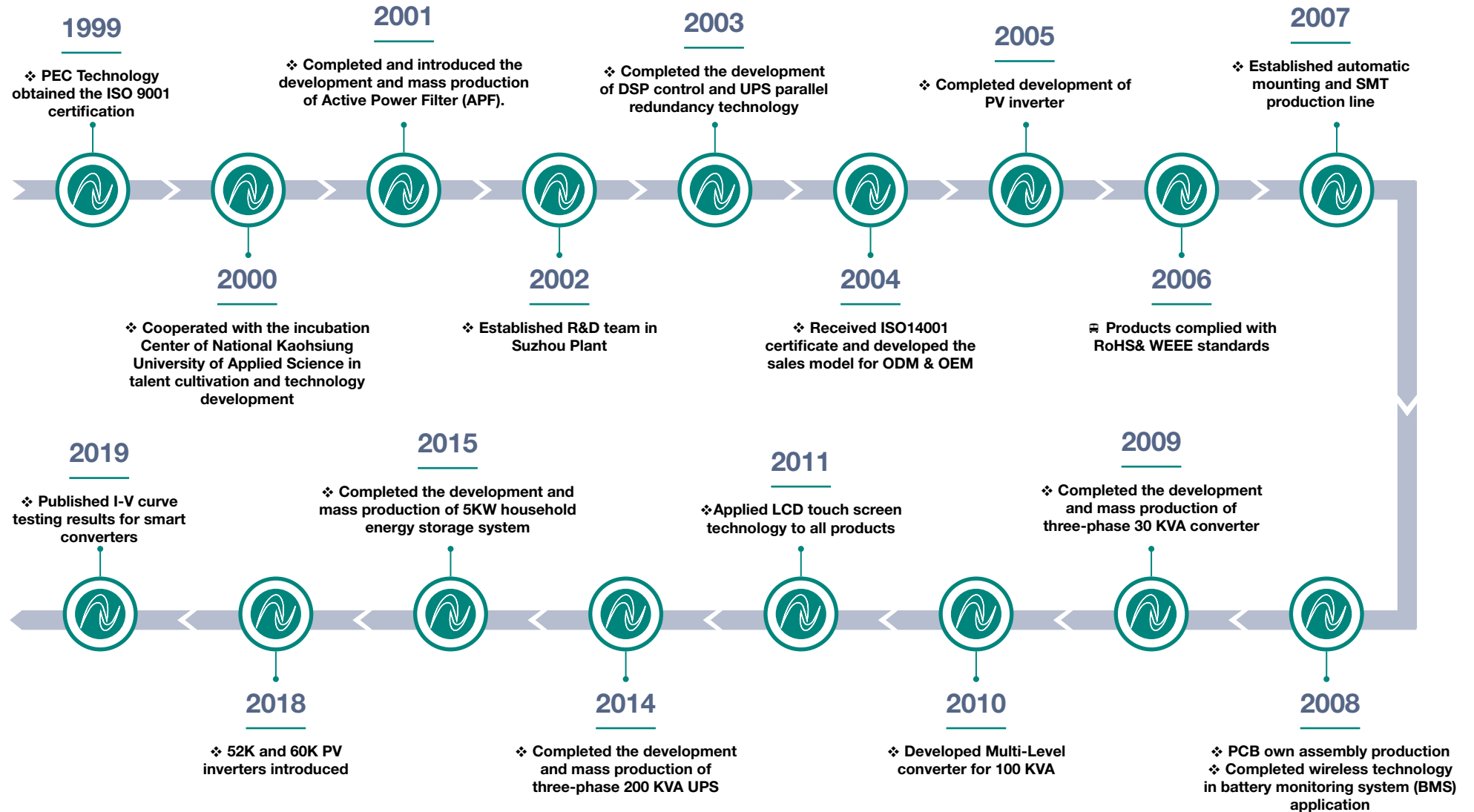


1.1.3 Company history and milestone

Company History



Technology Milestone



1.1.4 Employment status of employees

All of the present employees of AblereX are regular employees and there are no contractual employees. Relevant information on employees is as follows:

Up to the date of December 31, 2021, the number of employees, average period of employment in the last three years classified according to the gender and employment contract (regular and temporary) of employees in Taiwan show no non-regular employment contracts:

Unit: people

Year		2019	2020	2021
Number of employees	Direct Labor	31	22	25
	Indirect Labor	51	53	58
	Administrative Staff	232	248	250
	Total	314	323	333
Average age		36.5	37.5	37.9
Average service tenure		7.6	8.1	8.0

Note: This is a statistical data for employees in the region of Taiwan

Employees classified according to the gender and employment contract (regular and temporary, full-time and part-time) in Taiwan

Unit: people

Year/Type	2019		2020		2021	
	Male	Female	Male	Female	Male	Female
Full-time/Regular	244	70	248	75	251	82
Temporary/Part-time	0	0	0	0	0	0
Total	244	70	248	75	251	82

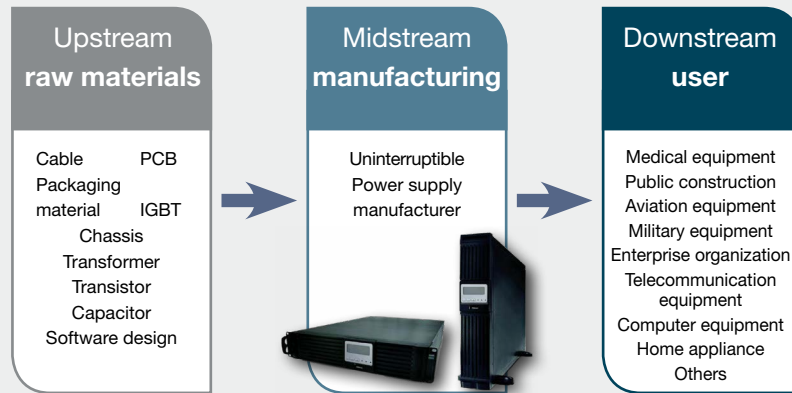


1.2 Industry Introduction

1.2.1 Relations in the industry

Relationships between the upstream, midstream and downstream of the industry for the Company's main products

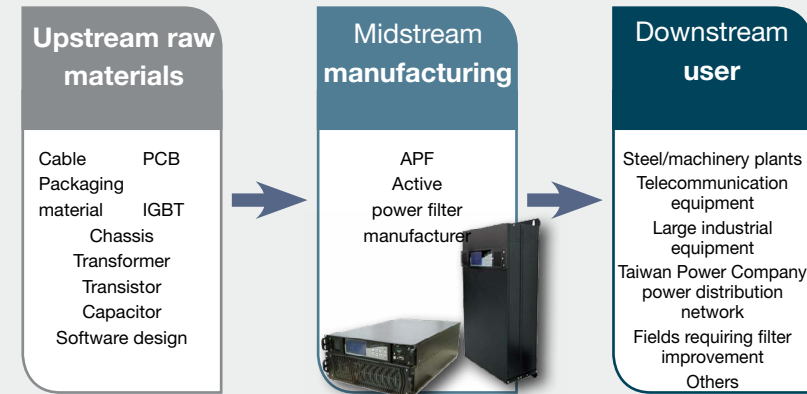
◆ Upstream, midstream and downstream of UPS



Ablerex is a professional design and production manufacturer of UPS systems, and the upstream of the product mainly includes the component parts (transformers, chassis, cables, capacitors, PCB etc.) suppliers, battery supplier and software development company. All of the products are provided to the downstream terminal users, such as: various industries of medical, aviation, military equipment, financial, security, nuclear power, petroleum, telecommunication and computer equipment etc., through an integrated sales network.

With the rapid development of internet network, information and telecommunication industries, the demand for power supply quality also becomes more rigorous, which attracts more enterprises to the use of UPS to protect the computer equipment of companies and drives the demand for UPS. Accordingly, the future potential industrial growth of the company is remarkable.

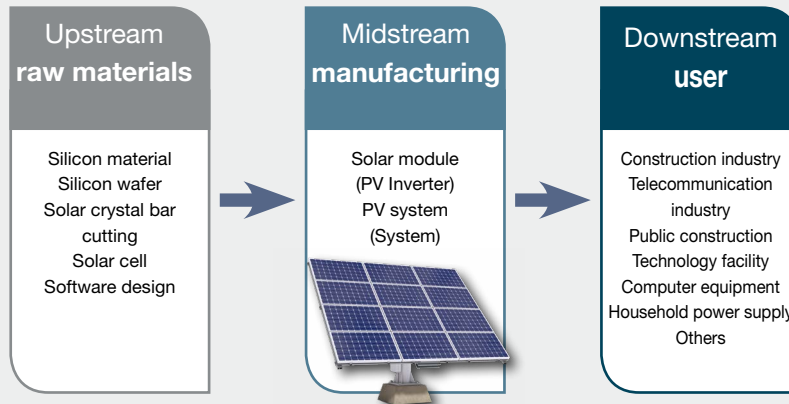
◆ Upstream, midstream and downstream of APF



Ablerex is a professional design and production manufacturer for Active Power Filters (hereinafter referred to as “APF”). The upstream of the product mainly includes the component parts (transformers, chassis, cables, capacitors, PCB etc.) suppliers, battery supplier and software development company. All of the products are provided to the downstream terminal users, such as: various industries of steel machinery manufacturers, telecommunication equipment, large industrial equipment, Taiwan Power Company power distribution network and other fields or equipment requiring filter improvement etc., through an integrated sales network.

The demand for power supply quality of various industries has become more rigorous nowadays, which drives more industries to use APF to improve the power usage quality and to reduce the power consumption loss. In addition, the technical barrier of such product is high such that there are only a few domestic and foreign manufacturers for such product. Consequently, APF product of the company is of great competitive advantageous in the market and is one of main products promoted by the company.

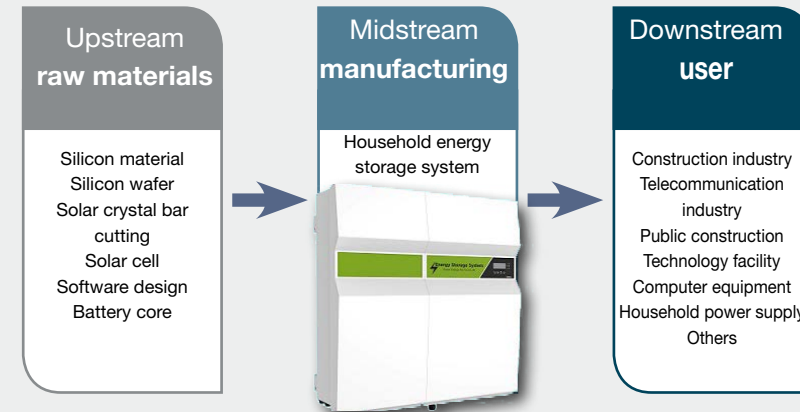
◆ Upstream, midstream and downstream in photovoltaic applications



Ablerex is in the system and converter sectors of the PV industry chain. The company designs and manufactures PV Inverters. The products manufactured by the company are provided to the downstream system integration and various industries, such as: construction industry, telecommunication industry, public construction, technology facilities etc., through integrated sales network.

Since the PV industry is of a great business opportunity in the future, and presently, the number of domestic competitors is small due to the limitation of the advanced technology barrier, the PV Inverters manufactured by the company have certain advantages in terms of the quality and price competitiveness. Currently, Ablerex has become one of the leading global manufacturers of PV inverters, and a great number of international giants have designated Ablerex as the ODM supplier; therefore, PV inverter is one of the products capable of increasing the revenue of the company.

◆ Upstream, midstream and downstream applications in household energy storage systems



Ablerex is in the system and converter sectors of the household energy storage system industry chain. The company designs and manufactures ESS converters. The products manufactured by the company are provided to the downstream system integrators and various industries, such as: construction industry, telecommunication industry, public construction, technology facilities etc., through an integrated sales network.









Since the energy storage system industry is of great business opportunity in the future, and presently, the number of domestic competitors is small due to the limitation of the advanced technology barrier, the ESS converters manufactured by the company has certain advantages in terms of the quality and price competitiveness. Currently, Ablerex has become one of the leading global manufacturer in PV inverters, and numerous domestic giants have designated Ablerex as the ODM supplier; therefore, ESS converter is one of the products capable of increasing the revenue of the company.

1.2.2 Main sales areas for products and services

Unit: NT\$ thousand; %

Year		2019		2020		2021	
Item		Amount	%	Amount	%	Amount	%
Domestic Sales		1,075,536	43.68%	1,124,709	47.62%	1,483,828	49.71%
Export	Asia	789,866	32.08%	688,379	29.14%	871,588	29.20%
	America	93,678	3.80%	136,084	5.76%	178,795	5.99%
	Europe	491,033	19.94%	410,100	17.36%	434,326	14.55%
	Others	12,277	0.50%	2,651	0.11%	16,140	0.55%
Total		2,462,390	100.00%	2,361,923	100.00%	2,984,677	100.00%

1.2.3 External association participation status

Name of associations	Member
 台灣智慧能源產業協會 Taiwan Smart Energy Industry Association	✓
 台灣區電機電子工業同業公會 Taiwan Electrical and Electronic Manufacturers' Association	✓
 台北市電腦公會 Taipei Computer Association	✓
	✓
	✓
 台灣智慧型電網產業 Taiwan Smart Grid Industry Association	✓
 台灣太陽能產業協會 Taiwan Photovoltaic Industry Association	✓
 中華民國太陽能發電系統 商業同業公會 Photovoltaic Power Generation System Association	✓



9th Taiwan Excellent PV Award held by the Bureau of Energy of the Ministry of Economic Affairs in 2021

Awarded the Gold Class of the Sustainability Rating Certificate as an excellent supplier in the Sustainability and Low-Carbon Alliance by Chunghwa Telecom and SGS

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02

Identification of Stakeholders and Material Topics

As a corporate citizen, Ablerex respects social ethics and values sustainable development. In addition, the company also cares about the rights and benefits of stakeholders while taking up the social responsibilities required to be borne by corporate entities. During the seeking of sustainable operations and stable profits, the company also improves on the aspects of Environmental, Social, Governance (ESG) by management. In addition, the company also analyzes and summarizes the material topics that concern stakeholders in order to provide active response and to continuously improve in all aspects of the business operations.

The corporate governance and sustainable development committee of Ablerex upholds the principle of AA1000 Stakeholder Engagement Standards (AA1000 SES) along with the international trends and viewpoints, including the ESG development, in order to identify that the main stakeholders of the company include employees, government agencies, suppliers/contractors, shareholders/investors and banks who also have been identified in the past.

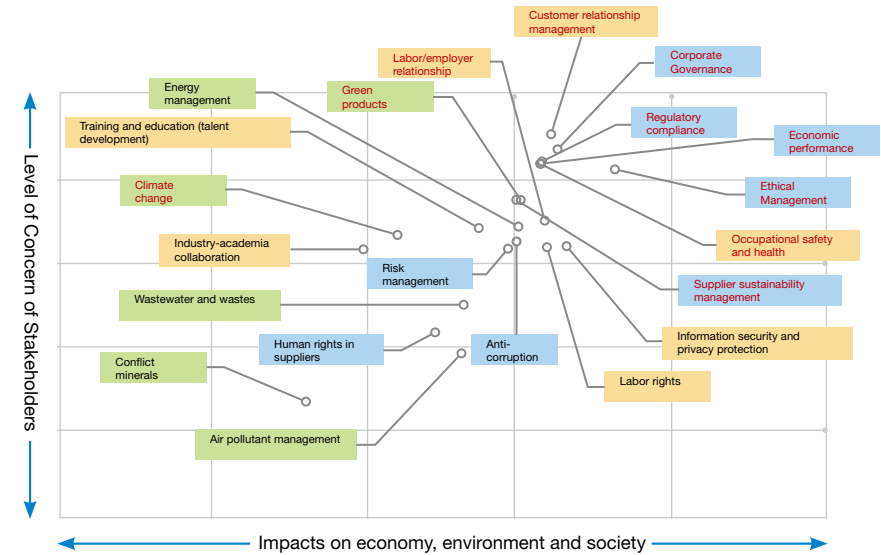
2.1 Sustainability Material Topics

2.1.1 Identification of material topics

In this report, Ablerex adopts the General Disclosures (GRI102) of the GRI Standard and specific issue standards as the basis for identifying the source of material topics.

In order to understand stakeholders' interests on the Company's corporate governance, environmental, customer and product, and social aspects of considerations, the Company's Corporate Governance and Sustainability Committee conducts comprehensive evaluation and discussions of impacts and concerns through internal policy, shareholder meeting, implementation performance of each department, trends of sustainable development and internal review. Every two years, survey questionnaires are distributed to investigate and analyze the extent of impact on stakeholder concerns and sustainability, hoping to fully disclose all aspects of information to meet stakeholders' expectations. In 2021, the Company conducted a survey to analyze and identify material issues of concerns to stakeholders, which are illustrated by the following diagrams.

