

PEGATRON

2020 CORPORATE SOCIAL RESPONSIBILITY REPORT  
OF PEGATRON GROUP  
version 1.0





# Navigate the Future



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PEGATRON has issued corporate social responsibility (CSR) report every year since 2009. The report includes our economic, social, and environmental performances of previous year. In 2021, we issue thirteenth CSR report to continuously disclose our commitments, management approaches, strategic goals, and performances on each sustainability issue in 2020. Our CSR report is issued in Traditional Chinese, Simplified Chinese, and English, and published on PEGATRON’s website for stakeholders’ reference. The previous version of it was released in June 2020.

The CSR report is written by CSR task force team members and its period is from January 1, 2020, to December 31, 2020. PEGATRON referred in this report is composed by PEGATRON Corporation and its Core Businesses, includes Headquarter (HQ) and Taiwan operation center in Taiwan, Central China operation center (Maintek, Cotech 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 and Czech manufacturing center in Europe.

In order to meet IFRS (International Financial Reporting Standards) Consolidated Financial Statements requirement in Taiwan, our subsidiaries are included in the financial performances, and the service centers and other listed subsidiaries are excluded from the scope of this report. The entities included in this report account for more than 80% of consolidated revenue.

*This report is prepared in accordance with the GRI Standards issued by Global Sustainability Standards Board, GSSB: Core option. In order to increase the transparency and reliability of the report, the content is verified by an independent third party, DNV, based on the DNV VeriSustain™, AA1000 AS(2008) and complied with core option level of GRI Standards. The assurance statement is attached as appendix of this report. For financial data, it is referred to the financial statement certified by qualified accountants.*

If you have any query or comment about this CSR report, please feel free to contact us:

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# Overcome the challenge of COVID-19 and implement corporate sustainability development thoroughly.

President and CEO SJ Liao

2020 was an unusual year with numerous corporations faced financial crisis and supply chain disruption due to the ravage of COVID-19. However, the financial performance of Pegatron continues to hit new high in adversity owing to taking early actions on risk diversification and prevention measures. The honor belongs to all our employees. I would like to thank my colleagues for their hard work. We not only remain revenue growth but also demonstrate the best practice of corporate governance and sustainable operation.

At the same time, we believe that while the company is moving forward, it should give back to society and demonstrate corporate responsibility. Therefore, Pegatron has also committed to the development of various sustainability indicators. We communicate with stakeholders by diversified communication channels, hoping to make a more appropriate response. In addition, as a key player in the global science and technology industry chain, we now pay more attention to international trends, and the report also strives for excellence under the expectations and requirements of stakeholders.

The outbreak of COVID-19 in early 2020 until now reminds us that the uncertainty of the social and economic markets will become the norm, and sustainable operations will be

more important than before. Therefore, Pegatron continuously adjusting our operating strategy, grasping the dynamics of risks and opportunities, and actively responding to various challenges. We also strive to ensure that Pegatron will be a safe, healthy, and sustainable workplace by executing various management measures and systems. Meanwhile, energy conservation and carbon reduction are imperative due to reducing climate change is a responsibility for everyone. In this regard, Pegatron has already set a long-term group goal of energy saving and carbon reduction. By 2020, both energy saving and carbon reduction achievements had far exceeded the original targets. In addition, Pegatron has also introduced energy saving and environmental protection concepts and practices into the design, manufacturing process, and products. We endeavor to practicing the green industry chain to fulfill corporate social responsibility.

Looking forward to 2021, the impacts of the epidemic will remain. Pegatron will face many challenges and difficulties in our global expansion. However, I have confidence that we will learn from the imperfections in the past and turn the crisis into opportunities. Pegatron will maximize the value of a sustainable enterprise and continue to contribute to itself, surrounding society and the world.



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## Identification & Communication

Effective communication with stakeholders is the way to achieve continuous improvement and sustainable development.

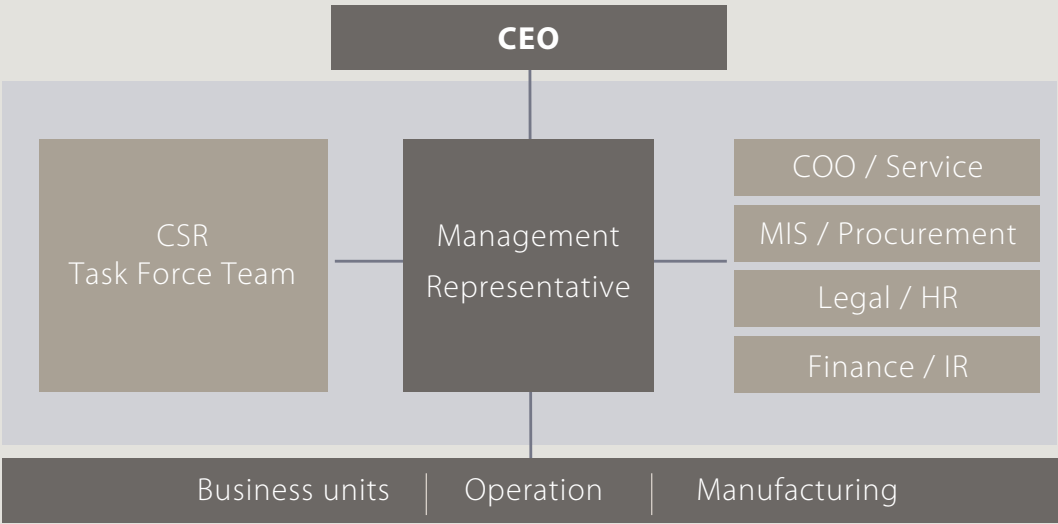
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## Social Responsibility Commitment

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

PEGATRON’s corporate social responsibility is planned, operated, and implemented by PureCSR (PEGATRON’s Corporate Social Responsibility) Steering Committee, which is led by CEO and authorized by its board of directors. The committee members consisted of relevant departments, including COO and representatives from Corporate Quality Policy Center (CQPC), Human Resource & Administration Center (HR & ADM), Procurement Center, Customer Service Business Unit (CSBU), Finance & Accounting Center, Legal & IPR (Intellectual Property Right) Center, Business Units and CSR representatives of Operation Centers and Manufacturing Centers. All members identify their fields’ stakeholders according to their job functions and respond to stakeholders’ concerns in daily operations. Cross unit issues are discussed in PureCSR Steering Committee meeting to reach consensus among related units. CSR implementation status is periodically reported to the CEO and submitted to the Company’s board for decision making on economic, environmental, and social major topics every year.

### PureCSR Steering Committee Organization Chart



PEGATRON publicly discloses the practice and performances of corporate social responsibility via the publishing of annual CSR report and takes it as a communication platform for stakeholders. Through this way, we can get more understanding of their needs and requirements as well as have two-way communication. Meanwhile, the CSR report is also regarded as a tool to review our internal strategy of development for sustainable management.

PEGATRON established the “Corporate Social Responsibility Best-Practice Principles” in 2015 and discloses it on the company’s official website to show our philosophy and determination on the practice of corporate social responsibility.

*Corporate Social Responsibility Practice Principles:*  
[http://www.pegatroncorp.com/investorRelation/majorInternalPolicies/lang/en\\_US](http://www.pegatroncorp.com/investorRelation/majorInternalPolicies/lang/en_US)

To effectively manage CSR related issues, PEGATRON establishes PureCSR policy and implements the corporate social responsibility and safety & health management system

(PureCSR management system). The Company not only sets up CSR objectives and targets every year, but also performs internal audits, external audits, and corrective actions, as well as reviews CSR performances by PureCSR management review meetings to ensure the effectiveness of PureCSR management system. We devote to the implementation of environmental management system, occupational safety and health management system, quality & green management system, greenhouse gas inventory, and energy management system. The certification and verification statements verified by third parties are disclosed on official website.

### PureCSR policy

1. Comply with environmental protection, labor, safety, and health regulations.

2. Conserve natural resources and prevent pollution actively.

3. Reduce environmental impact and safety risks.
4. Satisfy customer requirements and become an entirely green enterprise.

5. Enable company-wide promotion of corporate responsibility.

6. Summon all employees to participate in the program and continuously improve it.

### PEGATRON also commits to implement the following directives with expression of our intention to fulfill the following:

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 all staff, making them aware of protecting environment, respecting the dignity of life, cherishing natural resources, ensuring safety, and promoting 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 reduction of environmental pollutants 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 self-management to optimize the quality of occupational hazard control, and reduce occupational risks to build a satisfying 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 rate 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 to protecting the environment and labor rights and reducing occupational hazards as well as regularly disclose corporate social responsibility information to enhance 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 person who raises any concerns or inform against illegal acts from being fear of retaliation.



