

# 2020 CSR REPORT

**Accton**

Making Partnership Work



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# 01 About the Report

## Accton Technology Corporation 2020 Corporate Social Responsibility was drafted in accordance with 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 2020 CSR Report is from January 1, 2020 to December 31, 2020.

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

### Reporting Cycle

The CSR report is released once a year.

Publication of 2019 Corporate Sustainability Report: June 2020

Publication of 2020 Corporate Sustainability Report: June 2021

Publication of 2021 Corporate Sustainability Report: Planned for June 2022

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

### Scope of the Report

This report discloses the measures taken by Accton to achieve corporate sustainability in different settings from January to December 2020 and their overall effectiveness. The scope includes the operations of Accton Technology Corporation in Taiwan (including Manufacturing Plant 1 and 2 in Hsinchu, Zhunan Plant in Miaoli, offices in Taipei, Hsinchu, Taichung, and Tainan), its subsidiary Edgecore in Hsinchu, Taiwan, and the Joy-Tech Manufacturing Plant in Shenzhen, China.

### Compilation Principles

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 2020. The Report also provides a comprehensive comparison table of GRI Standards and corresponding content in each chapter.

### External Measures of the Report

Related management systems include the ISO 45001:2018 Occupational Health and Safety Management System, ISO 14001:2015 Environmental Management System, ISO 50001:2018 Energy Management System, IECQ QC080000 Hazardous Substance Process Management (HSPM), and CNS 27001:2014 (ISO/IEC 27001:2013) Information Security Management System. All Systems have passed audits (certifications) by independent third parties. Estimates are specified in each chapter.

The Company contracted an independent third-party assurance institution SGS Taiwan, which adopted AA1000 ASv3 standards and provided Type 1 moderate-level assurance.

### Contact Information

If you have any suggestions for the "2020 Accton Technology CSR Report", please contact us through one of the following methods. For ease of reference, this Report will also be published on our website.

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# 1.1 A Message from the Chairman

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In the midst of the global pandemic, Accton Group wishes to thank all customers, suppliers, investors, and employees for their trust, cooperation, support, and hard work, which have allowed Accton Group to attain NT\$54.4 billion in revenue and NT\$5 billion in net profit in 2020, both record highs for Accton Group, despite the challenges posed by the global pandemic and multiple external challenges. Accton Group's Zhunan Plant has commenced full-scale mass production and has expanded its production capacity and improved production efficiency to continue to provide customers with products and services of the highest quality.

All employees of the Group have upheld Accton's business motto of "trust, passion, courage, collaboration, and perfection" and incorporated the core ideas of corporate social responsibility and sustainability into the corporate strategy of "innovation, cloud convergence, and protect the earth" to ensure comprehensive support for sustainability.

In 2020, based on the Corporate Sustainability Committee, the Group has established eight committees, including the Corporate Governance Committee, Management Performance Committee, Innovation and Technology Committee, Green Manufacturing Committee, Supply Chain Management Committee, Environmental Protection Committee, Information Security Committee, and Employee Relations Committee, by incorporating the heads of each major functional unit of the Company. We aim to use top-down and bottom-up measures to promote the corporate sustainability strategy and management.

As a leader in the telecommunications equipment industry, Accton Group is committed to fulfilling its long-term commitment to stakeholders and achieving sustainability with employees, customers, suppliers, and shareholders.

### Collaborative Power, Customer Satisfaction, and Create Win-Win

We shall focus on stakeholders to improve customer satisfaction and set short- and medium-term goals for continuous improvement and growth to create a win-win with our customers. The results of the routine annual satisfaction survey of brand (Edgecore) or ODM (Accton) customers were higher than 80 points and the Group's product innovation and service

improvements have been recognized. The Group also obtained international certifications such as CNS270001:2014 (ISO/IEC 27001:2013) to protect customer data and enhance transaction security.

### Enhance Corporate Governance Transparency and Strengthen Ethical Corporate Management Principles

Accton Technology upholds integrity and upholds its business ideal of appointing independent directors who account for more than half of the Board of Directors to improve corporate governance transparency. According to the results of the system evaluation in the "6th Corporate Governance Evaluation" published by Taiwan Securities & Futures Institute in 2020, Accton ranked among the top 21% to 35% of the 1,600 listed companies. Accton also completed integrity and ethics training for employees in management and non-management roles, and direct employees in 2020. The Company has also signed the "Integrity Declaration" with suppliers.

### Friendly Environment Ensures Employee Health, Safety, and Benefits

Accton provides care for employees to take care of their work and life and has established many welfare measures over the years. They include the creation of the first nursery in Hsinchu Science Park with the Accton Nursery in 1997 to provide childcare services for employees' children aged 0 to 6. Other measures include policies superior to regulatory requirements, such as the creation of a breastfeeding (collecting) room that meets the needs of employees, promotion of a drug-free workplace healthcare program, offering first-time cancer and cancer death insurance, a one-year serious illness or injury leave with full pay, and transportation to and from medical appointments for sick employees. Accton Group also seeks to support employees from different countries. For instance, when a typhoon struck the Philippines in 2020, the Company immediately activated emergency relief care and fundraising campaigns to help employees' families through difficult times. In addition, Accton respects diverse cultures and beliefs and sets up meditation rooms, for example, for praying and meditation. Due to the impact of the global pandemic in 2020, Accton Group set up a Pandemic Prevention Command Center in early 2020 and activated multiple pandemic prevention measures to create a healthy and safe workplace for employees.



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Accton received the “Healthy Management Award” in the National Excellent Healthy Workplace Awards of the Health Promotion Administration of the Ministry of Health and Welfare in 2019, as well as the “Health and Care Award” and the Outstanding Enterprise Award for “Advancing Workplace Equality” from Hsinchu Science Park in 2020. Accton Group has always been committed to taking care of the needs of employees and we have always aimed to provide employees with the joy of a work-life balance.

### Protect the Land and Ecology, Cherish Natural Resources

The Company’s units implemented electricity-saving measures, such as paperless signing and approving procedures and the adoption of electricity-saving lighting equipment to attain the goal of reducing carbon emissions by 1%. The actual electricity saving for 2020 was 1,320,206 MJ which was equivalent to reducing 186 tons CO<sub>2</sub>e. The energy intensity in 2020 was decreased by 0.4% compared to 2019. The Company also continues to promote energy conservation and carbon emissions reduction measures for plants and offices of Accton Group.

In addition, the Company emphasizes the importance of both environmental protection and public welfare and continues to reduce waste volume and increase the effectiveness of resource recycling and reuse. After classifying the resource waste, we cooperate with charity organizations such as Tzu Chi Foundation to clean up the recyclables. The overall waste recycling rate in 2020 was 78.30%. Kitchen waste and waste cooking oil are entrusted for joint processing and reuse to effectively protect the environment, recycle and reuse resources, and support charity activities of public institutions.

Accton Technology has always upheld the idea of “Making Partnership Work” and we have expanded the idea to incorporate care for the land, society, and global community and increase diversity and sharing. Accton took part in the contracted cultivation of two leopard cat rice fields in Fengshuwo, Miaoli in 2020. The two rice fields were named “Ecological Feast Park” and “Diversity and Sharing Rice Field”. The total contracted cultivation area was 2.49 hectares and the leopard cat rice harvested was shared with employees. Accton has also received enthusiastic support after sharing the harvested leopard cat rice with upstream and downstream partners and exchanging ideas on the restoration of the leopard cat habitats. Since the second half of 2020, we have encouraged more partners to join the ranks of the leopard cat guardians.

The future remains unknown as the global pandemic has not yet been fully controlled. In the face of extreme global climate anomalies and degradation of the natural environment, Accton Group will continue to uphold its long-term commitment to its stakeholders. We shall continue to “take care of our employees, care for the community, and be accountable to our shareholders” and pursue the United Nations Sustainable Development Goals (SDGs) through practical measures. Accton shall continue to promote a friendly work environment, take care of the health and safety of employees, devote ourselves to energy conservation and green product designs, promote ecological conservation, and support disadvantaged groups and other charity activities.

In terms of economic development, we continue to enhance our core technologies to provide cost-effective and high-quality network infrastructure technology solutions and support the spirit enshrined in SDG 9 (industry, innovation, and infrastructure). We aim to help make network services more accessible for people in developed and developing countries. We will continue expansion in the core technologies of next-generation network communications to enhance the Company’s competitive advantages and create sustainable long-term value for customers, shareholders, employees, and all stakeholders.

### Chairman, Accton Technology Corporation Kuo, Fai-Long





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# 1.2 Sustainable Development

The Company's core values and corporate mottoes are "trust, passion, courage, collaboration, and perfection".

## Corporate Sustainability Committee Structure

Accton Group upholds sustainability ideals for the earth and continues to focus on the core ideas of "innovation, cloud convergence, and protect the earth". Since the establishment of the CSR Committee in 2016, we have established management regulations such as the "Corporate Social Responsibility Policy", "Corporate Social Responsibility Best Practice Principles", "Ethical Management Policy", and "Complaint and Reporting Management Procedures". The Company also updates the regulations in accordance with international trends, recommendations of Taiwan Stock Exchange Corporation, and actual operations.

The Corporate Sustainability Committee is the highest-ranking CSR organization within Accton Group. It coordinates and sets CSR and sustainable development strategies for the entire company. The Chairman serves as the chair of the Committee and

the heads of each major functional unit serve as the members of Committees including the Corporate Governance Committee, Operational Performance Committee, Innovation and Technology Committee, Green Manufacturing Committee, Supply Chain Management Committee, Environment Management Committee, Information Security Committee, and Employee Relations and Occupational Safety Committee. The Company also established the CSR Team (Office), whose role is filled by related units on a part-time basis. It formulates related sustainability indicators and strategies and regularly reports the implementation progress to the chair of the Committee.

A total of three meetings were held in 2020 to establish related CSR policies and the methods for engaging shareholders on sustainability issues.

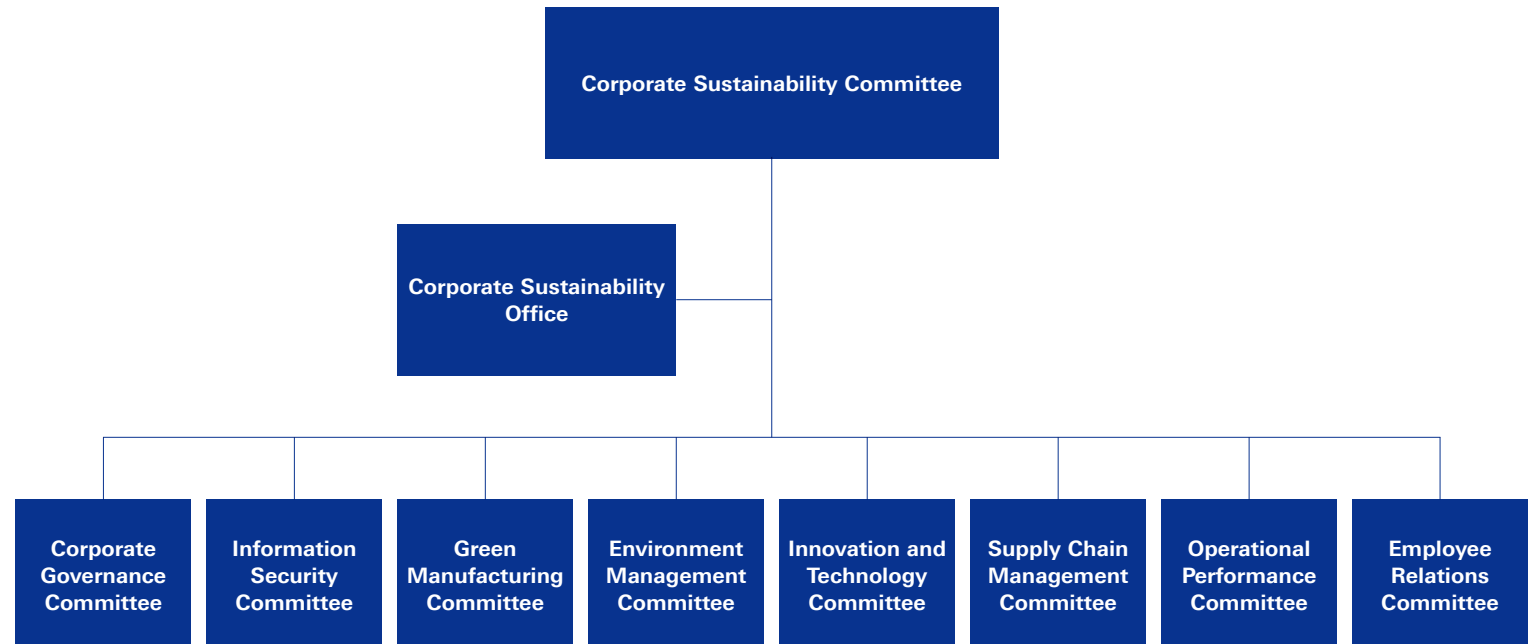


Figure: Corporate Sustainability Committee organization table (including the CSR Team/Office)



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### Accton Technology's Corporate Sustainability Policy and Commitment

**Compliance with laws and regulations:** The Company abides by related labor, environmental protection, and safety and health 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 related regulations of the local government for labor salary and benefits, and we implement management of the employees in an open and clear manner.

**Protection of Intellectual Property Rights:** Employees must protect and respect the intellectual 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.

### Compliance with the ban on 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 have been refined into tantalum (Ta), tin (Sn), tungsten (W), gold (Au), cobalt (Co), etc. and they cause issues such as 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>



# 1.3 Sustainability Performance

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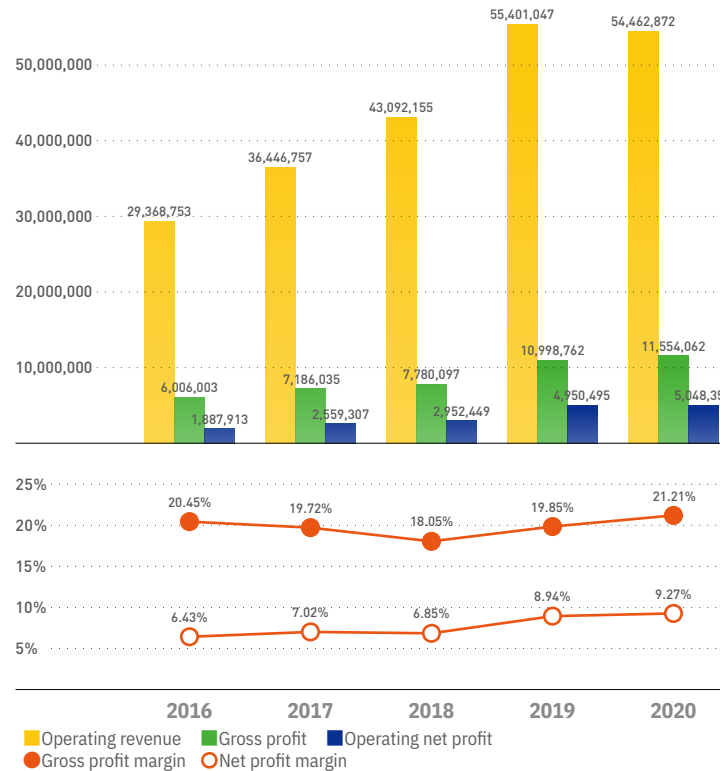
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### Economic performance

Continuous growth in gross profit margin and net operating profit margin for three consecutive years

#### Consolidated information (NT\$ thousand)



- Accton/Edgecore customer satisfaction: Both companies exceeded the 80-point target for three consecutive years. The on-time delivery rate of 96% exceeded the set target
- The Company established the Information Security Promotion Committee and passed the CSN 270001:2014 (ISO 270001:2013) International Information Security Standard certification in 2016 and completed recertification for information security each year. The Company passed the triennial re-certification in 2020 to meet information security management procedures and international information security standards

### Environmental performance

- Continuous implementation of energy conservation and carbon emissions reduction
- The energy intensity in 2020 was decreased by 0.4% compared to 2019
- Accton, Edgecore, and JoyTech implemented energy conservation measures in 2020 and saved 1,320,206 MJ (336,724kwh) of electricity

### Social performance

- The Company values social diversity and 74.6% of the full-time employees are local hires
- 100% completion of Accton's labor-management meetings
- The Company cares about the physical and mental health of employees and has provided annual health examinations for employees for more than five consecutive years. The Company has won the Health Management Award for two consecutive years
- The Company implements investigations based on OECD guidelines to increase supply chain transparency. The Company surveyed 312 suppliers in 2020 and the CMRT/CRT response rate was 100%. 100% of the suppliers did not use any conflict minerals
- The Company connected with 282 charity organizations and 300,000 individual members through Accton E-Charity, which provides a charity donation platform without charging service fees. The total donations amounted to NT\$31.21 million in 2020

### Awards and recognition

- The Company received the third prize in the Social Enterprise Innovation category in the Buying Power Awards in 2020 for supporting innovative social enterprises and participating in the contracted cultivation of leopard cat rice
- The Company received the Health Care Award from the Ministry of Health and Welfare in 2020 for the continuous care for employees' health and related actions
- The Company won the Gender Equality Award again from Hsinchu Science Park in 2020



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### Membership in Associations

Accton Group actively promotes open online platforms and is a pioneering telecommunication company in Taiwan

Accton		
	Name of Association	Method of Participation
1	Taiwan Association of Information and Communication Standards	Member
2	Peripheral Component Interconnect Special Interest Group (PCI-SIG)	Member
3	Taiwan Thermal Management Association	Member
4	Voluntary Control Council for Interference by Information Technology Equipment (VCCI Council Japan)	Member
5	WI-FI Alliance	Member
6	Optical Internetworking Forum	Member
7	National Tsing Hua University Global Research & Industry Alliance	Member



Edgecore Networks		
	Name of Association	Method of Participation
1	Open Network Foundation (ONF)	<ul style="list-style-type: none"> <li>Became a member in 2014 and became a partner in 2018</li> <li>Made contributions to the four reference designs of the Association</li> <li>Members of the Board of Directors</li> </ul>
2	Open Compute Project (OCP) Platinum Member	<ul style="list-style-type: none"> <li>First contributor in the Project with 17 designs certified by the Project</li> <li>Provide brand-new hardware design for telcos</li> <li>Support all OCP online software</li> <li>Co-chair of the Incubation Committee</li> </ul>
3	Telecom Infra Project (TIP)	<ul style="list-style-type: none"> <li>First contributor for the design of the mobile base station routers</li> <li>Designed the Cassini - 100G optical switch</li> </ul>
4	Distributed Enterprise (DENT) Linux	<ul style="list-style-type: none"> <li>Founding member</li> <li>Contributed the Edge – Enterprise solution</li> </ul>
5	SONiC (Software for Open Networking in the Cloud)	<ul style="list-style-type: none"> <li>One of the top five contributors in the association</li> <li>Provide technical contributions to most SONiC platforms</li> </ul>
6	WI-FI ALLIANCE Wi-Fi	Member
7	Taipei Computer Association member	Member

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## Charity Involvement

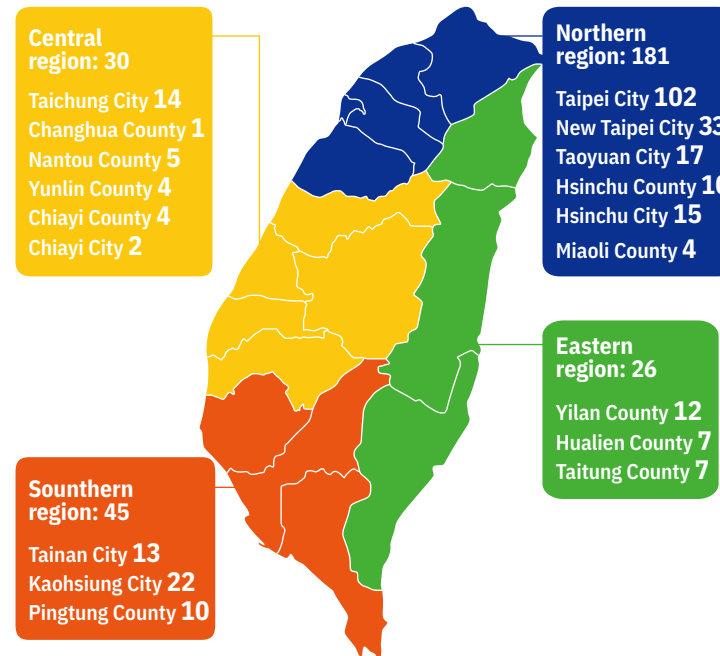
"Taiwan Charitable Service Association" and "Accton Cultural and Educational Foundation" are Accton's two major charity organizations, and they were established in 2003 and 1999, respectively. Accton established the "Accton E-Charity" website ([www.17885.com.tw](http://www.17885.com.tw)) in 2001 which makes use of Accton's expertise in network communication 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.

## Accton E-Charity

### Assist all public welfare organizations in Taiwan

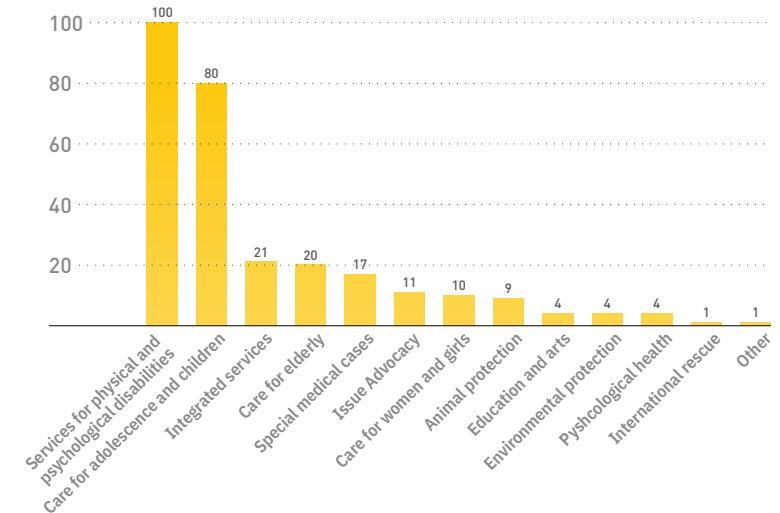
As of the end of 2020, Accton E-Charity has a total of 282 public welfare group members and 300,000 individual members. Accton pays for all costs associated with the operations of the website to help charity organizations use the platform without any cost. The total donations to charity organizations in Taiwan through Accton E-Charity amounted to NT\$31.21 million in 2020.

### 2020 Accton E-Charity group member distribution by region

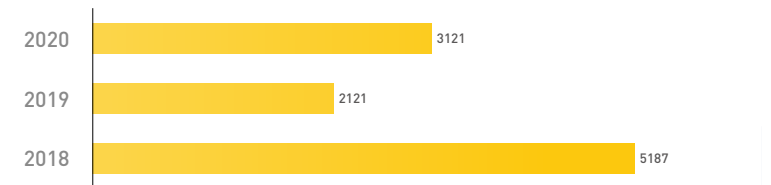


**Total number of charitable organizations as our E-Charity member: 282**

### Accton E-Charity group member distribution by service type



### Amount donated to charity organizations in Taiwan through Accton E-Charity (unit: NT\$10,000)





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### Taiwan Charitable Service Association

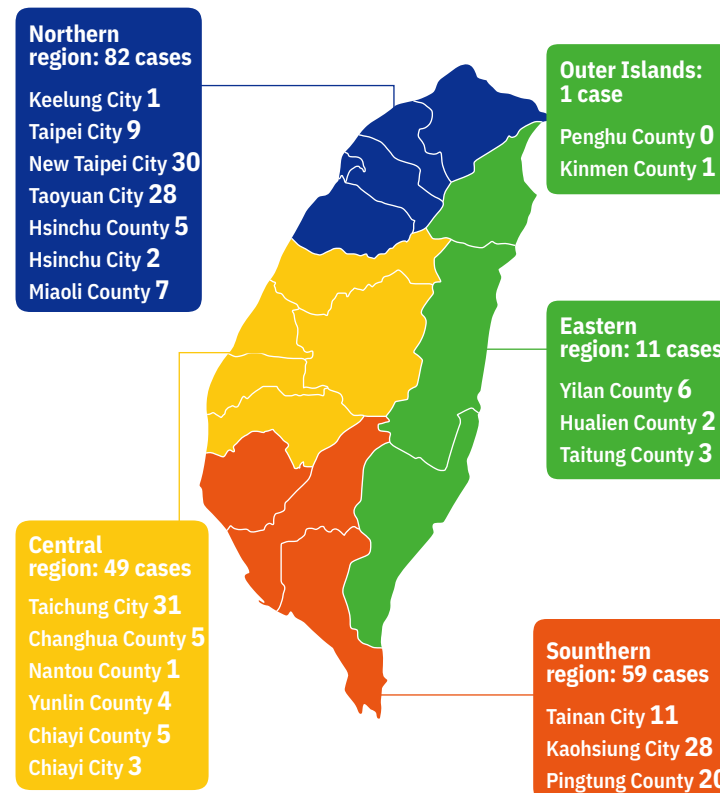
Taiwan Charitable Service Association has always upheld the belief of "going where it is needed," and it provides disadvantaged families, social welfare organizations, or schools in rural areas with emergency relief funds after actual visits and confirming the requirements. The scope of donations made by Taiwan Charitable Service Association in 2020 included emergency relief for disadvantaged families and assistance for charity projects, with donations totaling NT\$7,426,558.

### Emergency relief for disadvantaged families

Taiwan Charitable Service Association has helped 202 families in need with a total assistance amount of NT\$3,481,375 in 2020.



### Overview of emergency relief cases by region, number of people, and amount in 2020



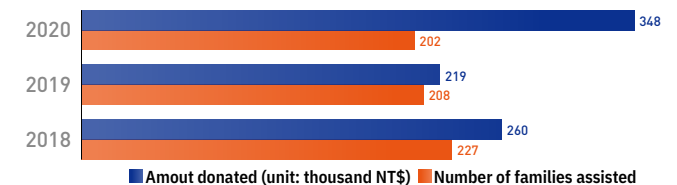
Total number of cases assisted: 202

Taiwan Charitable Service Association provides the following assistance for families in need:

- \* Living allowance: family in distress due to the main income earner of the family suffering emergency disasters, major diseases, or major natural disasters.
- \* Medical subsidies: person suffering serious injury or illness, the medical expenses required cannot be afforded by him/her or his/her dependents, and the additional 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 funeral expenses.
- \* Emergency disaster: Major natural or man-made disasters that cause significant damage to the family and affect people's lives in a short period of time.

Overview of emergency relief and subsidies in 2020			
Susidy category	Number of recipients	Amount (NT\$)	Subsidy percentage
Living	131	\$1,402,000	40%
Mediacal	32	\$1,634,375	47%
Funeral	22	\$177,000	5%
Both living and medical	17	\$268,000	8%
Total	202	\$3,481,375	100%

### Emergency relief subsidies and number of beneficiary families sponsored by Taiwan Charitable Service Association from 2018 to 2020



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### Charity project assistance

#### (1) Care for the disabled

Taiwan Charitable Service Association donated 11 electric beds totaling NT\$350,000 to St. Joseph's Home to provide people with disabilities with better care.



#### (2) Donation of supplies to social welfare organizations in rural areas

Taiwan Charitable Service Association donated a second-hand vehicle to Bright Side Projects in 2020 for transporting supplies to rural areas. It also donated a batch of brand-new ultra-warm clothes and handmade blankets to Qingquan in Zhudong and Xinmalan in Taitung where Bright Side Projects services. The Association also donated supplies to Canaan Disability Home in Pingtung to help reduce the burden of related care expenses. The Association donated supplies to meet urgent needs in the Pingtung Christian Victory Home to reduce the care expenditures of the institution. It donated rice and supplies to Xuhai Academy in Pingtung so that children living in rural areas can be free from hunger and focus on learning.



#### (3) Giving warmth in winter

Taiwan Charitable Service Association made donations at the end of 2020 to the Dr. Chen Wen-chen Memorial Foundation for the Human Rights banquet. It also sponsored the Yunlin County Elderly Welfare Protection Association's Chinese New Year dinner plans for the elderly who live alone, and the year-end dinner event for the elderly daycare center. Total donations amounted to NT\$200,000.



#### (4) Scholarships for children in rural areas

To help the disadvantaged children from financially-challenged families in rural areas of Hualien County attend school without worries, Taiwan Charitable Service Association donated NT\$400,000 to the Shanyue Village Care Association in Hualien County in 2020 to help the indigenous children in the area to attend school without worries and grow up in good health.



#### (5) Care plan for the homeless

In 2020, Taiwan Charitable Service Association worked with the Department of Social Welfare of Taipei City Government to set up a "luggage rack for the homeless" outside Taipei Station. The rack was completed jointly by homeless people and carpenters for homeless people to place their luggage and belongings in storage so that they can look for jobs during the day and retrieve their belongings when they return at night. We believe that the luggage creates a sense of belonging for the homeless and makes them feel like they have returned home.



#### (6) Promoting independence of the elderly

Taiwan Charitable Service Association worked with Yunlin Changtai Academy for the Elderly and created five short films to promote the concept of "independent support" for the elderly and help the public learn about the spirit of "independent support" and redefine the meaning of "care".



#### (7) Sending love to Nanhui

Taiwan Charitable Service Association donated a service vehicle at the end of 2020 to support the "Light the Way Home Project" of the Beunen Foundation. The vehicle provides daycare services, home visits, supplies, and work training for people with disabilities in Nanhui.



#### (8) International assistance

The explosion in Beirut, Lebanon on August 4, 2020 killed 220 people, and more than 7,000 people were injured or missing. It also left an estimated 300,000 people homeless. Taiwan Charitable Service Association donated NT\$300,000 to the International Federation of Red Cross and Red Crescent Societies (IFRC) in Lebanon and support basic requirements, such as local shelters and food.





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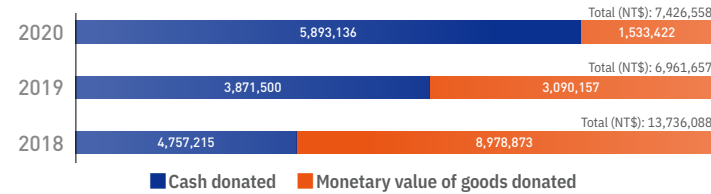
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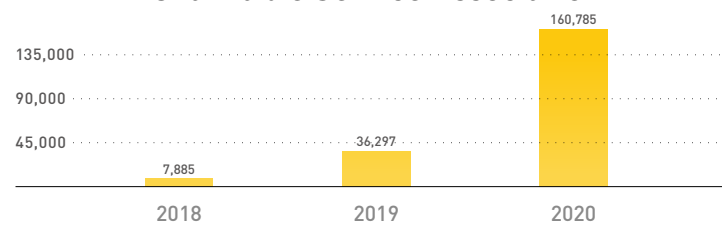
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### Description of charitable investment categories and amounts of Taiwan Charitable Service Association from 2018 to 2020



### Number of beneficiaries of Taiwan Charitable Service Association



### 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 is expected to use the strengths of enterprises to reduce the gap of education resources between rural areas and cities, and through long-term investment and support of disadvantaged children from rural areas create a secure learning environment and provide them the opportunity to change their future through education. Accton Culture and Education Foundation donated a total of NT\$2,180,273 in 2020.

