

# PEGATRON

2022

PEGATRON Sustainability Report





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## About the Report

Since 2009, PEGATRON has issued a sustainability report by the end of June every year, which includes the Group's performances in the areas of environment (E), society (S) and economy (G) for the previous year. The fifteenth annual sustainability report is issued in 2023, which continued to disclose information about PEGATRON Group's commitment to various sustainability issues, management policies, strategic goals and performance results in 2022. This report is issued in traditional Chinese, simplified Chinese and English, and disclosed on the official website for interested parties to view. The previous annual report was issued in June 2022, and no restatement of information was made to the previous version of the report. the cash dividend information for 2020 was incorrectly stated as 5.5 (dividend per share/\$), while it was actually 4.5 (dividend per share/\$), and the information was restated in this report.

The reporting period of this report is from January 1, 2021, to December 31, 2021, which is consistent with the reporting period of the Financial Report PEGATRON referred. This report is composed by PEGATRON Corporation, includes Headquarter (HQ) and Taiwan operation center in Taiwan, Central China operation center (Maintek, Cotek and Casetek in Suzhou), East China operation center (Protek in Shanghai and Pegaglobe in Kunshan), West China operation center (Digitek and Kaichuan in Chongqing) in China, Mexico manufacturing center in America, Czech manufacturing center in Europe, Indonesia factory, Vietnam operation center, and India operation center. The above mentioned sites are important operating bases of our company.

The disclosure scope in this report includes entities that account for more than 80% of consolidated revenues, and does not include other subsidiaries, except for the financial results of other subsidiaries due to the adoption of the IFRS consolidated financial statements. The disclosed information has not been adjusted for the interests of minority shareholders, and there is no merger, acquisition, or disposition of entities or parts of them.

This report was prepared by the Sustainability Working Team in accordance with the 2021 edition of the GRI General Guidelines issued by the Global Sustainability Standards Board (GSSB). In order to enhance the accuracy and transparency of the disclosed contents of the report, the President and CEO approved to entrust a third-party certification unit, DNV, which is independent and capable of making an objective and fair judgment on the organization's sustainability report, to conduct an external assurance in accordance with DNV VeriSustain™, AA1000 AS V3, and the GRI Generic Standard 2021 standards. External assurance is provided in accordance with the standards of DNV VeriSustain™, AA1000 AS V3 and GRI Generic Standard (2021). The statement of assurance is attached as an appendix to this report, and the financial data is based on the financial report certified by an accountant.

## 學院之樹

在一道長廊的盡頭，冬陽傾斜  
溫暖，寧靜，許多半開的窗  
擁進一片曲綫凶猛的綠  
我探身端詳那樹，形狀  
介乎暴力和同情之間  
一組持續生長的隱喻  
劇痛的葉蔭以英雄起霸的姿勢  
穩重地覆蓋在牧歌和小令的  
屏息安定，乃有千萬隻  
仰望天上慢慢飄流的  
又如大航行時代錯落  
在長久節制的尋覓過程  
凝視平靜燠熱的海面，北  
南回歸線之北，不期然  
發現一群季候性的水族  
正沉默地向西洩游

「彩色蝴蝶，一個小女孩輕聲  
驚呼道。我回頭看見她  
戀慕地（肯定是教授的女兒）  
瞪著身邊一扇半開的窗說：  
「我想要這些彩色的蝴蝶。」  
我們趨近那悠長的三色堇  
兩翅疊合在夢裏：「我想  
把它捉到，我想然後我想  
輕輕將它夾在書裏。不疼的」  
不疼，可是它會死  
留下失去靈魂的一襲乾燥的彩衣  
在書頁的擁擠裏，緊靠著文字  
回憶和思想裏，我從頭看見那小女孩  
淡黃的頭髮，有一天的  
她將我長大的書架，有一天  
以無數個的千鈞一髮的瞬間  
和夢想，風雨仍吹動著天上的雲  
因為月亮的照耀，她的臉上  
映著一種難以言喻的寧靜，又象  
「彩色蝴蝶，一個小女孩輕聲」

If you have any question, comment or suggestion regarding the content of this report, please contact.

**PEGATRON Corporation** Corporate Quality and Sustainable Development Center

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## Operational performance took off against the wind, and the results of sustainability took root.



### Letter from CEO

The outbreak of the Russian-Ukrainian war led to a sharp rise in international energy and raw material prices, further pushing up inflation and causing central banks to start a cycle of interest rate hikes. Under the impacts of tightening monetary policies and financial market turbulence in major economies, the overall economy has become weaker, and the demand for end-consumption has slowed down. Faced with the headwind of weak global consumer demand, PEGATRON still made every effort to adjust its product portfolio and production capacity in line with its customers. And at the same time, its key subsidiaries also proactively capitalized on the business opportunities of new and existing products in the past year, which resulted in the growth of consolidated revenue for the year as compared to the previous year. However, due to the impact of the fluctuation of the global capital market and the stock and foreign exchange market, the non-operating income was reduced as compared to the previous year, which resulted in the decline of net income after tax as compared to the previous year.

At the same time, PEGATRON still actively echoes the United Nations Sustainable Development Goals (SDGs) and responds to stakeholders' concerns on sustainability issues. Faced with the impact of climate change and the global wave of carbon reduction, PEGATRON has announced that it has joined the Scientific Basis for Carbon Reduction Initiative (SBTi) and will follow the requirements of SBTi to set carbon reduction targets by 2030. PEGATRON also plans to expand its carbon management scope to include its subsidiaries and suppliers, to plan for a phase-by-phase carbon reduction strategy, to lead its Group's and the supply chain's low-carbon transformation. In addition, the Group refers to the Climate Change Financial Disclosure (TCFD) framework to identify risks and opportunities associated with climate change and formulates measures to mitigate operational impacts and capitalizes on transformation opportunities.

In addition, as an important part in the global electronics supply chain, PEGATRON has joined the Responsible Business Alliance (RBA) and set up a strict environmental safety and health management system to protect employees' rights and interests in the workplace in accordance with international initiatives and customers' specifications. At the same time, we also require suppliers to implement occupational safety and health and labor rights management. In addition, we also continue to feedback to the society. In 2022, we organized more than 30 social care activities with more than 31,000 participants, covering disadvantaged care, environmental protection and local participation, etc. We look forward to fulfilling our corporate social responsibility from a more diversified perspective.

PEGATRON has been selected as a constituent of the FTSE4Good Taiwan Sustainability Index for eleven consecutive times. In the future, PEGATRON will continue to strive to optimize ESG performance and the industry value chain, and will work together with all stakeholders to achieve sustainability and common good.

**President and CEO**  
Kuang-Chih Cheng, Kuo-Yen Teng





# PEGATRON Sustainable Development

Focus on stakeholder communication and  
material topics respond.





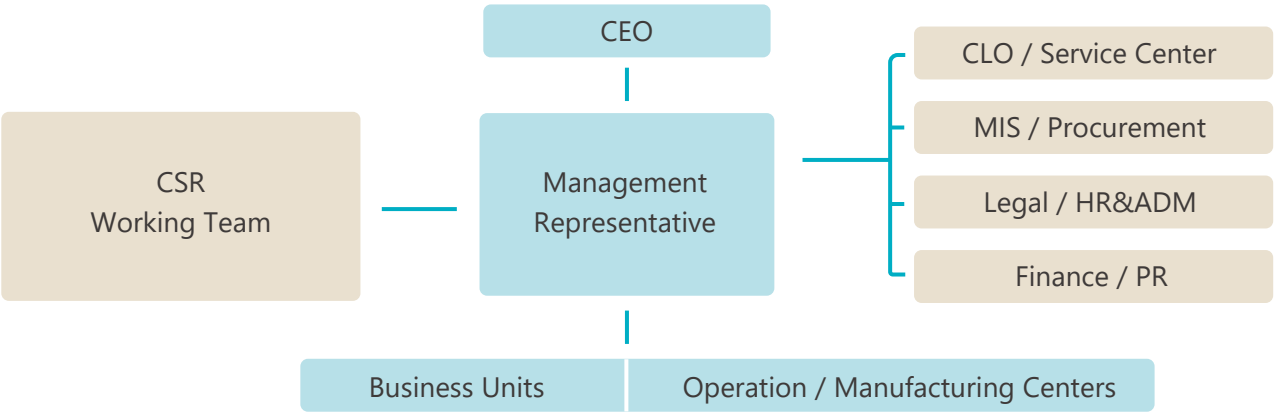
Social Responsibility Commitment

Be in line with social responsibility as an excellent corporate citizen.

Sustainable Governance

PEGATRON's sustainability activities are planned and managed by the PureCSR (PEGATRON Corporate Social Responsibility) Steering Committee, with the Board of Directors serving as the highest decision making body for major economic, environmental and social topics. The Board of Directors has authorized the president and CEO to serve as the head of the committee in accordance with the Code of Practice for Sustainable Development. Members of the Committee include the Chief Logistic Officers, Corporate Quality and Sustainable Development Center, Human Resources & Administration Center, Procurement Center, Customer Service Business Unit, Computer Center, Finance and Accounting Center, Legal & IPR Center, representatives from each business unit, and representatives from each plant. Each committee member identifies stakeholders based on their respective responsibilities and responds to their concerns in their daily works. The PureCSR Steering Committee, on the other hand, is responsible for coordinating cross-departmental issues. The Committee reports the relevant implementation plans and performances to the President and CEO on a regular basis. After the plans and performances have been reviewed and approved by senior management, the issues, including the achievement of sustainability targets, the results of communication and responses to stakeholders and the results of the risk management policy and identification, will also be presented to the Board of Directors at least once a year. Members of the Board of Directors manage the company's economic, environmental and social impacts and decide on the measures to be taken in response jointly.

PureCSR Steering Committee



In order to effectively manage sustainability related issues, PEGATRON has established a Corporate Social Responsibility and Safety & Health Management System (PureCSR Management System) and formulated a "Sustainable Development Practice Principle" in 2022, which was approved by the Board of Directors, and covers the operational activities of PEGATRON and the Group as a whole. PEGATRON is committed to actively practicing sustainable development while engaging in business operations, and formulating sustainable development policies, systems, or related management policies in line with international development trends, taking into account the relevance of domestic and international sustainability issues to the core business of the Company, and the impacts of the Company's own and its Group's overall operating activities on stakeholders, etc. PEGATRON sets up dedicated environmental management units and personnel to formulate, promote, and maintain relevant environmental management systems and specific action plans, and to organize environmental education and safety and health courses for management and employees on a regular basis.

The PureCSR Steering Committee is not only responsible for setting annual goals and objectives, but also conducts regular internal and external audits, corrects deficiencies, and reviews the effectiveness of implementation through management review meetings. In order to ensure that the results meet international standards and customer needs, we have actively introduced international standardized management systems, including environmental management system (ISO 14001), occupational health and safety management system (ISO 45001), quality and non-hazardous substance management system (ISO 9001 & IECQ QC 080000), greenhouse gas inventory (ISO 14064-1), and energy management system (ISO 50001), and publicly discloses the assurance status of third-party certified organizations on its official website.

PureCSR policy

- 1. Abide by all environmental protection, labor, safety and health laws.
- 2. Conserve all natural resources, and actively prevent pollution.
- 3. Reduce environmental impact and safety risk.
- 4. Satisfy customer requirements and become an entirely green enterprise.
- 5. Enable company-wide promotion of corporate responsibility in a social environment.
- 6. Summon all employees to participate in the program and continuously improve it.

PEGATRON corporate social responsibility implements

- 1. Abide by environmental and labor laws, regulations and other international requirements to meet global environmental protection, labor rights and zero- hazard activity.
- 2. Educate entire staffs, making them aware to protect environment, respect the dignity of life, cherish natural resources, ensure safety and promote physical and mental health of everyone.
- 3. Achieve the goal of effective resource consumption through reusing and recycling of resources as well as supervise waste management to prevent from being reused or re-sold.
- 4. Enhance the monitoring and reducing of environmental pollutant and risk management. Meanwhile, improve the efficiency of resource utilization to reduce the impacts on the environment as well as disclose the environmental performance regularly.
- 5. Promote the independence and reliability of the self-management so as to optimize the quality of occupational hazard control, and reduce occupational risks to build a satisfied work environment.
- 6. Establish a management system for corporate social responsibility to improve the efficiency for environmental protection, ethics, labor rights, safety and health.
- 7. Implement greenhouse gas inventory and reduction program to practice greenhouse gas reduction to meet international trends in environmental protection and customers' requirements.
- 8. Implement energy and natural resource management to optimize the utilization rates on them in different stages of design, purchase and use to achieve the goal of continuous improvement, as well as promote the overall environmental performance.
- 9. Openly pledge the company's commitment in protecting the environment and labor rights and reducing occupational hazards as well as regularly disclose corporate social responsibility information to enhance the trust and communication with stakeholders.
- 10. Abide by ethics code of conduct, including business integrity, no improper advantage, not to bribe or take bribes, and to protect the personnel who raise any concerns or inform against illegal acts from being fear of retaliation.
- 11. Emphasize on equal opportunities as well as prohibit any kinds of harassment, discrimination or inhumane treatment, and establish two-way communication channels and the mechanism for employee consultation and participation to maintain good relationship between employees and employers.
- 12. Continually address the conflict minerals issues and exercise due diligence on the sources of conflict minerals to conduct responsible procurement.
- 13. Do our best to summon our suppliers to comply with related corporate social responsibility regulations and RBA(formerly the EICC) Code of Conduct to sustainably grow together with our suppliers.



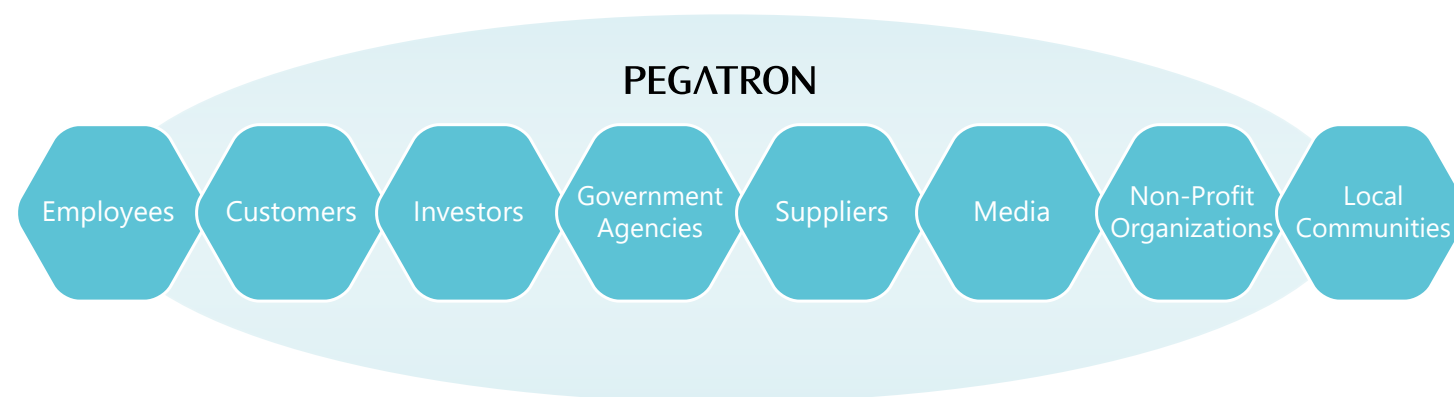
## Stakeholder Communication

### Actively build a bridge of communication and respond to the concerns of the eight stakeholders.

PEGATRON emphasizes the importance of communication and cooperation with different stakeholders. In addition to setting up a stakeholder communication area and an external communication box (Honest\_Box@pegatroncorp.com) on the company's official website, which is managed by a dedicated staff, the PureCSR Steering Committee, with reference to AA1000SES, identifies eight major stakeholders relevant to operations, including employees, customers, investors, government agencies, suppliers, media, non-profit organizations, and local communities, in order to grasp the concerns of both internal and external stakeholders. And then through appropriate communication methods, understands the reasonable expectations and needs of stakeholders, and appropriately responds to important sustainable development issues they concerned.

Through the compilation and publishment of the report, PEGATRON publicly discloses its sustainable development performance and actions to engage in two-way communication with stakeholders, understands the needs and demands of different stakeholders, and reviews its internal sustainability management strategies.

#### List of Stakeholders



#### Material Topics and Communication Channels

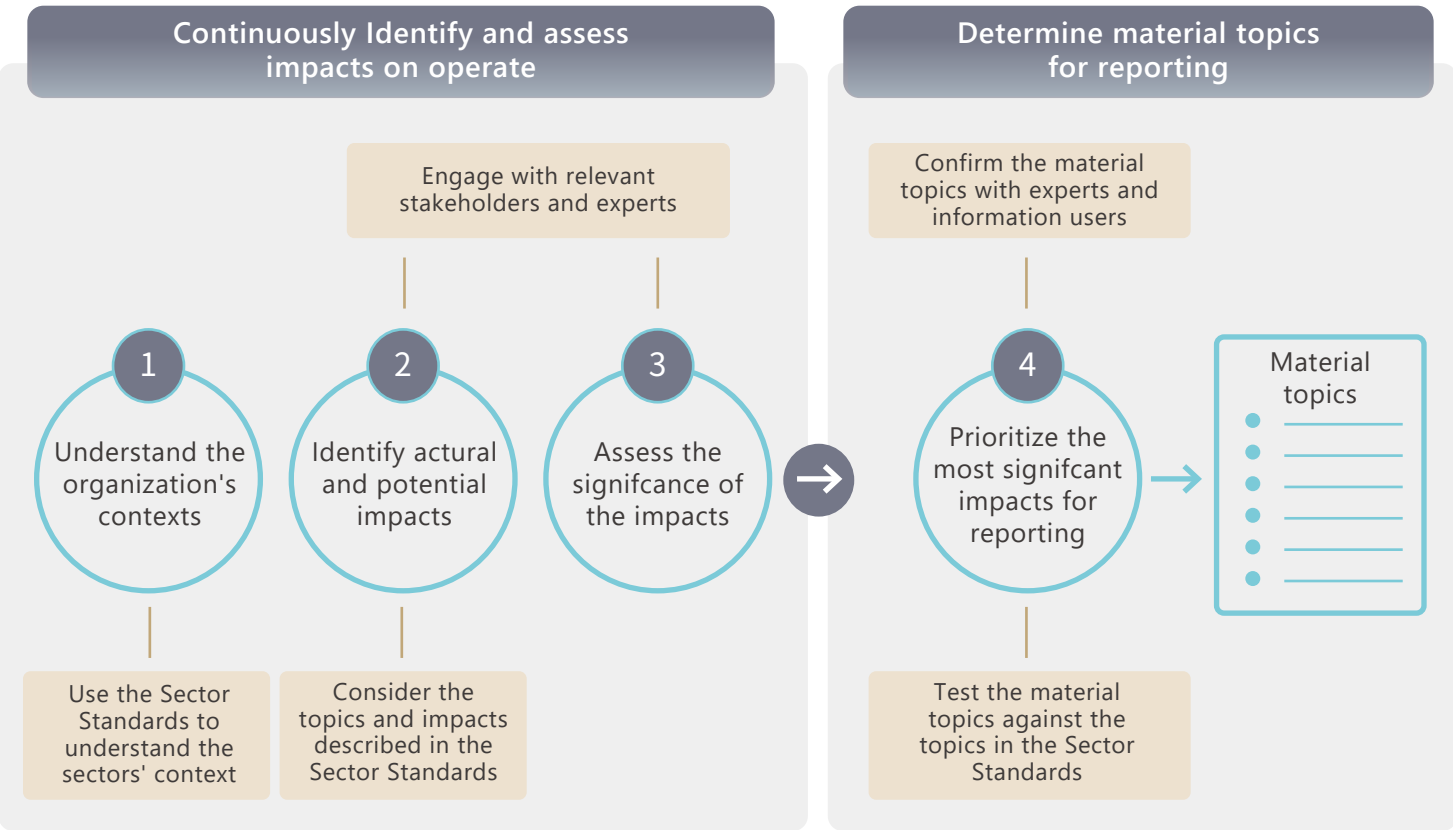
Stakeholder	Material Topic	Communication Channel and Frequency
Customer	<ul style="list-style-type: none"> <li>Economic Performance</li> <li>Environmental Compliance</li> <li>Risk Management</li> <li>Energy Management</li> <li>Corporate Governance</li> <li>Greenhouse Gas Emissions</li> </ul>	<ul style="list-style-type: none"> <li>QBR / Aperiodic</li> <li>Customer Audits / Aperiodic</li> <li>Regular or Irregular Meetings / Aperiodic</li> <li>RBA-Online / Aperiodic</li> <li>Customers' Websites or Platforms / Aperiodic</li> </ul>

Stakeholder	Material Topic	Communication Channel and Frequency
Employee	<ul style="list-style-type: none"> <li>Ethics and Integrity</li> <li>Employment</li> <li>Corporate Governance</li> <li>Occupational Health and Safety</li> </ul>	<ul style="list-style-type: none"> <li>Regular Meetings / Monthly</li> <li>Internal Websites / Aperiodic</li> <li>Internal Publications or Announcements / Aperiodic</li> <li>Grievance Box / Aperiodic</li> <li>Coffee Talks / Annual</li> <li>Hotline / Aperiodic</li> <li>Labor-Management Meetings / Quarterly</li> </ul>
Investor	<ul style="list-style-type: none"> <li>Employment</li> <li>Economic Performance</li> <li>Risk Management</li> <li>Environmental Compliance</li> <li>Waste Management</li> </ul>	<ul style="list-style-type: none"> <li>Monthly Business Reports / Monthly</li> <li>Shareholders' Meetings / Annual</li> <li>Investor Conferences / Quarterly</li> <li>Annual Reports / Annual</li> <li>Market Observation Post System (MOPS) / Aperiodic</li> </ul>
Supplier	<ul style="list-style-type: none"> <li>Supplier Environmental Assessment</li> <li>Ethics and Integrity</li> <li>Supplier Social Assessment</li> <li>Corporate Governance</li> <li>Procurement Practices</li> </ul>	<ul style="list-style-type: none"> <li>Supplier Conferences / Annual</li> <li>Supplier Audits / Annual</li> <li>Supplier Relationship Management Platform / Aperiodic</li> <li>External Communication Mailbox / Aperiodic</li> <li>RBA-Online &amp; IPE / Aperiodic</li> </ul>
Community	<ul style="list-style-type: none"> <li>Ethics and Integrity</li> <li>Economic Performance</li> <li>Environmental Compliance</li> <li>Greenhouse Gas Emissions</li> <li>Local Communities</li> </ul>	<ul style="list-style-type: none"> <li>External Communication Mailbox / Aperiodic</li> </ul>
Government	<ul style="list-style-type: none"> <li>Risk Management</li> <li>Environmental Compliance</li> <li>Occupational Health and Safety</li> <li>Corporate Governance</li> </ul>	<ul style="list-style-type: none"> <li>Public Hearings on Policy / Aperiodic</li> <li>Questionnaires and Interviews / Aperiodic</li> <li>Projects and Initiatives / Aperiodic</li> <li>Conferences / Aperiodic</li> </ul>
Media	<ul style="list-style-type: none"> <li>Employment</li> <li>Child Labor</li> <li>Ethics and Integrity</li> <li>Economic Performance</li> <li>Market Presence</li> <li>Anti-Corruption</li> </ul>	<ul style="list-style-type: none"> <li>Press Conferences / Aperiodic</li> <li>Press Releases / Aperiodic</li> <li>External Communication Mailbox / Aperiodic</li> </ul>
NGO	<ul style="list-style-type: none"> <li>Corporate Governance</li> <li>Ethics and Integrity</li> <li>Economic Performance</li> <li>Environmental Compliance</li> <li>Risk Management</li> <li>Occupational Health and Safety</li> <li>Greenhouse Gas Emissions</li> <li>Waste Management</li> </ul>	<ul style="list-style-type: none"> <li>Courses or Seminars / Aperiodic</li> <li>Conferences / Aperiodic</li> <li>External Communication Mailbox / Aperiodic</li> </ul>



Material Topics Identification

7 major material topics are identified throughout the comprehensive consideration of the impacts on business operations and the concerns of stakeholders.



Step 1. Understand organizational context and identify actual and potential impacts.

In order to effectively understand the organizational context, PEGATRON has comprehensively considered the activities, business relationships, stakeholders, and sustainability of all entities over which on control ability, including global trends, industry characteristics, operational activities, product types, customer attributes, supply chain relationships, employee composition, external recommendations, and the countries and regions where business relationships take place, and then identified 20 sustainability issues based on the three categories of Environment, Society, and Governance.

PEGATRON identifies the actual and potential positive and negative impacts on products, services, investments, purchases, and workers of PEGATRON's business activities based on its own operating conditions, industry characteristics, and the actual circumstances of other business relationships, and summarizes them in the table below. Actual impacts are defined as impacts that have already occurred, while potential impacts are impacts that may occur but have not yet occurred. These impacts include positive or negative, short term or long term, intentional or unintentional, reversible or irreversible impacts.

Step 2. Evaluate the significance of the impacts.

In order to further assess the significance of each impact, PEGATRON has gone through a two stage analysis process, incorporating both quantitative and qualitative analyses by integrating the recommendations from external stakeholder feedback and the results of the internal identification by Corporate Quality & Sustainable Development Center.

Category	Sustainability Topics	Positive Impact	Negative impact
Environment	Climate Change	Mitigating the Impact of Climate Change through Energy Saving and Carbon Reduction	No action results in contribution of worsening climate change
	Energy management	Reducing Energy Consumption and Accelerating the Advancement of Energy Saving Technologies	Overuse of energy indirectly leads to energy shortages
	Greenhouse Gas Emissions	Mitigating the Global Greenhouse Effect and Leading to Supply Chain Transformation	Accelerating the extent of the greenhouse effect and stalling the low carbon transition
	Waste Management	Enhance the recycling capacity and efficiency of the transportation industry	Pollution and damage to the local environment
	Water Resources Management	Increasing water use efficiency and protecting water sources	Make water resources scarce or increase the level of risk
	Hazardous Substances Management	Promote the reduction of harmful substances and protect the environment and ecology	Inability to effectively control suppliers and environmental pollution
Social	Occupational Health and Safety	Ensuring Worker Safety and Promoting Health Awareness	Resulting in injury or loss of lives of workers in the line of duty
	Talent Acquisition and Retention	Enhancing working conditions and creating a happy workplace	The worker is not properly remunerated or is unable to stay in the job for long
	Human Capital and Development	Enhancement of employment conditions and stable development of talents	Human capital is not valued in the workplace
	Labor Rights	Protecting workers' rights and benefits at work	Overtime work or hazardous environments impacting employees' health
	Social Care	Investing resources in underprivileged, environmental protection, arts and cultural organizations	Outside resources are not available to organizations in need
	Diversity and Equality	Supporting Diversity and Creating an Equal Working Environment	Unequal workplace environment or lack of complaint channels
Governance	Economic Performance	Revitalizing the industrial economy and expanding production capacity	Stagnation of industrial activity or the inability to promote technology
	Corporate Governance	Creating a transparent governance environment to protect investors' interests	Lack of proper governance may affect the Company's operational performance
	Risk Management	Reducing operational impacts due to potential risks	Financial impacts will affect investors' equity
	Supply Chain Management	Enhancement of trading conditions and goods supply quality in the supply chain	The occurrence of negative events that violate or impact on human rights
	Innovative R&D	Investing in technological innovation to drive industrial upgrading	Lack of technological innovation may result in lost orders
	Information Security	Protection of confidential information of customers and stakeholders	Lead to reveal of customer confidential or product information
	Customer Service	Enhance the quality of product production and after-sales service	Provision of inappropriate services may affect the reputation of customers
	Compliance	Ensure that customer products comply with local regulatory requirements	Customers will lose money if production stops due to violation of the laws



Category	Sustainability Topics	Positive Impact			Negative impact		
		Severity	Likelihood	Score	Severity	Likelihood	Score
Environment	Climate Change	4.83	5	24.17	4.27	4	17.07
	Energy Management	4.83	5	24.17	4.28	5	21.42
	Greenhouse Gas Emissions	5.00	5	25.00	4.30	5	21.52
	Waste Management	4.17	3	12.50	4.25	4	17.01
	Water Resources Management	3.50	2	7.00	4.19	3	12.56
	Hazardous Substances Management	4.17	2	8.33	4.28	4	17.12
Social	Occupational Health and Safety	4.83	5	24.17	4.39	5	21.93
	Talent Acquisition and Retention	4.50	3	13.50	4.23	3	12.70
	Human Capital and Development	4.00	3	12.00	4.20	3	12.59
	Labor Rights	4.67	5	23.33	4.37	5	21.83
	Social Care	3.67	2	7.33	4.15	2	8.29
	Diversity and Equality	3.50	2	7.00	4.16	2	8.32
Governance	Economic Performance	5.00	3	15.00	4.20	3	12.61
	Corporate Governance	4.50	3	13.50	4.22	4	16.88
	Risk Management	4.50	4	18.00	4.24	2	8.49
	Supply Chain Management	4.50	3	13.50	4.23	4	16.91
	Innovative R&D	4.67	3	14.00	4.13	2	8.27
	Information Security	4.50	5	22.50	4.28	5	21.38
	Customer Service	4.67	3	14.00	4.24	4	16.94
	Compliance	5.00	5	25.00	4.43	5	22.17
Overall Average		4.45	3.55	16.20	4.25	3.70	15.80

In the first stage, PEGATRON used internal and external stakeholder questionnaires to identify the level of stakeholders' concern about the issues and the levels of economic, environmental and social impacts that PEGATRON may be impacted. After getting 246 questionnaires form the eight stakeholders, the second stage of evaluation was based on the results, and then the Corporate Quality and Sustainable Development Center evaluated the possibility of positive and negative impacts of each issue, and multiplied the scores of the two stages to get the overall score of the issue, as detailed in the table below.

Issues with a combined positive and negative impact score above the average are considered to be highly significant. A total of seven issues met the criteria for significance this time, including climate change, energy management, greenhouse gas emissions, occupational health and safety, labor and human rights, information security, and regulatory compliance, which are all included in the list of significant sustainability issues.






### Step 3. Prioritize the stories with the most significant impacts

Considering that each of the seven material topics belongs to the categories of environment, society and governance, and the scores of positive and negative impacts are high and low respectively, and that they impact different stakeholders, the material topics are not been prioritized. But rather, the policies, actions, and management approaches of each issue are disclosed repectively. The boundaries of each material topics, the refered chapters, and the corresponding United Nations development goals are shown in the table below.

In addition to reporting and responding to the material topics in the annual sustainability report, PEGATRON also use the report as a focus for communication and improvement in daily operations by adopting the concept of PDCA (Plan-Do-Check-Action) to set up management policies, and evaluating the effectiveness of the management policies on a regular basis. The effectiveness of these management policies is regularly evaluated. The Company's environmental, social and governance themes, as well as their impacts, risks and opportunities, are regularly reported to the Board of Directors on an annual basis. The report includes the results of the year's implementation as well as the results of stakeholder identification and communication, in order to facilitate the top management's involvement in the strategy development and effectively track of ESG issues, and to ensure that the report's disclosure has covered all material topics.