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- 11. Emphasize equal opportunities and 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 relationships 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 Code of Conduct to sustainably grow together with our suppliers.

As a member of RBA (Responsible Business Alliance), we continuously participate in the relevant activities and have discussions with peers on the issues and trends of business sustainability. Also, we actively respond to several corporate responsibility projects and initiatives, including responsible minerals and environmental sustainability. In addition to be a member of RBA, PEGATRON is also one of the members of the Taipei Computer Association (TCA). Our chairman, Tzu-Hsien, Tung, is its executive director. As a world-class industry association, TCA continues to be an industry promoter on ICT (Information and Communication Technology) and works hard with more than 4,000 members to create another business peak with many business opportunities in Taiwan.



## Stakeholder Communication

Stakeholders are classified into 9 groups according to the degree of interaction influences.

The nine stakeholders include employees, customers, investors, government agencies, suppliers, competitors, medias, NGOs (Non-Government Organizations), and communities. We communicate with stakeholders through various communication channels and identify their needs and requirements to keep good relationships with them. PEGATRON sets a specific webpage with an external communication mailbox (Honest\_Box@pegatroncorp.com) maintained by the dedicated personnel for stakeholders on our official website as one of the communication channels with stakeholders. Through proper communications, we can understand the expectations of stakeholders and respond to related issues appropriately.

## PEGATRON’s stakeholders



All stakeholders’ concerned issues and communication channels are listed in the following table:

| Stakeholder's Groups | Issues of Concern                              | Communication Channel / Communication Frequency    |
|----------------------|--|--|
| Customer             | Risk Control and Adjustment                    | QBR / Aperiodic                                    |
|                      | Environmental Regulatory Compliance            | Customer Audits / Aperiodic                        |
|                      | Business Ethics and Business Integrity         | Regular or Irregular Meetings / Aperiodic          |
|                      | Supplier Management on Environmental           | RBA-Online / Aperiodic                             |
|                      | Implementation of Occupational Health & Safety | Customer Websites or Platforms / Aperiodic         |
| Employee             | Employment and Retention                       | Regular Meetings / Monthly                         |
|                      | Wages and Benefits                             | Internal Websites / Aperiodic                      |
|                      | Training, Education and Performance Review     | Internal Publications or Announcements / Aperiodic |
|                      | Implementation of Occupational Health & Safety | Grievance Box / Aperiodic                          |
|                      | Risk Control and Adjustment                    | Coffee Talks / Annual                              |
| Investor             | Environmental Regulatory Compliance            | Hotlines / Aperiodic                               |
|                      |  | Labor-Management Meetings / Quarterly              |
|                      | Operational and Financial Performance          | Monthly Business Reports / Monthly                 |
|                      | Wage Levels and Local Hiring                   | Shareholders' Meetings / Annual                    |

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| Investor   | Governance  | Investor Conferences / Quarterly                     |
|            | Risk Control and Adjustment                                 | Annual Reports / Annual                              |
|            | Employment and Retention                                    |  |
|            | Wages and Benefits  | Market Observation Post System (MOPS) / Aperiodic    |
|            | Labor Employment Protection (Labor-Employment Relationship) |  |
| Supplier   | Socioeconomic Regulatory Compliance                         |  |
|            | Operational and Financial Performance                       | Supplier Conferences / Annual                        |
|            | Wage Levels and Local Hiring                                | Supplier Audits / Annual                             |
|            | Raw Materials Purchasing                                    | Supplier Relationship Management Platform/ Aperiodic |
|            | Environmental Impact Evaluation and Management              | External Communication Mailbox / Aperiodic           |
| Community  | Environmental Regulatory Compliance                         | RBA-Online & IPE / Aperiodic                         |
|            | Negative Impacts on Local Community                         |  |
|            | Violations Influencing Rights of Local Residents            |  |
|            | Risk Control and Adjustment                                 | External Communication Mailbox / Aperiodic           |
|            | Environmental Protection                                    |  |
| Competitor | Environmental Regulatory Compliance                         |  |
|            | Management System to Avoid Forced Labor                     |  |
|            | Operational and Financial Performance                       |  |
|            | Wage Levels and Local Hiring                                | Conferences / Aperiodic                              |
|            | Green House Gas Emissions                                   |  |
|            | Environmental Impact Evaluation and Management              |  |
|            | Employment and Retention                                    |  |
|            | Socioeconomic Regulatory Compliance                         |  |
|            |   |  |
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| Government | Risk Control and Adjustment                               | Public Hearings on Policy / Aperiodic      |
|            | Environmental Regulatory Compliance                       | Questionnaires and Interviews / Aperiodic  |
|            | Implementation of Occupational Health & Safety            | Projects and Initiatives / Aperiodic       |
|            | Corporate Governance                                      | Conferences / Aperiodic                    |
|            | Environmental Protection                                  |  |
| Media      | Operational and Financial Performance                     | Press Conferences / Aperiodic              |
|            | Wage Levels and Local Hiring                              | Press Releases / Aperiodic                 |
|            | Business Ethics and Business Integrity                    |  |
|            | Green House Gas Emissions                                 |  |
|            | Environmental Regulatory Compliance                       | External Communication Mailbox / Aperiodic |
| NGO        | Employment and Retention                                  |  |
|            | Wage and Benefit  |  |
|            | Labor Employment Protection (Labor-Employment Protection) |  |
|            | Implementation of Occupational Health & Safety            |  |
|            | Operational and Financial Performance                     | Participate Organizations / Aperiodic      |
|            | Greenhouse Gas Emissions                                  | Conferences / Aperiodic                    |
|            | Environmental Regulatory Compliance                       |  |
|            | Energy Inventory and Conservation                         | External Communication Mailbox / Aperiodic |
|            | Environmental Protection                                  |  |
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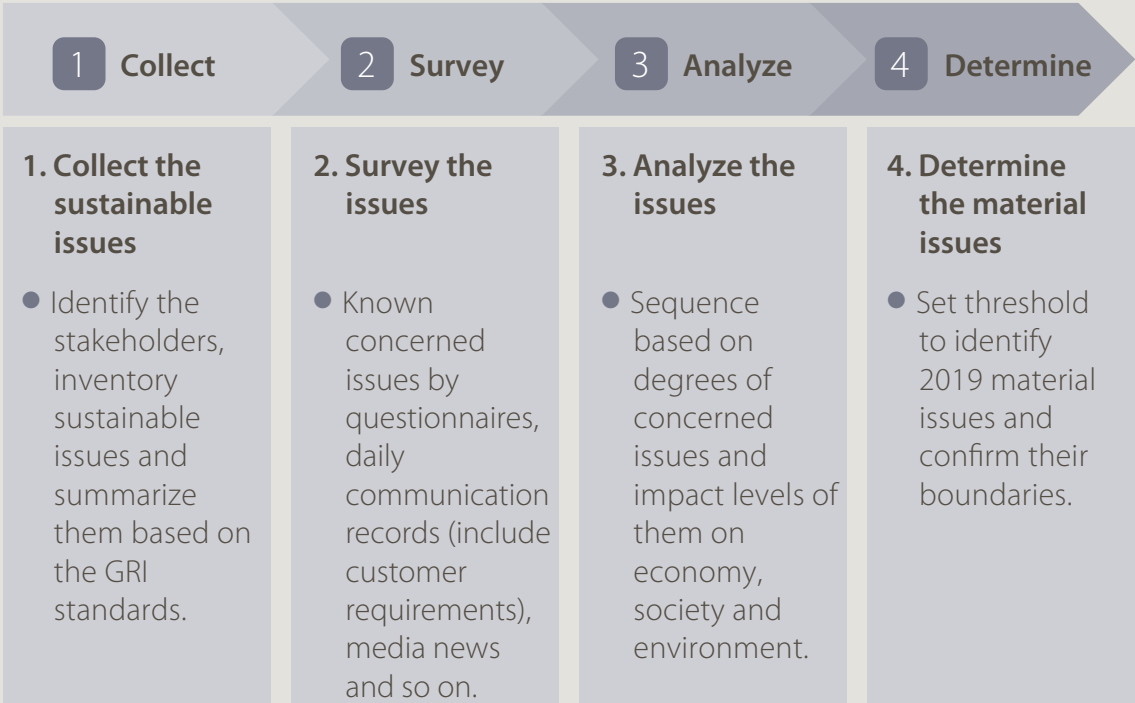
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# Material Issues Identification