Results of materiality assessment



Aspect	2021 material topics
Corporate governance	Corporate governance
	Management performance
	Regulatory compliance
Customer and product	Customer relationship management
	Supplier management
	Green products
Environmental	Sustainable environment
Social	Labor/employer relationship
	Occupational safety and health

2.1.2 【Material topics order list】







Material Topics		Material Topics	
1	Corporate governance	6	Sustainable environment
2	Management performance	7	Green products
3	Regulatory compliance	8	Supplier management
4	Customer relationship management	9	Occupational safety and health
5	Labor/employer relationship		



2.1.3 【Description of boundaries of material topics】

Aspect	Material topics	Chapter of management approach disclosure	Within the boundary	Outside of the boundary				
			Ablerex	Government agencies	Customers	Suppliers or contractors	Shareholders or investors	Banks
Corporate governance	Corporate governance	Corporate governance	●	●			●	●
	Management performance	Management performance	●				●	●
	Regulatory compliance	Regulatory compliance	●	●	●	●	●	●
Customer and product	Customer relationship management	Marketing and service	●	●	●		●	●
	Supplier management	Supply chain management	●	●	●	●	●	
	Green products	Sustainable product	●		●		●	
Environmental	Sustainable environment	Sustainable environment	●	●	●	●	●	●
Social	Labor/employer relationship	Employee rights and labor relations	●		●		●	
	Occupational safety and health	Healthy and safe occupational environment	●	●	●	●	●	

2.2 Stakeholder Communication

Stakeholder	Issues concerned	Communication channels, response methods and frequency of communication	Status of communication in 2021	
 <p>Employees</p>	<p>Labor rights Labor/employer relationship Ethical management Economic performance</p>	<p>Occupational safety and health Information security and privacy protection Education and training Regulatory compliance</p>	<ul style="list-style-type: none"> ■ Set up internal and external communication channels and hold regular labor-employer meetings for two-way communication. ■ Established the employee welfare committee to plan and announce various employee welfare matters. ■ Hold employee education and training sessions for new hires and current employees. 	<ul style="list-style-type: none"> ■ Information being disseminated through internal announcements and email notifications. Positive communication in the four times labor-employer meetings held during the year. ■ Employee Welfare Committee operates properly and announces welfare matters. ■ Four sessions were held during the year, totaling 460 hours for employee training and education.
 <p>Government agencies</p>	<p>Ethical management Regulatory compliance Anti-corruption Information security and privacy protection</p>	<p>Occupational safety and health Customer relationship management Supplier sustainability management Human rights in suppliers</p>	<ul style="list-style-type: none"> ■ Establish communication and information channel and point of contact for spokespersons. ■ Corporate website discloses information related to corporate governance, business development and management performance in a timely manner. ■ The interactions between the liaison of official document exchange and the competent authority adopt proper corporate governance and regulatory compliance procedures. 	<ul style="list-style-type: none"> ■ The Company's website discloses information related to operations, finances and corporate governance. ■ Starting 2021/09/08, the Company voluntarily discloses the CSR report on the Market Observation Post System and the Company's website. ■ Good communication with the competent authority, and there are no violations.
 <p>Customers</p>	<p>Ethical management Regulatory compliance Customer relationship management Information security and privacy protection</p>	<p>Supplier sustainability management Labor rights Occupational safety and health Anti-corruption</p>	<ul style="list-style-type: none"> ■ Establish internal and external communication channels. ■ The Company assigns dedicated personnel to handle customer complaints to protect consumers' rights and interests. ■ Annual customer satisfaction survey as the focus of the Company's internal management. 	<ul style="list-style-type: none"> ■ Properly conduct customer relationship management and implement customer satisfaction survey according to schedule as the basis for management improvement. ■ Two customer satisfaction surveys were conducted during the year, and the results were good.
 <p>Suppliers or contractors</p>	<p>Ethical management Corporate governance Supplier sustainability management</p>	<p>Customer relationship management Economic performance Information security and privacy protection</p>	<ul style="list-style-type: none"> ■ Establish internal and external communication channels. ■ Actively invite suppliers to sign the Supplier Social Responsibility Commitment. ■ Supplier evaluation and management 	<ul style="list-style-type: none"> ■ Worked with suppliers to fulfill their corporate social responsibilities, and new suppliers affirmed the actions and signed the Commitment in response. ■ Twice evaluated suppliers with whom the Company has consistent transactions during the year, and the results were good.
 <p>Shareholders or investors</p>	<p>Economic performance Ethical management Corporate governance Risk management</p>	<p>Anti-corruption Information security and privacy protection Regulatory compliance Labor/employer relationship</p>	<ul style="list-style-type: none"> ■ Establish communication and information channel and investor contact platform ■ Corporate website discloses information related to corporate governance, business development and management performance in a timely manner. ■ Hold annual general meetings and publish the annual reports in both Chinese and English versions. 	<ul style="list-style-type: none"> ■ The Company's website discloses information related to operations, finances and corporate governance. ■ Investor relations platform complies with laws and sincerely provides answers to shareholder and investor inquiries. ■ The shareholder meeting held on 2021/08/18 had positive results.
 <p>Banks</p>	<p>Corporate governance Ethical management Economic performance Risk management</p>	<p>Regulatory compliance Customer relationship management Information security and privacy protection Air pollution</p>	<ul style="list-style-type: none"> ■ Corporate website discloses information related to corporate governance, business development and management performance in a timely manner. ■ Establish communication and information channels, maintain contact with banks and properly handle finances and operations. 	<ul style="list-style-type: none"> ■ The Company's website discloses information related to operations, finances and corporate governance. ■ Maintain good communication with banks, comply with laws and regulations and sincerely respond to banks' inquiries.



03 Corporate
Governance

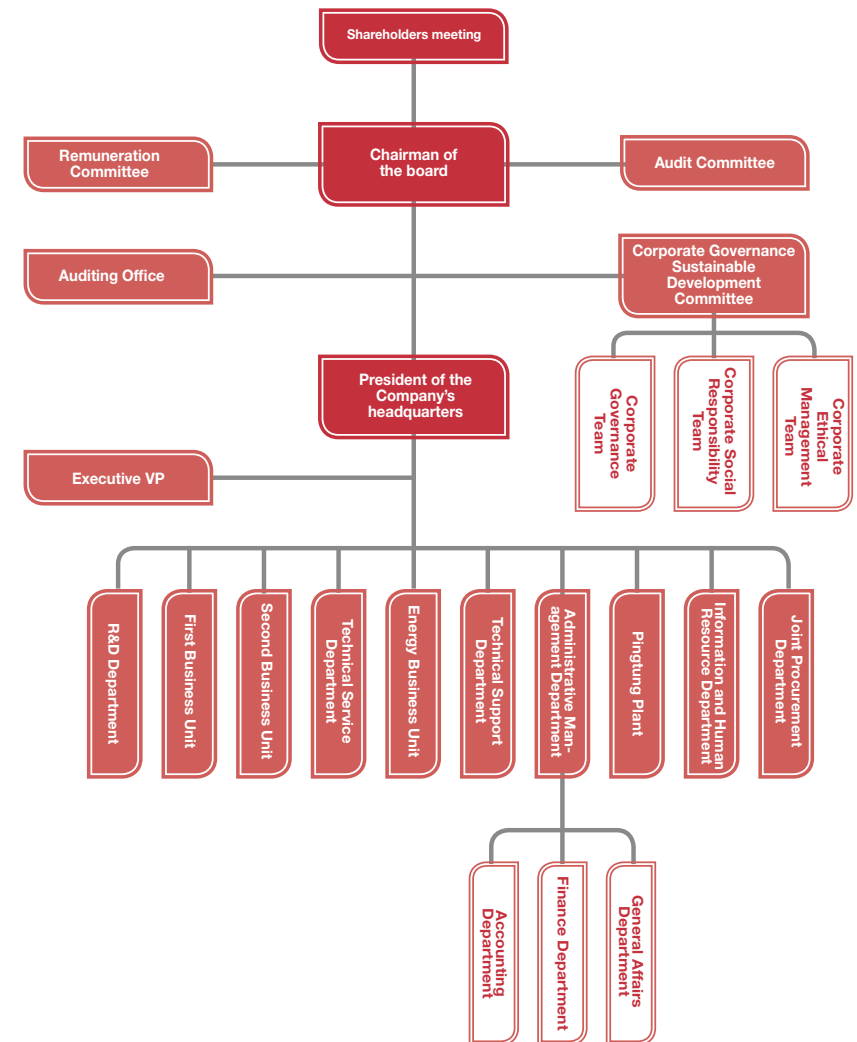
3.1 Corporate Governance

Covid-19 has ravaged to the entire world and affected all industries, causing business owners all over the world to scramble for backup solutions. In the past, companies' operations focused on EPS (earnings per share), but now they pay more attention to ESG (Environment, Social and Governance), which has thus become an important intangible asset. Among them, the function of corporate governance is to "create corporate value" and "fairly distribute value". The better the corporate governance, the lower the chance of a company getting involved in financial problems. Good corporate governance is achieved by the board of directors and the management acting in the best interests of the company and all shareholders, assisting the management and operation, and providing an effective supervision practice to motivate the company to make good use of resources and improve efficiency and competitiveness to promote the social well-being of the public.

On March 22, 2013, the board approved the formulation of the Corporate Governance Best Practice Principles based on the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. Under the supervision of the board, the Company established the Corporate Governance and Sustainability Committee based on the indicators of corporate governance evaluation on May 2, 2018. On December 1, 2018, a head of corporate governance was assigned. On August 5, 2019, the board reviewed and approved the amendments to standards such as the Corporate Governance, the Sustainable Development Best Practice Principles and the Ethical Corporate Management Best Practice Principles and appointed personnel responsible for various tasks. In response to regulatory changes, the board has made amendments to maintain regulatory compliance and effectively promote the operation of corporate governance structure, which can protect shareholder and stakeholder interests, reinforce board capacity, exert supervisor influence and improve information transparency.

The board of the company is dedicated to the concept of sustainable management, and the corporate governance information is transparent. Financial statements, material information, etc. are simultaneously published in the Market Observation Post System in both Chinese and English to meet stakeholders' needs. The Company has been ranked in the top 5% performers 5 out of the last 8 years.

Company organizational chart



3.1.1 Board of directors

The responsibilities of the board of directors include the appointment and supervision of the management level of the company, and is in charge of the overall operating status of the company as well as the establishment of proper goals and achievement thereof in its efforts. In addition, the board of directors is also committed to maximizing the benefits for the shareholders.

The Company has established professional independent directors such that during the major decision making of the company, they are able to provide recommendations based on an objective and just position along with the utilization of their profession and experience. In addition, during the discussion of any proposals, the board of directors sufficiently considers the opinions of independent directors, and records the reasons or comments of agreement or disagreement thereof in the meeting minutes in conjunction with the consideration of the principle of recusal based on conflict of interest.

The Company currently has nine directors, including three directors who concurrently work as employees (accounting for 33.3% of directors) and three independent directors (accounting for 33.3% of directors). Members have extensive experience in business management, industry knowledge, financial accounting, environmental protection, etc. It is hoped that the board will have female directors and those who specialize in laws and risk management to achieve the goal of board diversity. For the name, education and professional background of directors, please refer to the related sections in the annual report.

Continuing education of directors in 2021

The board of directors had 7 (A) meetings in the most recent fiscal year (2021), and the attendance of directors is shown as follows:

Job title	Name	Number in Attendance (A)	Actual Attendance in Person, B	Attendance by Substitution	Actual Attendance Rate (%) (B/A)	Remarks
Chairman	Steven Hsu	7	7	0	100%	
Director	Yu-An Chen	7	7	0	100%	
Director*	Corporate representative of UIS -- Chao-Shui Chen	6	5	0	83.33%	Resigned on 2021/11/10 (should attend meetings 6 times this year)
Director	Corporate representative of UIS -- Po-Chen Chen	7	7	0	100%	
Director*	Corporate representative of UIS -- Hsiang-Ching Tseng	1	1	0	100%	Took office on 2021/11/10 (should attend meetings 1 time this year)
Director	Chien-Kai Sung	7	7	0	100%	
Director	Chun-Hui Ho	7	7	0	100%	
Independent director	Yu-Chia Ting	7	7	0	100%	
Independent director	Sang-Kuei Wang	7	7	0	100%	
Independent director	Yuan-Liang Su	7	7	0	100%	

*Corporate director United Integrated Services (UIS) appointed Mr. Hsiang-Ching Tseng on November 10, 2021 as the new corporate representative to replace Mr. Chao-Shui Chen.

Job title	Name	Year of continuing education program	Course hours	Meeting the requirements of the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies?
Director	Steven Hsu	2021	6	Yes
Director	Yu-An Chen	2021	6	Yes
Director	Po-Chen Chen	2021	6	Yes
Director	Hsiang-Ching Tseng	2021	12	Yes
Director	Chien-Kai Sung	2021	7	Yes
Director	Chun-Hui Ho	2021	6	Yes
Independent director	Yu-Chia Ting	2021	6	Yes
Independent director	Sang-Kuei Wang	2021	6	Yes
Independent director	Yuan-Liang Su	2021	6	Yes

For the information on the board members, election, diversity and important resolutions on annual operations, please refer to the Company's website at (http://www.ablerex.com.tw/ch/csr_2_1.php).

3.1.2 Audit Committee

After the re-election of directors conducted in the shareholder meeting held on June 19, 2020, the Company established an Audit Committee. It operates in accordance with the Audit Committee Charter and the Management of Operation of the Audit Committee in order to reinforce the functional committees of the board to fulfill corporate governance. The Audit Committee consists of 3 independent directors. The purpose of the Committee is to assist the board to fulfill its supervision of the quality and integrity involved in performing accounting, auditing, financial reporting and financial control tasks. According to the Securities and Exchange Act, its requirements, as well as that of the Company Act and other laws, for supervisors also apply to the audit committee established by companies. For the information on the Audit Committee Charter, committee members and annual operations, please refer to the Company's website at (http://www.ablerex.com.tw/ch/csr_2_2.php).

The Audit Committee had 4 (A) meetings in the most recent fiscal year (2021), and the attendance of independent directors is shown as follows:

Job title	Name	Actual Attendance in Person (B)	Attendance by Substitution	Actual Attendance Rate (%) (B/A)	Remarks
Convener	Yu-Chia Ting	4	0	100%	
Member	Sang-Kuei Wang	4	0	100%	
Member	Yuan-Liang Su	4	0	100%	

When convening the board of directors' meetings in 2021, more than half of the independent directors attended the meetings. For the information on the communication between the independent directors in the Audit Committee, the head of internal audit and the CPAs, please refer to the relevant sections of the Company's annual report and the website at (http://www.ablerex.com.tw/ch/csr_2_1_2.php).

3.1.3 Remuneration Committee

The function of the Remuneration Committee is to evaluate the salary and remuneration policy and system for supervisors and managerial officers based on its professional and objective position in order to propose recommendations to the board of directors as references for the decision making of the Board.

There are 3 members in the Remuneration Committee. Starting the 4th session of the Committee, all members are the newly elected independent directors. The qualifications and attendance of the members in 2021 are as follows:

Job title	Name	Number of Attendance (A)	Actual Attendance in Person (B)	Attendance by Substitution	Actual Attendance Rate (%) (B/A)
Convener/Independent director	Yu-Chia Ting	3	3	0	100%
Committee member/Independent director	Sang-Kuei Wang	3	3	0	100%
Committee member/Independent director	Yuan-Liang Su	3	3	0	100%
Total		9	9	0	100%

* Term of office of the 4th session of committee: June 19, 2020 to June 18, 2023. The Remuneration Committee had 3 meetings in the most recent year (2021). For the information on the Remuneration Committee Charter, committee members and annual operations, please refer to the Company's website at (http://www.ablerex.com.tw/ch/csr_2_2.php).



3.1.4 Corporate Governance and Sustainability Committee

Under the supervision of the board, the Company established the Corporate Governance and Sustainability Committee on May 2, 2018. On December 1, 2018, a head of corporate governance was appointed. On August 5, 2019, the board reviewed and approved the amendments to relevant standards on the environmental and social aspects of sustainability and assigned personnel responsible for various tasks. The Committee is the highest-level decision-making center for sustainable development within the Company. It is chaired by the Company's chairman, and the head of corporate governance serves as the convener to review the Company's core capabilities with a number of senior executives in various functions, and then formulate intermediate and long-term



sustainability plans.

The Corporate Governance and Sustainability Committee reports to the board on the implementation results of sustainable development every year. On December 27, 2021, it reported the 2021 implementation status of promotion of CSR to the board. The contents include (1) Identifying the concerns of stakeholders that require attention, and formulating action plans; (2) Goals and policy revisions on sustainability-related topics; (3) Supervising the implementation of sustainable management matters and evaluating the implementation status. The board understood and affirmed the operations and implementation of the Corporate Governance and Sustainability Committee.

On December 1, 2018, the Company established a position of head of corporate governance. On August 5, 2019, the board approved the appointment of Shun-Te Chao as the head of corporate governance. The head of corporate governance is responsible for coordinating matters related to board and shareholder meetings, assisting in the production of meeting minutes of board and shareholder meetings, helping directors and supervisors in the onboarding and attend continuing education courses and comply with laws and regulations, and providing them with information needed for them to perform their duties. For the information on the performance of duties and the status of continuing education in 2021, please refer to the Company's website (https://www.ablerex.com.tw/ch/csr_2_7_3.php).

Corporate governance generally refers to the methods adopted by companies for management and supervision. The main purpose is to reinforce the internal control and audit measures and improve information disclosure to improve companies' competitive advantages. As a small and medium-sized enterprise, the challenges we face when establishing internal control may include the inability to achieve proper division of labor due to lack of manpower, the management team improperly exercising its power above the internal control, difficulty in finding accounting personnel with sufficient professional skills, business owners not valuing financial reporting and inadequate information system, etc. With limited resources, the Company was still able to be ranked in the top 5% of the corporate governance evaluation 5 out of the last 8 years. We will adhere to the business philosophy of continuous improvement and sustainable development.

3.2 Ethical Management

3.2.1 Culture of ethical management

The amended Ethical Corporate Management Best Practice Principles has been implemented after being approved in the board meeting held on May 12, 2014. On December 1, 2018, the Corporate Governance Committee announced the implementation status by showing the related indicators. The results are disclosed in the Company's website and the annual reports and reported to the board every year. Both internal and external business activities adhere to the Principles in a transparent manner. Furthermore, the company will continue to refine the English version of the Corporate Governance section on the company website in order to sufficiently disclose the company operation status and to allow overseas stakeholders to understand the execution strategies and measures of the company. (http://www.ablerex.com.tw/about_4.php)

In order to meet the above-mentioned requirements, the Company's website has made the investor relations platform, stakeholder contact information, and customer service webpages available, so that those who would like to find information or give feedback can contact the Company's various responsible personnel. (http://www.ablerex.com.tw/ch/csr_3_5.php)

3.2.2 Ethics and code of conduct

The company establishes the "Procedures for Ethical Management Operation and Guideline for Contact", "Codes of Ethical Conduct for Directors, Supervisors and Managerial Officers" and the "Codes of Ethical Conduct for Employees" according to relevant laws in order to define unethical conduct and to specify matters to be cautious about, prohibition and handling operating procedures for personnel of the Company during the execution of duties. Each year, the relevant audits items are listed into the audit plan in order to continuously implement the supervision audits, and to report the execution status to the members of the board of directors.

The corporate governance section in the website discloses the contact information which can be used by stakeholders to contact the Company's various responsible personnel. The information is available at https://www.ablerex.com.tw/ch/csr_3_5.php and between 2019 and 2021, we did not receive any internal or external complaints.

To emphasize on the promotion of labor and business policy on ethics, the company has established and executed relevant human rights related policies according to the GRI standards and spirit of the Global Reporting Initiative (GRI); in addition the company has also establish the "Work Rules" for regulating the relevant rights and obligations of the human rights of the company and employees, ensuring that every employee is treated fairly and humanely and with respect. We also have formulated the Measures of "Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace" and provided grievance filing channels to protect the rights and interests of female employees. The company has established the labor human rights policies in order to provide guidance to the entire company in the handling of social responsibility and labor criteria related to labor human rights. Furthermore, to fulfill the social responsibility, the company established the "Supplier Social Responsibility Rules" jointly with the cooperating partners in order to expand the influence thereof.



Shareholders meeting



Education and training sessions on ethical behaviors for new hires

3.2.3 Implement anti-corruption measures

Based on the business philosophy of integrity, transparency and responsibility, we have formulated the “Ethical Management Best Practice Principles”, the “Procedures for Ethical Management and Guidelines for Conduct”, the “Directors and Managers Ethical Code of Conduct”, and the “Code of Conduct for Employees”. These standards serve as the basis for the Company's personnel conducting their business activities. Prevent corruption and bribery, including not to provide donations to political parties or candidates. Conduct education and training and promotion sessions for directors, officers, employees and substantial controllers, so they can understand the Companies' resolve to implement ethical corporate management, preventing the consequences of committing unethical conduct.

The company also provides proper reporting channels (such as company websites - stakeholder communication channels), and thoroughly keep the identity of reporters and the content of reports confidential. After careful investigations by the headquarters and Auditing Office, it is reported to the President for subsequent handling. In cases where senior management is involved, it is reported to the supervisors directly. Furthermore, the ethical management policy and performance evaluation are combined with the human resource policy.

