



# 2019 CSR REPORT

Accton Technology 2019  
Corporate Social Responsibility Report

**Accton**

Making Partnership Work

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# 01 About the Report

# About the Report

## Accton Technology 2019 Corporate Social Responsibility Report

### Compiled in Accordance with International GRI Standards

Accton Technology Corporation has published the Corporate Social Responsibility Report since 2017 to fulfill our corporate vision of sustainable development, bring clarity to abstract issues, and disclose business information other than financial performance. We shall continue to publish the Report each year and continue to achieve sustainable development goals.

### Reporting Period

The reporting period of the 2019 CSR Report is from January 1 to December 31, 2019.

There were no significant changes in our company's organizational size, structure, ownership, or supply chain during the 2019 reporting period.

### Reporting Cycle

The CSR report is released once a year.

Publication of 2018 Corporate Sustainability Report: June 2019

Publication of 2019 Corporate Sustainability Report: June 2020

Publication of 2020 Corporate Sustainability

Report: Planned for June 2021

To support environmental protection and promote paperless operations, the electronic version of the Report is published on the Company's website.

### Scope and Boundary of the Report

The source of the economic data of the Report is the Consolidated Financial Statements published in the 2019 Annual Report of the Company. Other information provided mainly refers to the operations of Accton Technology Corporation in Taiwan (including Manufacturing Plant 1 and 2, Zhunan Plant, and the offices in Taipei, Hsinchu, Taichung, and Tainan). The major operation locations are Manufacturing Plant 1 and 2 and Zhunan Plant. Manufacturing Plant 1 is the head office whereas Manufacturing Plant 2 and Zhunan Plant were added in 2019.

### Compilation Guidelines

This Report is compiled based on the GRI Standards announced by the Global Reporting Initiative (GRI) and it complies with the Core Option disclosure principles to provide information on the sustainability issues and information disclosure of the Company in 2019. The Report is also

provided with a comprehensive comparison table of GRI Standards and corresponding contents in each chapter.

### External Measures of the Report

All financial data are from the consolidated financial reports that were audited and certified by Deloitte Taiwan according to the International Financial Reporting Standards (IFRS). In addition, the Company's ISO 9001:2015 Quality Management System, IECQ QC 080000:2017 Hazardous Substance Process Management (HSPM) System, ISO 14001:2015 Environmental Management System, TL 9000 R6.1 / R5.6 Telecommunications Industry Quality Management System, ISO45001:2018 Occupational Health and Safety Management System, and CNS 27001:2014 Information Security Management System have passed certifications by independent third parties.

### Contact Information

If you have any suggestions for the "2019 Accton Technology CSR Report", please contact us through one of the following methods. For ease of reference, this Report will be also published on our website.

Head office address: No. 1, Creation 3rd Road,  
Hsinchu Science Park, Taiwan

Official website: <https://www.accton.com/>

Contact Person: Ed Lin

Telephone: +886-3-5770270-1526

Email: [edlin@accton.com](mailto:edlin@accton.com)

# 02 A Message from the Chairman

## A Message from the Chairman



Trust, passion, courage, collaboration, and perfection have always been Accton Group's core values and we believe that employees are our greatest asset. Accton's logo is a tree of knowledge and wisdom that symbolizes the passion and talents of Accton's staff and partners, working together as a collaborative power for maximum effectiveness.

As we continue to develop Internet communication technologies, we believe that corporate growth and profitability must be based on optimizing the happiness of local resi-

dents. We have never stopped caring for our employees, enhancing our charity work, and promoting culture and arts, as they have always been part of our business philosophy and actions since the founding of the Company.

Accton Group's mission and social responsibility ensure that the Group and related subsidiaries actively participate in activities for giving back to society and we have instilled environmental protection awareness in all our designs and manufacturing processes.

Economic  
PerformanceEnvironment and  
EnergyGreen Products and  
Supply ChainEmployee Care and  
Development

Welfare Initiatives

Looking to the future, Accton's vision and mission can be summarized by the following:

- Continue to use our passion and hard work to deliver high-quality IP-centric network solutions.
- Maintain our global leadership in open IT infrastructure.
- Contribute and care for the community by leveraging our technology.

2019 marked the fourth year we included corporate social responsibility (CSR) as one of the key indices of our self-evaluation. In addition to growth in performance and profitability, we aim to achieve sound corporate governance and balance with stakeholders' interests. We are committed to sustainable manufacturing, improving our supply chain management, embracing diversity and inclusion, and contributing to society.

Maintain Renewable Energy Environment, Strengthen Green Processes, and Conserve Energy.

Upholding the business philosophy of

respect for life, deeply realizing the significance of finite resources and the fragile sustainability of the Earth, Accton implemented the ISO 14001 environmental management system, completed the annual certification of the environmental management system ISO 14001:2015 in June 2019, and integrated

it into the internal management system and production activities, including the interrelationship between processes, products, and the environment.

The Company has continuously implemented waste reduction and waste sorting, recycling, and reuse to process general



waste and industrial waste produced by the Company. The annual recycling and reuse rate has improved each year with significant results from 64.9% in 2017 to 73.6% in 2018 and 84.1% in 2019.

Fully Enhance and Implement Supply Chain Management and Expand Green Supply Chain Management.

The Company has established brand-new supplier management policies and strengthened green supply chain management strategies. To effectively track, communicate, and manage green components, each supplier can use the eGreen system® platform, developed independently by Accton, to learn about the environmental protection control and management requirements for components and materials in the "Product Hazardous Material Management Regulations" (WIC-CE05002). Suppliers are committed to providing raw materials free of hazardous substances. Accton regularly hosts supplier meetings and declares its determination to fulfill global criteria for environmental protection and quality management.

Integrate Diversity and Inclusion to Expand Labor-Management Communication Channels

Employees are Accton's most valuable assets. We are committed to providing employees with high-quality jobs including offering competitive salary and benefits, comprehensive advancement with professional development pathways, and a safe workplace. We also establish a workplace environment suitable for continuous learning, innovation, and fun to attract and retain talent, and ensure the diversity and inclusion of the human resources structure. To create a high-quality and mutually beneficial work environment, the Company continues to organize labor-management meetings each quarter. In addition, we also provide a diverse feedback system including the bulletin board system (BBS), corporate intranet (AccPortal), and physical opinion mailboxes. The Company received the "Outstanding Enterprise Award for Advancing Workplace Equality" from Hsinchu Science Park Bureau in 2018 for its hard work and success in promoting gender equality.

Continue to Promote Social Welfare and Activities for Culture and Arts and Use Volunteer Leave to Expand Employee Participation

Since the establishment of the Accton Public Welfare Center in 1999, we have continued to use the platform to provide care to disadvantaged groups, care for disadvantaged schoolchildren, and encouraged employees to participate in charity actions so that seeds of love may prosper and grow in the hearts of employees. The platform helped 208 families with a total assistance amount of NT\$2,196,000 in 2019. Since its establishment, 1,559 families received help with the total assistance amounting to NT\$107,664,020. To expand employee participation in charity, the Company set up "volunteer leave" in 2018 to encourage employees to take part in charitable activities organized by the Company and help society's most disadvantaged groups. Accton Arts Foundation has continuously promoted culture and arts education since 2000. We have worked with communities to revitalize old buildings in recent years to promote people's participation in their com-

munities to a great effect. The successes included participation in railway art villages which promoted art activities locally.

Accton has always upheld its corporate values for ethical management. "Making Partnership Work" demonstrates Accton's commitment to partners and our highest ideals for establishing long-term partnerships that benefit everyone. We shall continue to disclose more non-financial sustainability reports based on our corporate social responsibilities and commitment. We implemented measures in 2018 to appoint independent directors which account for more than half of the Board of Directors and strengthen the operations of the Remuneration Committee to ensure transparency in the Company's operations. In the future, we will continue to uphold the corporate ideals of integrity and honesty and do our best to ensure the sustainable development of the Company and society. We shall also use more transparent disclosure of CSR information and welcome stakeholders to follow our CSR ideals. We also welcome your feedback to help us achieve sustainable growth.

**Kuo, Fai-Long,**  
**Chairman, Accton Technology**



**Accton**  
Making Partnership Work

# 03 Company Overview

## Corporate Profile

The Leader in  
Network Equipment  
Design and  
Manufacturing

Accton Technology Corporation was established in 1988 and its headquarters are in Hsinchu Science Park in Taiwan. It was listed on the TWSE in 1995 (stock code: 2345 and it issued 558,051 thousand shares with a capital of NT\$5,580,514 thousand). Accton has been committed to the research, design, and production of comprehensive Ethernet network and wireless equipment. Our diverse and comprehensive product lines, outstanding communication R&D technologies, and close upstream and downstream partnerships in the global communications industry, help us provide top network, IT, and telecommunications operators with diverse network communications equipment and solutions. Accton is a major OEM/ODM supplier for top global manufacturers, gaining recognition for its technical innovation and manufacturing quality. The Internet boom has contributed to the success of the Company. Accton's branch offices and R&D centers are now spread across the world and we have more than 5,145 employees around the globe. Accton Group's headquarters remains in Hsinchu Science Park. As of the end of 2019, Accton had 2,541 employees in Taiwan. The number of employees increased by 60% compared to 2018 in response to market development and expansion of production capacity.



Won the fifth Taiwan Mittelstand Award



Won the Best Practice Award for Manufacturing Quality in the National Quality Award



Accton Technology won the fifth Taiwan Mittelstand Award in 2019 and won the Best Practice Award for Manufacturing Quality in the National Quality Award in 2018.

With 31 years of experience in the design and development of network products, Accton counts on a professional team of international talent committed to developing advanced, economical, and reliable products. As a leader in the design of open hardware platforms, such as for data centers, metropolitan area network/telecommunication networks, software-defined wide area networks (SD-WAN), and IoT, the Accton Group uses its long-term partnerships across the world to satisfy customer demand for next-generation designs. From consumer products to telecommunication operators, we provide integrated data, video, and mobile software and hardware

equipment. Our product lines cover data center switches, metropolitan area network and corporate switches, corporate wireless access, broadband capture and gateways, and smart sensors. We continuously provide top global customers with rapid and comprehensive services to fulfill their mobile broadband and digital goals. As Accton Technology expands into the Accton Group with multiple affiliate companies, our strong sense of mission and social responsibility ensures that the Group is actively giving back to society. We have instilled environmental protection awareness in all our designs and manufacturing processes.



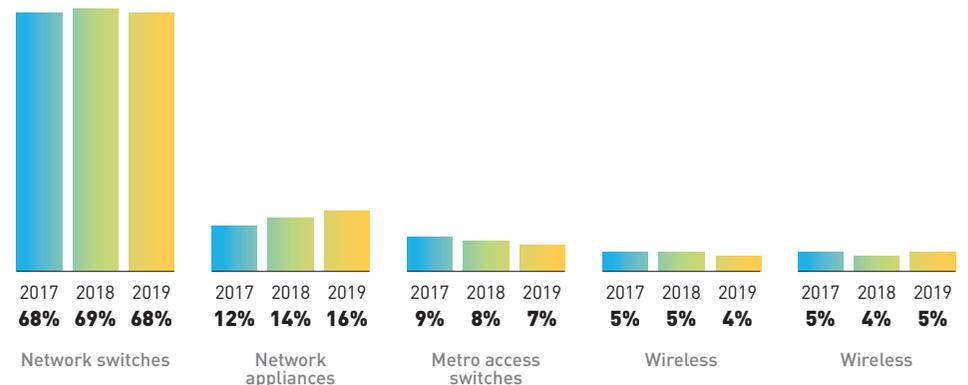
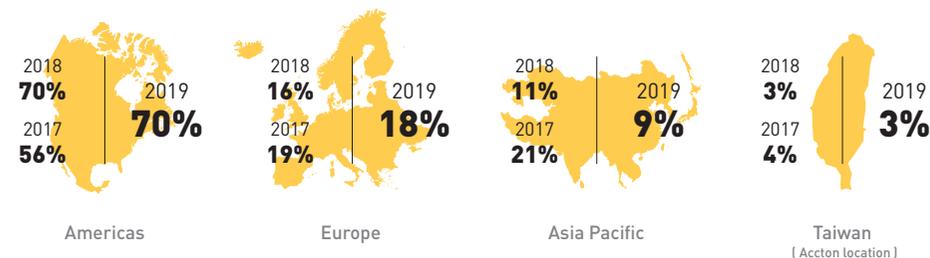
Number of employees in Taiwan

### Primary Products and Services

Accton Technology is engaged in the research, development, production, and sales of the following high-quality products:

- Network equipment for large data centers (SDN Data Center), including switches and cloud server management systems.
- Computer network systems, including hardware, system software, network application software and network workstations.
- Enterprise wired and wireless network devices, including switches and wireless base stations.
- Customer premises equipment, including hardware, system software, and application software.
- Optoelectronic communication subsystems, including optical networks, optoelectronic communication modules, and fiber optic repeaters.
- WLAN.
- Wireless user's loop systems.

- IoT system, including terminal hardware, system software, application software, and hybrid cloud platform. (Internet of Everything- IoE systems include IoT gateways/controllers, multi-sensors, applications, and hybrid-cloud servers.)
- Smart Network Interface Cards
- mmWave base stations, bridges, CPEs (Millimeter-Wave AP, Bridge, CPE)
- 5G (5th generation cellular) customer premise equipment (CPE), enterprise small cell base stations
- SD-WAN, virtual/universal user terminal equipment vCPE/uCPE (enterprise grade SD-WAN, virtual/universal CPE)
- Import and export business related to Accton's business.





# 04 Accton's Corporate Social Responsibility



# Accton's Corporate Social Responsibility

## Accton's Corporate Social Responsibility Policy

Compliance with laws and regulations: The Company abides by the labor, environmental protection, and health and safety regulations of the local government.

Ensure freedom of employment: The Company ensures that all labor services are provided voluntarily and does not use oppressive or forced labor.

Humane treatment and prohibition of unlawful discrimination: The Company does not use child labor or implement corporal punishment, abuse, coercive treatment of employees. We do not permit discrimination based on race, ethnicity, social status, social class, bloodline, religion, physical disabilities, gender, gender orientation, family responsibilities, marital status, union membership, political views, and age in hiring, remuneration, training opportunities, promotions, dismissals, or retirement.

Provide reasonable salary and benefits: The Company strictly abides by the regulations of the local government related to labor salary and benefits, and we conduct employee management in an open and clear manner.

Protection of Intellectual Property Rights: Employees must protect and respect the intel-

lectual property rights of the Company and others. Technologies, professional skills, and related files and information must be used in a manner that protects intellectual property rights.

Transparency: The Company must establish related internal and external communication channels. For internal communication, the Company should encourage direct communication and exchange of ideas between employees and the management; for external communication, the Company welcomes all exchange of information through dedicated mailboxes.

Uphold ethical management: The Company shall adopt the highest ethical standards for the Company's operations and the management of employee ethics. The Company prohibits any form of bribery, corruption, fraud, or other unlawful behavior.

Operate and promote social engagement: The Company shall actively participate in social activities and encourage business partners of the Company to jointly promote and fulfill corporate social responsibilities.

Conflict minerals policy: In recent years, the Company has banned the use of minerals from

mines in areas of conflict in the Republic of the Congo including niobium, tantalum, iron ore, cassiterite, wolframite, and gold. These minerals are refined into tantalum (Ta), tin (Sn), tungsten (W), gold (Au), cobalt (Co), etc. and they cause issues of social, environmental, and human rights deterioration. The Company will continue to adopt a conflict-free metal procurement policy, support and follow the Responsible Minerals Initiative (RMI) of the RBA Code of Conduct, and use the conflict minerals reporting templates developed by RMI (CMRT and CRT) to investigate whether the Company's suppliers have fully implemented the aforementioned policy. For more information on the RBA, please visit: <http://www.responsiblemineralsinitiative.org>



# 05 Corporate Governance



# Transparent Corporate Governance for Maximizing Benefits for All Shareholders

The directors exercise their powers with the long-term interests of the shareholders and corporation in mind. We are also conscious that more investment entities and stakeholders, at home and abroad, are looking at the presence of independent directors in corporate governance as an important factor in deciding whether or not to invest. For this reason, we continue to follow the principles of corporate governance. The Board of Directors is appointed by shareholder vote, and various functional committees have been set up under the Board's supervision to strengthen its performance. High standards of corporate governance therefore ensure a functioning Board of Directors and safeguard the interests of shareholders.

## Enhancing the Board's Functions

The 18th-term Board of Directors was elected in the general shareholders meeting in 2018. In the period of the Report, the Company had 9 directors including 5 independent directors who account for 56% of all directors. They strengthen the board's independence and diversity and enhance its role in strategic guidance. The Board of Directors' meeting is held at least once every quarter. A total of 6 meetings were held in 2019 with an average attendance rate of approximately

87%. The director Kuo, Fai-Long serves as the Chairman of the Company and he is responsible for strengthening corporate governance and overseeing the operations of the Board of Directors. Based on Accton Technology's own regulations and "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", the arrangement of the Board of Directors shall be taken into account in the election of directors. The criteria used for arranging Accton's Board of Directors include: business judgment and management, accounting and financial analysis, crisis management, industry knowledge, knowledge of foreign markets, leadership, decision-making,

In addition, the Board of Directors also complies with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies" and organizes continued training for directors each year. The collective courses for directors in 2019 included (1) How directors and supervisors review internal controls and internal audits and (2) Corporate governance and director responsibilities under the new Company Act.