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

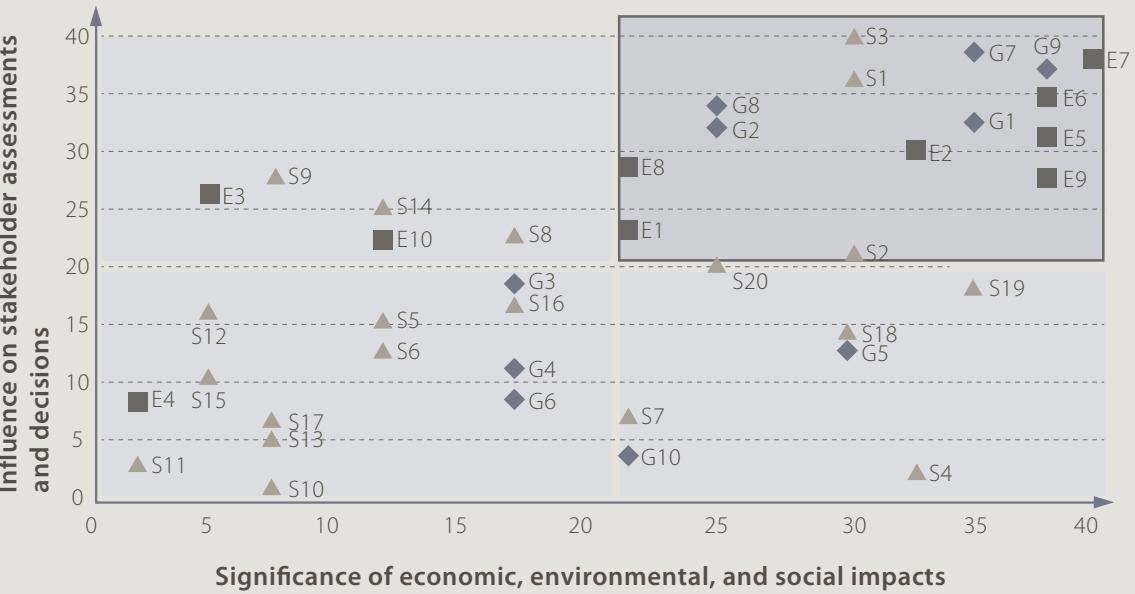
To enhance the communication efficiency with stakeholders, we collected suggestions from the units which may directly contact stakeholders in their daily operations, investigated internally and analyzed the concerns of different stakeholders through indirect and direct channels.

We identify the issues concerned by stakeholders according to four principles of GRI Sustainability Reporting Standards, including materiality, inclusiveness, sustainability context, and completeness through a systematic approach, and providing the information through CSR Report accordingly to ensure stakeholders receive the information they need. We identified 40 sustainability issues for analytics of material topics based on the GRI sustainability reporting guidelines and internal and external concerns. The assessment process of material topics is listed below:



Based on the result of the materiality analysis, CSR task force team identifies the material issues in the 2020 CSR Report. After the material issues are identified, we define the scope covered by related aspects to ensure information transparency and suitable boundaries. In addition to the response and disclosure in the corporate social responsibility report, PEGATRON also focuses on using the material issues to communicate with stakeholders and takes them as material issues of continuous improvement. We use the concept of PDCA (Plan-Do-Check-Act) and periodically assess the effectiveness of our management.

## The identification result of 2020 Sustainability Issues














|   |   |  |
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| <div>◆ Economic</div> <div>G1 Economic performance</div> <div>G2 Market presence</div> <div>G3 Indirect economic impacts</div> <div>G4 Procurement practices</div> <div>G5 Anti-corruption</div> <div>G6 Anti-competitive behavior</div> <div>G7 Governance</div> <div>G8 Ethics and integrity</div> <div>G9 Risk Management</div> <div>G10 Tax</div> <div>■ Environmental</div> <div>E1 Materials</div> <div>E2 Energy</div> | <div>E3 Water</div> <div>E4 Biodiversity</div> <div>E5 Emissions</div> <div>E6 Effluents and waste</div> <div>E7 Environmental compliance</div> <div>E8 Supplier environmental assessment</div> <div>E9 Green product</div> <div>E10 Climate change</div> <div>▲ Social</div> <div>S1 Employment</div> <div>S2 Labor/management relations</div> <div>S3 Occupational health and safety</div> <div>S4 Training and education</div> <div>S5 Diversity and equal opportunity</div> | <div>S6 Non discrimination</div> <div>S7 Freedom of association and collective bargaining</div> <div>S8 Child labor</div> <div>S9 Forced or compulsory labor</div> <div>S10 Security practices</div> <div>S11 Rights of indigenous peoples</div> <div>S12 Human rights assessment</div> <div>S13 Local communities</div> <div>S14 Supplier social assessment</div> <div>S15 Public policy</div> <div>S16 Customer health and safety</div> <div>S17 Marketing and labeling</div> <div>S18 Customer privacy</div> <div>S19 Socioeconomic compliance</div> <div>S20 Conflict minerals</div> |
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The boundaries of material issues and SDGs:

| Category      | Material Issue                    | Chapter                      | Boundaries (Value Chain) |           |          | Other Stakeholder |            |           |                        | SDGs  |  |
|---------------|-----------------------------------|------------------------------|--------------------------|-----------|----------|-------------------|------------|-----------|------------------------|---|---|
|               |                                   |                              | Supplier                 | HQ & Site | Customer | Investor          | Government | Community | Media/ NGO/ Competitor |   |   |
| Economic      | Economic performance              | Financial Performance        | ◎                        | ◎△        | ◎        | ◎                 |            |           |                        |     |   |
|               | Market presence                   | Employment Relationship      | ◎                        | ◎△        | ◎        | ◎                 |            |           | ◎                      |   |   |
|               | Governance                        | Corporate Governance         |                          | ◎△        |          | ◎                 | ◎          |           | ◎                      |   |   |
|               | Ethics and integrity              | Code of Conduct              | ◎                        | ◎△        | ◎        |                   |            |           | ◎                      |   |   |
|               | Risk management                   | Risk Management              | ◎                        | ◎△        | ◎        | ◎                 |            |           |                        |   |   |
| Environmental | Materials                         | Sustainable Design           | ◎                        | ◎△        | ◎        |                   |            |           |                        |     |   |
|               | Energy                            | Low Carbon & Energy          |                          | ◎△        |          |                   |            |           | ◎                      |   |   |
|               | Emissions                         | Greenhouse Gas               |                          | ◎△        |          |                   |            | ◎         |                        |   |   |
|               | Effluents and waste               | Environmental Protection     | ◎                        | ◎△        |          |                   | ◎          | ◎         |                        |   |   |
|               | Environmental compliance          | Environmental Protection     | ◎△                       | ◎△        |          |                   | ◎          |           |                        |   |   |
|               | Supplier environmental assessment | Sustainable Supply Chain     | ◎                        | ◎△        | ◎△       |                   |            |           |                        |   |   |
|               | Green product                     | Sustainable Design           | ◎                        | ◎△        | ◎        |                   |            |           |                        |   |   |
| Social        | Employment                        | Employment Relationship      |                          | ◎△        |          |                   | ◎          |           |                        |     |   |
|               | Labor / management relations      | Employee Care                | ◎                        | ◎△        |          |                   |            |           | ◎                      |   |   |
|               | Occupational health and safety    | Occupational Health & Safety |                          | ◎△        |          |                   | ◎          |           |                        |   |   |

Remark 1: ◎ Issue with direct impacts; △ Issue is disclosed in this report (Only consider the issue with direct impacts. Others are not presented.); the boundaries of material issues are PEGATRON.

Remark 2: The economic performance of subsidiaries is disclosed in this report because of the consolidated financial report.