During the execution of audit work, the Auditing Office conducts the investigation according to its professional duties such that attitude of constant awareness and alertness is maintained in order to audit possible frauds, errors, omissions and conflicts of interests, etc. In cases where suspicious or possible corruption incidents occur, they are reported to relevant supervisors directly for appropriate investigation handling. During the recruitment of new employees, the company always considers ethics-based personal quality as one of the main criteria, and for senior supervisors, they are requested to make a proper example for their staff. Therefore, since the company's establishment up to the year 2021, there has been no recurrence of any corruption and bribery incidents in the company.

Since December 2015, the company has started to request suppliers to sign the new version of “Corporate Social Responsibility Declaration” (including the periodic and irregular feedbacks on the ethical status of Ablerex) and to guarantee that suppliers have not engaged in any bribery or payment of other illegal benefits, or any actions seeking illegal profits directly or indirectly. In case of any of the aforementioned matters, suppliers shall report to the company immediately. If any supplier engages in unethical conduct, it is treated as a severe breach of contract, and Ablerex may terminate or rescind the relevant contract or orders signed with such supplier. For serious violation, the company will revoke the qualification of the supplier.



3.2.4 Operational risk and management

We have recognized risks as potentially unfavorable factors such as behaviors, events or circumstances which may affect the Company's operating policies or goal achievements, or hinder the finances, business and operational functions, further weakening or losing the competitive advantage. Therefore, the Company places risk management as the core of enterprise operation and management, so that it can evaluate, prevent, control and deal with the risks and crises that may occur or appear in the complex and ever-changing business environment. The risks with material topics are put under supervision to correspond to the Company's policies and objectives and within a tolerable level. The measures ensure the stable and healthy growth of various businesses and overall operations, which help the Company fulfill sustainable operation, corporate governance and social responsibilities.

Scope of risk management

The Company values stakeholders' concerns with material topics in environment, society and corporate governance. The scope of risk management corresponding to the nature of the industry includes the operations, finances, environment, hazards, regulations and the management of other international laws and initiatives, and the risk items include but are not limited to the list on the right:

Risk management organizational structure

The risk management organizational structure includes the board, Corporate Governance and Sustainability Committee, Audit Office, and the management team.

I. Board of directors: The top-level decision-making unit for risk management policies. It appoints and supervises the management team, and is responsible for the overall operations and the establishment of specific objectives. It confirms the overall effectiveness of risk management and internal control systems.

II. Corporate Governance and Sustainability Committee: Promotes and evaluates corporate governance, environment, social responsibility and other related affairs. Reviews and evaluates the Company's risk management policies and objectives for operation, and the appropriateness of the relevant internal control procedures and scope adopted by the Company.

III. Audit Office: Formulate audit plans and implementations according to the Company's risk management policies and assessments. Provide improvement suggestions in a timely manner. Promotes the annual self-directed evaluation of the Company's internal control system for each unit to facilitate the Company's risk control.

IV. Management team: Plan and revise the risk management system in response to the internal and external environment and regulatory changes, and takes corresponding countermeasures for risk management and internal control.

1 Ethical management and anti-corruption

2 Shareholders' rights and interests

3 Socioeconomic compliance

4 Operational and market risks

5 Financial, liquidity, credit

6 Interest rate and exchange rate changes

7 Information security management

8 Intellectual property management

9 Climate change and management

10 Wastewater and waste management

11 Occupational safety

12 Product safety

13 Supplier management

Risk assessment and management strategy

The Company takes an active and cost-effective approach to manage all potential strategy, operational, financial and hazard risks which may affect the operations and profits, and uses a risk matrix to assess the severity of impact on the Company's operations. The risk levels are defined and put in order, and then adopt the corresponding risk management strategy. The management strategies or countermeasures for the major risks items assessed are listed as follows.

Material Topics	Risk Assessment Items	Risk Management Policy or Countermeasures
Corporate Governance	Ethical management and anti-corruption	Formulate the "Corporate Governance Best Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct", and establish communication channels for external stakeholders.
	Shareholders' rights and interests	Commission specialized shareholder services agents to handle shareholder matters, establish communication channels between the spokespersons and external stakeholders, and discloses information on finances, business, products, corporate governance, etc. on the Company's website.
	Socioeconomic compliance	Analyze changes in relevant regulations and other international regulations and take various countermeasures for continuous evaluation and control. The Company has fulfilled corporate governance and CSR, formulated internal control measures and various management regulations for daily operations in accordance with the Company Act and the Securities and Exchange Act, and obtained the ISO 9001 Quality Management System and the ISO 14001 Environmental Management System certification to meet the requirements of risk management and regulatory compliance.
Operation	Operational and market risks	Each business unit analyzes changes in the industries and adopt various countermeasures to control and handle potential market risk crises.
	Financial, liquidity, credit	Establish internal control systems, and control and implement procedures related to acquisition or disposal of assets, endorsement and guarantees, and lending funds to others.
	Interest rate and exchange rate changes	Use online exchange rate real-time reporting systems and improve the interactions with financial institutions to determine the trends of exchange rates. Before providing quotations to customers, we first assess the future exchange rate trends and factors which may affect the exchange rates.
	Information security management measures	The policy objectives of information security risk management are met in three aspects, information security governance, regulatory compliance, and technology application. From the system to application, and individual to overall, we fully implement the information security management and control measures to ensure the correctness, integrity and security of information and communication, so as to achieve information security risk management and protect the results of the Company's operations.
	Intellectual property management measures	We are one of the leading companies specializing in UPS and power quality disturbance (PQD) equipment in the technical fields of power conversion and clean energy technologies. We value intellectual property rights and have formulated the IP Acquisition, Maintenance and Operation Procedures, the Computer Operation Procedures and others to enforce the protection of the Company's intellectual property rights.
Environment	Climate change and management	By identifying potential climate risks and opportunities and incorporating the GHG inventory operations, we analyze trends and hotspots of GHG emissions over the years and make them the follow-up objectives for GHG reduction. We integrate the concept of reducing environmental impact into all stages of product life cycles and work together with the supply chain to continue developing energy-saving products.
	Wastewater and waste management	Formulate the Energy and Resources Management Procedures to properly manage water, electricity and other energy resources. The Company specializes in assembly and manufacturing, and only domestic waste water is discharged to the sewer system. We have requirements for domestic water use in order to conserve water and reduce waste water. According to our Waste Management Procedures, general wastes are sorted and delivered to qualified recycling operators, and industrial wastes are entrusted to qualified resource processors for disposal.
Society	Occupational safety	Establishment of various strategies according to laws and execution thereof Employee health examinations are held regularly The production workshops are regularly inspected for their noise intensity Promote labor safety education, lectures on fire protection and fire drills.
	Product safety	The laboratory established by the R&D center collaborates with certification agencies to comply with international energy efficiency standards, ensuring that products can be legally sold in various regions around the world and meet customer and product requirements. Since the laws of various countries are different, the approval of electronic products shall be made based on the test reports or certificates submitted according to the relevant local regulations.
	Supplier management	We have formulated the "Procurement Management Procedures", the "Supplier Assessment Procedures" and the "Supplier Environmental Impact Assessment Procedures", and we assess their quality and the status of environmental impact, and verify the actual situation before transactions with suppliers.

Implementation Status

The Corporate Governance and Sustainability Committee assists the board and functional committees in promoting and assessing matters related to corporate governance, environment, and social responsibilities. It reports the performance of ethical management and CSR to the board once a year and discloses the operation of corporate governance in the annual reports. The results of corporate governance are considered goods.

Based on these procedures, the Corporate Governance and Sustainability Committee has prepared the Risk Management Assessment Questionnaire focusing on the scope and items of risk management and distributed it to each responsible unit in October 2021. The work units judge and analyze the possibility and the severity of impact of risk events based on their actual circumstances. The results on the 2021 risk management implementation have been reported to the Audit Committee and the board in November 2021, and the ESG topics have been included in the future risk assessment according to the instructions of the board.

1. The disclosure covers the sustainability performance of main locations between January 2021 and December 2021. The risk assessment boundary is mainly included in the scope based on the relevance to the operation of the industry and the degree of impact on the material topics.
2. The Corporate Governance and Sustainability Committee conducts analysis based on the principle of materiality communicates with internal and external stakeholders, and evaluates the materiality of ESG issues, formulates risk management policies for effective identification, measurement, monitoring and control, and takes specific action plans to reduce the impact of related risks.
3. Based on the assessed risks, formulate relevant risk management policies or countermeasures as follows:

2021 Risk assessment and countermeasures

Material Topics	Risk Assessment Items	Risk Levels	Risk Management Policy or Countermeasures	Assessment of implementation of risk management
Corporate Governance	Ethical management and anti-corruption	Low-level risk	Formulate the “Corporate Governance Best Practice Principles” and the “Procedures for Ethical Management and Guidelines for Conduct”, and establish communication channels for external stakeholders.	Excellent
	Shareholders' rights and interests	Low-level risk	Commission specialized shareholder services agents to handle shareholder matters, establish communication channels between the spokespersons and external stakeholders, and discloses information on finances, business, products, corporate governance, etc. on the Company's website.	Excellent
	Socioeconomic compliance	Low-level risk	Analyze changes in relevant regulations and other international regulations and take various countermeasures for continuous evaluation and control. The Company has fulfilled corporate governance and CSR, formulated internal control measures and various management regulations for daily operations in accordance with the Company Act and the Securities and Exchange Act, and obtained the ISO 9001 Quality Management System and the ISO 14001 Environmental Management System certification to meet the requirements of risk management and regulatory compliance.	Excellent
Operation	Operational and market risks	Low-level risk	Each business unit analyzes changes in the industries and adopt various countermeasures to control and handle potential market risk crises.	Effective
	Financial, liquidity, credit	High-level risk	Establish internal control systems, and control and implement procedures related to acquisition or disposal of assets, endorsement and guarantees, and lending funds to others.	Excellent

Material Topics	Risk Assessment Items	Risk Levels	Risk Management Policy or Countermeasures	Assessment of implementation of risk management
Operation	Interest rate and exchange rate changes	Medium-level risk	<p>(1) Continue to strengthen financial personnel's mindset of exchange risk hedging. Use online exchange rate real-time reporting systems and improve the interactions with financial institutions to determine the trends of exchange rates and respond to the negative impact caused by exchange rate fluctuations.</p> <p>(2) Before providing quotations to customers, comprehensively consider and evaluate the future exchange rate trends and the factors affecting the exchange rates to determine appropriate and reasonable quotations, further minimizing the impact.</p> <p>(3) Use the offsetting control between the recurring foreign currency receivables and payables to achieve a certain degree of hedging.</p> <p>(4) Evaluate and purchase various derivative financial instruments in accordance with the Operating Procedures for Acquiring and Disposing of Assets, and have responsible supervisors strictly control the hedging positions to prevent improper transactions and reduce exchange losses from exchange rate risks.</p>	Effective
	Information security management measures	Low-level risk	The policy objectives of information security risk management are met in three aspects, information security governance, regulatory compliance, and technology application. From system to application and individual to overall, we fully implement the information security management and control measures to ensure the correctness, integrity and security of information and communication, to achieve information security risk management and protect the results of the Company's operations.	Excellent
	Intellectual property management measures	Low-level risk	We are one of the leading companies specializing in UPS and power quality disturbance (PQD) equipment in the technical fields of power conversion and clean energy technologies. We value intellectual property rights and have formulated the IP Acquisition, Maintenance and Operation Procedures, the Computer Operation Procedures and others to enforce the protection of the Company's intellectual property rights.	Excellent
Environment	Climate change and management	Low-level risk	<p>By identifying potential climate risks and opportunities and incorporating the GHG inventory operations, we analyze trends and hotspots of GHG emissions over the years and make them the follow-up objectives for GHG reduction.</p> <p>We integrate the concept of reducing environmental impact into all stages of product life cycles and work together with the supply chain to continue developing energy-saving products.</p>	Effective
	Wastewater and waste management	Low-level risk	<p>Formulate the Energy and Resources Management Procedures to properly manage water, electricity and other energy resources.</p> <p>The Company specializes in assembly and manufacturing, and only domestic waste water is discharged to the sewer system. We have requirements for domestic water use in order to conserve water and reduce waste water. According to our Waste Management Procedures, general wastes are sorted and delivered to qualified recycling operators, and industrial wastes are entrusted to qualified resource processors for disposal.</p>	Excellent
Society	Occupational safety	Low-level risk	In accordance with laws and regulations, regularly hold employee health examinations, production workshop noise intensity inspections, and sessions on labor safety education and promotion, fire protection and fire drills. Promote labor safety education, lectures on fire protection and fire drills.	Excellent
	Product safety	Low-level risk	<p>The laboratory established by the R&D center collaborates with certification agencies to comply with international energy efficiency standards, ensuring that products can be legally sold in various regions around the world and meet customer and product requirements.</p> <p>Since the laws of various countries are different, the approval of electronic products shall be made based on the test reports or certificates submitted according to the relevant local regulations.</p>	Excellent
	Supplier management	Low-level risk	We have formulated the Procurement Management Procedures, the Supplier Assessment Procedures and the Supplier Environmental Impact Assessment Procedures, and we assess their quality and the status of environmental impact, and verify the actual situation before transactions with suppliers.	Effective

The Corporate Governance and Sustainability Committee conducts risk assessment and analysis based on stakeholders' concerns with material environmental, social and corporate governance topics and the operational risks of the nature of the industry. The risk management policy or countermeasures have been reported to the board meeting on November 8, 2021, together with the "Risk Management Policy and Procedures" for review.

3.2.5 Regulatory compliance

(1) Improve corporate governance and protect shareholders' rights and interests

In accordance with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and relevant laws and regulations promulgated by the competent authority, the Company has established the “Corporate Governance Best Practice Principles”; the “Ethical Corporate Management Best Practice Principles”; the “Directors and Managers Ethical Code of Conduct”; the “Code of Conduct for Employees”; the “Human Rights Policy” and the “Corporate Social Responsibility Best Practice Principles” to be followed by all employees. The measures are to fulfill corporate governance, communicate with stakeholders on their concerns and protect shareholders' rights and interests. In 2021, the Company had no complaints or reports of violations of ethical management, corruption, or illegal activities.

(2) Fulfill CSR and comply with social, economic and environmental regulations

The Company has fulfilled corporate governance and CSR, formulated internal control measures and various management regulations for daily operations in accordance with the Company Act and the Securities and Exchange Act, and obtained the ISO 9001 Quality Management System and the ISO 14001 Environmental Management System certification to meet the requirements of risk management and regulatory compliance for product safety, labeling specifications and international standards in regions or countries of sales. In 2021, the Company did not violate laws and regulations or suffer major fines and penalties related to environmental protection, occupational safety and health, human rights, gender discrimination, intellectual property patents, etc.

3.3 Management Performance

Sustainable development is the mission of an enterprise, and maximizing performance and value is the objective and the action how an enterprise give back to its stakeholders. Stakeholders' concerns of enterprise growth, business performance and other rights and interests are important indicators for future investment and decisions. Ablerex values stakeholders' concerns of economic performance, and, in order to fulfill corporate governance and sustainable development, focuses on developing diverse green products and solutions which can optimize the energy conservation benefits, and the approach achieves stable revenue growth and profitability to improve return on shareholders' equity. The Company expresses its business performance during the period with financial data, which comes from the financial reports audited by professional accounting firms.

Consolidated Statement of Financial Position ^{Note 1}

Item	2019	2020	2021
Capital (NT\$ thousand)	450,000	450,000	450,000
Consolidated revenue (NT\$ thousand)	2,462,390	2,361,923	2,984,677
Gross profit (NT\$ thousand)	573,933	576,822	633,996
Gross profit (NT\$ thousand) ^{Note 2}	2,790	18,063	14,401
Net income for the period (NT\$ thousand)	40,555	42,626	72,801
After-tax earnings per share (NT\$)	0.88	0.93	1.60
Net Worth Per Share (NT\$)	32.64	32.58	33.06
Employee salary and benefits expenses	544,686	518,844	589,769
Payments to funders: Distributed as stock dividends (NT\$)	0	0	0
Payments to funders: Distributed as cash dividends (NT\$)	1.0	1.0	1.25

Note 1: The consolidated financial position adopts the International Financial Reporting Standards, covering 12 invested subsidiaries (see page 140 of the 2021 Annual Report for details).

Note 2: sheet date in the countries where the Company operates and generates taxable income.

The 2021 revenue items include sales and labor service income. The total is NT\$2,984,677 thousand, an increase of NT\$622,754 thousand (26.37%) over NT\$2,361,923 of 2020. Compared with the sales revenue from five major product categories and labor revenue contributed in the previous year, UPS equipment, APFs, project engineering, others (components, batteries, etc.) and labor services, except for the slight decline in the sales of solar power converters, have increased significantly over 2020. Among them, the amount of project engineering revenue has increased by NT\$357,824 thousand, an increase of 46.46%, which is the main reason for this year's significant revenue growth compared with the previous year and the setting the second highest record for revenue.

The total operating expenses of 2021 was NT\$2,906,698 thousand, an increase of NT\$597,728 thousand (25.89%) over NT\$2,308,970 thousand of 2020. Among them, the operating costs increased by NT\$565,580 thousand due to the increase in operating income and materials and manufacturing costs; operating expenses increased by NT\$32,148 thousand. Although the operating expenses increased compared with 2020, the R&D expenses continuously increased due to the need of development strategy, while the marketing and management expenses went up with the operating activities to return to the level before the pandemic.

Company's dividends policy

According to the Articles of Incorporation of the company, where there are surplus earnings for a fiscal year, the company shall make payment for the tax, compensate for the loss of previous years, followed by setting aside 10% as legal reserve, provided that if the legal reserve has been accumulated as to reach the paid-in capital of the company, such requirement may not be applied.

The Company's policy on dividends distribution depends on the current operating conditions, future capital needs and long-term operational plans, taking into account the interests of shareholders, balancing dividends and long-term financial planning. The cash dividends shall not be less than 20% of the total shareholder dividends, which shall be subject to approval in the shareholder meeting.

The 2021 earnings per share after tax is NT\$1.6, and a cash dividend of NT\$1.25 is distributed per common share (Note: The amount distributed includes the special surplus reserve) (Approved by the shareholders meeting on June 23, 2022).

Direct economic value generated and distributed

Unit: NT\$thousand

Consolidated Financial Position		2019	2020	2021	
Production and of Direct Economic Value	Operating revenue	2,462,390	2,361,923	2,984,677	
	Other income (including interest and others)	13,273	18,929	14,552	
	Other gains and losses	9,705	-5,050	1,282	
Economic Value Distributed	Operating costs	Operating costs	1,888,457	1,785,101	2,350,681
		Operating expenses	548,069	523,869	556,017
	Employee salary and benefits	Employee benefits expenses	544,686	518,844	589,769
	Paid to fund providers	Financial cost	5,497	6,143	6,611
		Cash dividend	67,500	31,500	47,250
	Government transactions	Income tax expenses	2,790	18,063	14,401
		Fines	0	0	0





04 Sustainable Product and Customer Management

4.1 Sustainable Product

4.1.1 Product innovations and green products

In recent years, due to the extensive development of the industry, the traditional petroleum energy on earth is consumed rapidly, leading to severe impact on the global environment, such as environmental pollution and greenhouse effect. The question on how to reduce the reliance on the traditional petroleum energy has become an important issue to all countries around the globe. Based on the viewpoint of reducing pollution and developing permanent energy from various types of energies and diversity of sources thereof, the development of renewable energy is an inevitable trend, and it has been listed by governments of various countries as important administrative goals for developing focused projects. Among the most potential renewable energies, there are solar power, wind power generation and fuel cells, etc.