The Board of Directors follows the principles of corporate governance during its audit of busi-

ness performance and discussion of strategic topics such as economics, environmental and social impact, risks and opportunities, etc. Important resolutions of the board of directors are immediately published on the Market Observation Post System of Taiwan Stock Exchange and Accton Technology's official website. In addition, we also published the Company's Articles of Incorporation and the Regulations Governing Procedure for Board of Directors Meetings. Information on the remuneration, operations, and recusal from conflicts of interests of the directors are provided for domestic and foreign investors at all times. The Board of Directors of Accton Technology has established the Remuneration Committee and the Audit Committee which are formed of independent directors.

The Company established the Remuneration Committee to help salary reviews

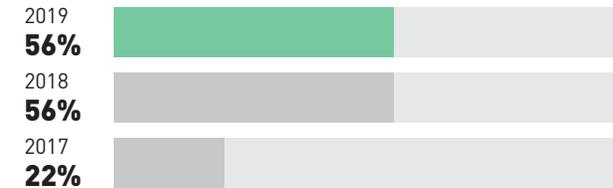
The Company established the Remuneration Committee in accordance with laws. The Remuneration Committee is composed of 3 independent directors and the independent director Chang, Chih-Ping serves as the chairperson of the Remuneration Committee. 3 meetings were convened in 2019 and the attendance rate of all members of the Remuneration Committee was 100%. The Remuneration Committee regularly establishes, evaluates, and reviews the policy, system, standards, and structure of the performance and remuneration of directors, supervisors, and managerial officers.

The Company established the Audit Committee to implement internal audit and internal controls

Accton established the Audit Committee in June 2018 to replace supervisors. It regularly convenes meetings before meetings of the Board of Direc-

Corporate Governance Performance

The Company was ranked among the top 21% to 35% segment in the sixth "Corporate Governance Evaluation" in 2019.



Percentage of independent directors



Number of board meetings



Average attendance rate of directors

Note: An election of the Board of Directors was held in 2018 and the number of independent directors increased from 2 to 5. The percentage of independent directors specified above is based on the number of independent directors after the election.

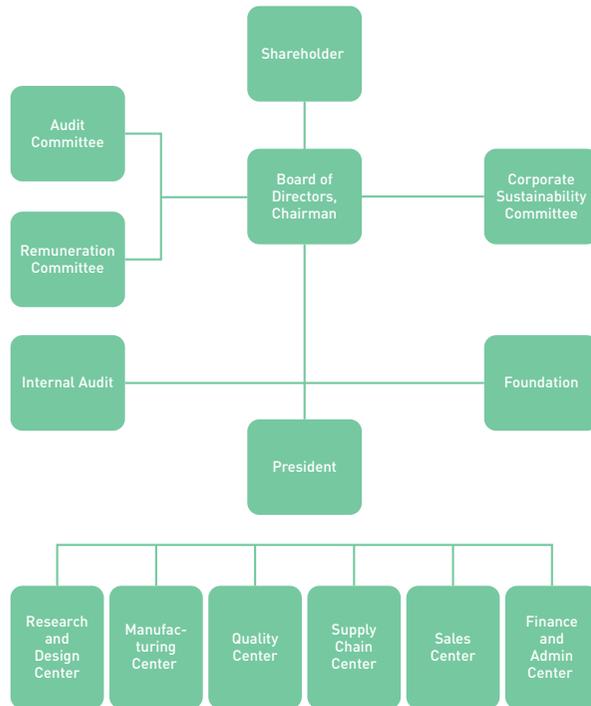


tors each quarter to review the implementation of the Company's internal control system and matters of financial and business operations. It also communicates and exchanges ideas with the CPA to ensure adequate supervision of the Company's operations and risk management. The professional division of labor and independence of the members help the Board of Directors perform its duties for supervision and increase the reliability and credibility of the Company's finances. The Audit Committee consists of all independent directors, one of which shall act as convener and at least one has accounting or finance expertise. The term of office of the independent directors of the Committee is three years, and they are eligible for re-election. The Committee currently has 5 members. Meetings of the Audit Committee are convened at least once every quarter and 5 meetings were held in 2019.

### Implementation of Ethical Management and Protection of Shareholder Equity

Accton abides by the regulations of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and Taiwan Stock Exchange's Corporate Governance Evaluation System. The Company established (1) Accton Technology Corporate Governance Best Practice Principles, (2) Accton Technology Ethical Management Policy, and (3) Accton Technology Management Regulations for the Prevention of Insider Trading, and other internal regulations. The board of directors and management strive to implement management policies based on integrity, and have demonstrated as such in its internal management and business activities. In 2018, no complaints were lodged due to business operation, lack of employee integrity or unlawful activities.

### Organizational Chart



### Members of the Board of Directors

Item No.	Job Title	Name	Gender	Note
1	Chairman of the Board	Representative of Kuan Xin Investment Corp.: Kuo, Fai-Long	Male	New appointment on June 13, 2018
2	Director	Representative of Kuan Xin Investment Corp.: Lin, Meen-Ron	Female	Re-election on June 13, 2018
3	Director	Representative of Ting Sing Co., Ltd.: Du, Heng-Yi	Male	New appointment on June 13, 2018
4	Director	Huang, Kuo-Hsiu	Male	Re-election on June 13, 2018
5	Independent director, Audit Committee member, Remuneration Committee member	Liu, Chung Laung	Male	New appointment on June 13, 2018
6	Independent director, Audit Committee member, Remuneration Committee convener	Chang, Chih-Ping	Male	Re-election on June 13, 2018
7	Independent director, Audit Committee member	Chen, Shuh	Male	New appointment on June 13, 2018
8	Independent director, Audit Committee convener, Remuneration Committee member	Lin, Shiou-Ling	Female	New appointment on June 13, 2018
9	Independent director, Audit Committee member	Chen, Wei-Zen	Male	New appointment on June 13, 2018

# Compliance with Domestic and International Laws and Regulations

We have established a department dedicated to legal affairs and intellectual property. It is responsible for the review and formulation of contracts for the Company, processing legal disputes and litigation, providing legal consultation and executing the applications and maintenance of the Company's intellectual property rights to ensure that all our operating activities meet domestic and international laws and regulations, and that we expand the Company's capacity for continuous operations while respecting and protecting our intellectual property rights and those of other entities. We review the implementation results in accordance with "Trade Secret Act", "Personal Data Protection Act", other related regulations, internal management regulations such as the "Work Rules", "Employee Ethical Management Procedures", and "Electronic Information and Network Resource Management Procedures", and the 3 compliance indicators required for disclosure in the GRI Standards.

Environmental compliance: There were no violations of related environmental protection laws and regulations and zero cases of fines or other penalties in the reporting period.

Social compliance: There were no violations of related laws and regulations or other material

incidents involving the financial report, workplace discrimination, corruption, or other social issues, and zero cases of fines or other penalties in the reporting period.

Sales compliance: There were no violations of laws and regulations concerning the provision and use of products and services during the sales process in the reporting period.

No incidents of corruption reported.

No complaints lodged regarding violation of customer privacy or loss of customer data.

No incidents reported regarding non-compliance of laws and regulations on marketing communication. These include advertising, promotion and sponsorship.

No sales of disputed products reported.

No incidents reported regarding non-compliance of laws and regulations on labeling information of goods and services.

No violation of regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle were reported.

In terms of patents, we obtained 18 domestic or foreign patents and maintained 144 patents in the reporting period. In terms of trademarks, we obtained 4 domestic or foreign trademarks and maintained 162 trademarks.

### Customers first

Accton has established customer satisfaction survey management procedures to understand customer requirements and questions. We conduct customer satisfaction surveys on a regular and irregular basis and collect the results of surveys to implement effective improvements and provide customers with the best services.

We use suppliers' quarterly business reviews (QBR) to interact with customers. These reviews are used as channels to collect information on customer complaints. Related units are required to convene meetings to propose corrective measures and improvement plans based on survey results. They must also continue to follow up on improvement results and confirm that items of concern to our customers are effectively resolved. We actively send satisfaction surveys to customers outside of the QBR and when transactions exceed a certain amount and continue our improvements based on customer feedback.

To maintain customer interest, Accton provides a variety of communication channels to customers. This includes our official website, service hotline, and email. We also established mechanisms for processing customer feedback and quality issues so that customer opinions can be adequately processed and addressed within the specified timeframe to avoid damaging customer satisfaction and the Company's reputation. We confirm and register software issues reported by customers in the Company's PTR system to implement effective and timely follow-ups till the customer is satisfied with our solution and the case is closed.

To increase customer satisfaction, Accton established a material monitoring system to gather market and product quality information, irregularity analyses, and professional repair experience as a reference for after-sales personnel to improve product quality and increase yields.



# 06 Stakeholder Communication



## Active Communication with Global Stakeholders Starting in Taiwan

Accton has identified 5 main types of stakeholders based on business operations and the five principles of the Stakeholder Engagements Standard (AA1000 SES): Dependency, responsibility, tension, influence, and diverse perspective. The 5 main types of stakeholders include employees, customers, suppliers, shareholders, and the government.

### “ The Company organized 40 sessions of QBR quarterly operation meetings for ODM customers in 2019 ”

In the best interest of the aforementioned stakeholders, we learned about customer demands and evaluations through 40 Quarterly Operation Meetings (QBR) with main ODM customers in 2019. Please refer to the stakeholder engagement methods, frequency, and specific procedures for detailed content. In addition to the engagement methods specified in the table, the Company also distributed questionnaires or emails to obtain opinions of stakeholders on relevant topics such as the CSR Policy, development of the Company, material issues, and future development plans which shall be used as the basis for the disclosure of material issues. Their feedback is compiled by the heads of different departments and discussed in internal meetings to determine the sequence of material issues. The feedback is also important for the Compa-

ny's continuous improvement and sustainable development. It is worth mentioning that the Company has always adopted a strategy to cultivate employees based on their talents and nature since the founding of the Company. We have made it our responsibility to take care of employees and their families in hopes of providing a worry-free work environment to help employees devote themselves to their work. These measures increase the Company's competitiveness and stimulate employees' potential to learn and grow. In addition to the active implementation of thoughtful management and various benefit measures, we learn about the ideas and needs of employees through multiple channels to achieve optimal communication, solve problems effectively, and promote relations between the employer and employees.

Table on Topic Identification, Boundaries and Material Aspects

Communication Target	Frequency	Communication Channel	Major Issues to be Discussed	Company Response and Results
 Employees	Every quarter	Labor-management meetings	Discussions of labor issues and labor-management negotiations	Meetings are used to facilitate labor-management negotiations and discussions of labor issues so that the Company can fully communicate with employees and build harmonious relations between employees and the employer.
	Every quarter	Employee Welfare Association	Establishment of employee benefits and organization of activities	Members elected by employees of different departments exercise related duties to determine welfare policies for employees and organize activities. We also encourage employees to establish and participate in club activities to promote balance between work and life for employees.
	Every quarter	Occupational Safety and Health Committee	The Committee discusses environmental protection, safety, and health issues to fulfill environmental protection, safety, and health management.	The Company has established the Occupational Safety and Health Committee which convenes meetings regularly to discuss environmental protection, safety, and health. The Company has also elected labor representatives in accordance with laws and provided managers and employees with official channels for communicating environmental protection, safety, and health issues.
	Every quarter	Supervisory Committee of Labor Retirement Reserve	Retirement reserve appropriated based on the "Labor Standards Act" and "Labor Pension Act"	The Company established regulations for employee retirement in accordance with the "Labor Standards Act" and "Labor Pension Act" to provide stable pension appropriation and payments. The Company appropriates the retirement reserve in accordance with laws and regulations and appoints professional accounting consultants to calculate the retirement reserve each year to verify sufficient appropriation and protect employees' rights to pension.
	Irregular basis	Employee seminars	Listen to employees' recommendations for the Company and announce company policies	Listen to employees' recommendations for the Company and exchange ideas on the implementation of company policies.
	Irregular basis	Accton's internal website Accton Portal	Encourage employees to propose recommendations for operation or management measures	We opened the "Employee Ideas" communication channel on the Accton Portal platform and set up message sections to encourage employees to propose recommendations for business or management measures.
	Irregular basis	Accton whisper email	Encourage employees to propose recommendations for related policies of the Company	The Company set up physical mailboxes to provide employees with comprehensive communication channels and encourage employees to propose recommendations on the Company's related policies.
	Irregular basis	Sexual harassment complaint hotline and email	Processing sexual harassment cases	We provide employees with comprehensive sexual harassment complaint channels to protect employee interests in a workplace environment of gender equality.

Table on Topic Identification, Boundaries and Material Aspects

Communication Target	Frequency	Communication Channel	Major Issues to be Discussed	Company Response and Results
 Customers (customers that contribute to more than US\$10 million in annual revenue)	Every quarter or every six months	Quarterly business reviews (QBR) or annual customer satisfaction survey	Learn about customers' assessment of the Company, products, and procedures through meetings	Learn about customers' assessment of the Company, products, and procedures and collect information on customer complaints and feedback for review

Communication Target	Frequency	Communication Channel	Major Issues to be Discussed	Company Response and Results
 investors / shareholders	Once every year	Annual shareholders' meeting	Operational performance Shareholder equity Corporate governance Corporate social responsibility	Annual report for the shareholders' meeting, meeting handbook, meeting minutes
	Once every year	Investor conference		Information on finance and business presented in the investor conferences and disclosed on the Market Observation Post System
	Published before March 31 each year	Financial performance report: Annual financial reports		Company website, TWSE Market Observation Post System
	Published on May 15, August 14, and November 14	Financial performance report: Quarterly financial reports		Company website, TWSE Market Observation Post System
	Published before the 10th day of each month	Financial performance report: Monthly financial reports		Company website, TWSE Market Observation Post System
	June each year	Corporate Social Responsibility Report; non-financial performance reports		Company website, TWSE Market Observation Post System

Table on Topic Identification, Boundaries and Material Aspects

Communication Target	Frequency	Communication Channel	Major Issues to be Discussed	Company Response and Results
 Suppliers	Once every year	Supplier meetings	Supplier management contents Compliance	Organize annual supplier meetings to communicate Accton's requirements for the supplier chain and related regulations

Communication Target	Frequency	Communication Channel	Major Issues to be Discussed	Company Response and Results
 competent authorities	Irregular basis	Official correspondences	Compliance, information disclosure	Market Observation Post System

# Table on Topic Identification, Boundaries and Material Aspects

The material aspects in this Report are identified through the 4-step process of identification, prioritization, validation, and review.

## Step 1: Identification

First, the units responsible for CSR shall organize internal meetings and select relevant topics within the scope of the Aspects and Standard Disclosures within the GRI Standards and compile a list of topics that should be included in this Report.

## Step 2: Prioritization

We follow the three major principles in the GRI Standards to define the boundaries of the Report and set priorities for relevant topics. Principle 1: Stakeholder inclusiveness. We identify stakeholders and explain how to respond to their reasonable expectations and interests in the Report. This is an important reference factor in the process of formulating the Report. Principle 2: Materiality. We verify whether the topics selected for the Report reflect the significant economic, environmental, and social impact caused by the Company and the actual assessment and decisions affecting stakeholders. Principle 3: Sustainability context. We pursue a broader range

of sustainability performance by disclosing the improvements or mitigation of deterioration by the Company for the local or global economy, environment, and social development trends. In addition, we comply with the GRI Standards and refer to the relevant topics identified in Step 1 as aspects starting in this stage. In addition, we also actively collect feedback from stakeholders and report information in routine meetings of departments. We then compile statistics to obtain the results that materialize the topics.