#### (1) "Book to Send Hope"

##### Dream Comes True Campaign

Since 2019, Accton Culture and Education Foundation has changed the format of activities from collecting Christmas gifts in previous years to inviting teachers and children from rural schools and classrooms to list the books they want. The Foundation then encourages employees of Accton to collect books for children in rural areas with the aim of creating a more lasting influence on the children through reading. In 2020, the Foundation donated a total of 1,207 books to Nan Ai Elementary School, Chieh Dong Elementary School, and Dahu Elementary School in Hsinchu City, Fugui Elementary School in Nantou County, Yien Association in Tainan City, and DouBless Association in Nantou County.



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

In Hsinchu, thousands of children are on the verge of poverty, and they cannot obtain subsidies granted by the government. Accton has, since 2014, consolidated the power of all employees of the Group and sponsored a caring breakfast for more than 850 children in Hsinchu. The Company sponsored breakfast for 150 children in 2020. We believe that providing children with nutritious breakfast helps them increase their focus in learning and provides them with the opportunities to change their future.



#### (3) Hope Project of Education

Accton upholds the idea of "Accton hopes 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 provide schooling expenses for secondary school students in Wufeng and Jianshi. Accton donated a total of \$402,700 to 191 beneficiaries in 2020. We have donated more than NT\$5 million to more than 2,000 children over 14 years.



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Accton's Hope Project of Education is not aimed at students with outstanding academic performance, but rather at encouraging hard-working disadvantaged students to overcome their disadvantaged financial conditions and attend school worry-free. We aim to change the vicious cycle of poverty through education.

#### (4) 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 foreign spouses, or come from dysfunctional families. In after-school classes, teachers guide the children in their lessons as well as give guidance when the children behave poorly to prevent children from being led astray due to neglect after school. Accton gathered the power of employees in the Group for the long-term sponsorship of their after-school courses. Donations totaled NT\$196,800 in 2020.

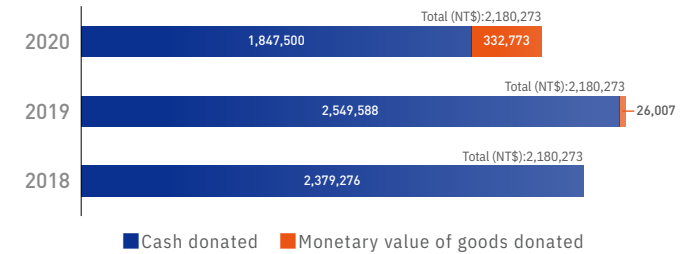


#### (5) "No Fear under Pressure" Play and Mental Health Seminar

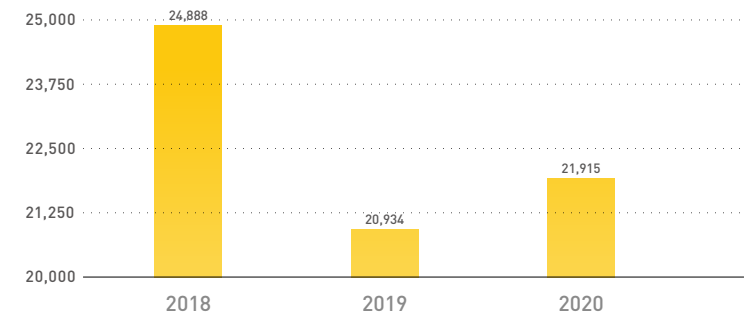
Accton Culture and Education Foundation has partnered with "Good Play Theater" of Hsinchu City and "Yu Ching Mental Health Growth Center" to continue the theater and seminar events. In 2020, they hosted the "No Fear under Pressure" event which taught children how to face pressure and control their emotions through plays and seminars. In 2020 four plays and seminars were held at Fugui Elementary School in Nantou, iHope Association in Tainan, Yien Association in Tainan City, and DouBless Association in Nantou County.



### Description of charitable investment categories and amounts of Accton Culture and Education Foundation from 2018 to 2020



### Number of beneficiaries of Accton Culture and Education Foundation:





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### Donations made by Edgecore

Edgecore makes regular donations to the nonprofit organization MCDC Association through Edgecore America to help low-income households in the United States.

Sep 1, 2018 – 31 August 2019: 36K USD

Sep 1, 2019 – 31 August 2020: 36K USD

It provided more than 300 people from low-income households with financial education, budgeting, and long-term one-on-one instructions and guidance. It also provided tax preparation and guidance services for COVID-related public welfare measures, career development plans, and health plans. MCDC employees provide long-term one-on-one counseling to low-income customers to help them identify priorities for resource management, develop and follow established budgets, identify opportunities to improve job skills and make the transition to home ownership. The other plan involves the tax filing assistance for approximately 200 families each year. In the United States, filing tax returns is

the primary way for low-income families to access government subsidies. MCDC's free tax filing preparation services help families avoid the cost of commercial tax preparation services and apply for tax returns and government subsidies. MCDC also sponsored meals for low-income households in 2020 in response to the hardships caused by the COVID-19 pandemic.

Results are shown in the image (meal box packaging and donation of computers)



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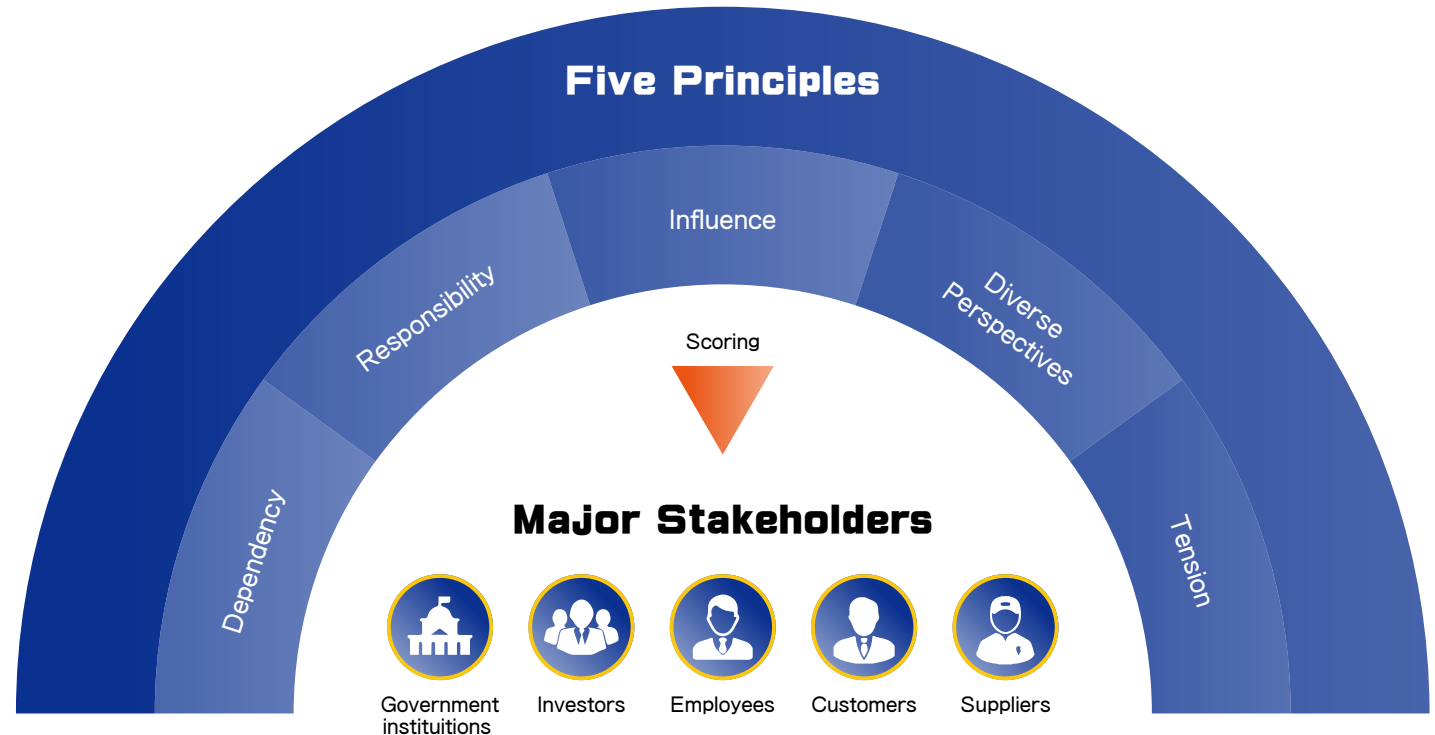
# 1.4 Material Topics and Stakeholder Engagement

## Stakeholder Engagement, Identification, and Selection

The Corporate Sustainability Committee follows the five major principles of dependency, responsibility, influence, diverse perspective, and tension in the AA1000 Stakeholder Engagement Standards (SES) developed by the global nonprofit organization AccountAbility. The Corporate Sustainability Committee rates the

importance of the stakeholders with whom business units communicate or influence and identified five key categories of stakeholders including government institutions, shareholders/investors, employees, customers, and suppliers.

### Stakeholder Engagement Standards



### Material topic process





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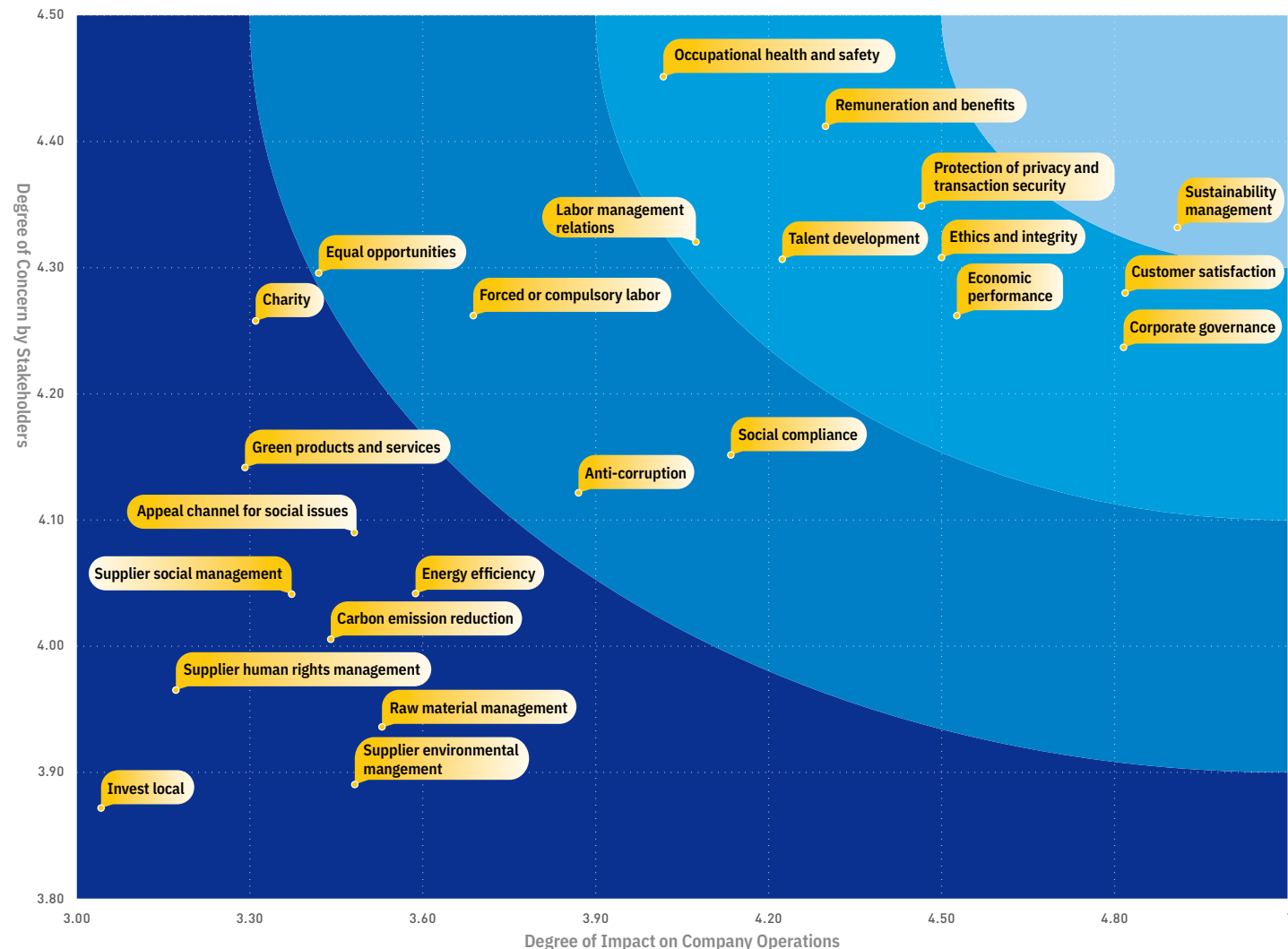
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The Corporate Sustainability Team reviewed the appropriateness of the list of issues and narrowed the list down to 24 sustainability issues based on the current business performance of each unit, international sustainability criteria and evaluation trends, customer requirements, and issues of concern to the industry in accordance with the GRI Standards. We used an online survey to collect information on the level of stakeholder interest in sustainability issues and the main stakeholders were asked to fill out the "level of concern to stakeholders". We collected a total of 381

questionnaires and adopted the average value based on stakeholder type. In addition, the company's senior management and members of the Corporate Sustainability Committee rated the impact of sustainability issues on the Company's operations by filling out the "Degree of Impact on Company Operations" form. The sequence of sustainability issues of concern to stakeholders and the impact on company operations based on the aforementioned conclusions are shown in the table below:

Table: Distribution of material topics



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Nine major issues of concern to stakeholders												
Priority	Material Topic	Significance of the Material Topic to the Company/ Explanation of the Scope of Impact	Impact on company operations (direct or indirect) (direct or indirect)	Within the organization			Outside the organization				Corresponding GRI Standard	Corresponding Chapters/ Sections
				Accton	Edgecore	JoyTech	Government institutions	Investors	Suppliers	Customers		
1	Sustainable Development	Analyze the risks and opportunities of the Company's operations and create a sustainable vision and development strategy	Direct	●	●	●	●	●	●	●	102-14 102-18	1.2 Sustainable Development 1.3 Sustainability Performance
2	Customer Satisfaction	Maintain customer relations, collect customer opinions, and improve the quality of products and services		●	●	●				●	102-43 102-44	2.3 Customer Satisfaction
3	Corporate governance	Establish a healthy corporate governance structure, effective communication and supervision mechanisms, and planning risk management mechanisms		●	●	●	●	●		●	102-18 102-25 102-36	3.1 Corporate Governance
4	Ethics and Integrity	Develop ethics and integrity policies, management regulations and consultation, and reporting mechanisms to prevent violations of laws		●	●	●	●	●	●	●	102-16 102-17	3.2 Ethics and Integrity
5	Privacy and Transaction Security	Methods for protecting customer privacy and transaction security and the current status, and compliance with relevant laws and regulations					●			●	103-1	2.4 Privacy and Transaction Security
6	Operational performance	Accton aims to maximize profits which increases stakeholders' confidence in the Company and supports sustainable development.		●	●	●		●	●	●	201-1 201-3 201-4	2.2 Economic Performance
7	Remuneration and Benefits	Employees are the foundations for creating revenue for the Company. We strengthen employees' commitment to the company and enhance work efficiency to create a win-win situation for the Company's growth and employees' personal wealth.		●	●	●	●				401-1 401-2 401-3 405-1 405-2	4.1 Remuneration and Benefits
8	Talent Development	Provide employment opportunities, employee training, and career development planning and assistance		●	●	●					404-1 404-2 404-3	4.3 Talent Development
9	Occupational health and safety	Enhance the occupational health and safety policies and management mechanisms for workers		●	●	●	●				403-1 403-2 403-3 403-4 403-5 403-6 403-7 403-8	4.2 Occupational health and safety



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As a result of the pandemic, exhibitions and activities have been changed to online meetings or seminars. Our QBRs with ODM customers have also been changed to online meetings.

We have also adopted different forms of engagement to collect and listen to their valuable feedback. 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 feed-

back 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 Company's continuous improvement and sustainable development.

### Topics of Concern for Stakeholders, Communication Methods, and Frequency

We compiled the following topics of concern to stakeholders and the communication methods and frequency with each stakeholder based on the responses in the questionnaire surveys:

Stakeholder	Main Topic of Concern	Communication Methods and Frequency
Employee	Remuneration and Benefits Labor-management relations Occupational health and safety Talent Development Equal opportunities	Labor-Management meetings (quarterly) Occupational Safety and Health Committee (quarterly) Employee Welfare Association (quarterly) Supervisory Committee of Labor Retirement Reserve (quarterly) Employee seminars (irregular basis) Accton's internal website Accton Portal (irregular basis) Accton whisper mailbox Accton whisper email (irregular basis) Sexual harassment complaint hotline and email
Investors	Sustainable Development Corporate governance Ethics and integrity Operational performance Customer Satisfaction	Annual shareholders' meeting (annually) Institutional investors' conference (annually) Financial performance report (annually, quarterly, monthly)
Customers	Customer Satisfaction Privacy and Transaction Security Ethics and Integrity Occupational health and safety Supplier Management	Telephone/e-mail (daily) Product information on company website (irregular basis) Meetings with customers (irregular basis) Customer audit QBR (quarterly or semi-annually) including ESG ratings Customer satisfaction surveys (annually)  3 international online exhibitions (Edgecore canceled its participation in physical international exhibitions as a result of the pandemic in 2020 and switched to online exhibitions)  3 online webinars (Edgecore canceled distributors' conference and organized a webinar as a result of the pandemic in 2020)
Government institutions	Sustainable Development Ethics and Integrity Occupational health and safety Supplier Human Rights Management Forced labor	Market Observation Post System (irregular basis) Official correspondences (irregular basis)
Suppliers	Ethics and Integrity Sustainable Development Corporate governance Privacy and Transaction Security Supplier Management	Telephone/e-mail (daily) Supplier meetings (annually) Supplier audits (irregular basis) based on the list of suppliers included in the annual audit
NPO Nonprofit organizations	Social welfare Privacy and Transaction Security Ethics and Integrity Sustainable Development Occupational health and safety	Telephone/e-mail/ official website/ Facebook fan page/ Instagram (irregular basis)



# **02 Economic Outstanding Performance and Customer Satisfaction**



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# 2.1 Company Overview - Products and Services

**Leader of advanced technologies for hyperscale data centers, AI, 5G, and edge computing**

## Corporate Profile

Accton Technology Corporation was established in 1988 and its headquarters are in Hsinchu Science Park in Taiwan. It was publicly listed on the TWSE in 1995 (stock code: 2345). Accton has been committed to the research, design, and production of comprehensive Ethernet networks and wireless equipment. Our diverse and comprehensive product line, outstanding communication and 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 architect, developer, and manufacturer for Tier-1 vendors, gaining recognition for 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 4,740 employees across the world as of the end of 2020. Accton Group's headquarters remains in Hsinchu Science Park.

With 33 years of experience in the design and development of network products, Accton's professional international team is

committed to developing advanced, economical, and reliable products. As a leader in the design of open hardware platforms such as data centers, metropolitan area network/telecommunication networks, campus/enterprise networks, and software-defined wide area network (SD-WAN), Accton Group uses its long-term partnerships with partners across the world to satisfy customer demands for next-generation designs. From consumers to telecommunication operators, we provide integrated data, videos, and mobile software and hardware equipment. Our product lines cover the switches in data centers, 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 goals for mobile broadband and digital life. As Accton Technology expands into Accton Group with multiple affiliate companies, our strong sense of mission and social responsibility ensure that the group actively participates in activities in giving back to society. We have instilled environmental protection awareness in all our designs and manufacturing processes.



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### Primary Products and Services

Accton Technology is engaged in the research, development, production, manufacturing, 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 System, 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 subsystem, including optical network, optoelectronic communication module, and fiber optic repeater.
- WLAN.
- Wireless user's loop systems.
- IoT system, including terminal hardware, system software, application software, and hybrid cloud platform. (Internet of Everything- IoT system includes IoT gateways/controllers, multi-sensors, applications, and hybrid-cloud servers)
- Smart Network Interface Card
- mmWave base stations, bridges, CPE (Millimeter-Wave AP, Bridge, CPE)
- 5G (5th generation cellular) customer premise equipment (CPE), Enterprise Small Cell Base Station.
- SD-WAN, virtual/universal user terminal equipment vCPE/uCPE (Enterprise Grade SD-WAN, Virtual/Universal CPE)



To view the video on the complete network infrastructure solution, please visit <https://bit.ly/3gi6Qhw>  
For more information, please refer to Accton Technology's website at <https://www.accton.com/>



## 2.2 Economic Performance

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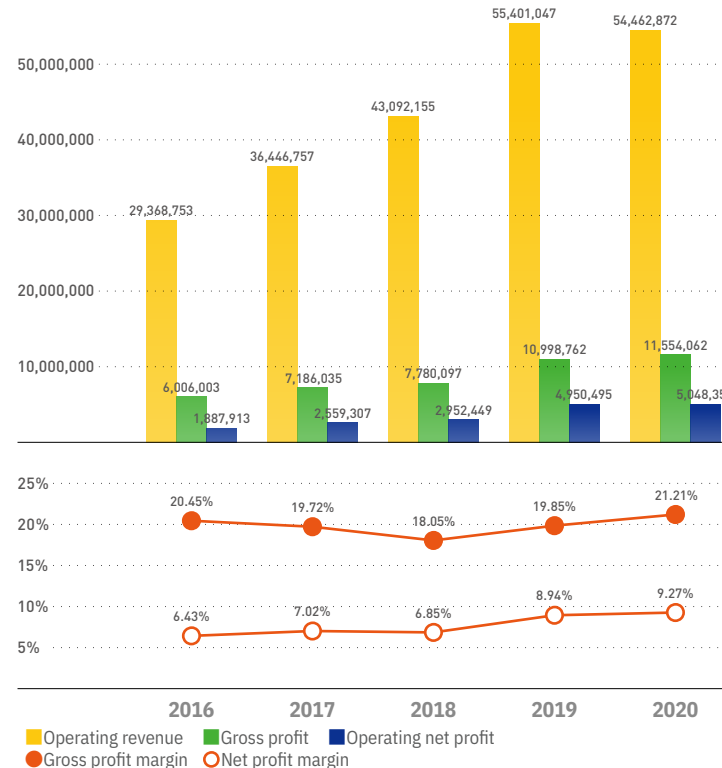
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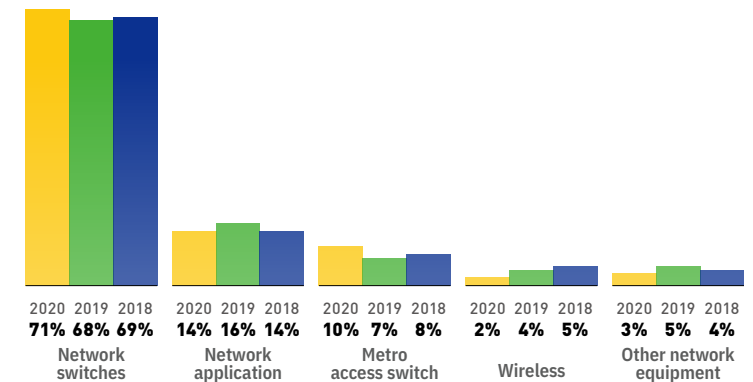
### Proportion of 2020 revenue

#### Consolidated information (NT\$ thousand)



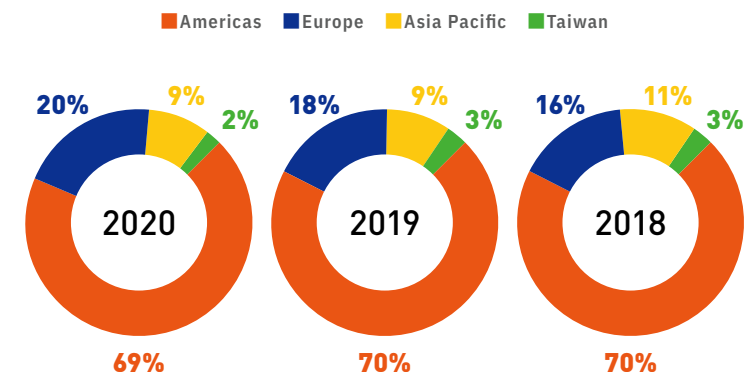
### Sales regions and major products

The company's main products consist of high-speed Ethernet switches, network access equipment (network appliances including SmartNIC), and wireless network products/broadband Internet.



The proportion of export sales was 98%, and the main sales regions were the Americas, Asia Pacific, Europe, and Taiwan. Please refer to the "Statistics of Main Sales Regions in 2020" for the distribution of main product sales regions in the most recent two years.

#### Statistics of main sales regions in 2020



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## Government subsidies

Government subsidies item	Nature of subsidies	Subsidy amount (NT\$ thousand)
Taiwan Industry Innovation Platform Program	Research and development subsidies	4,910
Technology transformation and special investment subsidies	2019 Shenzhen regular technology improvement and intelligent technology improvement subsidies	17,478
Business scale growth incentives	Subsidies provided based on the increase of annual output	14,021
Pandemic prevention subsidies and related exemptions during the pandemic	Subsidies provided during the pandemic	10,792

## Intellectual Property

Accton upholds the concept of continuous innovation and improvement and uses its technological research and development capacity for product development and improvement to continue to provide high-performance and stable products and introduce forward-looking products that meet the needs of the industry. We convert the R&D results of products into intellectual property for protection, in order to increase the value of our products, enhance our competitiveness, and create profits for the company. To effectively manage patents, Accton regularly reviews the application status of patents and monitors the actual benefits of patents. We eliminate obsolete or unrealistic patents to maintain the effectiveness of patents and maximize returns on patent investment.

### I. Patent application and management

The group's patent application strategies are mainly implemented to protect products, create product value, and increase the company's competitiveness. We also establish patent reward and management regulations based on these strategies and encourage R&D employees to actively use innovation and improvements in the product development process. We develop regulations for patent management to ensure the confidentiality of patent information.

The company has established the conceptual proposal mechanisms before patent application procedures in accordance with the Patent Reward and Management Regulations to promote the innovation and select technologies that can create practical benefits for the company's operations. These mechanisms are different from the patent proposal mechanism, which requires an

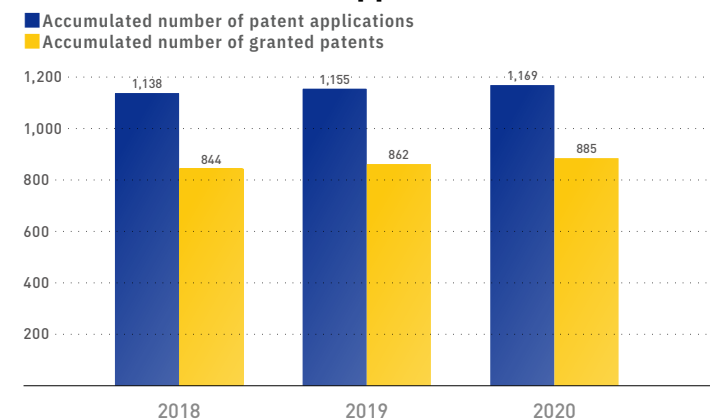
assessment of the patentability of the application. The conceptual proposal only requires the disclosure of a simple concept, and the technical content is evaluated based on evaluation mechanisms that focus on product benefits. These mechanisms are designed to simplify the procedures and provide incentives for making proposals for R&D personnel to develop a habit of constantly thinking about product improvements. In addition to introducing the basic concepts of intellectual property rights in the training for new employees, we also teach them the steps for making proposals to establish a culture of innovation and constant proposals to increase R&D output.

After a proposal is evaluated and approved, it enters the patent proposal process. In addition to evaluating the feasibility of obtaining a patent based on the proposal, we also analyze the existing patents of other entities by reviewing previous cases and evaluating the necessity of patent evasion for product designs to reduce the risks in product sales.

In addition to the innovative ideas and patent proposal procedures, the company regularly surveys the application status of patents and technologies, reviews the effectiveness of patent maintenance, and eliminates obsolete patents and those with low chances of applications to monitor the effectiveness of patents and control patent costs. We thus adopt cost-effective ways to maintain the company's patent portfolio and maintain the quality of patents.

The company has developed an intellectual property management system to facilitate the aforementioned proposal and management procedures. It includes a management platform for proposal development, patent application, and cooperation between related departments. We implement systematic and efficient management to help the company continue the operations and management of intellectual property rights.

## Patent Application





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From 1988 until the end of 2020, the company has accumulated 1169 patent applications across the globe and obtained 885 patents worldwide.

#### II. Trademark application and management:

The company values its corporate image and reputation. To actively enhance the value of our corporate brand, the company continues to increase the competitiveness of the products and seeks to protect and enhance the value of the company and product brands by applying for trademarks. We also manage our trademark rights effectively to maximize the benefits of our trademarks.

In terms of trademark applications, the company applies for trademark rights for the use of trademarks in new products or services. With regard to the application procedures, we will first review and confirm the trademark design and the scope of the trademark application to fully understand the design concept of the trademark and its meaning, the scope of products and services to be included in its use. For example, we need to specify the actual types of products to be used or the types of products that may be used, as well as the sales regions. Next, we shall make decisions based on the recognizability of the trademarks including the recognizability of the trademark patterns and the status of existing trademarks to evaluate the feasibility of the trademark application and the proposed application strategy. It increases the trademark application approval rate and ensures that trademarks can protect products and services. We also use the trademark search process to compare and analyze the scope of existing trademark rights to eliminate the possibility of trademark infringement and reduce the risks and losses derived from infringement or the rejection of the trademark application. With regard to trademark rights management, the company regularly surveys the usage status of trademarks, reviews the effectiveness of trademark maintenance, and eliminates obsolete trademarks and those with low chances of applications to maximize the benefits of trademarks and thereby maintain the quality of trademarks.