In response to the UN's initiative on resources and environmental protection and to reduce severe environmental impacts and to contribute efforts to our earth, Ablerex is devoted to the research and development of products with high efficiency Uninterrupted Power Supply (UPS) system, Active Power Filter (APF capable improving power quality, Solar inverter for green energy system equipment and Energy Storage System (ESS) for relevant renewable energies, etc. in order to assist customers in the reduction of carbon dioxide emission and utilization of energy. We also adopt this mindset in our continuous efforts innovating and developing products.



4.1.1.1 Product design strategy and concept

【Research and Development Strategy】

- Continue to focus on product research and development for the improvement of power quality and increase of power supply reliability.
- Continue to invest in the R&D resources in the fields of new energies, renewable energies, energy recycling and energy saving, and engage in R&D of relevant products for current and future markets.
- Commitment in technology innovation and actively develop patent portfolio in order to enhance the technical competitiveness.

【Product design】

Products continue to head toward the design trend of high efficiency, compact size and light weight, while being equipped with the smart, modular and network functions as well as the direction of energy saving and carbon reduction. In addition, the company products are developed to fulfill the responsibility of safe use and health of customer ends as well as the environmental protection, and the WEEE Directive labels are applied to external packaging or stickers, ensuring that no violations against the health and safety related laws occur during the lifetime of company products.

Assessment and measures of product life cycle safety and health at each design stage

■ **Product Concept Development Stage**

Through market information collection/survey, further product development and development trends are evaluated in order to reduce the safety and health concerns of end users on the products.

- ◆ Market survey
- ◆ Customer feedback information

- ◆ Scholar researches and feedback information
- ◆ Reports of research institutions
- **Product Research and Development Stage**
 - ◆ Materials aspect

During the early development and design stage, the company discusses with the suppliers the materials required and requests the suppliers to provide materials test reports in order to determine whether or not relevant component parts contain hazardous substances, and also requests that all materials shall be a lead-free manufacturing process, thus preventing the hazards of materials to the health and safety of end users.
 - ◆ Technical design aspect
 - a. Specification environmental protection/safety function improvement
 - ◆ Design the new product structure in order to reduce the harmonic pollution and to improve the grid power quality.
 - ◆ Automatic shutdown during the environmental variable abnormality in order to ensure the safety of terminal users.
 - b. Increase efficiency

Continuous research products of increased efficiency and energy saving, and integrate various products in order to assist customers to save more energy, costs and harmonic pollution.
- **Product Certification Stage**

Develop products complying with the environmental protection as well as health and safety regulations based on the safety standards information specified in various countries and

customer demands

- ◆ United States: UL, cTUVus, FCC, ENERGY STAR, DOE
- ◆ Europe: CE / TUV / EMC / GS&CB / GS / VDE-AR-N4105 / G83 / 39 / CGC
- ◆ Taiwan: BSMI / VPC
- ◆ Thailand: ETS
- ◆ Australia: SAA

【Future Product Design Direction】

1. Development of multi-functions of high efficiency, compact, light-weight, smart, modularized, network and decentralized UBS new technologies.
2. Three-phase, high frequency and parallel connected Medium and large UPS
3. APF of high efficient power quality management technology
4. Grid-connected type of high power SOLAR INVERTER
5. Power management monitoring software technologies AC PDU, DC PDU
6. SMART GRIDS and cloud application related products
7. Wireless battery monitoring system BMS
8. Large energy storage system (ESS)

4.1.1.2 Efficiency of various types of products

According to the types of products, the efficiency of various types of products are as follows:

Product type	Efficiency	Benefit
UPS (Uninterruptible Power Supply system)	94.61%	Provide stable power quality and backup power to help enterprises reduce costs, and also reduce the use of generator equipment to reduce carbon emissions, air pollution and noise
Solar inverter	98.01%	Using the power inverter to transform the solar energy into usable electricity to be used for loads or put into the mains (wholesale), and to assist enterprises in achieving the objective of energy saving and carbon reduction.
APF (Active harmonic suppression device)	96.93%	With the use of APF, it is able to reduce the harmonic pollution/virtual power compensation and balance loads in order to stabilize power quality and to reduce the power distribution loss; in addition, it is able to also increase the power factor in order to achieve the objective of carbon reduction.
ESS (Energy Storage System)	98.07%	The power generated by solar energy and wind energy is provided to household loads through power converters, and the remaining electricity can be stored in batteries, providing benefits of self-sufficiency or time-of-use pricing, while reducing energy consumption, carbon emissions and costs.

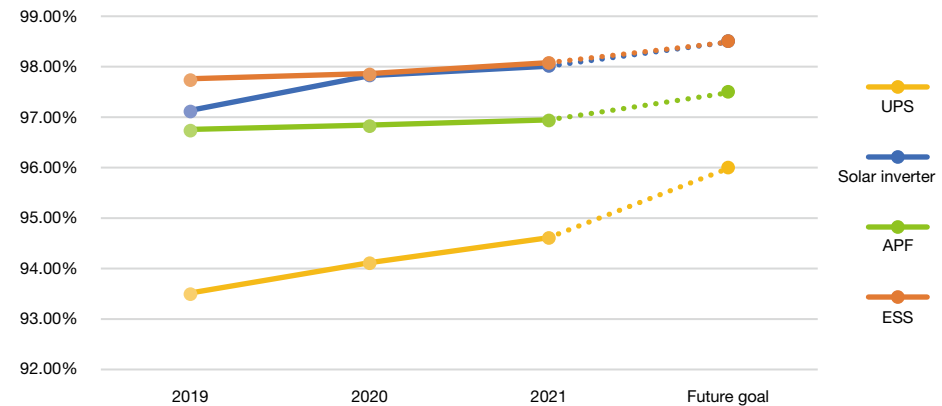
Note 1: The efficiency data is extracted from power analyzers HIOKI PW3390 and YOKOGAWA WT1600, using the maximum efficiency value of similar product in each year to generate the reports.

improvement results of energy-saving benefits of new product technology over the years

Product / Year	2019	2020	2021	Future goal
UPS	93.50%	94.11%	94.61%	96.00%
SOLAR INVERTER	97.11%	97.82%	98.01%	98.50%
APF	96.73%	96.82%	96.93%	97.50%
ESS	97.73%	97.84%	98.07%	98.50%

Note 1: The efficiency data is extracted from power analyzers HIOKI PW3390 and YOKOGAWA WT1600, using the maximum efficiency value of similar product in each year to generate the reports.

Note 2: The 2019 and 2020 data are revised due to the adjustments to the calculation method.



Current technologies or products successfully developed by AblereX are described in the following:

Year	Product type	Technology or product researched and developed successfully	Description of features or usages
2021	UPS	Online single-phase UPS ARES Plus 1k~3k RT / Tower Model for 230Vac System	<ul style="list-style-type: none"> ■ Increase product capacity from power factor of 0.9 to 1.0 ■ Addition of WiFi for more friendly human-machine interface ■ Battery quantity (1K: 2-3 units of batteries; 2K: 4-6 units of batteries; 3K: 6-8 units of batteries)
		Online interactive single-phase UPS Columbus 750VA~3kVA For 230Vac/120Vac system	<ul style="list-style-type: none"> ■ Increase power factor of the existing products from 0.6 to 0.7 ■ Add SNMP and DryContact Card ■ LCD panel display function ■ UL Standards-certified model (For 120Vac)
		A.T.S. (Auto Transfer Switch) ITS with CAM	<ul style="list-style-type: none"> ■ Fast conversion time 21ms to 16ms. ■ Support USB firmware update ■ Initial bypass output N.O. settings ■ Support EPO emergency stop function ■ High MTBF design
		Online three-phase UPS TAURUS 10K~100K	<ul style="list-style-type: none"> ■ Use of new three-level structure in order to significantly increase the operating efficiency of the entire machine ■ Output power factor design can reach PF = 1.0 ■ Addition of accelerated ECO supply conversion mode, and conversion speed < 3ms
		Online three-phase UPS Kronos 10k~40k	<ul style="list-style-type: none"> ■ Use of new three-level structure in order to significantly increase the operating efficiency of the entire machine ■ Reduce the specification of output power factor to PF 0.9 in order to allow the cost of the entire machine to be more competitive ■ Equipped with fast ECO supply conversion mode, and conversion speed < 3ms
		Online three-phase UPS for UL Kronos 10k~40k	<ul style="list-style-type: none"> ■ Use of new three-level structure in order to significantly increase the operating efficiency of the entire machine ■ Output power factor design can reach PF = 1.0 ■ Addition of accelerated ECO supply conversion mode, and conversion speed < 3ms ■ 4. UL Standards-certified model
	APF	Active Power Filter ESD34 150/100A	<ul style="list-style-type: none"> ■ Use of instant response control method. Such control method is able to optimize the transient response capacity of the Active Power Filter in such a way that at any point of each current cycle, instant compensation can be made, and the product compensation capacity is increased, and IP00/IP20 use demands are also satisfied
		APF 80A Rack Module	<ul style="list-style-type: none"> ■ New generation of product significantly increases the power density and reduces the installation space requirement ■ New generation of hot swamp technology ■ New controller with the addition of full order harmonic compensation and load balance mechanism ■ Use of Multi-Level conversion structure to reduce IGBT switch loss and to increase the number of times of harmonic compensations; in addition, it is able to compensate the harmonic and correct the power factor simultaneously
		SVG 70Kvar	<ul style="list-style-type: none"> ■ Boost VAr compensator responding within half a power cycle (10ms), which can affect the desired target of load compensation.

Year	Product type	Technology or product researched and developed successfully	Description of features or usages
2021	ESS	Single-phase household energy storage system Energy Storage System ESS5000/4000/3300	<ul style="list-style-type: none"> Energy storage systems (ESS-MET), energy storage inverter (ESS-INV), energy storage battery module (ESS-BAT). After the voltage, current and power of the responsible boundary point at the user end are measured by the smart electric meter and calculated by the controller, command is transmitted to the energy storage inverter in order to adjust the power, battery charging/discharging power of the solar power generation in order to achieve the function of self-sufficiency. Users of the time use price can also use the smart electric meter to set the peak and off-peak power consumption time intervals, and the controller is able to perform charging/discharging control at the corresponding time intervals, such that it is able to purchase electricity for storage at the time interval of low price and to sell electricity at the time interval of high price. Consequently, it is able to achieve the objectives of energy saving and maximizing the power consumption benefit. The energy storage inverter (ESS-INV) allows free choice and use of batteries, and it only requires the battery voltage to be within the range of 40~60V. The original manufacturer provides the lithium battery set (ESS-BAT) equipped with built-in battery management system (BMS) for user selection. In addition, it can also use batteries, such as: Lead acid, lithium iron phosphate, tantalum carbide, brine battery etc.
		Energy Storage System	<ul style="list-style-type: none"> New generation of energy storage system, with a single unit capacity of 85kW. It can expand the system capacity in parallel according to user needs, up to 2MW. It can be equipped with high energy density lithium battery modules. Integrate PCS and PV inverter through a smart meter (ESS-MET) to perform the complete regulation function of the energy storage system. <p>Time-of-use price, automatic scheduling, peak shaving and valley filling, self-sufficiency, emergency and disaster prevention output, and other functional modes.</p>
	GPS	Three-phase PV inverter ES 75000	<ul style="list-style-type: none"> This three-phase 75kW PV product is used in a 480Vac system to further provide the energy density of a single unit PV inverter. It can be connected to a photovoltaic module, and the number of parallel connections can reach the most optimal efficient working points in order to achieve the solar power generation system cost optimization. Smart MPPT tracking is able to effectively increase the solar system overall power generation amount such that the products can be more competitive.
		Single-phase PV inverter ES7200HC	<ul style="list-style-type: none"> Due to the progress of the solar panel manufacturing process over the years, the power density has gradually increased. Develop new generation of 7.2kW PV inverter in order to satisfy the applications of the market trend In addition, with the design of 1000V DC input and single MPPPT, the power density can be further increased/overall unit weight can be reduced.
		Taiwan CNS15382 Grid Connection Regulations	<ul style="list-style-type: none"> To cope with the national grid connection regulations in Taiwan, the entire series of PV inverter models sold in the region of Taiwan shall comply with the standard requirements.

4.1.1.3 Patent Technologies

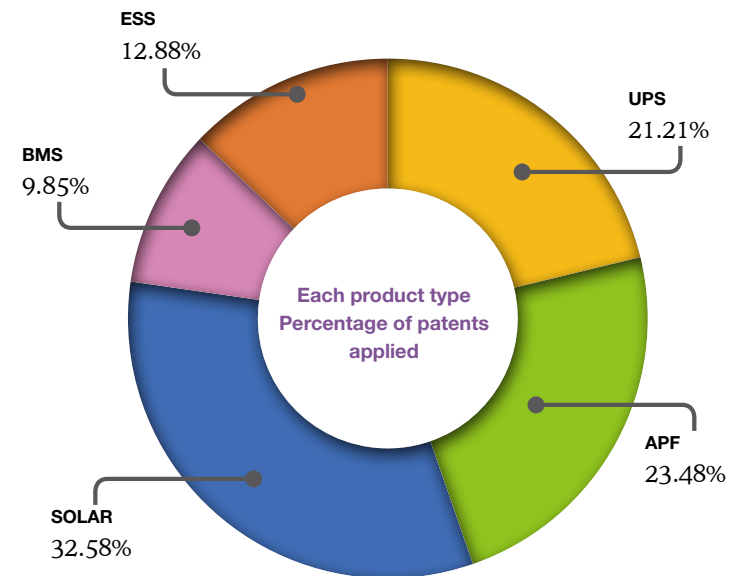
To enhance the product innovative research and development as well as to increase the competition of the company in the market, the quantity of domestic and foreign patents of Ablerex has increased significantly, which is of substantial effect on the improvement of technologies, increase of efficiency and pollution reduction in light of achieving the ultimate goal of energy saving and carbon reduction. Presently, the number of patents applications filed by the company has reached 132 applications, with 127 of them being granted, and the granted patents with acquisition of certificates has reached 96.21%.

Quantity of Patent Applications for Different Product Types

Registration region	Application status	UPS	APF	SO-LAR	BMS	ESS	Total
Taiwan	Certificate received	9	10	18	5	6	48
	Under examination	0	0	1	0	0	1
	Granted and certificate issuance in process	0	0	1	0	1	2
Taiwan Total		9	10	20	5	7	51
China (PRC)	Certificate received	8	10	11	6	4	39
	Under examination	0	0	0	0	2	2
	Granted and certificate issuance in process	0	0	0	0	0	0
China Total		8	10	11	6	6	41
U.S.A.	Certificate received	10	11	12	2	4	39
	Under examination	0	0	0	0	0	0
	Granted and certificate issuance in process	0	0	0	0	0	0
USA Total		10	11	12	2	4	39
Italy	Certificate received	1	0	0	0	0	1
	Under examination	0	0	0	0	0	0
	Granted and certificate issuance in process	0	0	0	0	0	0
Italy Total		1	0	0	0	0	1
Total		28	31	43	13	17	132

Number of patents with certificates received from 2019 to 2021

Year of certificate received	2019		2020	2021			
Registration region	China (PRC)	Taiwan	China (PRC)	China (PRC)	Taiwan	U.S.A.	Italy
BMS	-	1	-	1	-	1	-
ESS	1	1	-	-	1	-	-
SOLAR	1	-	1	-	6	1	-
UPS	-	-	-	-	-	-	1
Total	4		1	11			



Recently Developed Patented Technologies Capable of Significantly Improving Product Performance and Efficiency

No.	Patent Name	Application Summary	Applicable Product Type
1	Method and apparatus for tracking maximum power of solar power generation system	Applied to a solar power generation system, using an active resistive method to provide the maximum power output from the solar panels for load use in order to maximize the utilization of renewable energy.	SOLAR INVERTER
2	Two-way DC/DC converter control method	Applied to household solar energy storage system, and use this technology to store excessive power into the battery set such that it is able to achieve the self-sufficiency during the power consumption at peak times or during power outage in order to achieve energy saving effect.	SOLAR INVERTER
3	Business model, method and system generated from recovering information from testing power energy	Applied to a battery facility, this system is able to recover the power consumed by the equipment pending for testing back to the grid system in order to achieve the energy saving and carbon reduction effects.	UPS
4	Solar cell module shielding compensation apparatus	When a solar panel is shielded by external objects such that the power generation amount is reduced, such technology is able to increase the output voltage and power of the solar panel in order to achieve the optimum use of solar energy.	SOLAR INVERTER
5	Solar panel power generation abnormality testing method and system thereof	When a solar panel is damaged, this technology is able to detect the cause of the malfunction of the solar panel early for replacement thereof such that the solar energy resource application can be maintained at the most optimum state.	SOLAR INVERTER
6	Battery status testing method and system thereof	Applied to the energy storage system, telecommunication server, base station and utility room, etc. Such technology is able to detect the remaining electricity status and health condition of the battery through partial discharge in order to monitor that the system is under the most optimum conditions during the application thereof.	BMS
7	Multiport energy storage system and its control methods	Used in ESS or UPS systems, this technology can provide multi-power input and single-power output for the purpose of supplying the load or putting into the mains and single-power input and multi-power output supplying the load or putting into the mains	UPS / ESS
8	Dual-port energy storage system and its control methods	Used in ESS or UPS systems, this technology can provide single-power input and dual-power output for the purpose of supplying the load	UPS / ESS
9	Quick cut-off device of thyristor AC switch and its operations	Used in the AC switch of a solar power system to replace the traditional AC switch, and the size is smaller	SOLAR INVERTER
10	Power smoothing method and system for renewable energy power generation	Resolve issues with intermittent renewable energy grid connection causing power system instability	SOLAR INVERTER
11	Two-way isolating multi-level DC-DC power conversion apparatus with a wide voltage range and method thereof	Used in a two-way isolating multi-level DC-DC power conversion apparatus with a wide voltage range to reduce the capacity of the filter circuit, so as to expand the output voltage range and two-way power conversion and improve the operational efficiency.	ESS
12	Simplified solar panel power generation abnormality testing method and system thereof	Used in a solar panel power generation exception detection system. It compares the current point or several voltage points with an exception testing model with a power generation characteristic to check if the solar cell module generates electricity abnormally. The power does not need to be calculated, so it can simplify the power generation exception testing procedures and reduce the testing costs, while improving the testing efficiency.	SOLAR INVERTER
13	Operation and maintenance exception testing method and system for solar module or module string	Diagnostic system and method used in detecting exception in solar module power generation or the cleaning time, which can provide testing for multiple power generation exceptions and integrate with operation and maintenance exception testing to prevent improper direct conversion performance.	SOLAR INVERTER
14	Power factor compensation control method and system for solar power project field	Used in solar power system project field for day-night VAr compensation to improve the stability of the power system.	SOLAR INVERTER

【Articles and Papers Publication】

The publication of technical papers demonstrates the Company's level of innovation and technology. By participating in various seminars and paper publication, we can discuss with and learn from other groups and academic units that value technology improvement, efficiency improvement and environmental protection, so as to achieve the final product performance improvement and energy conservation. 62 papers have been published since 2004.