### The boundaries of material topics

● Direct impact
■ Contributing to the impact
▲ Directly related to the impact through business relationship

Category	Material Topic	Chapter	Issue Boundaries								Corresponding United Nations Sustainable Development Goals (SDGs)
			PEGATRON	Clients	Supplier	Investor	Government	Community	Media	Non-profit organization	
Governance	Compliance	2.3.2 Statutory Compliance	●	▲	▲		■				
	Information Security	2.4 Information Security	●	▲	▲						
Environment	Energy Management	4.1.1 Energy Management	●	■	▲						 
	Greenhouse Gas Emissions	4.1.2 Greenhouse Gases	●	■	▲	▲	■			▲	
	Climate Change	4.1 Climate Change	●								
Social	Labor Rights	5.1 Employment Relationship	●	▲		▲	■			▲	 
	Occupational Health and Safety	5.3 Occupational Safety and Health	●	▲	●		■			▲	

Note 1: The disclosure boundaries of material topics are all PEGATRON Group, and only the financial performance figures include other subsidiaries covered in the consolidated financial statements.

Note 2: The number of material topics has decreased by three compared to the previous year, and the reduced issues include "economic performance, waste management, and talent recruitment and retention," while the two new material topics are "information security" and "climate change", and the other two material topics only have the names of the items been adjusted, including the adjustment of the environmental compliance to compliance, and the labor-employer relationship to labor rights.



Sustainable Development Goals (SDGs)

Growth, Equality, and Mutualism

The United Nations published Sustainable Development Goals (SDGs) in 2014, including 17 Goals and 169 Targets. As a corporate citizen and one of the essential roles on the global supply chain of the technology industry, PEGATRON proactively responds to the SDGs in 3 directions on sustainability, which are boosting the growth of the economy (Growth), maintaining the equality of society (Equality), and benefiting the environment towards mutualism (Mutualism) to fulfill the responsibility of corporate citizenship with actual acts.






Boost the Growth of Economy (Growth)

PEGATRON continues to accumulate inner capacity in R&D and technology to develop new products for responding to the market trends and extending our businesses towards different fields. We focus on increasing revenue and creating local working opportunities to boom economic development and cultivate local talents.

Maintain the Equality of Society (Equality)

PEGATRON supports gender equality in the workplace by taking practical actions. Every gender can have equal opportunity for employment, promotion, and development. For international labor rights, involuntary or forced labor is forbidden. We cooperate with our partners via constant communication to learn from others and promote labor rights jointly in the industry value chain.

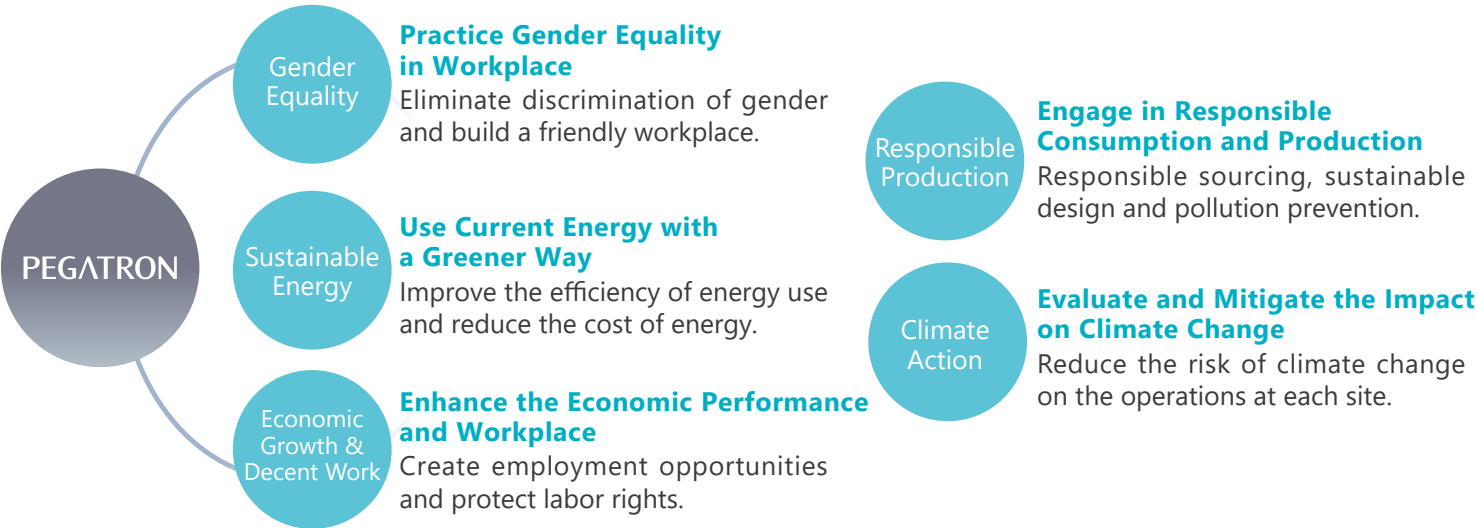
SDGs targets, actions, and performances of PEGATRON

UN SDGs		Actions and Indicators					
		Target		Action		Indicator	Performance
	Gender Equality	E	Equality of society (Equality)	Eliminate discrimination of gender and build a friendly workplace	Implement gender equality policy Promotion of maternity protection	Closure rate of gender equality relevant opinions Completion rate of maternity workplace practice	100% 100%
	Affordable and Clean Energy	M	Benefiting the environment towards mutualism (Mutualism)	Improve the efficiency of energy use and reduce the cost of energy	Implement energy management and reduction projects	Number of ISO 50001 certificates in facilities Electricity usage per million NTD in revenue	3 2.30 GJ/ million NTD
	Decent Work and Economic Growth	G	Growth of economy (Growth)	Create employment opportunities	Elevate the economic performance Create opportunities for decent jobs	Revenue Number of Employees	Reached NTD 1317.5 billion 147,360 persons
				Cultivate and retain the talents	Provide multiple training resources	Multiple training channels	refer to Employee Training chapter
		E	Equality of society (Equality)	Protect labor rights	Perform no child labor policy	Completion rate of Zero Child Labor Policy	100%
				Prevent involuntary labors	Perform voluntary employment policy	Closure rate of involuntary employment relevant grievance cases	No involuntary employment grievance cases
	Responsible Consumption and Production	M	Benefiting the environment towards mutualism (Mutualism)	Sustainable design	Implement hazardous substances management	Completion rate of HSF training	100%
				Contamination prevention	Promotion of waste recycling treatment	Ratio of waste recycling	76%
		E	Equality of society (Equality)	Responsible sourcing	Responsible minerals survey	Completion rate of responsible minerals survey	97.5%
				Sustainable supply chain	Conduct supply chain management	Completion rate of the supplier CSR audit Completion rate of responding PEGATRON Supplier Responsible Business Alliance Code of Conduct Agreement	100% 96%
	Climate Action	M	Benefiting the environment towards mutualism (Mutualism)	Reduce the risks of climate change on the operations to each site	Conduct greenhouse gas emissions reduction projects	GHG emissions per million NTD in revenue	0.34 tCO2e / million NTD

Benefit the Environment towards Mutualism (Mutualism)

PEGATRON engages in economic development, meanwhile takes environmental protection into account. We respond to issues like climate change and scarcity of energy resources by improving energy utilization efficiency, environmentally friendly design and green production. We continue to reduce the negative impacts caused by our operations and activities towards the environment and optimize the utility efficiency of energy and resources through continuous improvement and innovative technology in our operations.

PEGATRON’s Sustainable Development Goals







# Corporate Governance



With integrity management as the cornerstone, PEGATRON continues to drive economic growth and master risk management.





# Management of Material Topics

## Material Topics

Regulatory Compliance, Information Security

## Positive or negative impact

- (1) Compliance with local government laws and regulations, and the establishment of information security management systems will help to ensure the goodwill of customers and the security of product information.
- (2) In case of violation of laws, it will affect the stability of the production of the customer's products and may bring environmental or social impacts to the local community.

## Management policies or measures

- (1) The Legal Affairs & IRP Center informs relevant departments the latest regulatory developments and organizes educational trainings. And then each unit will update the regulatory information in accordance with the enforcement of the law, and at the same time, through the establishment of management procedures and regulatory compliance checks to ensure that no violation occurs.
- (2) The Information Center formulates information security policies and systems, and organizes internal education and trainings on a regular basis.

## Goals and Achievements

- (1) No significant penalties for non-compliance with regulatory requirements in 2022
- (2) ISO 27001 certification for critical sites

the stage of accelerated growth of the Internet of Things, 5G, and AI technologies, PEGATRON's core capabilities not only can be applied to the smart home field, but also be extended to various applications such as the Internet of Vehicles. In terms of operations, the global economic situation has been impacted by the Sino-US trade dispute and the COVID-19 epidemic, which has also affected regional manufacturing activities. In addition to continuously improving automation production capacity, PEGATRON has increased the overall capacity utilization rate through appropriate resource allocation and cost control management. At the same time, PEGATRON has also actively adjusted its global manufacturing layout to provide a variety of manufacturing base options based on the end market and customer needs, to reduce economic costs and the impacts of fluctuations in the supply chain.

PEGATRON owns operation and manufacturing locations globally, including Taiwan, China, United States, Mexico, Czech, Indonesia, Vietnam, and India in 2022. With the global operation network, the Company hopes to provide timely support to customers and offers all value-added services as a one-stop shop for total solutions.

## PEGATRON File

Company name	PEGATRON Corporation
Establishment	Founded on 1st, January 2008
Address of Headquarter	No. 76, Ligong St., Beitou District, Taipei City, Taiwan
Stock code	4938 (listed on Taiwan Stock Exchange from 2010)
Chairman of the Board	Tzu-Hsien Tung
Employee size (dispatched labor included)	About 147,360 employees worldwide in year 2022
Capital	NT\$26.6 billion
Revenue	Reached NTD 1,317 billion in 2022
Main businesses	Computing, communication, and consumer electronics products
Major customers	Renowned global information technology and communication brands

# About PEGATRON

Leading future technological trends and seeking extraordinary excellence.

## Company Profile

Founded in 2008, PEGATRON is a worldwide leader providing DMS (Design, Manufacturing and Service) services. PEGATRON offers assembly service to customers on a wild range of electronics products in computing, communication, and consumer electronics segments, including Notebook PCs, Desktop PCs, Motherboards (MB), Cable Modems, Set-Top Boxes, Smartphones, Game Consoles, Tablet PCs, Wearable Devices, Smart Home Devices, Automotive Electronics, etc. In addition to providing assembly service for brand customers, the Company also engages in the development, design, and manufacturing of peripherals and components of the products. Please refer to the company's annual report for the number of products and services provided.

Since the above mentioned related devices require combination of core technologies such as computer computing, communication transmission, audio and video processing, and speech recognition, PEGATRON can provide integrated services for the needs of brand companies with solid research and development capabilities. In

## Our Vision

We work on the belief that technology has the potential to transform imaginations into opportunities and challenges into pleasures. With our mission of “navigating the future”, PEGATRON seeks to pursue the goal of becoming an industry-leading company that satisfies people throughout the world with its unique design innovations and the most sophisticated technology.

## Business Concept

PEGATRON expects all of our employees to work sincerely and joyfully that inspire the potential of each one of them. Through the tight relationship among teams with different functions, PEGATRON employees are able to create truly market-driven products based on maximizing the benefit of customers. Ultimately, our customers can experience better lives with design and innovation of PEGATRON.



Globalization Arrangement

Taiwan is in a significant position in the high technology industry around the world. Many famous brands rely on the innovation and flexible researching abilities of Taiwan’s technology industry. Responding to the lower gross margin of OEM(Original Equipment Manufacturer), we actively think about how to overcome this challenge and move toward a new model called DMS (Design, Manufacturing and Service).

Our manufacturing facilities and service centers locate worldwide include Asia, America, Australia, and Europe to provide the most efficient service to our customers. We setup these sites based on the strengths of the individual locations to provide fast and customized processes and solutions to our customers.

Asia	Europe and America
Taipei Headquarter and Taiwan operation center	Czech manufacturing center
East China operation center (Shanghai)	Mexico manufacturing center
East China operation center (Kunshan)	
Central China operation center (Suzhou)	
West China operation center (Chongqing)	
India operation center	
Vietnam operation center	
Indonesia factory	
Service Center (Seoul, Korea)	





## DMS Core business

East China operation center (Protek in Shanghai and Pegaglobe in Kunshan), Central China operation center (Maintek, Cotek and Casetek in Suzhou), West China operation center (Digitek and Kaichuan in Chongqing), PEGATRON Czech manufacturing center, PEGATRON Mexico operation center, and PT. PEGATRON Technology Indonesia as well as newly established locations, Vietnam operation center and India operation center.

## Vertical and Strategic Investment

Kinsus, ASRock, Azurewave, Lumens, and Pagavision



## Investment

## (1) Deployment of DMS Core Business

Maintek Computer (Suzhou) Co., Ltd and Cotek Computer (Suzhou) Co., Ltd manufacture Notebook PC (NB), Desktop PC (DT), Motherboard (MB), Consumer Electronic(CE), and Networking Products, while Protek (Shanghai) Limited mainly manufacture handheld device. Pegaglobe Electronics (Kunshan) manufactures handheld device. At the same time, Digitek Computer (Chongqing) Co., Ltd mainly manufacture Notebook PC. Besides, in response to the mid term and long term strategies, we have established factories in Indonesia, India, and Vietnam to manufacture communication and consumer electronic product. As a result of the free trade zone in North America and tax regulations by the European Union and to enhance customer service, PEGATRON Mexico, S.A. DE C.V and PEGATRON Czech s.r.o. ("PCZ") were established as the major manufacturing centers in America and Europe respectively.

## (2) Deployment of Vertical and Strategic Investment

PEGATRON is actively investing in the related industries, hoping to provide customers with comprehensive one-stop shopping services through a complete vertically integrated layout.

Company name	Remark
ASRock incorporation	Manufacturing and sales of a leading brand in low to mid-end motherboards and industry computers.
Kinsus interconnect technology corporation/ Pirotek holding limited	Manufacturing and sales of BGA substrates and PCBs.
Azurewave technologies inc.	Major products including Wi-Fi modules, camera modules, TV cards, and LED products.
Lumens digital optics Inc.	Major products including special purpose projectors and light engines for large-screen monitors.
Pegavision Corporation	Production and retail of own brand contact lenses and an OEM supplier for local and overseas brands.

## Association



## Responsible Business Alliance, RBA

We continue to participate in events to discuss industry sustainability topics and trends with our peers, and respond to various sustainability programs and initiatives, including responsible mining and environmental sustainability.



## Taipei Computer Association, TCA

As a world-class industry association, the Taipei Computer Association (TCA) continues to act as the driving force of Taiwan's ICT industry, and with more than 4,000 members, we continue to work hard to create new industry peaks and create huge business opportunities for Taiwan.



## Taiwan Climate Partnership

Together with the electronics and information technology industry, we will lead the supply chain to reduce carbon emissions through exchanges topics on climate change, energy saving and carbon reduction, and respond to the requirements of international brand customers with practical actions.

## Award and Recognition

## Sustainable Development

- A constituent of the FTSE4Good TIP Taiwan ESG Index in 2022
- 2022 Certified Nursing Room by the Health Bureau of Taipei City
- Top 6~20% of the best companies among the Corporate Governance Evaluation held by Taiwan Stock Exchange in year 2022
- Suzhou Labor Relations Harmonious Enterprise (Central China Operation Center)
- Four-star certification of kindhearted Mommy Center (Protek)







# VX6

2022  
iF Design Award

## Product Introduction

VX6 is the new mixed reality VR headset developed by PEGATRON with high comfort and deep immersion. It is equipped with XR2 high computing efficiency and WiFi 6 high-speed transmission. It has two cantilever speakers with ultra wide frequency response and low distortion, and can be adjusted with various head shape. It is more suitable for long-term wear to realize the integration of virtual and real. It is a multi-functional beyond VR device for entertainment, social, educational, medical and commercial applications.





## Kaigio-Cam 360

2022

Golden Pin Design Award

### Product Introduction

Kaigio-Cam 360 is a 360° smart video conferencing device. With four 2K high-definition cameras, it captures a panoramic view of all participants in the conference room and presents them in the video stream. Through AI algorithm software, it automatically segments the headshot images of participants in situations with multiple speakers, ensuring clear visibility for each individual. Additionally, with eight omnidirectional microphones, it can automatically focus on the speaker, allowing easy identification of who is speaking among a large number of people. It offers various display modes for different meeting scenarios, allowing users to choose the appropriate layout. The device is equipped with a 3K 10W speaker that delivers the conference content to every corner of the room, ensuring participants hear clear audio feedback without missing a single word during video conferences.



# GEISHA

GEISHA is a wearable device with revolutionary human care design.

This wearable bio-sensor device automatically and continuously measures vital signs, head posture, step count, environmental parameters and emotion recognition from surface EMG signal, compatible with stereo headset, VR/ MR device to provide fully integrated wearable solutions that connect real-time data and analytic, giving the best immersive and interaction experience.



## Geisha Vital Sensing Device

2022

Golden Pin Design Award

### Product Introduction

Geisha is a wearable device designed by PEGATRON in collaboration with the Kyoto Museum of Art in Japan. It incorporates concepts of guided navigation and detection through various sensors, including heart rate, blood oxygen, motion sensing, indoor navigation, and detection of harmful gases. The design aims to achieve the following objectives:

1. Automated guidance: The device provides automated navigation assistance to users.
2. Harmful gas detection: It enhances safety in public spaces by detecting harmful gases.
3. Establishing interactive exhibition mechanisms: The device allows for interactive experiences within the exhibition.
4. Understanding visitor preferences and responses: The device gathers data to understand visitor preferences and reactions.

The design process began with engineering research on different facial shapes, integrating the headphone-like curves into the appearance design. The use of elastic materials allows for the placement of EMG (electromyography) detection points, ensuring comfortable and easy wear for anyone without the need for adjustments.





## MAGNETO

2022

Taiwan Excellence Award

### Product Introduction

Magneto dual-screen laptop features an industry-first magnetic induction sliding design keyboard, allowing for easy switching between five different operating modes. Compared to competing brands on the market, the Magneto dual-screen laptop stands out with its full-screen dual displays and touch panel, providing seamless operation mode transitions without compromising user habits. With its multifunctional integration, it presents the ultimate operational functionality in a laptop.

The Magneto laptop utilizes an exclusive patented magnetic suction induction sliding keyboard, offering greater flexibility when used in conjunction with the dual screens. Its functionality surpasses that of common products in the industry. While other products retain physical keyboards to accommodate various modes, this results in a reduced visible area and limited usability in different scenarios. Some laptops may provide a switchable stylus with or without ink, but often the touch handwriting function cannot be displayed simultaneously. The Magneto dual-screen laptop allows you to multitask effortlessly and engage in seamless multitasking operations. The magnetic induction sliding keyboard design ensures that the physical keyboard operation is not sacrificed when using the full-screen dual displays, eliminating the need to adapt to a new user experience. When switched to the drawing board mode, the laptop retains both the touch handwriting functionality and screen display, allowing you to attend to personal messages without interrupting your work. The design incorporates user-centric thinking, with one-key switching between five operating modes, surpassing similar products in the industry in terms of design.





## Air

2022

Taiwan Excellence Award

### Product Introduction

AiR, the augmented reality (AR) glasses, caters to the needs of three main application areas: industry, healthcare, and business. AiR incorporates artificial intelligence (AI) algorithm technology, providing real-time augmented reality interactive experiences for professionals in various fields, such as technicians, facility maintenance engineers, doctors, and top-level executives. AiR combines glasses, smartphones, and control wristbands as three elements, utilizing 5G high-speed transmission and computation to achieve a lightweight, user-friendly, and stylish AR experience. The AiR glasses weigh 136 grams and offer a 40-degree field of view for both eyes, eliminating the need for users to remove their contact lenses or eyeglass frames while wearing them. Additionally, the glasses are equipped with hot-swappable battery modules, ensuring continuous power transmission, which is a key feature of wearable devices.



Corporate Governance

PEGATRON honors itself as a corporate citizen, follows legal requirements, and monitors the compliance by itself.

Board of Directors

A. Board of Directors

(1) Composition and Diversification

In accordance with PEGATRON's Articles of Incorporation, the Company shall have 5 ~ 13 Directors, including Independent Directors, and the number of independent directors shall be no less than 1/5 of the total number of directors and shall not be less than 3. The term of directors shall be 3 years. The election shall adopt the candidate nomination system. The 6th session of Board of Directors is composed of 12 members, including 3 independent directors. 4 directors are also managerial officers and there is 1 female director in this session. Tenure of the session is from 15th June, 2022 to 14th June, 2025. The Independence of the Board is disclosed in PEGATRON's Annual Report. The 6th board of directors is composed of members with backgrounds in technology, finance, industry and academe, with areas of expertise covering computer telecommunications, electrical engineering, electronic product applications, business management, biotechnology and medical care, media management and industrial economics and generally possesses the knowledge, skills and qualities necessary to perform their duties. The management goals of Board's Diversity as below.

Diversity Name	Gender	Employee of PEGATRON	Age			Core Competencies						
			Below 40	Between 40-70	Above 70	Business Management	Technology	Finance	Commerce	Biotechnology and Medical Care	Communication Management	Industry Knowledge
T.H. Tung	Male	v		v		v	v		v	v		v
Jason Cheng	Male	v		v		v	v		v			v
Ted Hsu	Male			v		v	v		v	v		v
H.T. Tung	Male	v		v		v	v		v			v
M.D. Kuo	Male				v	v	v		v	v		v
T.K. Yang	Male			v		v	v	v	v	v		v
S. Chi	Male				v	v		v	v			v
S.J. Liao	Male	v			v	v	v		v			v
E.L. Tung	Female		v			v					v	v
C. Lin	Male				v	v	v	v	v	v		v
C.P. Huang	Male			v		v	v		v			v
Z.W. Wang	Male			v		v	v		v	v		v

Management Goals of Diversity

Management Goals	Implementation Status
Less than half of the directors are in the management team of the Company.	Yes
The composition of the board of directors should have at least one member of different genders.	Yes

(2) Implementation and Training

A total of 8 meetings of the Board of Directors were held in 2022. The attendance rate of Board of Directors is 100%. The board of directors executes its functions and powers following relevant laws and regulations, formulates management rules, supervises the performance of the management team, and decides on major issues. With the principle of maximizing shareholders' rights and interests, the board fulfills its duty of loyalty as a good manager. Also, the board of director has two functional committees: Audit Committee and Compensation Committee. These committees have discussed issues in accordance with related regulations and submitted their resolutions to board of directors as reference. If a director or a juristic person that the director represents is an interested party related to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of this Corporation, that director may not participate in discussion or voting on that item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director.

Board members continue to enrich their professional knowledge and capabilities in economic, environmental, and social topics through annual refresher courses to fulfill their obligations to supervise the implementation of sustainable development in 2022.

(3) Evaluation

In 2019, the company formulated the performance evaluation method of the board of directors. Performance evaluation is conducted annually through self-evaluation of directors themselves, the board of directors, and committees. 2022 evaluation results are reported to the board of directors in the first quarter of 2023. Evaluation results are disclosed in annual report.

In accordance with Article 26-1 of the Company's Articles of Incorporation, the remuneration to directors should not exceed 0.7% of the company's annual profit. Reasonable remuneration should be given while taking into consideration the overall operation and performance of the Company, each director's degree of participation and responsibilities in the operation of the company, and the performance evaluation results from the Board and functional committee. The Compensation Committee is composed by three directors. It does not include any stakeholder or compensation consultant. It holds regular evaluations concerning the reasonability of the compensation policies. Furthermore, remunerations to the management team are determined based on their responsibilities, performance, and the industry compensation level. Whereas variable bonuses comprehensively take into consideration the operating performance of the Company and an individual's performance. The performance of an individual is evaluated based on their profitability, growth and operational efficiency.

Remuneration and dividend distribution of directors, supervisors, and managerial officers shall be proposed by the Compensation committee to Board of Directors for decision.



B. Audit Committee

PEGATRON’s Audit Committee was established in 2013 and is composed of all independent directors. The Board has established the “Audit Committee Charter” for compliance under the law. The main function of the Audit Committee is to supervise fair expression of PEGATRON’s financial reports, the hiring (and dismissal) independence and performance of certificated public accountants, the effective implementation of the internal control system, compliance with relevant laws and regulations, and management of existing or potential risks. PEGATRON s Audit Committee shall convene at least once quarterly and invite certified public accountants, internal audit officers, and managers of finance to join. 7 meetings of the audit committee were held in 2022. The average attendance rate was 100%.

C. Compensation Committee

The PEGATRON Compensation Committee was established in 2011. The three members are composed of independent directors. According to the relevant laws and regulations, the Board of Directors has developed the "Compensation Committee Charter" for the Compensation Committee to follow. There is no remuneration consultant or external stakeholder involved in the remuneration negotiation process. The Compensation Committee's powers include planning and regularly reviewing the policies, systems, standards, and structures for the performance evaluation and remuneration of directors, supervisors, and managers, as well as regularly evaluating and determining the remuneration of directors, supervisors and managers. The meeting of the Compensation Committee is held at least twice a year. 4 meetings of the Compensation Committee were held in 2022. The average attendance rate was 100%

D. Shareholders Meeting

We have adopted electronic votes as one way that shareholders may exercise their voting rights in shareholders' meetings since 2012. By doing so, we ensure that shareholders can exercise their voting rights to participate in the company's major decisions and elections of directors and independent directors under the law. Total shares held by shareholders via electronic voting represented 83.28% of shares presented at PEGATRON at the 2022 annual shareholders' meeting. Agenda items are fully discussed by participating shareholders before proceeding with the vote. The numbers of votes in favor and against for each agenda item are listed in detail in the meeting minutes and disclosed on the Market Observation Post System.

Economic Performance

In 2022, the Company's consolidated revenue is NT\$1,317.5 billion, an increase of NT\$56.2 billion from 2021, an annual growth of 4.46%, with a gross profit margin of 4.35% and earnings per share of NT\$5.66 after tax. On an overview of the Group's operating performance, although shipments of information products were not as strong as expected, consumer electronics and communication products benefited from the smooth supply of components and better product mix, as well as the continued increase in demand for automotive products, which brought positive benefits to the overall operation and resulted in an increase in operating profit margin compared that to the previous year, and the proportion of revenue from communication products was still the highest among the three major categories of products. There was no significant change in the proportion of its revenue compared to that of the previous year. For detailed operating results and the list of entities included in the consolidated financial statements, please refer to the Company's annual report. For total capitalization by debt and equity, please refer to the Company's official website.

The brief consolidated income statement of PEGATRON

Unit: TWD in million

	2020	2021	2022
Operating revenue	1,399,333	1,263,720	1,317,599
Cost of sales	1,349,729	1,217,147	1,260,316
Gross profit	49,604	46,573	57,283
Operating expenses	30,542	29,719	31,899
Operating Income	19,062	16,854	25,384
Non-operating income & expenses	10,381	11,271	2,814
Profit before tax	29,443	28,125	28,198
Tax expense	7,024	3,099	6,792
Profit	22,419	25,027	21,163
Other comprehensive income	(4,814)	(3,267)	13,784
Comprehensive income	17,605	21,760	34,947
Profit, attributable to owners of parent	20,208	20,546	15,096
Comprehensive income, attributable to owners of parent	15,463	17,354	28,516
Employee Salary and Bonuses	10,895	10,759	11,182
Cash dividend (dividend per share/TWD dollar)	4.5	5.0	4.0

Remark: Employee salary and bonuses only include these of PEGATRON's employees, it does not include these of subsidiaries' employees.  
Cash dividends are based on the earnings year.  
Note: In the 2021 Sustainability Report, the information about the cash dividend of 5.5 (dividend per share/\$) in 2020 was incorrectly planted, and it should be 4.5 (dividend per share/\$), and the information is restated in this year's report.

Integrity Management

Integrity is the top priority to build a good business culture.

Code of Conduct

The concept of business ethics and corporate responsibility is much more important than before, which could earn reliability and respect from all kinds of consumers, partners, and the public. The Code of Business Ethics of PEGATRON can reflect our core values, and it is the basic discipline for us. To improve integrity management, relevant departments are assigned to establish the Corporate Ethical Management Policy and the prevention system against corruption. The implementation results and compliance of the policy are reported to the Board of Directors by designated personnel. The corporate Ethical Management Policy is stated in the internal and external documents. The Board of Directors and management team are fully committed to implementing such policy rigorously and thoroughly in internal management and external business dealings.

From the management level to employees, we commit to abide by business ethics and confidentiality. We not only perform it internally, but also promote it to our supply chain. Before any business engagement. The Company checks the partner’s legality and its records of ethical conduct. All long term suppliers are required to sign the Statement of Integrity, which stipulated the contractual liability for violation of ethical conduct, to build a good business environment together.



PEGATRON commits to conduct business ethics and sticks to the correct path of integrity. Any personnel should abide by the highest standard of probity. Any kind of corruption, blackmailing, extortion, or embezzling public funds is strictly prohibited. PEGATRON's Board of Directors approved "Ethical Corporate Management Best Practice Principles" and "Codes of Ethical Conduct" in November 2014. We stipulated the preventive measures of unethical conduct, penalties, and grievance procedure according to Business Ethics and Code of Conduct, and Business Gifts and Entertainment Policy. All employees shall follow these guiding principles of integrity, honesty, confidentiality, and respect. In addition, we also setup the Business Ethics advocacy website and hold trainings on integrity management annually to strengthen the ethics concepts of our employees.

For sustainable development, PEGATRON implements relevant actions internally, joins Responsible Business Alliance (RBA), and complies with the RBA Code of Conduct. We also formulate a "Business Ethics Code of Conduct" as an internal management procedure to request all employees obey. PEGATRON stipulates the disciplinary and appeal system for violations of the regulations on business integrity and has established a business ethics complaint mailbox. Audit Office handles all reported cases. For the potential conflict of interests, we set up measures to prevent conflict of interests and appropriate reporting channels for reflecting potential risks.

### Internal Control

PEGATRON regularly conducts risk assessments related to Finance and operations for main operation sites, and the major risks identified are sales and procurement. We perform the control activities according to the results of risk assessments. For the higher risks of operational activities, we establish an effective accounting system and internal control system to review them at any time. Audit Office also develops the annual audit plans based on the results of risk assessments and escalates them to the Board of Directors with audit reports. We establish operational procedures for handling reported cases and protecting the whistleblowers. The content of the reported cases are recorded in confidentiality to avoid unfair treatment or retaliation. In 2022, there has no case involving the disclosure of company trade secrets and other violations of work rules and codes of ethical conduct.