#### III. Trade secret protection

The company requires R&D personnel to regularly record important discoveries and results in their work. They must record key discoveries or inventions in detail in the R&D log or other electronic or written formats to preserve records of important R&D results. The company regularly reviews the R&D logs to verify the validity and accuracy of the entries and verify whether the content meets the requirements in regulations. We ensure the effectiveness of the R&D logs to protect important technical results and trade secrets that cannot be protected by patents.

Where it is necessary to share information in the R&D and innovation conceptualization review process with any business partner or customer, the employee must use email or verbally inform the recipient that the content are the intellectual property rights of the company, and the sharing of information must be processed with caution.

#### IV. Patent infringement risk prevention

The company protects its own intellectual property and respects the intellectual property rights of others. We actively investigate the risks of infringement by the proposed technology during the proposal process and conduct patent infringement investigations on self-developed technology or technology provided by suppliers to analyze the risks of infringement to support the technology development of relevant units. Where there is a risk of infringement, we eliminate it with designs that avoid the use of other patents or a non-infringement guarantee to ensure early prevention and reduce the impact and effects of patent lawsuits on the company's business operations.

## 2.3 Customer Satisfaction

Boundaries: Accton, the subsidiaries Edgecore,

JoyTech (as it is mainly a manufacturing plant, product sales are processed by Accton and Edgecore; therefore, the customer satisfaction survey was not implemented)

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	2020 Goals	2020 Results	Short-Term Goals (2021-2022)	Medium and Long-Term Goals (2023-2025)
Accton	Customer satisfaction rating in feedback  Protection of customers' confidential information	Customer satisfaction rate: 76 points  There were no violations of customer privacy and confidentiality, and the Company did not receive any complaints	Customer satisfaction rate: 80 points  To enhance the protection of customers' confidential information, we introduced ISO 28000 Specification for security management systems of the supply chain in 2021 to meet customer requirements for products.	Customer satisfaction rate: 85 points  We continue to strengthen our product functions and make use of our core competencies in telecommunication products and flexible production technologies to provide customers with more efficient and reliable solutions. With improved services and under the guidance of the environmental protection policy, we have created higher value for the customers. We build strong, mutually beneficial, and trusting partnerships with customers to provide outstanding performance.
Edgecore	Customer satisfaction rate: 82.6 points	<b>Customer satisfaction rate: 86.4 points</b>  Increase the manpower to respond to customers in the RMA process and the Zendesk customer service platform	<b>Customer satisfaction rate: 87 points</b>	<b>Customer satisfaction rate: 89 points</b>

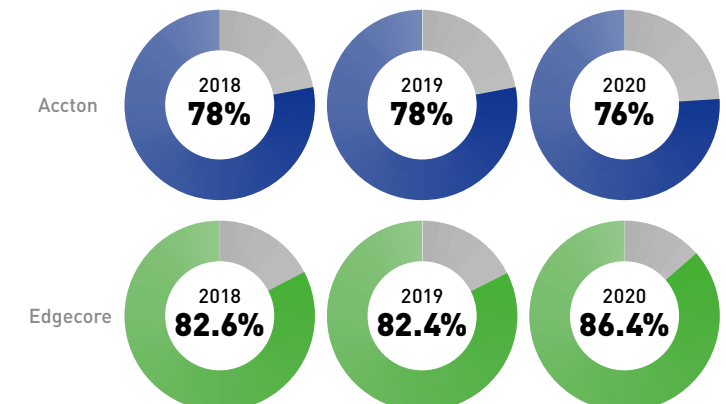
All employees are committed to putting customers first. We incorporate this belief at all levels, including quality, sales, technology, and customer service to provide excellent services and increase customer satisfaction.

In addition to reviewing business partnerships and sales performance each quarter, Accton also invites key customers to provide their invaluable feedback and suggestions on overall customer service satisfaction. The feedback helps us make improvements to provide even better services to customers.

Accton has always valued feedback from customers. Therefore, we distribute questionnaires to customer groups in the fourth quarter of each year. According to past records, 80% of Accton's customers responded to the questionnaires and the overall customer satisfaction rate was 80%. In 2020, Accton surveyed the satisfaction levels of 7 key customers and received 7 responses. The questionnaire recovery rate was 100% and the average satisfaction rate was 76 points. In 2020, Edgecore surveyed the satisfaction levels of 43 key customers and distributors and received 25 responses. The questionnaire recovery rate was 63% and the average satisfaction rate was 86.4 points.

However, we are never complacent, and we continue to improve the quality of our services in all areas to achieve excellent performance in customer satisfaction. With the feedback on customer

### Customer satisfaction survey results in the past three years





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satisfaction, Accton has developed dynamic supply chain dashboards for key customer groups. We provide customers with real-time and accurate information by incorporating diverse information such as customers' production demand forecast quantity and key material availability every week to help them keep track of their product supply and demand status and seize the opportunities in the market.

Accton has always viewed customers as important strategic partners. We continue to strengthen our product functions and make use of our core competencies in telecommunication products and flexible production technologies to provide customers with more efficient and reliable solutions. With improved services and under the guidance of the environmental protection policy, we have created higher value for the customers. In addition to regular customer satisfaction surveys, we maintain smooth information exchange channels with customers through regular emails and communication software. We use frequent visits and meetings with key customers to increase interaction and understand the needs of our customers to ensure that their requirements are properly addressed and met. These measures help us establish mutually beneficial, trusting, and supportive relationships with customers, and motivate us to continuously improve and truly achieve "customers first".



#### Transforming next-gen optical networks with TIP's Cassini solution

Come learn how the industry collaboration deployment for the first disaggregated optical networks in Latin America. In the webinar, we'll introduce how telecommunication providers can increase its network capacities for major cities by deploying the new software-defined IP\* network based on the industry's first open optical packet transponder – Edgecore hardware with OcNOS® from IP Infusion, led the first trial by Whitestack in Latin America.

#### Speakers



#### WEBINAR INVITATION



### Attendance in International Online Exhibitions and Organization of Online Seminars

The company has always attended more than 20 reputable telecommunications exhibitions in Taiwan and abroad. Each year through the subsidiary Edgecore, we introduce the latest solutions directly to customers and distributors. Many international exhibitions have been canceled in 2020 as a result of the COVID-19 pandemic. Edgecore participated in the following online events:

- Facebook's 2020 OCP Virtual Summit (May 12-15, 2020)
- FÓRUM RNP 2020 (October 19-21, 2020)
- MWC 2020 GSMA Thrive Asia Pacific (November 3-5, 2020)

Accton usually invites global distributors and holds distributor seminars once every two years. Due to the pandemic, we organized online seminars instead to introduce the latest solutions:

- Introducing Edgecore Terragraph Certified Products with Facebook Connectivity (September 22, 2020)
- Introducing SONiC Solutions for Edgecore Open Networking (September 29, 2020)
- Transforming Next-gen Optical Networks with TIP's Cassini Solution (October 6, 2020)

#### SONiC Solutions for Edgecore Open Networking



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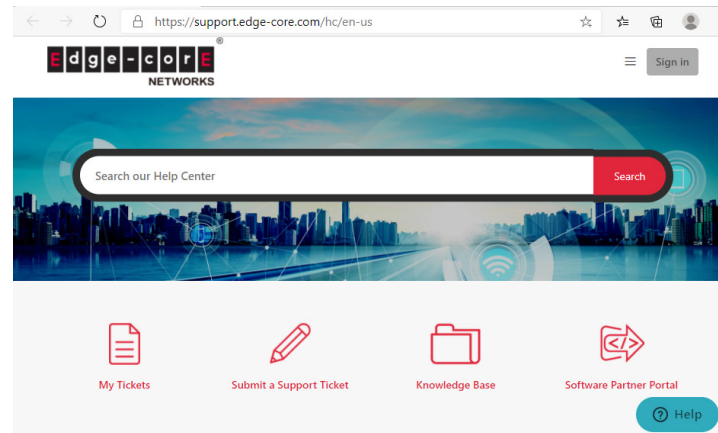
### Maintenance and repairs services: Continuous improvement and quick delivery

#### Accton ( including Plant 1, Plant 2, and Zhunan Plant )

Edgecore products are supplied by Accton. Regardless of the manufacturing site of the product, all maintenance and repair services, including services for JoyTech products, are provided by Accton.

Accton Technology pays close attention to customers' needs and we strive to deliver our products on time to meet our customers' requirements. For product repairs, the average TAT (turnaround time) delivery time in 2020 was 46 days. Starting from 2021, we will enhance the delivery time management for specific customers. We will improve the following measures to reduce the turnaround time to within 30 days.

- Improve technical capabilities and increase manpower to improve output efficiency
- Review TAT status in daily morning meetings and arrange schedule accordingly
- Establish material preparation mechanisms and reduce the impact of shortages of materials



Edgecore's online customer service website:  
<https://support.edge-core.com/hc/en-us>

### Edgecore

Edgecore focuses on brand and channel management and continues to improve service procedures, meet customer needs, and provide them with the best services.

In terms of technical product services, the average time required for resolving customer issues in 2020 was 24.4 days (including the average customer waiting period of 16.6 days ). The average time it took for our first response was 57 hours.

Starting from 2021:

Short-term goals ( 2021-2022 )

- Average time for first response < 48 hours
- Average number of days for resolving issues < 22 days
- Average customer waiting period < 15 days
- Increase customer service personnel's capacity for resolving issues and use AI support systems to help provide solutions for customers' technical issues

Medium and long-term goals:

- Average time for first response < 24 hours
- Average number of days for resolving issues < 20 days
- Average customer waiting period < 14 days
- Implement pre-sales training and improve KM for specific customers to share solutions for resolving customers' technical issues

In terms of product repairs, the average delivery (return of products sent for repairs) time in 2020 was 50 days.

Starting from 2021:

Short-term goals ( 2021-2022 )

- TAT< 45 days: Increase the efficiency of repairs and preparation of spare parts for specific products and customers

Medium and long-term goals

- TAT< 40 days: Add more global franchise repairs partners and reduce the duration of repairs



## 2.4 Privacy and Transaction Security

Boundaries: Accton ( including Plant 1, Plant 2, and Zhunan Plant ) and the subsidiaries Edgecore and JoyTech

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2020 Goals	2020 Results	Short-term goals (2021-2022)	Medium and Long-Term Goals (2023-2025)
<ul style="list-style-type: none"> <li>Establish a dedicated information security management organization</li> <li>Extend the validity of the ISO 27001 Information Security Management System and passed the re-certification in 2020 (Accton)</li> <li>Extend the validity of the Authorized Economic Operator (AEO) certification (JoyTech)</li> </ul>	<ul style="list-style-type: none"> <li>Establish a dedicated information security management organization</li> <li>Passed the re-certification of the ISO 27001 Information Security Management System in 2020 (Accton)</li> <li>Passed the re-certification of the Authorized Economic Operator (AEO) certification (JoyTech)</li> <li>Zero records of litigation for violation of customers' confidential information, and no complaints received</li> </ul>	<ul style="list-style-type: none"> <li>Introduce ISO 28001 Specification for security management systems for the supply chain in 2021 to meet customer requirements for products from the procurement of components, product manufacturing, to storage and transportation safety (Accton)</li> <li>Enhance information security protection capabilities and maintain 0 incidents of hacker attacks or virus infections that impact operations</li> </ul>	<ul style="list-style-type: none"> <li>Maintain no significant deficiencies in internal and external audits on the protection of customer product information</li> <li>Extend the validity of the ISO 28001 Information Security Management System (Accton)</li> </ul>

Note: The scope of Accton's information security measures include the subsidiary Edgecore, whose goals will not be described separately.

The company has established "Risk Management Procedures" and regularly implements risk assessments every year to confirm the implementation of response measures for each risk and effectively identify and control the company's risks, risk management, and subsequent improvement measures. We reduce risks to acceptable levels to ensure the continuation of the company's business operations.

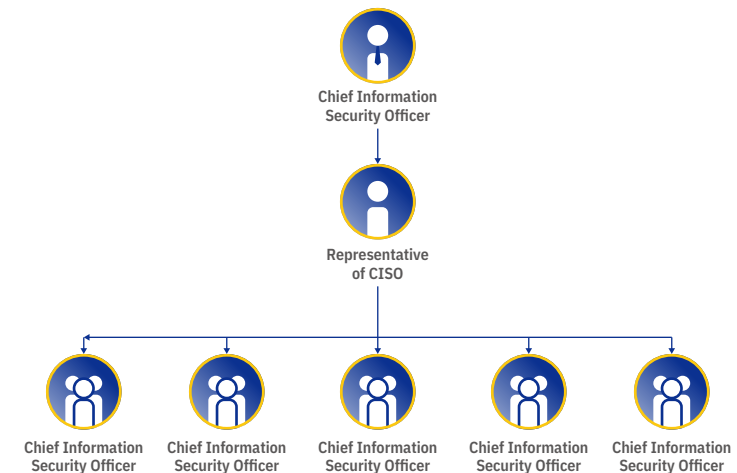
### Information Security Promotion Committee Organization

The company established the Information Security Promotion Committee in 2016 to maintain the normal functions of the information security management system.

It also created the dedicated information security management organization — Information Security Division — in 2020 to provide specific functions for leading, coordinating, and recommending network security issues, activities, and threats to actively detect, investigate, and respond to network security threats faced by Accton.

### Information Security Policy:

1. All employees (including regular employees or personnel of outsourced service providers, such as onsite vendors, part-time employees, and consultants) have the responsibility and obligation to protect the information assets related to their business



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to ensure the confidentiality, accuracy, and availability of the group's important information assets.

2. Employees' duties must be appropriately segregated, and they shall only be provided with the authority and information necessary for completing their work.
3. The hiring of employees must be implemented with the necessary assessments, and new employees must sign relevant operation regulations and participate in information security training. They must understand their information security obligations and implement them in their work.
4. Establish business continuity management mechanisms and organize regular tests and exercises to maintain their applicability.
5. The group's information security measures must meet laws and regulations and the requirements in the Group's Information Security Policy. The establishment and amendment of all information security regulations or procedures must be established and modified in accordance with the information security management system.

#### Information Security Goals:

1. Comply with requirements in laws and regulations, the orders of the competent authority, and customer contracts or other requirements for professional practices.
2. Protect and store customer data to prevent inappropriate and illegal use.
3. Ensure continuity and timeliness of services.
4. Ensure the accuracy and integrity of information.
5. Appropriately respond and process any information security incident that damage the rights and interests of related parties (stakeholders).

#### Specific Measures:

Accton Technology passed the CNS 27001:2014 (ISO/IEC 27001:2013) International Information Security Standard certification in 2016 and completed the recertification for information security each year. The company passed the triennial re-certification in 2020 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 for the information server room in 2020. We replaced the modular uninterruptible power supply system and

strengthened the stability of power supply for the server room so that the servers can continue operations and those services will not be interrupted by external power outages.

- Network security: We purchased system scan and vulnerability analysis software in 2020 and executed website vulnerability scans or penetration tests to cope with risks in the network environment and prevent damage or abuse of resources. We replaced firewall equipment for all external offices with next-generation network equipment and implemented material upgrades for firewall equipment and terminal protection software at the headquarters to strengthen corporate network protection and security.

Accton implements the PDCA cycle for the information security management system and included the "Information Security Incident Reporting Procedures" into Accton's internal risk management system. We organize regular review meetings each year, as well as meetings in the event of material changes in the information security operation environment to independently review the Information Security Policy, goals, procedures, and control measures with the aim of blocking potential information security threats, improving information security protection standards, reducing information security risks, and maintaining 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 and 337 new employees received such training in 2020. Current employees are required to take information security tests and information security awareness courses each year on social engineering phishing mails, malicious websites, commercial fraud prevention, ransomware, information security policies, and related management regulations. We also invited external information security consultants to provide lectures to employees in the current year and use education of real cases and information security news to enhance employees' information security awareness. They help employees understand that information security must be implemented in their work and daily lives, and that it is an indispensable part of the company's operations.

Information security training for new employees in 2020			
	Accton	Edgecore	JoyTech
Course hours	1 hour/course	1 hour/course	2 hour/course
Number of attendees	170 people	59 people	108 people

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# 2.5 Supplier Management

Boundaries: Accton and the subsidiary JoyTech

## Supply Chain Model

Accton has a very diverse and flexible product and service portfolio with a wide range of suppliers and a relatively large supply chain.

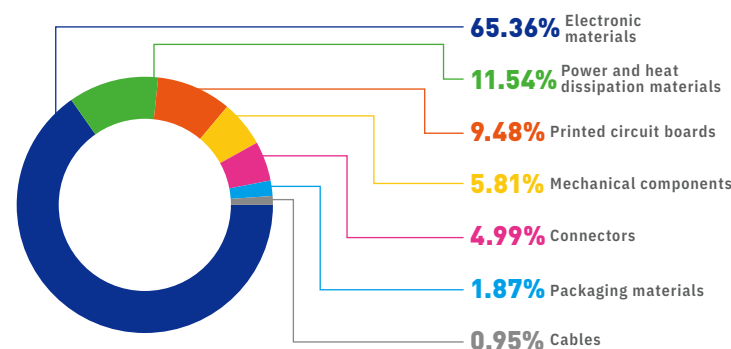
They are divided into suppliers of materials directly related to production and suppliers of materials and services not directly related to production.

The procurement of direct materials accounted for the majority of procurement in past years.

In 2020, Accton conducted transactions with 857 suppliers and the procurement of direct materials accounted for approximately 96.47%.

Category	Number of Companies	Percentage	Procurement Amount	Percentage
Direct materials	478	55.78%	US\$1.01 billion	96.47%
Non-direct materials	379	44.22%	US\$37 million	3.53%
Total	857		US\$10.47 million	

## The percentages of direct materials procured by Accton and JoyTech were as follows



In 2020, JoyTech conducted transactions with 672 suppliers and the procurement of direct materials accounted for approximately 97.62%.

Category	Number of Companies	Percentage	Procurement Amount	Percentage
Direct materials	511	76.04%	US\$452 million	97.62%
Non-direct materials	161	23.96%	US\$11 million	2.38%
Total	672		US\$463 million	

Among the above-mentioned suppliers of direct material procurement in 2020, the procurement from manufacturers of direct material components and raw materials accounted for the highest percentage of procurement.

Accton's procurement accounted for 60.69% and the number of such suppliers accounted for 77.20% of all suppliers. They were followed by distributors of key components produced by major international manufacturers, who accounted for 39.31% of the procurement amount.

Category	Number of Companies	Percentage	Procurement Amount	Percentage
Manufacturer	369	77.20%	US\$613 million	60.69%
Distributor	109	22.80%	US\$397 million	39.31%
Total	478		US\$1.01 billion	

JoyTech's procurement accounted for 63.72% and the number of such suppliers accounted for 80.04% of all suppliers. They were followed by distributors of key components produced by major international manufacturers who accounted for 36.28% of the procurement amount.

Category	Number of Companies	Percentage	Procurement Amount	Percentage
Manufacturer	409	80.04%	US\$288 million	63.72%
Distributor	102	19.96%	US\$164 million	36.28%
Total	511		US\$452 million	

There were no material changes in the supply chain in 2020.



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### Local Procurement

Accton continues to implement local procurement 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. We continue to increase the local procurement ratio.

Accton				
Category	2019 procurement amount	Percentage	2020 - procurement amount	Percentage
Overseas	US\$468 million	63.67%	US\$610 million	58.26%
Domestic	US\$267 million	36.33%	US\$437 million	41.74%
Total	US\$735 million		US\$1,047 million	

JoyTech				
Category	2019 procurement amount	Percentage	2020 - procurement amount	Percentage
Overseas	US\$414 million	83.81%	US\$400 million	86.39%
Domestic	US\$80 million	16.19%	US\$63 million	13.61%
Total	US\$494 million		US\$463 million	

### Continuous Implementation of Supplier RBA Audits

Brief description of targets and track records			
2020 Goals	2020 Results	Short-term goals (2021-2022)	Medium and long-term goals
Ratio of response to the "Corporate Social Responsibility Notice" > 80%	Ratio of response 77.62%	Ratio of response > 85%	Ratio of response > 95%
Amendment of Accton's new version of the "Supplier RBA Self-Assessment Questionnaire"	Amendment completed	Organize the RBA survey of the top 100 suppliers of direct materials	Organize the RBA survey of the top 200 suppliers of direct materials

Accton fulfills its CSR responsibilities and continuously requires its suppliers to respond to the "Corporate Social Responsibility Notice" to ensure compliance with CSR policies and RBA standards.

We requested suppliers of direct materials to respond to the "Corporate Social Responsibility Notice" in 2020.

Accton received responses from 372 suppliers with a response rate of 77.82%. We shall continue to request suppliers to respond to the "Corporate Social Responsibility Notice" in 2021 and we aim to reach at least 85% in the response rate in 2021.

The subsidiary Edgecore's direct suppliers and procurement amount are low, so they are not listed separately.

Accton		
Category	Number of Companies	Percentage
Response	372	77.82%
No response	106	22.18%
Total	478	

JoyTech		
Category	Number of Companies	Percentage
Response	260	50.88%
No response	251	49.12%
Total	511	

JoyTech received responses from 260 suppliers with a response rate of 50.88%. We shall continue to request suppliers to respond to the "Corporate Social Responsibility Notice" in 2021 and we aim to reach at least 85% in the response rate in 2021.

The company plans to organize the RBA survey of the top 100 suppliers of direct materials in 2021 to gradually ensure that suppliers abide by RBA standards.

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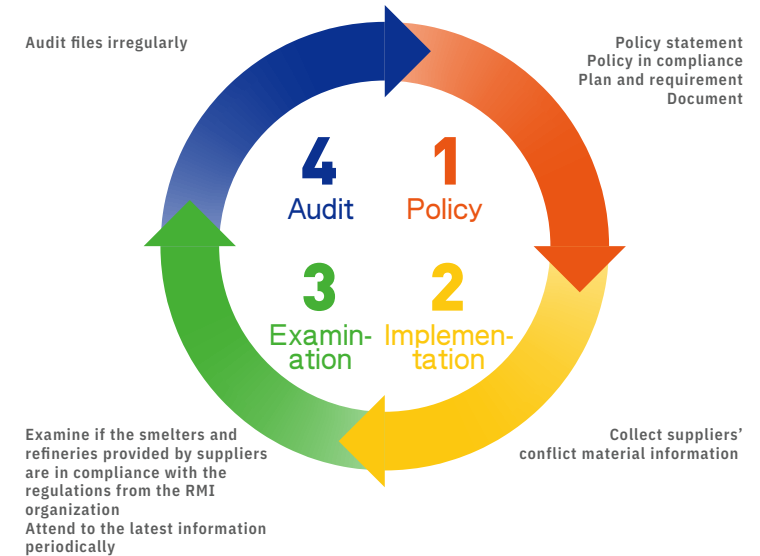
## Management of Conflict Minerals

In terms of green human rights issues, Accton Technology fulfills 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.

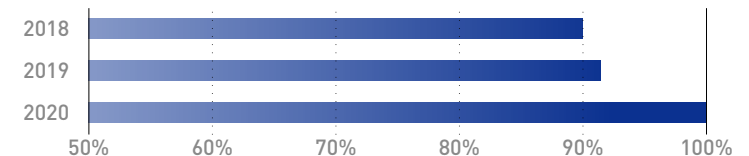
Accton complies with the Conflict Minerals Disclosure Rules announced by the United States Securities and Exchange Commission on August 22, 2012. Since the establishment of related conflict mineral management policies and requirements in 2013, the company has commenced investigations on conflict minerals 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. We implement investigations on the use of conflict minerals in modules each year to implement the "no use of conflict minerals" policy. We work with suppliers 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 (CRT) in 2020 in hopes of uniting suppliers to request upstream smelters not to support inhumane mining conditions.

To ensure that Accton's suppliers comply with the "no use of conflict minerals", Accton conducts supply chain due diligence on priority minerals in accordance with the "Conflict Affected and High-Risk Areas" (CAHRAs) specified by the Organization for Economic Co-operation and Development. We require suppliers to conduct due diligence in accordance with the OECD guidelines and provide regular reports with the Responsible Minerals Initiative (RMI) tool to increase supply chain transparency. The company surveyed 312 suppliers in 2020 and the CMRT/CRT response rate was 100%. 100% of the suppliers did not use any conflict minerals.

## Accton's Investigation and Management Process of Conflict Materials



## CMRT, CRT Reporting Template Return Rate



Note:

CMRT Questionnaire - The Conflict Minerals Reporting Template (CMRT)

CRT Questionnaire - The Cobalt Reporting Template (CRT)

This list requires companies to collect information and complete as it is used as a document for self-examination of whether they use conflict minerals. It contains records of raw material smelters of 3TG1C used by suppliers of companies. After the file is obtained, it is compared to the list of qualified conflict-free mineral smelters published by CFSI to verify whether the supplier has violated the regulations.



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### Supply chain security management

Supply chain security risk issues, such as terrorist attacks and criminal activities have occurred with greater frequency in recent years. As part of the supply chain of telecommunication products, Accton understands that such attacks are not easy to prevent. We, therefore, introduced ISO 28000 Specification for security management systems for the supply chain in 2021 to gain customers' trust, meet customer requirements for products from the procurement of components, product manufacturing, to storage and transportation safety.

### Continue to Invite Suppliers to Fulfill Corporate Social Responsibilities

We invite 30 to 40 suppliers to attend the annual supplier conference or supplier quality conference from time to time to promote corporate social responsibility practices.

We convened a supplier conference in October 2020. In addition to promoting relevant RBA standards, we also invited dozens of supplier partners to participate in the "leopard cat rice cultivation project".

We hope that this campaign can encourage companies to pay more attention to protecting the environment, recognize the importance of environmental issues, such as the habitats of leopard cats, and participate in environmental protection. We also hope to enhance the conservation of Taiwan's endangered species, such as the leopard cats.





# **03 Governance**

## **Comprehensive Corporate Governance**



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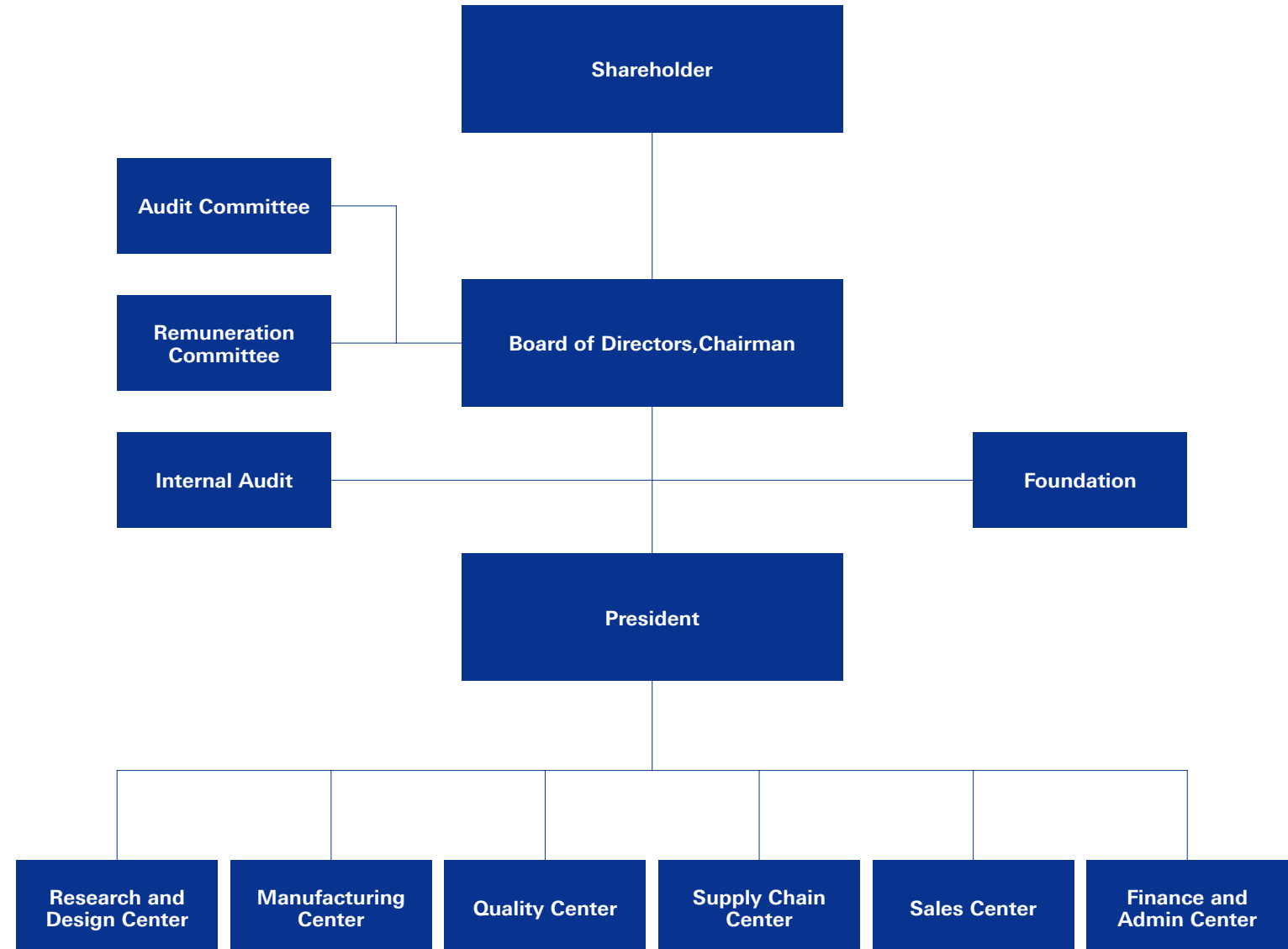
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# 3.1 Corporate Governance

Boundaries: Accton and the subsidiaries Edgecore and JoyTech

## I. Corporate Governance Structure (as shown in figure)



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## II. Corporate Governance Goals

- Accton Technology adopts transparent, forward-looking, functional, and international approaches for corporate governance to maximize benefits for all shareholders.

## III. Board of Directors

We insist on appointing independent directors who account for more than half of the Board of Directors to establish a fair, objective, and independent internal control system.

- Nine directors of the 11th-term Board of Directors were elected in the general shareholders meeting in June 2018 and independent directors held 5 seats. They account for more than half of all directors.
- The Board of Directors of this term exceeded the FSC's requirement for appointing 3 independent directors. We appointed 5 independent directors including Liu, Chung Laung, Lin, Shiou-Ling, Chang, Chih-Ping, Chen, Shuh, and Chen, Wei-Zen, as well as 4 directors including the representative of Kuan Xin Investment Corp. Kuo, Fai-Long, representative of Ting Sing Co., Ltd. Du, Heng-Yi, representative of Kuan Xin Investment Corp. Lin, Meen-Ron, and Huang, Kuo-Hsiu. We established the principles of ensuring professional and open corporate governance and improving the rights and interests of all shareholders.
- Duties: Review and approval of business plans, earnings distribution, important bylaws and contracts, and budgetary decisions; appointment and dismissal of the president and vice president; review and approval of real estate transactions and investment businesses.
- The company convened 6 meetings of the Board of Directors in 2020 and passed the important motion for "providing endorsement and guarantee for the company's wholly owned subsidiary Accton Technology Co., Ltd.".
- Business strife: To avoid conflicts of interest that may affect the interests of all shareholders, no member of the Board of Directors serves as a director or shareholder of a competitor company.