Unit: papers

Document Type		Number of publica- tions	Total
Articles and Papers	Domestic	15	35
	Overseas	20	
Seminar papers	Domestic	16	27
	Overseas	11	
Total		62	

4.1.2 Customer health and safety

Ablerex highly values the health and safety of customers, and strictly abides by international energy efficiency standards through cooperation with certification units. All products comply with international regulations and guidelines on product safety and labeling. From research and development, design, manufacturing to product use and other stages, the impacts on the safety of the human body and the environment are taken into consideration. The Company also takes the initiative to obtain product-related safety certifications and submit test reports or certificates to increase market access while providing customers and users with safe and reliable products. As of 2021, no prohibited or controversial products have been sold, and no huge fines have been imposed for violation of laws and regulations due to the provision and use of products and services.

4.1.2.1 Product safety compliance and hazardous substance management

The laboratory established by the R&D center collaborates with certification agencies to comply with international energy efficiency standards, ensuring that products can be legally sold in various regions around the world and meet customer and product requirements for energy conservation. Since the laws of various countries are different, the approval of electronic products shall be made based on the test reports or certificates submitted according to the relevant local regulations. The Company has transparent and effective customer complaint handling procedures for products and services. A corporate governance section on the Company's website includes stakeholder communication channels to facilitate consumer complaints and the expression of opinions of various stakeholders. Since 2016, a corporate social responsibility webpage constructed in English has also been provided for foreign stakeholders to further understand the Company's operations, and it also serves as a platform for filing complaints. We carry out customer satisfaction survey every year, and analyze and improve on the survey results.

We value the health and safety of customers, and effectively control the process from R&D, design, production and manufacturing to finished product output in accordance with relevant regulations to comply with customers' local specifications for products.

Technical design:

We improve the environment protection and safety functions in our specifications. New product architecture is designed to reduce the amount of harmonic pollution to improve the power quality of mains. Products are reinforced with sufficient filters to block harmonics from entering the mains, so as to prevent long-term pollution to mains which may affect the health and safety of users. Automatic shutdown is available during the environmental variable abnormality in order to ensure the safety of end users. Continuous research products of increased efficiency and energy saving, and integrate various products in order to assist customers to save more energy, costs and harmonic pollution.

Production materials:

Promotion of the Restriction of Hazardous Substances Directive (RoHS). RoHS came into effect on July 1, 2006. Products sold to the EU must not contain lead, cadmium, mercury, hexavalent chromium, polybrominated biphenyls, polybrominated diphenyl ethers, bis(2-ethylhexyl) phthalate, benzyl butyl phthalate, dibutyl phthalate and diisobutyl phthalate.

We actively promote green production and procurement. During the early development and design stage, the company discusses with the suppliers the materials required and requests the suppliers to provide materials test reports in order to determine whether or not relevant component parts contain hazardous substances, and also requests that all materials shall be the lead-free manufacturing process.

We use lead-free raw materials and apply electrical testing on lead-free products to achieve lead-free process in the production line. We have worked with our major customers to offer products that are free of harmful substances, winning customers' recognition.

Regulatory compliance:

The company products seek to achieve the goal of being environmental friendly, energy saving and hazardous substance free in order to comply with the local laws and regulations. In principle, all products shall comply with the RoHS for procurement. When assessing new suppliers, we request them to include the RoHS requirements for parts or raw materials in the contracts or orders, and their R&D personnel shall provide information related to safety.

4.1.2.2 Safety inspection

To cope with the global environmental protection issues, Ablerex is devoted to the improvement of power quality and increase of efficiency. In addition, through integration and development of energy saving/green products and solutions, the company is able to assist consumers to save energy consumed during use in order to achieve the effect of energy and power saving while ensuring the health and safety of terminal users. We have set up a professional safety work unit to collect the latest laws and regulations in a timely manner. The R&D team can immediately respond to changes in standards and design innovative products that meet safety standards. At present, our products meet the energy efficiency standards as shown in the table below.

Country of safety regulations	International safety/energy efficiency regulations
U.S.A.	UL CTUVus FCC ENERGY STAR DOE
Europe	CE TUV EMC GS&CB GS VDE-AR-N 4105 G83/39 CGC
Taiwan	BSMI VPC
Thailand	ETS
Australia	SAA

4.1.3 Product labeling

Since the laws of various countries are different, the approval of electronic products shall be made based on the test reports or certificates submitted according to the relevant local regulations. Prior to selling products to different countries, the company would understand the relevant local laws and regulations first in order to manufacture products complying with the laws and regulations. For example: European Unit's compulsory product safety standard of CE, and the compulsory product safety standard of UL in USA. No violations of regulations of product and service information labeling as well as the voluntary specification were recorded in 2021.

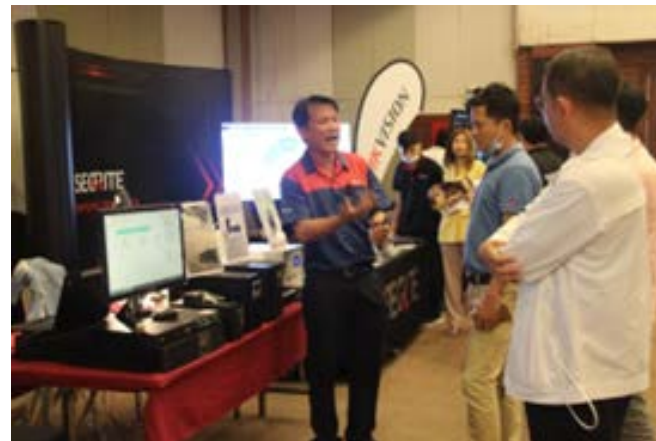
4.1.4 Competitive niche

With a strong R&D team and advanced professional production equipment, the Company is committed to the development and production of fast and high-efficient power electronic products that are capable of satisfying the market demands. We have the following competitive advantages:

4.1.4.1 Actively participate in international exhibitions to show brand advantages

The Company actively participates in international and domestic electronic information industry exhibitions. In recent years, we have reduced participation in some exhibitions due to the COVID-19 pandemic; however, Ablerex is well-known in the relevant global industry chains. The products of the company have also passed safety standard inspections in various countries, facilitating the expansion of the sales. In addition, the company offers complete product specifications for small and micro types of UPS in order to provide a complete product line to satisfy customer demands. Furthermore, the technical image and R&D competence of the company are strong, and the company is able to continuously meet the demands of customers in the development of new products. In the domestic industry, Ablerex is a cooperating partner receiving great recognition from international giant manufacturers, which is beneficial to the company in seeking ODM and OIM cooperation opportunists.

Thailand



Singapore



4.1.4.2 Products are light, small, smart and modularized

UPS products are heading toward the trend of being lightweight and compact in size as well as the direction of the functions of intelligence, modular and network. The core technology of the company has been headed completely toward the field of high-speed and high-precision. Moreover, in terms of the product development, the company has not only been equipped with the software and hardware design and development capabilities but also achieved the first class level on the product development seed and design quality. Accordingly, the company is able to cope with the changes in customer demands and evolution of technologies in order to timely launch new products and to engage in the market competition with greater performance and quality at a lower cost.

4.1.4.3 Stable quality based on the overall process planning

Improvement of production process is an important factor in manufacturing cost control, and the quality stability is also a key for the customer satisfaction and future business development. For the new product development process, the company implements detailed planning in the overall manufacturing process along with the continuous process and quality improvement operations in order to facilitate the production and effectively reduce the cost while improving the quality thereof. Ablerex is equipped with the professional manufacturing capability for a complete process of its own product development, software design, manufacturing and automatic assembly testing. The company continues to provide products of excellent quality, achieve on-time delivery and complete after-sales services such that the company is equipped with adequate competitive abilities.

Our goals for product quality and the environment are to meet customer, regulatory and organizational requirements. The head office and the plant in Suzhou have obtained the ISO 9001 Quality management system and the ISO 14001 Environmental management system certification.



4.2 Supply Chain Management

4.2.1 Supply Chain Overview

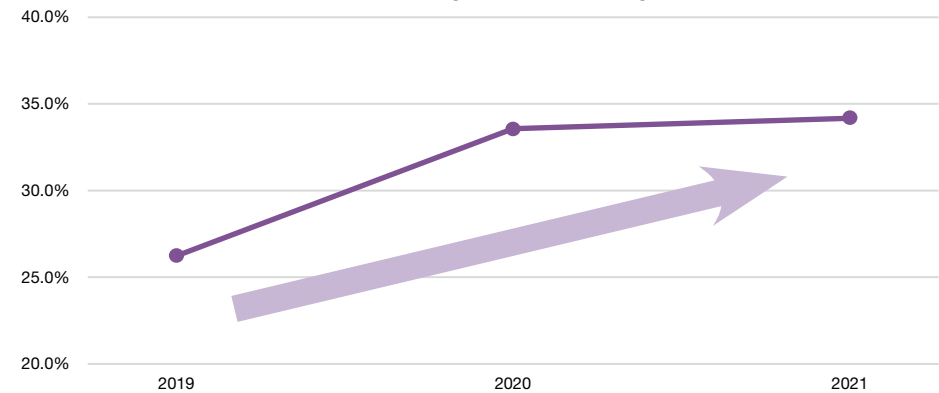
Our products include the power accessories and services for UPS, APF, solar inverter and ESS. The main materials are batteries, transformers, semiconductor electronic parts, plastic materials, iron shell PCB, wires and other components. According to statistics, we have transactions with more than 340 suppliers of materials in the last three years, and the region and the amount of purchase are shown in the following figure.

Proportion of procurement amount between 2019 and 2021

Procurement by region	2019	2020	2021
Purchase in China	65.0%	53.1%	54.6%
Local purchase	26.2%	33.6%	34.2%
Purchase in Americas	0.0%	0.0%	0.0%
Purchase in Europe	1.3%	1.1%	1.2%
Other regions	7.5%	12.1%	10.0%
Total	100%	100%	100%

Note: The basis for calculation was changed in 2021, and suppliers of labor services not directly related to the product were not included, so the information for 2020 and 2019 was updated.

Proportion of local purchase



We maintain a long-term, stable and good collaborative relationship with our suppliers. At present, the supply status of our partnering suppliers is considered good, and there is no shortage or interruption of supply. We also continue to promote localized sourcing to reduce the impact of transportation on the environment. There is no overweight proportion of purchase from vendors, so there is no excessive concentration of sources. We manage the risks and opportunities in supply chain to prevent the occurrence of force majeure disasters and risk events and ensure the stability of sources of supply for main and key materials, and we also maintain contact with other suppliers in the industry as preparation for future transactions.

4.2.2. Supplier management policy-

In order to provide customers with good and stable products and services, we also have continued to keep up with the ever-changing business environment by managing our supply chain. We have more than 340 suppliers of materials. We screen and assess new suppliers, and conduct evaluation, audit and counseling with our existing suppliers in ongoing transactions, hoping to keep qualified excellent suppliers who can align themselves with our sustainable development philosophy in terms of environmental protection, society and corporate governance.

We have formulated the “Procurement Management Procedures”, the “Supplier Assessment Procedures” and the “Supplier Environmental Impact Assessment Procedures”, and we assess their quality and the status of environmental impact, and verify the actual situation before transactions with suppliers. In 2015, we formulated the “Supplier Social Responsibility Rules”. We support and encourage high-standard CSR practices, and we notify suppliers of our standard on the management of enterprises, ethics, labors, environment, health and safety. We also request suppliers to cooperate with our policy and respect their employees' basic rights in freedom of association and collective bargaining. Per our customers' orders or regulatory requirements, we may ask suppliers to provide their Suppliers' CSR Commitment, Declaration of Minerals Conflict-Free, HSF and other information as reference. We also evaluate whether new suppliers have a prior record of impacting the environment and society. As of 2021, we have our suppliers in ongoing transactions sign 344 copies of CSR Commitment.

4.2.2.1 Supplier evaluation

Evaluation and screening processes for new suppliers: The evaluation items are divided into five aspects of quality, management technology, equipment and cooperation. For suppliers with comprehensive evaluation reaching a total score of above 70 points, they can be listed as qualified suppliers of the company upon the confirmation of review. We also request the newly qualified suppliers sign the CSR Commitment which requires them to comply with environmental regulations, reduce pollution, conserve energy and reduce carbon emissions, protect labor rights, and carry out no forced labor, no discrimination and no hiring of child



labor, and improve the workplace condition, as well as other topics involving environmental protection, safety or health, so that we can all fulfill corporate social responsibility.

4.2.2.2 Supplier evaluation

For existing suppliers (raw materials/components), we conduct annual evaluation on their quality, cost, lead time, services and other aspects, and classify them based on the evaluation results in order to select the outstanding performers for more transactions.

4.2.2.3 Supplier audit survey and counseling

We have established an audit team to conduct audit from time to time. Suppliers who are graded more than 80 points are considered qualified, and those who are graded below 80 are required to make improvements. We conduct follow-up inspections of their deficiencies or give them suggestions, experience sharing and education and training sessions, hoping to improve their quality, technology and yield.

4.2.3 Status of supply chain management

Joint Procurement Department conducts supply chain management based on the Company's regulations, which include the assessment and screening of new suppliers and the signing of CSR Commitment. The results of supplier evaluation and audit of current suppliers meet our expected goals as shown on the right.

Item / Year	2019	2020	2021
Number of new suppliers developed	27	34	34
Number and percentage of new suppliers signing the CSR Commitment	15 (55.6%)	32 (94.4%)	32 (94.1%)
Number of suppliers (with transactions) evaluated in the year	226	156	116
Average score and pass rate of annual supplier evaluation	85 (100%)	89 (100%)	92 (100%)
Number of suppliers audited (document review or on-site review) and the pass rate	2 (100%)	7 (100%)	12 (100%)

Note: The basis for calculation was changed in 2021, and suppliers of labor services not directly related to the product were not included, so the information for 2020 and 2019 was updated.

4.3 Marketing and Service

4.3.1 Marketing Management

The products and technologies of the company are mostly self-developed by the company or jointly researched and developed with academic institutions. During the R&D and manufacturing process, professional personnel also collect external information related to patent, technology and legal aspects, and also sign relevant contracts with clarified responsibilities in order to ensure the compliance to the relevant laws and regulations. In addition, the company product introduction advertisement published to the external mainly uses the printed journals and magazines, and the proposal completed is submitted to the handling department supervisor for content review, which is also required to be submitted to the senior management or the President for approval in order to be sent to the art editor for creation. Furthermore, for the work completed by the art editor, it is verified by the handling personnel again in order to be submitted to the media end for publication. During the aforementioned review and audit process, deceptive content or infringement are also prevented. As of 2021, there has been no violation of regulations and voluntary guidelines regarding marketing promotion (including advertising, promotion and sponsorship).



4.3.2 Respect and protect customer privacy

The company has established non-disclosure related policies according to the “Procedures for Ethical Management Operation and Guideline for Contact” and has set up dedicated units in charge of the establishment and execution of the management of intellectual property rights of the company, including trade secrets, trademarks, patents and copyrights etc., preservation and non-disclosure operating procedures, as well as the periodic review and result implementation in order to ensure that the operating procedures continue to be effective.

In addition, company personnel shall avoid making any business deals with agencies, suppliers, customers or other parties in a business relationship of the company involving in unethical conducts. In case where the party in a business relationship or cooperation is found to be subject to unethical conduct, the business relationship of such party shall be stopped, and it shall be listed as a rejected party for business in order to implement the ethical management policy of the company.

When the negotiation or discussion content with a customer involves the confidential information of both parties, our company will sign a non-disclosure agreement (NDA) with the customer in order to prevent the disclosure of confidential information and to protect the rights of both parties. In 2021, there were no complaints related to violation of customer privacy or loss of customer information.

4.3.3 Customer service satisfaction

Satisfying customer needs is our mission and goal. We conduct interviews or questionnaire surveys in a timely manner to understand subjective and objective customer satisfaction with services (cooperation, technology, customer complaint handling) and products (quality, lead time, price) as reference for the company's continuous improvement in the future.

According to the “Customer Satisfaction Survey Procedures”, the sales department conducts interviews every half a year with customers who have regular orders and once a year with those who place order from time to time. Scoring standard: Based on than 60% of the recovered questionnaires, the overall satisfaction must reach 75 points or more to be considered as satisfactory, and those with a total score of individual customer satisfaction less than 80 points will need further review for future improvement.

2019 to 2021 Customer Satisfaction Survey Results are as follows

Department / Year	2019	2020	2021
Sales Department 1	92.0	89.9	83.8
Sales Department 2	85.0	84.7	83.1
Technical Services Department	92.0	85.8	86.9
Energy Department	87.4	87.0	88.2
Total average	89.1	86.9	85.5

Customer satisfaction evaluation and analysis: In 2021, due to the continuing impact of the COVID-19 novel coronavirus pandemic, the raw material preparation period was prolonged, and the transportation was relatively unstable, resulting in a longer lead time for some orders, and the satisfaction with service and lead time was slightly lower than that of 2020. In the current market condition of unstable supply of raw materials, the sales units explain the production capacity to customers in a timely manner to let them know of the delivery of their orders. Overall, customers' evaluations in all aspects are in line with expectations, while pricing is still the main factor affecting customer satisfaction. We will continue to work hard on quality, service and other aspects to make customers more satisfied with the company's products, services and prices.



The background features a complex, layered design of organic, flowing shapes in various shades of green, from light mint to deep forest green. These shapes are set against a white background and are interspersed with fine, golden-brown particles and speckles, creating a sense of movement and natural texture. A semi-transparent white horizontal band runs across the middle of the image, serving as a backdrop for the text.

05 Sustainable Environment

5.1 Environmental Report

5.1.1 Environmental policy, climate change and management system

Ablerex recognizes the impact of climate change on the development of the industry and the Company. By identifying potential climate risks and opportunities, the Company incorporated GHG inventory into the operation in 2016, and conducts annual GHG inventory to analyze the trends and hotspots of GHG emissions over the years, and make them the follow-up objectives for GHG reduction. The Company's environmental management system includes waste water and waste management, and incorporates them into the climate change and greenhouse gas aspects to meet environmental regulations and gradually implement environmental sustainability. We have formulated the “Energy and Resources Management Procedures”; “Waste Management Procedures”; “Waste Gas Treatment and Monitoring Management Procedures”; and “Environmental Supervision and Measurement and Testing Procedures” for all employees to follow. The Corporate Governance and Sustainability Committee has been authorized to carry out supervision and management.

5.1.2 Climate change risk management and countermeasures

Due to frequent extreme weather events in recent years, we have identified operational risks, and referred to the four core elements of the TCFD (Task Force on Climate-Related Financial Disclosures), “governance”, “strategy”, “risk management”, and “metrics and targets”, in 2021 to construct our risk framework. Through this approach, we understand the impact of climate change risks and then propose countermeasures.