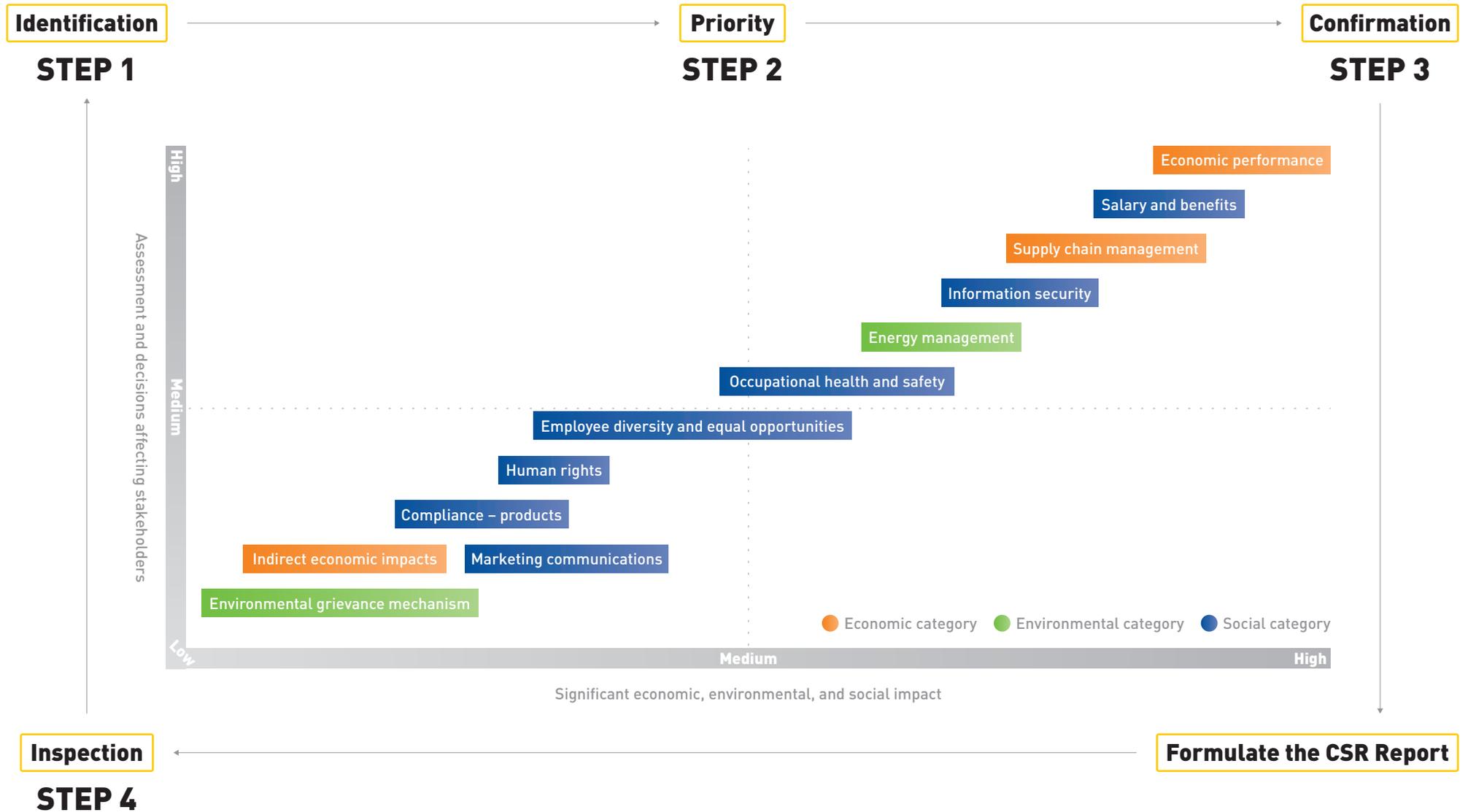
## Step 3: Validation

In this process, we follow the completeness principle in the GRI Standards to evaluate identified material aspects. Completeness includes the scope, that is, all aspects covered in this report, such as economic performance, materials, occupational health and safety, and employee training and education; aspect boundaries refer to the defined boundary of each aspect; and integrity of information during the reporting period. The sequenced list of material aspects in this Report have been approved by the highest-ranking decision maker.

#### Step 4: Review

This is the final stage for the identification of material aspects and boundaries. The survey results of stakeholders' opinions are beneficial for the identification process during the next reporting cycle. Therefore, we shall collect information in feedback provided by stakeholders after the publication of the Report as preparation for the next reporting cycle.

Visualized Distribution of Material Topics





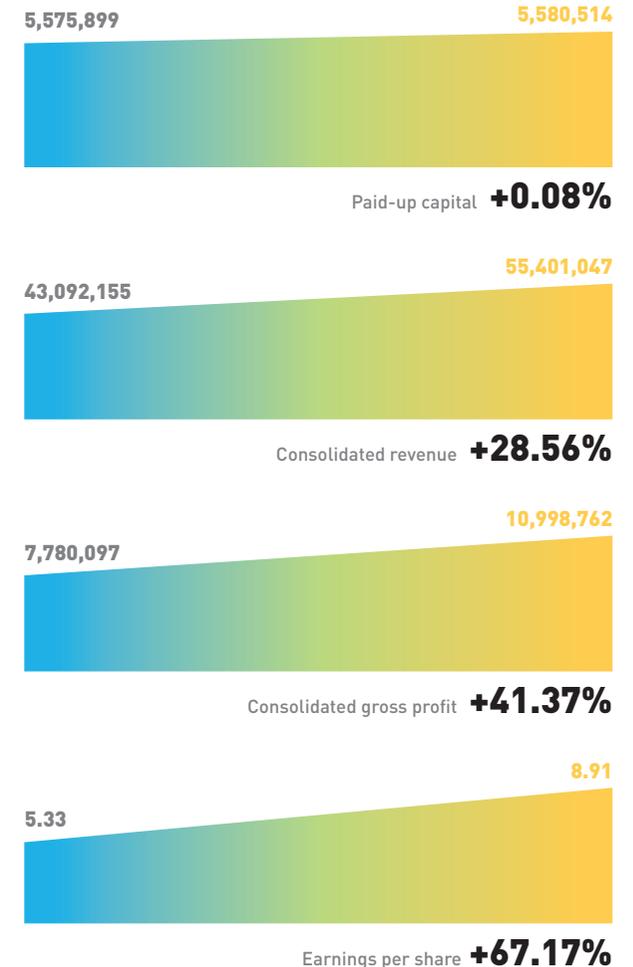
# 07 Outstanding Economic Performance

# Economic Results: Strong Growth in Revenue and Profitability!

## After-Tax Earnings Grew by 67.67% in 2019

The Company's capital in 2019 was NT\$5,580,514 thousand which was an increase of 0.08% compared to the previous year. The consolidated revenue was NT\$55,401,047 thousand which was an increase of 28.56% compared to the previous year. The consolidated gross profit was NT\$10,998,762 thousand which was an increase of 41.37% compared to the previous year. The consolidated earnings after tax was NT\$4,950,495 thousand which was an increase of 67.67% compared to the previous year. The EPS was NT\$8.91 which was an increase of 67.17% compared to the previous year. For more information regarding the Company's operational performance and finance, please refer to the "2019 Accton Technology Annual Report" or the Market Observation Post System.

## Financial performance in 2019



Unit: NT\$1,000

	2019	2018	2017
Paid-up capital	5,580,514	5,575,899	5,544,949
Consolidated revenue	55,401,047	43,092,155	36,446,757
Operating costs	44,402,285	35,312,058	29,260,722
Consolidated gross profit	10,998,762	7,780,097	7,186,035
Consolidated income tax	1,180,073	745,558	683,549
Consolidated earnings after tax	4,950,495	2,952,449	2,559,307
Earnings per share (unit: NT\$)	8.91	5.33	4.68
Net value per share (unit: NT\$)	22.9	18.5	17.46
Employee salaries and benefits (Note 2)	4,216,867	3,401,746	3,007,670
Payments made to investors	3,462,733	2,230,683	2,299,657

Note 1: Since 2013, the Company has changed the basis of financial statement preparation from Generally Accepted Accounting Principles (GAAP) to International Financial Reporting Standards (IFRS).

Note 2: Information was prepared based on International Accounting Standards 19 - Employee Benefits (IAS 19).



# 08 Information Security



# CNS 27001:2014 Information Security Certification

To ensure information security for customers and the Company, Accton Technology passed the CNS 27001:2014 (ISO/IEC 27001:2013) International Information Security Standard certification in 2016 and completes the re-certification for information security every year. The Company was re-certified in 2019 as to meet information security management procedures and international information security standards.

## Enhance the reliability of information equipment and network systems

**Equipment hardware:** We implemented power supply improvement plans on the server room, by replacing the modular uninterruptible power supply system and strengthening the power stability so that the servers can remain in operation and services are not interrupted due to external power outages.

**Network security:** We purchased system scan and vulnerability analysis software to execute vulnerability scans and penetration tests to cope with risks in the network and prevent damage or abuse. We replaced firewall equipment for all external offices and implemented hardware upgrades on firewall equipment and termi-

## ISO/IEC 27001:2013



nal protection software at the headquarters to strengthen the corporate network's protection and security.

Accton utilizes a PDCA cycle for information security management and the internal risk management system features the "Information Security Incident Reporting Procedures" for regular reviews and evaluations. We also convene "Information Security Promotion Committee" meetings regularly to review the Information Security Policy to block potential information security threats, improve information security protection standards, reduce information security risks, and maintain our commitment to providing high-quality services.

Employee information security training courses are implemented to enhance Accton employees' awareness of information security and protection of trade secrets. All new employees are provided with information security training on a regular basis while current employees are required to take information security tests and information security courses each year. In addition, we invited information security consultants to deliver lectures to employees and use real study cases and information security news to enhance employees' awareness of information security. These

help employees understand that information security must be implemented at work and on their daily lives and that it is an indispensable part of the Company's operations.

Accton implements data security in accordance with the "Personal Data Protection Act" and related laws and regulations of the competent authority. The rights and interests of the should be respected in the collection, processing, and use of personal data. The collection, processing and use shall be based on the method of fairness, legality and good faith, shall not exceed the necessary scope of specific purposes, and shall be reasonably related to the purpose for which it is collected. Appropriate security measures must be implemented for personal data held by the Company to protect such data from theft, alteration, damage, destruction, or leaks, and fulfill duties for protecting customer data.



# 09 Environment and Energy Management



# Environment and Energy Management

## Environmental Management Policies and Guidelines

## Accton Focuses on Climate Change and Implements the ISO 14001 Environmental Management System

Upholding the business philosophy of respect for life, deeply realizing that Earth's resources are limited, and the current fragile sustainability, Accton implemented the ISO 14001 environmental management system (Environmental management systems - Requirements with guidance for use). The Company completed the annual certification of the environmental management system ISO 14001:2015 in June 2019, and integrated it into the internal management system and production activities, including the interrelationship between processes, products, and the environment.

### Environmental Safety and Health Policy

1. Comply with domestic occupational safety and health regulations, and effectively implement and continuously improve our safety and health management systems.
2. Continue to promote resource recycling and reuse and industrial waste reduction.
3. Strengthen staff safety education, supplier and contractor safety management, and provide and promote environmental safety and health training.
4. Use automatic inspections to eliminate unsafe

actions and environments to prevent accidents.

5. Implement health management to protect employees' health and ensure zero hazards in safety.



### Air Pollution Management

Air quality has deteriorated in recent years, and its impact on citizens' health has increased. The particulate pollutants from various sources of emissions are the main culprits. Particularly, the PM2.5 pollutants have become one of the most important indicators in recent years. Accton Technology's main waste gas emissions derive from the small amount of waste gas produced during soldering operations. We assign dedicated personnel to maintain related exhaust equipment and implement self-inspections on total hydrocarbon (THC) particulate pollutants (Par). The emission amount is only 30% of the permitted emissions and the air pollution caused is quite insignificant. The Company reports a fixed pollution emission and pays the air pollution control fees in accordance with the "Air Pollution Control Act" to help protect the environment.

### In regards to effluent treatment

The Company identifies domestic and industrial effluents according to the "Water Pollution Control Act". The Company's production processes do not produce any industrial effluents, and domestic sewage from the office is treated

before being discharged to the industrial treatment system. The effluent's ammonia-nitrogen content is much lower than the standard value of 50mg/L permitted for effluents discharged into the sewers of industrial parks (Hsinchu Science Park and Kuan-Yuan Science Park). The effluent is part of the parks' effluent processing systems. The Company implements self-inspections of effluent quality every six months to ensure that the water quality of effluent meets the standards.

Accton identifies and properly disposes of waste in accordance with the Waste Disposal Act. All wastes are classified and sorted according to regulations and approved by the government for waste removal, disposal, transportation, treatment, and reuse.

### Advance Environmental Protection Charity

After classifying the waste, from iron and aluminum cans to plastic and glass bottles, to paper and others, we cooperate with charity organizations (relief agency) to handle the recyclables. Kitchen waste and waste cooking oil shall also be processed and reused in ways that effectively protect the environment, promote the recycle

and reuse of resources, and support public institutions' charity activities.



The Company passed the ISO 14001:2015 certification of TÜV SÜD and obtained the environmental management system certification

# Environment and Energy Management

## Greenhouse Gas Reduction

### Greenhouse Gas Reduction

Global climate has changed significantly under the influence of the greenhouse effects, and natural disasters such as floods, droughts, storms, and blizzards are more frequent, higher in intensity, and gradually expanding their extent, posing potential risks to the sustainable operation of enterprises. Therefore, in addition to formulating and implementing greenhouse gas policies, Accton provides product insurance and boasts the ISO14001:2015 environmental management system certification. Accton also actively oversees manufacturers and partners in the supply chain and establishes relevant emergency response systems to quickly respond to disasters and minimize the impact on the Company.

### Accton's carbon emissions reduction targets in 2019

The Company aimed to save 355,000 kWh (1,278 MJ) in electricity consumption which is equivalent to reducing 189.215 tons CO<sub>2</sub>e/year. The actual electricity saving was 361,646 kWh (1,302 MJ) which is equivalent to reducing 192.757 tons CO<sub>2</sub>e/year.

The greenhouse gas reduction and electricity saving solutions were as follows:

- I. Administrative management: Not easy to quantify due to technical difficulties and no related statistical data are available.
  1. Fully utilize electronic signing and approving procedures to reduce paper usage.
  2. Strict manage the power demand, as well as the lighting and air conditioning in idle areas.
  3. Control air-conditioning equipment, and adjust the startup of main ice and water equipment according to room temperature and activity level in the factory.

#### II. Equipment improvement

Plant 1:

Electricity saving target: 90,000 kWh (324.00 MJ)

Electricity saved: 91,066 kWh (327.84 MJ)

1. Continue to maintain the normal operation of the variable frequency equipment invested by the Company for the ventilation system on the roof. Electricity saved: 8,678 kWh (31.24 MJ)

2. Continue to maintain the normal operation of

the LED lights in the 1F warehouse, 2F laboratory, and basement. Electricity saved: 38,540 kWh (138.74 MJ)

3. Added variable frequency systems for the ventilation fans in the basement. Electricity saved: 43,848 kWh (157.85 MJ)

Plant 2:

Electricity saving target: 5,000 kWh (18.00 MJ)

Electricity saved: 6,320 kWh (22.75 MJ) due to the full introduction of LED energy-efficient lighting equipment.

Zhunan Plant:

Electricity saving target: 260,000 kWh (936.00 MJ)

Electricity saved: 264,260 kWh (951.34 MJ) due to the full introduction of LED energy-efficient lighting equipment.

# Cherish Electricity and Energy

The Earth's climate and environment are deteriorating due to the impact of greenhouse gases. As a corporate citizen of the Earth, Accton Technology began using the electricity emission factor published by the Bureau of Energy, Ministry of Economic Affairs in 2017 to inventory greenhouse gas emissions and used 2017 as the baseline year for monitoring its greenhouse gas emissions. Accton reduces environmental impact by monitoring changes in energy use and implementing energy conservation management. For Accton Technology, externally purchased electrical power is the only significant form of energy consumption (it accounts for approximately 94% of the Company's annual greenhouse gas emissions).

Plant 1 consumed 11,918,797 kWh (42,910 billion joules) in 2019. The electricity consumption and greenhouse gas emissions (Scope 2) increased by 64.75% and 65.03%, respectively in 2019 from levels in 2018 due to the 176.23% increase in production capacity. To increase the accuracy of greenhouse gas inventories, we plan to obtain ISO 14064-1:2018 certification in June 2020.

## Greenhouse Gas Emissions

Self-inventory of greenhouse gas emissions: Plant 2 and Zhunan Plant are new plants. Plant 2 was inaugurated in December 2019 and Zhunan Plant was commissioned in August 2019. Therefore, no electrical consumption statistics are available for 2017 to 2018.

Scope	Unit	Plant	2017	2018	2019
Purchased electricity	10 billion joules	Plant 1	2,376	2,604	3,010
		Plant 2	n/a	n/a	235
		Zhunan Plant	n/a	n/a	1,046
		Total	2,376	2,604	4,291

## Greenhouse gas emissions converted from purchased electricity

(Scope 1: direct emissions; Scope 2: indirect emissions; Scope 3: other indirect emissions.)

Scope	Unit	Plant	2017	2018	2019
Scope 2	tons CO2e	Plant 1	3,657	3,856	4,457
		Plant 2	n/a	n/a	347
		Zhunan Plant	n/a	n/a	1,549
		Total	3,657	3,856	6,353

## Proper Waste Disposal

Accton implements waste management in accordance with the “Waste Disposal Act” and the “Enterprise Enlisted for Submit Waste Clearance Planning Report”. The waste clean-up plan reported by the Company has been approved by the competent authorities (Hsinchu Science Park Bureau and Environmental Protection Bureau of Miaoli County). The Company also actively cooperates with government announcements and appoints a Class B waste processing technician in each plant to take charge of industrial waste disposal and processing. Related businesses are processed in accordance with waste disposal regulations and requirements of the Environmental Protection Bureau. The Company uses online reporting to report the production, storage, removal, and processed quantities of waste. We also appoint qualified service providers recognized by the Environmental Protection Administration to remove and process waste in accordance with the processing methods described in the waste disposal plan. There were no penalties or losses in the reporting period. In the future, the Company shall continue to conserve resources, reduce the production of waste, promote resource recycling and reuse, and reduce the burden on the environment in order to attain waste reduction and resource recycling

and reuse targets. We shall promote sustainable use of resources and jointly contribute to protecting the environment of the Earth.

General waste, composite waste plastics among regular industrial waste, composite waste wood, and general waste produced in operating activities are incinerated.

General industrial waste including tailings, waste metals, semi-finished products, waste solder paste, and tin slag are classified and jointly processed or reused. The process meets the regulations in the “Waste Disposal Act”.

The waste liquids and solvents from hazardous industrial waste are adequately processed in accordance with legally required processing methods.

After classifying the waste, from iron and aluminum cans to plastic and glass bottles, to paper and others, we cooperate with charity organizations (relief agency) to handle the recyclables. Kitchen waste and waste cooking oil shall also be processed and reused in ways that effectively promote the recycling and reuse of resources.

## Waste statistics

- General waste includes domestic waste produced by employees and general waste produced in operating activities. The 40.85% increase in Plant 1 in 2019 from 2018 was caused by the 176.23% increase in production capacity. The reason Zhunan Plant did not produce general waste was that it was included in general industrial waste for calculation.
- Plant 2 and Zhunan Plant are new plants. Plant 2 was inaugurated in December 2019 and Zhunan Plant was commissioned in August 2019. Therefore, no waste was produced from 2017 to 2018.