## 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).

#### Boosting the Growth of Economy (Growth)

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

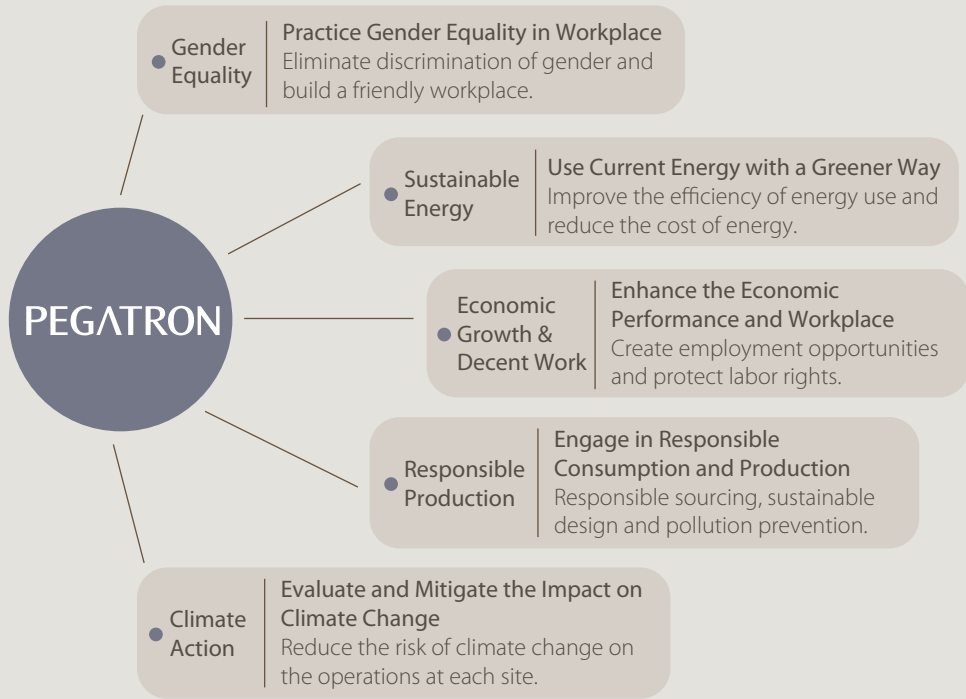
#### Maintaining the Equality of Society (Equality)

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

#### Benefiting 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 resource 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 manufacturing.





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SDGs targets, actions and performances of PEGATRON

| UN SDGs   |    | PEGATRON Actions and Indicators   |   |   |   |   |
|---|--|---|---|---|---|---|
|   |  | Target  |   | Action  | Indicator   | Performance   |
|  Gender Equality                 | <b>E.</b> Equality of society ( <b>E</b> quality)  | Eliminate discrimination of gender and build a friendly workplace           | Implement gender equality policy  | Closure rate of gender equality relevant opinions               | 100%  |   |
|   |  |   | Promotion of maternity protection   | Completion rate of maternity workplace practice                 | 100%  |   |
|  Affordable and Clean Energy     | <b>M.</b> Benefiting the environment towards mutualism ( <b>M</b> utualism)  | 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                  | 3   |   |
|   |  |   |   | Electricity usage per million NTD in revenue                    | 1.81 GJ/ million NTD  |   |
|  Decent Work and Economic Growth | <b>G.</b> Growth of economy ( <b>G</b> rowth)  | Create employment opportunities   | Elevate the economic performance  | Revenue   | Reached NTD 1399.3 billion  |   |
|   |  |   | Create opportunities for decent jobs  | Number of Employees   | Reached 132,157 persons   |   |
|   |  | Cultivate and retain the talents  | Provide multiple training resources   | Multiple training channels                                      | Please refer to the “Talent - Employee Training” chapter  |   |
|   |  |   | <b>E.</b> Equality of society ( <b>E</b> quality)                           | Protect labor rights  | Perform no child labor policy   | Completion rate of Zero Child Labor Policy          |
|   | Prevent involuntary labors   | Perform voluntary employment policy   |   | Closure rate of involuntary employment relevant grievance cases | 100%  |   |
|   |  Responsible Consumption and Production | <b>M.</b> Benefiting the environment towards mutualism ( <b>M</b> utualism) | Sustainable design  | Implement hazardous substances management                       | Completion rate of HSF trainings  | 100%  |
| Contamination prevention  |  |   | Promotion of waste recycling treatment                                      | Ratio of waste recycling  | 95%   |   |
| <b>E.</b> Equality of society ( <b>E</b> quality)   |  | Responsible sourcing  | Responsible minerals survey   | Completion rate of responsible minerals survey                  | 97%   |   |
|   |  |   | Conduct supply chain management   | Completion rate of the supplier CSR audit                       | 95%   |   |
|   |  | Sustainable supply chain  |   |   | Completion rate of responding PEGATRON Supplier Responsible Business Alliance Code of Conduct Agreement | 96%   |
|   |  |   | <b>M.</b> Benefiting the environment towards mutualism ( <b>M</b> utualism) |   | Reduce the risk of climate change on the operations at each site  | Conduct greenhouse gas emissions reduction projects |



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## Company Profile

Competence in both design and manufacturing  
to create a new style.





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About PEGATRON

“Joyful Working, Happy Living” is the foundation of our corporate philosophy and the basis for economic growth and sustainable development.

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, communications, 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. The devices mentioned above require a combination of hardware and software capabilities to integrate with technologies in computing, communication, video, audio, etc. However, PEGATRON has the competitive edge to provide integrated services to brand customers. With IoT being flourishing in the past few years, PEGATRON is devoted to enhancing its core competency and applying core technologies into different areas such as smart home products and car electronics. In terms of operation, challenges arose from trade tension between China and the US which negatively impacted global economic outlook and regional manufacturing activities. To alleviate these challenges, PEGATRON continues increasing automation levels and improving overall manufacturing efficiency through appropriate resource planning and better cost management. To offer multiple choices of a manufacturing base and assist customers in reducing trade tension, PEGATRON has actively adjusted the deployment of global manufacturing footprint by increasing investment in Taiwan and establishing manufacturing sites in Southeast Asia.

PEGATRON owns operation and manufacturing locations globally, including Taiwan, China, United States, Mexico, Czech Republic, Indonesia, Vietnam, and India in 2020. 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 the Taiwan Stock Exchange in 2010)  
Chairman of the Board: Tzu-Hsien Tung  
Employee size (dispatched labor included): About 132,157 employees worldwide in 2020  
Capital: NT\$26.6 billion  
Revenue: Reached NTD 1,399 billion in 2020  
Main businesses: Computing, communication, and consumer electronics products  
Major customers: Renowned global information technology and communication brands

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.

Management Philosophy

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, customers can experience better lives with design and innovation of PEGATRON.

Financial Performance

Continuously breakthrough itself and go further with steady steps.

The consolidated revenue of PEGATRON reached NT\$1,399.3 billion in 2020, increased by 2.42% from that of 2019, mainly resulted from new product launches in the Consumer Electronics segment. In addition, there was a positive contribution from major subsidiaries to overall operation. In 2020, PEGATRON Group received a tax benefit of NTD NT\$300 million as an encouragement for further investment according to regulations. For more detailed operating performance and financial information, please refer to the Company's 2020 Annual Report.

[http://www.pegatroncorp.com/investorRelation/annualReports/lang/en\\_US](http://www.pegatroncorp.com/investorRelation/annualReports/lang/en_US)

The brief consolidated income statement of PEGATRON and its subsidiaries for the year ended 2020 and 2019 are as following.

| Unit: NTD in million                                   | 2020      | 2019      |
|--|-----------|-----------|
| Operating revenue                                      | 1,399,333 | 1,366,287 |
| Cost of sales  | 1,349,729 | 1,321,182 |
| Gross profit   | 49,604    | 45,105    |
| Operating expenses                                     | 30,542    | 28,199    |
| Operating Income                                       | 19,062    | 16,906    |
| Non-operating income & expenses                        | 10,381    | 8,562     |
| Profit before tax                                      | 29,443    | 25,468    |
| Tax expense  | 7,024     | 7,184     |
| Profit   | 22,419    | 18,284    |
| Other comprehensive income                             | (4,814)   | (4,023)   |
| Comprehensive income                                   | 17,605    | 14,261    |
| Profit, attributable to owners of parent               | 20,208    | 19,318    |
| Comprehensive income, attributable to owners of parent | 15,463    | 15,890    |