### Regulatory compliance

Since its inception, PEGATRON Group complies with relevant laws and regulations, and continually follows any policy and law that could significantly impact its finance and business. Our legal team notifies relevant departments of the latest developments of regulations and assists our company to comply with such laws and regulations. It not only reduces the direct financial risks, but also avoids the indirect business reputation risks. After receiving the requirements of the latest laws and regulations, relevant units will set the management procedures to ensure compliance with such laws and regulations to reduce illegal risks. The legal team also handles related educations and trainings. We expect that our colleagues will follow the requirements and avoid behaviors that may lead to violation of laws. In 2022, PEGATRON has no material noncompliance with economic, environmental or labor rights laws or regulations, and its business practices are in compliance with antitrust and anti-corruption regulations. A major violation is defined as a fine exceeding NT\$1 million.

## Information Security

**Privacy and Intellectual property are highly valued and managed by information security control.**

### Information Security Policy

As an excellent partner in green design, manufacturing, and service for our customers, protect customers' privacy and intellectual property are regarded as prior duties in PEGATRON. To show our determination of information protection for the products, assets, and data of customers, the CEO has approved the "Confidentiality Policy" in 2010. Under the regulations of the policy and relevant processes, all information about the products and data

of customers are confidential. All employees are responsible for not disclosing, not collecting, and not using the information for non-business scope. By protecting customers' assets and providing a complete information security environment, we earn their trust.

### Information Security System

To meet customer requirements of information security, and protect customers' privacy and intellectual property, PEGATRON has established an enterprise level security information task force for governing the data to reduce the risk level and meet our customer needs. We rigorously review data, application, operation system, intranet, extranet, physical environment, procedures & policy, and entirely control when creating an account, requiring a password, applying and setting the access authority, applying an ID, limiting log in authority, recording audit records, and getting multiple authentications.

For construction and building protection of information assets, we control the security in all entrances strictly and implement the Disaster Recovery System. Also, we implement the structure of a High-Availability System to ensure information continuity. We use encryption system to protect and control the access authority for confidential and sensitive documents as well as adopt encryption and private communication protocol to ensure the confidentiality of important data.

### Information Security Training

In addition to periodically backup, we implement remote backup mechanism to ensure the completeness of data preservation. To enhance the awareness of security for all relevant personnel, PEGATRON propagates information security and confidentiality periodically. Moreover, we perform customized training programs for different personnel according to their operations, including security operating concept introduction, standard operating procedure introduction, crime prevention, and law compliance with security policy. Besides, employees whose operations are related to confidential information need to sign confidentiality agreements and have the obligation of accepting information security audits.

To ensure the effectiveness of information security management system, headquarter and Maintek have gotten ISO 27001 Certifications and the information security management system is further implemented in the PEGATRON Group. The Company not only has external audits, but also regularly conducts internal audits annually to meet customers' requirements. Through continuous improvement and reduction of threats posed by information security incidents and impacts, PEGATRON did not have any incident related to infringement of customer privacy rights in 2022.

## Risk Management

**Identify the risks, then transform the risks into opportunities.**

To reduce the potential economic, environmental, and social impacts, PEGATRON Group conducts risk assessments, including but not limited to introducing new products or adopting new business plans. PEGATRON identifies and controls risks in various aspects. The risk management policy was approved by the board of directors on 25 March 2021. The scope of risk management is determined under the principle of materiality. In addition to referring to the risk assessment results of environmental, social and corporate governance topics related to the company's operations, relevant laws and regulations are also considered. The risk management organizational structure consists of the board of directors as the top management unit and CEO as the chairman. There are PureCSR committee and a sustainable development working team under it. The PureCSR Committee holds regular meetings every year and invites members and working teams of each unit to assess and discuss potential risks and emerging risks on environment, social, and corporate governance topics. Risk identification is made by considering the frequency of occurrence, the degree of impact, and the degree of control. The results are reported to the Board of Directors at least once a year.



The identification and management of various risks are shown as below:

### Corporate Governance

#### Risk of Getting Improper Advantages by Position or Company Internal Data Acquired

- Integrity policy and bribery prevention programs
- Regulated the default liability against the integrity principle in the contract
- Continuously promote the integrity policy and conduct the trainings
- Accounting system, internal control and auditing system

### Environmental Protection

#### Risk of Products with Restricted Substances

- Technical standards for the forbiddance of hazardous substances
- Material Management e-platform
- Material approvals and testings
- Internal & External Audits

#### Emissions of Hazardous Substances

- Elimination of substances with high contamination during the design phase
- Reduction of the use of substances in manufacturing phase to reduce the wastes

### Community Impact

#### Risk of Environmental Impact due to Activities of Manufacturing Sites

- Obtain the Environmental Permits
- Regular Monitoring of emissions to ensure the compliance
- Properly maintain the pollution control equipment

#### Risk of Community Development Impact due to Operations

- Public communication channels for stakeholders
- Activities and communications with local communities

### Climate Change

#### Risk of Business Interruption due to Extreme Climates

- Emergency Response Plan
- Re-allocation plan of the available resources among sites to support our continuous manufacturing

#### Risk of Energy Shortage

- Practice the energy management measures
- Improve the facilities and optimize the processes to enhance production efficiency
- Implement energy management system

### Information Security

#### Risk of Data Leakage or being Infringed

- Account management, access by privilege, multiple authentications and audits
- Antivirus protection and encryption process

#### Risk of Interruption of Information Service

- Backup, remote backup and database recover



### Production Security

#### Risk of Material Shortage

- Second sources are taken into account for all key components

#### Risk of Workforce Shortage

- Automatic production for the enhancement of efficiency
- Allocation of manpower between manufacturing sites to raise the flexibility of workforce

### Labor Rights

#### Risk of Abusing Child labor

- Identity verification and facial recognition system
- Remediation of Child labor

#### Risk of Forced Labor

- The training of avoidance of forced labor for recruitment personnel and the managers
- Interview with new employees
- Anonymous grievance channels

#### Risk of Harassment or Abuse in Workplace

- The policy and procedure of grievance and investigation
- Protection of whistleblowers and the ones under investigation
- Policy of no retaliation

### Responsible Procurement

#### Risk of Unethical Mineral Sourcing

- Due diligence survey
- Encourage the smelters in the supply chain to participate in RMAP (Responsible Minerals Assurance Process)

#### Risk of Non-conformance in Supply Chain

- Drive suppliers to commit to abide by the RBA Code of Conduct
- Pre-selection of new suppliers and annual CSR audits for high risk suppliers

### Workplace Equality

#### Risk of Discrimination in Recruitment

- Anti-discrimination training for recruiters
- Grievance hotline directly to an objective department

#### Risk of Inequality in Employment on Cultivation, Development and Promotion

- Multiple learning resources
- Direct communication mechanism to management level
- Standardized appraisal index
- Multiple grievance or suggestion channels





# Responsible Partnership

Manage suppliers with due diligence and empower green value chains.





## Customer Service

### Improve the process of service and accumulate core techniques to enhance satisfaction.

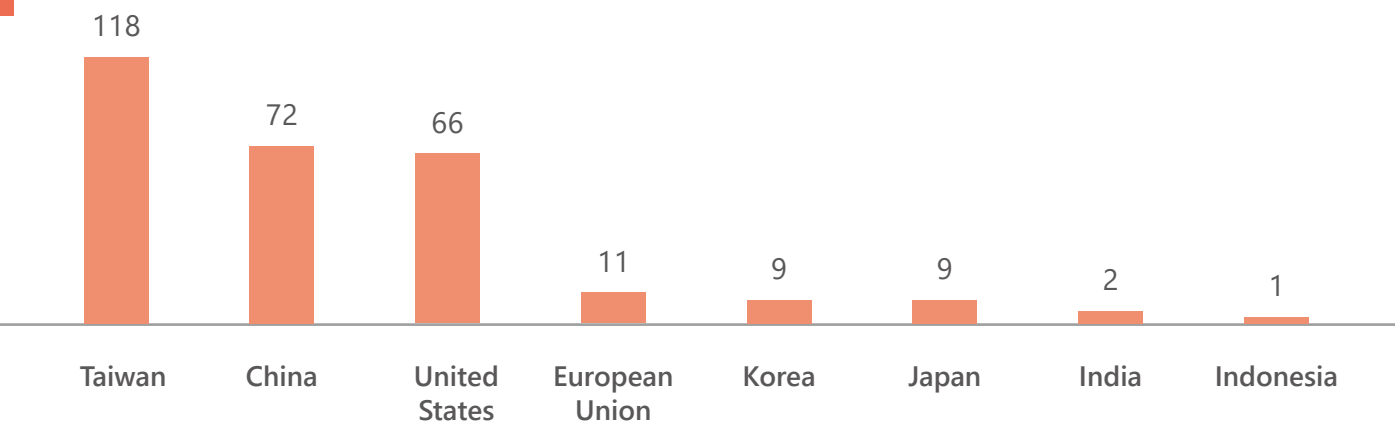
The business strategy of PEGATRON is to be an expert in design and manufacturing as well as to improve the service process for the global arrangement to meet customers’ needs thoroughly. By providing customers with the best service, they can focus on brand and channel operations. “Navigate the Future” is PEGATRON Group’s business philosophy. We navigate our customers to obtain business opportunities ahead of the market with our innovative technology and design for service. We provide new integrated service from designing, manufacturing to after sales service. With a complete service experience, we can quickly and efficiently fulfill our customers’ expectations.

Our research and development teams wholeheartedly serve our customers from the first stage of product development. After the in-depth understanding of customer needs and expectations for new products, we begin with user’s viewpoints and combine them with the aesthetics and innovations to develop new products. We completely state and explain to customers from different levels for positioning of products, special materials and style options, parts selection, product functions, appearances and packaging, production conditions, and even the challenges that we may face in the manufacturing processes or impacts on the environment. Meanwhile, we also pay attention to test flows. We not only pursue the most advanced testing technologies, but also invest in professional testing equipment. The only purpose is to design perfect products to maximize customers’ interests and be in line with market expectations.

### Innovative research and development

To improve product value and accumulate the core technology, PEGATRON endeavors to train innovative talents and develops diversified product applications. We got total number up to 288 global patents certified in 2021 to create maximum value for customers. Our R&D teams constantly engage in the development and improvement of green materials, including the management of hazardous substances, the research of recyclable and biodegradable materials, and product reliability analysis. We also classified research of metals, plastics, coatings, inks, and other raw materials, with the best costs for customers to develop the products that meet the environmental objectives. For building up a clean production process, we focus on meeting customers’ green product specifications and carbon reduction requirements as the core elements. The short-term goal is to lean the current processes, while the long-term goal is to simplify them and reduce equipment used when developing the green materials. However, the ultimate goal is to find out a new clean production way. PEGATRON has a very prospective research ability on the ultimate goal to be non-toxic, pollution free, environmentally friendly, energy saving and carbon reduction to achieve the responsibility of a corporate citizen.

Global Patents Certified in 2022



## Product Management System

With customers’ global layouts, our overseas customer service teams are located worldwide for meeting customers’ needs. Therefore, we can provide the most immediate and convenient services, and offer the most comprehensive support to customers around the world with our well-established service network composed of tens of service sites on all continents. Furthermore, we provide our customers with customized service planning, immediate and effective technical support, experienced repair teams, professional supply chain management, friendly IT systems and worldwide service sites. Through real in time repair service, we can extend the product’s life cycle and avoid products enter into EOL early. It is not only lead to environmental positive benefits by reducing scrap products, but also obtaining valuable feedbacks during the repair process which could also contribute to enhancing future product design and improve customer satisfaction. To provide completed after-sale customer service, there is a total of nine service centers located worldwide, including North America, Europe, Taiwan, China, Japan, Korea, Singapore, and Australia, using nine management systems (listed below) to incorporate repair service effectively accompanied by the greatest enthusiasm with a superior commitment to let repaired products as good as expected to return to the embraces of the users.

No.	Managament System	Management Procedure
1	ERS	Integrate global repair data in a unique system to benefit for information analysis and report generation
2	SAP	Interact with ELM system, enhance the accuracy level of material storage and value management
3	ELM	Raise stock buy-sell transfer and turnaround rates among repair regions
4	PLM	Provide Product No, BOM, life cycle, and ECN information effectively
5	PDPM	Global documentation management and provide systematic planning in electronic files preservation
6	WMS	Manage FIFO and zero lag between physical goods and accounting in visualized approach
7	Dashboard	Acquire and monitor global repair center KPI Performances in time
8	KM	Build project knowledge accumulation channels and provide structured trainings
9	PMI	Visualize project management flow and integrate phase goals and data needs

PEGATRON has high expectation and responsibility for its service quality and pays great attention to the voices of consumers. Through a customer satisfaction survey or QBR (Quarterly Business Review) meeting, we can listen closely and directly to customer’s suggestions and concerns. According to the QBR results and the opportunities for improvement figured out by customers, we fixed those issues through internal improvements and professional training programs within the time frame set to reduce defects for pursuing 100% customer satisfaction.

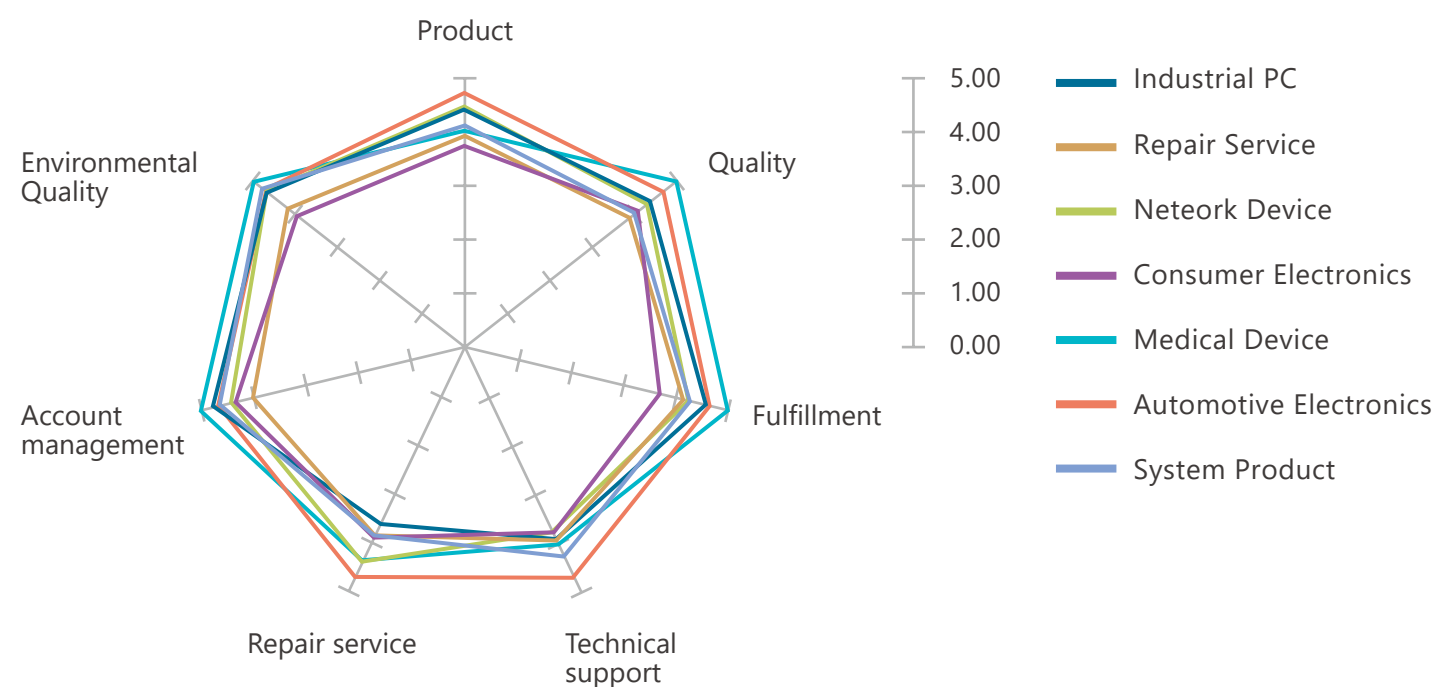
### Customer Satisfaction

PEGATRON proactively utilizes customer satisfaction surveys, which include customers’ overall evaluation of the company’s products, services, quality, shipments, technical supports, business responses, non-hazardous material management, and operational performance, to understand the direction of the relevant business unit’s operations and management improvements, and then reviews and analyzes the results of the surveys, to put forward specific corrective strategies and solutions for improvements, which has resulted in a year-on-year increase in customer satisfaction over the past five years.

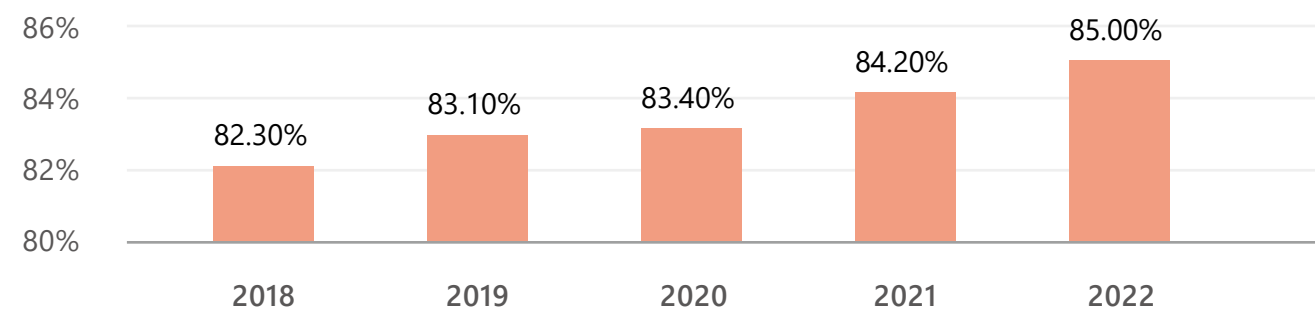


Based on the statistical results of customer satisfaction surveys, the annual average customer satisfaction rate of PEGATRON in 2022 was 85%. We uphold the spirit of continuous improvement and launch various improvement projects for deficiencies. In 2022, the main type of customer complaints was manufacturing, and all issues were closed. When receiving a customer complaint, each related business group/unit and factory immediately convenes meetings to review and conducts the improvement measures as well as tracks the status of the improvements. At the same time, we request that customer complaints should be responded to as soon as possible. All the complaints were closed in 2022.

Our priority is to reach the highest satisfactions of customers and business partners. By implementing the management systems of corporate social responsibility (PureCSR) and quality with hazardous substance free (PureGMS), we continue to improve internal processes and build a good corporate image to meet customers' requirements. We even have a target to exceed customer expectations for better customer service management.



### Overall Satisfaction Rate



## Sustainable Supply Chain

**Build a sustainable supply chain through communication, monitoring, cooperation and growth together with our partners.**

### About Supply Chain

As an enterprise of information, communication, and consumer electronics technology industry, PEGATRON provides the service on research, design and manufacturing. Our supply chain consists of raw material suppliers, equipment suppliers, waste disposal vendors, material transportation vendors, service providers (such as security, food, cleaning), human resource agencies, and so on. The main raw material suppliers of PEGATRON are electronic components and mechanical parts suppliers. We design and assemble finished goods according to customer demands and deliver them to the designated territories for sale. More than 3,000 suppliers cooperated with PEGATRON in 2021, and most of them came from Taiwan, China, United States, Japan, and South Korea. There is no significant change in supply chain in 2022. Since the main production base is in China, 90% of our suppliers are located in Asia. The types of our suppliers include manufacturers, authorized agents, and others. Their industry types focus on capital intensive and technology intensive. PEGATRON promotes local purchases continuously. By doing so, we reduce transportation costs, respond to carbon reduction efforts, and enhance local employment opportunities. We request suppliers to commit to environmental protection, occupational safety and health, and labor rights to fulfill our sustainable development.

PEGATRON plays an important role in the electronics supply chain. Therefore, the management of the supply chain is one of the key issues for us. According to the customer requirements, legal requirements and international trends, we have written internal procedures to monitor the performances of suppliers, including advocacies, requirements, audits and evaluations. Besides, we hold several training programs to introduce the concept and develop ability of sustainability into our entire electronics supply chain. In addition, we also manage our vertically integrated affiliates and subsidiaries through the supply chain management process to enhance the sustainable development of the electronic supply chain.

### Supplier Risk Assessment

To make sure that suppliers meet our requirements of quality, cost, delivery, service, technology, and corporate social responsibility, suppliers have to participate in PEGATRON's QBR (Quarterly Business Review) regularly. Suppliers with outstanding performances would be the long-term partners and have the chance to become our annual excellent suppliers. Suppliers with bad performances would be regarded as unqualified suppliers. If the nonconformities are significant, PEGATRON will terminate the contractual relationships with them when necessary. At the same time, the Procurement Center regularly reviews the financial statements and conducts the financial risk assessments of suppliers to ensure that they meet the low risk level of the standard.

SRM (Supplier Relationship Management System) is the platform that PEGATRON communicates with its suppliers. We announce and update the latest news or requirements on this system to let all suppliers know. The annual supplier conference information is also uploaded to SRM. Functions related to PureCSR issues provided by the SRM system include:

- Hazardous Substance Management - Suppliers can upload documents include certificates of non-hazardous substances, composition tables or SDSs (safety data sheets), and third-party test reports.
- Responsible Minerals Survey System—We follow Conflict Minerals Reporting Template (CMRT) and Cobalt Investigation Report Template (CRT). We invite our suppliers to upload their Conflict Minerals Reports (CMR) and Cobalt Minerals Investigation Reports (CR) to the SRM system.

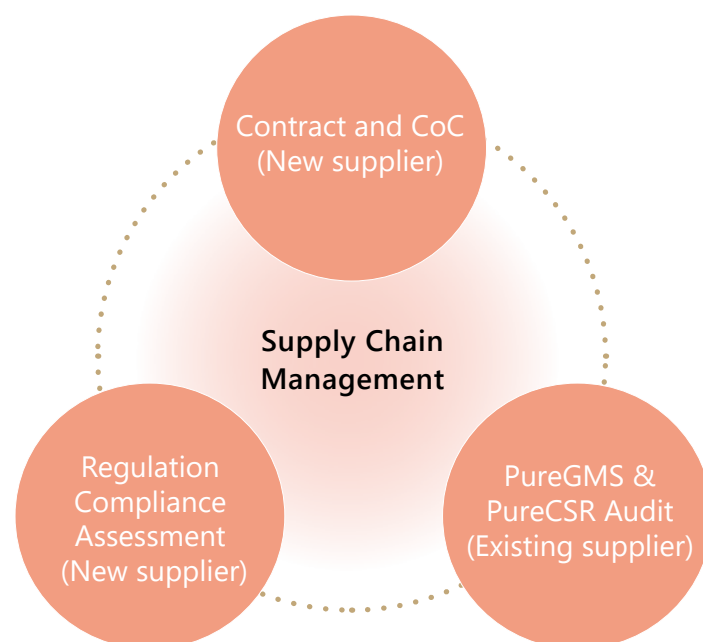


- PureCSR Supplier Management—We announce CSR requirements and standards on the SRM system so that suppliers can download them to follow.
- Business Ethics Management—The complaint mailbox for business ethics and statement of integrity are available for suppliers to download on the SRM system.
- PureGMS Supplier Management—Suppliers can regularly update their ISO certificates and reports based on related requirements (e.g. China Compulsory Certification Reports, Finished Product Inspection Reports, and so on).

## Supply Chain Management

PEGATRON obeys its Supplier PureGMS Audit Management Procedure and Supplier PureCSR Audit Management Procedure to ensure the quality of components and achieve the purpose of mutual prosperity and assistance with suppliers as well as on-time delivery. Besides, we also issue the Supplier Consulting Standard. With this standard, we can help suppliers to set up product HSF system, quality systems, and process control standards to improve their product environment quality, delivery quality, and process capabilities. Meanwhile, we continually ask new suppliers to sign PEGATRON Supplier Responsible Business Alliance Code of Conduct Agreement and commit their operations will obey to PureCSR policy and requirements.

In the end of 2022, the ratio of the suppliers that undersigned PEGATRON's Supplier Responsible Business Alliance Code of Conduct Agreement was 96%. Also, there were 769 evaluations of supplier environmental performance conducted in 2022.



## New Supplier Selection

We base on PEGATRON's requirements in internal procedures to assess new suppliers, verify the compliance on their HSF management system, quality management system & process capability. A new supplier shall be certified with one management system among ISO 9001, IATF 16949, or TL 9000. Besides to meet the requirements of quality and green product management system, a new supplier of PEGATRON should also meet its requirements of corporate social responsibility.

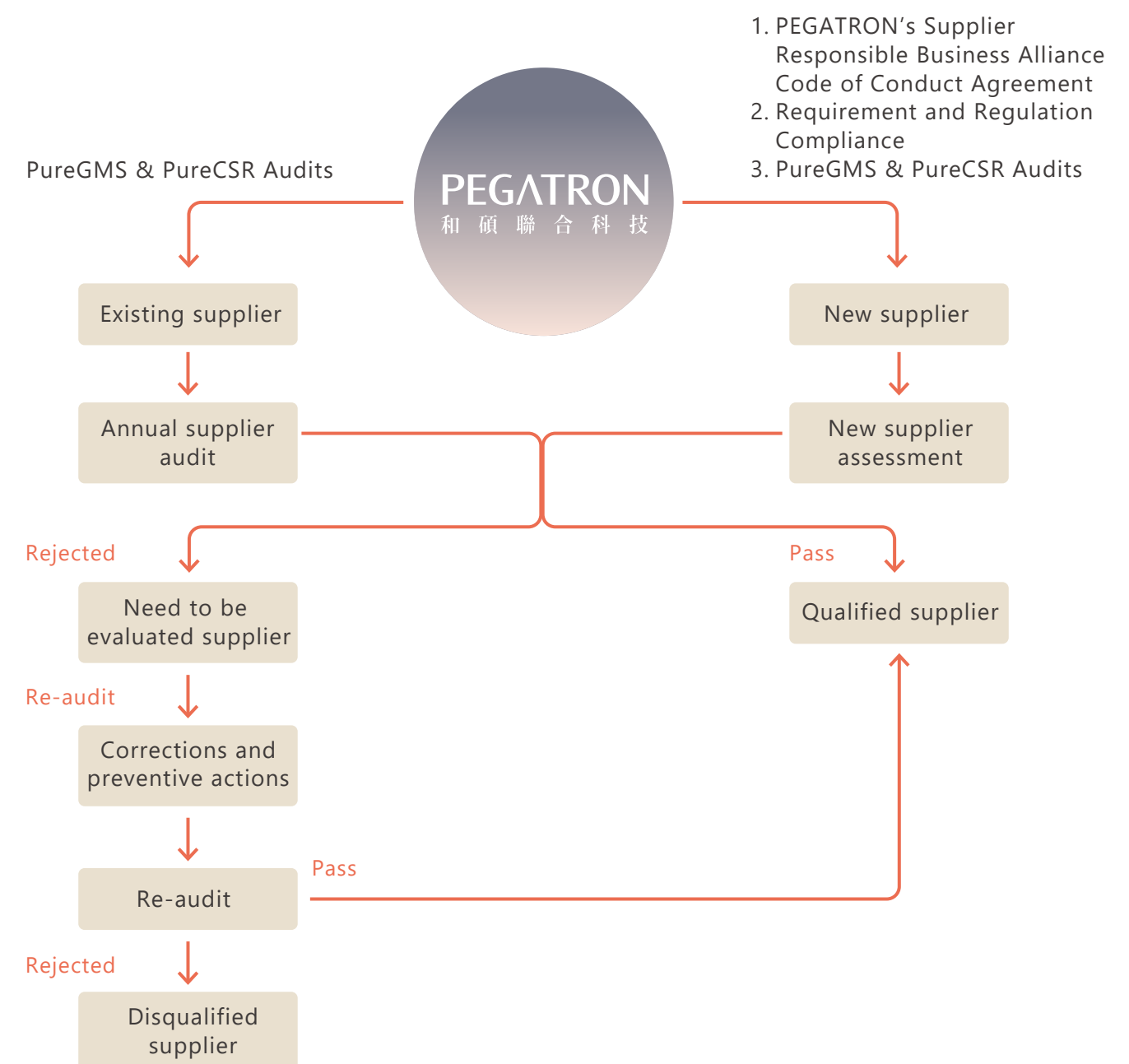
A new supplier is requested to sign PEGATRON's Supplier Responsible Business Alliance Code of Conduct Agreement and evaluate its compliance on governance, environmental protection and social aspects based on the violation records revealed in public. Furthermore, the contract between PEGATRON and the supplier also defines that supplier shall comply with all relevant laws and the RBA Code of Conduct. If there is any severe violation, the business relationship could be terminated by PEGATRON.

In 2022, there were 440 new suppliers involved in the PureCSR new supplier evaluation process. New suppliers are listed in the following annual supplier audit scope if the results were middle or high risks according to the answers of the new supplier questionnaires. For the consequence of the supplier evaluation process, 80 new suppliers responded that they have ISO 14001 and, or OHSAS 18001 certificates, and 9 new suppliers have submitted the RBA online SAQs or they have conducted RBA VAP or RBA non-VAP audits.

## Annual Supplier Audit

Paper evaluations of existing suppliers are carried out every year according to internal procedure, and high risk suppliers are identified to conduct electronic audits or onsite audits to ensure that suppliers can meet PEGATRON's PureGMS and PureCSR requirements. In addition, PEGATRON requires suppliers to submit their improvement reports within the deadlines. Those who have not completed them will be listed as unqualified suppliers.

## Supplier Management Process





Even though PEGATRON does not control the work and workplace of suppliers, we still use the influence of our organization and business relationship to ensure the human and environmental rights of the workers who are related to PEGATRON's business. Every year, PEGATRON selects the audits suppliers based on the results of supplier risk assessments and formulates audit plans based on factors such as the importance, regionality, and risks of the audit objects. The auditing items include management system, labor rights, health and safety, business ethics, product responsibility, greenhouse gases, etc., to ensure that suppliers meet PEGATRON's corporate social responsibility requirements.

In 2022, we screened out major suppliers and suppliers that need to pay attention to, and a total of 72 suppliers were included in the online audit program, 51 suppliers were included in the onsite audit program, and 5 suppliers were included in the RBA VAP or closure audit program. A total of 128 suppliers completed the audits and the total completion rate of the audits was 100%. All suppliers that underwent the onsite audits have passed the audits and improved their processes.

Note: Major suppliers are defined as direct suppliers that account for 80% of the procurement expenditure. The suppliers that need to be concerned are those suppliers whose annual supplier evaluation results are high risk.