Scope	Regulations or International Standards Identification	Item	Unit	Plant	2017	2018	2019
Waste	Waste Disposal Act	General waste (domestic waste)	Ton	Plant 1	58,563	44,988	63,367
				Plant 2	n/a	n/a	25,580
				Zhunan Plant	n/a	n/a	n/a
				Total	58,563	44,988	88,947
		Hazardous industrial waste	Ton	Plant 1	8,483	9,461	0,045
				Plant 2	n/a	n/a	n/a
				Zhunan Plant	n/a	n/a	n/a
				Total	8,483	9,461	0,045
		General industrial waste	Ton	Plant 1	56,807	60,835	36,624
				Plant 2	n/a	n/a	21,380
				Zhunan Plant	n/a	n/a	17,666
				Total	56,807	60,835	75,67
		Recycled waste	Ton	Plant 1	229,464	322,168	557,007
				Plant 2	n/a	n/a	171,410
				Zhunan Plant	n/a	n/a	139,584
				Total	229,464	322,168	868,001

## Increase industrial waste sorting, recycling and reuse rate

Accton upholds corporate sustainable development ideals and implements waste sorting and waste reduction. We established waste storage areas in compliance with regulations and appointed qualified waste disposal companies to process the waste. We also perform onsite audits where and when necessary. The contents of audits include loading operations of vehicles used for waste disposal, storage facilities, processing methods, and document verification to ensure the completion of waste disposal operations.

### 2019 recycling target was 80%

The Company has implemented waste reduction and sorted, recycled, and reused resources from the Company's general and industrial waste to promote the environmental policy of "continue to promote resource recycling and reuse and industrial waste reduction".

The annual recycling and reuse rate has improved each year with significant results from 64.9% in 2017 to 73.6% in 2018 and 84.1% in 2019.

In regards to effluent treatment, we identify domestic and industrial effluents according to the "Water Pollution Control Act". The Company's production processes do not produce any industrial effluents, and domestic sewage from the office is treated before being discharged to the industrial treatment system.

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### Annual recycling and reuse rate

Note: Plant 2 was inaugurated in December 2019 and Zhunan Plant was commissioned in August 2019. Therefore, no recycling statistics are available for 2017 to 2018.

Output category	Plant	2017	2018	2019
Total waste output	Plant 1	353.316	437.452	657.043
	Plant 2	n/a	n/a	218.370
	Zhunan Plant	n/a	n/a	157.250
	Total	967.292	1,007.410	1,598.030
Total resource recycling and reuse volume	Plant 1	229.464	322.168	557.007
	Plant 2	n/a	n/a	171.410
	Zhunan Plant	n/a	n/a	139.584
	Total	516.717	565.126	1,117.258
Recycling and reuse rate	Plant 1	64.9%	73.6%	84.8%
	Plant 2	n/a	n/a	78.5%
	Zhunan Plant	n/a	n/a	88.8%
	Total	55.84%	58.12%	74.05%



# Climate Change - Environmental Risk Management under Climate Change

The effects of global climate change have become increasingly obvious. They lead to different types of extreme weather and seriously impact the habitats and living conditions of animals and plants. They also severely affect human economic and social activities. Energy conservation and carbon reduction has become one of the most critical issues for the electronics industry and customers of the Company. Accton is committed to significantly reduce the energy consumption of its products and reduce the impact on the environment to increase customer satisfaction with Accton products. To support Accton's core corporate values for integrity, environmental protection, perseverance, equality, accountability, and cooperation, and to evaluate related risks and potential opportunities for regulatory and physical carbon management, the Company implements the following risk assessments:

Risk Item	Explanation of Risks/Opportunities	Future Strategy/Action
<p>Legal risks</p> <ul style="list-style-type: none"> <li>● Related regulations on “greenhouse gas reduction” published by the Environmental Protection Administration of Taiwan</li> <li>● Green products and certifications of different countries</li> </ul>	<ul style="list-style-type: none"> <li>● Risks: Specific entities are required to report greenhouse gas emissions and may lead to unresolvable risks</li> <li>● Risks: The increase in the cost of materials/components and design/verification costs will increase overall production costs</li> <li>● Opportunities: Market demand for renewable energy will increase due to the establishment of energy taxes and carbon taxes across the world. It will provide opportunities for corporate development or investment in renewable energy.</li> </ul>	<ul style="list-style-type: none"> <li>● Accton has not yet been regulated by laws and regulations and has voluntarily established greenhouse gas inventory mechanisms to improve environmental performance.</li> <li>● Learn about international trends as quickly as possible and implement greenhouse gas inventory and energy conservation and carbon reduction activities.</li> </ul>
<p>Physical risks</p> <ul style="list-style-type: none"> <li>● Direct impact of irregular weather such as floods, droughts, or typhoons</li> <li>● Indirect impact of irregular weather such as increase in the cost of resources and rapid transmission of diseases</li> </ul>	<ul style="list-style-type: none"> <li>● Risks: Interruption of the supply chain, reduction or suspension of production capacity, loss of life or property, and cost of rebuilding.</li> <li>● Opportunities: The changes in rainfall patterns will help many companies understand the importance of water resource management.</li> </ul>	<ul style="list-style-type: none"> <li>● Seek other sources of components to mitigate the impact on product shipments.</li> <li>● Enhance the education for carbon management and water resource management and increase resource management awareness.</li> </ul>
<p>Other</p> <ul style="list-style-type: none"> <li>● Environmentally-friendly products become mainstream</li> </ul>	<ul style="list-style-type: none"> <li>● Risks: As low-carbon and certified environmental protection products become mainstream, the use of materials and supply chains that meet low-carbon design requirements will increase overall operation costs.</li> <li>● Opportunities: If carbon management is implemented correctly, it would help improve the corporate image.</li> </ul>	<ul style="list-style-type: none"> <li>● Actively respond to strategies and actions taken by stakeholders for Accton’s carbon management to fulfill responsibilities as corporate citizens.</li> </ul>



# 10 Green Products and Supply Chain Management





## Green Products

The impact of greenhouse effect and climate change will increasingly damage human lives and properties. Accton shall formulate plans to obtain carbon emissions analysis data for related internal units as the basis to reduce carbon emissions in the product design phase and production process. We hope that we can use data analysis in the not so distant future to recommend suppliers with lower carbon emissions for the procurement of raw materials/components. We shall also offer energy conservation and carbon reduction recommendations for suppliers with irregular emission volumes to help them reduce energy and resources consumption, reduce carbon emissions, and reduce costs.

Accton reduces the use of raw and packaging materials as well as related substances through effective management. We use product design, improved energy efficiency, reduction of hazardous substances, and packaging design, and establish partnerships between the R&D team, customers, material and technology suppliers to adopt innovative ideas and develop more environmentally-friendly products. Accton's concepts for developing green products are expressed in different measures adopted in each stage, particularly the product design stage, to leverage the source management and preventive

principles for supply value chain, carefully select materials with lower environmental risks, and confirm that they meet requirements for international and universal regulations for prohibited substances as well as customer requirements.

100% of Accton's products meet the requirements of the EU RoHS Directive (2011/65/EU, \*EU) 2015/863), and there were no cases of rejected products caused by RoHS violations. In addition, Accton also requires suppliers to implement improvements for exclusion clauses in RoHS. Accton pays close attention to the evolution of international environmental protection regulations and implemented management and control measures for halogen-free materials and California Proposition 65 (Prop 65), requirements commonly found only on the supplier side.

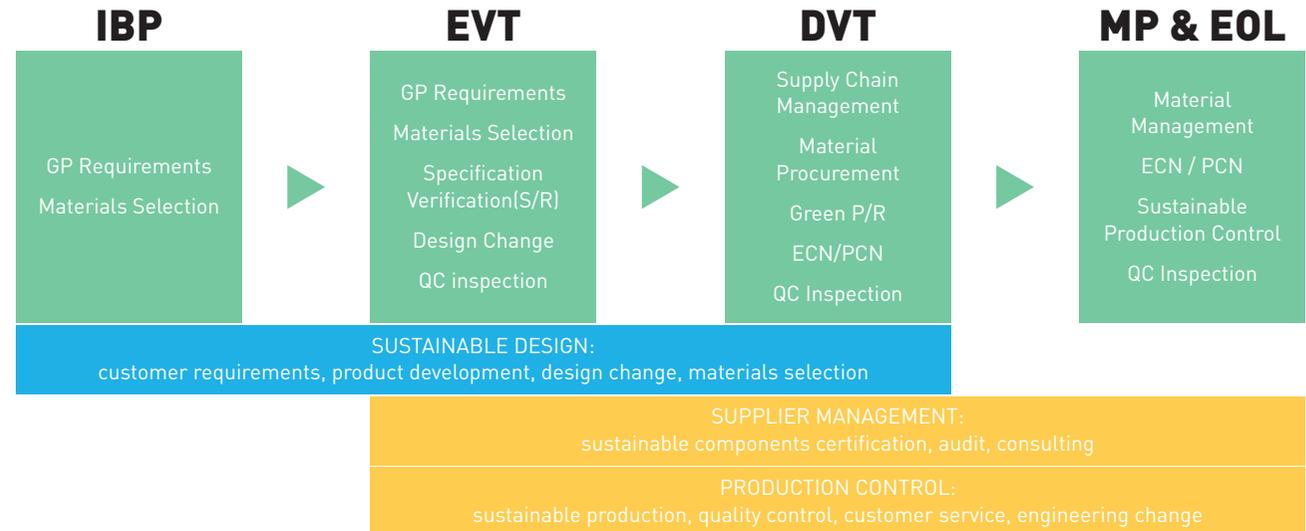
REACH (Registration, Evaluation, and Authorization of Chemicals; No 1907/2006/EC) is a regulation for chemical substances within the EU to achieve integrated management.

To meet the requirements of H Directive, for products containing Substances of Very High Concern (SVHC) in more than 0.1% (w/w) concentration, the producer is required to provide information about SVHC presence.

The EU’s official authority European Chemicals Agency (ECHA) regularly announces SVHC on the ECHA website. Accton includes new substances into the “Product Hazardous Material Management Regulations” in accordance with announcements on the ECHA website and requires suppliers to disclose information on such substances.

We also encourage suppliers to reduce and eliminate the use of such chemical substances. With regard to the 17 types of hazardous chemicals included in the list of restrictions in the EU Chemicals Policy, Accton has included them in the “Product Hazardous Material Management Regulations” and prohibited the use of such chemicals.

### Green Product Management Process



# Full Evolution of the Supplier Management Policy

## Supplier Sustainability Management

Accton views its suppliers as long-term partners. We believe that competitive quality, technology, delivery, and cost are also the basic requirements for a supplier. More emphasis will be placed on the governance, environmental and social aspects of the supply chain in the future. The goal is for suppliers to be not merely business partners of Accton, but also partners in our promotion of sustainability.

## Localized Management

Localized management mainly includes localized procurement management, conflict minerals management, and suppliers' human rights management.

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Localized management mainly includes localized procurement management, conflict minerals management, and suppliers' human rights management.

## Localized Procurement Management

Accton continues to implement local procure-

ment strategies and construct a green supply chain to build close relations with local partners, promote local social and economic development, and reduce carbon dioxide emissions from production and transportation. The main production sites in Taiwan have continued to increase the local procurement ratio.

### Accton increases the amount and ratio of local procurement each year

The local procurement amount rose from US\$1.26 million in 2017 to US\$1.35 million in 2018 and US\$2.61 million in 2019.

The local procurement amount rose from 22.78% in 2017 to 24.14% in 2018 and 35.27% in 2019.

### Conflict Minerals Management

Accton bans the use of conflict minerals and continues to implement active and passive management of suppliers' use of conflict minerals to ensure that Accton's supply chain respects human rights and do not take part in conflicts. Accton expressly requires suppliers to avoid the use of conflict minerals and fulfill corporate responsibilities in procurement contracts and procurement lists.

Accton has not discovered cases of the use of conflict materials in the supply chain.

### Supplier Human Rights Management

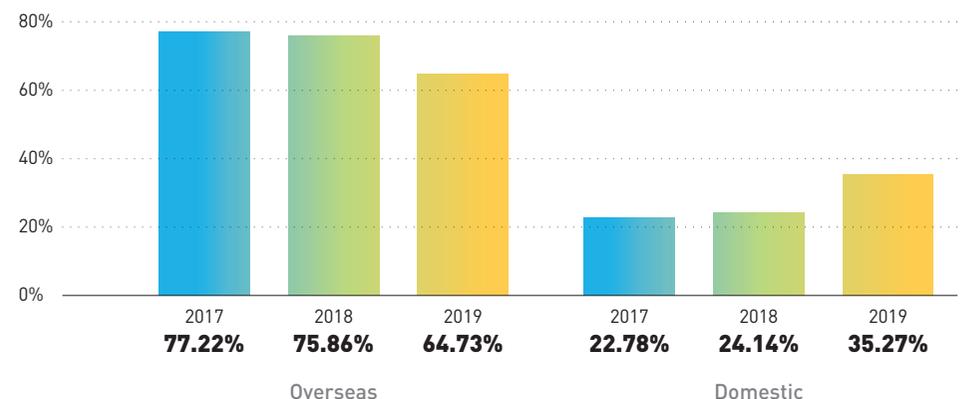
Accton adheres to the Code of Conduct advocated by the Responsible Business Alliance (RBA) to promote labor rights and ethical, health, environmental, and management systems. Accton is committed to the highest level of self-discipline for the Company and sustainable suppliers in regards to human rights, environmental protection, and responsible business conduct in its supply chain and strives to abide by the RBA Code of Conduct.

Accton expressly requires suppliers to abide by the CSR Policy and RBA Standards when providing products and/or services to the Accton Group in procurement contracts and procurement lists.

### Procurement Amount



### Percentage of Procurement Amount



Accton requires all qualified suppliers to sign the "Integrity Declaration".

### Reporting Channels

Accton requires all qualified suppliers to sign the "Integrity Declaration" to ensure sustainable partnerships with suppliers and prevent any violation of the Supplier Code of Conduct. We also established supplier complaint channels and provide the email [auditing@accton.com](mailto:auditing@accton.com) to receive anonymous/signed complaints to contacts assigned by management level executives for clarification and reports to effectively prevent abuse.

### Continuous Implementation of Supplier RBA Audits

Accton fulfills corporate social responsibilities and meets the five major requirements in the RBA management system. We also establish audit regulations for suppliers to ensure that the supply chain also meets regulations.

- 1.Labor
- 2.Health and Safety
- 3.Environmental

4.Ethics

5.Management Systems

No suppliers violated the following critical items specified by Accton in 2019:

#### Labor

(1.1) Free Chosen Employment for laborers

(2.1) Child Labor Avoidance

#### Health & Safety

(2.1) Emergency Preparedness: Verify whether plants have set up appropriate fire detection and fire extinguishing devices

(2.2) Emergency Preparedness: Implement emergency preparation based on emergency response procedures and evaluate the emergency conditions and incidents before implementing response measures and procedures to minimize the negative impact of the emergency conditions and incident

#### Ethics

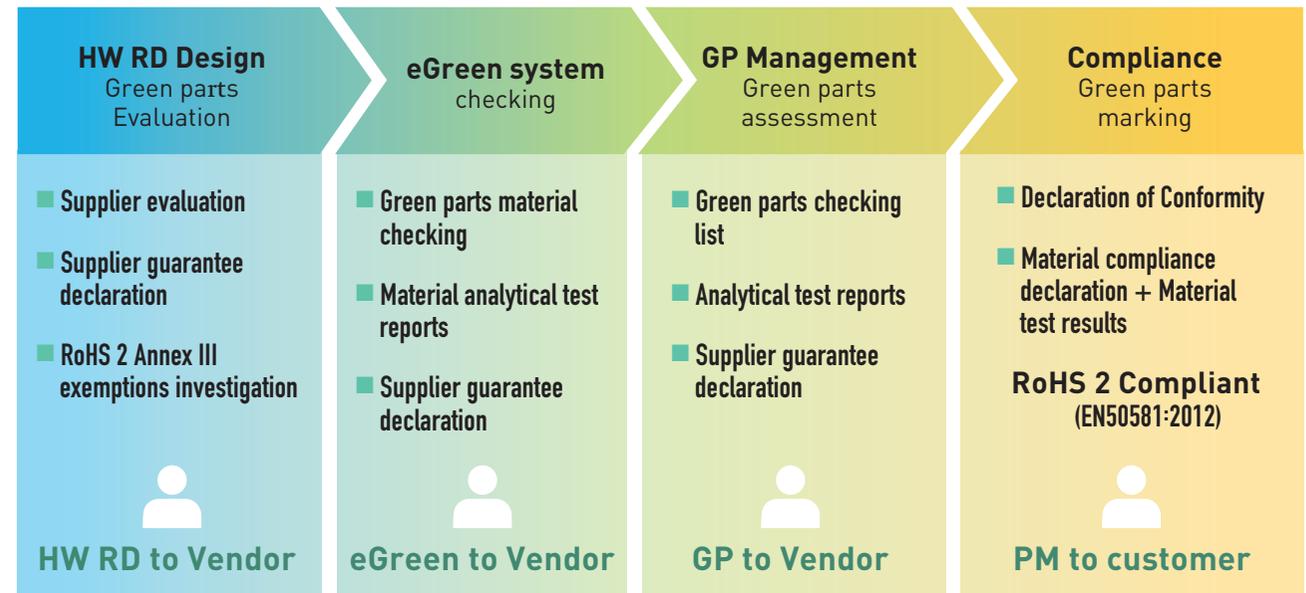
(7.1) Responsible Sourcing of Minerals

# Green Raw Material Management

The Company manages and controls raw materials, components, modules, and indirect materials to ensure health and safety and adequately responds to human rights and environmental protection issues. Accton ensures that all products meet international environmental protection laws and regulations and customer requirements. Suppliers submit signed statements and implement investigations on material contents through Accton's supplier manage-

ment platform. The Company has introduced green materials starting from the source to meet requirements for updated customer environmental protection standards and global environmental protection laws and regulations. Accton requires suppliers to meet hazardous substance management regulations for related products as soon as a part number is recognized by the Company. To effectively track, communicate, and manage green components, each supplier can

## eGreen Management System



use the eGreen system® platform, developed independently by Accton, to learn about the environmental protection control and management requirements for components and materials in the “Product Hazardous Material Management Regulations” (WIC-CE05002). Suppliers are committed to providing raw materials free of hazardous substances and follow QC080000 Hazardous Substances Process Management.