- Continuing education: All directors attended 2 sessions of 6-hour continuing education courses including the following:
  - Reinforcing Corporate Governance and Culture of Corporate Social Responsibility in August 2020
  - Corporate Succession and Talent Development in November 2020.

Name	Title	Gender	Professional Knowledge and Skills		
			Industry or Technology	Finance	Law
Kuo, Fai-Long	Chairman, Representative of Kuan Xin Investment Corp.	Male	●		
Lin, Meen-Ron	Director, Chief Financial Officer	Female	●	●	
Huang, Kuo-Hsiu (Note 2)	Director	Male	●		
Tu, Heng-Yi	Director, Representative of Ting Sing Co., Ltd.	Male	●		
Liu, Chung Laung (Note 1)	Independent director, Audit Committee member, Remuneration Committee member	Male	●		
Chang, Chih-Ping	Independent director, Remuneration Committee member	Male	●		
Chen, Shuh	Independent director, Audit Committee member, Remuneration Committee member	Male	●	●	
Lin, Shiou-Ling	Independent director, Audit Committee member, Remuneration Committee member	Female	●		●
Chen, Wei-Zen	Independent director, Audit Committee member	Male	●		

Note 1: Mr. Liu, Chung Laung was deceased in November 2020

Note 2: Mr. Huang, Kuo-Hsiu resigned as director in January 2021 to ensure that independent directors account for more than half of the company's directors.



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## IV. Remuneration Committee

The Remuneration Committee consists of the independent directors Lin, Shiou-Ling, Liu, Chung Laung, and Chang, Chih-Ping, who convened 4 meetings in 2020. Mr. Liu, Chung Laung was deceased in November 2020 and the operations of the Remuneration Committee were continued by Lin, Shiou-Ling and Chang, Chih-Ping.

### ● Duties:

1. Establish and regularly review the policies, rules, standards, and structure of performance evaluation and remuneration for the directors and managerial officers.
2. Prevent inconsistency between salary and performance and ensure transparency and fairness to protect shareholders' rights and interests.

## V. Audit Committee

The Audit Committee consisted of the independent directors Lin, Shiou-Ling, Chang, Chih-Ping, Chen, Shuh, Chen, Wei-Zen, and Liu, Chung Laung, who convened 5 meetings in 2020. Mr. Liu, Chung Laung was deceased in November 2020 and the operations of the Audit Committee were continued by Lin, Shiou-Ling, Chang, Chih-Ping, Chen, Shuh, and Chen, Wei-Zen.

### ● Duties:

1. Fair presentation of the company's financial reports.
2. Appointment or dismissal of the certifying CPAs and evaluation of their independence and performance.
3. Effective implementation of the company's internal control system.
4. The company's compliance with relevant regulations and rules.
5. Management of the company's existing or potential risks.

## VI. Performance Evaluation

The company completed of the performance evaluation report of the Board of Directors and functional committees.

- The company organized the performance evaluation of the Board of Directors and functional committees in accordance with the company's "Regulations for Evaluating the Performance of the Board of Directors" to implement corporate governance and enhance the functions of the Board of Directors and functional committees.

- The self-evaluation was conducted by means of a questionnaire, and the results of the questionnaire were presented in five levels. 1: very poor (strongly disagree); 2: poor (disagree); 3: moderate (average); 4: good (agree); 5: excellent (strongly agree). The self-evaluation results have a maximum score of 100 points, and the weighted percentage is used to calculate the score. A score of 100-90: excellent; 89-80: good, 79 or less: expedited improvements required.

### ● Evaluation results:

#### 1. Board performance evaluation:

Evaluators: 8 individuals including the Chairman Kuo, Fai-Long, the Directors Tu, Heng-Yi, Lin, Meen-Ron, and Huang, Kuo-Hsiu, and the Independent Directors Lin, Shiou-Ling, Chang, Chih-Ping, Chen, Shuh, and Chen, Wei-Zen.

Evaluation Item	Number of Questions	Maximum Score	Self-Evaluation Score	Difference	Percentage	Score
A. Degree of participation in the Company's operations	12	480	446	-34	26.7%	24.8
B. Improvement of the quality of board decisions	12	480	452	-28	26.7%	25.1
C. Composition and structure of the Board of Directors	7	280	274	-6	15.6%	15.2
D. Election and continuous education of Directors	7	280	251	-29	15.6%	13.9
E. Internal control	7	280	270	-10	15.6%	15.0
Total	45	1800	1693	-107	100.0%	94.1
Evaluation results: Excellent						

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### 2. Director performance evaluation:

Evaluators: 8 individuals including the Chairman Kuo, Fai-Long, the Directors Tu, Heng-Yi, Lin, Meen-Ron, and Huang, Kuo-Hsiu, and the Independent Directors Lin, Shiou-Ling, Chang, Chih-Ping, Chen, Shuh, and Chen, Wei-Zen.

Evaluation Item	Number of Questions	Maximum Score	Self-Evaluation Score	Difference	Percentage	Score
A. Familiarity with the goals and missions of the company	3	120	114	-6	13.0%	12.4
B. Knowledge of the duties of directors	3	120	117	-3	13.0%	12.7
C. Degree of participation in the company's operations	8	320	307	-13	34.8%	33.4
D. Management of internal relations and communication	3	120	116	-4	13.0%	12.6
E. Professional and continuous education of directors	3	120	113	-7	13.0%	12.3
F. Internal control	3	120	117	-3	13.0%	12.7
Total	23	920	884	-36	100.0%	96.1
Evaluation results: Excellent						

### 3. Performance evaluation of the Audit Committee:

Evaluators: 4 individuals including the Independent Directors Lin, Shiou-Ling, Chang, Chih-Ping, Chen, Shuh, and Chen, Wei-Zen.

Evaluation Item	Number of Questions	Maximum Score	Self-Evaluation Score	Difference	Percentage	Score
A. Degree of participation in the company's operations	4	80	77	-3	18.2%	17.5
B. Knowledge of duties of the Audit Committee	5	100	95	-5	22.7%	21.6
C. Improvement of the quality of the Audit Committee's decisions	7	140	140	0	31.8%	31.8
D. Composition of the Audit Committee and selection of committee members	3	60	60	0	13.6%	13.6
E. Internal control	3	60	60	0	13.6%	13.6
Total	22	440	432	-8	100.0%	98.2
Evaluation results: Excellent						

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### 4. Performance evaluation of the Remuneration Committee:

Evaluators: 2 individuals including the Independent Directors Lin, Shiou-Ling and Chang, Chih-Ping.

Evaluation Item	Number of Questions	Maximum Score	Self-Evaluation Score	Difference	Percentage	Score
A. Degree of participation in the Company's operations	4	40	40	0	26.7%	26.7
B. Knowledge of duties of the Remuneration Committee.	4	40	40	0	26.7%	26.7
C. Improvement of the quality of the Remuneration Committee' decisions	5	50	50	0	33.3%	33.3
D. Composition of the Remuneration Committee and selection of committee members	2	20	20	0	13.3%	13.3
Total	15	150	150	0	100.0%	100.0
Evaluation results: Excellent						

### 5. Overall evaluation:

The overall evaluation results of the performance evaluation were excellent.

Overall, the operations of the Board of Directors were sound. The company shall continue to strengthen operations based on the results of the performance self-evaluation of the Board of Directors to enhance corporate governance.

### VII. Corporate Governance Evaluation

- According to the system evaluation results of the "6th Corporate Governance Evaluation" published by TWSE and Taipei Exchange on May 3, 2019, Accton Technology ranked among the top 6% to 20% of the 1554 companies listed on TWSE and Taipei Exchange.
- According to the system evaluation results of the "7th Corporate Governance Evaluation" published by TWSE and Taipei Exchange on April 30, 2020, Accton Technology ranked among the top 21% to 35% of the 1600 companies listed on TWSE and Taipei Exchange.



## 3.2 Ethics and Integrity

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2.1.1 The company established the "Ethical Corporate Management Best Practice Principles" which was passed by the Board of Directors and disclosed on the Market Observation Post System.

The Board of Directors and management strive to implement management policies based on integrity, and have demonstrated as such in the company's internal management.

2.1.2 The "Ethical Corporate Management Best Practice Principles" and "Supplier Code of Conduct" expressly prohibit bribery, acceptance of bribery, provision of illegal political donations, inappropriate charity donations or sponsorship, providing or accepting unreasonable presents, hospitality or other improper benefits, infringement of trade secrets, trademark rights, patent rights, copyrights, and other intellectual property rights, engaging in unfair competitive practices, and damage caused directly or indirectly to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services. The company has adopted preventive measures and implemented training to uphold the Ethical Management Policy.

### Communication and Training on Ethical Business Principles

The company stipulated clear regulations in the "Employee Professional Ethical Guidelines" and "Ethical Corporate Management Best Practice Principles", which are implemented and published on the company's internal website for employees to view at any time. We also use training and other diverse methods to increase employees' awareness of the company's core values and compliance system, and we require employees to bear the important responsibilities of maintaining high moral standards, the company's reputation, and comply with regulations.

### Training and Communication:

#### Training | Employees and Suppliers:

##### New recruits

The human resources unit is responsible for planning and organizing all training programs of the company. The training and awareness campaigns for integrity and honesty are implemented during orientation training for new employees to ensure that all employees understand the relevant regulations.

Employee Level	Number of People to be Trained	Actual Completion	Percentage
Management	27	27	100%
Indirect non-management	336	336	100%
Direct employees	400	400	100%

Note 1. The trainees included full-time and contractual personnel in Accton's Plant 1, Plant 2, Zhunan Plant, and offices.

Note 2. Management refers to employees who are responsible for leading subordinates such as section chiefs and managers.

##### Current employees

JoyTech implemented the annual Responsible Business Alliance (RBA) training and the contents mainly focused on promoting social responsibilities and obtaining success in the market. Participants and agents must abide by the highest moral standards, uphold ethical management principles, and comply with the "Professional Ethical Management Procedures".

Employee Level	Name of Course	Course Format	Number of People to be Trained	Actual Completion	Percentage
Management	RBA training	Class-room and online	216	216	100%
Indirect non-management	RBA training	Class-room and online	402	402	100%
Direct employees	RBA training	Class-room and online	1030	1030	100%

Note: 1. Management refers to employees who are responsible for leading subordinates such as section chiefs and managers.

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### Management and Business Partners:

The company plans annual ethics and integrity training courses for senior management and business partners. The courses include the supply chain code of conduct, code of ethical conduct, integrity and fair trade, etc. The attendees include contractors, suppliers, and employees.

Item	Course Format	Training Contents	Number of Trainees
Group Orientation Motivation Camp	Classroom course	Awareness of core values and code of conduct	89 sessions with 911 participants
Group Orientation Motivation Camp	Classroom course	Passing on corporate culture and workplace ethics	8 sessions with 209 participants
Group Orientation Motivation Camp	Digital course	Explain core values and workplace conduct and help new employees understand the workplace and related ethical and integrity guidelines	61 participants
Group orientation training	Classroom course	Promote ethical management and related code of ethical conduct, prohibition on illegitimate transactions and protection of the interests of the Group, and ban on insider trading	81 sessions with 702 participants
Group employee training	Classroom course	Group regulations for the management of trade secrets	33 sessions with 727 participants
Group employee training	Digital course	Group's code of conduct for the management of business assets	1168 participants
Group employee training	Classroom course	Promote business code of ethical conduct, prohibition on illegitimate profits and protection of the interests of the Group, and ban on insider trading	41 sessions with 749 participants
Group employee training	Digital course	Promote ethical management and related code of ethical conduct, prohibition on illegitimate transactions, and ban on insider trading	1091 participants
Global supply chain management personnel training	Classroom course	Promote supply chain personnel code of conduct	16 sessions with 85 participants
Global supply chain management personnel training	Classroom course	Explain the supply chain personnel code of conduct and principles for ethical transactions and fair trade	57 participants
Global supply chain management personnel training	Digital course	Group internal control and risk management procedures and duties	815 participants

### Communication | Suppliers:

To ensure that suppliers understand and comply with the company's integrity policy, the company requires new suppliers to sign an Integrity Commitment Statement during the procurement process to state that they will not engage in illegal practices.

Signing of the Supplier's Commitment Statement in 2020			
Region	Number of Suppliers	Cumulative Number of Signatories	Percentage of Signature
Accton	478	281	58.79%
JoyTech	511	265	51.86%

According to procurement procedures, all suppliers of production materials must accept the company's review of their qualifications including the financial status of suppliers to ensure the quality of production materials and stable supplies.

Supplier evaluations and audits in 2020					
Item	Number of New Suppliers	Number of Suppliers Evaluated	Number of Qualified Suppliers	Percentage of Suppliers Evaluated	Percentage of Qualified Suppliers
Suppliers	65	65	49	100%	75.38%

Note: The percentage of suppliers evaluated = number of suppliers evaluated / number of new suppliers; the percentage of qualified suppliers = number of qualified suppliers / number of suppliers evaluated

The evaluation and audits for the Qualified Vendor List (QVL) this year were only performed for documents as a result of the COVID-19 epidemic.

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### Communication | Internal and External Channels:

The company has established the "Employee Ethical Management Procedures" to specify the requirements for the ethical conduct of employees and encourage the reporting of any illegal or unethical conduct and provide protection against retaliation. Employees may report violations to the relevant management and supervisory units through internal and external complaint channels such as e-mails or the reporting hotline. After receiving a report, the employees of relevant unit must immediately notify the audit unit of the company.

The company shall treat all substantiated unethical conduct or violation of professional ethics with the utmost seriousness, impose severe punishments on violators, and take appropriate legal actions.

#### 2.1.3

The company has established the "Ethical Corporate Management Best Practice Principles" and the "Supplier Code of Conduct" to require supply chain partners to comply with the company's business integrity regulations.

When signing a contract with a business partner, the company shall obtain comprehensive information on the integrity of the other counterparty's ethical management status, and include ethical management requirements in contracts. In the event of a violation, it shall terminate the partnership immediately to obtain the most reasonable quotations and the best services and quality.

The company has established an effective accounting system and internal control system to implement ethical management. The internal auditors shall designate high-risk operations as top priorities in the annual audit plan based on risk assessment to strengthen preventive measures, and report the actual implementation status of the audit plan to the Board of Directors. The CPA shall review the implementation of the company's internal control system each year. The results of the internal audit and the audit by the CPA this year did not reveal any significant violations of ethical management regulations.

#### 2.1.4

The current employee training is planned by the human resources unit, while the integrity training and signing of the integrity statements by supply chain partners are processed by the purchasing unit.

#### 2.1.5

Training materials are provided in both Chinese and English.



# 04 Social Friendly Work Environment



# 4.1 Remuneration and Benefits

Boundaries: Accton and the subsidiaries Edgecore and JoyTech

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Social Issue: Talent recruitment and retention	
<b>Significance</b>	Upon employee recruitment, employment, and development, Accton, Edgecore and JoyTech adopts the working ability of employees as the basis, and the recruitment procedures are in accordance with the statutory standards. All employees with different ethnic groups, religions, colors, nationalities, ages, genders, sexual orientation, marital status and political affiliation shall be subject to fair and impartial operating procedures and shall be treated equally. Accton encourages talents 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 to create a solid foundation for sustainable development.
<b>Management Objectives</b>	Employees are the most valuable assets of Accton, Edgecore, and JoyTech. We have 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.
<b>Policy</b>	Accton, Edgecore, and JoyTech encourage talents to bring their role into full play and focus on providing care for employees and their families. We hope to provide a worry-free working environment to help employees devote themselves to their work, increase happiness in their lives, and increase the company's competitiveness to create a solid foundation for sustainable development.
<b>Goals</b>	We provide diverse communication mechanisms, create happy and friendly workplaces, provide competitive benefits systems to attract and retain key talent, and follow international human rights standards to establish good labor relations.
<b>Evaluation Mechanisms</b>	<ol style="list-style-type: none"> <li>1. Accton, Edgecore, and JoyTech convene meetings of managers and departments to facilitate communication between employees and the company and cooperation employees and the employer to increase work efficiency.</li> <li>2. 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. We help entry-level employees directly deliver their ideas and expectations to the senior management as reference for continuous improvement and corporate governance.</li> <li>3. We also established the employee complaint hotline: (03) 577-0270, extension 3119, an email for employee complaints at hr885@accton.com, and the company's internal physical mailbox to provide employees with diverse channels for communication.</li> <li>4. Accton, Edgecore, and JoyTech organize family days, club activities, Accton Talk seminars, and related subsidized activities each year with the aim of making employees feel supported and helping them learn, love, and have fun at work.</li> <li>5. Accton and JoyTech maintains an annual RBA labor ethics risk rating of less than 5 to ensure compliance with international human rights standards. We regularly review the number of violations of ethical standards and maintain an RBA labor ethics training completion rate of 100%.</li> </ol>
<b>Performance and Adjustments</b>	<ol style="list-style-type: none"> <li>1. Accton, Edgecore, and JoyTech convene monthly meetings of managers and departments whenever necessary and respond to 100% of employee feedback.</li> <li>2. Accton's turnover rate was 11.7%; Edgecore's turnover rate was 7.1%; JoyTech's turnover rate was 41.1%.</li> <li>3. Accton received the "Outstanding Enterprise Award for Advancing Workplace Equality" from Hsinchu Science Park Bureau, Ministry of Science and Technology in 2020.</li> <li>4. Accton's rate of reinstatement after parental leave was 85.7%; JoyTech's rate of reinstatement after parental leave was 100%.</li> <li>5. We review the number of violations of ethical standards each month, maintain an annual RBA labor ethics risk rating of less than 5, and maintain an RBA labor ethics training completion rate of 100%.</li> </ol>

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Brief description of targets and track records:			
2020 Goals	2020 Results	Short-term goals (2021-2022)	Medium and long-term goals
Provide diverse communication mechanisms and complaint channels to promote harmonious labor relations	<ol style="list-style-type: none"> <li>1. Accton, Edgecore, and JoyTech convened monthly meetings of managers and departments whenever necessary.</li> <li>2. 100% response rate and case closure for employee feedback.</li> </ol>	<ol style="list-style-type: none"> <li>1. Ensure open communication channels and create positive labor relations.</li> <li>2. 100% completion rate of Accton and Edgecore's labor-management meetings were completed.</li> <li>3. 100% response rate of employee complaints</li> </ol>	<ol style="list-style-type: none"> <li>1. 100% completion rate of Accton and Edgecore's labor-management meetings were completed.</li> <li>2. 100% response rate and case closure for employee feedback.</li> <li>3. Establish harmonious labor relations and comprehensive communication channels to prevent labor disputes and illegal infringement in the workplace.</li> </ol>
Build a happy and friendly work environment and provide competitive salary and benefits to attract and retain key talents	<ol style="list-style-type: none"> <li>1. Accton's turnover rate was 11.7%.</li> <li>2. Edgecore's turnover rate was 7.1%.</li> <li>3. JoyTech's turnover rate was 41.1%.</li> <li>4. Accton received the "Outstanding Enterprise Award for Advancing Workplace Equality" from Hsinchu Science Park Bureau, Ministry of Science and Technology in 2020.</li> <li>5. Accton's rate of reinstatement after parental leave was 85.7%; JoyTech's rate of reinstatement after parental leave was 100%.</li> </ol>	<ol style="list-style-type: none"> <li>1. The turnover rate of all employees was 11%.</li> <li>2. Accton, Edgecore, and JoyTech organize family days, club activities, seminars, and related subsidized activities each year with the aim of making employees feel supported and helping them learn, love, and have fun at work to increase employees' solidarity.</li> <li>3. Accton and Edgecore's rate of reinstatement after parental leave was 88%.</li> <li>4. JoyTech's rate of reinstatement after parental leave was 100%.</li> </ol>	<ol style="list-style-type: none"> <li>1. Reduce the turnover rate of all employees to less than 10%.</li> <li>2. Organize employee activities and subsidized activities to strengthen organizational culture and increase employees' solidarity.</li> <li>3. Attain 90% rate of reinstatement after parental leave.</li> </ol>
Comply with international human rights standards and establish good labor relations	<ol style="list-style-type: none"> <li>1. Number of violations of ethical standards reviewed each month.</li> <li>2. Accton and JoyTech maintain an annual RBA labor ethics risk rating of less than 5.</li> <li>3. 100% RBA labor ethical training completion rate for Accton and JoyTech.</li> </ol>	<ol style="list-style-type: none"> <li>1. Ensure compliance with international human rights standards.</li> <li>2. Accton and JoyTech maintain an annual RBA labor ethics risk rating of less than 5.</li> <li>3. Regularly review the number of violations of ethical standards reviewed each month.</li> <li>4. Accton and JoyTech's RBA labor ethical training completion rate was 100%.</li> </ol>	Regularly review labor regulations and international human rights standards, create harmonious labor relations, and fulfill corporate social responsibilities.

Note 1. Edgecore complies with RBA Standards. However, as all products are produced by Accton, related certifications are carried out by Accton.

### 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 production capacity has been continuously shifted to Accton in response to the growth in operations and the trade war between China and the United States,

and Accton's average employee growth rate in the past three years was approximately 28.9%.

As of the end of 2020, Accton had 2,969 employees of which 96.6% were full-time employees and 3.4% were not employed by the company (as they are assigned by contractors to provide onsite services, they are not included in subsequent manpower statistics). Edgecore had 213 employees as of the end of 2020 of which 100% were full-time employees. JoyTech had 1,558 employees of which 91.2% were full-time employees and 8.8% were not employed by the company (as they are assigned by contractors to provide onsite services, they are not included in



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subsequent manpower statistics). By dividing employees into categories based on type, Accton's professional technical personnel and employees in management roles accounted for 49.6% of all full-time employees while technicians (including production line assistants) accounted for 50.4%. It shows that the employees consisted mostly of production personnel. As Edgecore does not have production lines, full-time employees in management roles accounted for 13.6% while professional technical personnel accounted for 86.4%. JoyTech professional technical personnel and employees in management roles accounted for 39.8% of all full-time employees while technicians (including production line assistants) accounted for 60.2%. It shows that JoyTech's manpower requirements are mostly for production. In terms of employee age, young employees of Accton aged 30 or below account for 30.9% of all full-time employees while employees aged 31 to 50 accounted for 61.1% and employees aged 50 or above accounted for 8%. It shows that Accton employees tend to be more mature. Edgecore's employees also tend to be more mature. Employees aged 30 or below accounted for 17.4% of full-time employees while employees aged 31 to 50 accounted for 65.7% and employees aged 50 or above accounted for 16.9%. JoyTech's employees aged 30 or below accounted for 49.5% of all full-time employees while employees aged 31 to 50 accounted for 49% and employees aged 50 or above accounted for 1.5%. It shows that JoyTech's employees tend to be younger.

#### ● Recruitment of local employees and management talents

The company aims to fulfill social obligations and create job opportunities for local residents. As of the end of 2020, 74.6% of Accton's full-time employees and 96.2% of Edgecore's full-time employees were local hires. In addition, 99.9% of JoyTech's full-time employees were local hires.

#### ● Distribution of Female Workers

Accton, Edgecore, and JoyTech implement employee recruitment, employment, and development based on their work skills. According to the gender analysis, Accton's male employees account for 47.5% of full-time employees while female employees account for 52.5% of full-time employees. Female employees account for a higher percentage than male employees. Edgecore's male employees account for 70.9% of full-time employees and female employees account for 29.1% of full-time employees. As Edgecore is a technology research and development company, it mostly requires talents with science and technology backgrounds. As such talents in the job market are predominantly male, Edgecore employees are mostly male. JoyTech focuses on

production technologies. Therefore, male employees account for 62.6% of full-time employees and female employees account for 37.4% of full-time employees. Due to factors such as the nature of the technology industry and the employment market, Accton's management employees and professional technical talents consist mostly of male employees and they account for 66.2% of employees in the category in Taiwan. Technicians (including production line assistants) are predominantly female and they account for 70.9% of employees in the category. JoyTech's management employees, professional technical talents, and technicians (including production line assistants) are predominantly male and they account for 59.9% and 64.3% of the category.

#### ● Diverse Talent Composition

We actively recruit talent in response to global talent requirements and the need to increase innovation and R&D capacity. Accton, Edgecore, and JoyTech have adopted merit-based recruitment and identification of the corporate culture as the core values for talent recruitment. We aim to create professional teams with diverse talent composition to provide better products and services. In 2020, Accton employed 728 foreign employees who accounted for 25.4% of full-time employees. Edgecore employed 8 foreign employees who accounted for 3.8% of full-time employees. JoyTech employed 1 foreign employee who accounted for 0.07% of full-time employees. Employees' nationalities include American, Mexican, British, Portuguese, Chinese, Japanese, Korean, Indian, Vietnamese, Filipino, Indonesian, Malaysian, German, Indian, and many others. We aim to enhance our professional and international capabilities by recruiting international talent.

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Year	Region	Category	Category		Male		Female		Number of Employees
					Number of People	Percentage in the Category	Number of People	Percentage in the Category	
2020	Accton	Employment contract	Full-time employees		1,362	47.5%	1,505	52.5%	2,867
			Workers not hired by the company		45	44.1%	57	55.9%	102
		Hiring category	Full-time		1,360	47.5%	1,505	52.5%	2,865
			Part-time		2	100.0%	0	0.0%	2
		Age distribution	30 and below		332	37.4%	555	62.6%	887
			31-50		882	50.3%	870	49.7%	1,752
			50 and above		148	64.9%	80	35.1%	228
		Employee category	Management		170	73.6%	61	26.4%	231
			Non-management roles	Professional technical personnel	772	64.8%	419	35.2%	1,191
				Technicians (including production line assistants)	420	29.1%	1,025	70.9%	1,445
	Edgecore	Employment contract	Full-time employees		151	70.9%	62	29.1%	213
			Workers not hired by the company		0	0.0%	0	0.0%	0
		Hiring category	Full-time		151	70.9%	62	29.1%	213
			Part-time		0	0.0%	0	0.0%	0
		Age distribution	30 and below		29	78.4%	8	21.6%	37
			31-50		93	66.4%	47	33.6%	140
			50 and above		29	80.6%	7	19.4%	36
		Employee category	Management		24	82.8%	5	17.2%	29
			Non-management roles	Professional technical personnel	127	69.0%	57	31.0%	184
				Technicians (including production line assistants)	0	0.0%	0	0.0%	0

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Year	Region	Category	Category		Male		Female		Number of Employees
					Number of People	Percentage in the Category	Number of People	Percentage in the Category	
2020	JoyTech	Employment contract	Full-time employees		889	62.6%	532	37.4%	1,421
			Workers not hired by the company		79	57.7%	58	42.3%	137
		Hiring category	Full-time		889	62.6%	532	37.4%	1421
			Part-time		0	0.0%	0	0.0%	0
		Age distribution	30 and below		466	66.3%	237	33.7%	703
			31-50		410	58.8%	287	41.2%	697
			50 and above		13	61.9%	8	38.1%	21
		Employee category	Management		135	66.2%	69	33.8%	204
			Non-management roles	Professional technical personnel	204	56.4%	158	43.6%	362
				Technicians (including production line assistants)	550	64.3%	305	35.7%	855

Note 1. Full-time employees: Employees with employment relations, such as full-time employees, short-term contracted personnel, interns, and students in cooperative education programs.

Note 2. Workers not hired by the company: Contracted personnel and contractors' onsite personnel.

Note 3. Full-time employees: Employees with regular work hours

Note 4. Part-time employees: Employees on an hourly salary system with work hours lower than regular work hours.

Note 5. Definitions of management roles: Employees who are responsible for leading subordinates such as section chiefs, managers, or above.

Note 6. Definitions of technicians (including production line assistants): Personnel directly related to production activities such as technicians, quality management personnel, and warehouse management personnel.

Note 7. Definitions of professional technical personnel: Management specialists or engineers directly related to production activities such as quality management specialists, product management specialists, R&D engineers, sales specialists, and human resources specialists.



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Number of Employees in Past Years			
Region	Year	Number of People	Growth Rate
Accton	2020	2,867	12.8%
	2019	2,541	60.0%
Edgecore	2020	213	38.3%
	2019	154	8.5%
JoyTech	2020	1,421	-19.7%
	2019	1,770	-1.1%

Number of Foreign Employees				
Region	Year	Nationality	Number of People	Percentage in the Category
Accton	2020	China	2	0.3%
		Japan	3	0.4%
		Indonesia	9	1.2%
		India	2	0.3%
		USA	6	0.8%
		United Kingdom	1	0.1%
		Malaysia	4	0.6%
		The Philippines	690	94.8%
		Vietnam	8	1.1%
		Portugal	1	0.1%
		Mexico	1	0.1%
		South Korea	1	0.1%
		Total	728	
Edgecore	Malaysia	3	37.5%	
	Germany	1	12.5%	
	South Korea	1	12.5%	
	India	2	25%	
	USA	1	12.5%	
	Total	8		
JoyTech	Malaysia	1	100.0%	
	Total	1		

### New employee hires and employee turnover

Upon employee recruitment, employment, and development, Accton, Edgecore and JoyTech adopts the working ability of employees as the basis, and the recruitment procedures are in accordance with the statutory standards. All employees with different ethnic groups, religions, colors, nationalities, ages, genders, sexual orientation, marital status and political affiliation shall be subject to fair and impartial operating procedures and shall be 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.

### ● Age and gender distribution of new employees

Accton, Edgecore, and JoyTech actively recruit talents in response to global talent requirements and the need to increase innovation and R&D capacity. We have adopted merit-based recruitment and identification of the corporate culture as the core values for talent recruitment. All employees of different ethnic groups, religions, colors, nationalities, ages, genders, sexual orientation, marital status, and political affiliation shall be subject to fair and impartial operating procedures and shall be treated equally. In 2020, Accton recruited 763 new employees and the new hire rate was 28.2%. In terms of gender, new male employees accounted for 14.6% of total full-time employees and new female employees accounted for 12% of total full-time employees. The main reason that new male employees outnumber new female employees is that males account for a larger proportion of the science and technology disciplines and the job market in Taiwan than female employees. In terms of age distribution, new employees aged 31 to 50 accounted for the highest proportion with 50.3%. New employees aged 30 and below accounted for the second highest proportion with 46.4%. New employees aged 50 years old or older accounted for the lowest percentage of new employees in the year with 3.3%.