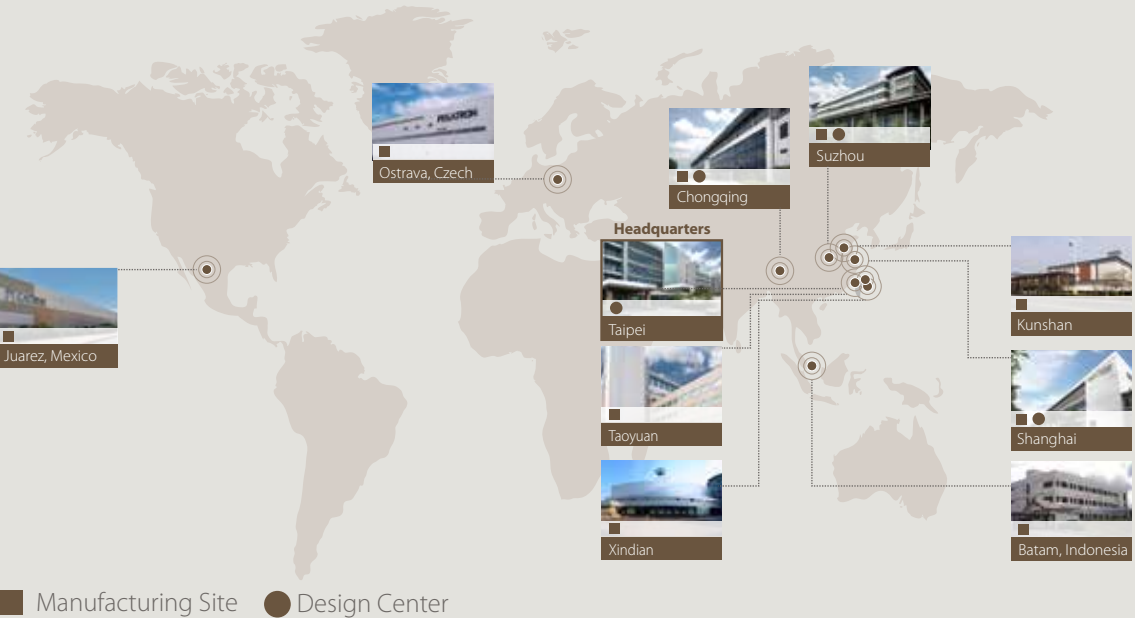
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# Globalization Arrangement

## Assess the arrangement comprehensively to perfect the service globally.

In the area of high technology industry around the world, Taiwan is in the significant position. 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).

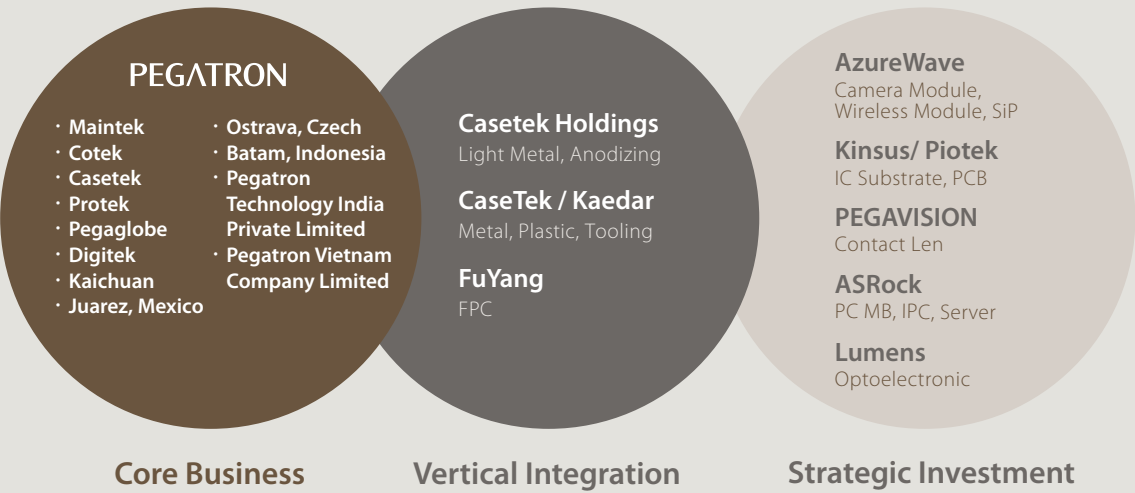
Our manufacturing facilities and service centers have been located worldwide include Asia, America, Australia, and Europe to provide the most efficient service to our customers. We setup these operation sites based on the strengths of the individual locations to provide fast and customized processes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



Major investments of PEGATRON Group can be mainly divided into the following three categories:

- (1) DMS core business:  
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), Pegatron Mexico manufacturing center, Pegatron Czech manufacturing center, and PT. Pegatron Technology Indonesia as well as newly established locations, Pegatron Technology India Private Limited and Pegatron Vietnam Company Limited.
- (2) Vertical Integration:  
Casetek (Suzhou); Kaedar Electronics (Kunshan), Casetek Holdings Ltd. (Cayman) and FuYang Technology, etc.
- (3) Strategic Investment:  
Kinsus/ Piotek, ASRock, Azurewave, Lumens, and Panavision.

## The illustration of the above mentioned categories



### 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 Electronics(CE), and Networking Products, while Protek (Shanghai) Limited mainly manufactures handheld device. Pegaglobe Electronics (Kunshan) manufactures handheld device. Besides, Digitek Computer (Chongqing) Co., Ltd mainly manufactures 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 products. 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 Integration

| Investment category  | Company name   | Remark   |
|----------------------|--|--|
| Mechanical component | Casetek computer (Suzhou) co., ltd.  | In addition to mental stamping for desktop PCs, Casetek has gradually developed technology in plastic injection and becomes the main manufacturing center of mechanical components in the group. |
|                      | Kaedar electronics (Kunshan) co., ltd.<br>Kai He Computer Accessory (Suzhou) co., ltd.<br>Coretek (Shanghai) limited<br>Dongbu zsc | Established via joint venture  |
|                      | Casetek Holdings Ltd. (Cayman)   | A light metal manufacturing company, it is merged through acquisition.   |
|                      | FuYang Technology Corporation  | A newly established company, which focuses on FPC modules.   |



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3. Deployment Strategic Investment

| 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/<br>Piotech 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 suppliers for local and overseas brands. |

Award and Recognition

Continuous efforts are the reason why we are recognized.

- 2020 Commonwealth Magazine Top 50 Corporation in Taiwan
- Ranked #2 among 2020 Commonwealth Magazine 2000 Survey in Taiwan Manufacturing and Computer Companies
- Top 35% of the best companies among the sixth Corporate Governance Evaluation held by Taiwan Stock Exchange
- A constituent of the FTSE4Good TIP Taiwan ESG Index in 2020
- 2020 Certified Nursing Room by the Health Bureau of Taipei City (Due to the government's anti-epidemic policy, 2019 certification automatically extends to 2020)
- 2020 Certified Badge of Accredited Healthy Workplace by the Health Promotion Administration, Ministry of Health and Welfare
- Outstanding Foreign Investment Enterprise (East Operation Center was awarded in January 2020.)
- 2019 Top 30 tax contributions of Suzhou New District (East Operation Center was awarded in February 2020.)
- 2019 Top 20 Revenue of Suzhou New District (East Operation Center was awarded in February 2020.
- 2019 Top 10 Foreign Trade Development and Innovation Enterprises of Suzhou New District (East Operation Center was awarded in February 2020.)
- 2019 Economic Development Contribution Award (Maintek was awarded in September 2020.)
- "Hear the World" Certificate of Donation (Maintek was awarded in November 2020.)



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## Sustainable Management

Respect the stakeholders and we will have positive contribution toward our own development





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## Corporate Governance

Pegatron honors itself as a corporate citizen, follow legal requirements, and monitor the compliance by itself.

### Shareholders' Meeting

We have adopted electronic votes as one way of how 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 / independent directors in accordance with the law. Total shares held by shareholders via electronic voting represented 83.47% of shares presented at PEGATRON 2020 annual shareholders general meeting. Agenda items are fully discussed by participating shareholders before proceeding with the vote. The numbers of votes in favor, against votes for each agenda item are listed in detail in the meeting minutes and disclosed on the Market Observation Post System.

### Information of Board of Directors and Supervisors are listed in the following table

| Title | Name               | Education and Experience   | Current Positions   |
|-------|--------------------|--|---|
|       |                    |  | <ul style="list-style-type: none"><li>Chairman and Group CEO of Pegatron Corp.</li><li>Director of Kinsus Interconnect Technology Corp.</li><li>Director of Asrock Incorporation</li><li>Director of AzureWave Technologies, Inc.</li><li>Chairman of Pegavision Corp.</li><li>Chairman of Kinsus Investmebt Co., Ltd.</li><li>Chairman of Lumens Digital Optics Inc.</li><li>Chairman of Asus Investment Co., Ltd.</li><li>Chairman of Asuspower Investment Co., Ltd.</li><li>Chairman of Asustek Investment Co., Ltd.</li><li>Chairman of Ri-Kuan Metal Corporation</li><li>Chairman of Aquamax Corporation</li><li>Director of FuYang Technology Corp.</li><li>Director of Casetek Holdings Limited (Cayman)</li><li>Director of Magnificent Brightness Ltd.</li><li>Director of Casetek Holdings Ltd.</li><li>Director of Protek Global Holdings Ltd.</li><li>Director of Grand Upright Technology Limited</li><li>Director of Aslink Precision Co., Ltd</li><li>Director of Q Place Creative Inc.</li><li>Chairman of FISFISA Media Inc.</li><li>Director of The Alliance Cultural Foundation</li><li>Director of Hanguang Education Foundation</li><li>Director of Taipei Computer Association</li><li>Supervisor of National Performing Arts Center</li><li>Director of Lung Yingtai Cultural Foundation</li><li>Director of ANDREW T.HUANG Medical Education Promotion Fund</li><li>Director of Fair Winds Foundation</li><li>Director of Bridge Across the Strait Foundation</li></ul> |
|       | Chairman T.H. Tung | <ul style="list-style-type: none"><li>Master degree in Computer and Communication Engineering, National Taipei University of Technology</li><li>Honorary PH.D in Engineering, National Taipei University of Technology</li><li>Vice Chairman of Asustek Computer Inc. ("Asus")</li></ul> |   |