### Full Implementation of the Green Supply Chain Management

The Company has established brand-new supplier management policies and strengthened green supply chain management strategies. The Company revises regulations in Accton’s related environmental protection regulations on substances in accordance with updates of international standards and customers-specific requirements. The updates are announced on the “eGreen system platform” established by Accton for suppliers to learn about the management of hazardous substances in Accton products. In 2018, Accton required suppliers to meet more than just the standard six RoHS requirements, requiring regulations and initiating investigations on the plasticizers DEHP, BBP, DBP, and DIBP for which regulations were set to be

implemented in 2019. These measures helped Accton products meet all international environmental protection regulations and there were no cases of rejected products caused by violations of international environmental protection regulations. Accton hosts annual supplier meetings and declares its determination to fulfill global criteria for environmental protection and quality management.

### Management of Conflict Minerals

In terms of human rights issues, Accton Technology fulfills its corporate social responsibilities. In addition to compliance with the RBA Code of Conduct, we also expressly communicate our demands to suppliers for not supporting or using

minerals mined from areas with armed conflicts, illegal mining, and severe work conditions. We also require suppliers to submit statements stating that they do not use the aforementioned conflict minerals. Since the establishment of related conflict mineral management policies and requirements in 2013, the Company has commenced investigations on conflict minerals with suppliers and partners in China (South China and coastal areas) and certain regions in Europe and the Americas in related electronics and machinery industries across the world. We also requested suppliers to commit to not using minerals mined and sold from the aforementioned mines.

### Accton’s Investigation and Management of Conflict Minerals

1. Policy	1. Inspection
Policy explanation Regulations followed by the Company Plan and requirements Signature of documents	Use RMI organization information to verify whether or not the smelters/refineries provided by suppliers meet requirements. Regularly pay attention to related information
2. Implementation	2. Review
Collect information on conflict minerals of suppliers Related information	Irregular sampling inspections Related information

To implement the “no use of conflict minerals” policy, the Company began surveys on the use of conflict minerals by suppliers each year in 2018. The Company has recovered more than 90% of the questionnaires. We also implemented investigations on conflict mineral investigations for more than 500 suppliers in 2019. We need the cooperation and oversight of suppliers along the supply chain to perform tracking and comparison of upstream smelters and refineries. We also require them to fill out the latest CMRT survey forms announced by RBA. We hope to use collective power to contribute to human society and disadvantaged laborers, and to help suppress conflict minerals at the source. Accton activated due diligence for cobalt in 2019 in hopes of uniting suppliers to request upstream smelters not to support inhumane mining conditions.

### Low-Carbon Products and Carbon Disclosure

The impact of the greenhouse effect and climate change will increasingly damage human lives and properties. Accton shall formulate plans to obtain related carbon emissions analysis data for related internal units as the basis for reducing the carbon emissions of products in the product design phase and production pro-

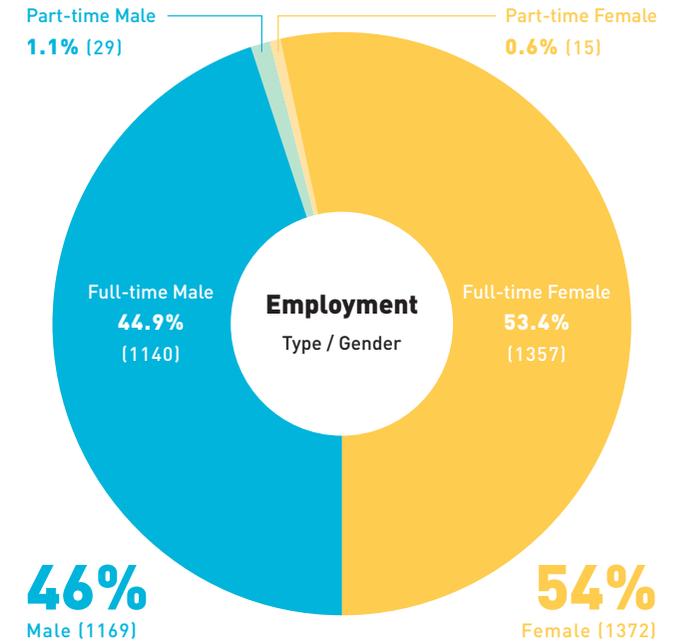
cess. We hope that in the not so distant future, we can use data analysis to recommend suppliers with lower carbon emissions for procurement of raw materials/components. We shall also elaborate recommendations of energy conservation and carbon footprint reduction for suppliers with irregular emission volumes to help suppliers reduce energy and resource consumption, reduce carbon emissions, and reduce costs.



# 11 Employee Care and Career Development

# Human Resources Structure

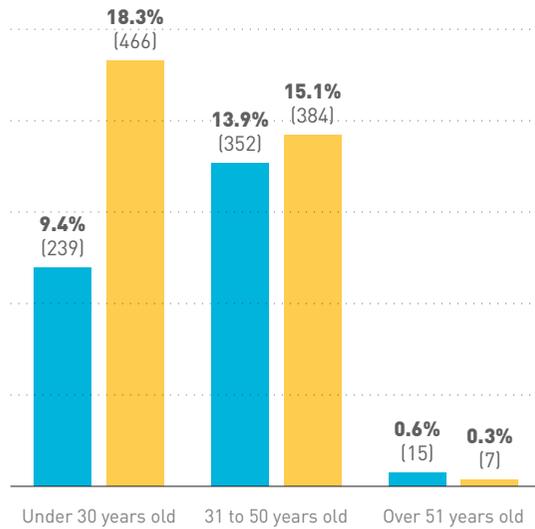
Employees are Accton’s most valuable assets. Accton has always believed that talents are the most important part for sustainability of a company. We are therefore committed to providing employees with high-quality jobs including offering competitive salary and benefits, comprehensive advancement with professional development pathways, and a safe workplace. We also establish a workplace environment suitable for continuous learning and fun to attract and retain talents. The recruitment, employment, and progression of employees is solely based on their abilities, and the recruitment procedures are in accordance with the statutory standards. All employees, independent of ethnic group, religion, color, nationality, age, gender, sexual orientation, marital status, and political affiliation, shall be subject to fair and impartial operating procedures and treated equally. Accton regularly reviews and issues human resource reports and continues to practice the human rights issues of gender, racial equality and multi-ethnic diversity for all employees. Composition of governance bodies and breakdown of employees per employee category according to gender, age group, employee structure, and other diversity indicators:



### New Employees - Number of People

Age/Gender

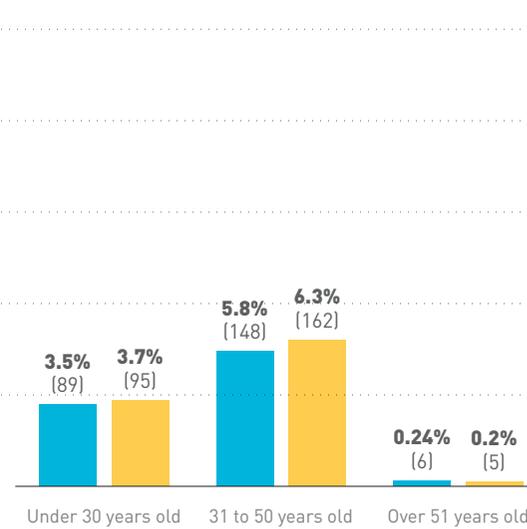
**23.9%** Male (606)    **33.7%** Female (857)    **57.6%** Sub-total (1463)



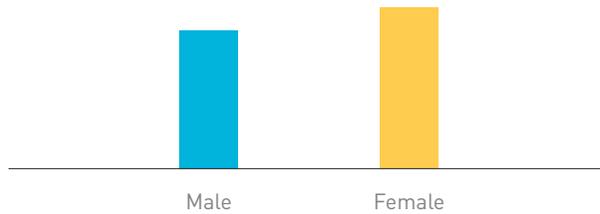
### Employee Turnover - Number of People

Age/Gender

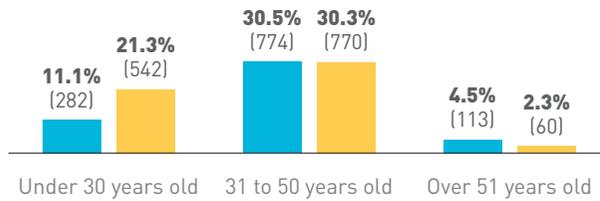
**9.54%** Male (243)    **10.2%** Female (262)    **19.74%** Sub-total (505)



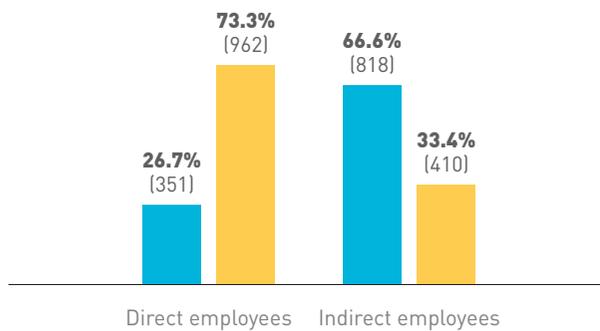
**By Gender**



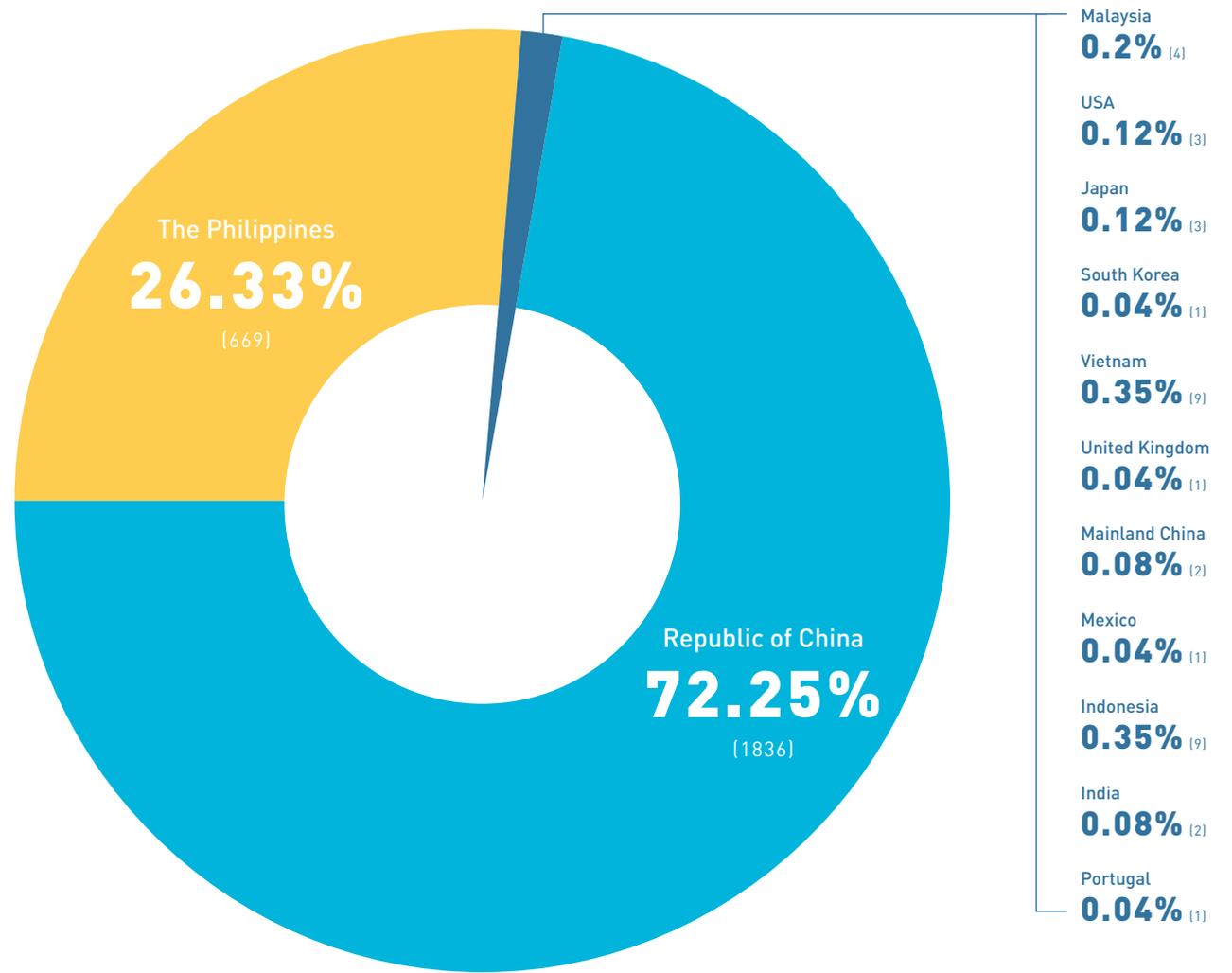
**By Age**



**By Employee Structure**



**By Nationality**



- Malaysia **0.2%** <sup>(4)</sup>
- USA **0.12%** <sup>(3)</sup>
- Japan **0.12%** <sup>(3)</sup>
- South Korea **0.04%** <sup>(1)</sup>
- Vietnam **0.35%** <sup>(9)</sup>
- United Kingdom **0.04%** <sup>(1)</sup>
- Mainland China **0.08%** <sup>(2)</sup>
- Mexico **0.04%** <sup>(1)</sup>
- Indonesia **0.35%** <sup>(9)</sup>
- India **0.08%** <sup>(2)</sup>
- Portugal **0.04%** <sup>(1)</sup>

## Compliance with the Act of Gender Equality in Employment and Implementation of the Unpaid Parental Leave System

Accton is committed to promoting a balance between work and family life. We actively implement equality in maternity and paternity leave for female and male employees and provide a comprehensive leave management system. Said measures help employees use their leave time with the necessary flexibility to take care of their family and hold the long-term unpaid leave for a situation of severe illness or injury. This balance makes it easier for the Company to recruit and retain good employees, which improves employee morale and overall productivity. The Company follows a system of parental leave without pay in accordance with the "Act of Gender Equality in Employment". Both male and female employees are eligible for the parental leave. Requirements include: (1) both parents must be employed at the time of the application; (2) minimum of 6 months of employment in the enterprise (3) children aged 3 or less (4) parental leave of no less than 6 months, with maximum of 2 years for each application. During the period of unpaid leave, we actively communicate with employees to demonstrate that we care. We also arrange all matters related to reinstatement beforehand so that the employees can return to their original jobs and adapt to the workplace with ease.

In terms of unpaid parental leave, 7 Accton employees applied for it in 2019. In the same year, 8 employees were scheduled to be reinstated and 7 employees were reinstated on schedule. The reinstatement rate in 2019 was 87.5% which was slightly higher than 78.6% in 2018. The retention rate refers to the proportion of employees who have worked for at least one year after reinstatement from unpaid parental leave. According to 2019 data, the retention rate was 81.8% which is higher than the 64.3% retention rate registered in 2018. It is evident that Accton provides sufficient assistance and support to help reinstated employees return to work.

2019	Male	Female	Sub-total
Number of employees eligible for unpaid parental leave in 2019	99	51	150
Number of applicants for unpaid parental leave in 2019	0	7	7
Number of employees expected to be reinstated from unpaid parental leave in 2019 (A)	0	8	8
Number of employees reinstated from unpaid parental leave in 2019 (B)	0	7	7
Reinstatement rate (B/A)	0.0%	87.5%	87.5%
Number of employees reinstated from unpaid parental leave in 2018 (C)	0	11	11
Number of employees reinstated in 2018 who have continuously worked for more than one year (D)	0	9	9
Retention rate (D/C)	0.0%	81.8%	81.8%

2018	Male	Female	Sub-total
Number of employees eligible for unpaid parental leave in 2018	58	34	92
Number of applicants for unpaid parental leave in 2018	0	11	11
Number of employees expected to be reinstated from unpaid parental leave in 2018 (A)	0	14	14
Number of employees reinstated from unpaid parental leave in 2018 (B)	0	11	11
Reinstatement rate (B/A)	0.0%	78.6%	78.6%
Number of employees reinstated from unpaid parental leave in 2017 (C)	3	11	14
Number of employees reinstated in 2017 who have continuously worked for more than one year (D)	0	9	9
Retention rate (D/C)	0%	81.8%	64.3%

## Protection of Labor Rights

Since its establishment, Accton allows talents to bring their role into full play and upholds its care for employees and their families as the most important responsibility. We hope to provide a worry-free work environment that helps employees devote themselves to their work and increases the Company's competitiveness. In addition to the active implementation of thoughtful management and various benefit measures, the Company constantly learns about the ideas and needs of its employees through multiple channels in order to achieve optimal communication, solve problems effectively, and promote harmonious relations between the employer and employees. Employee rights and labor services are affected when significant operational changes are instituted. We fully abide by Article 16 of the Labor Standards Act with respect to the minimum notice period for the termination of labor contracts.