### Supply Chain Promotion

We hold supplier conferences annually to advocate PureGMS & PureCSR policies, hazardous substance free requirements, and supplier management requirements. Considering the impact of COVID-19, we held remote conferences in 2022. There were 910 suppliers joined the conference. The main topics of conference were green technology standards and related notes on supplier management. The requirements of corporate social responsibility and responsible minerals were introduced simultaneously. Through the Supplier Conference, we delivered the concept of sustainable development to suppliers and have two-way communications with them.

## Responsible Minerals

### Control the source of minerals and promote the awareness of human rights.

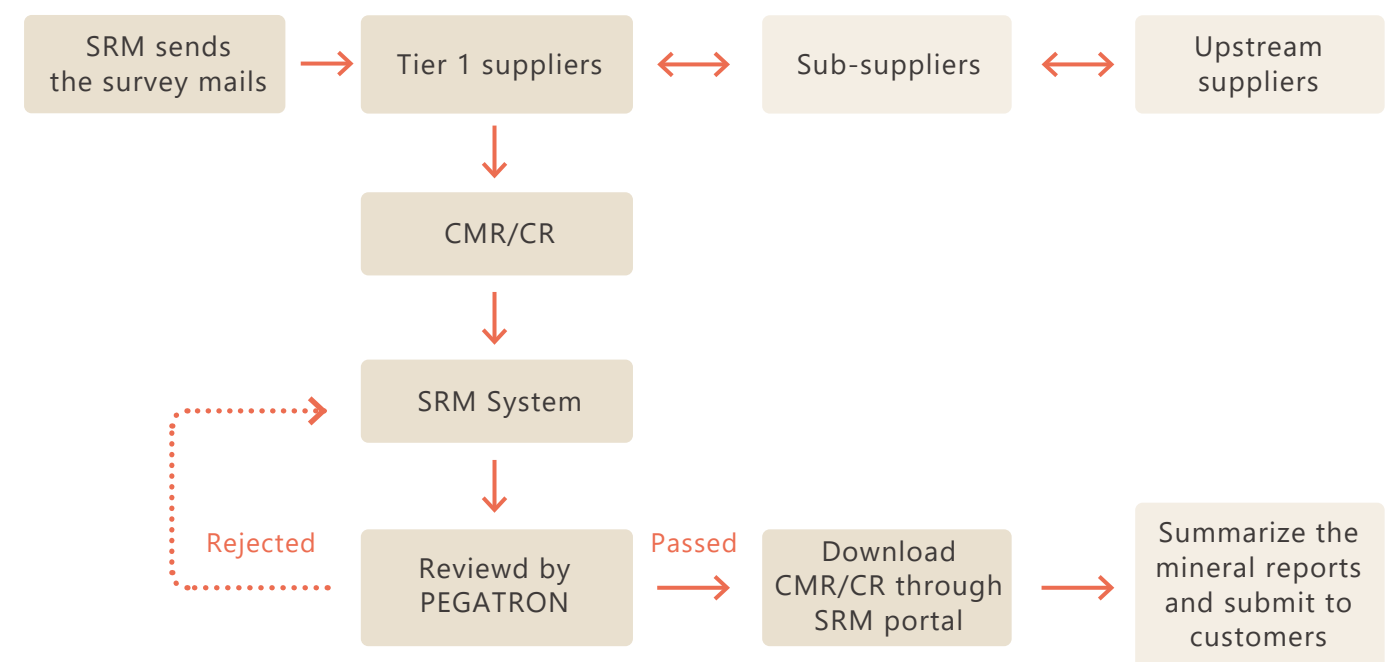
The mining industry in Conflict Affected and High-Risk Areas (CAHRAs), including but not limited to the Democratic Republic of the Congo (DRC) and adjoining countries, is controlled by certain non-governmental organizations or non-governmental military groups. The groups may cause serious social and environmental issues in the region, including armed conflict, theft, extortion, illegal child labor, women captivity and deforestation. To reduce the violation of human rights, PEGATRON has performed due diligence surveys for the sources of metals to prevent the above events from occurring.

As a corporate citizen and Responsible Business Alliance (RBA) member, PEGATRON discloses its Conflict Minerals Statement on the company's website and establishes an internal procedure to conduct the risk management of the supply chain. We have launched the responsible minerals investigation project from 2012 and extended it to the cobalt due diligence investigation project from 2018 according to Organization for Economic Co-operation and Development (OECD) Due Diligence Guidance. We follow Conflict Minerals Reporting Template (CMRT) and Cobalt Reporting Template (CRT) founded by Responsible Minerals Initiative (RMI) to establish PEGATRON's SRM Responsible Minerals Survey System. Also, we invite our suppliers to disclose the smelters' information related to their products and upload the reports to the system.

Since PEGATRON respects human rights and keeps concerning about this issue, we continue to share our Conflict Minerals Policy and invite our suppliers to conduct due diligence investigations for the materials of their products.

### Responsible Minerals Investigation Process

#### PEGATRON 和碩聯合科技



Therefore, we ensure the metal sources of Tantalum (Ta), Tin (Sn), Tungsten (W), Gold (Au) and Cobalt (Co) are not derived from conflict regions of Conflict Affected and High-Risk Areas (CAHRAs). By doing this, our suppliers and we endeavor to fulfill the responsibility of a corporate citizen. We do risk assessments and encourage our suppliers to ask noncompliant smelters or refineries in their supply chains to join the Responsible Minerals Assurance Process (RMAP) audit.

In the recent years, the survey completion rate has grown from 92% in 2016, to 97.5% in 2022. PEGATRON identified 1,493 suppliers which may use conflict minerals or cobalt minerals in 2022 and invited them to join the responsible minerals survey. 1,381 suppliers indicated their products and/or manufacturing processes contained these 4 conflict minerals that had been provided to PEGATRON. Reports show that Tin (Sn) has the highest proportion at 92.4%, followed by gold (Au) at 67.9%, Tungsten (W) at 21.9% and Tantalum (Ta) at 13.7%. In addition, in order to screen out components that may contain cobalt minerals, the investigation of cobalt minerals expanded in 2022. PEGATRON included all possible materials in the investigations, and the completion rate reached 97.5%. Component investigations for containing cobalt minerals will be continued in 2023.

In recent years, PEGATRON cooperates with customers actively to achieve a 100% conflict free sourcing goal to meet customers' requests and puts efforts into processing the cobalt survey. In the future, we will be stricter in conflict minerals and cobalt mineral surveys, and ask suppliers to disclose the smelters' information completely and honestly. Furthermore, we will continue to advocate the conflict minerals and cobalt mineral related requirements in the supplier conferences to reach our purpose that we do not directly or indirectly benefit the armed conflict groups.







# Management of Material Topics

## Material Topics

Energy Management, Greenhouse Gas Emissions, Climate Change

## Positive or negative impact

- (1) The development of climate change adaptation policies or energy saving and carbon reduction pathways will help customers and the supply chain to meet the carbon reduction requirements, which will in turn lead to cost reductions.
- (2) Failure to plan and implement management measures early or optimize performance may result in greater climate impacts or higher costs.

## Management policies or measures

- (1) Corporate Quality and Sustainable Development Center plans the Group's energy conservation and carbon reduction strategies and evaluates the potential risks and opportunities of climate change.
- (2) Implementing management measures and tracking the progress of goal achievement by each plant, and communicating the results of implementation by business units and stakeholders.
- (3) Set energy saving and carbon reduction targets of PEGATRON commits to reduce scope 1 and 2 GHG emissions 25% per revenue and electricity consumption 25% per revenue by 2030 from a 2019 base year.

## Goals and Achievements

- (1) Include six new sites in the GHG inventory checking in 2022.
- (2) Implement 81 energy conservation measures to reduce electricity use by 22,013 Mwh in 2022.

# Climate Change

Keep adapting and try reducing the impacts on business operations to the minimum.

## Climate Change Adaptation Policy

With the increasing evolution of social type, the focus of environmental protection is no longer limited to traditional pollution prevention and control. With rapid industrialization and massive consumption of energy resources, global resource scarcity and climate change cannot be ignored. As a sustainable corporate, PEGATRON responsibly faces global issues including climate change, environmental protection and global warming. We issue several procedures and obey them to minimize the use of resources, perform greenhouse gas inventory and energy conservation management in order to reduce the consumption of resources and greenhouse gas emissions. To reach above purposes, we disclose our concepts for environmental protection and greenhouse gas emissions reduction in our PureCSR policy.

As mentioned in our PureCSR policy, we value natural resources preservation, environmental protection and pollution prevention, the greenhouse gas inventory plan is also listed in our PureCSR policy strategies. We also announce our greenhouse gas inventory and verification project in the PureCSR principles, in response to carbon reduction requirements from our stakeholders. An international environmental management system, ISO 14001, is also in place and PEGATRON is certified by third parties.

PEGATRON provides solutions to global warming through eco-friendly design and clean manufacturing. We make great efforts on reducing greenhouse gas emissions in product manufacturing, delivery, and disposal processes, and implement energy saving actions in our daily operations. In addition to the direct disclosure of treasuring the natural resources in our PureCSR policy, we have established a long-term energy conservation and carbon reduction goal to show our determination to achieve carbon reduction.

## Task Force on Climate-Related Financial Disclosures, TCFD

### Climate Governance Structure

In order to address climate risks and potential opportunities, PEGATRON follows the Task Force on Climate-related Financial Disclosures (TCFD) framework to identify climate change risks and opportunities, and accordingly promotes the Group's climate change management and responses, as well as sets targets and goals. PEGATRON's Board of Directors is the highest governance unit to oversee the identification of climate change risks and opportunities, and track key performance results. Climate change policy promotion and risk and opportunity identification are led by the PureCSR Committee, which consists of unit directors and reports to the Board of Directors at least once a year on the results of climate change and other types of risk identification and response measures. The PureCSR Executive Team is responsible for coordinating the participation of the relevant departments in each plant at the risk and opportunity assessment, and reporting to the PureCSR Committee on countermeasures and implementation performances.

### Board of Directors

Monitor climate risk identification results and key performances

Tracking ↓ ↑ Reporting

### PureCSR Committee

Manage climate issues and track the performances

Supervising ↓ ↑ Reporting

### PureCSR Taskforce

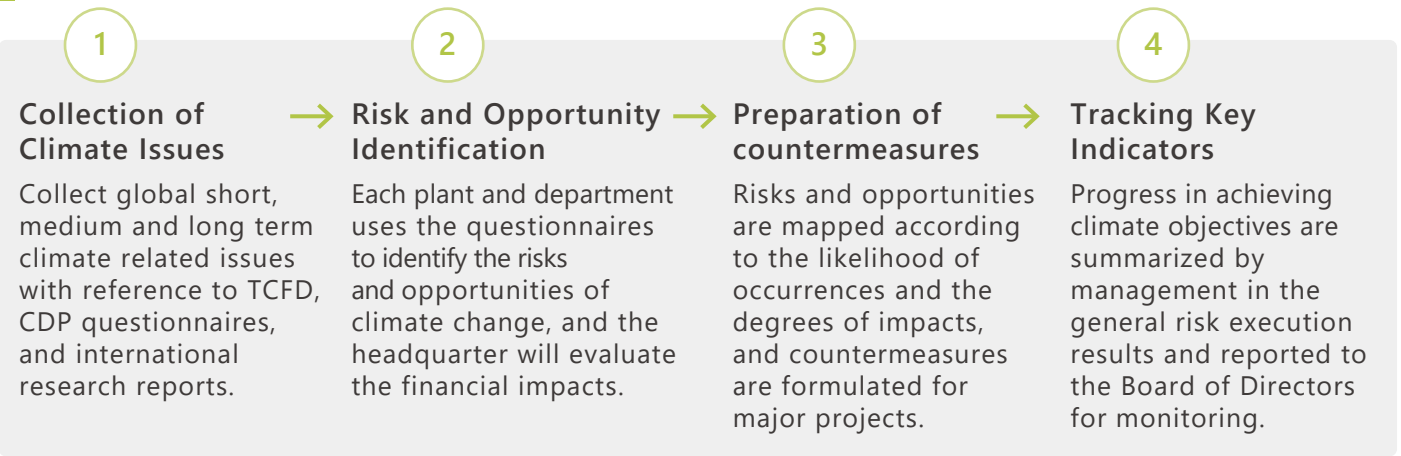
Identify climate risks and opportunities and prepare for countermeasures

Communicating ↓ ↑ Feedback

### Owners of Sites

Join the assessment of climate risks and opportunities

## Climate Risk and Opportunity Identification Process





Climate Change Adaptive Strategies

PEGATRON uses authoritative reports published by international organizations as scenarios for assessing climate impacts, including the SSP 1-1.9 and SSP 5-8.5 scenarios announced by the Sixth Scientific Assessment Report of the United Nations Intergovernmental Panel on Climate Change (IPCC), the APS and NZE scenarios proposed by the International Energy Agency (IEA), and the 1.5°C scenario required by the Scientific Basis for Targeting Initiative (SBTi), and also incorporates the planning of Taiwan's 2050 net-zero emission pathway(NZE) into the assessment.

Parameter assumption was additionally used to estimate the price of renewable energy in Taiwan using the EU ETS price from the State and Trends of Carbon Pricing report published by the World Bank and the 111th annual renewable energy barging rate announced by Taiwan's Bureau of Energy, and the global average temperature change was estimated by using the Surface temperature anomaly database of World Data. In addition, we used World Data's Surface temperature anomaly database to assess the global average annual temperature change, the Climate Change Estimation Information and Adaptation Knowledge Platform (TCCIP) developed by the Ministry of Science and Technology of Taiwan to assess the value of climate change in Taiwan, and the Coastal Risk Screening Tool introduced by the U.S. Climate Center to analyze the extents to which the global plants are affected by the impacts of sea level rise or flooding. The extents of the impacts of sea level rise or flooding on global plants are analyzed through the Coastal Risk Screening Tool launched by the US Climate Center.

Climate Change Risk Management

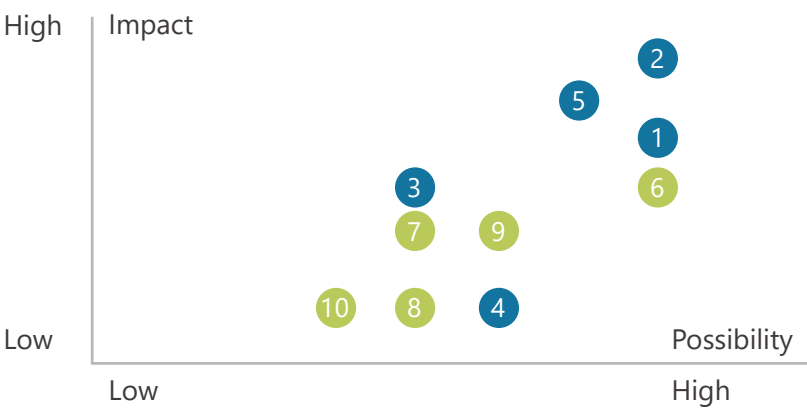
PEGATRON has referred to TCFD, CDP, and international research reports to inventory the climate change risk and opportunity database, and categorized Transition Risks into policy, market, and technology based on risk elements, and distinguish risks into long-term and immediate risks based on the expected time of occurrence of the issue. 15 issues are included in 2022, and senior executives will identify short-term (1-3 years), medium-term (3-5 years), and long-term (5-10 years) risks and opportunities, and then compiled the identification results to draw a matrix of climate change risks and opportunities based on the likelihoods of occurrence and the degrees of impacts. (After compiling the identification results, a climate change risk and opportunity matrix was drawn based on the likelihoods of occurrence and the degrees of impacts, presenting the high, medium, and low risk levels for each issue, which serves as a basis for the management to evaluate when developing risk management strategies. After evaluating the financial impacts of each issue, we formulate countermeasures for each issue in order to grasp the risks and mitigate the potential threats at an early stage.

According to the climate risk assessment for 2022, the short-term risk is the requirement of carbon inventory and the demand for carbon reduction from customers, the medium-term risk is the transformation of management mode, and the long-term risk is the increase of global average temperature. PEGATRON has been carrying out carbon inventory and verification in accordance with regulatory requirements, as well as implementing energy saving programs in accordance with customer requirements, and actively planning for the purchase of renewable energy in order to meet the demand for carbon reduction at each of our plants. PEGATRON will also continue to pay attention to the global climate change trend in order to minimize the impacts of natural disasters on production and operations.

PEGATRON aims to minimize the financial impacts of climate risks and maximize the economic benefits of climate opportunities by formulating response measures for climate change transition risks, physical risks and opportunities, including the formulation of emergency response plans, critical equipment contingency plans and infrastructure damage contingency plans to reduce the physical impacts of natural disasters and maintain stable shipments.

Climatic Conditions		Timeline	Parameter Assumptions	Analyze the results
Transition Risks	IEA APS	2022~2030	The APS scenario is based on the assumption that global carbon emissions in 2030 will be close to 2020 levels if all currently legislated carbon reduction policies are met	Even if PEGATRON's annual carbon emissions and revenue grow year-on-year, PEGATRON's carbon reduction target exceeds the government regulation's carbon reduction standard in the APS scenario, and therefore will save the government's fee in 2030.
	SBTi 1.5°C	2022~2030	4.2% annual reduction in carbon emissions in scope 1 and 2 and Taiwan Renewable Energy Feed-In Tariff Prices: NT\$2.1~4.1/kWh	In line with international trends and in response to stakeholder expectations, PEGATRON has announced that it will join SBTi in 2022 and is working on a target to reduce carbon emissions by 4.2% per year. It is expected that in 2030, PEGATRON will invest more than NT\$100 million to purchase renewable energy and expand its green power portfolio.
	IEA NZE	2022~2050	Zero Net Emissions by 2050	Although more than 90% of PEGATRON's carbon emissions come from purchased electricity, to achieve net-zero emissions will require consideration of reduction options for other sources of emissions, which will increase the investment budgets for other carbon reduction projects in the long term.
Physical Risks	SSP 1-1.9	2081~2100	Global Mean Annual Temperature Change +1.0 ~ +1.8 °C	<ol style="list-style-type: none"><li>1. Temperature Rise: The global average temperature has risen by 1.05°C between 1850 and 2017, with the highest increase of 4.55°C in Korea and 2.87°C in the U.S. among the countries where PEGATRON's facilities are located, leading to an increase in energy usage at the facilities.</li><li>2. Sea Level Rise: Some sites at lower elevations or near the ocean may be subjected to long term sea level rise or annual flooding, and the frequency and intensity of large floods will be increased with climate change.</li><li>3. Drought: Since the main type of water used by PEGATRON is domestic water, lack of water resources may cause operations to come to a standstill. If the plant is located in a city where hydroelectricity is the main source of electricity, production may not be possible.</li><li>4. Heavy Rainfall: The extent of the impact of an increase in the intensity of a single day's rainfall will vary depending on the urban flood control and drainage system of the area in which the plant is located, and new plants and poorly drained areas will require the purchase of additional flood control equipment and the development of contingency plans.</li><li>5. Typhoon: While the frequency of typhoons in Taiwan has decreased over the long term, the proportion of severe typhoons has increased dramatically, causing potential problems such as disruptions in the transportation of materials and products, or interruptions in production.</li></ol>
			Global sea level rise 0.28 ~ 0.55 meters	
			Taiwan's largest number of consecutive days without rainfall increased by about 0.4% in a single year.	
			Taiwan's largest single-day rainstorm intensity increased by about 15.3%	
	SSP 5-8.5	2081~2100	Global Mean Annual Temperature Change +3.3 ~ +5.7 °C	
			Global sea level rise 0.63 ~ 1.01 meters	
			Taiwan's largest number of consecutive days without rainfall increased by about 12.4%. Taiwan's largest single day's rainstorm intensity increased by 41.3%. Taiwan's typhoon ratio has increased by 50%.	

Climate Risk Matrix



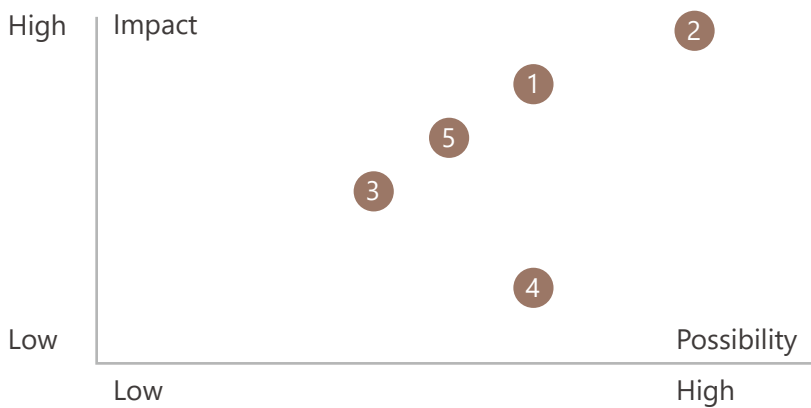
Transformation Risk

- 1 Regulatory Carbon Inventory Requirements
- 2 Customer Demand for Carbon Reduction
- 3 Low Carbon Product Demand
- 4 Supply Chain Disruption
- 5 Management Model Transformation

Physical Risk

- 6 Acute: average temperature increase
- 7 Acute: sea level rise
- 8 Acute: drought
- 9 Chronic: rainstorm
- 10 Chronic: typhoon

Climate Opportunity Matrix



Opportunities

- 1 Research and development of low carbon products
- 2 Layout of low carbon energy
- 3 Material recycling
- 4 Strengthening supply chain resilience
- 5 Promoting low carbon transformation



## Financial Impacts of Climate Risks and Measures to Address Them

Climate Risks		Financial Impact	Response Measures
Transition Risks	Statutory Carbon Inventory Requirements	Increase in internal staff costs and external inventory costs	In 2022, 6 new plants will be added to the greenhouse gas inventory. The Group will have completed greenhouse gas inventory and verification in 21 plants in total, and has planned the greenhouse gas inventory and verification schedule of subsidiaries to comply with the regulatory requirements of the competent authorities.
	Customer Demand for Carbon Reduction	Increase in Renewable Energy and Certificate Purchase Costs	In 2022, it will generate 8,931 Mwh of electricity from self-built renewable energy generators, procure 146,347 Mwh of renewable energy and 8,198 Mwh of renewable energy certificates, and join the SBTi Initiative, which sets aggressive carbon reduction targets to drive carbon reduction in the supply chain.
	Low Carbon Product Demand	Increased R&D and management personnel costs	In accordance with customer needs, we assist customers in obtaining international environmental labels such as EPEAT and Energy Star, which accounted for 42.3% of the total number of environmental labels for our computer products in 2022, and cooperate with customers in the research and development of low energy consumption electronic products to reduce the carbon emissions of the product lifecycle.
	Supply Chain Disruption	Decrease in operating income due to decrease in production capacity	In order to prevent production disruptions caused by bottlenecks in the procurement of raw and auxiliary materials, thereby affecting product deliveries, an external supply disruption contingency plan is in place to maintain a reserve of agreed supplies from multiple potential suppliers, or the production line can be realigned by the production management.
	Management Model Transformation	Increase in purchase cost of additional energy saving equipment	In 2022, a total of 81 energy saving projects were implemented, reduced electricity usage by 22,013 Mwh. Through regular energy saving meetings, management can track whether the energy saving performance of each plant meets the Group's energy saving and carbon reduction targets.
	Average Temperature Increase	Increase in purchase cost of additional energy saving equipment	Improvement of air-conditioning operation through replacement of energy saving air compressors, installation of energy saving water pumps, and introduction of free-cooling air-conditioning recovery technology. Even when the temperature rises, energy usage can still be controlled.
Physical Risks	Sea Level Rise	Increase in operating costs due to plant relocation or purchase of additional flood control equipment	To analyze the impacts of sea level rise and annual flooding on global sites under simulated scenarios of 1.5°C and 2°C temperature rise, and to assess the operational risk of low elevation sites as one of the factors to be evaluated in selecting sites for future expansion.
	Drought	Decrease in operating income due to lower production volume	Signed a contract with a water supply company to provide water resources by water trucks in case of water shortage to avoid production line stoppage. In addition, we have set up a procedure for responding to utility supply disruptions. If the disaster is not serious and does not affect the shipment, then the production management will adjust the production plan. If the delivery date is affected, the production management will notify the sales department and communicate with the customer in time to get the customer's agreement to delay the delivery.
	Rainstorm	Increase in operating costs due to equipment losses	Pay close attention to disaster information, inspect and repair drainage facilities related equipment and emergency rescue tools, and take flood prevention measures for equipment. If water enters the electrical facilities, immediately cut off the power supply to prevent damage to the equipment and injuries caused by leakage, and notify professional companies for support as appropriate.
	Typhoon	Decrease in operating income due to lower production volume	Pay attention to the latest information and government notices, so as to immediately issue internal announcements and prepare rescue tools, as well as to formulate preventive measures for areas with potential safety hazards in the plant, and to protect personnel and equipment. After the disaster, we hold a summary meeting to formulate a recovery plan based on the extent of the damage.

## Financial Implications of Climate Opportunities and Measures to be Taken

Climate Opportunity		Financial Impact	Measures to be taken
Opportunities	Research and Development of Low Carbon Products	Increase in orders leads to increase in operating income	In response to market demand, we developed high energy consumption products with low carbon emissions, and assist our customers in increasing the proportion of products with environmentally friendly labels.
	Layout of low carbon energy	Reduce operating costs by purchasing at lower prices	Advanced the construction of solar power installations and plan the procurement strategy of obtaining renewable energy and renewable energy certificates for each plant.
	Material recycling	Reduce operating costs by selling or recycling materials	Recycling of metal or recyclable plastic materials and reuse of eco-friendly packaging materials and wood packaging materials.
	Strengthening supply chain resilience	Ensuring supply chain resilience to reduce variable costs	PEGATRON has made obtaining ISO 14001 environmental management system certification as one of the annual supplier audit items, and explains PEGATRON Group's CSR requirements in the supplier conference.
	Promoting Low Carbon Transformation	Reduce energy consumption and therefore lower operating costs	In 2022, 81 energy saving projects were implemented to reduce electricity use by 22,013 Mwh, and the company will continue to organize stair-climbing activities by delivering fruits to employees in order to raise their awareness of carbon reduction.

## Indicators and Objectives

PEGATRON Group focuses on responding to significant and urgent climate risks, with energy saving and carbon reduction at the top of the list. Therefore, PEGATRON Group has set energy saving and carbon reduction targets for 2030 and disclosed the progress of achieving the targets over the years, which serves as a basis for the Board of Directors to monitor the performance, and for stakeholders to review the implementation results of the targets over the years.

Indicator	Objectives	Annual implementation results
carbon footprint	25% reduction in GHG emissions per unit of revenue in 2030 compared to 2019	1. The Group's total solar power generation capacity reached 8,931 Mwh. 2. Procurement of renewable energy 146,347 Mwh and renewable energy certificates 8,198 Mwh 3. Annual carbon emissions were 443,538.42 tons of CO <sub>2</sub> e.
electricity consumption	25% reduction in electricity consumption per unit of revenue in 2030 compared to 2019	1. Implemented 81 energy saving projects, reducing electricity usage by 22,013 Mwh. 2. Electricity consumption of 841,834 Mwh in 2022

## Carbon Disclosure Project, CDP



PEGATRON has been actively participating in the CDP since 2011, responding to the questionnaires about its GHG emissions and its strategy for addressing climate-related risks, investments and opportunities, and received a B- in the CDP Performance Band and B- in the CDP Supplier Participation Rating in 2022, a significant improvement compared to the CDP Supplier Participation Rating of C in 2021, which shows that PEGATRON is working more closely with its customers on carbon related issues. This year, PEGATRON has expanded the scope of carbon emissions calculation in Scope 3, and will promote the Supply Chain Carbon Reduction Program and continue to participate in various international initiatives, to demonstrate PEGATRON's commitment to carbon reduction and climate change issues.

Year	Climate Change	Water Security	Supplier Engagement Rating
2022	B-	C	B-
2021	C	C	B-
2020	C	C	C-



## Carbon Reduction and Energy Saving Target

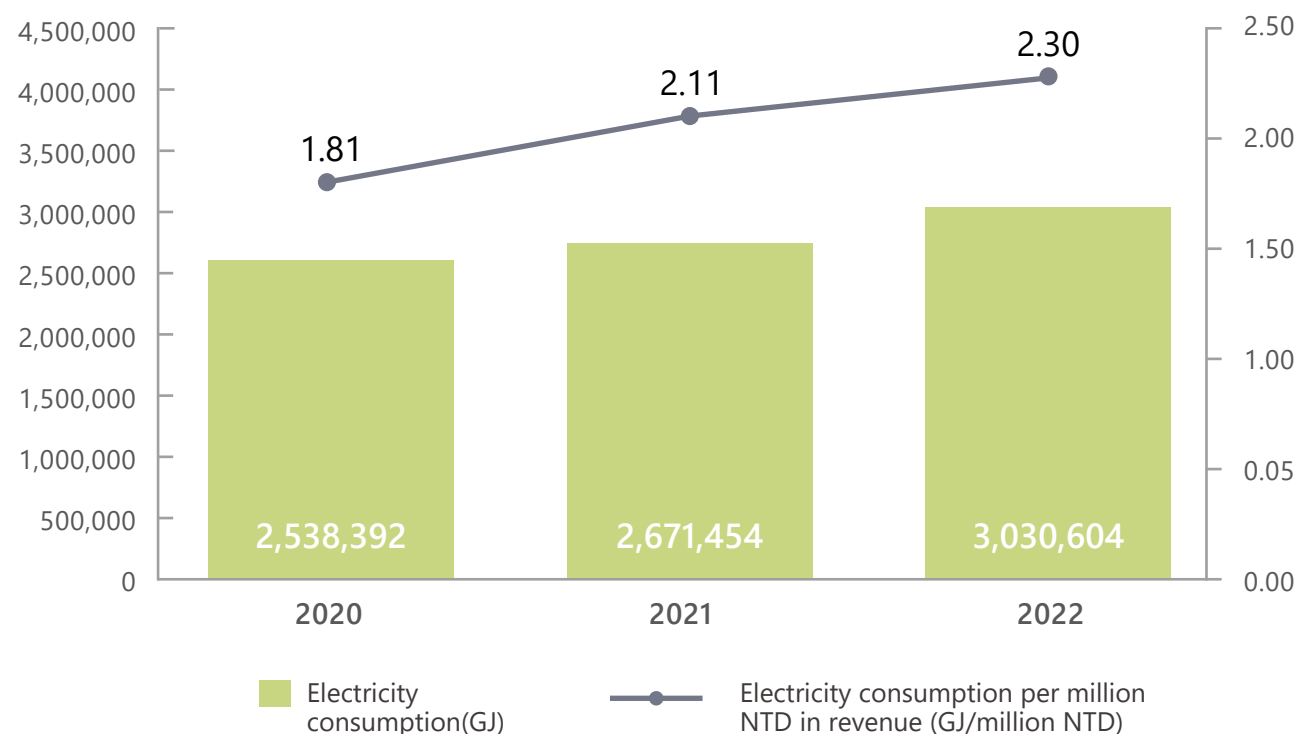
Looking ahead to the next decade, PEGATRON commits to reduce scope 1 and 2 GHG emissions 25% per revenue and electricity consumption 25% per revenue by 2030 from a 2019 base year. In response to the United Nations Paris Agreement and the net-zero carbon reduction targets of various countries. In addition, we have signed and announced our participation in the Science-Based Targets Initiative (SBTi) in February 2022, with the expectation that the Group's carbon reduction targets will be updated on a rolling basis in line with the global climate science, so that PEGATRON will align with the international goal of "controlling the global temperature rise to be less than 2°C compared to the pre-industrial level, and striving to limit the rise to within 1.5°C".