Edgecore recruited 70 new employees in 2020 and the new hire rate was 38.1%. The new hire rate was higher than previous years due to the incorporation of the subsidiary company in 2020. In terms of gender, new male employees accounted for 23.9% of total full-time employees and new female employees accounted for 8.9% of total full-time employees. The main reason that new male employees outnumber new female employees is attributed to the nature of the tech industry. Recruitment is focused on talents with science and technology backgrounds and males outnumber females in such disciplines. In terms of age distribution, new employees aged 31 to 50 accounted for the highest proportion with 55.7%. New employees aged 30 and below

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accounted for the second highest proportion with 34.3%. New employees aged 50 years old or older accounted for 10%. New hires consisted mostly of mature professionals.

JoyTech recruited 307 new employees in 2020 and the new hire rate was 19.2%. In terms of gender, new male employees accounted for 14.1% of total full-time employees and new female employees accounted for 7.5% of total full-time employees. In terms of age distribution, new employees aged 30 and below accounted for the highest proportion with 70.7% while new employees aged 31 to 50 accounted for the second highest proportion with 29.3%. New employees aged 50 and above accounted 0%. It shows that JoyTech's manpower structure tend to be younger due to its focus on production and manufacturing.

The production capacity has been continuously shifted to Taiwan in response to the growth in operations and the trade war between China and the United States. Accton's new hire rate has fluctuated more in the past two years with an average new hire rate of 49.6%. JoyTech's new hire rate has decreased in the past two years due to the relocation of production capacity to Taiwan.

### ● Diverse recruitment channels

We actively use diverse recruitment channels to continue to attract outstanding talents to Accton in the competitive talent market. We recruit talents through the official website, job banks, campus recruitment, recruitment activities, social media websites, internal recommendations, and corporate internships.

### ● Campus recruitment events

Accton and Edgecore have actively participated in campus recruitment activities in recent years with the aim of sharing the company's core values and corporate culture with young students in these activities. We help young students explore their future careers and attract talented people to join us through face-to-face recruitment activities on campus. We planned to participate in 3 campus recruitment activities in 2020 but all such activities were canceled in 2020 due to the impact of the COVID-19 epidemic and our resolve to support the government's epidemic prevention policy.

New Hire Rate				
Region	Year	Number of People	Number of New Employees	Annual New Hire Rate
Accton	2020	2,867	763	28.2%
	2019	2,541	1,463	70.9%
Edgecore	2020	213	70	38.1%
	2019	154	37	25.0%
JoyTech	2020	1,421	307	19.2%
	2019	1,770	638	35.8%

2020 Ratio of New Employees																				
Age / Gender / Item	Number of Employees		Number of New Employees						30 and below				31 to 50 years old				50 and above			
	2019	2020	Year New Hire Rate	Total Number of New Employees Number of People	Male	Ratio	Female	Ratio	Male		Female		Male		Female		Male		Female	
									Number of People	Ratio	Number of People	Ratio	Number of People	Ratio	Number of People	Ratio	Number of People	Ratio	Number of People	Ratio
Accton	2541	2,867	28.2%	763	418	14.6%	345	12.0%	191	6.7%	163	5.7%	206	7.2%	178	6.2%	21	0.7%	4	0.1%
Edgecore	154	213	38.1%	70	51	23.9%	19	8.9%	16	7.5%	8	3.8%	30	14.1%	9	4.2%	5	2.3%	2	0.9%
JoyTech	1,770	1,421	19.2%	307	201	14.1%	106	7.5%	143	10.1%	74	5.2%	58	4.1%	32	2.3%	0	0.0%	0	0.0%

Note 1: The annual new hire rate does not include workers not hired by the company: Contracted personnel and contractors' onsite personnel.

Note 2: Annual new hire rate: Number of new full-time employees in the current year/total number of full-time employees in service at the end of the current year.

Note 3: Male (female) new hire rate: Number of new male (female) full-time employees in the current year / number of full-time employees at the end of the current year.

Note 4: The annual new hire rate is the total number of new hires/annual average number of employees [(number of workers in service in December of the previous year + number of employees in service at the end of the current year)/2].



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### Age and gender distribution of resigned employees

Accton's turnover rate in 2020 was 11.7%. The turnover rate of male and female employees was 5.2% and 5.8%, respectively. There is no significant difference in terms of gender. Edgecore's turnover rate was 7.1%. The turnover rate of male and female employees was 5.2% and 0.9%, respectively. Compared to the turnover rate of 12.8% in 2019, the personnel turnover has stabilized. JoyTech's turnover rate was 41.1%. JoyTech's turnover rate increased in the past two years mainly due to changes in operations in 2019 and the trade war between China and the United States, which continuously shifted production capacity to Accton. The outbreak of the COVID-19 pandemic also increased employee turnover and the average turnover rate in the past two years was 39.1%.

#### ● Exit interview

A stable supply of high-quality talent is the foundation for the company's development. Accton, Edgecore, and JoyTech value the opinions of employees and use employee feedback to continue to review the company's talent management and talent retention strategy. We use exit interviews to learn about the rea-

sons for the departure of employees and ask them to provide suggestions to the company which will be used as an important basis for the company in the formulation of better talent retention strategies in the future. We also aim to retain employees by learning about their expertise, adjusting job content and workplace, or providing internal transfer opportunities. We seek to retain and attract more talents through continuous improvement of the retention system.

Turnover Rate				
Region	Year	Number of People	Employee Turnover	Annual Turnover Rate
Accton	2020	2,867	316	11.7%
	2019	2,541	505	24.5%
Edgecore	2020	213	13	7.1%
	2019	154	25	16.9%
JoyTech	2020	1,421	656	41.1%
	2019	1,770	658	37%

2020 Employee Turnover Statistics																				
Age / Gender / Item	Number of Employees		Employee Turnover						30 and below				31 to 50 years old				50 and above			
	2019	2020	Year Turnover Rate	Total Turnover Number of People	Male	Ratio	Female	Ratio	Male		Female		Male		Female		Male		Female	
									Number of People	Ratio	Number of People	Ratio	Number of People	Ratio	Number of People	Ratio	Number of People	Ratio	Number of People	Ratio
Accton	2,541	2,867	11.7%	316	150	5.2%	166	5.8%	52	1.8%	51	1.8%	89	3.1%	114	4.0%	9	0.3%	1	0.0%
Edgecore	154	213	7.1%	13	11	5.2%	2	0.9%	1	0.5%	1	0.5%	9	4.2%	1	0.5%	1	0.5%	0	0.0%
JoyTech	1,770	1,421	41.1%	656	432	30.4%	224	15.8%	303	21.3%	143	10.1%	129	9.1%	76	5.3%	0	0.0%	5	0.4%

Note 1: The annual turnover rate does not include workers not hired by the company: Contracted personnel and contractors' onsite personnel.

Note 2: The employee turnover does not include "non-voluntary turnover" such as turnover due to retirement, lawful dismissal, termination of the employment agreement, expiry of the internship, or expiry of the contract.

Note 3: Annual turnover rate: Number of full-time employee turnover in the current year/total number of full-time employees in service at the end of the current year.

Note 4: Male (female) turnover rate: Number of male (female) full-time employee turnover in the current year / number of full-time employees at the end of the current year.

Note 5: The annual turnover rate is the total employee turnover/annual average number of employees [(number of workers in service in December of the previous year + number of employees in service at the end of the current year)/2].

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## Benefits for Full-Time Employees

### ● Comprehensive insurance plans

Employees are Accton, Edgecore, and JoyTech's key to sustainable development. Taking care of employees and providing them with a caring work environment and life are our basic tenets. Accton and Edgecore protect employees and their families in the event of hospitalization, death or disability with six items including 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 increase in the occurrence of malignant neoplasms of employees and family members has demonstrated the difficulties of bearing the cost of frequent medical services and vast medical expenditures. Therefore, we added the first-time cancer and cancer death insurance in the group insurance plan in 2020 to provide employees with financial support and help them focus on treatment in the event of an unexpected illness. In addition to spouse and children's insurance, Accton also offers insurance coverage for parents to provide employees with preferential terms for purchasing insurance for their loved ones. Employees or spouses may continue 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. JoyTech provides five types of social insurance, including retirement insurance, medical insurance, work injury insurance, unemployment insurance, and childbirth insurance. It also provides employees with commercial critical illness insurance and group employer's liability insurance as supplementary insurance policies. The company aims to provide employees with financial support in the event of an accident.

### ● Love in Accton - childbirth benefits

Employees are crucial for the company's sustainable development. We must help employees bring their role into full play and uphold the care for employees and their families as the most important responsibility. Accton and Edgecore launched the "marriage allowance" to encourage employees to start families. Company employees that marry each other are provided with NT\$3,000 of allowance per month per person, totaling NT\$6,000 for each couple. The program is designed to express Accton and Edgecore's support for family values.

To support female employees, the company has dedicated parking spaces for pregnant mothers and appointed professional nurses to provide health consultation and health education to pregnant employees before, during, and after pregnancy. We provide pregnant employees with gifts and encourage them to report their pregnancies. We also provide employees with postpartum care and free psychological counseling channels as well as the right to unpaid parental leave in accordance with regulations.

In response to employee's needs for caring their children, Accton established the first nursery and baby care center for the infants and young children from 0 months to 6 years old in Hsinchu Science Industrial Park. Edgecore employees are also eligible for the benefits which help employees care for their children with ease.

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#### ● Leave policies superior to statutory requirements

The number of national holidays was reduced from 19 to 12 days in the amendment of the Labor Standards Act in 2017. Accton and Edgecore offers employees with 7 days of flexible leave which is superior to statutory requirements to help them balance work and life.

Accton and Edgecore are committed to creating a thoughtful and people-oriented organizational culture. If an employee requires long-term leave due to a major injury or illness, the employee may apply for a one-year leave with pay. To support employees' medical treatment, we also provide transportation to and from medical appointments. We understand employees' feelings and needs and we aim to provide them the strongest support and heartwarming care. To fulfill corporate social responsibility, we encourage employees to actively participate in social welfare activities. The company has created volunteer leave for employees to use workdays or holidays to participate in charity activities organized by the company and use real actions to help the society.

#### ● Diverse benefits and subsidies

In addition to labor health insurance, pension payment and other general benefits provided to staff, Accton and Edgecore provide 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, childbirth, and hospitalization 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 benefit measures.

Accton and Edgecore established the Employee Welfare Committee which is committed to improving employees' happiness at work. We understand that work is a necessity but only happiness is absolute. Happiness is achieved with contributions to the society, family responsibilities, and personal achievements. Therefore, Accton's strives to maximize welfare benefits for employees, provide care for their physical and mental health, financial support for families, and living conditions, and offer diverse learning opportunities. We set up annual plans and budgets every year for children's scholarships, funeral subsidies, gift coupons for festivals and birthdays, movie tickets, group travel subsidies and travel activities for employees, family days, club activities, volunteer activities, ball games or physical endurance competitions, Accton Talk, special supplier services, movie packages, and activ-

ities for art and hobbies. We hope that employees can feel supported and help them learn, love, and have fun at work.

JoyTech established a union in accordance with regulations. It also set up the union's 1+1 emergency relief fund to provide timely aid to employees in need. The company also organizes employee and club activities from time to time, and provides year-end bonuses, meal subsidies, employee dormitories, annual health examinations, and other welfare measures to create a sense of belonging and happiness for employees, connect resources for strengthening the corporate culture, and improve employee relations.

#### ● Equal rights in the workplace

Accton and Edgecore are committed to promoting 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. These measures help employees use their leave with flexibility to take care of their families and to apply for unpaid leave when they need long-term leave due to serious illness or injury. They also help employees take care of their own needs and their families at the same time. They make it easier for companies to recruit and retain good employees, which will in turn improve employee morale and productivity.

Accton and Edgecore implement 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 corporation
- (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, the company actively communicates with employees to show that we care. We also arrange related reinstatement matters before reinstatement so that the employees can return to their original jobs and adapt to the workplace with ease.

In terms of unpaid parental leave, 15 Accton employees applied for unpaid parental leave in 2020. In the same year, 10 employees were scheduled to be reinstated and 9 employees were reinstated on schedule. The reinstatement rate in 2020 was 90.0% which was slightly higher than 87.5% in 2019. No Edgecore employees applied for unpaid parental leave in 2020.



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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 2020 data, the retention rate was 85.7% which was higher than the 81.8% retention rate in 2019. It is evident that Accton provides sufficient assistance and support to help reinstated employees return to work.

Accton received the "Outstanding Enterprise Award for Advancing Workplace Equality" from Hsinchu Science Park Bureau, Ministry of Science and Technology in 2020. It is evident that Accton has spared no effort in promoting work and life balance and actively promoted gender equality.

With regard to JoyTech, although the Chinese government has promoted the parental leave without pay system, the company is committed to promoting work and family life balance to create a friendly work environment. Therefore, the unpaid parental leave rules specified in its internal regulations allow both male and female employees to apply for the leave. The eligibility rules include the following:

- (1) Having served for at least one year at the company.
- (2) Having at least grade B in the performance evaluation in the current year.
- (3) Each parental leave application is capped at 1 year.

Two JoyTech employees applied for parental leave in 2020 and they were reinstated in the same year. The reinstatement rate was 100% which was the same as the 100% reinstatement rate in 2019. The retention was 100% in 2020. As no employees applied for unpaid parental leave in 2018, the retention rate in 2019 was 0%.

Accton - Number of reinstated employees, reinstatement rate, and retention rate after parental leave by gender			
2020	Male	Female	Subtotal
Number of employees eligible for unpaid parental leave	96	50	146
Number of applicants for unpaid parental leave in the current year	2	13	15
Number of employees expected to be reinstated from unpaid parental leave in the current year (A)	1	9	10
Number of employees reinstated from unpaid parental leave in the current year (B)	1	8	9
Reinstatement rate (B/A)	100.0%	88.9%	90.0%
Number of employees reinstated from unpaid parental leave in the previous year (C)	0	7	7
Number of employees reinstated from unpaid parental leave in the previous year who have continuously worked for more than one year (D)	0	6	6
Retention rate (D/C)	0.0%	85.7%	85.7%

JoyTech - Number of reinstated employees, reinstatement rate, and retention rate after parental leave by gender			
2020	Male	Female	Subtotal
Number of employees eligible for unpaid parental leave	80	90	170
Number of applicants for unpaid parental leave in the current year	0	2	2
Number of employees expected to be reinstated from unpaid parental leave in the current year (A)	0	2	2
Number of employees reinstated from unpaid parental leave in the current year (B)	0	2	2
Reinstatement rate (B/A)	0.0%	100.0%	100.0%
Number of employees reinstated from unpaid parental leave in the previous year (C)	0	2	2
Number of employees reinstated from unpaid parental leave in the previous year who have continuously worked for more than one year (D)	0	2	2
Retention rate (D/C)	0.0%	100.0%	100.0%

Note 1: The number of employees eligible for unpaid parental leave are those who have applied for maternity or paternity leave in the report period from January 1, 2018 to December 31, 2020.

Note 2: Reinstatement rate: Number of employees eligible for reinstatement and reinstated from unpaid parental leave/number of employees eligible for reinstatement from unpaid parental leave \*100%.

Note 3: Retention rate: Number of employees reinstated from unpaid parental leave who have continuously worked for more than one year/number of employees reinstated from parental leave \*100%.

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## Minimum notice periods regarding operational changes

### ● Protection of Labor Rights

Since their establishment, Accton and Edgecore have allowed talents 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 various channels for the purpose of achieving sufficient communication, solving problems effectively, and promoting harmonious relations between 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 in the event of the following significant operational changes:

1. Where the company suspends or transfers operations.
2. Where the company sustains losses or reduction in business operations.
3. Where work is suspended for more than one month due to force majeure factors.
4. Where the company changes the nature of its business and it is necessary to reduce the number of workers but has no suitable work for workers.
5. Where an employee is verified as unable to perform tasks required for his/her job.

Notices given based on work experience

1. Where a worker has worked continuously for more than 3 months but less than 1 year, the notice shall be given 10 days in advance.
2. Where a worker has worked continuously for more than 1 year but less than 3 years, the notice shall be given 20 days in advance.
3. Where a worker has worked continuously for more than 3 years, the notice shall be given 30 days in advance.

JoyTech provides a 30-day notice in accordance with Article 26 and Article 27 of the Labor Law of the People's Republic of China.

Since their establishment, Accton and Edgecore have been committed to establishing a harmonious atmosphere between the employer and employees on mutual trust basis in terms of operation and management, and understood employee's satisfaction with management and benefit systems by taking advantage of

various communication channels to enhance communication and reach consensus.

Accton and Edgecore 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. We help entry-level employees directly deliver their ideas and expectations to the senior management as reference for continuous improvement and corporate governance.

Employees can also use the employee complaint hotline: (03) 577-0270, extension 3119, and an email for employee complaints: hr885@accton.com to provide feedback.

JoyTech set up different communication channels including a QR code, a complaint mailbox, and telephone to encourage employees to provide recommendations which are used for the company's continuous improvements and exchange of ideas.

Accton employed 728 foreign employees who account for 25.4% of all full-time employees in Taiwan. Foreign workers include 690 Filipinos which account for the largest share of all foreign workers with 94.8%. Edgecore employed 8 foreign employees who accounted for 3.8% of full-time employees. JoyTech employed 1 foreign employee who accounted for 0.1% of all full-time employees. The results of the implementation of human rights policies for all employees are disclosed based on the GRI Sustainability Reporting Standards:

1. No incidents of discrimination occurred.
2. No violation of freedom of association and collective bargaining rights.
3. Commitment to maintaining a workplace free of violence, harassment, and intimidation, as well as respect the privacy and dignity of employees.
4. No hiring of child labor.
5. No incident of forced or compulsory labor.

Accton has 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. Accton received, processed, and resolved 8 employee complaints through official complaints mechanisms. Edgecore had 0 cases. JoyTech received 50 complaints and employees' feedback case closure rate was 100%.



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### Remuneration

"Gender equality" and "opposition to gender discrimination" are some of the most important social issues in contemporary society. Accton seeks to promote the economic prosperity and social harmony in Taiwan, improve women's socio-economic status of women, ensure pay for equal work, and refuse to offer preferential treatment based on gender. Such is Accton's commitment to the society and all employees. We fulfill corporate social responsibilities by creating a workplace environment that support gender equality. We also comply with gender equality requirements to enhance women's functional development and eliminate the pay gap between genders for equal work.

### Ratios of standard entry-level wage by gender compared to local minimum wage

Accton rigorously abides by laws and regulations. The standard starting salary (Note 1) of entry-level personnel is superior to the minimum wage announced by the government of Taiwan each year (Note 2). 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.

Gender/Region	Taiwan		Mainland China
	Accton	Edgecore	JoyTech
Male	1.07 : 1	1.09 : 1	1.27 : 1
Female	1.07 : 1	1.09 : 1	1.27 : 1

Note 1: The standard starting salary is the minimum salary specified in the company's regulations (excluding overtime pay and other position allowances)  
 Note 2: The minimum salary announced in Taiwan in 2020 was NT\$23,800 and the minimum salary announced in Mainland China was RMB 2,200.

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

The salary of Accton employees are determined in accordance with personal academic records, experience, professional knowledge, market conditions, and internal regulations of the company. They are not provided with different labor conditions due to gender, race, language, religion, age, party affiliation, or marital status. The difference in the ratio is mainly attributed to the inclusion of employees with different education, experience, background, contents of duties, nature of work, and the number of employees for employees within the same grade. However, the ratio of salary differences between male and female employees is not higher than 0.21.

Taiwan						
Ratio of basic salary and remuneration of women to men		Managerial roles		Non-managerial roles		Technicians
		Accton	Edgecore	Accton	Edgecore	Accton
Basic salary (Note 1)	Female	1.00	1.00	1.00	1.00	1.00
	Male	1.16	1.00	1.21	1.14	0.90
Total remuneration (Note 2)	Female	1.00	1.00	1.00	1.00	1.00
	Male	1.11	0.84	1.19	1.12	0.95

Mainland China (JoyTech)				
Ratio of basic salary and remuneration of women to men		Managerial roles	Non-managerial roles	Technicians
Basic salary (Note 1)	Female	1.00	1.00	1.00
	Male	0.99	1.01	1.01
Total remuneration (Note 2)	Female	1.00	1.00	1.00
	Male	0.99	1.00	1.00

The data are from January to December 2020

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"

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

Accton reported (Note 1) “2,506 employees” who were full-time non-managerial employees in 2020 in accordance with regulations of Taiwan Stock Exchange. The average salary was “NT\$1,030 thousand” and the median salary was “NT\$665 thousand”.

Year	Number of full-time employees	Average salary (Note 2)	Median salary (Note 2)
Y2020	2,506	1,030	665
Y2019	1,929	1,079	687
Y2018	1,335	1,133	NA

Note 1: Statistics for Taiwan only (excluding Edgecore Networks)

Note 2: NT\$1,000

### Defined Benefit Plan Obligations and Other Retirement Plans

Accton has established the “Employee Retirement Regulations” in accordance with the “Labor Standards Act” and “Labor Pension Act” (Note 1). We also appropriate retirement reserve to the Central Trust of China at regular intervals in accordance with regulations. The Supervisory Committee of Retirement Reserve takes charge of management and usage of the funds.

The company appropriates the retirement reserve in accordance with laws and regulations and appoints professional actuary consultants to calculate the retirement reserve each year to verify sufficient appropriation and protect employees' rights to pension. The company offers the "Employee Retirement Plan" (Note 1) and provides employees with different retirement options to help employees arrange their retirement plans with greater flexibility.

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.

Note 1: The "Employee Retirement Plan" applies to Accton and Edgecore, but not JoyTech.



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# 4.2 Occupational Health and Safety

Boundaries: Accton (including Plant 1 and 2 in Hsinchu, Zhunan Plant in Miaoli, offices in Taipei, Hsinchu, Taichung, and Tainan) and its subsidiaries Edgecore and JoyTech

Accton designated occupational safety departments as Level 1 management units to provide comprehensive occupational safety and health management for the company's employees, equipment, facilities, and environment. The company is committed to employee safety management to ensure safety in the operating environment and minimize the occurrence of occupational hazards.

### I. Target:

No major occupational disasters in 2020.

### II. Strategy:

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.

### III. Commitment:

1. Comply with domestic occupational safety and health regulations, and effectively implement and continuously improve our safety and health management systems.
2. Comply with ISO 45001 Safety and Health Management System and pass third-party certification.
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.

## IV. Occupational Safety and Health Management

### 1. Occupational Safety and Health Committee

The company set up the Occupational Safety and Health Committee in accordance with the regulations of the Occupational Safety and Health Act.

Plant	Plant 1	Plant 2	Zhunan Plant	JoyTech
Total number of committee members	19	13	18	21
Number of labor representatives	7	7	6	7
Percentage of labor representatives	37%	54%	33%	30%

\*Note: The meetings for the offices in Taipei, Taichung, and Tainan, and Edgecore were combined and convened together in Plant 1.

Workers consist of the company's employees and personnel of outsourced service providers employed at Accton sites under Accton's management, such as security personnel, cleaning personnel, and contractors.

The committee consists of at least 1/3 of occupational safety and health personnel and labor representatives so that entry-level employees can fully participate in the review of occupational safety and health issues.

The Occupational Safety and Health Committee convenes quarterly meetings to discuss the following matters:

- i. Formulation of the occupational safety and health policy and recommendations.
- ii. Coordination and recommendations of the occupational safety and health management plan.
- iii. Safety and health training programs.
- iv. Work environment inspection plans, inspection results, and measures adopted.
- v. Health management, occupational disease prevention, and health promotion matters.
- vi. Safety and health proposals.
- vii. Business units' automatic inspections and safety and health

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audits matters.

viii. Preventive measures of hazards from machinery, equipment, and materials

ix. Occupational disaster investigation reports.

x. Evaluation of the performance of onsite safety and health management.

xi. Contracting business safety and health management matters.

xii. Other matters related to occupational safety and health management.

The Occupational Safety and Health Committee filed 13 proposals and the completion rate was 100%.

2. We assign dedicated personnel to supervise the company's environmental safety and health and their improvements. Related safety measures are as follows:

i. Safety and health training: To enhance employees' workplace safety and health awareness, we use related occupational safety training to help them understand the labor safety and health policies of Accton Technology.

ii. 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 the safety of the work environment for the employees.

iii. Fire drills: The company carries out drills for fire safety, leaks of chemicals, 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 and able to respond to emergencies.

## V. Management Performance

1 Suitable Maintenance Operation Procedures and Audits

The company's businesses continue to grow, and we implement adjustments based on operation conditions. The safety and health standards based on ISO 45001:2018 operating procedures are also updated and maintained to meet current regulations. We also implement internal and external audits in accordance with plans to verify the effective control and management of related items.

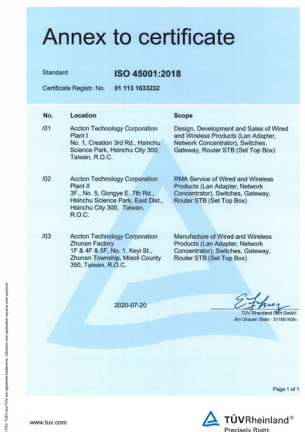
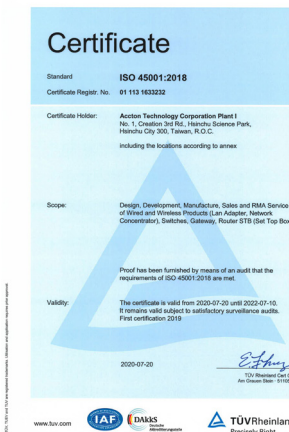
The internal and external audits of the EHS management

system are implemented once each year. Workers consist of the company's employees and personnel of outsourced service providers employed at Accton sites under Accton's management, such as security personnel, cleaning personnel, and contractors.

2. Management system

To ensure a healthy and safe work environment for all employees, contractors, and visitors in the production process. Accton complies with ISO 45001 standards to implement safety and health management and has obtained third-party certification. We continue to update every year to ensure compliance with the standards in operations. Major Accton plants have obtained certification.

Plant	Taiwan		China	
	Hsinchu Plant 1	Hsinchu Plant 2	Zhunan Plant	JoyTech
ISO45001	●	●	●	●





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### 3. Comprehensive Safety and Health Education and Training

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

Unit: number of participants

Name of Course	Number of hours	Zhunan	Hsinchu	Edgecore	JoyTech	Total
Safety and health training for new employees	3	954	996	93	2,285	4,328
Hazard communication training for new employees	3	954	996	93	2,285	4,328
On-the-job safety and health training	3	489	1,632	69	995	3,185
On-the-job hazard communication training	3	489	1,632	69	995	3,185
Mini electric forklift operations safety training	1	No mini electric forklift	24	No mini electric forklift	12	36
Safety training before transportation operations	1	14	6	No transportation during manufacturing process	12	32
Packing machine safety training	1	No packing machine	9	No packing machine	4	13
ISO internal auditor training	1	6	13	No ISO verification	24	43
Training for members of the Occupational Safety and Health Committee and labor representatives	1	13	12	N/A	25	50
Kitchen gas safety training	1	No kitchen	10	No kitchen	16	26
Training on the use of safety and health devices (noise meter, illuminance meter, anemometer)	1	3	8	No such devices	8	19
Hazard identification and risk assessment, identification of environmental factors, and management program implementation instructions	3	6	7	No ISO verification	25	38
Total	22	2,928	5,345	324	6,686	15,283

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#### 4. License preliminary training and refresher training

The company actively trains management talent and promotes occupational safety and health management through certification training of employees.

2020 licenses	Training hours (hours)		Zhunan (persons)		Hsinchu (persons)		JoyTech (persons)		Total (persons)	
	Preliminary training	Refresher training	Preliminary training	Refresher training	Preliminary training	Refresher training	Preliminary training	Refresher training	Preliminary training	Refresher training
Type A occupational safety and health manager (*occupational health and safety management personnel training)	42	6	N/A	N/A	1	1	N/A	N/A	1	1
Fire prevention personnel (*firefighting occupational training)	12	3	1	N/A	1	N/A	N/A	2	2	2
First aid personnel (*emergency response personnel)	18	3	14	2	13	13	N/A	38	27	53
Organic solvent operations supervisor (*chemical management personnel - safety production management personnel)	18	6	N/A	1	N/A	N/A	N/A	N/A	N/A	1
Forklift (*forklift operator license)	18	3	14	7	4	4	N/A	6	18	17
Radiation protection personnel (*radiation safety and protection training)	18	3	14	12	13	15	N/A	18	27	45
High-pressure gas container operator (*special equipment management personnel)	35	3	N/A	N/A	N/A	2	N/A	N/A	N/A	2
Total	161	27	43	22	32	35	N/A	64	75	121

\*Note: N/A indicates that the training is not required this year.

\*Note: Hsinchu includes Plant 1 and Plant 2, and the offices in Taipei, Taichung, and Tainan.

\*Note: \*JoyTech license title.

\*Note: Edgecore only has offices, no license training required in 2020.

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### 5. Emergency Response and Evacuation Drills

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

Fire safety training statistics					
Name of Course	Zhunan (persons)	Hsinchu (persons)	Edgecore (persons)	JoyTech (persons)	Total (persons)
Chemical leak response drill	6	82	N/A	46	134
Emergency response organization training	129	160	3	132	421
Fire and evacuation drills	2,034	1,110	60	3,026	6,170
Total	2,169	1,352	63	3,204	6,725

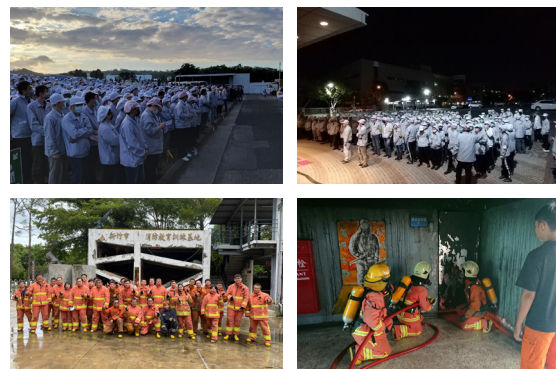
Note: Edgecore only has offices and related training programs are conducted with Accton.