Accton is committed to creating a harmonious atmosphere between the employer and employees on mutual trust basis in terms of operation and management, and understand employee's satisfaction with management and benefit systems by leveraging different channels to enhance communication and reach consensus.



Accton organizes labor-management meetings and holds elections for labor representatives every four years to facilitate regular communication between labor and management, coordinate labor relations, promote labor cooperation, and improve work efficiency.

Accton holds employee seminars to listen to employees' recommendations for the Company and exchange ideas on the implementation of company policies.

We opened the "Employee Ideas" communication channel on the Accton Portal platform and set up message sections where employees are encouraged to propose recommendations for business or management measures. We help entry-level

employees directly deliver their ideas and expectations to the senior management as reference for continuous improvement and corporate governance.

We also established a hotline for employee complaints: (03) 577-0270, extension 3119, and an email for employee complaints: hr885@accton.com.

We have 705 foreign workers in Taiwan, which account for 27.7% of all employees in Taiwan. Foreign workers include 669 Filipinos, which account for 94.9% of all foreign workers. The results of our foreign employee human rights policies are disclosed based on the GRI Sustainability Reporting Standards. We have not found any incidents of (1) discrimination (2) violation of freedom of association and collective bargaining rights (3) child labor (4) forced or compulsory labor. In addition, we have set up an employee complaint hotline and an employee complaint e-mail address to create smooth employee communication channels. We also appointed bilingual professionals to take charge of daily communication with foreign employees. 1 complaint was received, processed, and resolved through official complaint mechanisms in the reporting period.



A labor union has not been established for the Company but communication and collective bargaining are implemented through regular labor-management conferences based on the government's labor regulations. Additional conferences are also held periodically in compliance with Article 83 of the Labor Standards Act. Issues such as labor-management cooperation, labor relations, working conditions and employee welfare are discussed through further consultation when necessary. In addition, the Supervisory Committee of Labor Retirement Reserve con-

venes periodic conferences in accordance with Article 56 of the Labor Standards Act. Specific provisional conferences are held for pension fund audits, capital saving and spending, and pension fund payments.

In our next annual CSR Report, we shall disclose CSR policy statements from important suppliers and extend the identification targets for the implementation of human rights policies to suppliers. They shall be required to abide the "Labor Standards Act" and human rights policies and be committed to any form of coerced or forced labor.

## Employee Training

Accton highly values the development of talent. The training courses cover new employee orientation, professional training, productivity, quality management, occupational health and safety, leadership and management. We regularly train colleagues from various departments to become internal lecturers to cultivate an active sharing and learning culture. To achieve this goal, Accton established the Accton Academy for in-person learning and the Learning Management System (LMS) for online learning. Together they provide employees with a quick and convenient learning platform. We emphasize pre-employment training for direct employees and built a dedicated simulation center for training purposes. Our employee ethics training includes “no insider trading” courses and “ethical management” courses. 2,482 employees received training in 2019. With 0.5 hours of education materials, total training hours amounted to 1,241 hours and courses were included in the orientation training. The Company provides external training and training subsidies (up to 100% of training expenses) based on job requirements. Each employee is awarded a fixed grant to learn foreign languages each year to help employees improve their performance and overall team competitiveness.

## Learning Management System (LMS) online learning materials



### Ethics



#### Fair Business, Advertising and Competition

Standards of fair business, advertising and competition are to be upheld.



#### Employee Ethical Behavior Management Procedures (QPA-HR05) (5.7)

##### No Insider Trading:

**Any information that the Company's employees have learned through their duties that may significantly affect the trading price of the Company's securities shall be kept strictly confidential in accordance with the Securities and Exchange Act before being disclosed to the public and all such information shall not be used for insider trading.**



#### Governing Rewarding and Punishment of Employees Instruction (WIA-HR04005)

### Pass on Knowledge with Internal Lecturer Training Program

The HR unit has purposefully designed an internal lecturer training program to improve and pass on Accton's professional knowledge, experience, and sustain our valuable IP assets. By establishing the internal lecturer system, offering training courses for internal lecturers, organizing dedicated activities (book clubs, themed dinners, hiking trips, and special events during Teachers' Day), selecting and rewarding outstanding lecturers at the end of the year, we hope to create a positive atmosphere for internal lecturers and create a culture of active sharing and learning. Through this continued effort, the number of internal lecturers trained by Accton has been growing each year. The number of trained internal lecturers in 2019 increased by 30% compared to the previous year and the overall post-course satisfaction rate for internal courses was 4.5 points (on a scale of 5 points).

### Learning and development: Orientation training

Fulfilling courses, exciting exchanges, and a happy atmosphere are indispensable for the orientation training prepared by Accton for all employees. The Accton orientation training includes basic training on the first day of

work and courses meticulously designed by internal lecturers who use relaxing, lively, and highly interactive methods to help new employees quickly gain an understanding of the corporate culture and related regulations. We also use team activities to increase opportunities for mutual exchanges between partners. The orien-

### Average hours of training per year per employee (unit: hours)

Training approach	Training type	Total training hours in 2019
Internal training	Orientation training	11,752
Internal training	Work efficiency	1,851
Internal training	Professional knowledge and skills	6,353
Internal training	Quality management	2,550
Internal training	Environmental safety and occupational health	3,256
Internal training	Leadership and management	1,013
External training	External training in Taiwan	2,248
Total training hours		29,023
Average training hours per employee		14.85

tation training process establishes a corporate culture of team communication, cooperation, and cohesion, and creates a solid foundation for a “happy enterprise” at Accton.

### **Learning and development: Professional training**

Design and R&D technologies are key development items for Accton and critical areas of training. The Company integrates corporate strategic goals and organization plans to establish a professional learning map for R&D personnel. We also developed a knowledge management (KM) system as the foundation for design and innovation. With the assistance and support of the Company, 692 employees participated in professional training courses in 2019, resulting in 6,353 hours of training.

### **Learning and development: Leadership and management training**

Onsite managers are important cornerstones of the Company. They must meet production targets and are responsible for product quality and cost control. They are also first-line managers of employees. To assist onsite managers in making good use of their management skills, identify

the emotional issues of entry-level employees, and provide timely correction for inappropriate behavior and care, the Company organized the Training Within Industry (TWI) programs to teach managers how to effectively motivate subordinates, manage employee relations, and enhance their leadership skills.

### **Performance Management**

We use target management methods to connect employees’ personal targets with those of the organization. We use official performance evaluation mechanisms to monitor the progress towards the goals of both the employees and the organization to provide suitable feedback. We implement probationary evaluations for new employees, annual performance evaluations, and monthly evaluations for direct employees. The results are used to assess personal development plans, performance improvement plans, salary adjustments, promotions, and bonuses to maximize the effectiveness of our human resources.

## Employee Remuneration and Benefits

Since its establishment, Accton has allowed talent to bring their role into full play and has upheld its care for employees and their families as the most important responsibility. We hope to provide a worry-free working environment to help employees devote themselves to their work and increase the Company's competitiveness. In addition to the active implementation of thoughtful management and various benefit measures, the Company learns about employees' ideas and needs at all times through multiple channels to achieve sufficient communication, solve problems effectively, and promote harmonious relations between employer and employees. In addition to the 12-month basic salary and bonuses for the three festivals, Accton provides special bonuses based on performance and allocates 1% to 11.25% of earnings as employee remuneration each year based on profitability.

### Ratio of standard entry-level wage compared to local minimum wage

Accton rigorously abides by laws and regulations. The standard starting salary (Note 2) of entry-level personnel (Note 1) is superior to the minimum wage announced by the government of Taiwan each year (Note 3). We also adhere to regulations for gender equality and equal pay for

work of equal value. There are no gender-based differences in the starting salary for employees.

Female → 1 : 1.05

Male → 1 : 1.05

Note 1: Entry-level personnel refer to "technicians"

Note 2: The standard starting salary is the minimum salary specified in the Company's regulations (excluding overtime pay and other position allowances)

Note 3: The minimum salary announced in Taiwan in 2019 was NT\$23,100.

### Ratio of basic salary and remuneration of women to men

The salary of Accton employees is determined in accordance with personal academic records, experience, professional knowledge, market conditions, and internal regulations of the Company. Accton is an equal opportunity employer, and salaries do not depend on gender, race, language, religion, age, party affiliation, or marital status.

The ratio difference is mainly attributed to the inclusion of employees with different education, experience, background, job duties, nature of work, and the number of employees with similar grades. However, the ratio of salary differences between male and female employees is not higher than 0.25.

2019 average		Managerial roles	Non-managerial roles	Technicians
Basic salary (Note 1)	Female	1.00	1.00	1.00
	Male	1.25	1.20	0.99
Total remuneration (Note 2)	Female	1.00	1.00	1.00
	Male	1.16	1.18	1.02

The data are from January to December 2019

Note 1: The basic salary is calculated based on the "regular salary"

Note 2: The total remuneration is calculated based on the "regular salary + rewards"

### Number and average and median salary of full-time non-managerial employees

Accton reported "1,929 employees" who were full-time non-managerial employees in 2019 in accordance with regulations of Taiwan Stock Exchange. The average salary was "NT\$1,079 thousand" and the median salary was "NT\$687 thousand".

Compared to 2018, Accton expanded production capacity in Taiwan and recruited many technicians. The number of employees thus increased by 44.5%. As technicians account for the largest share of new hires, the average salary in 2019 declined slightly by 4.8% compared to 2018.

	Number of full-time employees	Average salary (Note 1)	Median salary (Note 1)
Y2018	1,335	1,133	
Y2019	1,929	1,079	687

Note 1: NT\$1,000

## Group insurance

Employees are Accton's key to a sustainable development. Taking care of employees and providing them with a caring work environment and life are Accton's basic tenets. Accton protects employees and their families in the event of hospitalization, death or disability with fixed-term life insurance, accidental injury medical allowances, hospitalization medical insurance, cancer medical insurance, and occupational disaster insurance. Accton adjusts the coverage and allowances each year based on claim information. The Company added new accidental injury medical allowances in 2018 to provide employees with immediate coverage for peace of mind in the event of unexpected injuries. Accton employees can extend their insurance to their spouse, children, and parents at a favorable rate. Employees or spouses may maintain their insurance coverage till they reach 70 years old. Where the husband and wife are both employees, both receive coverage as employees. Insurance coverage for children is provided till they reach 25 years old or till they are married. Accidental injury insurance for children is available when children reach 15 years of age. The coverage for parents is provided till they reach the age of 85.

## Annual insured individuals and number of people

Year/individuals	Employee	Spouse	Children	Parents	Total
2017	1,387	430	139	1,664	3,620
2018	1,555	482	156	1,866	4,059
2019	2,536	786	254	3,043	6,619

Note: The number of people covered by group insurance is based on the number of people that issued receipts as of December 1 each year

## Love in Accton – NT\$3,000 Raise for Both Newlyweds

Accton provides benefits for couples who work in the Company. Couples who work in the Company and complete their marriage ceremonies receive a raise of NT\$3,000 in monthly salary. This is the most special bonus in Taiwan's industry.

Accton provides thoughtful care for female employees. Besides reserving exclusive parking spaces for expectant mothers, we also provide 10 months of paid parental leave. When combined with the parental leave supported by the government, Accton employees are eligible for 16 months of paid parental leave. Also, Accton has a rather convenient onsite day-care center and nursery where employees' children enjoy a tuition fee discount. Parents may also request access to Internet cameras to monitor their children throughout the day. Please refer to the introduction of the 6 major employee benefit measures for more detailed information on employee welfare policies and implementation status.

## Retirement System

Accton has established the "Employee Retirement Regulations" in accordance with the "Labor Standards Act" and "Labor Pension Act". We also appropriate retirement reserve to the Central Trust of China at regular intervals in accordance With regulations and appoint professional actuary consultants to calculate the retirement reserve each year to verify sufficient appropriation and protect employees' rights to pension. The Supervisory Committee of Retirement Reserve takes charge of management and usage of the funds.

All Accton employees enrolled under the old system are included in related calculations and payment principles specified in the "Labor Standards Act".

For employees who opted for the new labor pension system of the “Labor Pension Act” after July 1, 2005 and new employees, the Company allocates an amount equivalent to 6% of each workers’ wage to the employees’ individual pension accounts. We also openly ask employees about their preferences for additional voluntary pension appropriations.

## 6 Major Employee Benefit Measures

In addition to labor health insurance, pension payment and other general benefits provided to staff, Accton provides additional benefits such as employee group insurance, accident insurance for families, and insurance for major injuries and burns. Annual holiday bonuses, bonus distribution, share subscription by senior employees, employee emergency assistance, marriage and funeral subsidies, lunch subsidies and dinner for free, staff dormitory, onsite healthcare services by professional physician and nursing staff, regular health checks, sexual harassment prevention, health, culture and arts lectures, and other benefits.

The Company established the Employee Welfare Committee and selected committee members to carry out related employee welfare affairs

in accordance with the local law. We establish annual plans and allocate budgets to provide subsidies for group travel and funerals, gift coupons for festivals, birthdays, and movie tickets. We organize various festivities and events, including Family Day, volunteer activities, rent entire movie theaters, and organize multiple club activities and ball games.

In response to employees’ needs of caring for their children, the Company established the first nursery and baby care center for infants and young children from 2 months to 6 years old in the Hsinchu Science Industrial Park, and arranged exclusive parking spaces for expectant mothers and breastfeeding rooms, which help employees care for their children with ease.

To express its positive values towards “family”, the Company provides a “marriage allowance” to encourage employees to get married. Employees of the company that marry each other are awarded NT\$3,000 of allowance per month per person, totaling NT\$6,000 for each couple.

In terms of hardware facilities, the Company has 7-ELEVEN convenient stores and Mega Bank ATMs to meet staff demands. In addition, the Company has self-owned staff cafeteria, coffee

shops, and exclusive leisure rooms for employees to engage in sports during rest time or after work.

We provide employees suffering from material injuries or illnesses with heartwarming care and they may take up to 1 year of paid leave.

# Occupational Safety Management

## Occupational Safety Management Policy

Accton is committed to implementing occupational safety and health by providing an excellent, safe, sanitary, and healthy work environment.

The Company has established the Occupational Safety and Health Committee in accordance with regulations. The Committee consists of at least 1/3 of labor representatives so that entry-level employees can fully participate in the review of occupational safety and health issues. Meetings are convened regularly each quarter to review the effectiveness of occupational safety and health measures and compliance with regulations. Issues reviewed in meetings include equipment safety inspections, maintenance and repairs, disaster prevention drills, employee health examinations, elimination of unsafe conduct related to work, and continuous investment of resources. We actively seek to improve and resolve potential safety and health issues at the workplace.

To prevent accidents and establish an emergency response system, the Company is committed to performing environmental safety and health tasks and implement continuous improvements. We seek to create a safe and healthy environment to attain the goal of sustainable develop-

ment. To implement effective promotion and management, we established key points for execution and we are committed to the following:

- Comply with domestic occupational safety and health regulations, and effectively implement and continuously improve our safety and health management systems.
- Comply with ISO 45001 Safety and Health Management System and pass third-party certification.
- Strengthen staff safety education, supplier and contractor safety management, and provide and promote environmental safety and health training
- Use automatic inspections to eliminate unsafe actions and environments to prevent accidents.
- Implement health management to protect employee health and ensure zero hazards in safety.

The Company organized level 1 management units to provide comprehensive occupational safety and health management for the Company's employees, equipment, facilities, and environment. The contents include:

### Suitable Maintenance Operation Procedures and Audits

The Company’s businesses continue to grow and we have implemented adjustments based on operation conditions. The safety and health standards based on ISO 45001 operating procedures are also updated and maintained to meet current regulations. We also have implemented internal and external auditing in accordance with plans to verify the effective control and management of related items.



### Comprehensive Health and Safety Education and Training

We organize health and safety education and training to improve employees’ correct understanding of related health and safety knowledge. The recipients include new employees, current employees, and those responsible for special operations or the use of chemicals. We teach employees basic ideas of work safety and protection and help them understand how to respond to emergencies.

Training in 2019 (Plant 1, Plant 2, and Zhunan Plant)		
Name of Course	Number of Courses (times)	Number of Attendees (persons)
Health and Safety training for new employees (including hazard identification)	92	1810
On-the-job safety and health	11	594
Gas safety	1	10
On-the-job hazard education	2	364
Elevated operations	1	6
<b>Total</b>	<b>107</b>	<b>2784</b>

### Certification Training

The Company actively trains management talent and promotes occupational safety and health management through certification training for employees.

Type of License	Zhunan (persons)	Hsinchu (persons)	Total (persons)
Class A occupational safety/health management professional	3	3	NA
Type A occupational safety and health manager	1	2	NA
Organic solvent operations supervisor	1	4	1
Fire prevention personnel	1	5	1
First aid personnel	17	31	2
High-pressure gas-specific equipment operator	NA	3	NA
Forklift operators	8	21	2
Labor healthcare nursing personnel	1	3	NA
Radiation protection personnel	19	25	NA
Total	52	97	6

### Emergency Response and Evacuation Drills

Accton Technology executes disaster response drills every year to increase its capacity of responding to emergencies. We organize emergency response teams to quickly react to emergencies and mitigate disasters. All employees, including office personnel of each site, participate in safety and protection seminars and drills.