## Energy Management

### Energy Usage

Electricity is a major source of greenhouse gas emissions for PEGATRON. In addition to striving to achieve high productivity with low energy consumption in the production processes, the Group has also implemented various energy saving measures in its daily operations, including the control of unproductive significant electricity consumption such as the management of power supply, lighting and air-conditioning systems, in order to enhance the overall efficiency of electricity usage.

### Annual Electricity Consumption



Total Electricity Consumption (GJ)	Taiwan	China	Mexico	Czech	Indonesia	Vietnam	India	Other Regions
	226,067	2,550,380	35,474	8,901	63,003	65,040	72,284	9,454

Category	Annual consumption	Energy use (GJ)	percentage	Energy intensity (GJ/million dollars)
Natural gas	6,065,607 (m <sup>3</sup> )	203,115	4.40%	0.15
Purchased Power-Nonrenewable Energy	678,357,443 (kwh)	2,442,087	52.95%	1.85
Purchased Power-Renewable Energy	154,545,730 (kwh)	556,365	12.06%	0.42
Self-produced renewable energy	8,931,172 (kwh)	32,152	0.70%	0.02
diesel	123,769 (L)	3,896	0.08%	0.003
diesel fuel	339,012 (L)	11,980	0.26%	0.01
vapor	51,721,360 (kg)	1,362,548	29.54%	1.03
Total		4,612,143	100.00%	3.50

\* The organization's external energy consumption is calculated mainly base on the electricity and natural gas consumed by its factories, with a total electricity consumption of 1,776,159 kwh and a total natural gas consumption of 5,862,397 m<sup>3</sup>

## Energy Saving Measures

### A. Implementing ISO 50001 energy management system

In order to enhance energy management efficiency and implement energy conservation policies, Protek, Pegaglobe and the Czech Manufacturing Center have implemented and been verified an energy management system been verified to continuously monitor energy usage and implement energy saving measures, which will be rolled out to the rest of plants.

### B. Replacing energy saving equipment and introducing energy saving measures

In 2022, a total of 81 energy saving projects have been implemented, resulted in a total energy saving of 22,013 MWh and a reduction of carbon emissions of 12,786 tons of CO<sub>2</sub>e compared to the previous year.

	Energy Saving Measure	Energy saving (kwh)	Energy saving (GJ)	Carbon reduction (tons CO <sub>2</sub> e)
Air Conditioning System	<ul style="list-style-type: none"> <li>Replacement with energy saving air compressors</li> <li>Exhaust fan runtime control</li> <li>Cooling water tower replacement</li> <li>Air compressor pressure reduction improvement</li> <li>Inverter for water pumps</li> <li>Exhaust fan temperature control systems for start/stop</li> </ul>	10,306,044	37,102	5,988
Lighting System	<ul style="list-style-type: none"> <li>Replacement with LED lamps</li> <li>Replacement of fluorescent lamps with induction lamps</li> <li>Lighting time control</li> </ul>	422,159	1,520	245
Management Mechanism	<ul style="list-style-type: none"> <li>Water dispenser installed timer</li> <li>Power down equipment that is not used for a long period of time</li> <li>Close the main valve of the workshop when there is no production.</li> </ul>	11,285,196	40,627	6,553
		22,013,399	79,248	12,786

### C. Evaluate the efficiency of the facilities or equipment

Collaborate with external parties to evaluate the operational efficiency of equipment, analyze energy consumption hotspots as the basis for energy saving improvements, and develop energy saving efficiency calculation methodologies to track energy savings and estimated payback periods for input costs.



D. Set up renewable energy generation device

Solar power systems were installed on the rooftops of various plants, generating 8,931 MWh of renewable energy in 2022, accounting for 1.1% of the Group's total electricity consumption.

E. Purchase renewable energy and renewable energy certificate

The total amount of renewable energy and renewable energy certificates procured at the China plants is 154,545 MWh, accounting for 18.4% of the Group's total electricity consumption. In the future, we will evaluate the possibility of introducing renewable energy at each of our plants as one of our key strategies to reduce carbon emissions.

	Power Generation (kwh)	Electricity Generation (GJ)	Reduction of carbon emissions (tons CO2e)
2020	8,863,354	31,908	7,018
2021	9,116,793	32,820	5,610
2022	8,931,172	32,152	5,091

Remarks: The emission factors used in the calculation of carbon emissions reduction vary depending on the power plants. Carbon emission factors for electricity in Taiwan and China were selected respectively.

Greenhouse Gas Emissions

Greenhouse Gas Inventory

PEGATRON conducts greenhouse gas inventory according to the Greenhouse Gas Protocol, ISO 14064-1:2018 Standard and internal Management Procedure. The calculation of various greenhouse gas emissions is mainly quantified by the emission coefficient method. If there is any special need or other consideration, other reasonable calculation methods such as direct measurement method or mass balance method are used. The reference of global warming potential (GWP) is the 5th Assessment Report (AR6), 2021 by IPCC, and the quantity of GHG emissions are adopted by operational control.

Since 2009, PEGATRON has introduced a greenhouse gas inventory plan and set a ten year energy saving and carbon reduction target, which has achieved in 2020. Starting from 2021, according to the new version of the greenhouse gas reduction target, the base year is adjusted from 2009 to 2019.

The greenhouse gas inventory results of PEGATRON are verified by an external verification body, and the verification statement is disclosed on the official website. The external verification of 2022 greenhouse gas emissions is conducted in June 2023. The total quantity of greenhouse gas emissions in 2022 was 443,538.42 tCO2e. The electricity usage was the most important emission source, accounting for 87.6% of the total emissions. The main reason for the reduction of the total emission of 2022 is due to the increase in the use of renewable energy.

- Reporting Scope: Taiwan, China, Mexico, Czech, Indonesia, Vietnam, India, and customer service sites
- Inventory Scope: category 1 (direct greenhouse gas emissions), category 2 (energy indirect greenhouse gas emissions) and business travel (airline) in category 3 (other indirect greenhouse gas emissions)
- Greenhouse Gas Type: CO2、CH4、N2O、HFCs、PFCs、SF6、NF3

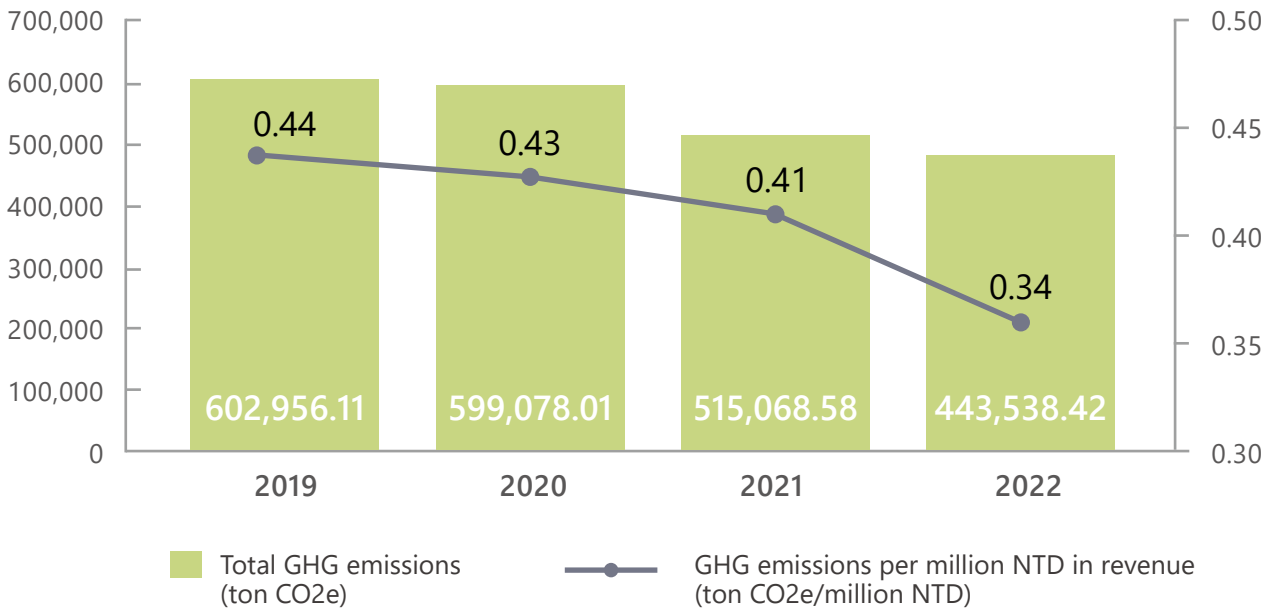
Greenhouse Gas Emissions

(Unit: tons CO2e, by market base)

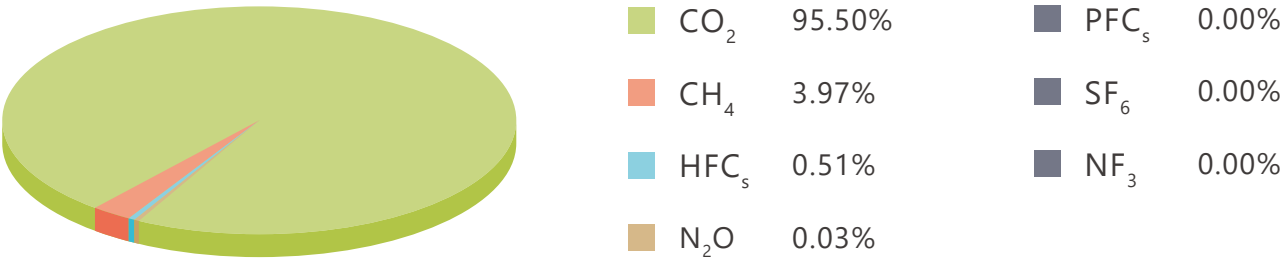
	2019	2020	2021	2022
Category 1	34,044.52	32,595.10	33,442.43	34,386.21
Category 2	568,911.59	566,482.91	480,916.86	407,215.65
Category 3	(not inventoried)	(not inventoried)	709.29	1,936.55
Total carbon emissions	602,956.11	599,078.01	515,068.58	443,538.42

Note: Compared with 2021, the 2022's emission includes new sites, such as Xindian, Vietnam, India and some factories in Suzhou and Chongqing.

Annual GHG Emissions



Greenhouse Gas Emissions Ratio



Carbon Reduction Policy

Our commitment to long term energy saving and carbon reduction was announced by our Chairman, T.H. Tung to show our determination and hoped to have contribution to greenhouse gas reduction through our group's efforts. In order to implement the greenhouse gas management in PEGATRON Group, headquarter and main production sites setup the "greenhouse gas inventory committee" to execute the inventory management plan and identify significant emission sources as well as draft the reduction targets and plans for reducing the environmental impacts from business, production, activities, and services. Through the management process, we take our responsibility for environmental protection.

PEGATRON has committed to develop eco-friendly design since its inception. In response to the impacts of global climate change, we continue to improve the energy efficiency of products and develop the easy dismantling, easy recovery, and energy saving design for the specific products according to customer requirements. Meanwhile, we establish the internal environmental technology standards for manufacturing green products and transform the risks of climate change into business opportunities. Besides, we strive to reduce the greenhouse gas emissions at the design and manufacturing stages. To reach our goal, we use measures of improving the energy efficiency of products, and optimizing energy consumption and cost during transportation.



## Environmental Protection

### The earth gives us everything we need. Now is the time to protect it.

A sustainable environment is a long term goal of PEGATRON Group. For products, we merge green and environmentally friendly concepts into our product design. For daily operations, we comply with international and local regulations to reduce the impacts on the environment. This philosophy is disclosed in our PureCSR policy and implemented in our daily environmental management. Beyond this, we consider the natural ecosystem when building the landscape of each site.

The company sets up the grievance mailbox and a special line for external stakeholders to provide suggestions or make appeals. We also set internal communication channels for employees to use. Each site has a dedicated unit to deal with environmental complaints and is responsible for the implementation of environmental protection, including regular assessments of compliance with local regulations, regulates management procedures, and commissions with third parties for testing to reduce environmental pollution and impacts of the organization's activities. There was no significant violation of environmental laws and regulations in 2022. (Significant violation is defined as being fined for over 1 million NTD.)

### Water Management

#### Water Usage

The major kind of wastewater of PEGATRON at each site is domestic wastewater. In order to ensure the water quality meets related wastewater protection regulations, we issued the "Water Control Management Procedure" to ensure the wastewater quality complies with local regulatory requirements. The periodic monitoring of wastewater quality continues to be conducted by third parties. The monitoring items are identified by environmental impact assessment reports or local legal requirements. All monitoring results in 2022 complied with requirements and the wastewater were discharged to the sanitary sewer systems.

We have a dedicated wastewater inspection laboratory to monitor wastewater quality at the East China Operation Center. The instruments for checking water quality are calibrated periodically to ensure the accuracy of monitoring. We improved the wastewater treatment system to ensure water quality by:

1. Carry out daily inspection and maintenance of the sewage tank facilities to make sure the normal operations of them to ensure the discharged water quality meets regulatory requirements.
2. Special management of oily wastewater treatment in canteens, including standardizing grease trap specifications, performing daily grease trap cleaning and maintenance to ensure wastewater discharged meets regulatory requirements.

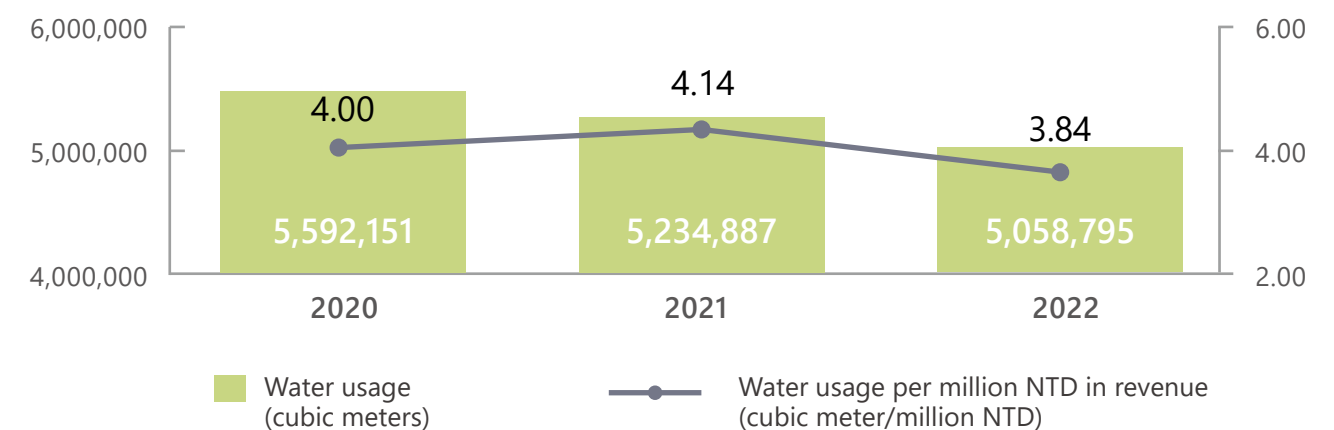
#### Total Water Consumption by Region

(unit: cubic meters)

	Taiwan	China	Mexico	Czech	Indonesia	Vietnam	India
Total water withdrawn	392,876	4,402,931	14,434	7,902	85,384	97,041	58,227
Total water consumed	392,876	4,402,931	14,434	7,902	85,384	97,041	58,227
Total water discharged	0	0	0	0	0	0	0

Note: The logic of total water consumption estimation is that if it cannot be confirmed whether the water intake and discharge are in the same watershed, then according to the definition of SASB TC-ES-140a.1, the water consumption adopts the conservative principle, and the water intake is equal to the water consumption. If it can be confirmed that the water intake and discharge are in the same basin, then water consumption = water intake - water discharge.

### Annual Water Consumption



### Water Saving Policy

To enhance the efficiency of water usage, we adopt prevention control techniques of water consumption and water conservation is part of the resource saving program as well. The improvement of water recycling efficiency is our target. We periodically review water conservation performance for continuous improvement. Currently, the main source of water for each site is tap water. We actively promote water conservation activities, and each site has developed and implemented control measures for water conservation. For example, we adopted the water saving design in faucets and adjusted the flushing devices according to the facility production schedule in East China Operation Center in 2021. We not only continue our water saving strategies but also keep introducing automation techniques which lead to worker reduction as well as reduce our water usage. Water resource management and water pollution prevention should start with water saving. Each site of PEGATRON has set up and implemented several control measures for water saving and explored possible ways of water recycling in each kind of water usage in the facility.

### Water Saving Measures



Office

- 1 Install water saving devices in faucets.
- 2 Water saving training programs through activities.
- 3 Publish posts and slogans about water conservation.
- 4 Labels on water use devices for information of repair notice.
- 5 Induction faucets and using devices for urinal bowls.
- 6 Choose water and energy saving devices.



Factory

- 1 Optimal design of water consumption in chillers.
- 2 Introduce the condensed water recycling system for chillers and enhance the efficiency of water curtain pumps.
- 3 Individual water meter for water use.
- 4 Water run-o warning devices for water pools and water tanks.
- 5 Arrangement of irrigation process.



Water Risk Assessment

The water resource is not a significant environmental aspect for PEGATRON Group. PEGATRON main water usages are domestic water and partially comes from factory equipment operations. Our production type is mainly for product assembly with low water usage requirement. However, water shortage caused by climate change and the large variation of rainfall distribution are global issues. We use the Aqueduct Water Resource Risk Assessment Tool developed by the World Resources Institute (WRI) to analyze the water resources and water shortage risks of various locations worldwide. This tool measures the degree of over utilization of water resource in each region by identifying water risk pressure. No matter how much water resource have been used, the water stress index can inform us the sustainability of the local economy and the risk of water supply shortage. Our principle for water

resource management adopts two measures. First, we devote ourselves to reduce the use of water and improve internally on how we handle wastewater. Secondly, we pay attention to promote the water saving concept into our supply chain. PEGATRON devotes to improve the efficiency of water usage and reduce the negative impacts on the environment. We initiate green value and implement corporate social responsibility through taking actions for a sustainable cycle and the concept of coexistence for economic growth and environmental protection. To reduce waste from the original, we focus on equipment maintenance and improvement, and the concept propagation of water resource treasuring at each site.

PEGATRON water stress index and basic information

- Water Stress Index is from Aqueduct Tools: <https://www.wri.org/aqueduct>
- Factories in Taiwan and the Czech Republic are shown as the wastewater discharge quality standards for the public sewage sewers. Those of other factories are wastewater discharge standards for industrial area.



**Juarez, Mexico** ■

**Water Stress Index**  
Extremely-high (>80%)  
**Discharged Water Quality**  
pH: 6~9, SS: 180 mg/l  
COD: 440 mg/l

**Chongqing** ■ ●

**Water Stress Index**  
Low (<10%)  
**Discharged Water Quality**  
pH: 6~9, SS: 400mg/l  
COD: 500 mg/l

**Kunshan** ■

**Water Stress Index**  
High (40-80%)  
**Discharged Water Quality**  
pH: 6~9, SS: 400mg/l  
COD: 500mg/l

**Taoyuan** ■

**Water Stress Index**  
Low (<10%)  
**Discharged Water Quality**  
pH: 6~9, SS: 200mg/l  
COD: 480 mg/l

**Ostrava, Czech** ■

**Water Stress Index**  
Medium-High (20-40%)  
**Discharged Water Quality**  
pH: 6~9, SS: 700 mg/l  
COD: 1200mg/l

**Batam, Indonesia** ■

**Water Stress Index**  
Medium-High (20-40%)  
**Discharged Water Quality**  
pH: 6~9, SS:200-400 mg/l  
COD:100-300mg/l

**Suzhou** ■ ●

**Water Stress Index**  
High (40-80%)  
**Discharged Water Quality**  
pH: 6~9, SS: 400mg/l  
COD: 500 mg/l

**Xindian** ■

**Water Stress Index**  
Low-Medium (10-20%)  
**Discharged Water Quality**  
pH: 6~9, SS:450mg/l  
COD: 600mg/l

**Shanghai** ■ ●

**Water Stress Index**  
Low-Medium(10-20%)  
**Discharged Water Quality**  
pH: 6~9, SS: 400mg/l  
COD: 500mg/

**Taipei, Headquarters** ●

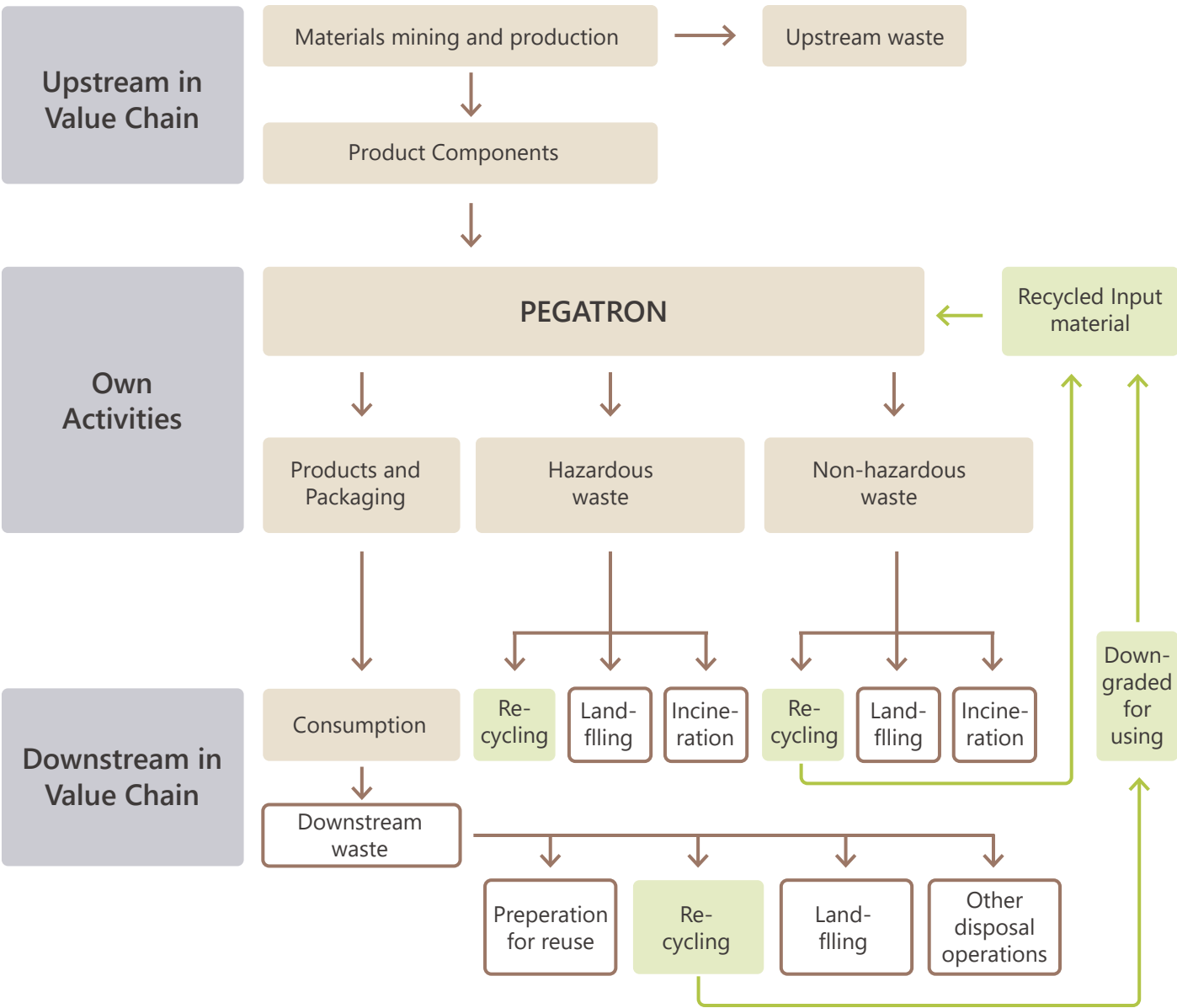
**Water Stress Index**  
Low (<10%)  
**Discharged Water Quality**  
pH: 6~9, SS: 600 mg/l  
COD: 1200mg/l



Waste Management

Waste Management

Each site has to follow our internal procedures to coordinate the waste handling process and ensure all hazardous industrial waste is handled in compliance with local regulations. When selecting the suppliers to participate in the next year's bidding each year, they are all selected from the suppliers that meet the requirements of the local competent authority for the disposal of hazardous industrial wastes such as waste electronic and electrical machinery. Before signing a contract with a new commercial waste removal and disposal company, the company's qualification and processing capabilities will be evaluated. E-waste removal suppliers are audited by the management unit at least once every two years to ensure compliance with the laws and capabilities of the suppliers. We verify each waste treatment supplier's qualification in a transparent, fair, and impartial manner. PEGATRON evaluates the qualifications and capacity of a new waste disposal company before signing a contract with it.



Waste Generation in 2022

Hazardous Waste Generation

		(Unit: tons)						
		Taiwan	China	Mexico	Czech	Indonesia	Vietnam	India
Disposal transfer	Reuse	0	0	0	0.61	0	0	0
	Recycle	0	520.68	0.0011	0	128.51	0	0
	Recovery	0	40.04	0	0	0	0	0
Direct disposal	Compost	0	0	0	0	0	0	0
	Incinerate	4.98	621.93	0	0.75	0	0	1.65
	Landfill	0	60.46	1.84	0	0	0	0
	Onsite storage	0	0.70	0	0	0	0	0
	Other	141.73	100.52	88.25	0	41.17	24.61	0
Total waste generation		1778.43						

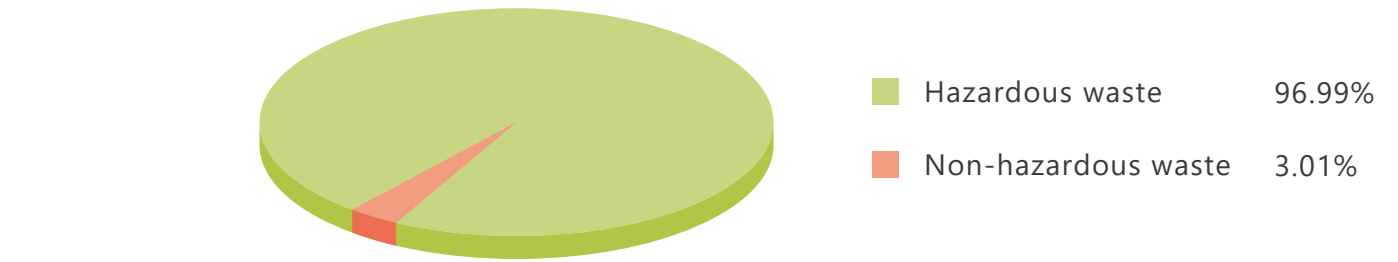
Non-hazardous Waste Generation

		(Unit: Metric Tons)						
		Taiwan	China	Mexico	Czech	Indonesia	Vietnam	India
Disposal transfer	Reuse	0	0	0	18.87	0	0	0
	Recycle	3,025.01	30,538.25	312.27	137.30	3,373.55	0	930.38
	Recovery	355.50	5,293.58	137.49	0	0	0	0
Direct disposal	Compost	8.59	0	0	0	0	0	0
	Incinerate	612.48	3,410.78	0	0	0	0	0
	Landfill	0	0	0	24.90	0	0	0
	Onsite storage	0	0	0	0	0	0	0
	Other	8.29	7,199.72	0	0	0	1,903.29	0
Total waste generation		57,290.27						

Note 1: "Reuse" means inspection, cleaning, or repair operations through which products or components destined to become waste are reused for the same purpose for which they were originally intended; "Recycling" means replacing materials purchased or obtained from internal or external sources; and "Reclaiming" means taking a product or component that has become waste and subjecting it to a reprocessing process in order to create a new material.

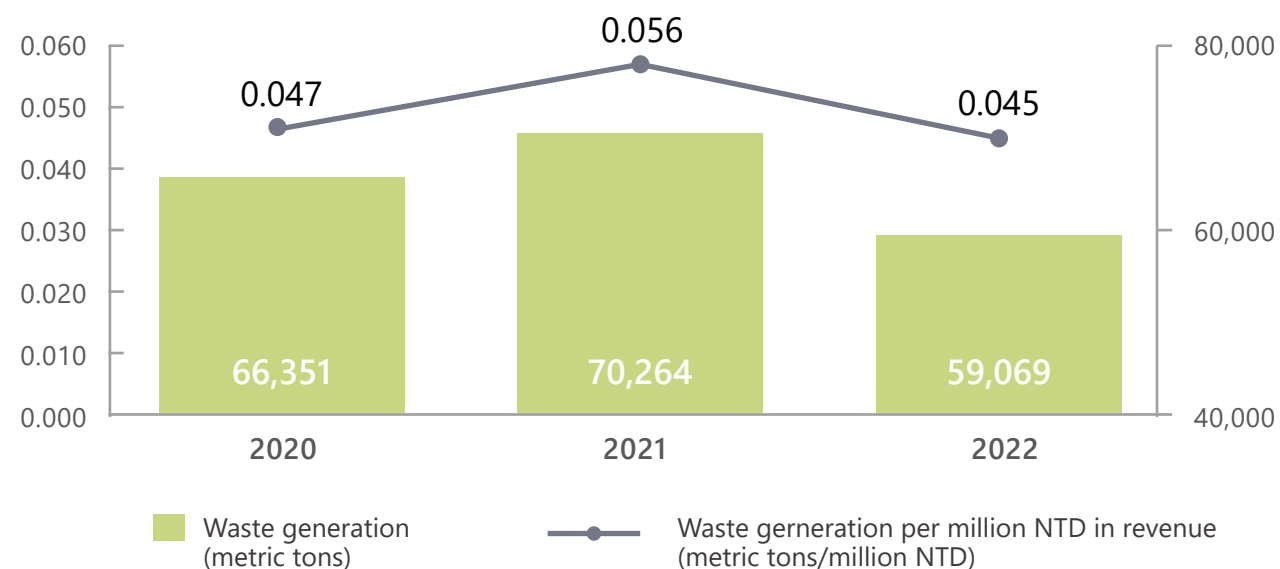
Note 2: The data of each site were collected from waste removal suppliers and then compiled by the Occupational Health and Safety or Environmental & Safety Departments to form the values for each plant.