| Title           | Name        | Education and Experience   | Current Positions  |
|-----------------|-------------|--|--|
|                 |             |  | <ul style="list-style-type: none"><li>President of Chinese Culture &amp; Educational Innovation Association</li><li>Vice President of Monte Jode Science &amp; Technology Association</li><li>Director of Fullfoods Cultural Education Foundation</li><li>Director of Bulareyaung Dance Cultural Foundation</li><li>Director of National Chung-Shan Institute of Science &amp; Technology</li><li>Director of Cloud Gate Culture and Arts Foundation</li></ul>   |
| Deputy Chairman | Jason Cheng | <ul style="list-style-type: none"><li>Master degree in Electrical Engineering, University of Southern California</li><li>President and CEO of Pegatron Corp.</li><li>Deputy General Manager of Asus</li></ul>  | <ul style="list-style-type: none"><li>Vice Chairman and Deputy Group CEO of Pegatron Corp.</li><li>Chairman of AzureWave Technologies, Inc.</li><li>Chairman of Casetek Holdings Limited(CAYMAN)</li><li>Chairman of FuYang Technology Corp.</li><li>Director of Asus Investment Ltd.</li><li>Director of Asuspower Investment Ltd.</li><li>Director of Asustek Investment Ltd.</li><li>Director of RI-KUAN METAL Corp.</li><li>Director of Pegatron Czech s.r.o.</li><li>Director of Pegatron USA</li><li>Director of Pegatron Technology India Private Limited</li><li>Independent Director of GCS Holdings, Inc.</li><li>Director of Alcor Micro Corp.</li><li>Director of Epoch Foundation</li></ul> |
| Director        | S.J. Liao   | <ul style="list-style-type: none"><li>Bachelor degree in Industrial and Business Management, Tatung University</li><li>Honorary PH.D, Tatung University</li><li>Chief Operating Officer of Pegatron Corp.</li><li>Senior Vice President of Unihan Corp.</li></ul>  | <ul style="list-style-type: none"><li>President and CEO of Pegatron Corp.</li><li>Director of Pegatron Vietnam Company Limited</li><li>Director of Pegatron Technology HAI PHONG Company limited</li><li>President of Pegatron Japan Inc.</li><li>Director of AMA Precision Inc.</li><li>Director of Asuspower Corporation</li><li>Director of Asuspower Investment Co., Ltd.</li><li>Director of KAEDAR Electronics (KUNSHAN) Co.,Ltd.</li><li>Executive Director of KAI CHUAN Electronics(CHONGQING) Co.,Ltd.</li><li>Supervisor of FuYang Technology Corp.</li></ul>  |
| Director        | C.I. Chia   | <ul style="list-style-type: none"><li>BBA, National Taiwan University</li><li>MBA, University of Wisconsin-Madison</li><li>Vice President, Citibank, N.A. Taipei Branch</li><li>President, Individual Financial Services Group, Bank SinoPac</li></ul>   | <ul style="list-style-type: none"><li>Supervisor of Yangtze Associates</li><li>Independent Director of Ardentec Corporation</li><li>Supervisor of Airiti Inc.</li></ul>  |
| Director        | C.V. Chen   | <ul style="list-style-type: none"><li>LL.B., National Taiwan University</li><li>LL.M., University of British Columbia</li><li>LL.M., Harvard Law School</li><li>S.J.D., Harvard Law School</li><li>Vice Chairman &amp; Secretary-general of Straits</li><li>Exchange Foundation (SEF)</li><li>President of The Red Cross Society of The Republic of China</li><li>Adjunct Professor of Law at National Chengchi University</li></ul> | <ul style="list-style-type: none"><li>Senior Partner of Lee and Li Attorneys-At-Law</li><li>Adjunct Professor of Law at Soochow University</li><li>Director of Lee and Li Foundation</li><li>Director of Asia Cement Corporation</li></ul>   |

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| Title                | Name  | Education and Experience  | Current Positions   |
|----------------------|---|---|---|
| Director             | T.K. Yang                                     | <ul style="list-style-type: none"><li>• Ph.D of Business Management, National Chengchi University</li><li>• Political Deputy Minister, the Ministry of Finance, R.O.C.</li><li>• Chairman of Bank of Taiwan</li><li>• Executive Secretary of National Development Fund, Executive Yuan</li><li>• President of China Development Industrial Bank</li><li>• Associate Professor of MBA at National Chengchi University</li></ul>  | <ul style="list-style-type: none"><li>• Chairman of Yangtze Associates</li><li>• Director and President of Huiyang Private Equity Fund Co., Ltd.</li><li>• Director of Asustek Computer Inc.</li><li>• Director of TTY Biopharm Company Limited</li><li>• Director of CHIEN KUO Construction Co., LTD.</li><li>• Director of Airiti Inc.</li></ul>  |
| Director             | DAI-HE Investment Co., Ltd. Rep. : S., Chi    | <ul style="list-style-type: none"><li>• Bachelor of Economics, National Taiwan University</li><li>• Master degree in Economics, National Taiwan University</li><li>• Ph.D. in Economics, Case Western Reserve University</li><li>• Assistant Professor, Department of Economics, Ohio State University</li><li>• Associate Professor, Professor and Department Chair of Economics, National Taiwan University</li><li>• Dean of School of Management at National Central University</li><li>• Professor and Director of Graduate Institute of Industrial Economics at National Central University</li><li>• Visiting Professor of Freie Universität Berlin, Berlin</li><li>• Deputy Minister of Council for Economic Planning and Development, Executive Yuan</li><li>• Chief Negotiator of Taiwan's accession to WTO, General Agreement on Trade in Services (GATS)</li><li>• Vice Chair of Economic Committee, APEC</li><li>• President of Taiwan Academy of Banking and Finance</li><li>• Chairman of Taiwan Stock Exchange Minister without Portfolio of Executive Yuan</li></ul> | <ul style="list-style-type: none"><li>• Independent Director of SinoPac Holdings</li><li>• Independent Director of SinoPac Securities Corp.</li><li>• Independent Director of Asia Cement Corp</li><li>• Chair Professor of Shin Hsin University</li><li>• Chair Professor of Soochow University</li><li>• Director of The China Foundation for the Promotion of Education and Culture</li><li>• Director of China University of Technology</li></ul>     |
| Director             | HONG-YE Investment Co., Ltd. Rep. : E.L. Tung | <ul style="list-style-type: none"><li>• Master degree in Mass Communication, New York</li><li>• Institute of Technology (NYIT) Waseda University Center for Japanese Language Program</li></ul>   |   |
| Independent Director | C.B. Chang                                    | <ul style="list-style-type: none"><li>• B.S., Statistics, National Chengchi University</li><li>• Master degree in Statistics, National Chengchi University</li><li>• Deputy General Manager of China Development Industrial Bank</li><li>• Manager of Far Eastern Textile Ltd.</li></ul>  | <ul style="list-style-type: none"><li>• Director of Polytronic Technology Corp.</li><li>• Independent Director of Standard Foods Corporation</li></ul>  |
| Independent Director | C.P. Hwang                                    | <ul style="list-style-type: none"><li>• Electrical Engineering, National Taipei Institute of Technology</li><li>• President &amp; GM of Havix Electronics Co., Ltd.</li></ul>   | <ul style="list-style-type: none"><li>• President &amp; GM of Havix Electronics Co., Ltd.</li><li>• Independent Director of Kinsus Interconnect Technology Corp</li></ul>   |
| Independent Director | C.S. Yen                                      | <ul style="list-style-type: none"><li>• Provincial Keelung Senior High School</li><li>• Group President of Landis Hotels and Resorts</li><li>• Country Manager of American Express Inc. Taiwan</li><li>• General Manager of the Grand Hotel</li><li>• Chairman of Taiwan Visitors Association</li><li>• Pacific Asia Travel Association (PATA)</li><li>• Vice Chairman of the Asia-Pacific Region of the Young Presidents Association (YPO)</li><li>• Chairman for Asia Pacific region of The Leading Hotels of The World</li></ul>   | <ul style="list-style-type: none"><li>• Chairman of The Alliance Cultural Foundation</li><li>• Chairman of Junyi School for Innovative Learning</li><li>• Director of NSFG Foundation</li><li>• Director of C. C. Social Welfare Foundation</li><li>• Director of Dwen An Social Welfare Foundation</li><li>• Director of Koo Foundation Sun Yat-Sen Cancer Center</li><li>• Director of Andrew T. Huang Medical Education Promotion Foundation</li></ul> |