Governance

The Corporate Governance and Sustainability Committee, chaired by the chairman, holds meetings to discuss climate change issues. Meetings are held every year, and the discussions include potential environmental impacts such as climate change and utilization efficiency of energy and resources on the Company's operations. The climate change issues and implementation status are regularly reported to the board every year.



Strategy

Policy and regulatory risks related to the risks and opportunities of climate are shown as follows:
With respect to the regulations on GHG inventory, the Company has not been compelled to disclose the information. After assessment, it is known that the impact of environmental policy and regulations is on the Company's overall operation and financial position is relatively low. Transition risk:

- (1) Changes in local laws and regulations lead to an increase in the Company's operating costs.
- (2) Changes in customer demand lead to a decrease in orders placed.
- (3) The company's R&D expenses increased.

Physical risks:

- (1) Rising temperature: Changes in the source of raw materials increase costs, cooling equipment increase energy consumption, and power curtailment crisis.
- (2) Typhoon disasters: Broken roads resulting in shortage of raw materials, damage to public facilities, shutdown due to flooding.
- (3) Sea level rise: Broken roads resulting in shortage of raw materials, damage to public facilities, shutdown due to flooding.

Opportunities:

- (1) For main raw materials in the supply chain, develop a backup or second supplier. Energy conservation and carbon emissions reduction in office areas. Continuous development of green products.
- (2) For main raw materials in the supply chain, develop a backup or second supplier. Change production areas Continuous development of power equipment and green products.
- (3) For main raw materials, develop a backup or second supplier. Change production areas Continuous development of power equipment and green products.

Discuss risks and opportunities involving climate change with members in meetings, and identify the following risks and propose action plans:

1. Response to transition risks:
 - (1) Pay attention to the updated status of laws and regulations at all time. Review the Company's conformity to regulations and then develop various measures for regulatory compliance.
 - (2) We integrate the concept of reducing environmental impact into all stages of product life cycles and work together with the supply chain to continue developing energy-saving products.
2. Response to physical risks: The Company has incorporated the ISO 14001 Environmental management system into the business to reduce risks to a controllable level by planning objectives, actual implementation, reviewing results, and continuous improvement.



Risk Management



Indicators and objectives

1. Greenhouse gas emissions (metric ton/NT\$ million) per unit of revenue reduced by 1%.
2. Water use intensity (thousand liters/person) reduced by 1%.
3. Waste (metric ton/NT\$ million) per unit of revenue reduced by 2%.

5.2 Quantitative Management of Energy Conservation and Carbon Reduction

5.2.1 Quantitative management objectives for energy conservation, carbon emissions reduction and water and waste management

(1) Energy conservation and carbon emissions reduction

- In response to global climate change, countries around the world have spared no efforts in promoting energy conservation and carbon emissions reduction. Quantitative management objectives for energy conservation and carbon emissions reduction: The GHG emissions per NT\$ million of revenue in the previous year is the base period, and the emissions of the current year should be reduced by 1% year by year.

(2) Water management

- In response to global climate change, stabilization of water supply has become a problem faced by many countries. In order to fulfill social responsibilities and respond to the issue of global water shortage, the company uses the per capita water use intensity of the previous year as the base period, and reduces the water consumption of the corresponding period of the current year by 1%.

(3) Waste management

- In order to promote sustainability of the environment and cherishing of resources, the management objectives for waste generated from design to production are that the volume of waste per NT\$ million of revenue in the previous year is the base period, and the volume of waste of the current year is reduced by 2% year by year.

5.2.2 Measures for achieving management by objectives

(1) Energy conservation and carbon emissions reduction

- For electric lighting, replace traditional lamps with high-efficiency and energy conservation lamps.
- Adjust the lighted paths in the office and factory areas to reduce the lighting region.
- Air-conditioning temperature and timer scheduling management. Distribute short-sleeved breathable shirts in summer.
- Annual inspection and analysis of the reasonableness of electricity consumption to negotiate the best contract capacity.
- Plan attendance and freight scheduling, and make reasonable arrangements to reduce carbon emissions from transportation.

(2) Water management

- When replacing sanitary equipment, purchase those with water-saving label, and install water-saving devices on hand washing sinks.
- Adjust triangular valves to reduce water consumption.
- Annual inspection and analysis of water consumption to ensure the reasonableness in consumption.

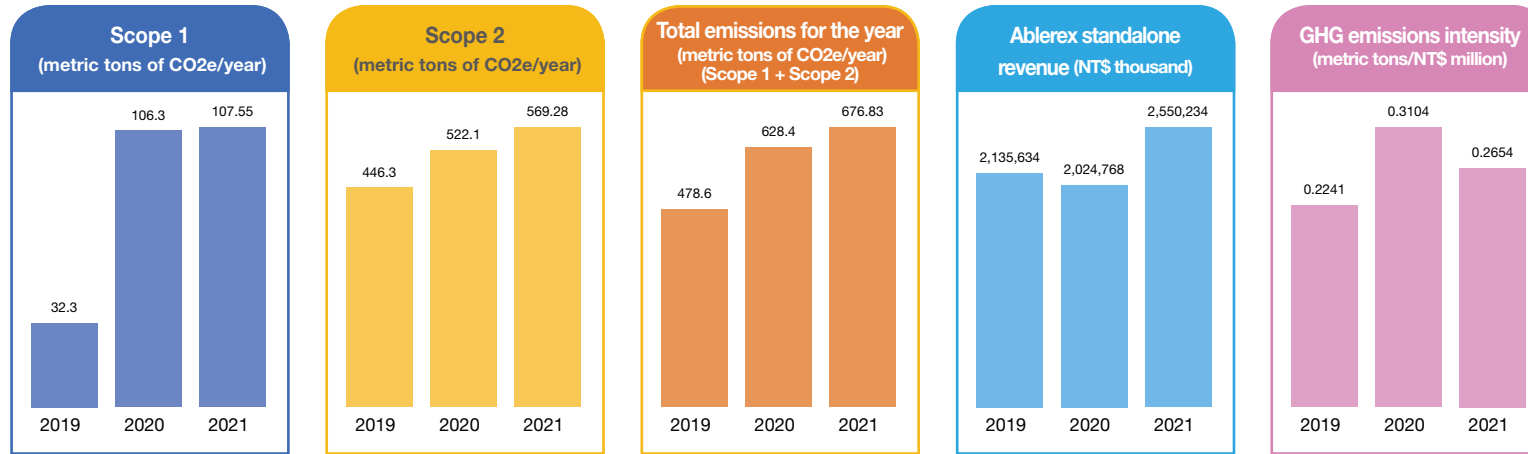
(3) Waste management

- Implement waste categorization and recycling and promote the concept of saving the Earth.
- Adhere to the principle of low-carbon procurement and prioritize sourcing from local suppliers. Produce reports in electronic format to reduce paper waste.
- Improve the capability of the maintenance team. Maintenance first before replacement, and avoid direct scrapping.
- Reuse pallets. Pallets that are kept intact from sea freight are then reused in the domestic factory floor.

5.2.3 Current achievements

(1) Greenhouse Gas Emission

For the greenhouse gas emission between 2019 and 2021, please refer to the table below.



Note:

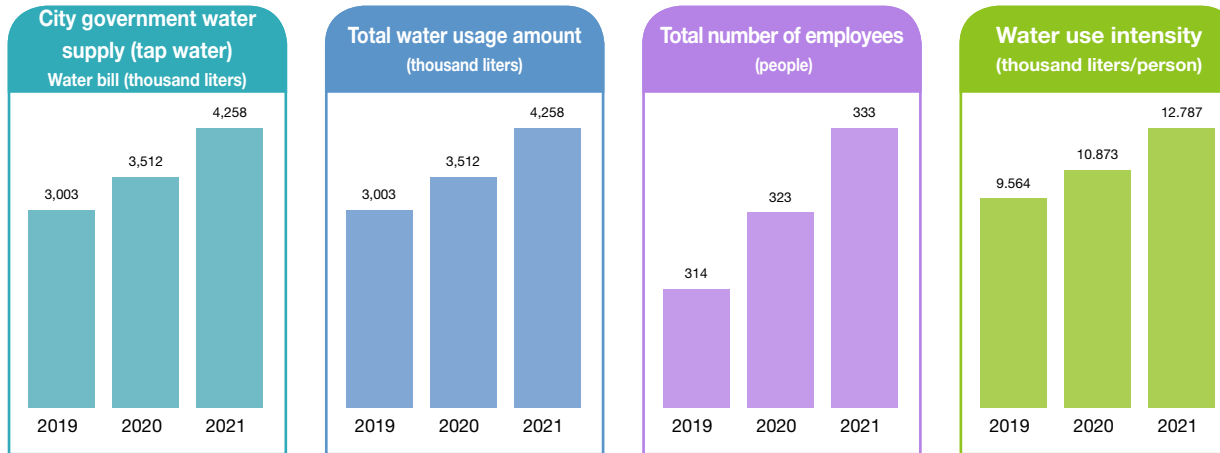
- (1) The scope of inventory covers office in Taichung, Pingtung Plant 1 and Pingtung Plant 2.
- (2) In response to the request by the competent authority to present the GHG emissions in terms of "intensity", the relevant data for 2019, 2020 and 2021 are recalculated.
- (3) GWP value adopts the IPCC AR5 value.
- (4) Electricity carbon emission factor: The 2020 electricity carbon emission factor of 0.502 kg CO2e/kWh is used; the other years use the electricity carbon emission factor for the years.
- (5) The Company currently collects and aggregates data from Scope 1 and Scope 2, excluding Scope 3.

Analysis:

It is identified that the main greenhouse emission sources are electric power, transportation vehicles (diesel), cooling equipment (coolant) etc. The GHG emissions in 2021 were 676.83 metric tons, a slight increase from the 628.4 metric tons in 2020, which is due to the increase in revenue growth. However, the GHG emission intensity in 2021 was 0.2654 metric ton/NT\$1 million, which is a decrease from 2020 of 14.5% compared with 0.3104 metric ton/NT\$1 million. This is due to that the Company's energy conservation and carbon reduction management measures have been implemented effectively, and we will continue the efforts.

(2) Water management

2019-2021 Period Water Intake Status



Scope of statistics: Include Taipei Office and Pingtung Plant.

Note: Presented in intensity based on the requirements of the competent authority, so the data of 2019 and 2020 are updated.

Analysis:

The Company offers products in assembly. The waste and sewage discharged at each operating site and factory area are mainly domestic sewage. In order to ensure that the domestic sewage discharged meets the regulations for water pollution prevention, the water quality has to meet the standards for effluent, and then the sewage is discharged to the sewer system. The water use intensity in 2021 was 12.787 thousand liters, an increase of 17.6% compared with the water use intensity of 10.873 thousand liters in 2020. The main reason is the increase in the number of employees and that due to the impact of the pandemic, we had to conduct trial runs in our factory at clients' request, resulting in an increase in water consumption.



(3) Waste management

2019~2021 Period Waste Type and Treatment Status Overview Table

Waste code	Item	Unit	2019	2020	2021	Type
D-1801	General industrial waste	Metric ton	5.140	5.020	5.510	Consumer garbage
E-0217 / E-0221	Hazardous industrial waste	Metric ton	0.711	0.196	0.150	Waste electronic component parts, scraps and defective parts and PCBs
Total industrial waste		Metric ton	5.85	5.22	5.66	
Standalone revenue		NT\$ thousand	2,135,634	2,024,768	2,550,234	
Waste intensity		Metric ton/NT\$1 million	0.0027	0.0026	0.0022	

Analysis:

The Company offers products in assembly, and the waste in each operating site and factory area is divided into two categories, general waste and industrial waste. Industrial waste is entrusted to local qualified waste disposal operators to be transported to incinerators or landfills designated by the government. The waste intensity in 2021 was about 0.0022 tonnes per NT\$1 million in revenue, which is about 15.4% less than 0.0026 tonnes per NT\$1 million in revenue in 2020. The waste management measures have been effective, and we will maintain the efforts.

5.2.4 Compliance with Environmental Protection Laws

Based on the characteristics of the industry, Ablerex has obtained the ISO 14001 Environmental management system certification to reinforce the operations management of the environment, safety and health in factory areas, and taken actions to respond to environmental impact.

There is no major source of pollution in the production process. However, in response to changes in laws and the needs of operation and management, we have assigned dedicated personnel in charge of environmental protection who check the status of regulatory changes from time to time to determine whether the Company's operations are affected.

The Company's waste water discharge and waste disposal are handled in accordance with relevant laws and regulations, and the leftover, scrap, and waste generated in the production process are entrusted to qualified recycling operators for further treatment.

All employees follow the management standards for environmental protection, safety and health. In 2021, the Company was not fined or sanctioned for pollution, violating environmental laws and regulations or being involved in litigations.



06 Employee Care and Social Participation

6.1 Employee Rights and Labor Relations

Ablerex believes that talents are the Company's most important assets. Employees are provided with a safe, healthy and high-quality work environment. Investment in and cultivation of talents can help employees maximize their potential in job performance. Providing comprehensive remuneration and benefits and creating a worry-free workplace with transparent and appropriate labor-employer communication practices can build friendly labor-management relations help the Company continue to grow.

6.1.1 Remuneration and benefits

The Company has formulated the "Work Rules" in accordance with the Labor Standards Act. The content includes salary, bonus, working hours, leave, attendance and performance assessment, welfare measures, etc., and it clearly defines the rights and obligations of both employers and employees, so that they can work together to find more growth. According to the Articles of Incorporation, the Company shall allocate 6% to 10% of the profit of the year as employee bonus. In addition, the Remuneration Committee consolidates relevant company policies, employee performance appraisal systems and corporate social responsibility policies every year, and takes the policies, practices, standards and structure into the consideration for remuneration.

Remuneration at main business locations of Ablerex and the employment of local residents as senior officers:

Proportion of senior management hired from the local community

Employment situation	Number of people/ Percentage
Local senior management	8
All senior managers	8
Proportion of senior management hired from the local community	100%



Employee welfare is subject to the Labor Standards Act and relevant laws and regulations, and the Company has provided group medical insurance, accident insurance, health check and other measures for employees. The Employee Welfare Committee was also established to coordinate employee welfare programs which offer wedding, funeral, hospitalization and childbirth subsidies, and organize welfare activities such as birthday parties and domestic or overseas trips to improve employees' quality of life.

The end of the year banquet was cancelled due to the pandemic in 2021. The lucky draw event at the end of the year banquet was moved online. The entire process was recorded as a gesture of fairness, and the welfare committee members acted as witnesses of the video recording.

Retirement system and implementation progress

The company establishes the employee retirement regulations according to the Labor Standards Act, and the company also appropriates a certain ratio of pension reserve according to the total amount of salary payment on a monthly basis in compliance with the “Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds”, and the pension reserve is deposited into the Central Trust of China for utilization such that during the actual payment of pension, in case where the reserve account is insufficient for the payment, the deficit part is listed as an expense of the current period.

Since July 1, 2005, in accordance with the implementation of the Labor Pension Act, (hereinafter referred to as the “New System”), the service years of employees with the applicability of the old system for the payment of pension choose the use of the New System, or the service years of employees on board after the implementation of the New System change to use the affirmed appropriation system, then the payment of the pension shall be handled by the company by appropriating no less than 6% of the monthly wage on a monthly basis for saving into the labor pension personal account. For the affirmed appropriation pension part, the company shall appropriate 6% of the monthly wage of the employee to the Bureau of Labor Insurance according to the regulations of the Labor Pension Act, and the appropriated amount is listed as an expense of the current period. At the end of each year, the actuary estimates the number of people close to retirement to calculate the allocation amount, which has been fully allocated in 2021.



Employee communication

Employees can properly participate in the Company's management and express opinions through various channels. Labor unions or different committees are established to demonstrate how employees can participate in the Company's decision-making. The Company also regularly holds labor-employer meetings or provides a grievance filing system, so that employees can express their opinions and suggestions, and participate in the management of the Company's affairs.

Communication channel

Communication channel	Function	Responsible department
Laborer and employer meeting	Labor rights or policy communication	Representatives from labor and employer
Employee complaints	Develop good labor-employer relations and listen to employees' needs and expectations	Head of human resources
Prevention of sexual harassment	Prevention of sexual harassment and protection of victims' rights and interests	Head of human resources
Anti-corruption reporting	Anti-corruption reporting to maintain the culture of ethical management	Head of human resources
Official website	Policy announcement	Head of human resources
Factory manager's email	Establish various one-way/two-way communication methods and assist employees to solve problems	Factory manager

Four times labor-employer meetings were held in 2021. Representatives from the two parties discuss labor and employer rights and interests or promote policies. Due to the pandemic, the Employee Welfare Committee is asked to cancel company trips, and issue travel subsidy to employees instead.







The labor-employer meeting held in December 2021 disseminated information on new regulatory policies in response to the change in the rate table of the National Health Insurance introduced by the National Health Insurance Administration of the Ministry of Health and Welfare, in which Level 1 was adjusted to NT\$25,250 due to the increase in minimum wage starting January 1, 2022.

6.1.2 Employee diversity







Employee recruit/resignation ratio

For the years of 2019 and 2021, the employee basic structure of new recruit, resignation and age status are as follows:

New hires

Age	2019		2020		2021	
						
<30 years old	25	5	14	0	21	10
31-50 years old	19	8	26	7	25	14
>51 years old	1	0	0	0	0	0
Total number of people	45	13	40	7	46	24
Total	58		47		70	
New recruit ratio	14.33%	4.14%	12.38%	2.17%	13.81%	7.21%
Total	18.47%		14.55%		21.02%	

Resigned

Age	2019		2020		2021	
						
<30 years old	13	1	13	3	19	8
31-50 years old	27	9	21	3	27	7
>51 years old	0	1	1	1	1	2
Total number of people	40	11	35	7	47	17
Total	51		42		64	
New recruit ratio	12.74%	3.50%	10.84%	2.17%	14.11%	5.11%
Total	16.24%		13.00%		19.22%	

6.1.3 Human rights policy

Human rights policy

The Company values the promotion of labor and business ethics policies. The Company has adopted the principles of the GRI Standards for sustainability reporting issued by the Global Reporting Initiative (GRI) in 2016 to establish and implement human rights-related policies, and followed the “Labor Standards Act”, the “Employment Service Act”, the “Act of Gender Equality in Employment” and other relevant regulations promulgated by the competent authority to formulate the “Company's Work Rules” to define the rights and obligations of the Company and its employees. It is believed that every employee is treated equally and with respect, and we have established the “Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace” and channels for grievance filing to protect the rights and interests of female employees.

Human right assessment

The Company is committed to sustainable development and operation, and also pays attention to enhancing the concern for people and the environment, and undertakes and promotes social responsibility for employees, consumers and the overall environment. In order to fulfill the commitment to providing a safe and healthy workplace, an environmental, occupational and health management unit has been set up to manage employees' occupational safety and health operations, and regularly hold general health inspections for current employees. The Company also established the “Supplier Social Responsibility Rules” jointly with the cooperating partners and have them sign the CSR Commitment in order to expand influence.

Human rights concerns and practices

- Comply with local government regulations and international standards
We have the ethical standard which requires us to abide by the local government regulations and international standards, and adopt the standard which provides employees with the greatest assurance when performing their business activities.