In the wake of the fire at Chin Poon Industrial in Pingzhen Industrial Park which caused the death of 6 firefighters, we planned fire safety training for all employees in 2019 to help provide them with the skills for escaping and putting out fires.

Employee fire safety results: More than 91% of the employees are aware of electrical safety, location of high-risk areas, and at least 2 escape routes. They can report fires immediately and use fire safety equipment to put out a fire as it starts.



## Fire safety and civil defense training statistics

2019 emergency response drills (including emergency escape, firefighting, and chemical leaks)			
Number of people	Hsinchu Plant 1	Hsinchu Plant 2	Zhunan Plant
Emergency response and evacuation drills	374	120	245
Civil defense training	33	-	-
Fire safety training for all employees	1078	-	-
Sub-total	1485	120	245
Total	1850		

### Workplace and occupation safety

The Company established related procedures and systems in accordance with the characteristics of each unit to prevent, track, manage, and report occupational injuries and diseases and implement routine inspections and audits to ensure the safety of employees and the work environment.

### Contractor Occupational Health and Safety Management

The Company established the "Plant Construction Operation and Management Procedures" and requires suppliers to provide licenses or permits for construction technologies and personnel labor safety in the supplier qualification approval stage. Before any construction is initiated by contractors, the Company informs contractors of the hazardous factors in the contracted work and the occupational health and safety management unit, construction supervisor,

and related personnel convene construction coordination meetings. For high-risk operations, the contractor must apply in advance and obtain the approval of the occupational safety unit.

### Work Environment Inspections

To maintain a good work environment, the Company regularly implements inspections of the operation environment and publishes the results. The contents of inspections include (1) environmental measurements of physical factors: noise and lighting; (2) environmental measurements of chemical factors: carbon dioxide, organic solvents, tin, and metal dust. All results met government laws and regulations.

### Exchange of Health and Safety Information

The Company enhanced the exchange of health and safety information and delivers health and safety information to employees at irregular intervals through the Company's internal BBS website, emails, and bulletin boards. We actively participate in seminars and activities organized by the competent authorities to ensure the continuous updates of health and safety information. We hope to increase employees' safety awareness and participation through bilateral or multilateral communication channels and increase protection for employees' health and safety.

## Workplace Health and Safety Management Performance

Accton Technology is committed to employee safety management to ensure a safe work environment and minimize occupational hazards.

We assigned dedicated personnel to supervise the Company's environmental health and safety improvements. Related safety measures are as follows:

- **Health and Safety training:** To enhance employees' workplace health and safety awareness, we use related occupational safety training to help them understand the labor safety and health policies of Accton Technology.
- **Monitoring of the operation environment:** Professional engineers implement rigorous inspections every six months for the air pollutants, noise, lighting, and carbon dioxide concentration in the office, manufacturing plants, and other workplace environments to protect employees' physical health and safety.
- **Assign first-aid personnel:** The Company has assigned first-aid personnel for immediate response onsite in the event of emergencies. All first-aid personnel are required to receive training and hold related licenses to ensure employee's safety.
- **Fire drills:** The Company carries out drills for fire safety, chemical leaks, and evacuation at each plant every six months and set up self-defense fire safety teams to ensure that employees are familiar with reporting, emergency evacuation, onsite management, providing aid for the injured, and other response skills needed during emergencies.

The FR and SR for occupational injuries in plants and traffic accidents for Accton in 2019 are compiled below.

## Statistics of the categories of occupational injuries, frequency of occupational injuries, and percentage of work days lost in the reporting period

Occupational injury category	Plant 1		Zhunan Plant	
	Male	Female	Male	Female
Number of people	1	0	1	1
Work hours lost	1360	0	24	16
Work days lost	170	0	3	2
Disabling frequency rate (FR)	0.27	0	1.95	1.95
Disabling severity rate (SR)	46	0	5	3
Frequency severity indicator (FSI)	0.11	0	0.10	0.08

Note: Disabling injury frequency rate (FR) = (number of people who suffer disabling injuries X10<sup>6</sup>)/total work hours

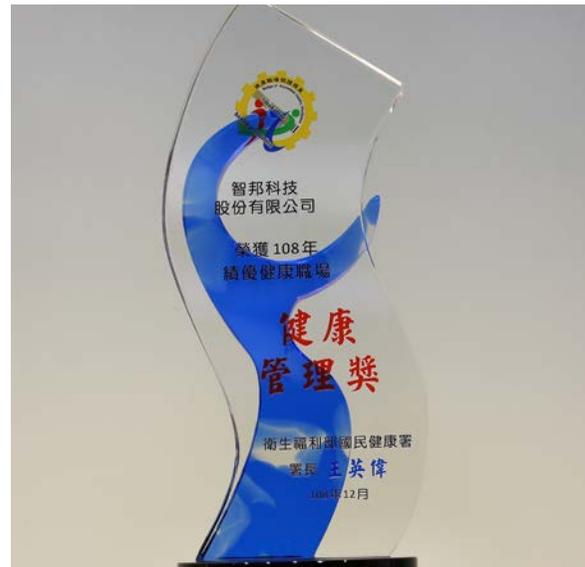
Disabling injury severity rate (SR) = (days lost due to disabling injuries X10<sup>6</sup>)/total work hours

Frequency-severity indicator (FSI) =  $\sqrt{[(FR \times SR)/1,000]}$

# Healthy Workplace

## Employee Health Promotion

Healthy employees are the Company's most valuable assets. We seek to create a healthy workplace and have set up dedicated health management areas and independent spaces to provide employees with a private and professional environment. We assign nurses, occupational disease specialists, and medical staff (nutritionist and tobacco cessation pharmacists) to implement employee protection programs, implement health management, and organize health promotion activities to promote employees' health.



- The Company received the Health Friendly Breast-Feeding Room Mark in 2017.
- The Company received the Healthy Workplace Certification Health Promotion Mark in 2018.
- The Company received the Health Management Award in the National Excellent Healthy Workplace Awards in 2019.

### Health Management

The Company analyzes and manages the results of the health/physical examinations of employees each year. The Company adjusts the health examination and health promotion activities in the following year in accordance with the analysis results. The Company appoints occupational disease specialists for the prevention of occupational injuries and diseases to protect employees' physical and mental health from the impact of the work environment.

### Health Protection Plan

Workplace maternity health protection: In compliance with Article 31, Paragraph 3 of the Occupational Safety and Health Act, the Company plans gifts for infants to encourage employees to report pregnancies early for the Company to

provide protection ahead of schedule. The active reporting rate within the first three months of pregnancy was 81.25%.

**Diseases triggered by exceptional workload:** The Company implements protective measures to prevent ailments induced by exceptional workload, such as working shifts, working at night, and long working hours in accordance with Article 6, Paragraph 2 of the Occupational Safety and Health Act. We introduced the reminder notice for overworking for “high-risk personnel” in 2018 and actively notify employees and supervisors to pay attention to overwork. We also added free carotid ultrasonography examinations into the annual health examinations to prevent diseases.

**Reinstatement fitness protection:** The Company conducts evaluations for the assignment of work for new employees and reinstatement after sick leave in accordance with provisions for assisting employers in assigning workers to suitable jobs in Article 13 of the Occupational Safety and Health Act and Article 7, Subparagraph 4 of the Labor Health Protection Rules. The Company implemented 3,602 evaluations in 2019.

**Health protection for middle-aged and elderly employees:** The Company implements health

protection measures for employees over 45 years old who are required to fill out the “health status awareness evaluation table” in accordance with the health examination results rating table” to provide health guidance, work adjustments, improvement of the operating environment, and other health protection measures.

**Employee overseas travel health management plan:** We evaluate health risks before overseas travel and provide international SOS and overseas emergency medical care assistance. We incorporate travel clinics and provide subsidies for the first dosage of vaccination. We also provide suitable disease prevention supplies and provide medical assistance for the health status of employees after they return to Taiwan.

### Management of Statutory Infectious Diseases

The Company assigns dedicated personnel to monitor related information of epidemics to implement prevention and management of infectious diseases. We also publish announcements on the internal website. In the event of outbreaks of severe infectious diseases in Taiwan or other countries, the Company immediately initiates management measures and emer-

gency response plans for infectious diseases. The Company organizes onsite administration of hepatitis A, hepatitis B, and flu vaccines. We provide subsidies for the first dosage of hepatitis A vaccines to reduce the risks of diseases.

### Health Promotion

The Company organizes various health promotion seminars and activities to promote employee health.

#### 1. Cancer Screening

In addition to promoting the screening policies of the Health Promotion Administration for the four types of cancers, the Company provides free LDCT (low dose computed tomography) for lung and liver cancer prevention. We also include multiple cancer screening items into the Group’s health examinations each year. We seek to use prevention education and regular screening to achieve our ultimate goals for “early detection and early treatment”.

#### 2. Osteoporosis Prevention

We provide free dual-energy X-ray absorptiometry (DEXA) to conduct bone mineral density test (BMD) for employees and collaborate with hospi-

tals for follow-up care.

### 3. Health Seminars

Elderly health protection, dietary recommendations, infant care, heart and spiritual exploration, etc.

### 4. Smoking Cessation Program

Since 2016, we have provided a smoking cessation program to help our employees quit smoking by having pharmacists onsite to provide consultations and smoking cessation aid. We also increased the employees' education by setting up signs in smoking areas, bulletin boards, visiting new employees, and collaborating with quit-smoking events hosted by the Hsinchu City Public Health Bureau and John Tung Foundation.

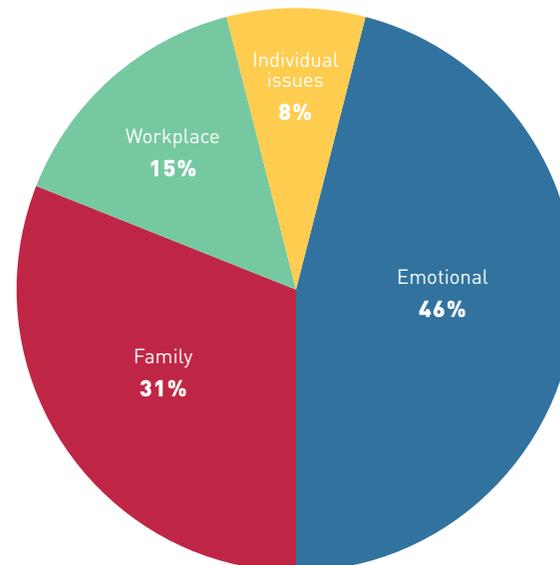
### 5. Nutrition Consultations

We have appointed professional nutritionists to provide one-on-one nutrition consultations for our employees every month since 2018.

### Mental Health

We provide consultation through counselors to help employees face their work, family, and life pressure and promote balance in physical, mental, and spiritual health. We have opened six special psychological consultation areas in Taipei, Hsinchu, Zhunan, Taichung, and Tainan since 2018. We protect personal privacy and allow employees to receive consultation services with peace of mind.

### Psychological consultation issue analysis





# 12 Social Engagement: Accton's Public Welfare Initiatives

# Accton E-Charity

“Accton Cultural and Educational Foundation” and “Taiwan Charitable Service Association” are Accton’s two major charity organizations. Accton used the support of the two organizations to establish the “Accton E-Charity” website (www.17885.com.tw) which makes use of Accton’s expertise in network communications to help social welfare groups in Taiwan raise funds and promote activities online. It also uses the “Direct Donation - Direct Help” idea to organize people online and help support people in need across Taiwan.

## Two major units of social welfare supported by Accton:

### Accton Culture and Education Foundation (founded in 1999)

- Support children in remote areas and disadvantaged children - providing breakfast for disadvantaged children and Hope Project of Education

### Taiwan Charitable Service Association (founded in 2003)

- Support people in need across Taiwan - Provide online fundraising for specific cases, applications for emergency relief funds, and referral services.

## Accton’s online platform for supporting charity

### Accton E-Charity (founded in 2001)

- Supports charity organizations across Taiwan - Provides charity organizations with a platform for fundraising, dissemination of information, and publication channels

### Accton E-Charity Platform

Accton Public Welfare Center is also a platform for the exchange of public welfare resources. It provides domestic social welfare groups with the power of the Internet to disseminate various social needs and service information, and actively and effectively seek social charity resources, so as to invite enterprises and the public to jointly help the vulnerable and helpless groups through investments and services.

### Assisting All Public Welfare Organizations in Taiwan

By the end of 2019, Accton Public Welfare Center has a total of 355 public welfare group members and 300,000 individual members. Through the website, public welfare groups can release information in real-time, making the platform a

good place for public welfare information. Online fundraising can be done directly on the website so that public interest groups can help more vulnerable people. All required materials and manpower may also be sourced through the website. Accton pays for all costs associated with the website's operation, including maintenance and labor costs, to help reduce the burden of charity organizations on the platform. Accton also uses the power of the platform to negotiate more favorable service fee rates with banks to maximize the effectiveness of charitable initiatives.

### Amount donated to charity organizations in Taiwan through Accton E-Charity

Unit: NT\$

Year	Donations to charity organizations in Taiwan
2015	24,118,213
2016	27,941,002
2017	29,767,655
2018	51,867,819
2019	21,212,095



# Accton Culture and Education Foundation

Accton Culture and Education Foundation has been committed to improving the education of disadvantaged children in rural areas for a long time. It uses the power of enterprises to close the gap in education resources between rural areas and cities. With long-term investment and support, disadvantaged children from rural areas can have a safe learning environment and have the opportunity to change their future through education.

## (I) Rural after-school courses with drama and spiritual seminars

We organized after-school courses with drama and spiritual seminars for remote areas in Minxiong, Grass Book House in Sanxia, and Kids' Book house in Taitung. We used theaters with relaxing and interactive approaches to help the children understand the ideas that we wanted to communicate through the project — "everybody is good at something". We then used seminars to provide more in-depth explanations to help these children learn upright values, regain confidence, and find new ways to stay motivated and work hard. Future development should not be defined by their environment growing up and we must help children change their future through education. The events benefited 105 individuals.

## (II) "Book to Send Hope" Dream Comes True Campaign

Entering the 17th year of the Christmas Dream Comes True Campaign, Accton Culture and Education Foundation changed from collecting Christmas gifts to inviting teachers and children from rural schools to list books they want to read. Employees are invited to find books for the children of rural schools. In 2019, we helped Nan-I Elementary School in Hsinchu, Oyster Farm Academy in Yunlin, and Renhe Elementary School in Xinyi Township, Nantou County, and donated a total of 341 books which benefited 236 students. Accton hopes that children expand their imagination and increase the chances of a bright future through reading.

## (III) Caring Breakfast for Disadvantaged Children in Hsinchu City

In Hsinchu, thousands of children are on the edge of poverty because they come from low- and middle-income families, and cannot obtain the subsidies granted by the government. Accton has, since 2014, consolidated the power of all employees of the Group and provided 213,743 packages of caring breakfast over the six years. The Company provided 27,364 packages of

breakfast in 2019. We believe that providing children with a nutritious breakfast helps them increase their focus on learning and provides them with opportunities to change their future through education.

#### (IV) Hope Project of Education

Accton upholds the ideal of “hoping to change the poverty cycle of indigenous families through education”. It jointly launched the “Accton’s Hope Project of Education” with Hsinchu Family Support Center to cover school expenses of the secondary school students in Wufeng and Jianshi. Accton donated a total of \$398,300 to 199 beneficiaries in 2019. Since 2008, we have donated NT\$5,968,340 to 2,984 beneficiaries over 13 years. Accton’s Hope Project of Education is not directed at students with outstanding academic performance, but rather at encouraging hard-working disadvantaged students to overcome their challenging financial conditions and attend school with peace of mind. We intend to change the vicious cycle of poverty by improving their education.

#### (V) Donations for Meal Expenses for After-School Classes for Disadvantaged Children Provided by the Management Association in Haikou Community in Pingtung County

Management Association in Haikou Community in Pingtung County opened after-school classes for disadvantaged children. Most of the children are raised by single parents, grandparents, or foster parents, or come from dysfunctional families. In after-school classes, teachers guide the children over their lessons and provide guidance when the children behave poorly to prevent them from being led astray due to neglect after school. Accton gathered the power of employees in the Group and began a long-term sponsorship of the after-school courses in 2016. Donations totaled NT\$187,400 in 2019 and benefited the children in 3,748 cases. We donated a total of NT\$851,250 from 2016 to 2019 and benefited the children in 16,717 cases.

#### (VI) Calls over Ridges “School Lunch Project”

Calls over Ridges is an international non-profit organization from Taiwan that provided support in Nepal after the 2015 earthquake and has been there since to promote the long-term “Edu-

cation Cultivation Plan” for improving the education environment of poor students in Nepal. While implementing the “Education Cultivation Plan”, they discovered that most children did not consume other food throughout the day other than breakfast before school. Thus, Accton Culture and Education Foundation sponsored school lunch fees for a public school in Gorkha, Nepal, totaling NT\$360,000 for an entire year. This funding provides 300 children with school lunch every day and helps them learn with increased focus after a good meal.