JoyTech's 2020 new employee orientation training, occupational safety training, and C-TAPA training:



JoyTech's actual emergency response drills in 2020 (including emergency escape, firefighting, and chemical leaks)



Accton's actual emergency response drills in 2020 (including emergency escape, firefighting, and chemical leaks)



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### 6. Contractor Occupational Safety and Health Management

The plants in Taiwan have established the "Plant Construction Operation and Management Procedures" and JoyTech has established the "Contractor and Outsourced Project Management Operating Procedures" to ensure the safety and health of the company's employees and the construction personnel of contractors and prevent the occurrence of accidents or material environmental impact. The company requires suppliers to provide licenses or permits of construction technologies and labor safety personnel in the supplier qualification approval stage. Before the construction of the contracted project, plants in Taiwan convene meetings with the contracting unit and the contractor. JoyTech convenes a construction safety meeting to inform contractors of the hazards of the plant environment and construction operations, and coordinate and control related operations. For high-risk operations, such as elevated work (work at height), hot work, crane operations, and confined spaces (confined space operations), the contractor must apply in advance and obtain the approval of the occupational safety unit.

The number of construction projects are as follows			
Construction category	2018	2019	2020
Regular operations	126	307	331
Elevated work	72	137	79
Hot work	20	54	25
Crane operations	4	12	12
Confined-space operations	1	0	0
High-voltage live-line working	0	2	0

### 7. Hazard identification and risk assessment

In order to prevent the safety and health of the company's personnel from being jeopardized by the operations, activities, or services and facilities, which may cause losses to the safety and health of our employees or to the company's finances, we limit risks to an acceptable level by implementing continuous safety and health hazard identification, risk and opportunity assessment, and taking appropriate preventive measures or implementing necessary control methods. The company thus established the "Hazard Identification and Risk Assessment Management Procedures" to be followed.

The assessment of risks and opportunities referred to in the procedures include hazard identification, risk assessment, and risk management.

We mainly reference the regulatory requirements for safety and health and risk assessment guidelines which are used as the company's basis for planning and executing risk assessment.

Timing of risk assessments:

- a. Annual review.
- b. Major changes in the Environmental, Safety and Health Policy.
- c. Before process changes, adoption of new equipment or raw materials, or changes in operating environment or conditions.
- d. In the event of an accident or cases of non-compliance that pose obvious risks.
- e. If there is any change in the hazard identification and risk opportunity assessment before the management review meeting, the units may apply to renew the hazard identification and risk assessment and implement the updates after obtaining the approval of the department head.

After conducting inspections in accordance with the "Hazard Identification and Risk Assessment Table" (OFA-AD02000-01), units shall identify the hazards in operation items and their consequences and determine the types of potential hazards. They shall determine the risk level based on the severity of the hazard multiplied by the likelihood of occurrence.

Each unit must prioritize improvement for hazards with a risk rating of level 4 (inclusive) and above. The priority of control measures are as follows: 1. elimination, 2. replacement, 3. engineering control, 4. management, and 5. personal protective equipment.

Accton's offices in Taipei, Taichung, and Tainan, and Edgecore are considered low-risk areas. We have implemented safety training for new employees, emergency response and evacuation drills, and related safety awareness training for other plants. Workers consist of employees and personnel of outsourced service providers employed at Accton sites under Accton's management, such as security personnel, cleaning personnel, and contractors. The risk assessment results of other plants showed that cuts and contact with high and low-temperature objects accounted for the highest percentage of accidents. They are followed by traffic accidents and repetitive operations. We organize training, require employees to wear gloves, and implement improvement measures for repetitive operations in accordance with the "Human-Factor Hazards Prevention Plan".

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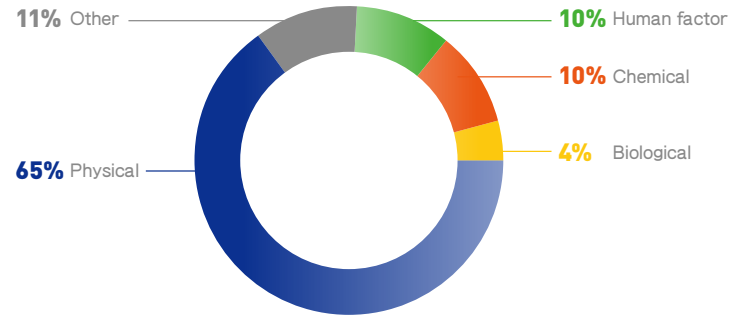
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Physical risks with higher rates of occurrence include "cuts/slashes/stabs/scraps" and "contact with high and low-temperature objects (freezing/burning/scalding)". Other types of risks with higher rates of occurrence include "traffic accidents" and "equipment damage".

### Hazard identification and risk assessment



### 8. Workplace environment monitoring

To maintain a good work environment, the company's professional engineers in plants in Taiwan and JoyTech regularly implement monitoring and announce monitoring results. The content 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 monitoring results met government laws and regulations.

### 9. Exchange of Safety and Health Information

The company enhanced the exchange of safety and health information and delivers safety and health 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 safety and health information. We hope to increase employees' safety awareness and participation through bilateral or multilateral communication channels and increase protection for employees' safety and health.

We protect other workers, such as security personnel, cleaning personnel, and contractors through agreements and organizations created with contractors, informing them of hazards, agreements on the implementation of safety and health management, health management regulations, and emergency and accident notifications.

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## VI. Occupational Safety and Health Statistics

We established the "Accident Investigation Management Procedures" to effectively and quickly report, handle, and complete accident investigation in the event of an accident, and to implement improvements for reducing losses and preventing the recurrence of similar accidents. The procedures apply to accidents involving our employees, contractors, or providers of outsourced services at the workplace, company events, or business travel.

General accidents are defined as temporary total disability, non-disabling injuries, false alarms, traffic accidents, minor accidents involving spills and pollution, environmental safety concerns, human-factor hazards, and musculoskeletal injuries.

The health management unit shall provide medical care in accordance with the "Employee Injury and Illness Management Regulations" for injuries to personnel. It shall also notify the environmental safety and health management unit to carry out accident investigation and handling operations. Where the occupational safety and health requirements are not met, improvements must be implemented in accordance with the "Management Procedures for Corrective and Preventive Measures".

No false alarms were reported in 2020 and the occupation injury records were as follows (excluding traffic accidents outside of plants):

The Zhunan Plant had a higher disabling severity rate (SR) due to lower-limb injuries of personnel when climbing stairs and fell during production operations. Improvements have already been made in accordance with the "Accident Investigation Management Procedures" and the "Management Procedures for Corrective and Preventive Measures".

Occupational injury category	Plant 1		Zhunan Plant		Edgecore		JoyTech		Industry level
Gender	Male	Female	Male	Female	Male	Female	Male	Female	Total
Number of people	-	8	6	6	1	-	1	1	-
Work hours lost	-	96	1,160	536	64	-	264	24	-
Work days lost	-	12	145	67	8	-	33	3	-
Disabling injury frequency rate (FR) (round to three decimal places)	-	5.747	8.082	4.742	3.484	-	0.514	0.854	0.92
Disabling injury severity rate (SR) (no decimals)	-	9.00	195	53	28	-	17	3	71
Frequency-severity indicator (FSI) (round to two decimal places)	-	0.23	1.26	0.50	0.31	-	0.09	0.05	0.26

\*Note: Disabling injury frequency rate (FR) = (number of people who suffer disabling injuries X106)/total work hours

\*Note: Disabling injury severity rate (SR) = (days lost due to disabling injuries X106)/total work hours

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

\*Note: Total work hours: 8hr \* total number of work days per month \* number of people per month for the entire year.

\*Note 2: In Plant 2 and offices in Taipei, Taichung, and Tainan, workers consist of employees and personnel of outsourced service providers (temporary workers) employed at Accton sites under Accton's management, such as security personnel and cleaning personnel. There were no accidents involving occupational injuries in 2020. There were 0 deaths, 0 major illnesses, and 0 occupational injuries in 2020.

\*Note: There were no data on the number of occupational injuries of contractors in 2020 and statistics, it will be disclosed again in 2021.

\*Note: The source of the industry injury index is from the "Frequency-Severity Indicator of Industries" published by the Occupational Safety and Health Administration of the Ministry of Labor (<https://www.osha.gov.tw/1106/1113/1115/33446/>).



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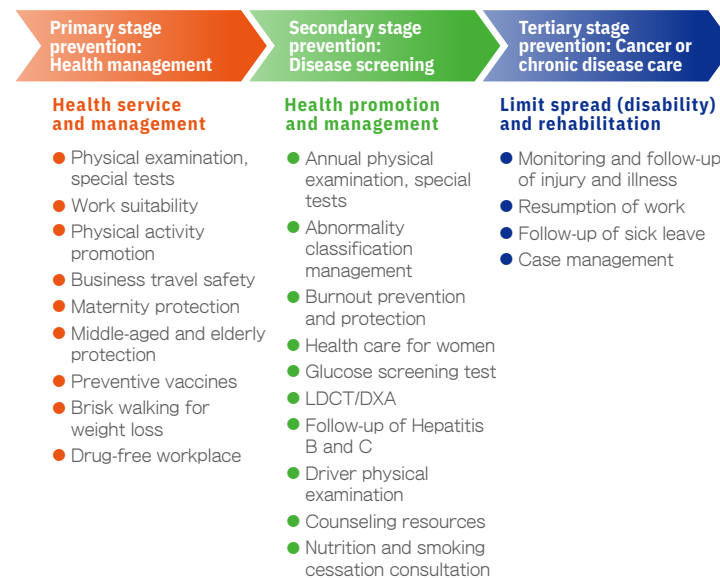
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## Occupational Health Services

Healthy employees are the company's most valuable assets. We seek to create a healthy workplace and 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 smoking cessation pharmacist) to implement employee health protection programs, implement health management, and organize health promotion activities to promote employees' health.

The Health Management Division promotes programs based on the principles of disease prevention, early diagnosis, and early treatment. It works with occupational health specialists to compile data in the Access database to implement control and effectiveness tracking. We plan to increase employees' self-awareness of health and improve their own health conditions through a comprehensive health management program that meets their needs. If employees increase their health awareness and are able to actively report problems in a timely manner, the relevant departments and units can intervene and implement timely improvements. They can help employees perform their work efficiently under safe and healthy conditions.



## Fitness inspections/health examinations/inspections for special operations

We provide health examinations for new employees, annual health examinations superior to regulatory requirements, inspections for special operations, and follow-up reinstatement evaluations by nurses and professional occupational health specialists to protect employees' health and right to work.

Accton's Health Management Division works with all relevant units to protect and promote the health of employees. We require contractors to provide health examinations of their employees and avoid unsuitable work through the use of relevant assessment forms. There were no deaths from occupational diseases or confirmed occupational disease cases by occupational health specialists in the past five years.

## Health Management

Each year we provide employees with comprehensive physical health examinations superior to regulatory requirements, including electrocardiogram and abdominal ultrasound examinations. We also analyze and manage results based on the health/physical examination reports, top ten cancer statistics, and recommendations of occupational health specialists and adjust the health examinations and health promotion activities for the following year. For example, we provide vitamin D tests for middle-aged and elderly employees, prostate cancer tests for male employees over the age of 45, hepatitis tests for new employees, and carotid artery ultrasound for groups with higher risk of cerebrovascular diseases. We aim to track and prevent these diseases as early as possible and organize special medical inspections for employees at special work stations. We also employ occupational health specialists to prevent occupational injuries and illnesses and make sure that the operating environment does not affect the physical and mental health of employees.

The number of deaths caused by work-related diseases in the company was zero, and the number of recordable cases of work-related health issues was zero. No employees contracted work-related diseases in 2020. The Health Management Division and the Occupational Safety and Health Division continue to conduct occupational safety surveys, particularly ergonomic analysis for operations, to prevent occupational hazards caused by musculoskeletal disorders.

## Health Promotion

In addition to the analysis of the annual physical/health examination results, the company also references feedback and recommendations provided by employees to plan diverse health

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promotion activities, such as brisk walks, weight loss, nutrition consulting, blood sugar inspections, vaccination, seminars, and drug-free workplace environments. We encourage the participation of high-risk groups and plan various gifts to increase employee participation. We also set up anonymous satisfaction questionnaires for each event and received satisfaction ratings of over 95% for all events.

We provide employees with access to health services through digital publications, posters, company website, and new employee training. Employees can obtain information on health services at any time, including health promotion activities, such as seminars, large-scale weight loss activities, annual health examinations, health services, and psychological counseling services. With weekly orientation programs and regular training for new employees, we provide employees with information on the services for them to better understand the health-related assistance provided by the company.

In addition to protecting employees' health, we also set up related mechanisms to protect the confidentiality of personal health information:

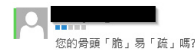
1. The company's medical personnel have medical licenses and must comply with laws and regulations related to medical personnel.
2. The contracts signed with partner hospitals stipulate the confidentiality obligations of both parties.

Accton encourages employees to report any health issues or discomfort so that the Health Management or Occupational Safety

and Health Division can implement timely interventions. The Divisions shall assess the necessity of improvements of the environment or work adjustments and take immediate improvement measures to prevent occupational injuries and illnesses to ensure that employees perform their work efficiently in a safe and healthy environment. So that it will not lead to favorable or unfavorable treatment of the workers.

### Promotion of worker's health

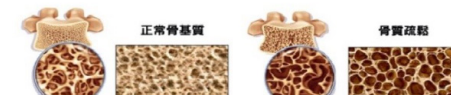
In 2020, Accton Health Management Division organized 23 events for 11,169 attendees with an overall satisfaction rate of 95%. The high attendance rate of company's activities, such as annual health examinations and health promotion activities shows employees' awareness of the importance of health. Programs for creating a healthy workplace also received wide acclaim. The company received the "Healthy Workplace Certification Health Initiation Mark" from the Health Promotion Administration of the Ministry of Health and Welfare in 2017 and the "Healthy Workplace Promotion Mark" in 2019. The company plans to apply for certification again in 2022. Accton also received the "Healthy Management Award" in the National Excellent Healthy Workplace Awards organized by the Health Promotion Administration of the Ministry of Health and Welfare in 2019, as well as the "Health and Care Award" in 2020.



您的骨頭「脆」易「疏」嗎？

#### ★骨質疏鬆症

骨質疏鬆症是一種沉默的疾病，大多沒有明顯的症狀，但只要一個輕微跌倒、突然過猛外力、彎腰搬運物品...等，就可能造成骨折。



★檢查骨質疏鬆方法:

檢查方式	說明	準確度
驗血	血液中的鈣、磷(無機磷酸鹽)、維他命D都可以反映骨骼是否健康，因為它們對人體骨骼的組成起了非常重要的作用。如果這些指數偏低，或許代表了骨質不好的情況，不過並不足以確診是否患上骨質疏鬆症。	○
超聲波 (Quantitative Ultrasound, QUS)	超聲波可以用來分析骨質密度，通常會檢查手指、腳趾、膝蓋骨等部位。但是超聲波檢查仍然有其技術限制，目前只會當成初步篩驗方法，並不會視為確診工具。	○
雙能量 X 光吸收測量 (DEXA)	DEXA 是目前為醫學界認同的檢查方法，可說是公認的診斷骨質疏鬆標準。	◎



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Item	Main Theme of the Activity	Actual Results
Brisk walking and weight loss	According to the analysis of the annual health examination results, weight and body fat issues were among the top health issues of employees. We, therefore, designed brisk walking and weight loss activities to help employees develop the habit of regular exercise, reduce the occurrence of cardiovascular diseases, improve sleep quality, and improve physical health.	We had 212 contestants, 82% of them effectively reduced their weight, and 96% of them completed health walk steps targets.
Drug-free workplace	We worked with public and private-sector entities, such as the Public Health Bureau of Hsinchu County Government and Land-seed Hospital to organize anti-drug campaigns for employees to understand drugs, identify drugs, prevent drug use, refuse drugs, and quit drugs. We sought to improve employees' knowledge of drugs and establish the correct idea.	A total of 1,210 participants took part in the promotional events and we provided voluntary ketamine testing for employees during the annual health examinations. A total of 1929 employees voluntarily participated in the screening and all results were negative. One employee actively sought assistance from the company.
Blood sugar test	We identified employees with high blood glucose (100~125mg/dl) for blood glucose tests based on the results of the annual health examinations and the physical examinations of new employees to enhance health education. We also provide counseling services with nutritionists to help them develop good dietary habits.	The participation rate was 80% with 2% of the employees still exhibit abnormalities in follow-up inspections. We arranged nutritionists to provide counseling services and included them in the continuous tracking list.
Women's health	We appoint a hospital to perform gynecology-related examinations, including traditional pap smears, thin pap smears, human papillomavirus, thyroid ultrasound, gynecological ultrasound, breast ultrasound, and mammography examinations.	99 people participated in the examinations, and we used follow-up reports to track whether those with abnormal results sought follow up medical attention. The satisfaction rate was 95%.
Low-dose computed tomography (LDCT) for lung cancer screening	We encourage employees who smoked or employees and their dependents with records of lung cancer in the family to take part in the examinations.	A total of 68 people participated in the examinations, and we discovered one case with ground-glass opacity. The individual was later transferred to clinical treatment for tracking and included in the follow-up management.
Dual-energy X-ray absorptiometry (DXA) bone density test	We encourage female employees and their family members aged 40 and above to take part in the examination.	64 people participated in the examinations and 38 people exhibited signs of decrease in bone mass, while 7 suffered from osteoporosis. We enhanced health education and included them in the follow-up list for the following year.
Administration of multiple vaccinations	Administration of hepatitis A/hepatitis B/HPV vaccines.	A total of 193 employees participated in the vaccination and the satisfaction rate was 96%.
Flu vaccine administration	The flu vaccine is provided for all employees, and we encourage employees who had taken sick leave due to flu to receive vaccination.	A total of 264 employees participated in the vaccination and the satisfaction rate was 99%.



We provide healthcare services to protect employees' health



# Accton

## Making Partnership Work

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- (1) Partnership with psychological counseling clinics to provide free counseling services

Accton started the psychological counseling services in 2018 at 6 contracted psychological counseling clinics in Taipei, Hsinchu, Zhunan, Taichung, and Tainan. We encourage employees to obtain free counseling services from nearby locations. We announced counseling service information on the company's web page and billboards to help employees make reservations on the telephone. We eliminated concerns of leaks of personal data so that employees can use the services with peace of mind. We provide psychological counseling services by screening high-risk cases with annual overwork and depression assessment questionnaires, as well as telephone interviews of injured or sick employees. We also use anonymous questionnaires to obtain information on the use of the services by employees. Since 2018, employees have used 52 sessions and the satisfaction rate was more than 90%. In 2020, employees used 32 sessions, and the satisfaction rate was more than 90%.

- (2) Nutritionist consultation

We started the nutrition clinic in 2018. Although we adjusted the service schedule in response to the COVID-19 pandemic, we still allowed employees to sign up for services and continued to use the annual health examination and maternity health protection program to refer employees with "BMI>24", "poor blood sugar control", "high triglycerides", and "gestational diabetes" to the consultation service. We hope that the health education provided by the nutritionists can help them adjust their dietary habits and improve their conditions. We will also refer employees who suffer from prediabetes to the service to develop good dietary habits, implement early adjustments and control, and prevent worsening blood sugar conditions.

### Protection Plan

We jointly executed the Protection Plan with the Human Resource Division and EHS Management Division in accordance with the regulations of the Occupational Safety and Health Administration and launched the business travel protection plan for employees on overseas business travel.

- (1) Maternity Health Protection Plan

The Health Management Division is committed to creating a secure, warm, and comfortable environment for female employees to help them create a maternally friendly work environment. We set up breastfeeding rooms in all plants and provide employees with 60 minutes of breast milk collection

time on each workday. Hsinchu Plant obtained the "Breast-feeding Room Installation and Management Standards Certification" in 2016 which was valid for one year. We applied for and received the "Friendly Hsinchu Breastfeeding Room Certification" in 2017 which was valid for three years, till August 2020. We will pay attention to public announcements and apply for the Friendly Hsinchu Breastfeeding Room Certification in 2021. To start protective measures as early as possible, we offer the mother's special gift to encourage female employees to actively report their pregnancy during the first trimester. We also actively implement intervention with the leave system to provide two supporting systems for better protection of female employees in the pregnancy and childbirth process. We plan to set up an additional breastfeeding room in Hsinchu Plant 2 in 2021.

We collect information on cases during the pre-pregnancy period through multiple channels (leave, active reporting, reporting by supervisors and assistants). Employees, unit supervisors, industrial safety, occupational physicians, and nurses complete prenatal assessment forms, including work environment, health conditions (physical and mental), and workload. We implement tiered management based on the assessment results. After the childbirth, we conduct a second postpartum assessment form with related personnel. We provide health recommendations to supervisors and employees based on the conditions of each case to ensure the health and safety of female employees and their infants throughout pregnancy and childbirth. To help employees with childbirth and breastfeeding, we assign nurses to provide telephone or interviews from the second and third trimester to before the end of the breastfeeding period to learn about employees' physical and mental conditions, provide suitable health educational instructions and care. Employees expressed a 91.86% satisfaction rate for pregnancy care and 93.05% for postpartum care.



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#### (2) Overloading Protection Plan

The company calculates the results of the overwork questionnaire in the annual health examination based on the Framingham Risk Score to compile a list of high-risk individuals for follow-up protection measures. For instance, we provide the carotid artery ultrasound inspection during the health examination to determine whether there is a blockage in the blood vessels in order to make work adjustments as early as possible. In addition, we implement routine patient care services to actively identify employees that require care and ask them to fill out questionnaires. We organize interviews and health education with occupational health specialists or health education by nurses based on the risk level and include them in the long-term follow-up care list based on actual case conditions. The completion rate was 100%.

#### (3) Reinstatement Fitness Protection Plan

We arrange reinstatement fitness evaluations based on the changes in the employees' physical and mental health conditions. The sources include the employees' physical and health examinations, sick leave system, or proposals from employees or supervisors. We use a diverse range of channels to provide employees with more comprehensive protection and help employees attain physical and mental balance between work and life. Nurses use telephone and e-mail to learn about individual cases and arrange onsite consultation and evaluation by doctors based on conditions of individual cases to help employees return to work. We continue to provide care for individual cases that have not been closed and enhance care for individual cases each year to actively provide mental support.

We implemented 4,495 evaluations of sick leave and fitness to work. The top 3 results in the data are provided in the table below:

Sick leave category (top 3)	Number of employees (ratio)	Nursing services/health promotion/referral
Respiratory system	1415 (31.4%)	Flu vaccination
Reproductive and urinary system (period pain)	1148 (25.5%)	Use of hot water bags and heat patches, and the menstrual cycle evaluation questionnaire
Digestive system	638 (14.1%)	Enhanced health education on dietary sanitation

#### (4) Business Travel Protection Plan

We include employees who travel overseas in the protection program. We use the Access Management System to calculate employee health risk ratings and provide health education and guidance based on the destination. The company provides vaccination subsidies, masks, disinfectant alcohol, and simple wound dressing kits for employees on business trips. We also signed contracts with International SOS organizations to provide medical consultation, medical evacuation, and personal safety protection services for employees on business trips. After employees return home, the nurse provides health education guidance until the case is closed when the employee exhibits no issue with his/her health conditions, 21 days after returning. As a result of the COVID-19 pandemic in 2020, the company suspended all travel applications and replaced business travel with online video conferences to protect the health of employees.

### Pandemic Prevention Policy

The COVID-19 pandemic has devastated the world since 2020. Accton's chairman established the Pandemic Prevention Command Center and appointed the Vice President as the Pandemic Prevention Commander to lead the Health Management Division, Human Resources Division, Occupational Safety and Health Division, Information Technology Division, and General Affairs Department. We developed joint pandemic prevention measures and established five levels of response measures based on information provided by the Centers for Disease Control and the development of the pandemic. Taiwan is currently at level 3: Cases from foreign sources. We have mainly implemented level 4 and level 5 pandemic prevention measures based on the recommendations of the Health Management Division to ensure a higher level of implementation and prevent the pandemic from spiraling out of control. Recipients of pandemic prevention protection: All employees of Accton Group as well as contractors and customers. The Hsinchu head office is the center of pandemic prevention measures. We have expanded the measures to other units such as plants and offices in Taipei, Hsinchu, Zhunan, Taichung, and Tainan. Overseas units such as the Shenzhen plant and the office in the United States are both key targets for protection. We seek to provide care to every Accton employee.

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Members	Main Responsibilities	Work Content
Commander in Chief	Pandemic prevention policy	Provide necessary pandemic prevention resources, direct pandemic prevention tasks in plants, and oversee the results of the current pandemic prevention tasks.
Human Resources	Formulate and announce administrative orders and plan leave and pay regulations	<ol style="list-style-type: none"> <li>1. Formulate regulations for the management of attendance during the pandemic prevention period (including autonomous management and reporting by high-risk personnel, travel management, migrant worker management, principles for granting leave (pandemic care leave and pandemic prevention leave) and salary, and measures for workers' compensation and penalties).</li> <li>2. Plan the pandemic prevention grouping, office zoning, and employee movement control mechanisms.</li> <li>3. Communicate the company's pandemic prevention policy to human resources agencies</li> </ol>
Health Management Division	The Division provides assistance in pandemic prevention plans, communicate pandemic prevention measures, and follow up on employee health conditions. It also plans pandemic prevention supplies and related pandemic prevention measures.	<ol style="list-style-type: none"> <li>1. Personal hygiene and self-protection, including correct usage of masks and reporting cases. It provides appropriate information on pandemic prevention.</li> <li>2. Plan and continuously update the required pandemic prevention materials, review the specifications of pandemic prevention materials, and coordinate with procurement and material management personnel to acquire and store sufficient quantities of materials based on the decisions of the pandemic prevention organization.</li> <li>3. Develop and implement health statements and management principles for visitors and contractors during pandemic in accordance with the pandemic prevention requirements. The measures shall be used as the basis for managing the entry of visitors, contractors, and long-term onsite contractors.</li> <li>4. Plan necessary medical resources and personnel evacuation measures in the event of infections. Develop and implement case reporting and procedures for obtaining medical services to implement temperature monitoring for entry, abnormal temperature notifications, and employee health management tracking.</li> </ol>
EHS Management Division	Assist in pandemic prevention audits.	<ol style="list-style-type: none"> <li>1. Audit the pandemic prevention measures of each unit in plants, including the management of dormitories of migrant workers and the implementation status in each plant.</li> </ol>
General Affairs	Assist in matters related to the environment such as disinfections, separation of the movement of personnel, and visitor/contractor management.	<ol style="list-style-type: none"> <li>1. Plan the emergency response measures and management measures for separating employees' and contractors' dining areas to meet all pandemic prevention requirements.</li> <li>2. Assist in planning the pandemic prevention grouping, office zoning, and employee movement control mechanisms.</li> <li>3. Assist in the acquisition of pandemic prevention resources.</li> <li>4. Develop and implement all levels of disinfection and emergency disinfection procedures for each plant.</li> <li>5. Assign security personnel to assist in the management of visitor and contractor entry into plants.</li> <li>6. Plan the layout of the cafeteria to ensure pandemic prevention, including installation of partitions and seating plans that ensure social distancing.</li> <li>7. Create outdoor meeting areas to reduce the chance of virus transmission by reducing the number of visitors inside the offices and plants.</li> </ol>
Information Technology Division	Software planning and IT equipment planning.	<ol style="list-style-type: none"> <li>1. Set up software/hardware equipment and establish comprehensive systems to facilitate remote work in accordance with information security requirements.</li> <li>2. Set up the online pandemic prevention section, pandemic prevention notification system, online pandemic prevention questionnaire, and other pandemic prevention related functions and settings.</li> <li>3. Include the health statement in the visitor application system and adjust the content based on the development of the pandemic.</li> </ol>
Zhunan Pandemic Prevention Office	Pandemic prevention at Zhunan Plant	The plant conditions are adjusted in accordance with the Pandemic Prevention Policy of the head office. Maintain smooth communication channels with Lextar Electronics in Zhunan to coordinate the implementation of both companies' policies.



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With the hard work of the Accton Group Pandemic Prevention Command Center and all employees, we have maintained zero cases of infection since the outbreak of the pandemic and maintained the normal operations of the company. In terms of pandemic prevention measures, we take into account the company's operations and use the CDC's guidelines as the basis. We use pandemic prevention equipment, such as infrared body temperature measurement and facial recognition with temperature measurement. We prepared pandemic prevention supplies, such as masks, alcohol, and automatic disinfection machines which are proportionally distributed to each office area. We produced post-

ers and streamed videos on TV mounted on walls to increase employees' awareness of the pandemic prevention measures. We also implemented a number of pandemic prevention measures for managing visitors, such as requiring them to fill out health statements, limiting the scope of visitors' activities, increasing the disinfection frequency of public areas, management of dormitories of foreign workers, and the disinfection of transportation vehicles. We aim to build solid pandemic prevention measures from the inside out to protect the safety and health of all employees.

## 4.3 Talent Development

Boundaries: Accton and the subsidiaries Edgecore and JoyTech

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#### Brief description of targets and track records

Region	2020 Goals	2020 Results	Short-Term Goals (2021-2022)	Medium and Long-Term Goals (2023-2025)
Taiwan (Accton Technology, Edgecore Networks)	Accton Technology's average training hours per person: 15 hours.	Accton Technology's average training hours per person: 9.20 hours.	Establish systematic mechanisms to encourage employees to learn on their own, including on-the-job training (OJT) and self-development (SD).	Optimize system mechanisms, design complete systems and methods, and continuously encourage employees to learn on their own to enhance their performance and potential.
Mainland China (JoyTech)	100% completion rate of training programs in Mainland China in the current year	Actual results: 62%	Execute training plans based on employees' skill levels and achieve 100% of the target; Establish system mechanisms to create an online and offline two-way training system.	Optimize training systems and increase employees' independent learning awareness; Optimize the two-way combination model of professional theory education and practical exercises.

\* The reason for Accton Technology's failure to meet targets are disclosed below, under "Training Results"

Talents are crucial resources for the Company's sustainable development. Accton's training policy is people-oriented, and we are committed to career planning and talent development for employees. We continue to cultivate high-performing employees through internal training and external training programs. Internal training is divided into six major sectors, including: (N) new employee orientation training, (E) work efficiency, (P) professional knowledge and skills, (Q) quality management, (H) environmental safety and occupational health, (M) leadership and management; external training is provided to employees in the form of courses or seminars organized by external professional organizations, where necessary. To improve language competitiveness, each employee is provided with a fixed amount of subsidy for foreign language training each year to help employees improve their individual performance at work and team competitiveness.

### Training

Training	Content
New employee orientation training	The new employee orientation training includes introduction to the company, corporate culture, rules and regulations, corporate social responsibility, ethical management, anti-corruption, insider trading prohibition, and quality system, which help new employees understand the company and adapt to the environment.
Work efficiency	Work efficiency training includes business presentation design, communication, information security, document processing, and internal instructor training, which help improve employees' work efficiency.
Professional knowledge and skills	The training includes domain know-how, advanced production processes, and systematic professional knowledge to enhance professional skills.
Quality management	It includes general knowledge quality courses, such as protection against electrostatic discharge (ESD), problem analysis and problem-solving techniques, as well as special ISO courses to ensure that all processes comply with procedures, improve production yields, and meet customer requirements.
Environmental safety and occupational health	We help new employees complete general safety and health training and hazard general knowledge training in accordance with regulatory requirements. We also provide employees with different training programs for general and special operations.
Leadership and management	We plan training courses necessary for supervisors based on the roles and functions, which correspond to the necessary management skills of each level. Courses include system and regulations, self-management, team management, and business management.