Waste Generation Type

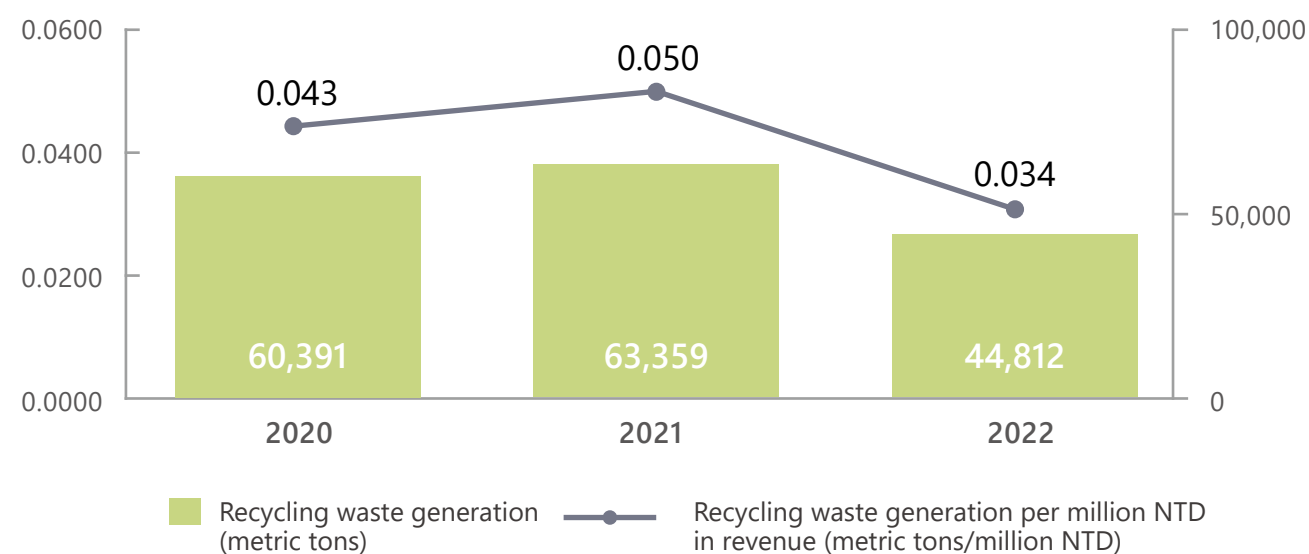




## Total Waste Generation



## Generation of recycling waste



## Waste Reduction Policy

The challenge of waste handling is one of the major environmental aspects in PEGATRON Group. As a professional DMS company, we follow our internal procedures to control the wastes produced at each stage. Almost all wastes are treated through recycling ways. However, unrecycled domestic waste will be incinerated. To achieve the goal of circular economy, Protek has promoted a zero waste to landfill project, which included compliance management, verification, and audit to ensure all wastes are dealt with appropriate disposal instead of direct landfill disposal. Protek has achieved "100% diversion, with 4% thermal processing with energy recovery", which was verified by a

third-party based on UL 2799 environmental claim validation process for zero waste to landfill in November 2016. We will continue to devote ourselves to resource recycling treatment in the future.

The principle of waste management in PEGATRON is to minimize the importation of raw materials. In addition to source reduction, we pay attention to the use of recycled packing materials to improve the re-utilization rate. Furthermore, we have set up a waste management unit at each site that is responsible for the daily operations and waste statistics, and helps other units to implement waste reduction and recycling. Factories in Taiwan have launched a plastic reduction program. Disposable tableware is no longer provided in our restaurants since 2019. In addition, the Welfare Committee has given each employee a set of environmental-friendly meal boxes with a bag, which can be used in our restaurants and daily dining outs. We hope to achieve the goal of waste reduction by decreasing the use of plastic bags and disposable meal boxes. PEGATRON's waste classification includes hazardous waste, general waste, and recycling waste. The total of general and recycling waste is non-hazardous waste.

## Green Product

**We enable the products you buy to participate in the green revolution through environmentally friendly design.**

### Sustainable Design

As a professional DMS, PEGATRON designs innovative and high-end technology electronics with the concept of economic, society, and environmental sustainability. For the issues of global warming and limited natural resources, we focus on the safety and health impacts for users during our product life cycles and devote to the enhancement of product energy efficiency. To reduce the impacts on the environment and lower or eliminate the negative effects on health and safety in design and manufacturing phases, we control the usage of hazardous chemicals and use recyclable materials according to international environmental protection regulations and customer requirements.

"PEGATRON continually focuses on product safety, regulatory compliance and pursues improved product quality through innovation, efficient manufacturing, eco-friendly design, on-time delivery, reliable services, lean processes, and comprehensive training to earn customer satisfaction" is our PureGMS policy. Our product quality management activities are based on ISO 9000 Quality Management System. Our IECQ QC 080000 management system is developed to ensure all our products are under control to avoid hazardous substances used or products contained from the stage of customers' requests to product delivery. Meanwhile, we establish GP (Green Product) management system and get certifications of TL 9000, IATF 16949, and ISO 13485 to meet specific customer requirements.

PEGATRON is keen to pursue product quality and continuous improvement and perseveres in promoting product yield by using lean production approaches and introducing automatic production devices to reduce defects caused by negligence throughout the manufacturing process. Meanwhile, PEGATRON uses SFIS (Shop Floor Integrated System) system and is supported by big data to analyze its first pass yield rates, lot reject rates, loss rates, etc. Therefore, the production yields and the usage rates of material increase.

PEGATRON tracks and summarizes international environmental regulations, including hazardous substances, green marks, and environmental labels. Relevant units report the regulatory compliance and related measures in the



regularly Steering Committee (SC) meetings. The latest environmental regulations are also communicated internally through the monitoring platform for regulations. PEGATRON has no case of noncompliance led to fines with regulations concerning the health and safety impacts or information labeling by products and services in 2022.

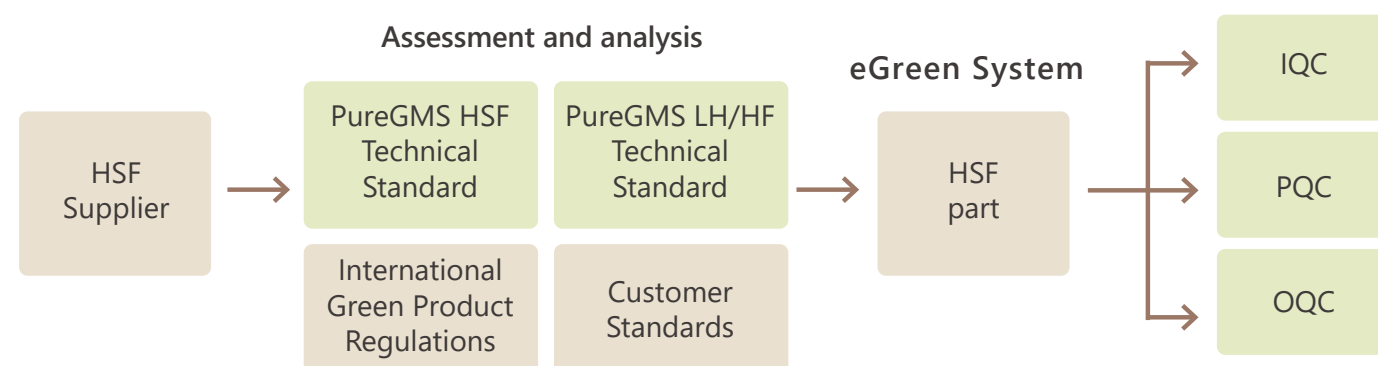
### PureGMS, Green Product Management System



### Hazardous Substance Management

PEGATRON has professional experience in the integration of design with production and service. In addition to green supply chain reinforcement, we also provide customers with creative energy saving and hazardous substance free (HSF) product design concepts to facilitate the introduction of green products. We meet customers' green requirements and legal requirements during the design and material selection phases. The banned substances include serious environment impact substances which are restricted to be used according to EU RoHS or REACH. In addition, we further control the use of more than 50 chemical substances on ozone depletion substances and radioactive materials. The restriction of hazardous substances contained in batteries and packing materials by legislation and customer requirements also have been introduced into PEGATRON's HSF management system. To align with customers' green product requirements, we parse customers' requirements and current international green product regulations. Moreover, we integrate the requirements into our HSF management system gradually to realize the sustainable development of green products.

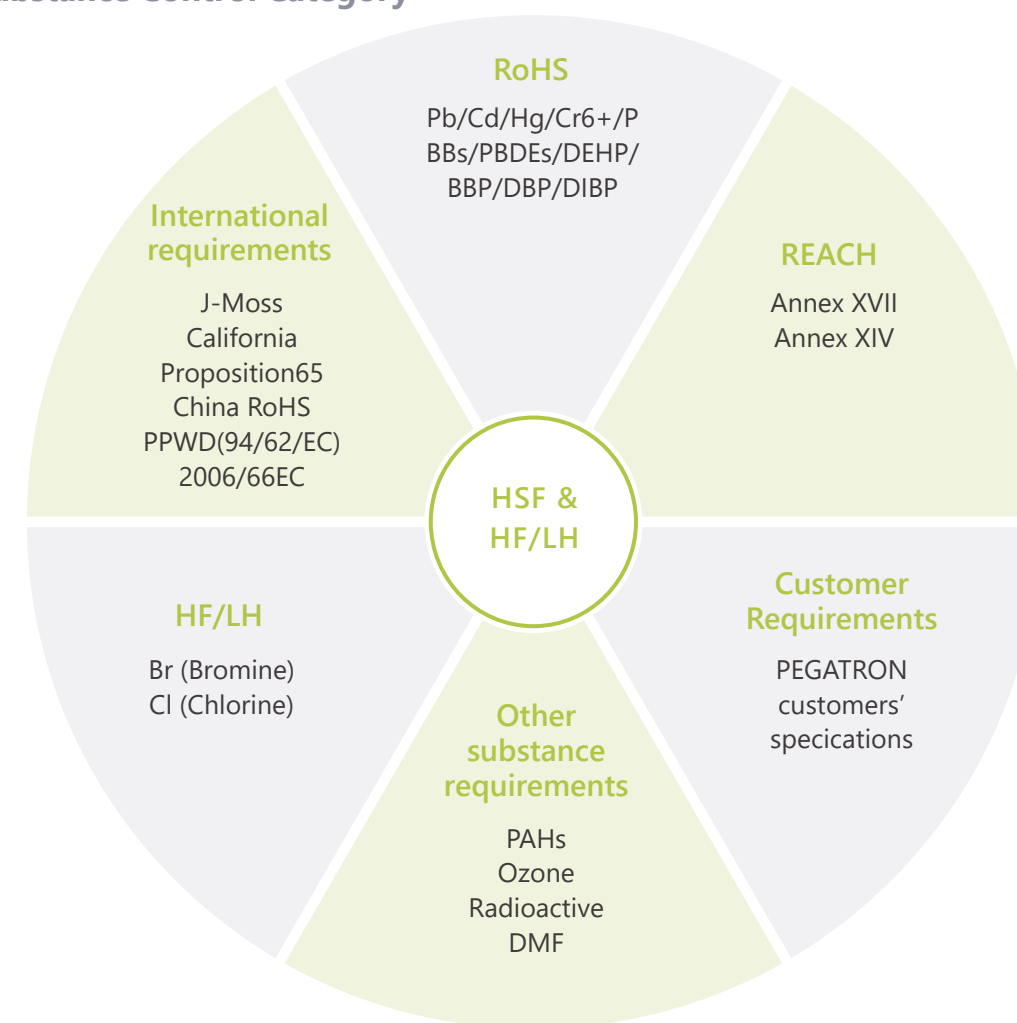
### Hazardous Substance Management Process



### Hazardous Substance Control

To meet the international environmental regulations and customer requirements, PEGATRON has issued PureGMS HSF Technical Standard and PureGMS Low Halogen/Halogen-Free Technical Standard. We tailor customers' green product specifications upon requests and include them in our component approval process. All components need to follow PEGATRON's or Customer's requirements of green product specifications in the design phase to reduce the hazardous substances of the products effectively in the early stage of product life cycle. To make sure that all products can meet the global regulations and customer requirements of hazardous substances, it needs to be divided into multiple phases to control the use of hazardous substances. To assess the safety and health impacts of product life cycles for employees and users, we conduct regular internal and external audits of the IECQ QC 080000 hazardous substance free management system every year to ensure the implementation and progress towards continuous improvement.

### Hazardous Substance Control Category



### Hazardous Substance Reduction Training

PEGATRON considers the trend of global environmental regulations is gradually stricter for hazardous substances management. Therefore, to improve human health and safety, and reduce the impacts on the environment, PEGATRON not only sets up the hazardous substance reduction program for all components yearly, but also monitors global environmental regulations periodically to comply with the international environmental regulations in time. In addition, PEGATRON conducts a regular search for the green regulation in response to the ever-changing requirements of the international green regulation and the adjustment or responses to the impactful regulations are reported in the bi-weekly PureGMS Steering Committee meetings. Besides, to enhance the competency of all employees on the HSF



management system, our employees need to attend HSF Basic, Intermediate, or Advanced training courses based on different levels of works. The materials of HSF refresher training courses are reviewed every year in accordance with the international green product regulations and standards which were updated in the past year. All employees shall participate in the refresher training courses in the current year.

The targets for the completion rate of HSF related training courses are achieved every year. It helps us to understand the changes of new international regulations on green products and implement the HSF management system effectively. Generally speaking, PEGATRON always catches the trend of international regulations in time and cooperates with customers to identify the environmental requirements to ensure compliance. By the end of 2022, the completion rates of all HSF courses are 100%.

HSF Online Courses

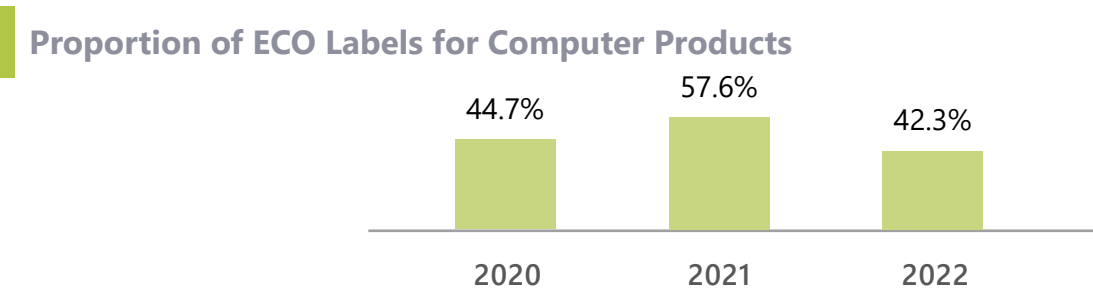
HSF Elementary Class	HSF Intermediate Class	HSF Advanced Class
<ul style="list-style-type: none"><li>• Introduction to International Environmental Laws and Regulations</li><li>• SPT-00001 Controlled substances</li><li>• Introduction to PureGMS</li></ul>	<ul style="list-style-type: none"><li>• Green Parts Flag Coding Principle Explanation</li><li>• Introduction to SPT Technical Standards</li><li>• Introduction to GCT Form Process</li><li>• HSF Organizational Adaptation Functions and Knowledge Building</li></ul>	<ul style="list-style-type: none"><li>• Introduction to HSF Parts Approval</li><li>• eGreen Platform Introduction</li></ul>

Remarks: GCT stands for Green Spec Comparison Form.

Low Carbon Production

Environmental Labeling

All products designed and manufactured by PEGATRON are complied with customer requirements, international regulations and related regulations in sales territories, and verified accordingly. The environmental information is marked on the product based on the demand. The concept of green consumption began popular after the environmental protection campaigns in European and American countries in the 1970s, and environmental labels were born accordingly. Through the rule of environmental labeling, the trend aims to awake consumers to choose products with recyclable, low pollution and resource saving to improve environmental quality. In recent years, the trend of environmental labeling in various countries has gradually expanded the scope to social responsibility. This trend shows that in addition to pay attention to the three R requirements of the product side, the company also needs to fulfill its social responsibility. PEGATRON is in line with the world trend and hopes to be more competitive. From the design to the manufacturing, including waste reduction, recycling, and other related requirements, PEGATRON continues to work hard to meet the trend to fulfill its social responsibility. Also, we actively cooperate with the green marketing needs of customers' products and strive to achieve customers' goals. In the future, we will continue to meet the legal requirements and customers' green product requirements as well as fulfill the obligations of corporate citizenship.



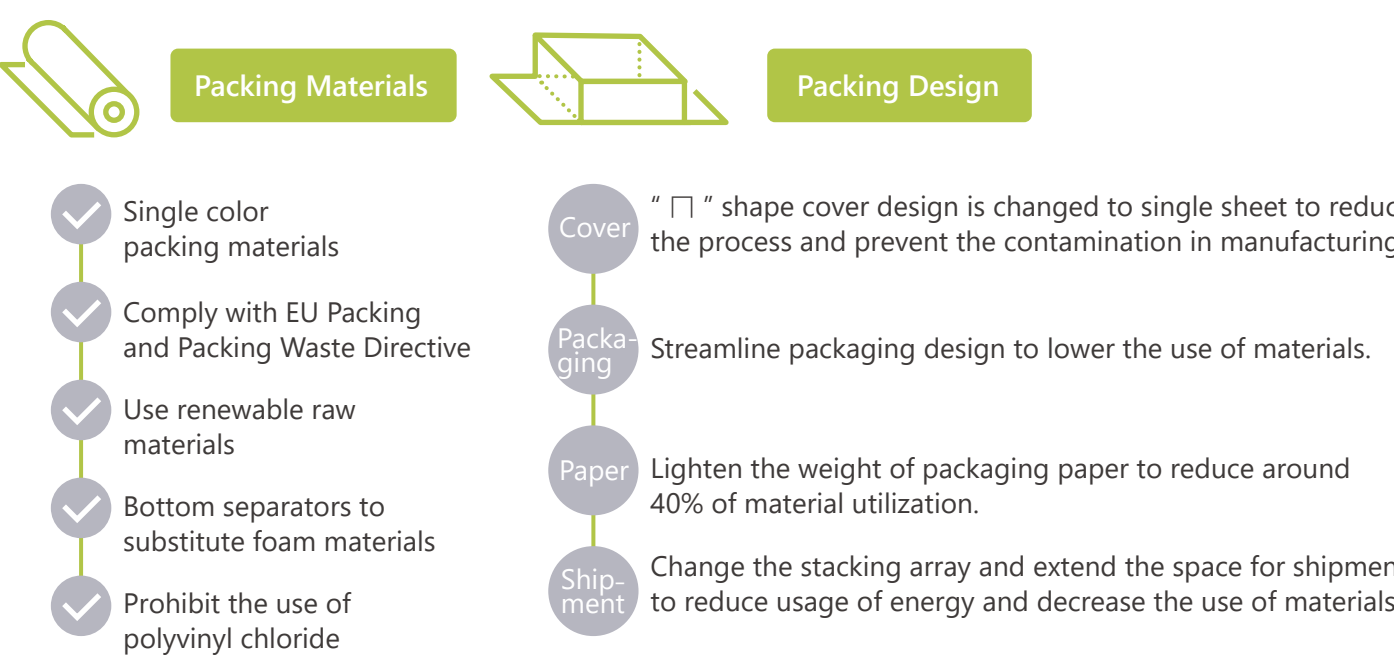
Note: Computer products refer to PEGATRON products such as boards, laptops, industrial computers, tablets, desktops, minicomputers, etc., and environmental labels include EPEAT, EU Eco Label, China SEPA, TCO, and Eco Mark.

The focus of our research and development of electronics products is to save energy. From the beginning of development, we consider the energy related requirements of different nations in the design phase. To enhance energy consumption efficiency, we meet current energy usage requirements, anticipate customers' needs, and set targets according to the newest internal energy efficiency trend. To ensure the electronic products we produced can meet the requirements of energy efficiency, PEGATRON has established a qualified energy efficiency laboratory (Supervised Manufacturer's Test Lab program; SMTL) at corporate headquarter in Taipei in October 2011.

Green Packaging

We include resource conservation, reusability and recyclability in our packing design assessments. Meanwhile, we also consider minimizing the environmental impacts of packing materials and manufacturing processes, as well as the final disposal of no longer needed packing materials during package design.

Eco-Friendly Considerations: We take the green concept into account when designing the package and using the raw packing materials. Also, the packing design is optimized to reduce the use of materials.



Product Safety Regulation

To ensure users' property safety, many countries have set safety and electromagnetic compatibility specifications as well as testing standards for various products to protect the rights of customers and end users. PEGATRON establishes internal verification procedures according to the national standards and regulatory requirements through the standardized process. Our RD conducts overall assessments and testings for products accordingly. In addition, we also follow related safety and EMC specifications and requirements at the manufacturing stage. PEGATRON has no violation case or penalty by the government due to product safety related issues in 2022.

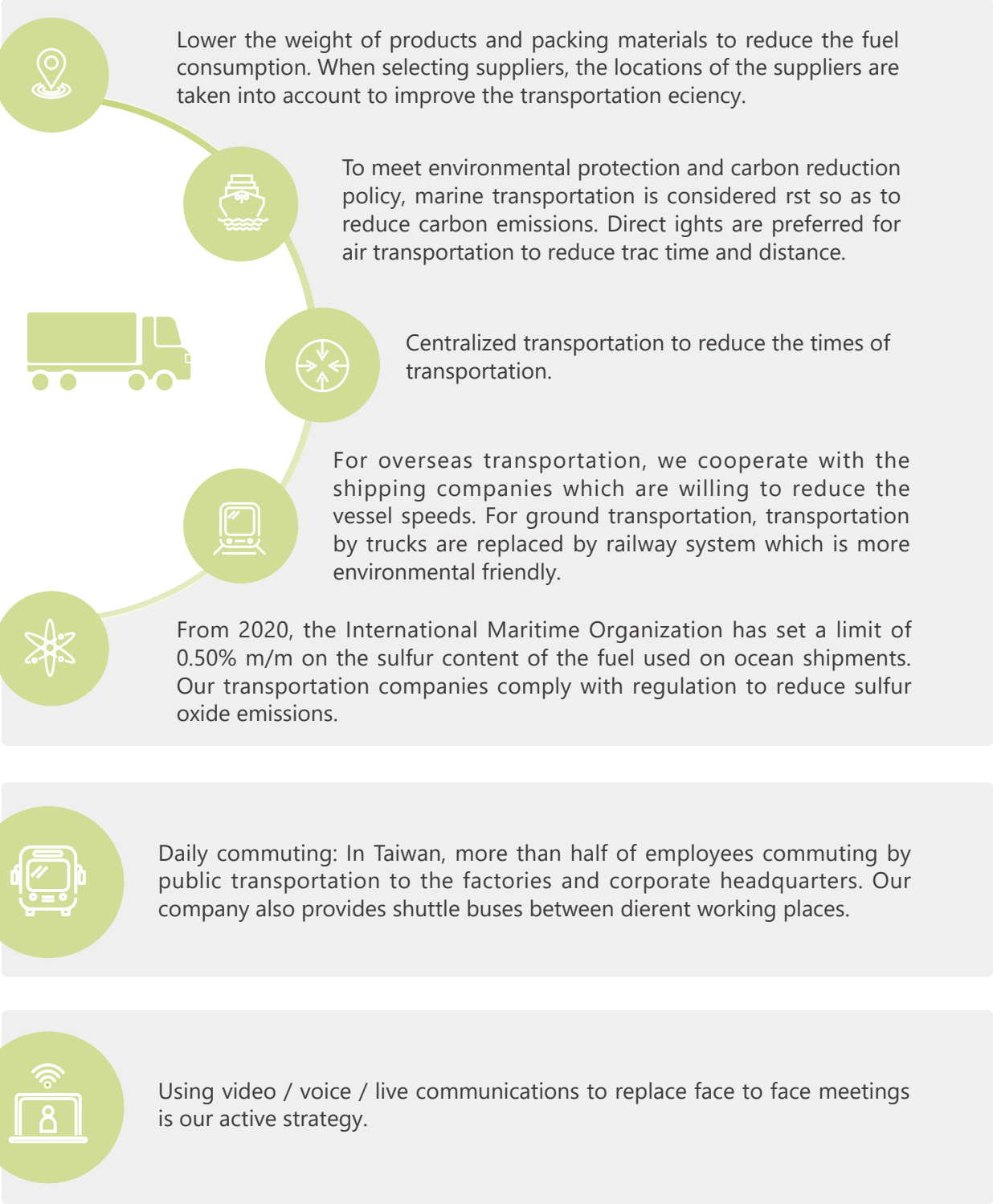
International regulations regarding product safety are reviewed in the regular management review meetings. If there is any update, we will instantly notify relevant personnel to ensure regulatory compliance. We provide regular trainings for relevant personnel, including safety operating standard introduction, safety inspection introduction, plastic material selection guidelines, and materials and parts safety requirements. Therefore, employees have the necessary skills when performing product safety activities.



To protect the health and safety of users’ lives and safeguard end users’ interests, PEGATRON performs internal safety audits to verify the effectiveness of the quality system. According to the internal regulations, we also develop the abnormal handling process of product safety. When it is found that the safety regulations have not been met in the process of purchasing, manufacturing, or inspection, we will identify, isolate and dispose of the products, and notify the relevant units. After that, relevant units should retest the repaired or reworked products.

Green Transportation and Business Travel

In order to save energy and increase the efficiency of traffic / transport usage, we continue to promote green transportation and business communication.







# Social Welfare

Create a happy workplace and promote the common welfare of the community.





Management of Material Topics

Material Topics

Occupational health and safety, labor rights.

Positive or negative impact

- (1) A working environment that is better than the regulatory requirements will enable employees to work with peace of mind during the production process and increase productivity.
- (2) Failure to properly manage human rights issues may result in workers' health and quality of life being compromised due to overtime or hazardous conditions.

Management policies or measures

- (1) Promote the working conditions in the offices and factories by the environmental safety departments in accordance with ISO 14001, ISO 45001 and local government regulations.
- (2) Regular audits by internal units and external organizations to ensure proper implementation of policies and reduce potential risks.

Goals and Achievements

- (1) The monthly average turnover rate is reduced.
- (2) Occupational disease rate and work-related death rate are 0.

Labor Relations

Respect International Human Rights and Cultivate Local Talents.

PEGATRON Group's philosophy is based on a work-life balance of "Bring Joy at Work, Enjoy Happiness in Life". We expect that employees will treat their work with a pragmatic attitude, stimulate their potential through different work challenges, and constantly surpass themselves to pursuit more outstanding performances. When all team members work together to achieve excellence, all employees can enjoy a "Happy Life", which is PEGATRON Group's ultimate goal. To promote the protection of human rights and prevent human rights violations, PEGATRON complies with the labor laws and the internationally recognized fundamental labor rights to protect employees' lawful rights and interests. Moreover, we also develop the policies and procedures to protect the fundamental human rights of employees.

Employee Profile

As of December 31, 2022, PEGATRON's global workforce (including dispatched labors) totally was approximately 147,360, a decrease of 12,566 compared to the previous year due to industry trends and production cycles, while the number of full-time workers in Taiwan who are not in supervisory positions in 2022 will be 8,729, an increase of 311 compared to the number in 2021. Workers who are not employees but controlled by the organization are mainly cleaning personnel, security guards, dispatched employees, interns and contractors who perform regular maintenance on equipment. Because the personnel and time for entering the sites are not fixed, the information on the total number of these kinds of workers is not available. Thus, the information on this item is omitted from the disclosure.

The ratio for hiring local residents to be senior managers

(unit: %)

	Taiwan	China	Mexico	Czech	Indonesia	Vietnam	India
Percentage of local-hired senior managers	98.9%	83.9%	35.6%	89.5%	3.9%	7.6%	72.9%

Remark 1: The proportion of local residents employed as senior management (%) = the total number of local residents in the senior management / the total number of local senior management

Remark 2: The senior management are the employees who have the management responsibilities.

Remark 3: The local people are the employees who are born or have the legal rights to reside indefinitely in a local country, but the scope of the Czech extends to European Union (EU).

Manpower structure of 2022

(unit: number of people)

Location	Total	Gender		Age			Permanent				Temporary				Non-guaranteed hours	
		Male	Female	Under 30 yrs.	31-50 yrs.	Over 51 yrs.	Full-Time		Part-Time		Full-Time		Part-Time			
							Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Taiwan	8,899	5,538	3,361	2,081	6,098	720	4,625	2,120	4	2	909	1,239	0	0	0	0
China	114,954	82,048	32,906	75,934	38,856	164	33,030	16,567	0	0	49,018	16,339	0	0	0	0
Mexico	1,802	1,090	712	963	753	86	1,090	712	0	0	0	0	0	0	0	0
Czech	834	425	409	292	418	124	213	125	3	11	203	241	6	32	0	0
Indonesia	5,048	1,602	3,446	4,763	284	1	549	818	0	0	1,053	2,628	0	0	0	0
Vietnam	2,386	1,375	1,011	1,677	709	0	1,375	1,011	0	0	0	0	0	0	0	0
India	13,437	7,358	6,079	13,104	332	1	1,064	432	0	0	6,294	5,647	0	0	0	0



We not only focus on the global market, but also focus on local development. PEGATRON continues to employ local staffs as management at each of our major operating locations to implement the concept of localization of talents. We have also strengthened the employment of physically and mentally challenged employees to provide employment opportunities and jobs for the underprivileged. At the same time, PEGATRON actively adjusts the hiring measures in line with the government policy to do its part in the localization of employment.

PEGATRON respects equal rights and anti-discrimination of each candidate’s gender, religion, race, national origin or political party. When we recruit a new employee, our primary consideration is the candidate’s skills and abilities to do the job. Our recruitment policy is specified clearly to ensure the fairness of recruitments, employments, developments, performance appraisals and rewards for both applicants and employees. The company provides the same working condition under consistent management. For the management of internal employees, the work category (including operator, assistant engineer/administrator, senior engineer/administrator, deputy section manager/specialist, section manager and manager, etc.) is corresponding to the required capabilities and performances as the basis. There is no unfair treatment because of gender, age, region, religion, nationality, or political party. Under the spirit of performance appraisal and promotion system, staffs with the same abilities have the same opportunities for promotion.

Labor Rights

In order to clearly define the rights and obligations of both employers and employees, to improve the management system, and to encourage both employers and employees to work together for the development of the Group, PEGATRON has established the organization's human rights policies in accordance with the RBA Code of Conduct and local labor laws and regulations, as well as the international labor rights regulations, such as those of the International Labor Organization (ILO), United Nations Global Compact, and United Nations Guiding Principles on Business and Human Right. The safety and health policy is published after approval by the President and CEO. The contents of the policy are publicly disclosed on the "Commitment and Policy" page of the official website. The various implementation programs and due diligence investigations are carried out through the PureCSR management system to ensure that the rights and interests of employees are respected. The following are the guidelines for the implementation of labor rights.