Ablerex complies with the government laws and regulations of each region. In case of any major changes in the company operations such that the rights and benefits of employees may be affected or where there is a major change in the duties of employees, the company will provide advance notices and discussions. If an employment contract is to be terminated, the advance notice period is provided according to the Labor Standards Act as follows:

- ▶ Where an employee has worked continuously for more than three months but less than one year, the notice shall be given ten days in advance.
- ▶ Where an employee has worked continuously for more than one year but less than three years, the notice shall be given twenty days in advance.
- ▶ Where an employee has worked continuously for more than three years, the notice shall be given thirty days in advance.
- Prohibit unlawful discrimination to reasonably ensure equal job opportunities
The Company ensures equal treatment in hiring, remuneration and benefits, training opportunities, promotion, dismissal or retirement and other labor rights matters, and does not discriminate on the basis of age, gender, physical and mental disability, ethnicity, race, nationality, religion or other status, etc.
- Ban child labor
In case where the company and suppliers are subject to the condition of employing child labors (age above 15 but less than 16 years old according to the Labor Standards Act), then it shall be handled according to the relevant regulations of the Labor Standards Act. In addition, it is strictly prohibited to employ child labors in performing works from 8:00PM to 6:00AM of the next morning or performing heavy and hazardous works in order to comply with the No. 138 of the International Labour Convention and the contents of the Convention on the Rights of the Child of the United Nations. In 2021, Ablerex was not subject to any employment of child labor.
- Prohibition of inhumane treatment
The Company prohibits physical harm, inappropriate corporal punishment, threats of physical, sexual and other harassment, verbal violence or any other form of intimidation.
- Prohibition of forced labor

The Company specifies that the working hours (including overtime) shall not exceed the regulations of the local laws, and one rest day shall be provided in seven working days. The company establishes the attendance system in order to list abnormal attendance conditions. In addition, dedicated personnel are designated to review records of abnormality. Relevant unit supervisors are informed to understand the working conditions of employees and to make appropriate working arrangements in order to care the health of employees and the quality of their family lives.

- Respect employees' freedom of association and collective bargaining
We respect employees' freedom of association and collective bargaining. According to the Labor Union Act, employees have the right to organize and joint labor unions. Current employees have formed the Employee Welfare Committee to facilitate various measures for employee welfare.
- Provide a safe and healthy work environment
Employees' health is the greatest fortune of an enterprise! Regarding the occupational health promotion, the company provides complete health and safety program in order to increase the corporate sense of honor and responsibility, to establish corporate image and to implement corporate social responsibility. For employees, it is more than providing a safe and healthy working environment; in addition, it is able to improve the employee morale, to enhance health and to increase the work satisfaction in order to expand the benefit to families and communities, creating win-win situation.
- Physical and mental health and work balance
The company provides gym and bathrooms in order to allow employees to improve physical strength during their free time. In addition, the company also provides general physical examinations to all of the employees once every three years, and the cost for such examination is borne by the company. As for safety, the company organizes on time labor safety, health and fire safety training once every half year. To monitor the office environment quality, we implement office area cleaning and maintenance according to the annual plan in order to perform environmental disinfection operation. We also periodically appoint professional institutions to perform the water quality testing on the drinking water of the drinking machines. In view of the above, the company provides a healthy, safe and sanitary environment to employees.

Mitigation measures for human rights risk

- Training practices for human rights protection

- Provide relevant regulations for training new hires

The Company arranges training programs for new hires, which include the company profile, business philosophy, quality policy, work rules, employee ethics and code of conduct, management of personal data protection, employee environmental safety and health, ethical management, CSR principles, supplier social responsibility principles, human rights policy, internal material information handling and insider trading management regulations, product introduction, information security risk management, respect for intellectual property rights, welfare and other courses, so that employees can understand the corporate culture, vision and work environment. The relevant measures are placed on the Company's website and internal system for all employees to follow.

- Provide communication channels for employee opinions or grievance filing

The Company prohibits physical harm, inappropriate corporal punishment, threats of physical, sexual and other harassment, verbal violence or any other form of intimidation. Establish internal and external feedback or grievance filing channels.

- Occupational safety training

The company holds labor safety and health and fire safety training every six months to enhance the awareness of environmental, industrial and health concepts. Occupational safety and health personnel may apply for return training in accordance with the regulations of the competent authority to ensure continuous improvement.

- Number of participants in training related to promotion of human rights protection

- In 2021, a total of 60 people participated in a total of 240 hours of training promoting human rights policy concerns and practices.

6.1.4 Maternity Employment Protection

From 2019 to 2021, the percentages of the required resume of work after parental leave and remaining at job position according to the gender are as follows:

Item	Number of male employees			Number of female employees			Total number of people		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Total number of employees entitled to parental leave (A)	56	14	14	15	4	3	71	18	17
Total number of employees who actually took the parent leave (B)	3	1	0	2	4	2	5	5	2
Total number of employees required to resume work after parental leave (C)	2	1	2	3	4	3	5	5	5
Total number of employees who resumed work on-board after completing the parental leave (D)	2	0	0	4	4	3	6	4	3
Total number of employees who resumed work on-board after completing the parental leave (E)	0	0	0	3	3	3	3	3	3
Total number of employees completing the parental leave and remaining at a job position 12 months after resuming the work (F)	0	0	0	1	2	3	1	2	3
Application rate of parental leave without pay (B/A)	5%	7%	0	13%	1%	67%	7%	28%	12%
Rate of resuming back to work (D/C)	100%	0	0	100%	1%	100%	100%	80%	60%
Rate of remaining at job position (F/E)	0	0	0	50%	67%	100%	50%	67%	100%

6.2 Talent Cultivation

6.2.1 Education and training

6.2.1.1 Orientation Training

The Company runs orientation programs for new hires, which include the company profile, business philosophy, quality policy, human rights policy, ethical management, CSR principles, rules and regulations, product introduction, welfare environmental safety and health and other courses, so that employees can understand the corporate culture, vision and work environment. The relevant measures are placed on the Company's website and internal system for all employees to follow.

6.2.1.2 External professional training

Department supervisors of the company may assign their staff to participate in external professional trainings depending upon the job needs in order to assist to improve knowledge and technical skills as well as to increase work efficiency and quality. In addition, employees' learning and growth can be linked with the development goal of the company. Employees can also request for learning based on the needs of individual job duties and professional development.

6.2.1.3 Internal training

When new employees enter the company, they are guided by personnel and the experience is passed on. In addition, educational training on professional skills are also conducted on internal personnel periodically.

According to Employee Type

	Senior managerial officer			Intermediate management level			Professionals			Technicians			Total		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Total number of training hours received	410.5	79	102	216	81	170	455	976.5	216.5	329.5	725	317	1411	1862	805.5
Total number of employees	17	17	16	62	85	107	119	106	94	116	115	116	314	323	333
Average hours of training received by each employee	24.1	4.6	6.4	3.5	1.0	1.6	3.8	9.2	2.3	2.8	6.3	2.7	4.5	5.8	2.4

External training expenses

Unit: NTS

Item	Total in 2019	Total in 2020	Total in 2021
Manufacturing -- Education and training expenses	22,263	10,072	30,539
Labor services -- Education and training expenses	42,815	20,595	17,545
Sales -- Training fees	15,301	193,704	135,321
Management -- Education and training expenses	80,624	61,414	68,014
R&D -- Education and training expenses	19,230	39,202	26,483
Total expenses	180,233	324,987	277,902

According to the employee gender and type, the employee educational training status is disclosed in the following,

By gender

Unit: hours

Item	Year	2019		2020		2021	
		Male	Female	Male	Female	Male	Female
Total number of training hours received		1,202	209	1,668	193.5	650.5	155
Total number of employees		244	70	248	75	251	82
Average hours of training received by each employee		4.93	2.99	6.73	2.58	2.59	1.89

* Due to the pandemic, there are fewer external training courses, and internal training also reduces the risk of clustering, so the number of courses offered is reduced.

6.2.2 Performance Management Regulations

Each year, a performance evaluation is conducted on employees periodically in order to encourage employees to continue to improve the operating content, to enhance the on-the-job training in order to improve individual's professional skills and to further combine personal career planning with the company growth at the same time. Relevant performance evaluation status is as shown in the following:

By employee gender

Item	Year	2019		2020		2021	
		Male	Female	Male	Female	Male	Female
Number of employees receiving regular performance and career development reviews		226	68	239	72	231	74
Number of people participating in review		294		311		305	
Percentage of people participating in review		74%	22%	73%	22%	71%	23%
Total number of employees (8/31)		305		329		327	
Total percentage		96%		95%		94%	

* The review period is for the current employees (new hires who have started to work less than 3 months ago are not included) by 8/31 every year



According to Employee Type

Unit: hours

Type	Senior managerial officer			Intermediate management level			Professionals			Technicians			Total		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Number of employees receiving regular performance and career development reviews	13	17	17	109	99	91	72	92	98	100	103	99	294	311	305
Total number of employees (8/31)*	305	329	327	305	329	327	305	329	327	305	329	327	305	329	327
Percentage	4%	5%	5%	36%	30%	28%	24%	28%	30%	33%	31%	30%	96%	95%	94%

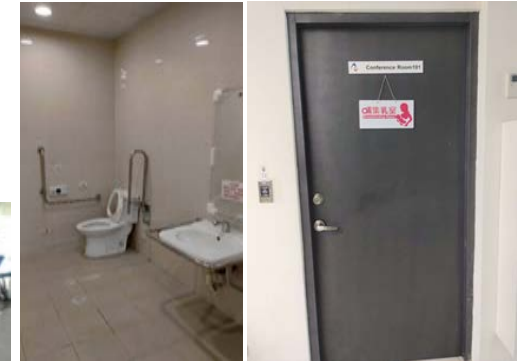
* The review period is for the current employees (new hires who have started to work less than 3 months ago are not included) by 8/31 every year

6.3 Healthy and Safe Occupational Environment

Sunlight, air and water are the three main elements that nurture life on Earth, and Ablerex understand that employees are an important cornerstone of the company's survival and a valuable asset for the sustainable development. Therefore, "Ablerex" is committed to promoting the workplace health and taking the initiative to care for the life and health of employees, and has encouraged workplace cohesion to boost morale and reduce work stress, further creating an efficient and friendly environment.

The Company organizes labor health examinations for all employees every three years, and cares for employees' physical and mental health by referring to survey on work overload. A fitness center is built to offer employees a place to strengthen their body and mind and relax in their free time, which can further boost morale and improve health indicators. There are other user-friendly facilities (handicapped access, nursery room, toilets and changing rooms for male/female). We commission specialized vendors to clean our environment and air-conditioning water towers, and check water quality of water dispensers and carbon dioxide content according to our annual plan. The measures ensure a healthy and safe workplace for all our employees.

The novel coronavirus pandemic started showing its signs of domestic outbreak in April 2021. The country entered Level 3 alert on May 19. We also cooperated with the government policies and suspended visits by outsiders. We installed alcohol disinfection and body temperature measurement stations at entrances to office and factory areas. Employees had to wear masks at work. We also adopted rotations for work from home. Those who worked in other sites were not to enter the office unless necessary. All employees were given masks and disinfectants. By the end of 2021, no one had been diagnosed with the illness.



6.3.1 Occupational Safety and Health Management

The purpose of management is not to apply restrictions, but to reduce the occurrence of errors. Our management of workplace safety and health is based on the “Occupational Safety and Health Act”, and through the formulation of the “Safety and Health Code”, employees can have safety rules to follow. Our “Labor Safety and Health Management Plan” established annual goals, and the “Occupational Safety and Health Review Meetings” review the contents of goals and disseminate information on occupational safety to achieve occupational safety and health management.

We follow the rules specified in the Occupational Safety and Health Act to promote our occupational safety and health management plans. Every year, we organize education and training sessions, disaster prevention drills and labor safety and health promotion sessions to develop employees' awareness of workplace safety. Occupational safety and health personnel conduct evaluation of labor safety and work process at job sites and formulate safety work procedures to eliminate sources of hazards and prevent and reduce risks and occurrence of occupational injuries.

For other workers who are not employed by us, they are reminded of following labor safety and health rules when entering the factory areas to carry out major construction projects. Suppliers are notified of the standard of ethics, labor rights, environment, health and safety, and are required to stay committed for more collaboration to create a better future.

2021 education and training for occupational safety and health

	2019	2020	2021
Total person-time (number of people) trained	152	227	182
Total hours of training (hours)	528	737	341.5
Average time (person/hour)	3.50	3.25	1.88



Note: In 2021, the domestic Level 3 alert lasted more than 2 months, many internal and external courses were suspended or reduced, so the average hours of training for the year decreased. Compared with 2020 and 2019, the number of hours of occupational safety training only shows the training of new hires and does not include on-the-job training. This year's report includes the statistics of on-the-job training, so the data is adjusted.

6.3.2 Hazard identification and risk assessment

A hazard is a source or condition that may result in death, injury, occupational illness, property damage, damage to the work environment, or a combination of these conditions.

Focus on labor safety and health and workplace environment, and formulate the “Safety and Health Code” in accordance with relevant laws and regulations. We identify hazards at the workplace and assess risks in accordance with the relevant standards. After identifying all operational or construction hazards in the manufacturing process, operating activities or services, we then determine the risk control measures based on the risk level. The goal is to eliminate risks, and conduct construction control and administrative control, or provide related personal protective equipment according to the risk assessment level, so as to reduce the occurrence of industrial safety accidents.



6.3.3 Occupational disaster analysis and prevention plan

Occupational disaster prevention plan

Based on the Company's safety and health policy, "Continuous improvement of operations to achieve zero injuries", and the Labor Hygiene Management Plan, we have prepared budgets for disaster prevention tasks and occupational safety, such as the management and regular inspections of machinery/equipment or tools, key spot inspection/process inspection and patrol inspection, management of personal protective equipment, purchase of safety gear and education and training, etc. For the preparation of the annual budget, we also have warning signs for workplace safety and regular safety and hygiene education and promotion to develop employees' knowledge and habits about safety. We hold occupational safety and health review meetings to review relevant measures, and apply the PDCA plan-do-check-act cycle for the prevention report and annual progress report to continuously monitor risks and achieve our annual objectives.

Each business unit has drawn up its own emergency response plan, including organizational structure, emergency response procedures, notification procedures, identification of emergency accidents, emergency contact numbers, etc. If the relevant information is changed, the occupational safety personnel revise it immediately and announce the change in the business unit.

We follow the rules of the "Occupational Safety and Health Act". Workers performing duties who find that there is a immediate danger should stop work and evacuate to a safe place without endangering the safety of other workers, and report to their immediate supervisors right away.



The Company shall not dismiss or transfer the abovementioned workers, or cancel the wage paid for the work period or carry out other improper penalties.

In the event of a work-related accident, safety and health personnel work with relevant units to analyze the cause, jointly develop improvement measures, and notify relevant personnel to be on the alert and take corresponding measures.

The occupational injury statistics in recent years are shown in the table below. In 2021, a total of 5 disabling injuries to employees occurred, including 3 traffic accidents, 1 employee suffered sprained ankle and hand due to tripping, and 1 suffered finger burn due to electric shock. Excluding traffic accidents, IR=0.25%, ODR=0, LDR=8.63, absentee rate=0.64%.

2019 to 2021 Workplace health indicators

Year		2019	2020	2021
Total work hours	Male	471,938	501,104	492,568
	Female	133,128	147,208	160,592
	Total	605,066	648,312	653,160
Occupational injuries (Number of cases) (Excluding traffic accidents)	Male	0	1	1
	Female	0	0	1
	Total	0	1	2
Occupational Disease Rate (ODR)	Male	0.00	0.00	0.00
	Female	0.00	0.00	0.00
	Total	0.00	0.00	0.00
Injury Rate (IR)	Male	1.70	2.00	0.81
	Female	1.50	1.36	3.74
	Total	1.65	1.85	1.53
Absence Rate % (AR)	Male	0.26%	0.54%	0.25%
	Female	0.49%	1.83%	1.85%
	Total	0.31%	0.83%	0.64%

Note:

- Occupational Disease Rate (ODR) = (Number of cases / Total working hours)*200,000.
- Injury rate (IR) = (Total number of cases / Total working hours)*200,000.
- Absence rate (AR) = Total days absent / Working days x 100%, (Number of days absent includes sick leave and occupational injury leave)
- In the calculation above, 200,000 is derived from 40 working hours a week for 50 weeks in a year for every 100 employees.

Regarding the occupational injuries in 2021, the “Occupational Safety and Health Review Meetings” required that occupational safety personnel improved their efforts in advocating for safety, and added signs for ground obstacles, asked personnel to wear protective gear, added patrol inspections to reduce the occurrence of accidents and implemented follow-up and corrections to achieve the goal of zero occupational injuries for employees.

Employee Work Injury Index

	2019	2020	2021
Total work hours (HR)	605,066	648,312	653,160
Number of disabling injury	0	1	2
Frequency of disabling injuries (F.R.)	0	1.54	3.06
Days lost due to disabling injury	0	14	28
Severity of disabling injuries (S.R.)	0	1.54	43.17
Frequency severity index (F.S.I.)	0	0.05	0.36

Note:

Frequency of disabling injuries (F.R.): Number of injuries / Total working hours*1,000,000.

Severity of disabling injuries (S.R.): Number of days lost due to accidents / Total working hours*1,000,000.

Frequency severity index: $\sqrt{(F.R.*S.R. / 1,000)}$.

In 2021, we had no violations of occupational safety and health regulations, nor occupational injuries that caused losses of more than 180 days of work or death.

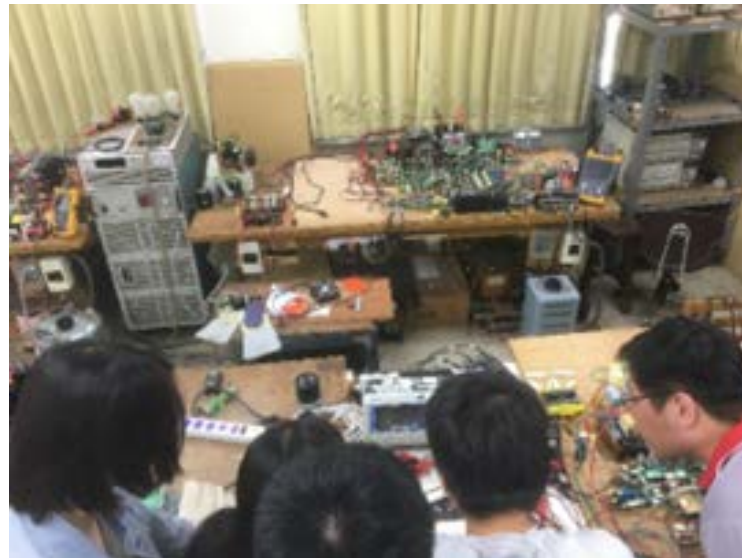


6.4 Social Participation

The 2030 SDGs agenda signed by countries of the UN in September 2015 officially came into effect on January 1, 2016, and the 17 SDGs succeeded the Millennium Development Goals (MDGs). The Company's social care goals respond to the SDG 3 to ensure health and promote well-being of all age groups, and the SDG 4 to ensure nondiscriminatory, equal and high-quality education, and promote lifelong learning.