- Director of Lung Yingtai Cultural Foundation
- Director of Long Yen Foundation
- Director of T.T. Chao Cultural & Educational Foundation
- Director of Wistro Foundation
- Director of Kang Wen Culture & Education Foundation
- Director of USI Education Foundation
- Director of WT Education Foundation
- Director of Kehua Culture & Education Foundation
- Director of Advantech Foundation
- Director of Children's Hearing Foundation
- Director of Paul Chiang Arts & Cultural Foundation
- Director of GUO MIN-XING Tourism Development Foundation

List of Major Shareholder

As of 06/07/2020

| Name of Shareholder   | Shareholding Percentage |
|---|-------------------------|
| Asustek Computer Inc. (Representative: Jonney Shih)                       | 17.18%                  |
| T.H. Tung   | 3.62%                   |
| NAN SHAN LIFE INSURANCE CO., LTD  | 2.84%                   |
| Jonney Shih   | 2.57%                   |
| Ted Hsu   | 2.16%                   |
| Silchester International Investors International Value Equity Trust       | 2.07%                   |
| Government of Singapore   | 2.02%                   |
| Fubon Life Insurance Co., Ltd   | 1.72%                   |
| Morgan Stanley & Co. International Plc                                    | 1.47%                   |
| Cathay United Bank in Custody for Expert Union Limited Investment account | 1.42%                   |

Board and Subsidiary Committees

By complying with Taiwan Company Act, Securities and Exchange Act and other related regulations, PEGATRON’s Board has setup two subsidiary committees: Audit Committee and Remuneration Committee to strengthen the powers of the board of directors, protect the rights and interests of shareholders and implement Corporate Governance.

1. Board Meeting

PEGATRON’s Board includes professionals from industries, financial, and other professional fields. The Board consists of 11 directors, and 3 of them are independent directors. To comply with the Securities and Exchange Act, PEGATRON has established “Rules of Procedure for Board of Directors Meetings” for compliance.

The Board performs its authorities and duties by related laws and rules to establish internal management regulations for the supervision of management performance and the determination of major issues to maximize shareholders’ equity and fulfill loyal duties.

*7 meetings of the Board of Directors were held in 2020. The average attendance rate was 100%.*



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2. 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.

*6 meetings of the audit committee were held in 2020. The average attendance rate was 100%.*

3. Remuneration Committee

PEGATRON's Remuneration Committee was established in 2011 and is composed of 3 independent directors. The Board has established "Remuneration Committee Charter" for compliance under the law.

The functions of the Committee are:

- (1) Professionally and objectively evaluate the policy and system for compensation of the directors, supervisors, and managerial officers of this Corporation.
- (2) Submit recommendations to the board of directors for its reference in decision making.

The Remuneration Committee shall convene at least twice yearly.

*5 meetings of the remuneration committee were held in 2020. The average attendance rate was 100%.*

Code of Conduct

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

The concept of business ethics and corporate responsibility is much important than before, a sustainable corporate should earn reliability and respect from all kinds of consumers, its 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 governance, relevant departments were 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. Corporate Ethical Management Policy is clearly stated in the internal policy 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 a Statement of

Integrity, which stipulated the contractual liability for violation of ethical conduct, to build a good business environment together. The ratio of the suppliers that undersigned the commitment till the end of 2020 was about 75%.

PEGATRON commits to conduct business ethics and sticks to the correct path of integrity. Anyone should abide by the highest standard of probity. Any kind of corruption, blackmailing, 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 corporate ethics management annually to strengthen the ethics concepts of our employees. "Ethical Corporate Management Best Practice Principles" and "Codes of Ethical Conduct" are published on the Company website: [http://www.pegatroncorp.com/investorRelation/majorInternalPolicies/lang/en\\_US](http://www.pegatroncorp.com/investorRelation/majorInternalPolicies/lang/en_US)

To progress towards sustainability, PEGATRON implements the relevant actions internally and joins "Responsible Business Alliance (RBA)" and complies with the RBA Code of Conduct. We also formulate "Business Ethics Code of Conduct" as an internal management procedure to request all employees to obey to. PEGATRON clearly 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 establish measures to prevent conflict of interests and appropriate reporting channels for reflecting potential risk.

PEGATRON regularly conducts risk assessments related to financial and operation for all important 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 risk of operational activities, we establish an effective accounting system and internal control system as well as review them at any time. Audit Office also develops the annual audit plans based on the results of risk assessments and escalates to the Board of Directors with audit reports.

We establish operational procedures for handling reported cases and protect the whistleblowers. The content of the reported cases is recorded in confidentiality to avoid any unfair treatment or retaliation. In 2015, there was a case regarding leaking the company's trade secrets, which violated the work rule and business code of conduct and was handled based on our internal norms for punishment and litigation. Such case was still under litigation in 2020. We did not have any other similar case in 2020 excepted for such case.

Information Security

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

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As an excellent partner in green design, manufacturing, and service for our customers, protect customers’ privacy and intellectual property is regarded as a prior duty 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 is 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.

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.

In addition to periodical 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, HQ and Maintek have gotten ISO 27001 Certifications and the information security management is further implemented in the PEGATRON Group. The Company not only has the external audit, but also regularly conducts internal audits annually to meet customer’s requirements. Through continuous improvement and reduction of threatening posed by information security incidents and impacts, PEGATRON did not have any incident related to infringement of customer privacy rights in 2020.

## Risk Management

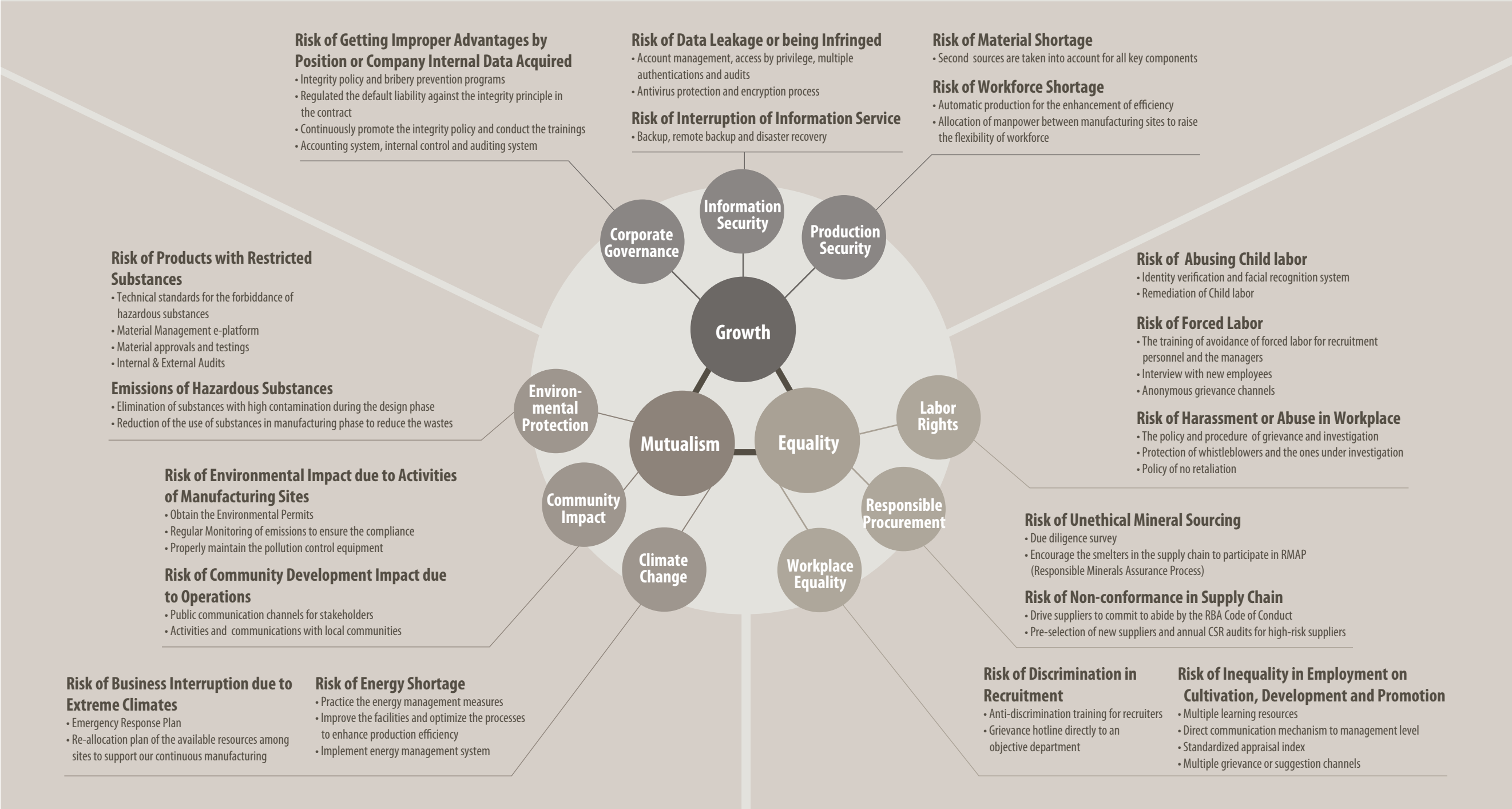
Identify and control the risks, then transform the risks into opportunities.