Accton has created a dedicated training classroom and a Learning Management System (LMS) platform for online learning. This combination provides employees with a more convenient learning system, free from time and spatial restrictions.

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### Orientation Training for the Production Line

To implement quality management, we must do things right from the beginning by making products the right way. In 2020, Accton Taiwan established a training classroom at the production line to help new employees acquire work skills and quickly familiarize themselves with the operation process of each station. New direct employees, including full-time employees, migrant workers, and temporary workers, must receive one week of training after joining Accton. After completing a solid training course on the production processes and obtaining certification, they are permitted on the production line and may contribute with what they have learned. 529 temporary workers completed the four-day production line training, totaling 16,928 training hours. JoyTech in Mainland China adopts similar procedures. The difference is that the supervisor teaches the skills necessary for each station in the classroom, and the department head confirms the actual operations at the stations.

Note 1: The training hours of temporary workers are not included in the "Training Results" calculation. The effectiveness of the training is disclosed here.



### Training Results

In response to the pandemic, related training activities were suspended in 2020, and the originally planned courses gradually restarted after the pandemic had subsided. However, employees have been focusing on the Company's business and prioritizing customer service, therefore they have dedicated less time to training. As such, the human resources department has been assisting each unit in creating a large number of digital learning materials to help employees make full use of the online learning platform. It has also planned other systems, which will be set up in 2021 to enhance employees' motivation for independent learning. Accton's training programs are not confined to classrooms. Our value proposition is "independent learning," and we encourage each employee to actively acquire new skills through projects, work guidance, deputizing, and product development meetings. The department head and senior employees guide personnel to learn through work, acquiring effective and valuable experience and knowledge in the process. Due to the impact of the pandemic, we will accelerate the development of new systems to support OJT and SD effectiveness evaluations to build comprehensive systems and regulations.

Region/Gender	Accton Technology			Edgecore Networks			JoyTech		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Total number of employees	1,271	1,422	2,693	146	62	208	889	532	1,421
Total training hours	12,780	12,005	24,785	739	273	1,012	28,696	13,368	42,064
Average training hours	10.1	8.4	9.2	5.1	4.4	4.9	32.28	25.13	29.6

Note 1: The number of employees refers to the average number of employees in the period from January to December 2020. These include full-time employees and contracted employees but do not include temporary workers. JoyTech abides by the same principles, which apply to all data provided below.

Note 2: Average training hours: Total training hours/total number of employees.

Note 3: Average hours per employee = training hours/number of employees (rounded off); the same applies to all data provided below.





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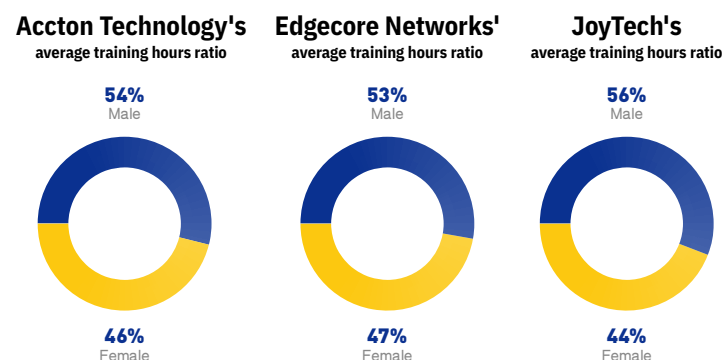
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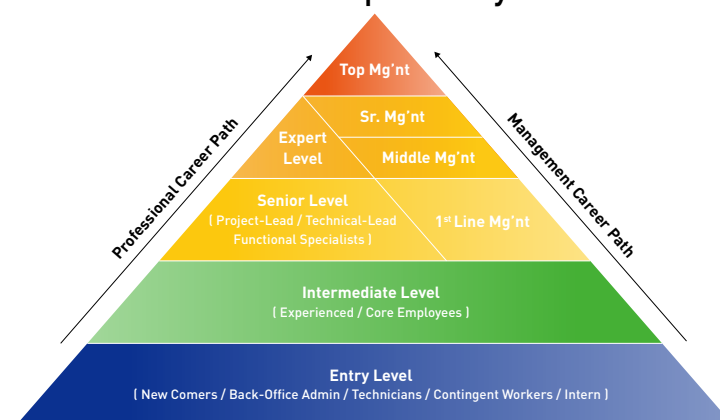
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Accton values gender equality and provides training for all duties and required skills, in job opportunities, and employee training. As shown in the figure below, the difference in the average number of training hours between men and women is within 8%; due to the nature of JoyTech's industry, certain jobs are labor-intensive, and men account for a higher proportion of personnel trained in machine operations than that of women.



### Talent Development Pyramid



Accton Group upholds the talent development pyramid ideal and all employees receive level after level of training to enhance their professional skills. We enhance employee development based on their skill levels and divide them into professional technical roles and management roles. The results of training programs of each level in 2020 are compiled in the table below.

Accton Technology	Training hours	Number of personnel trained	Number of Employees	Average hours per employee
Management	1,686	585	188	9.0
Indirect employees (Non-management)	9,281	2673	1,150	8.1
Direct employees	13,819	1,437	1,355	22.7
Total	24,785	4,694	2,693	9.2

Note 1: The aforementioned training data does not include temporary workers and the 16,928 training hours for temporary workers are calculated separately.

Note 2: Management refers to employees who are responsible for leading subordinates, such as section leaders and managers.

Edgecore Networks	Training hours	Number of personnel trained	Number of Employees	Average hours per employee
Management	119	34	29	4.1
Indirect employees (Non-management)	893	218	179	5.0
Total	1,012	252	208	4.9

Note 1: Edgecore Networks does not have production line requirements due to the nature of the Company and therefore does not have direct employees involved in production.

JoyTech	Training hours	Number of Employees	Average hours per employee
Management	14,364	204	70.41
Indirect employees (Non-management)	11,925	362	32.94
Direct employees	15,774	855	18.45
Total	42,063	1,421	29.6

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### Internal Lecturers

The Company has purposefully designed an internal lecturer training program to improve and pass on Accton's professional knowledge and experience, as well as sustain our important assets. The HR Unit establishes the internal lecturer system and regulations, offers training courses for internal lecturers, organizes activities such as book clubs, themed dinner events, hiking trips for lecturers, and special events for Teachers' Day, selects and rewards outstanding lecturers at the end of the year, to create an active and positive atmosphere for internal lecturers while creating an active sharing and learning culture. Through our continuous hard work, we have trained 68 internal lecturers who have lectured 25 courses (repeated courses are not counted) and provided 2,417 hours of training man hours in the Company in 2020. The overall post-course satisfaction rate was 4.5 points (on a scale of 5 points).

Note 1: The statistics above only include Taiwan.

Note 2: Training man hours: Total number of man hours of attendees in courses lectured by qualified internal lecturers.

### In-Dept Training

Accton values all talents regardless of gender, age, or role. To make use of senior employees' experience and skills, we provided 1,633 hours of training for 572 attendees who are employees over the age of 50, in Taiwan and Mainland China in 2020.

Age distribution	Accton Technology		Edgecore Networks		JoyTech	
	Training hours	Number of personnel trained	Training hours	Number of personnel trained	Training hours	Number of personnel trained
Under 29 years old	8,627	955	174	45	15,693	6,994
30 to 49 years old	15,004	3,315	704	176	26,026	13,921
Over 50 years old	1,155	424	134	31	344	117

### Severance Plans

The Company provides comprehensive severance planning consultation for laid-off employees. We actively provide information on the calculation of severance pay, unemployment benefit collection methods, vocational training, and employment channels to help laid-off employees with their life after working at the Company. For retired employees, the Company also actively provides information on pension calculation, labor insurance old-age benefits, and the new pension application system to help retirees choose the optimal retirement plan. Please refer to "Employee Care and Career Development - Employee Remuneration and Benefits" for information on the preferential retirement system.

The Company 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. The Supervisory Committee of the Employee Retirement Reserve takes charge of management and usage of the retirement reserve fund. After the implementation of the new labor pension system, 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. The Company



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also established the Supervisory Committee of the Employee Retirement Reserve which communicates with employees each quarter.

In 2020, the Company's units in Taiwan (Accton and Edgecore) invited Mr. Lin, Chin-Li, CEO of Yunlin County Elderly Welfare Protection Association, to give a speech at the Company to share his experience on elderly care and planning, and how to develop a healthy mindset for dealing with old age and frailty.

Two sessions were held due to the pandemic, and they were held in Hsinchu and Tainan for a total of 116 attendees. Mr. Lin shared his experience over a period of 90 minutes, but attendees wanted to hear more and stayed on after the presentation to discuss with the speaker.

In addition to lectures, we also organized courses on the Labor Standards Act for managers in Taiwan (Accton and Edgecore). They were held in Hsinchu and Zhunan for 78 attendees to teach managers how to calculate pension and on matters of note so they can help employees plan life after retirement. We plan to organize at least one session of each type of activity in the future to help employees prepare in advance and plan life after retirement.

To provide good channels for assisting retired employees or employees with terminated employer-employee relations, Accton provides exit interviews for departing employees to provide employees who are retiring or leaving the job with suitable care and communication channels so that they can obtain the assistance they need. The Company also provides information on the employees' severance pay and related employment service channels in accordance with local laws.

### Performance and Career Development Review

Talent training and development are critical for the growth of the Company. The Company uses regular performance evaluations to connect employees' personal targets with those of the organization and monitor the achievement status of the performance targets of the employees and organization to improve the performance of the Company together. The evaluation results are used as the basis for the personal development plans, performance improvement plans, promotions, salary adjustments, and other talent development measures to cultivate key talents and those with high potential. We empower employees to continue to strive for high-performance growth.

As employees in Taiwan and China account for over 95% of the Group's workforce, we shall focus on these two regions in this section.

Accton Group has introduced performance and learning management systems in accordance with the Company's "Performance Management and Evaluation Procedures". We use target management to implement regular annual performance evaluations. We establish goals at the beginning of the period, arrange mid-term bilateral communication and feedback between managers and subordinates, and implement annual performance evaluations at the end of the period. New employees shall, starting from the day they report for duty, verify the performance evaluation targets for new employees with the manager. They shall receive the new employee evaluation three months after reporting for duties. For employees with poor performance, the unit and employee shall set improvement targets together to enhance performance.

The performance appraisal mechanisms are jointly managed and promoted by three parties: 1. The human resources unit is responsible for the establishment and updates of the regulations, implementation of the review process, and the subsequent implementation of the talent development reward programs based on the results. 2. Senior decision-makers and unit managers shall promote and implement performance management in accordance with the regulations. 3. External and internal information units shall assist in maintaining the security of relevant data. Sampling inspections on the implementation status and subsequent implementation plans in addition to internal and external audits. The Company ensures the quality of the performance management procedures with the following measures: 1. Provide appropriate training to ensure that all participants correctly understand the spirit and implementation of performance management. 2. Provide a systematic platform for performance management to avoid human errors or omissions of data. 3. Regular reviews of the appropriateness of the regulations with senior decision-makers.

Except for managers with management level of Vice President or above, part-time workers, employees who have received approval for resignation, and employees who have not yet passed the new employee evaluation, all official indirect employees of Accton Technology in Taiwan shall receive regular performance evaluations each year. The number of employees totaled 2,867 in 2020, of which 1,421 were indirect employees. 1,273 employees met the aforementioned conditions for performance evaluation, and 100% of such employees received the performance evaluation. Direct employees shall receive monthly evaluations by their units after reporting for duties and they shall receive performance bonuses based on their work performance. Temporary workers are evaluated four months after reporting for duties and the results shall be used to determine whether they are promoted to official employees. Edgecore Networks does not have direct employees. Except for managers with management level of Vice President or above, part-time workers, employees who



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have received approval for resignation, and employees who have not yet been with the Company for at least three months, all official indirect employees of Edgecore Networks in Taiwan shall receive regular performance evaluations each year. The number of employees totaled 213 in 2020. 205 employees met the aforementioned conditions for performance evaluation, and 100% of such employees received the performance evaluation. Employees of JoyTech in China, except for those who reported for duties in the fourth quarter of the current year, shall receive regular annual performance evaluations. The number of employees totaled 1,421 in 2020. 1,380 employees met the aforementioned conditions for performance evaluation, and 100% of such employees received the performance evaluation.

In addition, Accton Technology implements new employee evaluation in accordance with the "Performance Management and Evaluation Procedures". Except for direct employees, employees with management level of Manager or above, and employees transferred from other companies within the Group, all new employees in Taiwan shall receive the new employee evaluations three months after they report for duties. The number of new employees totaled 763 in 2020. 272 employees met the conditions for new employee evaluation, and 100% of such employees received the new employee evaluation. Edgecore Networks

did not implement new employee evaluation in Taiwan. New employees are directly included in the annual performance evaluation three months after reporting for duties. The Company had a total of 70 new employees in 2020. New employees of JoyTech in China receive new employee evaluations three months after they report for duties. The number of new employees totaled 307 in 2020. 218 employees met the conditions for new employee evaluation and 100% of such employees received the performance evaluation.

100% of the eligible employees in Taiwan and Mainland China received the annual performance evaluation in 2020. There was no difference between the ratio of female/male employees and the same regulations applied to new employee evaluations.

In order to effectively connect personal, organizational, and corporate targets and maintain a comprehensive talent database, Accton Group will continue to promote the performance evaluation mechanisms and attain a regular evaluation ratio of 100%, with no difference between genders. The Company shall also regularly review the appropriateness and fairness of performance evaluation mechanisms to ensure the advancement of the performance evaluation system and the subsequent implementation of the talent development and reward plan.

Brief description of targets and track records			
2020 Goals	2020 Results	Short-term goals (2021-2022)	Medium and long-term goals
80% and above of employees receive the annual performance evaluation	100% of employees receive the annual performance evaluation	85% and above of employees receive the annual performance evaluation	Optimize the performance evaluation procedures
80% and above of employees receive the new employee evaluation	100% receive the new employee evaluation	85% and above of employees receive the new employee evaluation	Appropriate use of the evaluation results
			Continue to progress toward "zero-discrepancy" evaluation mechanisms

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Ratio of Taiwan and China Area Permanent Employee Received Annual Performance Evaluation										
Area	Job function		Number of employees		Number of employees that received performance evaluation		% of employees that received performance evaluation		Ratio of employees that received performance evaluation	Employee ratio
			Male	Female	Male	Female	Male	Female	F/M	F/M
Accton Taiwan	Direct personnel		-	-	-	-	-	-	-	-
	Indirect personnel	Management	155	58	155	58	100.0%	100.0%	37.4%	37.4%
		Professional	685	375	685	375	100.0%	100.0%	54.7%	54.7%
	Total		840	433	840	433	100.0%	100.0%	51.5%	51.5%
Edgecore Taiwan	Direct personnel		-	-	-	-	-	-	-	-
	Indirect personnel	Management	20	3	20	3	100.0%	100.0%	15.0%	15.0%
		Professional	124	58	124	58	100.0%	100.0%	46.8%	46.8%
	Total		144	61	144	61	100.0%	100.0%	42.4%	42.4%
JoyTech China	Direct personnel		527	295	527	295	100.0%	100.0%	56.0%	56.0%
	Indirect personnel	Management	135	69	135	69	100.0%	100.0%	51.1%	51.1%
		Professional	198	156	198	156	100.0%	100.0%	78.8%	78.8%
	Total		860	520	860	520	100.0%	100.0%	60.5%	60.5%
Total			1844	1014	1844	1014	100.0%	100.0%	55.0%	55.0%

Note1: This table does not include data from vice president and above management positions, those who did not passed the new employee assessment, and those who were not qualified to receive the performance assessment.

Note 2: Direct personnel in Taiwan regularly received performance evaluations by their management teams, therefore the data was excluded from the table.

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Ratio of Taiwan and China Area Permanent Employee Received New Employee Performance Evaluation										
Area	Job function		Number of employees		Number of employees that received new employee performance evaluation		% of employees that received new employee performance evaluation		Ratio of employees that received new employee performance evaluation	Employee ratio
			Male	Female	Male	Female	Male	Female	F/M	F/M
Accton Taiwan	Direct personnel		-	-	-	-	-	-	-	-
	Indirect personnel	Management	6	-	6	-	100.0%	-	-	-
		Professional	174	92	174	92	100.0%	100.0%	52.9%	52.9%
	Total		180	92	180	92	100.0%	100.0%	51.1%	51.1%
Edgecore Taiwan	Direct personnel		-	-	-	-	-	-	-	-
	Indirect personnel	Management	-	-	-	-	-	-	-	-
		Professional	-	-	-	-	-	-	-	-
	Total		-	-	-	-	-	-	-	-
JoyTech China	Direct personnel		116	78	116	78	100.0%	100.0%	67.2%	67.2%
	Indirect personnel	Management	-	-	-	-	-	-	-	-
		Professional	20	4	20	4	100.0%	100.0%	20.0%	20.0%
	Total		136	82	136	82	100.0%	100.0%	60.3%	60.3%
Total		316	174	316	174	100.0%	100.0%	55.1%	55.1%	

Note1: Excluding those who transferred from one subsidiary company to another, and those who were not qualified for new employee performance evaluation.

Note 2: Direct personnel in Taiwan regularly received performance evaluations by their management teams, therefore the data was excluded from the table.

Note 3: Edgecore does not implement new employee performance evaluation; new employees participated in annual performance evaluation after three months.



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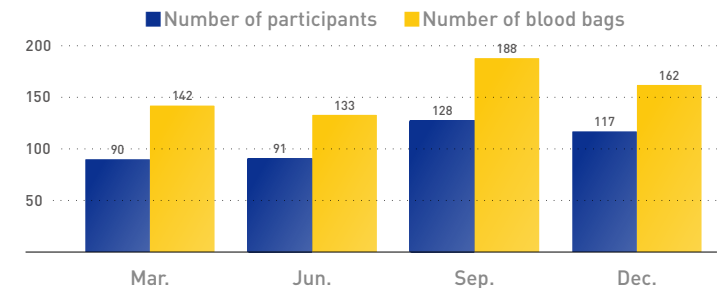
### Volunteer Activities

Accton and Edgecore continue the humanistic spirit of caring for society and encourage employees to contribute to environmental protection and social care responsibilities. We established a special "volunteer leave" on July 1, 2018, to provide all employees who participate in volunteer activities with "volunteer leave" based on the number of volunteer hours approved for the activity. The validity of the volunteer leave is one year from the date of the activity, and the volunteer leave is paid leave. In 2020, Accton E-Charity, Marketing Department, and the Employee Welfare Committee jointly organized two ecological conservation volunteering activities to promote the protection of the leopard cat. We supported farmers in Fengshu Village, Tongxiao Township, Miaoli County to expand the scope of promotion of toxic-free farmland and protect the endangered leopard cat and other creatures. Our goal was to help employees and their families understand the importance of respecting the ecology, the ecological value of Taiwan's land, and the importance of sustainable coexistence. Employees totaled 36 attendances and their family members totaled 47 attendances. As employees aged 31-50 accounted for a higher percentage of attendees, we need to work hard to promote increase in the participation of younger employees. Due to the impact of the pandemic, most of the activities in 2020 have been postponed. From 2017 to 2020, the total number of employees and their family members participating in volunteering activities were 169 attendances and 104 attendances, respectively. Accton has worked with Hsinchu Blood Center for 20 years to help resolve the blood shortage and save the lives of more patients. We organize quarterly blood donation drives which were supported by employees. 426 employees participated in the activity and donated 625 bags of blood in 2020.

### 2020 Ecological conservation activities in Taiwan Employee participation and age distribution



### Number of bags of blood donated and number of participants in 2020



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In 2021, we plan to establish a volunteer club to assemble and unite employees to form consensus and cohesion. We invite employees to participate in the discussion and implementation of projects in three areas, including ecological and environmental conservation, care and assistance for schools in remote areas, and care for the elderly or disadvantaged children and youths. Our short-term goal is to hold at least 4 volunteer activities in Accton Taiwan, with a target participation rate of 6% of the total number of employees, that is approximately 200 participants. Our medium and long-term goal is to have 500 employees participating in such activities. We will also make plans involving young parents and to encourage employees to bring their parents and children to attend volunteer activities. We seek to promote edu-

cation from a young age and help children learn to care, cherish, empathize, be thankful, and accompany those in need. After the activities, we ask employees to provide feedback on their experience and share the activity records and employees' thoughts on the Company's intranet to increase participation. JoyTech mainly focused on internal employee welfare activities in 2020 (including previous periods) for employees and their family members and has not yet made advancements other volunteering activities. Starting from 2021, it shall adopt similar strategies as the head office in Taiwan, and through the labor union organization, set a short-term goal of holding 19 volunteer activities, with employee participation of at least 14% or 260 attendances. We also set a medium and long-term goal of 592 employee attendances.

Brief description of targets and track records				
Region	2020 Goals	2020 Results	Short-term goals (2021-2022)	Medium and Long-Term Goals (2023-2025)
Accton Edgecore	No targets were set due to uncertainties of the severity of the pandemic	<ol style="list-style-type: none"> <li>2 leopard cat environmental protection education volunteer activities</li> <li>Employees registered 36 attendances</li> <li>426 employees participated in blood donation drives and donated 625 bags of blood</li> </ol>	<ol style="list-style-type: none"> <li>Establish the volunteer club</li> <li>Organize volunteer courses or seminars</li> <li>Organize at least 4 volunteer activities</li> <li>Target employee participation: 6% of the total number of employees or approximately 200 attendances</li> </ol>	<ol style="list-style-type: none"> <li>Organize at least 12 volunteer activities</li> <li>Target number of volunteer attendances: 500</li> <li>Encourage suppliers to jointly support social welfare activities</li> </ol>
JoyTech	Goals not set	No actual results	<ol style="list-style-type: none"> <li>Organize at least 19 volunteer activities</li> <li>Target employee participation: 14% of the total number of employees or approximately 260 attendances</li> </ol>	<ol style="list-style-type: none"> <li>Organize at least 40 volunteer activities</li> <li>Target number of volunteer attendances: 592</li> </ol>



**Accton**

Making Partnership Work

# 05 Environmental Value Natural Resources



# 5.1 Environmental Management

**Boundaries:** Accton (including Plant 1 and 2 in Hsinchu, Zhunan Plant in Miaoli, offices in Taipei, Hsinchu, Taichung, and Tainan) and its subsidiaries Edgecore and JoyTech. Plant 2 and Zhunan Plant were inaugurated in 2019 and statistics prior to 2018 are thus unavailable.

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## Environmental Management, Energy Conservation, and Carbon Emissions Reduction

Accton's process involves the use of surface-mount technology (SMT) to install electronic components on printed circuit boards (PCBs), which are electrically connected by means of soldering. It thus requires the placement of solder paste on PCBs where components must be welded with openings on steel plates to attach components to the corresponding positions on the PCBs. The process allows the PCBs with components attached to be heated in a reflow oven to melt the solder paste and form solid mechanical and electrical connections between the leads of the components and the copper film on the PCB. The entire process does not emit any wastewater and only produces small quantities of heated gas and waste. It is thus a manufacturing industry with low pollution and not placed under special management.

According to related regulations and general standards in the industry, a single violation of laws that accumulates more than NT\$1 million in fines is referred to as a severe violation of environmental protection regulations. In 2020, Accton, Edgecore, and JoyTech did not commit a severe violation of environmental protection regulations. However, in September 2020, Accton's Zhunan plant was fined NT\$12,000 by the Environmental Protection Bureau of Miaoli County Government in accordance with the Waste Disposal Act due to a problem in the waste data compilation for 2019. After receiving the correction, the Company immediately corrected the relevant data and completed the system report in accordance with the requirements of the Environmental

Protection Bureau of Miaoli County Government.

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 impacts by monitoring changes in energy use and implementing energy conservation management. For Accton Technology, externally purchased electrical power (indirect energy) is the main source of the Company's greenhouse gas emissions. Accton's offices in Taipei, Taichung, and Tainan are not production sites and no carbon emission inventories were conducted.

The greenhouse gas inventories of operations in Taiwan (Hsinchu Plant 1, Plant 2, and Zhunan Plant) were completed in June 2020 and the ISO14064-1:2018 certification statement was obtained in July 2020. The Company's operations in China, JoyTech, completed greenhouse gas inventory by self-inventory.

### 1. Energy intensity reduction goals:

Based on the baseline year of 2019, we aim to reduce overall energy intensity by 2% before 2025.

2020 Goals	2020 Results	Short-term goals (2020-2022)	Medium and Long-Term Goals (2023-2025)
The energy intensity in 2020 was decreased by 0.3% compared to 2019.	The energy intensity in 2020 was decreased by 0.4% compared to 2019.	Reduce energy intensity by 1% compared to the baseline year of 2019	Reduce energy intensity by 2% before 2025 compared to the baseline year of 2019

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### 2. Strategy:

To achieve environmental protection and sustainable management, we actively set management targets for continuous improvement in energy use and pollution prevention. We shall implement environmental management to reduce pollution, improve resource recovery and waste reduction, pursue both economic growth and environmental protection, and fulfill our corporate social responsibility. Accton has long advocated and implemented environmental protection and energy conservation and actively promotes multiple energy-saving programs in the plants and offices.

### 3. Environmental Management

#### 1. Implementation of the ISO 14001 Environmental Management System

By upholding the business philosophy of respect for life and with a deep understanding of the importance of Earth's limited resources and the importance of sustainable development, we completed the annual certification of the environmental management system ISO 14001:2015 for Accton's Plant 1, Plant 2, and Zhunan Plant in July 2020, and for JoyTech in August 2018. We also integrated it into the internal management system and production activities, including the interrelationship between processes, products, and the environment.

#### 2. Compliance with environmental protection regulations:

Accton regards regulatory compliance as the most basic requirement, and we did not commit any material violation of environmental laws in 2020. All our main plants are located in industrial zones, or science parks, or local industrial development zones. We implement measures to minimize the impact on the local ecosystem and environment in our regular operations. We also ensure that we cause no significant negative effects or impact on biodiversity.

#### 3. Pollution control policies

##### ● Air Pollution Management Policy

The air quality has deteriorated in recent years and its impact on the health of people has increased. Particulate pollutants from various sources of emissions are the main culprits and PM2.5 has become one of the most important indicators of particulate pollutant emissions in recent years. We have implemented self-inspections on total hydrocarbon (THC), particulate pollutants (Par) for Accton's Plant 1, Plant 2, and Zhunan Plant. The results of smokestack inspections

were 30% lower than the standards specified in the "Stationary Pollution Source Air Pollutant Emissions Standards" and "Air Pollution Control and Emissions Standards for the Semiconductor Industry", which means that they will not impact the environment.

##### ● Wastewater and Sewage Management Policy

No wastewater is produced in the production processes at Accton's Plant 1, Plant 2, and Zhunan Plant, and JoyTech, and the plants only produced employees' domestic wastewater, which is adequately treated before discharge into the wastewater treatment system.

##### ● Waste Management Policy

All waste from Accton's plants and offices, Edgecore, and JoyTech is classified and sorted according to regulations and approved by the government for waste removal, disposal, transportation, treatment, and reuse.

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## 4. Environmental protection expenditures

Unit: NTD

Plant	Expenditure Item	2018	2019	2020
Plant 1	ISO certification fee	98,700	98,700	254,581
	Test fee	65,573	25,395	24,684
	Waste disposal fees	1,120,535	1,326,100	1,134,257
	Facilities' repairs and maintenance fees	28,448	N/A	1,735
Plant 2	ISO certification fee	Note 1	N/A	83,000
	Test fee	Note 1	5,749	50,750
	Waste disposal fees	Note 1	276,200	260,500
	Facilities' repairs and maintenance fees	Note 1	N/A	389
Zhunan Plant	ISO certification fee	Note 1	N/A	254,580
	Test fee	Note 1	N/A	67,620
	Waste disposal fees	Note 1	487,524	2,579,612
	Facilities' repairs and maintenance fees	Note 1	N/A	35,081
Edgecore	Waste disposal fees	34,824	39,445	34,194
Taipei Office	Waste disposal fees	Included in management fees	Included in management fees	Included in management fees
Taichung Office	Waste disposal fees	Included in management fees	14,300(Note 2)	85,800
Tainan Office	Wastewater treatment fees	7,761	10,369	9,752
JoyTech	Safety expenses	2,947,404	3,003,016	2,727,953
	Environmental protection equipment	205,334	226,723	179,668
	Hazardous waste disposal	106,945	94,112	106,945
	Energy (technical improvement and monitoring)	303,724	226,723	226,723
	Environmental management system certification expenses	397,835	397,835	205,334
Total		5,317,084	6,232,191	8,515,659

\*Note 1: Plant 2 and Zhunan Plant were not yet operational in 2018.

\*Note 2: As Taichung office relocated in November 2019, it only incurred waste disposal fees in November and December.

\*Note 3: No relevant data available.

\*Note 4: Calculated based on the RMB to NTD exchange rate of 1:4.2778.



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### 5. Wastewater statistics

Unit: m<sup>3</sup>

Plant	2018	2019	2020
Plant 1	30,373	35,365	29,760
Plant 2	Note 2	1,466	862
Zhunan Plant	Note 2	4,247	12,267
Edgecore	2,339	2,557	2,194
Tainan Office	443	494	541
JoyTech	135,934	149,606	140,125
Total	169,089	193,735	185,749

Note 1: The wastewater production of Plant 2 and Zhunan Plant was estimated based on 80% of tap water consumption volume.

Note 2: Plant 2 and Zhunan Plant were not yet operational in 2018.

Note 3: Sewage in Taipei and Taichung offices was included in the total discharge from the building.

### 6. Waste output and recycling rate

Accton is committed to environmental sustainability and waste recycling and reuse. We have gradually increased the recycling rate from 57.08% in 2018 to 78.30% in 2020.