6.4.1 Industry-academia collaboration

The company not only provides excellent products and services in light of seeking a greater energy quality worldwide but also actively participates in various social charity events. In recent years, through the concept of integrating the corporate core technologies and social charity events, Ablerex has actively participated in the environmental energy education and cultivation of green energy leading talents etc. with great human resources and financial investments. Since the end of 2019, a total of NT\$1,867,186 has been invested to support a number of industry-academia research projects, and to sponsor and entrust National Kaohsiung University of Science and Technology (Nanzi Campus) on battery energy storage systems with a wide AC voltage range and battery current filtering functions, and multi-level AC/DC power conversion interface for battery chargers. With National Kaohsiung University of Science and Technology (Jiangong Campus), there are also applications research on battery energy storage, cultivation of talents in the field of plastic injection tooling design and molding, and frequency conversion switching technology to resonant converters. Principal investigators published related papers to create mutual benefits for the Company's product R&D and the university, hoping to further drive the industry transformation through various research projects. The industry-academia collaboration has continued for 20 years. In 2021, investments went to 2 supervisors, benefiting 15 students at school, for a total of 1,176 hours.



The background is an abstract composition of organic, flowing shapes in various shades of orange and white. A large, semi-transparent white number '7' is centered on the page, partially overlapping the text. The overall aesthetic is clean and modern.

Appendix GRI Content Index Table

Appendix GRI Content Index Table

GRI Standards	Disclosing item	Corresponding chapter	Page No./URL	Remarks
	GRI 101: Basics 2016			
	General Disclosures			
GRI 102: General Disclosures 2016	102-1 Name of organization	Chapter One 1.1.1 Company information	8	-
	102-2 Activities, brands, products and services	Chapter One 1.1.1 Company information Chapter One 1.1.2 About Ablerex	8	
	102-3 Location of headquarters	Chapter One 1.1.2 About Ablerex	8	-
	102-4 Location of operations	Chapter One 1.1.2 About Ablerex	8	-
	102-5 Ownership and legal form	Chapter One 1.1.1 Company information	8	-
	102-6 Markets served	Chapter One 1.2 Industry Introduction	13-15	-
	102-7 Scale of the organization	Chapter One 1.1.1 Company information Chapter One 1.1.2 About Ablerex	8 8-9	-
		Chapter One 1.2.2 Main sales areas for products and services	15	
	102-8 Information on employees and other workers	Chapter One 1.1.4 Employment status of employees	12	-
	102-9 Supply chain	Chapter One 1.2.1 Relations in the industry Chapter Four 4.2 Supply Chain Management	13-14 49	-
	102-10 Significant changes to the organization and its supply chain	-	-	This year, the organization and its supply chain do not have significant changes.
	102-11 Precautionary Principle or approach	Chapter Three 3.2.4 Operational risk and management	26	-
	102-12 External initiatives	-	-	Presently, no external advocacy has been signed
	102-13 Membership in associations	Chapter One 1.2.3 External association participation status	15	-
	102-14 Statements from senior decision-makers	Message from the Chairman	3	-
	102-15 Key impact, risk and opportunity	Chapter Three 3.2.4 Operational risk and management	26	-
	102-16 Values, principles, standards and norms of behavior	Chapter Three 3.2 Ethical Management	24-26	-
	Governance (material issue: Corporate governance)			
	103-1 Explanation of the material topic and its boundary	Chapter Three 3.1 Corporate Governance	20-23	
	103-2 The management approach and its components	Chapter Three 3.1 Corporate Governance	20-23	
	103-3 Evaluation of the management approach	Chapter Three 3.1 Corporate Governance	20-23	
	102-18 Governance structure	Chapter Three 3.1 Corporate Governance	20-23	-
	102-19 Appointment of authority	Chapter Three 3.1.4 Corporate Governance and Sustainability Committee	23	
	102-20 Executive-level responsibility for economic, environmental, and social topics	Chapter Three 3.1.4 Corporate Governance and Sustainability Committee	23	
	102-22 Composition of the highest governance body and its committees	Chapter Three 3.1 Corporate Governance	20-23	
	102-36 Process for determining remuneration	Chapter Three 3.1.3 Remuneration Committee	22	

GRI Standards	Disclosing item	Corresponding chapter	Page No./URL	Remarks
GRI 102: General Disclosures 2016	102-40 List of stakeholder groups	Chapter Two Identification of Stakeholders and Material Topics Chapter Two 2.2 Stakeholder Communication	17, 19	-
	102-41 Collective bargaining agreements	-	-	Did not sign group agreements
	102-42 Identifying and selecting stakeholders	Chapter Two Identification of Stakeholders and Material Topics	17	-
	102-43 Approach to stakeholder engagement	Chapter Two 2.2 Stakeholder Communication	19	-
	102-44 Key topics and concerns raised	Chapter Two 2.2 Stakeholder Communication	19	-
	102-45 Entities included in the consolidated financial statements	About Corporate Social Reasonability (CSR) Report	2	-
	102-46 Defining report content and topic Boundaries	Chapter Two 2.1.3 Description of boundaries of material topics	18	-
	102-47 List of material topics	Chapter Two 2.1.2 Material topics order list	18	-
	102-48 Restatements of information	The restatement of the information in this report is explained in the remarks of each chapter or table.	-	-
	102-49 Changes in reporting	Chapter Two 2.1.1 Identification of Material Topics	17	-
	102-50 Reporting period	About Corporate Social Reasonability (CSR) Report	2	-
	102-51 Date of most recent report	About Corporate Social Reasonability (CSR) Report	2	-
	102-52 Reporting cycle	About Corporate Social Reasonability (CSR) Report	2	-
	102-53 Contact point for questions regarding the report	About Corporate Social Reasonability (CSR) Report	2	-
	102-54 Claims of reporting in accordance with the GRI Standards	About Corporate Social Reasonability (CSR) Report	2	-
	102-55 GRI content index	Appendix GRI Content Index Table	75-79	-
102-56 External guarantee/assurance	About Corporate Social Reasonability (CSR) Report Appendix Verification statement	-	-	
Topics				
Economic performance (Material issue: Economic performance)				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Chapter Two 2.1.3 Description of boundaries of material topics	18	
	103-2 The management approach and its components	Chapter Three 3.3 Management Performance	33-35	
	103-3 Evaluation of the management approach	Chapter Three 3.3 Management Performance	33-35	

GRI Standards	Disclosing item	Corresponding chapter	Page No./URL	Remarks
GRI 201 Economic Performance 2016	201-1 Direct economic value generated and distributed	Chapter Three 3.3 Management Performance	33	Due to the inappropriate quality of information related to community investment, this annual report will not disclose it. It is expected that we will compile the public welfare donation in the future.
Market position				
GRI 202 : Market position 2016	202-2 Proportion of senior management hired from the local community	Chapter Six 6.1.1 Remuneration and benefits	59	-
Energy (Material topic: Green products)				
	103-1 Explanation of the material topic and its boundary	Chapter Two 2.1.3 Description of boundaries of material topics	18	-
	103-2 The management approach and its components	Chapter Four 4.1.1 Product innovations and green products	36-44	-
	103-3 Evaluation of the management approach	Chapter Four 4.1.1 Product innovations and green products	36-44	-
GRI 302 Energy 2016	302-5 Reduce the energy requirements of products and services	Chapter Four 4.1.1 Product innovations and green products	36-44	-
Emissions (Material topic: Sustainable environment)				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Chapter Two 2.1.3 Description of boundaries of material topics	18	-
	103-2 The management approach and its components	Chapter Five 5.1.1 Environmental policy, climate change and management system	54	-
	103-3 Evaluation of the management approach	Chapter Five 5.1.1 Environmental policy, climate change and management system	54	-
GRI 305 : Emissions 2016	305-1 Direct (Scope 1) greenhouse gas emissions	Chapter Five 5.2 Quantitative Management of Energy Conservation and Carbon Reduction	55	-
	305-2 Indirect (Scope 2) greenhouse gas emissions	Chapter Five 5.2 Quantitative Management of Energy Conservation and Carbon Reduction	55	-
Compliance with environmental protection related laws (Material topic: Regulatory compliance)				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Chapter Two 2.1.3 Description of boundaries of material topics	18	-
	103-2 The management approach and its components	Chapter Three 3.2.5 Regulatory compliance	33	-
	103-3 Evaluation of the management approach	Chapter Three 3.2.5 Regulatory compliance	33	-
GRI 307: 2016 Compliance with environmental protection related laws	307-1 Non-compliance with environmental laws and regulations	Chapter Three 3.2.5 Regulatory compliance	33	-
Supplier environmental assessment (Material topic: Supply chain management)				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Chapter Two 2.1.3 Description of boundaries of material topics	18	-
	103-2 The management approach and its components	Chapter Four 4.2 Supply Chain Management	49	-
	103-3 Evaluation of the management approach	Chapter Four 4.2 Supply Chain Management	49	-

GRI Standards	Disclosing item	Corresponding chapter	Page No./URL	Remarks
GRI 308: Supplier environmental assessment 2016	308-1 Screen new suppliers with environmental standards	Chapter Four 4.2.3 Status of Supply Chain Management	50	-
Employment (Material topic: Labor relations)				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Chapter Two 2.1.3 Description of boundaries of material topics	18	-
	103-2 The management approach and its components	Chapter Six 6.1 Employee Rights and Labor Relations	59-64	-
	103-3 Evaluation of the management approach	Chapter Six 6.1 Employee Rights and Labor Relations	59-64	-
GRI 401: Employment 2016	401-1 New hires and outgoing employees	Chapter Six 6.1.2 Employee diversity	61	-
	401-2 Benefits provided to full-time employees (excluding temporary or part-time employees)	Chapter Six 6.1.1 Remuneration and benefits	59-61	-
	401-3 Parental leave	Chapter Six 6.1.4 Maternity Employment Protection	64	-
Occupational safety and health (Material issue: Occupational safety and health)				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Chapter Two 2.1.3 Description of boundaries of material topics	18	-
	103-2 The management approach and its components	Chapter Six 6.3 Healthy and Safe Occupational Environment	67-73	-
	103-3 Evaluation of the management approach	Chapter Six 6.3 Healthy and Safe Occupational Environment	67-73	-
GRI 403: Occupational safety and health 2018	403-1 Occupational safety and health management system	Chapter Six 6.3.1 Occupational Safety and Health Management	68	We are unable to obtain the occupational safety and health information of non-employee workers (such as personnel dispatched by contractors), so this is omitted in this annual report. In the future, we will check for the completeness of information gathered from contractors and include it in the report as needed.
	403-2 Hazard identification, risk assessment and incident investigation	Chapter Six 6.3.2 Hazard identification and risk assessment Chapter Six 6.3.3 Occupational disaster analysis and prevention plan	69, 72	
	403-3 Occupational healthcare services	Chapter Six 6.3 Healthy and Safe Occupational Environment	67	
	403-4 Worker participation, consultation, and communication on occupational health and safety	Chapter Six 6.3.1 Occupational Safety and Health Management	68	
	403-5 Worker training on occupational health and safety	Chapter Six 6.3.1 Occupational Safety and Health Management	68	
	403-6 Promotion of worker health	Chapter Six 6.3.1 Occupational Safety and Health Management	68	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Chapter Six 6.3.1 Occupational Safety and Health Management	68	
	403-9 Work-related injuries	Chapter Six 6.3.3 Occupational disaster analysis and prevention plan	72	

GRI Standards	Disclosing item	Corresponding chapter	Page No./URL	Remarks
Education and training (Voluntary disclosure)				
GRI 404 :	404-1 Average hours of training per year per employee	Chapter Six 6.2.1.3 Internal training	65	
Training and education 2016	404-2 Programs improving employees' capabilities and transition assistance	Chapter Six 6.2.1 Education and training	64-65	
	404-3 Percentage of employees receiving regular performance and career development reviews	Chapter Six 6.2.2 Performance Management Regulations	66	
Customer health and safety (Material topic: Customer relationship management)				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Chapter Two 2.1.3 Description of boundaries of material topics	18	-
	103-2 The management approach and its components	Chapter Four 4.1.2 Customer health and safety	44-45	-
	103-3 Evaluation of the management approach	Chapter Four 4.1.2 Customer health and safety	44-45	-
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Chapter Four 4.1.2 Customer health and safety	44-45	-
Marketing and labeling (Material topic: Customer relationship management)				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Chapter Two 2.1.3 Description of boundaries of material topics	18	-
	103-2 The management approach and its components	Chapter Four 4.1.3 Product labeling Chapter Four 4.3.1 Marketing management	46, 51	-
	103-3 Evaluation of the management approach	Chapter Four 4.1.3 Product labeling Chapter Four 4.3.1 Marketing management	46, 51	-
GRI 417: Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	Chapter Four 4.1.3 Product labeling	46	-
	417-3 Incidents involving non-compliance with marketing-related regulations	Chapter Four 4.3.1 Marketing management	51	-
Socioeconomic compliance (Material topic: Regulatory compliance)				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Chapter Two 2.1.3 Description of boundaries of material topics	18	-
	103-2 The management approach and its components	Chapter Three 3.2.5 Regulatory compliance	33	-
	103-3 Evaluation of the management approach	Chapter Three 3.2.5 Regulatory compliance	33	-
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic areas	Chapter Three 3.2.5 Regulatory compliance Chapter Four 4.3.1 Marketing management	33, 51	-
Material topic: Customer relationship management)				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Chapter Two 2.1.3 Description of boundaries of material topics	18	-
	103-2 The management approach and its components	Chapter Four 4.3.3 Customer service satisfaction	53	-
	103-3 Evaluation of the management approach	Chapter Four 4.3.3 Customer service satisfaction	53	-

**AblereX Electronics Co., Ltd. Independent Assurance
Statement for the 2021 Sustainability Report**

Statement Number: 2207003

AblereX Electronics Co., Ltd. (hereinafter referred to as AblereX) and GREAT International Certification Co., Ltd. (hereinafter referred to as GREAT Certification) are independent companies and organizations. Except for evaluation and verification of the 2021 Sustainability Report, GREAT Certification has no financial relationship with AblereX.

The purpose of this independent assurance statement (hereinafter referred to as the Statement) is only for the conclusion of guaranteeing the relevant matters within the boundaries defined in the following sustainability report of AblereX, and not for other purposes. GREAT Certification does not assume or bear any legal or other responsibility for the use for other purposes, or to anyone who reads this independent assurance statement, except for producing this statement of independent assurance for the facts verified.

This Statement is based on the conclusion of the relevant information for verification provided by AblereX to GREAT Certification. Therefore, the scope of the review is based on and limited to the content of the information provided. GREAT Certification believes that these contents of information are all complete and accurate. AblereX will answer all questions about the contents of this independent assurance statement or related matters.

Assurance Scope

The scope of verification on which both AblereX and GREAT Certification have agreed includes:

1. The content of the entire Sustainability Report and the operating performance of AblereX from January 1 to December 31, 2021.
2. AblereX follows the nature and extent of adherence to the AA1000 Account Ability Principle (2018) for evaluation based on the AA1000 Assurance Standard (AA1000AS v3), Type 2, which does not include verification of the reliability of the information/data disclosed in the report.
3. This Statement is made in Chinese and translated into English for reference.

Statement

We summarize the contents of AblereX's Sustainability Report and provide a fair view of AblereX's related operations and performance. We believe that the specific performance indicators of AblereX in 2021, such as economic, social, environmental and corporate governance, are correctly presented. The performance indicators disclosed in the Report demonstrate AblereX's expectations and efforts to identify and satisfy stakeholders.

Our verification work is carried out by a team with the capability to verify against the 1000 Assurance Standard v3, as well as planning and executing this part of the work to obtain the necessary information data and explanations. We believe that the evidence provided by AblereX is sufficient to demonstrate that its reporting methods and self-statement in accordance with the AA1000 Assurance Standard v3 and its 2018 appendix are in line with the core options of the GRI Sustainability Reporting Standards.

Verification Methods

To gather evidence relevant to reaching our conclusions, we have performed the following:

- Conduct a senior management review of issues from external parties related to the Company's policy to confirm the appropriateness of the statement in this Report.
- Discuss with AblereX management about ways to engage with stakeholders, but we have no direct contact with external stakeholders.
- interviews staff involved in the preparation of the sustainability reports and the provision of information.
- Audit the performance data of AblereX on a sampling basis.
- Review the evidence supporting the claims made in the Report.
- Review the process management for the principles of inclusivity, materiality, responsiveness, and impact as described in the Company's report and its related AA1000 Accountability Principles (2018).

Conclusion

The results of detailed review of the AA1000 Accountability Principles (2018) of inclusivity, materiality, responsiveness, and impact and the GRI Sustainability Reporting Standards are as follows:

Inclusivity

AblereX establishes a process of cooperation with key stakeholders, including authorities, shareholders/investors, customers/consumers, employees, suppliers/contractors and banks. Launch a series of stakeholder activities in 2021, covering a series of material topics on the economy, society and environment. In our professional opinion, this report covers AblereX's inclusivity topic.

Materials

The Report has stated the economic, social and environmental topics with which AblereX is concerned, and identified 9 material topics including regulatory compliance, corporate governance, economic performance, etc. In our professional opinion, this report covers AblereX's materiality topic.

Responsiveness

AblereX responds to the requests and opinions from stakeholders. Implementation methods include customer satisfaction surveys and numerous internal and external stakeholder communication measures as an opportunity to further respond to stakeholders and to respond in a timely manner to stakeholder concerns. In our professional opinion, this report covers AblereX's responsiveness topic.

Impact

AblereX has identified, and adopted balanced and effective measurement and disclosure methods to present impact fairly. AblereX has established a process for monitoring, measuring, evaluating and managing impact, which can achieve more effective decision-making and results management within the organization. In our professional opinion, this report covers AblereX's impact topic.

GRI Sustainability Reporting Standards

AblereX provides a self-statement about compliance with the GRI Sustainability Reporting Standards and relevant information equivalent to the "Core Options". Based on the results of the review, we confirm that the social responsibility and sustainability items related to the Report referring to the GRI Sustainability Reporting Standards have been disclosed, partially disclosed or omitted. In our professional opinion, this self-statement covers AblereX's social responsibility and sustainability topics.

Assurance Level

In accordance with the AA1000 Assurance Standard v3 and its 2018 appendix, we have verified this Statement at the moderate level of assurance, as in the scope and methodology described in this Statement.

Responsibility

The statement of opinion in this Statement of Independent Assurance is for AblereX. Our responsibility is to provide a professional opinion and to supply stakeholders with an independent statement of assurance based solely on the scope and method described.

Capability and Independence

GREAT Certification is a team composed of experts in various management system fields. The verification team is composed of members with professional background who have received training in AA1000AS v3, ISO 9001, ISO 14001 and ISO 45001, a series of sustainability, environmental and social management standards, and are qualified as lead auditors.

Based on the verification behaviors of the assurance team, and issued by GREAT International Certification Co., Ltd. in Taiwan on July 27, 2022



Certified
President Yu-Chih Liu



AblereX

Experts in Power Conversion