【Prohibition of child labor and Protect young workers】

The appointment and recruitment processes of PEGATRON are in accordance with local regulations and comply with the requirements of RBA Code of Conduct. We set the minimum age requirement, develop the identification system and control measures to ensure that the employment of child labors is strictly prohibited at each site. We also develop the“ Child Labor Remediation Procedure” to respond and commit the measures taken when hiring a child labor carelessly. For young workers under the age of 18, we promise not to let them be responsible for the works which may endanger their health or safety, and provide the appropriate support and trainings. The compliance of Zero Child Labor Policy is 100% by 2022.

【Prohibition of discrimination and Provide fair remuneration】

PEGATRON prohibits any form of harassment and unlawful discrimination. We prohibit any discrimination in employment because of race, color, age, gender, sexual orientation, ethnicity, gender identity and expression, disability, pregnancy, religion, political affiliation, union membership, veteran status, genetic information and marital status while employee hiring and working. Meanwhile, we prohibit forcing workers or potential workers to accept discriminatory health checkups or physical examinations. We follow the principle of pay equity and regularly review the market information to setup competitive pay levels. Our payment is no different because of gender, race, religion, and class. In addition, our salaries and benefits comply with local regulations and industry standards. The deductions of wages due to disciplinary purposes are prohibited.

【Prohibition of forced labors and Freedom of choice of occupation】

PEGATRON signs labor contracts with employees following the laws, and the contract states that employment relationship is established based on mutual consent. PEGATRON has no forced labor. In addition to being against illegal human trafficking and slavery, we also have a prohibition of forced or compulsory labor. Control measures for agencies are carried out and compliance with local regulations is included in the contracts signed with the agencies. PEGATRON complies with the requirements of the RBA Code of Conduct. We have no unreasonable restriction for labors to move freely in and out of the workplaces. Employees have the right to leave or terminate the employment relationship of their free wills.

【Prohibition of inhuman treatment and to keep communication channels open】

PEGATRON prohibits any tangible or intangible sexual harassment, violence, abuse, corporal punishment, mental or physical oppression, and other kinds of discrimination in the workplace. In addition to the clear rules and policies (e.g. Work rules & Prevention, Correction, Complaint, and Enforcement of Sexual Harassment for Workplace Procedures), we also setup an email mailbox and a hotline for reporting sexual harassment. There is a strictly confidential rule in place to protect the whistleblowers. PEGATRON will not retaliate against any employee who claims a complaint. All changing terms of employment have been duly notified according to regulatory requirements. The information is also provided immediately through EIP websites, emails, TVs, or bulletins, etc.

Complaints hotline for sexual harassment and workplace violence: 886-2-8143-9001 EXT 33395  
Complaints mailbox for sexual harassment and workplace violence: i-PEGA@pegatroncorp.com

【Respect for freedom of association and protection of labor rights】

To comply with local regulations, we respect that each employee has the right to participate in unions, collective bargaining, and peaceful assemblies. Simultaneously, we also respect the right to non-participation. The percentage of employees who have signed a group agreement is 89%. Employees who have not signed a group agreement also enjoy the labor rights and protection of general employees. We take the interests of both sides into account and protect the rights of employees through an open and equitable consultative mechanism. Related notice period and consultant issues also regulated in related procedures. If the company has any major operational change that may affect employees, they will be informed in advance based on labor regulations in Taiwan. The employees and their representatives at overseas sites will be informed at least four weeks before the change come into effect. Besides, there is no union organized in Taiwan, the labor and management meeting held quarterly to ensure the interests of employees. Rules for labor and management meeting are also set and posted on the company's website for colleagues to review. Most overseas sites have employee representative meetings or unions to effectively promote the relationship between laborers and management as well as ensure the rights for exercising freedom of association and collective bargaining. West China Operation Center has established the employee’s representative meeting and the meeting is held in November each year according to the management procedure. Before the meeting, employee representatives will collect issues.

【Establishment of working time control mechanism to protect labor rights and interests】

Following regulations and the RBA code of conduct, under the premise of full rest time and mealtime, overtime applications can be made by employees voluntarily. It shall be applied before the overtime and approved by the managers. All sites have setup the warning and automatic notification mechanism of overtime to control the working hours. In the system, different levels of overtime hours are marked by colors based on the management needs. When overtime hours exceed legal requirements, the approval level will be upgraded. We create customized working hours management reports according to the requirements of departments and factories. In addition, a working hours management system is setup for the person in charge of each business unit to query for the working hours of their employees and arrange employees to work overtime reasonably.



【Ensure that the staff dormitory environment clean and safe】

Central China Operation Center: We provide employees the community type accommodations, surrounded by all-inclusive living facilities such as food courts, supermarkets, salons, health centers, banks, libraries and gyms, to enrich their lives.

East China Operation Center: Free Wifi has been installed both in internal and external dormitories to improve employees’ satisfaction with the dormitory environment.

West China Operation Center: Accommodations of 1, 2, 4, and 8 people rooms for the employees are provided, and we cooperate with the property management company to ensure employees’ accommodations are clean.

Labor Communication

Our employees are encouraged to provide their suggestions and opinions through various channels that have been setup for them. We believe the company's culture and work atmosphere can be improved by hearing the voices of our employees. Communication channels are setup for our employees to express their opinions. PEGATRON considers its staffs to be precious assets. To let them have productive contributions, PEGATRON pays attention to the work-life balance of its employees. We provide timely cares and helps for employees while enhancing our company's productivity and reducing employees’ turnover rate.

To provide our employees with a better understanding of the company's operating status and directions, our CEO holds face-to-face regular meeting every year. CEO dating meetings help our employees to have a more in-depth understanding of the company's decision making processes. However, the activity was pending due to COVID-19 in 2022.

In 2022, the total number of employee communication is 3,537. The case closing rates of grievance cases related to gender equality, involuntary labor, and the overall settlement are all 100%.

Employee Communication Channel

Type	Communication Channel
High level Communication	Meeting with CEO, Meeting with Factory Director and General Manager, etc.
Interview Meeting	Meeting with Factory Director, Employee and Management Meeting, Line Representative Quarterly Meeting, Meeting with Factory Teacher, Employee Interview, etc.
Service Center	Employee Service Center, Consulting Service Center for New Employees, HR Service Center, etc.
Online Platform	I-PEGA, HappyHelpCenter, Employee Communication Consulting Platform, Hi-Sister Workshop, Wechat Online Service Platform, etc.
Communication Email	Suggestion Box, Sexual Harassment Complaint Mailbox, Business Ethics Complaint Mailbox, etc.
Hotline	17885 Hotline, Medical Hotline, etc.

Talent Development

Recruit talents and pay attention to talent development.

Talent is the key issue for an enterprise’s continuous development. Cooperation between employees and the company is the solid basis for our future development. We believe that where there have excellent talents, the company will become an excellent corporation. Respect for human nature and the cultivation of talents are our core values. In addition to the establishment of an innovative and diverse corporate culture, we also pay attention to employees’ benefits and health cares. We are eager to balance loads of employees’ high performance working with their happy living.

Retention and Recruitment

We provide colleagues with a safe and comfortable working environment, along with many training courses and diverse career development opportunities. Competitiveness is shown in our staff structure, morale, and vitality. Staff stability is also an important indicator of the company's efforts. PEGATRON promotes employee retention rate by providing employees with career development and self-growth opportunities, work-life balance, and improving management capabilities, just as the business philosophy of "Bring Joy at Work, Enjoy Happiness in Life."

We value the contributions of our diverse employees and keep attracting global talents to join us by providing a good working environment and development opportunities. We also have industry-academic cooperation and internship programs to recruit good talents. We provide employment opportunities for local labors and disabilities to attract diverse talents and achieve corporate social responsibility.

PEGATRON provides professional testing tools and complete interview trainings for supervisors with recruitment needs. By doing so, supervisors can ensure the fairness and effectiveness of recruitment and the quality of talents when recruiting. In addition to professionalism, the candidate’s ability, value, attitude, and ability to blend in with PEGATRON’s culture are also important indicators. We have the principles in place for selecting the best talents for the tasks and we expect our employees can fully demonstrate their talents in their works at the workplace.

The wages we paid to workers comply with the relevant remuneration laws, including minimum wages, overtime, and statutory benefits, etc. We review and adjust the salaries by the reference of economic indicators and industry wage level every year. For the employees who are resigned or retired, they can legally have severance pays or pensions. We also continue to corporate with the local government projects of unemployed training programs to promote their continued employability. The average annual salary of all non-managers was NTD 1,299 million in 2022, an increase of NT\$63,000 compared to 2021. The median annual compensation of all non-managers is NTD 1,039 million in 2022, reduction of NT\$55,000 compared to 2021.

East China, Central China, and West China operation centers develop competitive salary standards based on the minimum wage levels announced by the local governments, wage guidance, and the level of industry wages. We also raise the salary by a certain proportion for the existing employees to increase their incomes. In addition to the basic wages and overtime pays, we setup additional bonuses or allowances to let the salaries of our employees far exceed the local minimum salary standards to ensure that the salary level meets the company's competitive development needs.



Monthly average new employee rate

(unit: %)

	Gender		Age		
	Male	Female	Under 30 yrs.	31-50 yrs.	Over 51 yrs.
Taiwan	1.8%	2.6%	5.1%	1.3%	0.7%
China	27.6%	20.3%	28.0%	19.9%	1.2%
Mexico	25.5%	31.0%	29.8%	26.5%	15.4%
Czech	4.2%	3.9%	8.5%	2.5%	0.8%
Indonesia	4.2%	5.5%	5.2%	2.4%	0.0%
Vietnam	21.9%	18.3%	21.2%	18.5%	0.0%
India	2.6%	2.7%	2.2%	18.1%	0.0%

Remark 1: New employee rate (%) = monthly average number of new employees/(sum of number of all employees in beginning of the month and the end of the month/24)

Monthly average turnover rate

(unit: %)

	Gender		Age		
	Male	Female	Under 30 yrs.	31-50 yrs.	Over 51 yrs.
Taiwan	1.9%	3.0%	4.3%	1.8%	1.4%
China	30.8%	23.9%	31.7%	22.3%	2.8%
Mexico	12.9%	17.2%	15.9%	14.1%	5.8%
Czech	4.7%	3.6%	6.9%	3.7%	0.8%
Indonesia	2.3%	2.1%	2.2%	1.6%	0.0%
Vietnam	11.3%	7.9%	10.2%	9.1%	0.0%
India	2.5%	2.5%	2.2%	14.8%	0.0%

Remark 1: Turnover rate (%) = monthly average number of employee leaving/(sum of number of all employees in beginning of the month and the end of the month/24)

The internal assessment system covers all employees worldwide, and we announced a clear appraisal rule and assessment process. The work incentives and disincentives are internally disclosed, and we communicate the execution process with all employees. All employees (except operators and new employees less than 3 months) have twice performance assessments per year to give feedbacks on their performances. Annual employee development plans are set according to assessment results. While assisting employees' growth and development through performance management, the principle for employee retention of PEGATRON is to respect, cultivate and value our employees. We provide complete training programs and job rotation plans according to employees' IDP (Individual development plan) analysis results combined with their own career goals. In addition, we have personal development projects for employees to help them to find their potential abilities and perform better.

Training

PEGATRON emphasizes career planning and talent development by encouraging employees to attend internal and external training programs. Internal training programs include courses for core competency and professional competency development to enhance employees' capabilities. We also assign employees to attend external training programs, including seminars or conferences organized by external parties which provide excellent and professional training opportunities. For employees who change their jobs or roles, the company will provide general, management, and professional trainings to reduce their insufficiencies, we also assign mentors to help them to adapt to the working environments in short periods.

Resources of Learning	Description
New employee orientation	Corporate introduction, corporate culture, corporate rules, introduction of PureCSR, and introduction of PureGMS. To help new employees to be familiar with the environment and internal procedures quickly, each new employee may have one mentor.
Occupational Safety and Health Course	Provide different training courses for colleagues with general or special operations according to the requirements of laws and regulations.
Core competency training	We plan training programs for employees at each level based on their competencies, such as assistant training, grassroot cadre training, and level 3 & 4 cadre training.
Management training	We plan management trainings such as new section manager orientation and new department manager training, based on the roles and responsibilities of supervisors. The topics include performance review, recruitment interview, leadership, communication, problem solving and business strategy.
Professional competency training	Each unit plans professional competency training programs based on the needs of professional knowledge and skills.
Internal lecturer training	To hand down the internal knowledge, "train the trainer" training programs are held every year and both e-Learning and classroom training instructors are included.
General lecturer training	Art, living, and management lectures are included.
IDP	The development plan for next year will be determined jointly by an employee and his/her direct supervisor based on the discussion result between them. The employee can conduct several development ways, including training, reading, and participation in a project to realize the plan. The supervisor will then have feedbacks to the employee.
Pega e-Library	The platform offers employees over one thousand books to borrow and read.

To support the management philosophy of PEGATRON Group, which is "Bring Joy at Work, Enjoy Happiness in Life", we expect all employees to work pragmatically and inspire the potential of each other by working through various challenges. Since "talent" is one of the determining factors for working competition, we emphasize on talent education to encourage our employees to achieve more excellent performances. We continuously invest resources in cultivating talents and training programs for employees to enhance their core and professional abilities. An environment is built for all employees to develop their core and professional abilities, and help them to achieve job satisfaction while working. We hope all employees can balance their lives, work, and happiness.



Continually improve employees’ abilities to let all employees toward work-life balance			
Professional Training	Competency Training	Self-Development	On-Job Training
<ul style="list-style-type: none"> <li>Special Skill Training for new employees</li> <li>Department/Cross Department Professional Training</li> <li>External Training</li> <li>Overseas Training (eg: conference, exhibition, course, etc.)</li> </ul> <p>Improve professional knowledge and skills through trainings or exercises planned by managers or Learning &amp; Development Department.</p>	<ul style="list-style-type: none"> <li>New Employee Orientation</li> <li>New Manager Orientation</li> <li>Management Skill Training</li> <li>Core Competency Training</li> <li>Talent Development Program for Senior Manager</li> <li>General and Management Lecture</li> </ul> <p>With systematical learning map, employees can prepare for their future careers, develop and stimulate their management talents and potential.</p>	<ul style="list-style-type: none"> <li>Business English Online Program</li> <li>Culture and Arts Lecture</li> <li>PEGATRON's Association</li> <li>Pega e-Library</li> </ul> <p>Encourage proactive and autonomous learning development as well as individuals’ interests.</p>	<ul style="list-style-type: none"> <li>Job Rotation</li> <li>Work Following</li> <li>Project Drill</li> <li>Mentor</li> <li>Deputy Program</li> </ul> <p>The Individual development plans with managers’ assistances will help employees improve and enhance their job skills.</p>

We emphasize on the training and development of employees. Employees can access their IDP (Individual Development Plan) learning resources through a series of learning pathways, including learning from model staffs, reading, and participation in various training courses, such as orientation training, core competency training, management training, professional training, new director training, internal lecturer training, all kinds of seminars and external training programs. During the whole process, supervisors and the employees will jointly develop the plans, then supervisors will give feedbacks to employees to let them have better performances at their works. The annual training plan has been set to include all employees. Our employees also can learn through the online learning system “e-Learning” regardless of the limitation of time and place.

### IDP (Individual Development Plan) participation rate

	Total participation rate	Type	
		General Employee	Supervisor
Taiwan	78%	82%	68%
China	93%	94%	92%

Remark 1: Participation rate (%) = No. of IDP Participators / No. of employees should participate IDP  
 Remark 2: Managers including Frontline Supervisors, Middle and Senior Managers, and Business Directors.  
 Remark 3: Mexico, Czech, Indonesia, Vietnam and India sites did not implement IDP program.

### Average Training Hours

	Employee		Supervisor	
	Male	Female	Male	Female
Taiwan	24.5	19.1	23.6	16.4
China	1.4	1.2	0.2	0.1
Mexico	18.9	20.2	14.4	12.4
Czech	12.3	10.3	18.3	43.4
Indonesia	0.8	0.9	0.6	0.8
Vietnam	12.4	13.7	34.0	18.0
India	6.0	6.0	6.0	6.0

Remark 1: Average Training Hours = Total Hours of Trainings / Total Number of Employees Participated in Trainings  
 Remark 2: Supervisor included frontline supervisor, middle and senior manager, and business director

### Employee Benefits

#### Long-term Incentives

Respect and development of human nature is our most important corporate culture for pursuing sustainable development environment. Meanwhile, PEGATRON respects the characteristics of all employees and continues to recruit outstanding talents for shaping a better corporate culture and enhancing competitiveness. Adhering to our business philosophy of “Bring Joy at Work, Enjoy Happiness in Life.”, we hope all our employees will work with a pragmatic attitude and stimulate personal potential through various challenges to pursue better performances. PEGATRON praises the outstanding employees publicly every year to affirm their contribution to the company and enhance their morale. The recognition also helps to commend the performances which conform to our corporate culture and inspires others to follow.

Furthermore, in terms of complimenting performances and contributions for reaching our business goals in R&D, sales, manufacturing and supporting areas, as well as enhancing employee’s profession and efficiency to enjoy the job, the "Golden Pega Awards" (group and individual awards) has been established since 2014 (Suspended in 2022 due to COVID-19 impact). Besides, we annually publicly praise our long-term employees to appreciate their contributions to the company.

#### Welfare Policy

“Bring Joy at Work, Enjoy Happiness in Life.” is PEGATRON’s philosophy to employees. We endeavor to show our care to all employees. We hope our employees can focus more on family during spare time and have the right of Unpaid Parental Leave for Raising Children, and Retirement Program. The welfare measures of PEGATRON include benefits provided by the company and by the welfare committee. Every benefit is disclosed through the announcement, company website, or email so that employees are aware of the benefits and ways of application. We provide labor, health, and group insurance and hold cultural lectures regularly in Taiwan. Our leave and attendance rules are also better or meet local regulations.



The welfare committee provides scholarships for employees' children every year to encourage them to study hard. Our welfare committee also provides different welfares for options such as travel, medical care, recreation and benefits. The Year-End party, family days, arts & culture activities, and team sports are all for employees’ choices. We hope our employees can focus more on lives and families during spare time. A more favorable consumer channel is provided to colleagues by our welfare committee and its special shops cover 11 types include dining, sports, learning, leisure, arts, home, education, etc., to offer employee discounts when spending in these specific stores.

Employee Benefit Program

Location	Item
Taiwan	Birthday gift, festival bonus, meal subsidy, recreational gift voucher, reunion day, family day, summertime entertainment gift
China	Social security (including pension, medical care, work injury, maternity, unemployment), provident fund, welfare leave (marriage leave, pregnancy checkup leave, maternity leave, nursing leave, bereavement leave, abortion leave, breastfeeding leave, parental leave, childcare leave, annual leave), wedding gift, childbirth gift, funeral gift, birthday gift, emergency aid, meal subsidy, retired staff consolation activities, blind dating activities, parent-child carnivals, Hi-Sister Psychological counseling, social activities
Mexico	Savings fund, medical insurance (ADM)
Czech	Social insurance, pension insurance, welfare
Indonesia	Government labor health insurance(life insurance, medical insurance, disability insurance, pension), retirement pay, annual welfare benefit, overtime meal, middle and night shift allowance, term contract compensation, severance pay
Vietnam	Social insurance, medical insurance, unemployment insurance, women's leave, maternity leave, year-end bonus, labor union benefits, childcare allowance, transportation subsidy, housing subsidy, annual health checkups
India	Health Insurance, Social Insurance

Retired employees of PEGATRON are entitled to pensions in accordance with the law. Take employees in Taiwan as an example, for those who choose the new pension fund system, PEGATRON allocates 6% of employees’ monthly salaries as pensions based on the “Labor Pension Act for New System” and puts the pensions in personal retirement accounts established by the Bureau of Labor Insurance. Employees can make voluntary contributions from 0% to 6% for their pensions, and the voluntary contribution will be fully deducted from their annual personal consolidated income tax. For those who choose the old pension fund system, PEGATRON allocates 2% of employees’ monthly salaries as pensions based on "Labor Standards Law for Old System " and puts the pensions in old pension fund system accounts in the Trust Department of Taiwan Bank to meet the retirement needs of relevant employees. Please refer to PEGATRON's Annual Report for detailed information.

Occupational Health & Safety

Identify the Safety & Health Hazards, Control the Risks, and Build a Healthy Working Culture.

In addition to establish communication channels, we also pay attention to employee health care and workplace safety. We meet the requirements of local regulations for regular physical examinations and hold health seminars, and we also create health promotion programs suitable for them according to the different needs of colleagues

in various places. Furthermore, we have implemented several management procedures and operational control measures to eliminate work-related incidents. We also establish the preparedness and response plans in response to different risk levels and scenarios to strengthen occupational health and safety management in working environments.

Occupational Safety

PEGATRON pays attention to the risk assessment and management of its overall operations. We periodically perform CSR related risk identifications, evaluations, controls, and reviews, and defined them in the standards of procurement management and management of changes (MOC) in our PureCSR procedures. In addition, each site obeys its local authority's requirements to perform work environmental monitoring and occupational exposure assessments to ensure occupational health and safety of all employees and the quality of the working environment. For the communication of risks, in addition to regularly holding management committee meetings, reviewing meetings and collecting feedbacks from employees’ suggestion boxes, risk identification and control are also focus on trainings, propagandas and daily communications.

PEGATRON has established an appropriate occupational health and safety management system in accordance with ISO 45001:2018 occupational health and safety management standard, which has been verified by a third-party impartial organization, and all employees are covered by this management system, with a ratio of 100%. Through daily inspection and audit, we continue to ensure a safe and healthy working environment for our employees. We also provide CSR education and trainings in accordance with our internal procedures and regulations, including OHS (Occupational Health and Safety) related education and training, CSR audit education and training, and CSR management system introduction, including physical and online courses, which include an overview of OHS related regulations, automatic inspection before, during and after operations. The contents of these courses include an overview of laws and regulations related to occupational health and safety, automatic inspection before, during, and after operations, standard operating procedures, emergency response, firefighting and first aid, and the use and handling of dangerous and hazardous materials. PEGATRON's environmental, safety and health management organization regards the headquarter as the information integration center to consolidate related information and reports. Each operation center and factory follows the PureCSR policy and has a dedicated OHS management unit and a PureCSR Committee, which regularly conducts deliberations, coordinations, and recommendations on OHS related business within each business unit at steering committee meetings and submits them to the general manager of each operation center, manufacturing center, or factory.

Each site has setup annual ESH objectives & targets and various types of management procedures. The PureCSR & ESH (Environmental, Safety and Occupational Health) Committee Meetings are regularly convened with employee representatives to communicate and consult on internal PureCSR and ESH performances. Each site complies with the local regulatory requirements and works out in conformity with international trends, customer requirements, and PureCSR policy towards continuous improvement.

Proportion of employee representatives

(unit: %)

	Taiwan	China	Mexico	Czech	Indonesia	Vietnam	India
Proportion (%)	57%	33%	13%	50%	63%	17%	86%

\* The proportion of labor representatives (%) = Number of worker representatives in PureCSR & ESH committees / Number of members in PureCSR & ESH committees\*100 %



Occupational Hazards

In order to prevent occupational hazards and to protect the safety and health of employees, PEGATRON has set up a dedicated unit in each operation center, manufacturing center, and factory to be responsible for the overall planning and operation of environmental, safety and health. In addition to the implementation of local laws and regulations, PEGATRON has formulated an incident notification management method in accordance with the requirements of the ISO 45001:2018 management system. When occupational hazards or accidents occur, we will notify the occupational safety and health unit or the inspection organization according to the type of the incident and the time of its occurrence, and carry out the investigation and analysis of the real cause of the incident and take the corrective actions through the accident investigation and analysis report or the HEE accident/incident investigation and analysis report. We will conduct appropriate corrective and preventive measures and submit it to the occupational safety unit, administrative unit, and plant’s committee members in order to prevent the recurrence of similar incident. At the same time, we will strengthen trainings and publicity to enhance the emergency response capability of related personnel to minimize injuries and losses. In the future, we will continue to implement various management measures to build a safe and healthy working environment.

We control the chemicals from the beginning. Safety data sheets (SDS) shall be available before the formal use of chemicals. Through the risk assessments, high risk jobs can be identified. The occupational hazard notification cards and lists of personal protective equipment and instructions for use are formulated to enhance employees’ awareness of safety and hygiene. The annual medical checkups continue to be provided for the employees whose jobs are related to occupational hazardous factors according to legal requirements, including pre-employment, in employment, and post-employment medical checkups. The reports of these medical checkups are managed systematically. Once any abnormal condition is discovered, immediate actions will be taken to ensure the health status of employees.

Occupational safety and health management measures

Type	Measurement Description
Work Safety	<div>1. Hierarchical control - According to the Group's Risk and Opportunity Assessment Management Procedure, the risk assessment of the hazard factors is carried out every two years. We base on the types of operations to identify safety and health hazards, perform the levels of control and assess them to reduce the potential health and safety hazard risks that workers may encounter, or select alternative processes or materials through appropriate designs as well as perform annual assessments to identify risks and opportunities and make sure the compliance of regulations.</div> <div>2. Engineering Control Measures: To provide employees a safe, healthy and environmentally friendly working environment, PEGATRON has installed ventilation and exhaust equipment at each factory and regularly arranges inspections according to local laws and regulations of the factory to ensure employees are safe at work.</div> <div>3. Regular equipment maintenance plan: To ensure the effectiveness of facilities and equipment, according to separate measures for facilities and equipment, PEGATRON establishes preventive or predictive maintenance and inspection plans, and carry out regular equipment maintenance plans complying with local laws and regulations. At the same time, we perform weekly inspection, monthly maintenance, quarterly maintenance and annual maintenance, etc.</div> <div>4. Safety work analysis and Near-miss kaizen cases: PEGATRON encourages employees can actively propose suggestions for safety improvements according to their own working environment. The total number of improvement cases was 379. According to observations in the working places, related improvements have completed (Employees reflected that the whole handling processes have obeyed to the company’s related rules. They are also protected by anonymity system)</div>
Health Protection	To protect employee’s health, PEGATRON obeys to regulations to conduct several measurements as below: <div>1. Periodically environmental test</div> <div>2. Regular occupational disease checkup</div> <div>3. Setup Clinic and provide doctor diagnose service</div>
Protective measurement	Personal protection plan - PEGATRON regulates special works (such as soldering, chemical operations, noise and dust) and regularly provides employees protective equipment based on the protective properties and the providing time according to PEGATRON protective equipment management norms.
Contingency Practice	PEGATRON conducts fire evacuation drills every year, and establishes emergency response plans for earthquakes, typhoons, floods, confined spaces, chemical leakage, etc., and regularly hold fire extinguisher operation trainings. Due to Covid-19 epidemic outbreak in 2020, drills and trainings were also held for it.

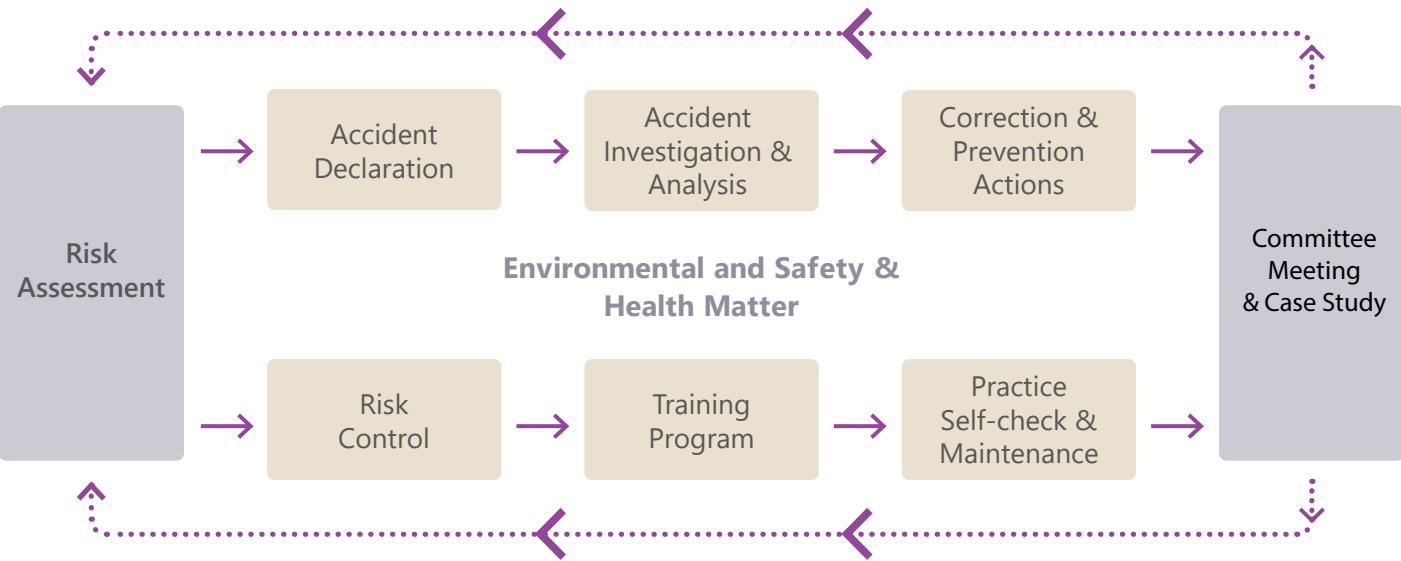
2022 Occupational Hazard List

	Gender	Disabling injury frequency rate (FR)	Disabling injury Severity rate (SR)	Absence rate (AR)	Occupational disease rate (ODR)	Work-related Fatality
Taiwan	Male	1.18	5	2.58	0	0
	Female	1.33	14	4.09	0	0
China	Male	1.53	20	6.58	0	0
	Female	1.06	16	7.92	0	0
Mexico	Male	5.74	106	1.56	0	0
	Female	8.36	25	2.11	0	0
Czech	Male	2.33	67	3.09	0	0
	Female	1.21	12	3.12	0	0
Indonesia	Male	4.95	9	0.01	0	0
	Female	2.80	13	0.01	0	0
Vietnam	Male	0.30	0	0.001	0	0
	Female	0.00	0	0.00	0	0
India	Male	0.00	0	1.66	0	0
	Female	0.00	0	1.99	0	0

Remark 1: Disabling injury frequency rate (FR) = number of disabled people / total working hours\*1,000,000  
Remark 2: Disabling injury severity rate (SR) = number of working days lost / total working hours\* 1,000,000  
Remark 3: Absence rate for work-related injury (AR) = number of days absent / total working days\* 100  
Remark 4: Occupational disease rate(ODR) = number of people with occupational diseases /total working hours\* 200,000  
Remark 5: Minor injuries are not included in this table

Emergency Response

Sustainable development is the main target of business operations in PEGATRON Group. To ensure continuous operation, we have implemented corresponding emergency response procedures at each major production sites according to related regulations. And we setup emergency response plans and teams. At the same time, the functions of each group in the team have been defined. We have minimized potential damages and impacts by setting up a response mechanism and plans as well as periodical drills to enhance the abilities of emergency response team members.