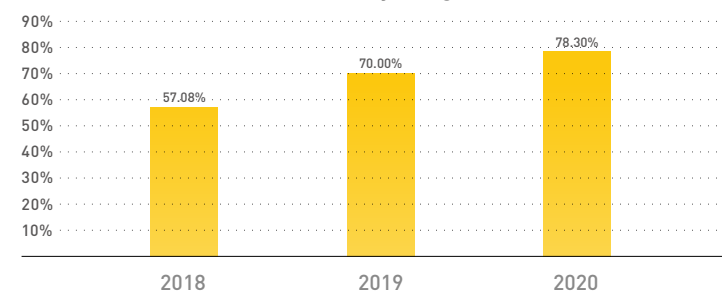
Unit: metric tons

Output category	Plant	2018	2019	2020
Total waste output	Plant 1	435	655	348
	Plant 2	Note 1	218	107
	Zhunan Plant	Note 1	157	790
	Edgecore	2	2	2
	JoyTech	570.0	565.4	370.3
	Total	1,007.0	1,597.4	1,617.3
Total resource recycling and reuse volume	Plant 1	331	557	277
	Plant 2	Note 1	171	83
	Zhunan Plant	Note 1	140	723
	Edgecore	0.8	0.9	0.7
	JoyTech	243.0	249.3	182.7
	Total	574.8	1,118.2	1,266.4
Recycling and reuse rate	Plant 1	76.09%	85.04%	79.60%
	Plant 2	Note 1	78.44%	77.57%
	Zhunan Plant	Note 1	89.17%	91.52%
	Edgecore	40.00%	45.00%	35.00%
	JoyTech	42.63%	44.09%	49.34%
	Total	57.08%	70.00%	78.30%

\*Note 1: Plant 2 and Zhunan Plant were not yet operational in 2018.

\*Note 2: Sewage in Taipei, Taichung, and Tainan offices was included in the total discharge from the building. No relevant weight records are available.

### Waste recycling rate



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### Consumption of energy and water resources

Accton's energy sources included fossil fuels (e.g., natural gas, diesel, gasoline, and liquefied petroleum gas) and purchased electricity. Fossil fuels are mainly used for emergency power generators, lawn mowers, forklifts, company vehicles, and cafeterias. Externally purchased electrical power is the largest source of greenhouse gas emissions of Accton's main production sites.

Unit: MJ

Item	Plant	2018	2019	2020
Purchased electricity	Plant 1	24,514,798	28,244,552	25,445,628
	Plant 2	Note 2	2,510,161	2,412,335
	Zhunan Plant	Note 2	10,459,350	23,003,132
	Edgecore	1,529,042	1,857,928	1,682,532
	Tainan Office	882,947	893,369	1,952,784
	JoyTech	98,338,032	110,377,188	95,569,128
	Sub-total	125,264,819	154,342,548	151,163,420
gasoline	Plant 1	687,202	644,781	595,632
	JoyTech	595,273	357,856	286,272
	Sub-total	1,282,475	1,002,637	881,904
diesel	Plant 1	175,494	233,734	371,949
	Zhunan Plant	Note 2	25,040	178,132
	JoyTech	329,605	351,691	351,691
	Sub-total	505,099	610,465	901,772
liquefied petroleum gas	Plant 1	105,701	136,980	118,979
	Sub-total	105,701	136,980	118,979
Total		127,158,093	156,092,630	153,066,074

Note 1: Source of data: The data on energy and heat value factors are taken from the Greenhouse Gas Emission Factor Management Table Version 6.0.4 with 7,800 kcal/L for gasoline, 8,400 kcal/L, for diesel, and 6,635 kcal/m<sup>3</sup> for liquefied petroleum gas.

Note 2: Plant 2 and Zhunan Plant were not yet operational in 2018.

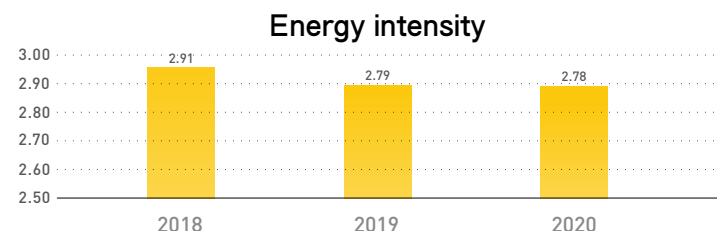
Note 3: The electricity bills of Taipei and Taichung offices were included in the management fees.

### Energy intensity:

The energy intensity in 2020 decreased by 0.4% compared to 2019. The energy intensity statistics of the main Accton operations (Plant 1, Plant 2, Zhunan Plant, Edgecore, and JoyTech in Shenzhen) in the most recent three years were as follows:

Unit: MJ/ NT\$ thousand

2018	2019	2020
2.91	2.79	2.78



Note: Accton's consolidated sales revenue (source: CSR Reports from previous years <https://www.accton.com/wp-content/uploads/2021/03/csr2019.pdf>)

Note: Energy intensity = electricity consumption (MJ)/NT\$ thousand in output.

### Tap water consumption

Unit: m<sup>3</sup>

Plant	2018	2019	2020
Plant 1	46,715	48,514	41,580
Plant 2	Note 1	1,833	1,078
Zhunan Plant	Note 1	5,309	15,334
Edgecore	2,923	3,197	2,742
Tainan Office	554	617	676
JoyTech	138,112	151,474	141,515
Total	188,304	210,944	202,925

Note 1: Plant 2 and Zhunan Plant were not yet operational in 2018.

Note 2: Tap water consumption in Taipei and Taichung offices were included in the total use of the building.

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### Greenhouse gas emissions statistics:

The current GHG inventory boundary of the Company includes direct (Scope 1), energy indirect (Scope 2) GHG emission sources. As data on other indirect GHG emission sources (Scope 3 to 6) are not within the scope of control of Accton, the quality of statistics on activities is lower. They are, therefore, not included in the boundaries of the report or quantified.

Externally purchased electrical power in scope 2 is the largest source of greenhouse gas emissions of Accton's main production sites.

Plant 1 and Zhunan Plant implemented self-inventory prior to 2018 and the first external certification was 2019's ISO14064-1:2018 done in 2020. The certification refers to the process in ISO 14064-1:2018 and the Greenhouse Gas Inventory and Registration Guidelines of the EPA.

Unit: t-CO2e/year

Plant	2018		2019		2020	
	Scope 1	Scope 2	Scope 1	Scope 2	Scope 1	Scope 2
Plant 1	92	3,820	271	4,457	255	3,836
Plant 2	Note 2	Note 2	N/A	379	N/A	341
Zhunan Plant	Note 2	Note 2	28	1,549	120	3,252
JoyTech	71	24,692	54	27,465	40	23,790
Sub-total	163	28,643	353	33,976	415	31,650
Total	28,806		34,329		32,065	

Note 1: The electricity emission coefficient for all plants in Taiwan and JoyTech is based on the Taipower's electricity emission coefficient of 0.509 kg CO2e/kWh in 2019.

Note 2: Plant 2 and Zhunan Plant were not yet operational in 2018; Plant 2's scope 1 emissions in 2019 and 2020 met requirements for exclusion and were thus not quantified.

Note 3: Results from Edgecore Networks were included in the Plant 1 inventory.

Note 4: Offices in Taipei, Taichung, and Tainan are not production sites, and no carbon emission inventories were conducted.

Note 5: Plant 1 and Zhunan Plant implemented external certification in 2019 while other plants conducted self-inventory.

### Management Performance

#### 1. ISO14001:2015 Environmental Management System

Hsinchu Plant 1, Plant 2, and Zhunan Plant in Taiwan as well as JoyTech in Mainland China have obtained the ISO 14001: 2015 Environmental Management System certification. Accton's offices in Taipei, Taichung, and Tainan, and Edgecore are not production sites and were not included in the scope of certifications.

#### 2. ISO 14064-1:2018 Greenhouse Gas Inventory

Hsinchu Plant 1 and Zhunan Plant in Taiwan obtained ISO 14064-1:2018 Greenhouse Gas Inventory certification for 2019 in 2020. In 2021, we shall add Hsinchu Plant 2 into the scope of the 2020 inventory and implement self-inventory for JoyTech. Due to the small sizes of the Taipei, Taichung, and Tainan's offices and Edgecore's plant area, they have low carbon emissions, therefore, the greenhouse gas inventory was not conducted.

#### 3. ISO 50001:2018 Energy Management System Certification

JoyTech already obtained the ISO50001:2011 Energy Management System certificate in 2017 and obtained the ISO 50001:2018 certificate update in 2020. Hsinchu Plant 1, Plant 2, and Zhunan Plant in Taiwan are expected to obtain the ISO 50001: 2018 Environmental Management System certification in 2021. Accton's offices in Taipei, Taichung, and Tainan, and Edgecore are not production sites and were not included in the scope of certifications.

#### 4. Accton, Edgecore, and JoyTech implemented energy conservation measures in 2020 and saved 1,320,206 MJ (336,724kwh) of electricity.

The energy conservation and carbon emissions reduction measures are as follows:

1. Administrative management: Not easy to quantify due to technical difficulties and no related statistical data are available.
  - a. Full utilization of electronic signing and approving procedures to reduce paper usage.
  - b. Strict management of the demands for power, as well as the lighting and air conditioning in unused areas.
  - c. Control air-conditioning equipment and adjust the start-up of main ice and water equipment according to the actual room temperature and production in the factory.
  - d. Set time control for the ventilation fans in the basement.



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## 2. Equipment improvement

Plant	Item	Investment amount (NT)	Annual electricity savings (kWh)	Annual electricity savings (MJ)	Annual carbon emissions reduction (t CO2)
Plant 1	Added variable frequency equipment for the 20HP ventilation fans in the basement.	105,000	43,848	157,853	22.32
	Continue to maintain the normal operation of the LED lights in the basement invested by the Company	150,000	35,040	126,144	17.84
Plant 2	Added variable frequency equipment for the exhaust turbines (3.7KW) to operate normally at 50HZ	100,000	6,905	24,858	3.51
Zhunan Plant	Removed one light tube from each lighting device on 1F and 5F	32,000	215,592	776,131	109.74
JoyTech	Allow customers to apply for reduced burn-in time by an average of 30% compared to previous time by reducing the features and functions of models in 2020	0	65,339	235,220	33.26
Sub-total		387,000	366,724	1,320,206	186.66

Note: The electricity emission coefficient for all plants in Taiwan and JoyTech is based on the Taipower's electricity emission coefficient of 0.509 kg CO2e/kWh in 2019. Results from Edgecore were included in the Plant 1 statistics.

Note: Related equipment improvements and energy conservation data were based on the Company's own estimates.

## 5. Promoting Environmental Protection and Public Welfare

After classifying resource waste, including iron and aluminum cans, plastic bottles, glass bottles, paper, etc., we cooperate with charity organizations (Tzu Chi) to clean up the recyclables. The overall waste recycling rate in 2020 was 78.30%. Kitchen waste and waste cooking oil are entrusted for joint processed and reused to effectively protect the environment, recycle and reuse resources, and support charity activities of public institutions.

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# 5.2 Hazardous Substance Management

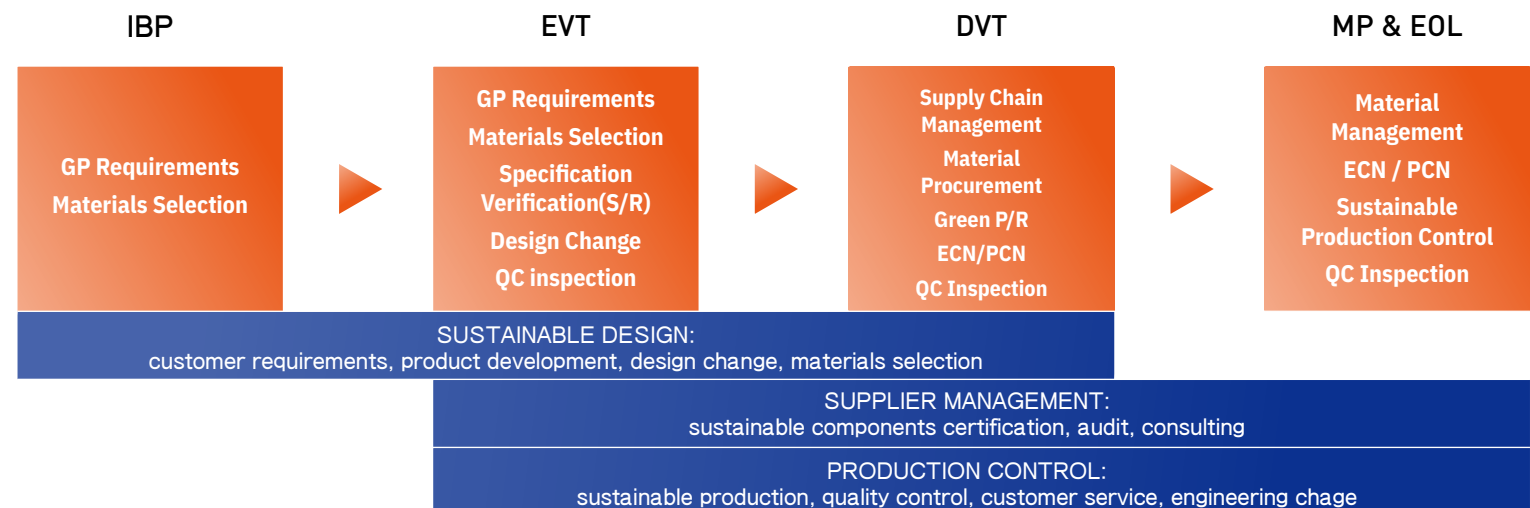
Boundaries: Accton and the subsidiaries Edgecore and JoyTech

## Green Production

Work to create a high-quality green supply chain and provide products that support environmental sustainability.

Accton aims to implement its policy of "commitment to green design to reduce the environmental impact of products and ensure zero use of hazardous substances," fulfill corporate responsibilities for environmental sustainability, meet stakeholders' expectations, and continue to comply with international regulatory requirements [RoHS (EU/China/Taiwan/Ukraine/UAE, etc.), EU REACH, CA Pro 65, EU Battery Directive, etc.]. Accton continuously reviews the management of hazardous substances and updates the regulations in the "Accton Green Product Hazardous Substance Management" each year in accordance with international regulations, customer requirements, and environmental protection trends. We also fulfill our duties for hazardous substance management in the production process and the supply chain and work together with suppliers to create a green product supply chain to achieve the goal of zero use of hazardous substances.

## Green Management Process



Accton Technology continues to promote the plan for zero use of hazardous substances with alternative substances to reduce the environmental impact of products and achieve the goal of zero use of hazardous substances while providing green products with no hazardous substances and low environmental impact.

The Company conducted supplier material surveys starting from the R&D stage to ensure that the Company's supply chain of materials complies with RoHS, REACH, and other relevant international regulations and customer requirements. In 2020, a total of 197 suppliers responded to the hazardous substance report and 224 product models were surveyed. 100% of all models complied with related international regulations/directives on hazardous substances and customer requirements. In addition to the survey on suppliers' materials, the Company implemented XRF inspections for inbound materials in accordance with the inbound material sampling inspection plan starting from inbound material inspections. The disqualification rate in sampling inspections of materials in 2020 was 0%.

In terms of green product systems, the Company regularly implements IECQ QC080000 system certification and has completed and passed the annual IECQ QC080000 system certification in December 2020.

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# 5.3 Carbon Emissions Reduction with Leopard Cat Rice — Support the Local Ecological Environment and Sharing

## Accton Technology Sponsors Leopard Cat Rice | Real Actions in Caring for the Land in Taiwan

Accton Technology upholds the idea of "Making Partnership Work," and we have expanded the idea to incorporate care for the land, society, and global community.

Accton announced the partnership with farmers of the two leopard cat rice fields in Miaoli on March 11, 2020 to support their adoption of eco-friendly farming methods to grow organic rice, protecting leopard cats and their habitat. This action supports two UN Sustainable Development Goals: SDG 8 Decent Work and Economic Growth and SDG 12 Responsible Consumption and Production.

Accton took part in the contracted cultivation of two leopard cat rice fields named "Ecological Feast Park" and "Diversity and Sharing Rice Field". "Ecological Feast Park" is named to convey the value of happy coexistence. The rich and diverse ecology in the environmentally friendly rice fields is a paradise for animals and insects as well as a wonderful place for humans. "Diversity and Sharing Rice Field" aims to convey the value of diversity and sharing because diversity and interactions between all creatures in the ecosystem are indispensable for creating a rich source of nutrients in the land and producing fuller grains of rice.

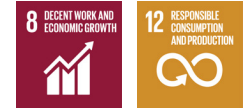
The total area of the two rice fields is 2.49 hectares. Ecological

Feast Park has produced 3,174 kilograms of rice while the Diversity and Sharing Rice Field has produced 5,887 kilograms of rice. Both received a third-party certification for zero pesticide usage. The eco-friendly land is home to a rich ecosystem and is gradually home to more wildlife, such as leopard cats, crab-eating mongooses, and Chinese bamboo partridges, which meet the Company's values of diversity, sharing, and ecological conservation. In addition, we shared the leopard cat rice with Accton Group employees, social welfare organizations, suppliers, and customers to increase people's awareness of conservation efforts for the endangered species.

As the company with the largest contracted farmland cultivation area, Accton hopes to convert real actions into influence and encourage more people to pay attention to the ecological values of Taiwan's environment. The total carbon footprint from the cultivation of the leopard cat rice in 2020, based on our own estimations, was 1.17e+04 kg Co<sub>2</sub>e. The total carbon emissions in the farming and processing, based on our own estimations, was 2.13e+00 Kg Co<sub>2</sub>e/kilogram of processed rice.



For related news reports and photographs of Accton's Leopard Cat Rice farming project, please visit <https://www.accton.com.tw/leopard-cat-rice/>





# 06 Appendix



# 6.1 Appendix

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## Third-Party Assurance Statement



### ASSURANCE STATEMENT

#### SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE ACCTON TECHNOLOGY CORPORATION'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2020

##### NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by Accton Technology Corporation (hereinafter referred to as Accton) to conduct an independent assurance of the Corporate Social Responsibility Report for 2020 (hereinafter referred to as the Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during on-site verification in the period of 16 April 2021 to 25 May 2021. SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

##### INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all Accton's Stakeholders.

##### RESPONSIBILITIES

The information in the Accton's CSR Report of 2020 and its presentation are the responsibility of the directors or governing body (as applicable) and management of Accton. SGS has not been involved in the preparation of any of the material included in the Report.

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

##### ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for report quality, and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

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

Assurance Standard Options		Level of Assurance
A	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)	n/a
B	AA1000ASv3 Type 1 (AA1000AP Evaluation only)	Moderate

Assurance has been conducted at a moderate level of scrutiny.

TWLPP 5008 Issue 2104

##### SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

Select specific reporting criteria included in the contract

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

- AA1000 Assurance Standard v3 Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018) at a moderate level of scrutiny; and
- evaluation of the report against the requirements of Global Reporting Initiative Sustainability Reporting Standards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with.

##### ASSURANCE METHODOLOGY

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

##### STATEMENT OF INDEPENDENCE AND COMPETENCE

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

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

##### FINDINGS AND CONCLUSIONS

##### VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the specified performance information included in the scope of assurance is accurate, reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.

We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

TWLPP5008 Issue 2104

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#### AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

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

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

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

**Impact**  
Accton has demonstrated a process on identify and fairly represented impacts that encompass a range of environmental, social and governance topics from wide range of sources, such as activities, policies, programs, decisions and products and services, as well as any related performance. Measurement and evaluation of its impacts related to material topic were in place at target setting with combination of qualitative and quantitative measurements.

#### GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, Accton's CSR Report of 2020, is adequately in line with the GRI Standards in accordance with Core Option. The material topics and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. For future reporting, it is recommended to have more descriptions of Accton's involvement with the impacts for each material topic (103-1), and how efforts were given to mitigate the impacts.

It is recommended to have more disclosures how Accton integrate SDGs into Accton's business strategies and how to identify potential opportunities related to SDGs which may have positive influence in enhancing the creating shared value of Accton.

Signed:  
For and on behalf of SGS Taiwan Ltd.



David Huang  
Senior Director  
Taipei, Taiwan  
31 May, 2021  
[www.sgs.com](http://www.sgs.com)



AA1000  
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000-8/V3-EZ0PF



## 6.2 GRI Standards Comparison Table

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GRI 102: General Disclosures				
GRI Standard	Core Requirement	Disclosure Items	Corresponding Chapters/Sections and Explanation	Page Number
Organizational Profile				
	⊙	102-1 Name of the organization	2.1 Company Overview Products and services	22
	⊙	102-2 Activities, brands, products, and services	2.1 Company Overview Products and services	22- 23
	⊙	102-3 Location of headquarters	2.1 Company Overview Products and services	22
	⊙	102-4 Location of operations	2.1 Company Overview Products and services	22
	⊙	102-5 Ownership and legal form	2.1 Company Overview Products and services	22
	⊙	102-6 Markets served	2.2 Economic Performance	22, 24
	⊙	102-7 Scale of the organization	2.1 Company Overview Products and services	22-24
	⊙	102-8 Information on employees and other workers	4.1 Remuneration and Benefits	47-50
	⊙	102-9 Supply chain	2.4 Privacy and Transaction Security 2.5 Supplier Management	30, 32
	⊙	102-10 Significant changes to the organization and its supply chain	2.4 Supplier Management	32-33
	⊙	102-11 Precautionary principle or approach	2.2 Economic Performance 2.4 Privacy and Transaction Security 2.5 Supplier Management	25-26, 30, 35
	⊙	102-12 External initiatives	Did not participate in external initiatives	
	⊙	102-13 Membership of associations	1.3 Sustainability Performance	10
Strategy				
	⊙	102-14 Statement from senior decision-maker	1.1 A Message from the Chairman	5-6
Ethics and Integrity				
	⊙	102-16 Values, principles, standards, and norms of behavior	1.2 Sustainable Development 2.5 Supplier Management 3.2 Ethics and Integrity	8, 34, 42-44
		102-17 Mechanisms for advice and concerns about ethics	3.2 Ethics and Integrity	42-44
Governance				
	⊙	102-18 Governance structure	1.2 Sustainable Development 3.1 Corporate Governance	7, 37
		102-19 Delegating authority	1.2 Sustainable Development	7
		102-20 Executive-level responsibility for economic, environmental, and social topics	1.2 Sustainable Development	7
		102-21 Consulting stakeholders on economic, environmental, and social topics	1.4 Material Topics and Stakeholder Engagement	20
		102-23 Chair of the highest governance body	3.1 Corporate Governance	38
		102-24 Nominating and selecting the highest governance body	3.1 Corporate Governance	38
		102-25 Conflicts of interest	3.1 Corporate Governance	38-39
		102-26 Role of highest governance body in setting purpose, values, and strategy	3.1 Corporate Governance	38-39
		102-27 Collective knowledge of highest governance body	3.1 Corporate Governance	38-39
		102-28 Evaluating the highest governance body's performance	3.1 Corporate Governance	39-41
		102-29 Identifying and managing economic, environmental, and social impacts	1.2 Sustainable Development 3.1 Corporate Governance	17-19

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GRI 102: General Disclosures				
GRI Standard	Core Requirement	Disclosure Items	Corresponding Chapters/Sections and Explanation	Page Number
		102-32 Highest governance body's role in sustainability reporting	1.2 Sustainable Development	7
		102-36 Process for determining remuneration	3.1 Corporate Governance	37-39
Stakeholder Communication				
	⊙	102-40 Stakeholder groups	1.4 Stakeholder Engagement and Communication	17, 19-20
	⊙	102-41 Collective bargaining agreements	No collective bargaining agreements have been signed	
	⊙	102-42 Identifying and selecting stakeholders	1.4 Stakeholder Engagement and Communication	17-20
	⊙	102-43 Approach to stakeholder engagement	1.4 Stakeholder Engagement and Communication	19-20
	⊙	102-44 Key subjects and concerns raised	1.4 Stakeholder Engagement and Communication	19-20
Reporting practice				
	⊙	102-45 Entities included in the consolidated financial statements	1 About the Report	4
	⊙	102-46 Defining report content and topic boundaries	1 About the Report 1.4 Stakeholder Engagement and Communication	4, 17
	⊙	102-47 List of material topics	1.4 Stakeholder Engagement and Communication	19
	⊙	102-48 Restatements of information	6.3 Information Correction Table	103
	⊙	102-49 Changes in reporting	1 About the Report	4
	⊙	102-50 Reporting period	1 About the Report	4
	⊙	102-51 Date of most recent report	1 About the Report	4
	⊙	102-52 Reporting cycle	1 About the Report	4
	⊙	102-53 Contact point for questions regarding the report	1 About the Report	4
	⊙	102-54 Claims of reporting in accordance with the GRI Standards	1 About the Report	4
	⊙	102-55 GRI content index	6.2 GRI Standards Comparison Table	98-102
	⊙	102-56 External assurance	1 About the Report	4

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Disclosure of Material Topics				
Topic		Disclosure	Corresponding Chapters/Sections and Explanation	Page Number
<b>GRI 200: Economic Disclosures</b>				
<b>Sustainable Development</b>				
GRI103: Management Approach	103-1	Explanation of the material topic and its boundary	1.4 Material Topics and Stakeholder Engagement	19
	103-2	The management approach and its components	1.4 Material Topics and Stakeholder Engagement 1.2 Sustainable Development	7-8, 19-20
	103-3	Evaluation of the management approach	1.2 Sustainable Development 1.3 Sustainability Performance	7-16
<b>Corporate Governance</b>				
GRI103: Management Approach	103-1	Explanation of the material topic and its boundary	1.4 Material Topics and Stakeholder Engagement	19
	103-2	The management approach and its components	1.4 Material Topics and Stakeholder Engagement 3.1 Corporate Governance	19-20, 37-39
	103-3	Evaluation of the management approach	3.1 Corporate Governance	37-41
<b>Customer Satisfaction</b>				
GRI103 : Management Approach	103-1	Explanation of the material topic and its boundary	1.4 Material Topics and Stakeholder Engagement	19
	103-2	The management approach and its components	1.4 Material Topics and Stakeholder Engagement 2.3 Customer Satisfaction	19-20, 27
	103-3	Evaluation of the management approach	2.3 Customer Satisfaction	27-29
<b>Economic Performance</b>				
GRI103: Management Approach	103-1	Explanation of the material topic and its boundary	1.4 Material Topics and Stakeholder Engagement	19
	103-2	The management approach and its components	1.4 Material Topics and Stakeholder Engagement 2.2 Economic Performance	19-20, 24-25
	103-3	Evaluation of the management approach	2.2 Economic Performance	24-25
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	2.2 Economic Performance	24-25
	201-3	Defined benefit plan obligations and other retirement plans	4.1 Remuneration and Benefits 4.3 Talent Development	58, 78-79
	201-4	Financial assistance received from government	2.2 Economic Performance	25
<b>Ethics and Integrity</b>				
GRI103: Management Approach	103-1	Explanation of the material topic and its boundary	1.4 Material Topics and Stakeholder Engagement	19
	103-2	The management approach and its components	1.4 Material Topics and Stakeholder Engagement 3.2 Ethics and Integrity	19-20, 42-44
	103-3	Evaluation of the management approach	3.2 Ethics and Integrity	42-44
GRI 205 Anti-Corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	3.2 Ethics and Integrity	42-44



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<b>GRI 200: Economic Disclosures</b>				
Privacy and Transaction Security				
GRI103: Management Approach	103-1	Explanation of the material topic and its boundary	1.4 Material Topics and Stakeholder Engagement	19
	103-2	The management approach and its components	1.4 Material Topics and Stakeholder Engagement 2.4 Privacy and Transaction Security	19-20, 30-31
	103-3	Evaluation of the management approach	2.4 Privacy and Transaction Security	30-31
No applicable GRI indicator	Set by the Company	Information Security Promotion Committee	2.4 Privacy and Transaction Security	30
<b>GRI 400: Social Disclosures</b>				
Remuneration and Benefits				
GRI103: Management Approach	103-1	Explanation of the material topic and its boundary	1.4 Material Topics and Stakeholder Engagement	19
	103-2	The management approach and its components	1.4 Material Topics and Stakeholder Engagement 4.1 Remuneration and Benefits	19-20, 46-59
	103-3	Evaluation of the management approach	4.1 Remuneration and Benefits	46-59
GRI 401: Employers-employee relations 2016	401-1	New employee hires and employee turnover	4.1 Remuneration and Benefits	51-53
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.1 Remuneration and Benefits	54-56
	401-3	Parental leave	4.1 Remuneration and Benefits	56
GRI 405: Diversity and Equal Opportunity 2016	405-1	Employee diversity and equal opportunities	4.1 Remuneration and Benefits	48-51
	405-2	Ratio of basic salary and remuneration of women to men	4.1 Remuneration and Benefits	58
Occupational Health and Safety				
GRI103: Management Approach	103-1	Explanation of the material topic and its boundary	1.4 Material Topics and Stakeholder Engagement	19
	103-2	The management approach and its components	1.4 Material Topics and Stakeholder Engagement 4.2 Occupational Health and Safety	19-20, 60-74
	103-3	Evaluation of the management approach	4.2 Occupational health and safety	60-74

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Topic		Disclosure	Corresponding Chapters/Sections and Explanation	Page Number
GRI 403: Occupational Health and Safety 2018	403-1	Occupational Safety and Health Management System	4.2 Occupational health and safety	60-61
	403-2	Hazard identification, risk assessment, and incident investigation	4.2 Occupational health and safety	65-67
	403-3	Occupational Health Services	4.2 Occupational health and safety	68-74
	403-4	Worker participation, consultation, and communication on occupational health and safety	4.2 Occupational health and safety	60-61
	403-5	Worker training on occupational health and safety	4.2 Occupational health and safety	62-64
	403-6	Promotion of worker health	4.2 Occupational health and safety	68-72
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.2 Occupational health and safety	62-66
	403-8	Workers covered by an occupational health and safety management system	4.2 Occupational health and safety	65-67
Talent Development				
GRI103: Management Approach	103-1	Explanation of the material topic and its boundary	1.4 Material Topics and Stakeholder Engagement	19
	103-2	The management approach and its components	1.4 Material Topics and Stakeholder Engagement 4.3 Talent Development	19-20, 75-84
	103-3	Evaluation of the management approach	4.3 Talent Development	75-84
GRI 404: Training and Education 2016	401-1	Average hours of training per year per employee	4.3 Talent Development	76-77
	401-2	Programs for upgrading employee skills and transition assistance programs	4.3 Talent Development	78-79
	401-3	Percentage of employees receiving regular performance and career development reviews	4.3 Talent Development	79-82

Disclosure of Current State				
Topic		Disclosure Items	Corresponding Chapters/Sections and Explanation	Page Number
GRI 302: Energy 2016	302-1	Energy consumption within the organization	5.1 Environmental Management	90
	302-3	Energy intensity	5.1 Environmental Management	90
GRI 305: Emissions 2016	305-2	Energy indirect (Scope 2) GHG emissions	5.1 Environmental Management	91
	305-5	Reduction of GHG emissions	5.1 Environmental Management	92
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	5.2 Hazardous Substance Management	93

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**Accton**

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