### Total donations of Accton Culture and Education Foundation in 2019

Project Name	Donation Recipient	Donation Contents	Number of Beneficiaries	Amount
"Book to Send Hope" Dream Comes True Campaign	Nan-I Elementary School in Hsinchu, Oyster Farm Academy in Yunlin, Renhe Elementary School in Xinyi Township, Nantou County	Donated 341 books	236 cases	45,948
Disadvantaged children in Hsinchu City Caring breakfast	Disadvantaged schoolchildren in 19 junior high schools and elementary schools in Hsinchu	Caring breakfast for disadvantaged children	27,364 cases	732,400
Hope Project of Education	Two schools in Wufeng and Jianshi, Hsinchu Junior high school students	Cover school expenses for secondary school students in Wufeng and Jianshi	199 cases	398,300
Donations for meal expenses for After-School Classes for Disadvantaged Children Provided by the Management Association in Haikou Community in Pingtung County	After-School Classes for Disadvantaged Children Provided by the Management Association in Haikou Community in Pingtung County	Donations for dinner expenses for after-school courses	3,748 cases	187,400
Calls over Ridges "School Lunch Project"	Public school in Gorkha, Nepal	Donations for school lunch	300 people	360,000
Total			31,847 cases	1,724,048



# Taiwan Charitable Service Association

The Association has always upheld the ideal of “going where it is needed”, and it provides families with emergency relief funds or referral services, after conducting in-person visits to understand what is necessary to help them overcome the hardships of life. The Association provides social welfare organizations and schools in remote areas with supplies or donations to support them in doing the right things and helping more people.

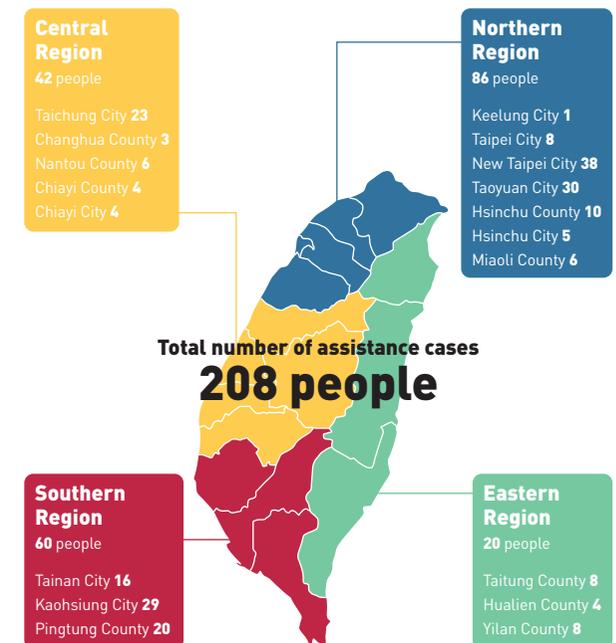
## Help for Vulnerable Families

Taiwan Charitable Service Association has helped 208 families in need, with total assistance amounting to NT\$2,196,000 in 2019. Since its establishment in 2003, it has helped 1,559 families in need with a total assistance amount of NT\$107,664,020. Accton provides not only a social assistance platform allowing people to make direct donations online but also a convenient platform for reporting emergencies and difficulties. If you need help or find that your friends face difficulties, you can seek assistance through the platform. Since established, Accton Public Welfare Center has gathered the love of the public and helped more than 1,500 families overcome tough times, feel hopeful about the future, and have the opportunity to regain their

happiness! For vulnerable families in the society, Accton Public Welfare Center mainly provides the following assistance:

- Living allowance: Families in distress after their main provider suffers a natural or man-made disaster or has a major health problem.

## Distribution of regions and municipalities for cases of subsidies in 2019



- Medical subsidies: A person suffering from severe injury or illness unable to cover the costs of the required medical care by themselves or with the help of other family members, and the added medical expenses are not covered by the National Health Insurance Administration or the Labor Insurance Bureau.
- Funeral subsidies: Disadvantaged families who suffer from misfortune and are unable to afford service expenses.
- Disaster emergency: Major natural or man-made disasters that cause significant damage to a family and affect peoples' life in a short period of time.

### Amount donated to families in need through the Taiwan Charitable Service Association

Unit: NT\$

Year	Number of families assisted
2015	3,531,985
2016	3,277,681
2017	2,942,500
2018	2,603,215
2019	3,909,359



## Care for the Disabled

To help people with disabilities receive better care, Taiwan Charitable Service Association donated a powered bath bed to Hua Kuang Intelligence Development Center in 2019. It also donated 10 powered beds and 1 vertical full-body wheelchair rhythm machine to Shih-Guang Juvenile Center. The donations benefited 205 individuals. We hope the equipment reduces the stress and burden of caretakers helping those with extreme forms of disabilities maintain their physical, mental, and spiritual health, and increase their dignity and quality of life.

## Computer donation for children in rural areas

To increase education resources in remote areas, we donated 26 sets of brand-new computers to the 5 after-school classes of the Taiwan Hope in Love Children Care Association which benefited 130 children. Accton hopes the introduction of software tools alongside the donated computers, which rural areas lacked, plays a part in shortening the educational gap and giving children in rural areas the opportunity to take control of their destiny through education.

## Giving Warmth in Winter — Hot Pot Campaign

Taiwan Charitable Service Association sponsored social welfare associations in organizing Chinese New Year dinner parties at the end of 2019. It donated a total of NT\$410,000 to the Zenan Homeless Social Welfare Foundation Hsinchu Branch, Dr. Chen Wen-Chen Memorial Foundation, and Yunlin County Elderly Welfare Protection Association to help those in poverty, political victims, and disadvantaged elderly people feel the support of the society and enjoy time together during Chinese New Year. The event benefited 650 people.

## Food Box Donations

To help disadvantaged schoolchildren grow up healthy and free of hunger, Taiwan Charitable Service Association donated NT\$60,000 to Andrew Charity Association to sponsor the "Food Support Menu" project so that children living in poverty can have access to a stable number of meals and be free from hunger. The project benefited 200 individuals.

## Sending Love to Nanhui

To help people with disabilities in Nanhui gain

independence and support their career development needs, Taiwan Charitable Service Association donated NT\$680,000 to the annual funding of the Beunen Foundation Taitung St. Vincent Lohas Workshop. The fund is used to provide long-term support for care services for people with disabilities in Nanhui and benefited them in 34,140 cases. The Association also invited students with disabilities to jointly create a large-scale installation art titled "Accton Tree" with Accton Technology based on the concept of "rebirth". The paintings created by the students were displayed at the Company and we invited employees to take the time to explore the beauty of those creations. In addition, Accton released a documentary "Accton Tree on the Nanhui Highway", exalting the creative process with the intent of helping disabled people living in the southernmost tip of Nanhui gain visibility through the power of the Internet and social platforms.

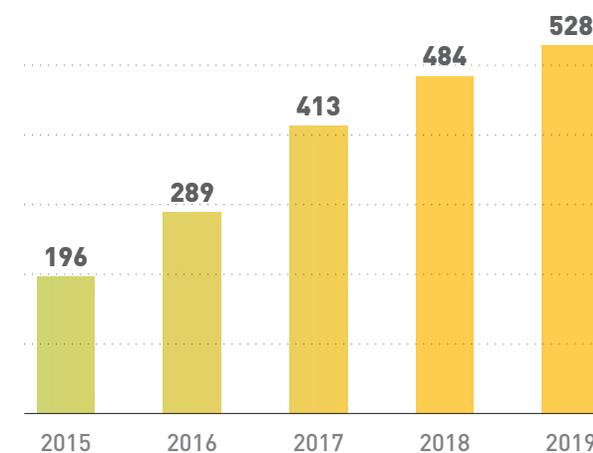
## Statistics on donations made by the Taiwan Charitable Service Association in 2019

Project Name	Donation Recipient	Donation Contents	Number of Beneficiaries	Amount
Emergency relief	Individuals and families in need	Emergency relief fund	208	3,909,359
Care for the Disabled	Hua Kuang Intelligence Development Center, Shih-Guang Juvenile Center	1 powered bath bed, 10 powered beds, and 1 vertical full-body wheelchair rhythm machine	205	750,000
Computer donation for children in rural areas	We donated 26 sets of brand-new computers to the 5 after-school classes of the Taiwan Hope in Love Children Care	Association	130	376,000
Giving Warmth in Winter — Hot Pot Campaign	Zenan Homeless Social Welfare Foundation Hsinchu Branch, Dr. Chen Wen-Chen Memorial Foundation, Yunlin County Elderly Welfare Protection Association	Sponsoring the Chinese New Year Hot Pot Campaign	650	410,000
Food Box Donations	Andrew Charity Association	Donations for the "Food Support Menu" Project	200	60,000
Sending Love to Nanhui	Beunen Foundation Taitung St. Vincent Lohas Workshop	Funding for care services for the physically or mentally challenged in Nanhui	34,140	680,000
		Total	35,533	6,185,359

## Blood donation drives

Since donating a bloodmobile to the Hsinchu Blood Center in 2000, each year we organize 2 to 4 blood donation days at the company's parking lot. Employees have responded passionately and donated 3,445 bags of blood.

## Total number of bags of blood donated





# **13 Social Engagement: Connect the Society with Art**

# Accton Arts Foundation

Accton Arts Foundation was founded in 2000 with the purpose of promoting arts education, establishing a database of Taiwanese artists, facilitating the development of the arts community, and creating cultural and artistic communities.

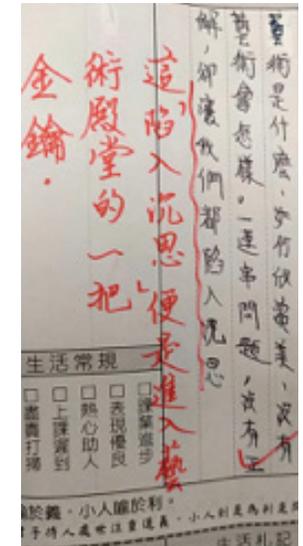
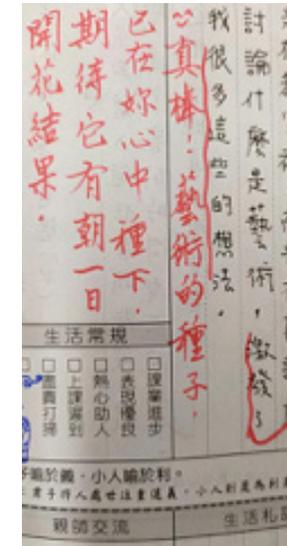
Accton Arts Foundation established the dedicated website Arttime and related online communities to provide information on art and cultural events, actively provide news coverage for contemporary artists in Taiwan, and engaging in marketing collaboration with small-scale art organizations to jointly increase visibility. The website and related communities have become online exchange platforms for the public to exchange art and cultural

information and they have created online cultural and creative communities. They also use audio and video as media to preserve these precious art and cultural development history and established related databases.

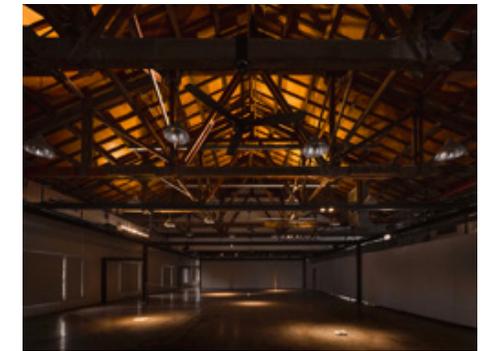
Total information volume published on Arttime in 2019

Information Type	Description	Quantity
Latest arts and culture news	Text information	825 articles
Course registration information	The interactive registration platform allows the text description and images to be published simultaneously.	23 articles
Arts and culture reports	Themed reports with text, images, pictures, and webpage links.	260 articles
Art and culture newsletter	Mailed to personal mailboxes of members every Monday	52 articles

In addition, Accton Arts Foundation used the interactive project “Artists on Campus” to organize 15 career-planning seminars, creativity courses and workshops led by artists in 8 schools including Dongmen Elementary School, Sanmin Elementary School, Xiangshan Elementary School, Chu-Kuang Junior High School, Guanghua Junior High School, Jianhua Junior High School, and Experimental High School in Hsinchu City in 2019. Teachers, students, and artists have responded passionately. They also demonstrated their understanding of the importance of promoting art education. The key to art education is not to provide an answer but to provide the chance of thinking with multiple perspectives.



Accton Arts Foundation has been commissioned by Hsinchu City Government to operate Hsinchu City Railway Art Village since 2016. We uphold the values of “supporting artists” and “promoting the overall development of artistic communities” to inject new life into the Railway Art Village’s cultural heritage site and nearby neighborhoods. Accton Arts Foundation also supported 7 domestic and foreign artists and organized 14 exhibitions, 1 seminar, and 15 activities. The total number of participants reached 49,007 with 4,900 monthly visitors. We also conducted related local internship industry-related collaboration with the Department of Arts and Design of Tsing Hua University and the Department of Art and Creative Design of Hsuan Chuang University. The project was reported in the television program “PTS South”, online media “MOT TIMES”, and Japanese tourism magazine “Walking Expert” and it was expanded to promote urban marketing. The Bureau of Cultural Heritage, Ministry of Culture, selected the Hsinchu City Railway Village operation project as the model operation of its “Railway Art Network Project” in 2019. We organized seminars for the 3 art villages under the management of local governments (Chiayi City/Pingtung County/Hualien City) to discuss the roles played by old spaces in urban planning in terms of culture promotion and feasible operation models.



Accton Technology’s total charity donations in 2019	
Recipient	Amount
Taiwan Charitable Service Association	28,209
Accton Culture and Education Foundation	1,076,000
Accton Arts Foundation	420,000
Total	1,524,209

Unit: NT\$

# 14 Appendix

## GRI 102 General Disclosures 2016

GRI Standard	Disclosure	Item Title	Page Number
Organizational Profile			
	102-1	Report the name of the organization	12
	102-2	Products and services	14
	102-3	Location of headquarters	5
	102-4	Location of operations	4
	102-5	Ownership and legal form	12
	102-6	Markets served	14
	102-7	Scale of the organization	4, 13, 34-35
	102-8	Information on employees and other workers	60-62
	102-9	Supply chain	53-58
	102-10	Significant changes to the organization and its supply chain	4, 53-54
	102-14	Statement from senior decision-maker	7-10
	102-16	Values, principles, standards, and norms of behavior	16-17, 19-21
	102-18	Governance structure	19-21
	102-40	Stakeholder groups	27-29
	102-41	Collective bargaining agreements	None
	102-42	Identifying and selecting stakeholders	26
	102-43	Guidelines on communications with stakeholders	27-29
	102-44	Key subjects and concerns raised	32
	102-45	The entities included in the consolidated financial statements	34-35
	102-46	Defining report content and topic boundaries	4

GRI Standard	Disclosure	Item Title	Page Number
	102-47	List of material topics	32
	102-48	Restatements of information	None
	102-49	Changes in reporting	4
	102-50	Reporting period	4
	102-51	Date of most recent report	4
	102-52	Reporting cycle	4
	102-53	Contact point for questions regarding the report	5
	102-54	Claims of reporting in accordance with the GRI Standards	4
	102-55	GRI content index	97-100

**Disclosure of Material Topics**

GRI Standard	Disclosure	Item Title	Page Number
Economic performance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	12-14
	103-2	The management approach and its components	12-14
	103-3	Evaluation of the management approach	34-35
GRI 201: Economic Performance 2016	201-1	Economic performance	34-35
Salary and benefits			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	70-73
	103-2	The management approach and its components	70-73
	103-3	Evaluation of the management approach	70-73
GRI 202: Market Presence 2016	202-1	Ratios of standard entry-level wage by gender compared to local minimum wage	70-73

GRI Standard	Disclosure	Item Title	Page Number
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	61
	401-2	Benefits provided to full-time employees	70-73
	401-3	Parental leave	63-64
GRI 405: Diversity and Equal Opportunity 2016	405-2	Ratio of basic salary and remuneration of women to men	71
<b>Supply chain management</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	53-55
	103-2	The management approach and its components	53-55
	103-3	Evaluation of the management approach	53-55
204	204-1	Proportion of spending on local suppliers	54
<b>Information security</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	37-38
	103-2	The management approach and its components	37-38
	103-3	Evaluation of the management approach	37-38
<b>Energy management</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	42-43
	103-2	The management approach and its components	42-43
	103-3	Evaluation of the management approach	44
GRI 302: Energy 2016	302-1	Energy consumption within the organization	44

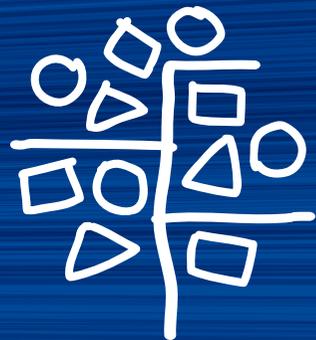
GRI Standard	Disclosure	Item Title	Page Number
Occupational health and safety management			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	74-75
	103-2	The management approach and its components	74-77
	103-3	Evaluation of the management approach	78
GRI 403: Occupational Health and Safety	403-2	Hazard identification, risk assessment, and incident investigation	77-78

**Disclosure of Current State**

GRI Standard	Disclosure	Item Title	Page Number
GRI 305: Emissions 2016	305-2	Energy indirect (Scope 2) GHG emissions	44
GRI 306: Effluents and Waste 2016	306-2	Waste by type and disposal method	46-47

**Other Disclosures**

Disclosure	Page Number
New disclosure of the number and average and median salary of full-time non-managerial employees in accordance with TWSE regulations	71



**Accton**

Making Partnership Work

No.1, Creation 3rd Rd., Hsinchu Science Park, East Dist., Hsinchu City 30077, Taiwan, R.O.C.

+886-3-5770270