PEGATRON has setup emergency response plans and established the emergency notification mechanism at each site to reduce the risks of fire, typhoon, flood, earthquake, chemical leakage and liquid gas leakage. We improve the abilities of our emergency response teams and enhance the awareness of all employees through periodical training programs and drills. For example, the training of first aid personnel and Automated External Defibrillator (AED) at Headquarter has been strengthened and the procedure has been established to improve the capabilities of relevant responsible personnel on first aid. The emergency response plans of the Central China Operation Center include the fire escape plan, special machinery and equipment contingency plan, chemical leakage contingency plan, confined space rescue plan and food poisoning contingency plan. East China Operation Center also establishes several contingency plans and cooperates with the local government's response mechanism.

Results of evacuation drills and emergency training programs

(unit: times)

Region	Taiwan	China	Mexico	Czech	Indonesia	Vietnam	India
Times of evacuation drills	32	213	1	1	12	6	6
Times of emergency response training	26	174	5	1	1	6	10

COVID-19 Response Mechanisms

In response to emerging infectious diseases, PEGATRON has established an epidemic prevention team and established an infectious disease notification mechanism to monitor the development of the epidemic situation at home and abroad in real time. In response to the escalation of the epidemic level at any time, we integrate anti-epidemic materials and implement control measures in a timely manner. In the event of a major infectious disease epidemic, it can reduce the chance of employee infection and prevent a negative impact on operations.

Type	Measures
Policy propaganda	Hold anti-epidemic meetings regularly and release anti-epidemic policies on Email, employee systems, and official accounts immediately in response to the epidemic.
Personnel control	Employees should report their health monitoring status daily. Visitors and contractors should fill in the health declarations when entering the venues. Check nucleic acid test reports in accordance with regional epidemic prevention requirements and release home isolation or diversion work mechanisms in accordance with government requirements.
Sterilization	Disinfecting machines are installed at the entrances and exits of each factory, and are regularly checked for proper functioning and they are filled with alcohol. The cleaning personnel are fully equipped with special rags to disinfect and wipe, and the rags need to be disinfected and cleaned after use.
Epidemic situation feedback	Daily health reports of high risk groups and close contacts living in hot areas, and those with symptoms will be assisted with. Regularly count the number of tracked people on a daily basis and telephone care during quarantine.

Contractor Management

PEGATRON rules itself to meet the safety requirements on production and asks all contractors to follow its requirements and applicable local safety regulations. The qualifications of the contractors shall be reviewed to ensure they can meet the requirements of PEGATRON's contractor management procedure. The environment, safety and occupational health risks, rules, and regulations will be communicated to the contractors before they work in our facilities. Besides, the safety production agreements shall be signed by the contractors while they sign the contracts with us. The content of the agreements includes the procedures regarding the impacts of environmental, safety and occupational health risks. ESH professionals periodically perform environmental, safety, and occupational health training programs for contractors. The agenda of the training programs include basic knowledge on ESH, working environment, hazard notification, etc.

In addition to control the access authorizations of contractors via an identification system, the construction permit application system is in place to manage all dangerous construction works. The high risk works shall be overseen by qualified personnel at all times, and ESH professionals will also perform the inspections to see if the working scene can meet our ESH requirements. The work permits shall be approved before they do the specific works, including fire, working at heights, hanging operation or working in a confined space. ESH unit will confirm that the workplace meets the safe construction conditions, including personnel qualifications, environmental safety, etc. The work can only start after ESH's approval.

Workplace Health

Health Promotion Activity

The health care programs for employees in PEGATRON are given based on the practical needs of employees and the features of each site. We provide 4 dimensions of projects, including health management, health promotion, occupational hygiene and employee assistance project (EAP), to integrate work and life for promoting employees' health and elevating their lives quality. To improve the working environment proactively, PEGATRON has established a cross-functional team for providing analysis of work loadings and then giving appropriate health instructions for employees with major abnormalities in cardiovascular disease. We can promote the health culture and make the strategy of occupational disease prevention be practically implemented in the company, and enhance health in the working place through above program.

For the employees' health management, each operation and manufacturing center has setup the infirmary to provide outpatient services by professional physicians. Also, several health checkups are conducted as regulated. The results of the health checkups are classified into different levels for follow up actions, according to local authorities. We have promoted many health related activities, including weight management, stair climbing activity, ergonomic program, relaxation massage, vaccine injection, and health lecture courses. Furthermore, the nursing room has been built at every operation and manufacturing center, which can provide employees to use when needed to promote maternity protection. For pregnant employees of different stages, including pre-pregnant, pregnant, and post-pregnant, we provide various health promotion measures for them to protect their bodies and mental health.

Take the facilities at Headquarter for example, we have setup a health care room with professional doctors. According to the health care system, employees can use health insurance cards to see doctors. We encourage breastfeeding and setup a comfortable nursing room for female employees to feed breast milk in the workplace. We also have massage rooms to provide staffs relief from stress. The health website is built as a platform to promote healthy activities and provide employees related online information.



PEGATRON implements multiple health promotion activities at various factories, including employee psychological consultation line, psychological consultation room, counselor mechanism, suggestion box, and regular employee interview. Senior professional psychologists and clinical psychologists provide personalized assistance such as psychological counseling, personality analysis, career planning, etc., to promote employees' mental health and enhance their sense of belonging.

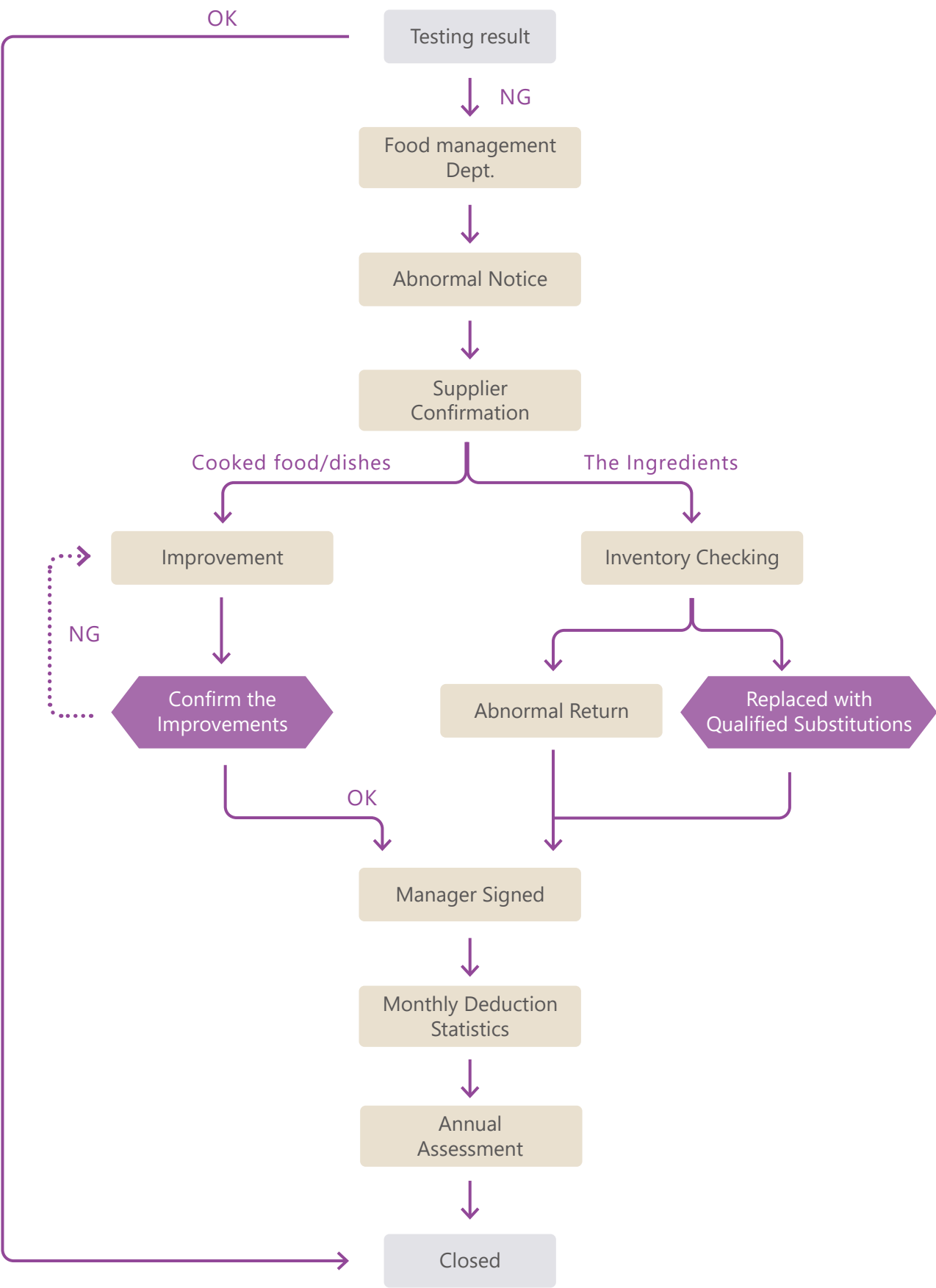
Health promotion activities attendance

Region	Activity	Number of participants
Taiwan	Annual Physical Exam, Healthy Living by Stair Climbing Fun, Flu Shot, Massage & Stress Relief Program	21,122
China	Health Talks, Women's Health Talks, Blood Donation Program, First Aid Training, Mom's Classroom, Safety Competition, Stress Relief Programs	29,297
Mexico	Talks on Health Issues, Children's Cancer Parade, Flu and COVID 19 Vaccination, Early Detection of Diabete and High Blood Pressure Programs, etc.	7,176
Czech	Globulin Testing, Provide Vitamin Nutritional Products	1,668
Indonesia	Health Talks	24
India	Health Screening, Vision Screening, Women's Health Programs, Blood Donation Programs	3,575

Food Safety

Food safety events are endlessly in recent years. To ensure meal safety for employees, food testing laboratories (FTL) have been setup in Central China and East China Operation Centers successively. In Central China Operation Center, FTL has been established since 2008 and hired the persons who are certified by national laborers and the social security departments to manage the testing of food, tableware, drinking water and ingredient. The FTL has biochemical incubators, a high pressure steam sterilizer, a multifunctional food safety detector, and so on. There are 49 food testing items currently. We will increase to test high risk items and promote the food safety management system to other sites continuously in the future. Each plant will also follow ISO/IEC17025 to manage laboratory operations and strive for better services so that employees can eat healthily and be relieved for eating.

Food testing results process





## Social Engagement

**We are not only committed to technological innovation, but also to the cultivation of culture and participation in caring activities.**

PEGATRON actively participates in public events, sponsors many kinds of organizations, and commits to care for the weak and poor. We continue to pay attention to the reading and digital difference problem of children in remote area of the eastern countryside in Taiwan, so that we provide necessary materials and devices for

them. PEGATRON was involved in cultural development, art events, and sports events in recent years. Also, we sponsored activities in music, drama, dancing, literary creation, academic seminar, and health promotion activities to fulfill our corporate social responsibility commitment.

### Charity Donation for Demote Village

A public welfare club, Happiness Talent Club, irregularly holds lectures and activities about ecological preservation, humanities lecture and charity donation. Through these ways, our colleagues have the opportunities to understand social needs and serve the community. In 2022, Happiness Talent Club participated in the fundraising project of the Kuentai Foundation's Happy Rural Activity for the eighth consecutive year, raising a total of NT\$61,400 to support 21 students at She-Tuan Elementary School and 39 students at Chung-Lin Elementary School in Chiayi as after school tutoring fees. The goal is to let rural children explore themselves in their spare time and to shorten the gap between urban and rural learning resources.



### Recruitment and Care of Disabled Staff

Protek has recruited about 600 disabled employees in 2022. During Christmas and Spring Festival, more than 600 special holiday gift packages were distributed, and more than 40 disabled employees were organized to participate in group recreational activities. To enhance communication with deaf and dumb disabled employees, the company invited a full-time teacher to conduct sign language training for the grassroots cadres, and more than 60 grassroots cadres participated in the training in 2022.

In 2022, a total of 13 employees with disabilities were selected as the Company's "2022 Stars of Self-improvement" for their outstanding performances. The Company also publicized the outstanding deeds and caring activities of the employees with disabilities on the Company's official WeChat public number, Tiktok and other media platforms. The activity let the employees gaining high praise and recognition, and boosted the self-confidence and sense of achievement of the employees with disabilities.

### Promotion of Education for Disadvantaged Children

The Indonesia Plant has concerned about the Filadelfia Gracia School in Batam, a school that takes care of poor and orphaned children for a long time. Many of the students in the school have difficulty in raising tuition fees due to financial difficulties, and the school needs to raise funds from its own sources of funding, in addition to government subsidies. Therefore, in 2022, Indonesia Plant subsidized the education of a total of eight poor students for one academic year, at Rp. 2.4 million per student. We hope that the children will enrich themselves and turn their lives around through education.





## Community Engagement

### Be grateful for the support of the local community and take the initiative to give resources back to the community.

All PEGATRON factories benefit from local community support. To listen to local voices and share factory resources with local villages, PEGATRON has long involved in local public welfare activities. In 2022, 38 social activities were hosted, participating by more than 32,000 employees.

#### River cleanup

PEGATRON participated in the Water Environment Adoption with the Environmental Protection Bureau of Taipei City Government to adopt the river basin between Guandu Pier and Guandu Bridge. Since March 2018, garbage cleanup operations from Guandu Pier to Guandu Bridge have been arranged on Saturdays of each month. In 2022, although there were restrictions on the number of activities and the number of participants due to the worsening of the epidemic, four river cleanup activities were conducted, with a total of 12 participants.

#### Tree Planting

In response to an invitation from the Indonesian government to plant 5,000 golden teak trees to improve the road infrastructure, we hope to realize the Green Batam project by planting trees to beautify and improve the quality of the environment in Batam City.



#### Epidemic prevention

In 2022, the epidemic in Chongqing factory was repeated and the situation was severe, our staffs actively participated in the volunteer work of nucleic acid testings in Wangjia Street to provide protection for the safe production in the port area and the orderly lives of colleagues. 265,000 person-times of nucleic acid tests were completed in 2022 and 7,000 person-times of vaccinations were performed.



#### Summer cooling actions

In order to protect the health of the staffs during the high temperature period, improve the production and living conditions of the staffs, and ensure the normal operation of the company's production, the company's labor union launched the "Summer cooling actions" on August 1, 2022. We distributed 30 watermelons, 80 boxes of cool beverages, and a number of Zhengqi oral liquid for 200 employees in the security, facility, material management and other front-line activities in summer.







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GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	4.1.2 Greenhouse Gas Emissions	34	
	305-2 Energy indirect (Scope 2) GHG emissions			
	305-3 Other indirect (Scope 3) GHG emissions			
	305-4 GHG emissions intensity			
	305-5 Reduction of GHG emissions			
	305-6 Emissions of ozone-depleting substances (ODS)			
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions			
Economic: Information Security				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.4 Information Security	22	



GRI Standards	Disclosure		Chapter	Page number	Omission
Economic: Regulatory Compliance					
GRI 2-27 Compliance with laws and regulations 2021	2-27	Compliance with laws and regulations	2.3.2 Regulatory compliance	22	
Social: Labor Rights					
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	5.1 Labor Relations	43	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees			
Social: Occupational Health and Safety					
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	5.3 Occupational Health & Safety	48	
	403-2	Hazard identification, risk assessment, and incident investigation			
	403-3	Occupational health services			
	403-4	Worker participation, consultation, and communication on occupational health and safety			

GRI Standards	Disclosure	Chapter	Page number	Omission
GRI 403: Occupational Health and Safety 2018	403-5 Worker training on occupational health and safety	5.3 Occupational Health & Safety	48	
	403-6 Promotion of worker health			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships			
	403-8 Workers covered by an occupational health and safety management system			
	403-10 Work-related ill health			

Selected Topics

GRI Standards	Disclosure	Chapter	Page number	Omission
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	4.2.1 Water Management	35	
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	4.2.2 Waste Management	37	

SASB Standards

Activity Metrics

Activity Metric	Code	PEGATRON Performance	Chapter	Page number
Number of manufacturing facilities	TC-ES-000.A	16 facilities	2.1.2 Globalization Arrangement	13
Area of manufacturing facilities	TC-ES-000.B	2,685,591 m <sup>2</sup>	2.1.2 Globalization Arrangement	13
Number of employees	TC-ES-000.C	147,360 employees	5.1.1 Employee Profile	43

Industry: Electronic Manufacturing Services & Original Design Manufacturing

Topic	Accounting Metric	Code	PEGATRON Performance	Chapter	Page number
Water Management	(1) Total water withdrawn (2) Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	TC-ES-140a.1	(1) Total water withdrawn was 5,058,000 tons, of which 38.60% came from areas with high water pressure (2) Total water consumed was 5,058,000 tons, of which 38.35% came from areas with high water pressure Note: The logic of total water consumption estimation is that if it cannot be confirmed whether the water intake and discharge are in the same watershed, then according to the definition of SASB TC-ES-140a.1, the water consumption adopts the conservative principle, and the water intake is equal to the water consumption. If it can be confirmed that the water intake and discharge are in the same basin, then water consumption = water intake - water discharge.	4.2.1 Water Management	35
Waste Management	Amount of hazardous waste from manufacturing, percentage recycled	TC-ES-150a.1	The amount of hazardous waste generated was 1,783 tons, and the amount of hazardous waste recycled was 689.8 tons, representing a recovery rate of 38.70%.	4.2.2 Waste Management	37
Labor Practices	(1) Number of work stoppages (2) Total days idle	TC-ES-310a.1	(1) There was 1 case of work stoppage (2) The number of days the plant was idle due to strikes or work stoppages was 5 days	5.3.1 Occupational Safety	49



Topic	Accounting Metric	Code	PEGATRON Performance	Chapter	Page number
Labor Conditions	Total recordable incident rate (TRIR) for (a) direct employees and (b) contract employees	TC-ES-320a.1	(1) The incident rate (TRIR) for full-time staff is 0.31 (2) The incident rate (TRIR) for contract staff is omitted due to incomplete information.	5.3.1 Occupational Safety	48
	Near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees		(1) The NMFR for full-time staff is 0.0094 (2) The NMFR for contract staff is omitted due to incomplete information.	5.3.1 Occupational Safety	48
	Percentage of (1) entity's facilities and (2) Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities	TC-ES-320a.2	(1) The percentage of PEGATRON's factories that have completed RBA VAP audits is 33.3%, of which 0% are categorized as high-risk (2) The percentage of key suppliers' factories that have completed RBA VAP audits is 25.6%, of which 12% are categorized as high-risk *Note: In TC-ES-320a.2, "key suppliers" are defined as direct suppliers accounting for 80% of procurement spending and suppliers with high risk annual supplier evaluation results, and "high risk" is defined as those with priority nonconformities in the VAP audit.	1.1.1 Sustainable Governance 3.2.2 Supply Chain Management	6 27
	Non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent for (a) priority non-conformances and (b) other non-conformances, broken down for (i) the entity's facilities and (ii) the entity's Tier 1 supplier facilities	TC-ES-320a.3	(1) PEGATRON's RBA VAP audit found 0% of priority non-compliance and 100% of other non-compliance (2) Key suppliers' RBA VAP audit found 0.73% of priority non-compliance and 99.27% of other non-compliance	1.1.1 Sustainable Governance 3.2.2 Supply Chain Management	6 27
	Associated corrective action rate for (a) priority non-conformances and (b) other non-conformances, broken down for (i) the entity's facilities and (ii) the entity's Tier 1 supplier facilities		(1) The percentage of PEGATRON's factories that have implemented RBA VAP corrective measures is 100% (2) The percentage of factories of key suppliers that have implemented RBA VAP corrective measures is 100%	1.1.1 Sustainable Governance 3.2.2 Supply Chain Management	6 27
Product Lifecycle Management	Weight of end-of-life products and e-waste recovered, percentage recycled	TC-ES-410a.1	(1) If the product is discarded by the consumer, it is not included in the scope of control of PEGATRON, and the recycling weight and recycling rate are not counted. (2) The recycled weight of e-waste disposed of by the PEGATRON Group amounted to 44,812 tons, which accounted for 78.21% of the total amount of e-waste generated.	4.2.2 Waste Management	37
Materials Sourcing	Description of the management of risks associated with the use of critical materials	TC-ES-440a.1	Every year, PEGATRON conducts compliance assessment on quality and process capability of new suppliers, as well as green quality management system and corporate social responsibility audits for existing suppliers. After identifying high-risk suppliers, PEGATRON requires them to submit improvement reports by a deadline to ensure compliance with the PEGATRON's supplier requirements and to minimize material and production risks.	3.2 Sustainable Supply Chain 3.3 Responsible Minerals	26 28

Sustainability Disclosure Index-Computer and Peripheral Equipment Industry

No.	Indicator	PEGATRON Performance
1	Total energy consumption, percentage of outsourced electricity, and renewable energy utilization rate	Total energy consumption: 4,457,353 (GJ) Percentage of purchased electricity: 68.47%  Proportion of renewable energy in total energy use: 16.72% Proportion of renewable energy in total electricity consumption: 19.42%
2	Total water withdrawn and consumed	Total water withdrawal is 5,058,795 cubic meters. Note: The logic of estimating the total water consumption is that if it cannot be confirmed whether the water intake and discharge are in the same watershed, then according to the definition of SASB TC-ES-140a.1, the water consumption is based on the conservative principle, and the amount of water intake is equal to the amount of water consumption. If it can be confirmed that the water intake and discharge are in the same basin, then water consumption = water intake - water discharge.  Total water consumption is 5,058,795 cubic meters.
3	Weight of hazardous waste and recovered rate	Weight of hazardous waste: 1,778 tons  Percentage recovered: 88.43%
4	Explain the types of occupational accidents, the number of people injured, and the rate of injuries	(1) The total recordable incident rate (TRIR) for full-time staff is 0.31 (2) The total recordable incident rate (TRIR) of contract staff is omitted as the information is incomplete.  (3) The near miss frequency rate (NMFR) for full-time staff is 0.0094. (4) The near miss frequency rate (NMFR) for contract staff is omitted due to incomplete access to information.
5	Disclosure of product lifecycle management: Weight of end-of-life products and e-waste and percentage of recycling (Note 1)	Weight of e-waste: 1,778 tons  Percentage recycled: 88.43%
6	Description of Risk Management Related to the Use of Critical Materials	Maintain two or more suppliers for critical raw materials and ensure that the materials comply with hazardous substances and environmental testing.
7	Monetary damages due to legal action related to anti-competitive conduct regulations	NT\$0
8	Production volume of major products by product category	Annual production of 3C electronic products was 10,348 thousand pieces.








TCFD Recommended Disclosures

Recommended Disclosures		Page No.
Governance	a. Describe the board’s oversight of climate-related risks and opportunities.	30
	b. Describe management’s role in assessing and managing climate-related risks and opportunities.	30
Strategy	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	31
	b. Describe the impact of climate related risks and opportunities on the organization’s businesses, strategy, and financial planning.	32
	c. Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	31
Risk Management	a. Describe the organization’s processes for identifying and assessing climate-related risks.	30
	b. Describe the organization’s processes for managing climate-related risks.	30
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.	30
Metrics and Targets	a. Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process.	31
	b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	32
	c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	32

United Nations Global Compact

Category	Principle	Chapter
Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights	5.1 Labor Relationship
	Businesses should make sure that they are not complicit in human rights abuses.	5.1 Labor Relationship
Labor	Businesses should uphold the freedom of association and the elective recognition of the right to collective bargaining.	5.1 Labor Relationship
	Businesses should uphold the elimination of all forms of forced and compulsory labor.	5.1 Labor Relationship
	Businesses should uphold the elective abolition of child labor.	5.1 Labor Relationship
	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	5.1 Labor Relationship
Environment	Businesses should support a precautionary approach to environmental challenges.	4.3 Green Product
	Businesses should undertake initiatives to promote greater environmental responsibility.	CH4. Sustainable Environment
	Businesses should encourage the development and diffusion of environmentally friendly technologies.	4.3 Green Product
Anti-Corruption	Businesses should work against corruption in all its forms, including extortion and bribery.	2.3 Integrity Management

UN Sustainable Development Goals (SDGs)

SDGs Goals	PEGATRON Sustainable Development Goals			Chapter
	PEGA GEM		Goal	
	E	Maintain the Equality of Society (Equality)	Realize Gender Equality in Workplace.	5.1 Labor Relationship
	M	Benet the Environment towards Mutualism (Mutualism)	Use Current Energy with a Greener Way	4.1 Climate Change
	G	Boost the Growth of Economy (Growth)	Elevate the Economic Performance and Workplace.	2.2 Corporate Governance
	E	Maintain the Equality of Society (Equality)		5.1 Labor Relationship
	M	Benefit the Environment towards Mutualism (Mutualism)	Engage in Responsible Consumption and Production.	3.2 Sustainable Supply Chain
	E	Maintain the Equality of Society (Equality)		3.3 Responsible Minerals 4.2 Environmental Protection 4.3 Green Product
	M	Benefit the Environment towards Mutualism(Mutualism)	Evaluate and Mitigate the Impact on Climate Change.	4.1 Climate Change

Note: Please refer to the "Sustainable Development Goals" chapter for the action plans and performance indicators for each goal.



## Assurance Statement



### Independent Assurance Statement

#### Scope and Approach

PEGATRON Corporation ("PEGATRON" or "the Company") commissioned **DNV Business Assurance Co., Ltd.** ("DNV" or "we") to undertake independent assurance over the 2022 Sustainability Report ("the Report") for the year ended 31 December 2022.

We performed our work using DNV's assurance methodology VeriSustain™<sup>1</sup>, which is based on our professional experience and international assurance best practices, including International Standard on Assurance Engagements 3000 (ISAE 3000) and the Global Reporting Initiative (GRI) Sustainability Reporting Standards.

The Report also incorporated the relevant sustainability reporting guidelines, such as Sustainability Accounting Standards Board (SASB) Sustainability Accounting Standard for the ELECTRONIC MANUFACTURING SERVICES & ORIGINAL DESIGN MANUFACTURING (2018) and Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

We understand that the reported financial data and information are based on the data from PEGATRON's Annual Report and Accounts, which are subject to a separate independent audit process. The review of financial data taken from the Annual Report and Accounts is not within the scope of our work. In addition, the greenhouse gas emissions data checked during the current assurance engagement is provisional, and the impending results of a separate independent verification shall prevail.

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion. We are providing the evaluation of reporting principles with a Moderate level of assurance, according to the DNV VeriSustain™ Protocol and Moderate level, Type I assurance according to AA1000 AS v3.

#### Responsibilities of the Directors of PEGATRON and of the Assurance Providers

The Directors of PEGATRON have sole responsibility for the preparation of the Report. In performing our assurance work, our responsibility is to the management of PEGATRON; however, our statement represents our independent opinion and is intended to inform all of PEGATRON's stakeholders. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement.

We performed the assurance work, and we have no other contractual relationship with PEGATRON that constitutes a conflict of interest with the current assurance engagement.

DNV's assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

#### Basis of Our Opinion

A multi-disciplinary team of sustainability and assurance specialists performed work at PEGATRON's Xinyi Office in Taipei City and the site level. We undertook the following activities:

- Review of the current sustainability issues that could affect PEGATRON and are of interest to stakeholders.
- Review of PEGATRON's approach to stakeholder engagement and recent outputs.
- Review of information provided to us by PEGATRON on its reporting and management processes relating to the Principles.
- Interviews with selected senior managers responsible for the management of sustainability issues and review of selected evidence to support the issues discussed.
- Site visits to the PEGATRON's HQ in New Taipei City and data checks with PEGATRON's site in Taiwan, China, Czech, Mexico, Indonesia, Vietnam and India to review processes and systems for preparing site-level sustainability data and the implementation of sustainability strategies.
- Review of supporting evidence for key claims and 2022 data in the Report, as reported information beyond 2022 is not within the scope of the current engagement. Our checking processes were prioritised according to materiality, and we based our prioritisation on the materiality of issues at the consolidated corporate level.
- Review of the processes for gathering and consolidating the specified performance data and, for a sample, checking the data consolidation. Where financial data had been checked by another third party, we tested the transposition from these sources to the Report.

<sup>1</sup> The VeriSustain™ Protocol is available on [dnv.com](https://dnv.com)



- An independent assessment of PEGATRON's reporting against the Global Reporting Initiative (GRI) Sustainability Reporting Standards 2021.
- The verification was conducted based only on the Chinese version Report.

#### Opinion

On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe PEGATRON's adherence to the Principles. In terms of reliability of the performance data, in accordance with Moderate level assurance requirements, nothing came to our attention to suggest that these data have not been properly collated from the information reported at the operational level, nor that the assumptions used were inappropriate.

#### Observations

Without affecting our assurance opinion, we also provide the following observations.

- Besides the established processes, it is recommended to continue developing the collection of the Company's sustainability issues and the decision on material topics, developing measurable and objectives to facilitate continual impact assessment.

#### Stakeholder Inclusiveness

*The Company has identified the expectations of stakeholders through internal mechanisms in dialogue with different groups of stakeholders. The stakeholder concerns are well identified and documented. The significant sustainability issues identified through this process are reflected in the Report.*

#### Sustainability Context

*The Report provides an accurate and fair representation of the level of implementation of related corporate sustainability policies and meets the content requirements of the GRI Standards.*

#### Materiality

*The process developed internally has not missed out any significant, known material issues, and these issues are fairly covered in the Report. A methodology has been developed to evaluate the priority of these issues.*

#### Completeness

*The Report covers performance data against the GRI Standards core indicators that are material within the Company's reporting boundary. The information in the Report includes the Company's most significant initiatives or events that occurred in the reporting period.*

#### Accuracy and Reliability

*The Company has developed the data flow for capturing and reporting its sustainability performance. In accordance with Moderate level assurance requirements, we conclude that no systematic errors were detected which causes us to believe that the specified sustainability data and information presented in the Report are not reliable.*

#### Impact

*The Company presents the impacts related to its identified material topics by measuring and monitoring impacts through appropriate performance metrics demonstrating outcomes and outputs of its value creation processes. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Impact.*

#### For and on behalf of DNV Taiwan

Date: 30 June, 2023

Nasa Chen  
Lead Verifier  
Business Assurance  
DNV Taiwan

Statement Number: C601208-2022-AG-TWN-DNV

David Hsieh  
District Manager,  
Business Assurance  
DNV Taiwan