To achieve the target of sustainable development and efficiently reduce the risks of business continuity, we identify and control several kinds of risks during corporate operations. Sustainability and risk management are taken into our daily operations and regarded as determinant factors in corporate governance.



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The identification and management of various risks are shown as below



Legal Compliance

Take legal compliance as the fundamental requirement for all employees.

Since its inception, PEGATRON Group complies with relevant laws and regulations and continually follows any policy and laws that could significantly impact its finance and

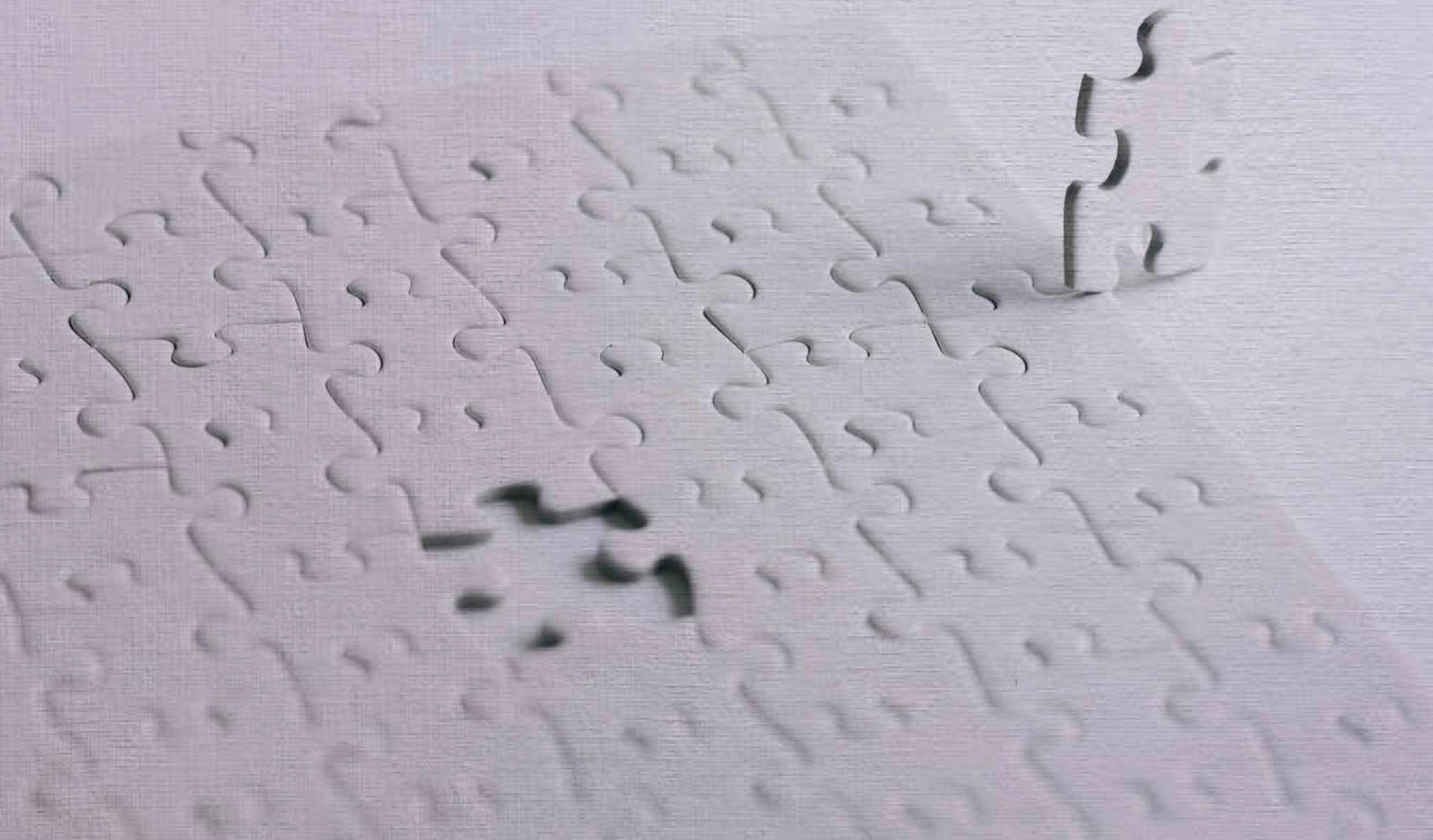
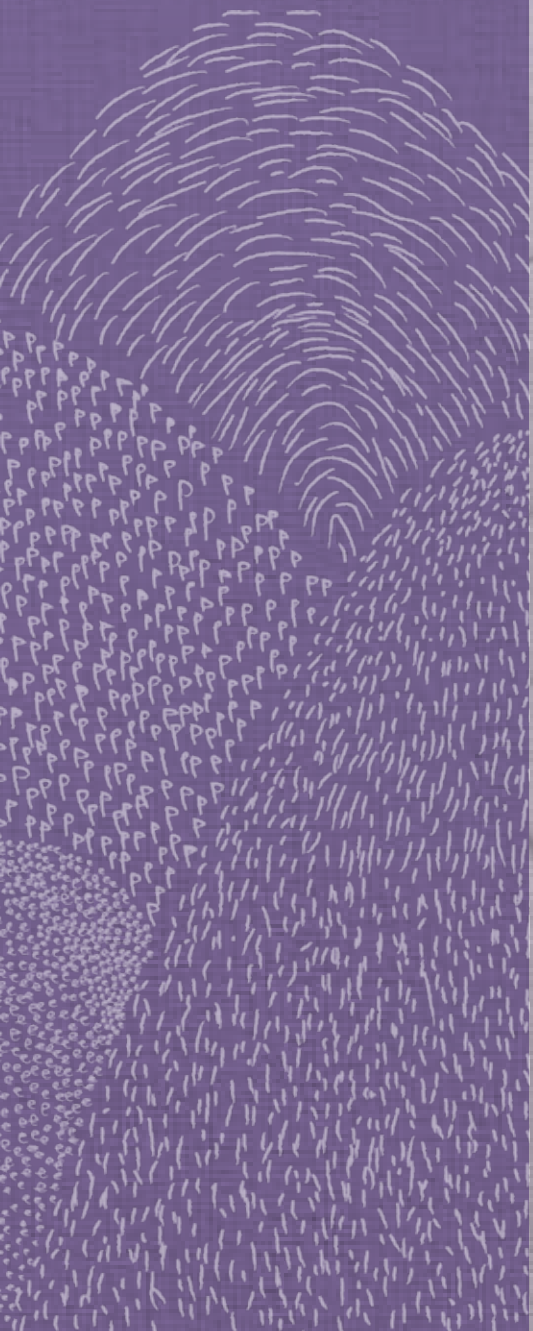
business. Our legal team notifies the relevant departments of the latest developments of regulations and assists our company in comply with such laws and regulations. It not only reduces the direct financial risks, but also avoids the indirect business reputation risks. After receiving the latest laws 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 colleagues will follow the requirements and avoid behaviors that may lead to violation of law. There is no significant noncompliance with laws or regulations in 2020, and all business activities comply with antitrust regulations.

Navigate  
the  
Future



## Responsible Partnership

The function of partnership is to act as a connection role in the entire supply chain to benefit sustainable development.





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## Customer Service

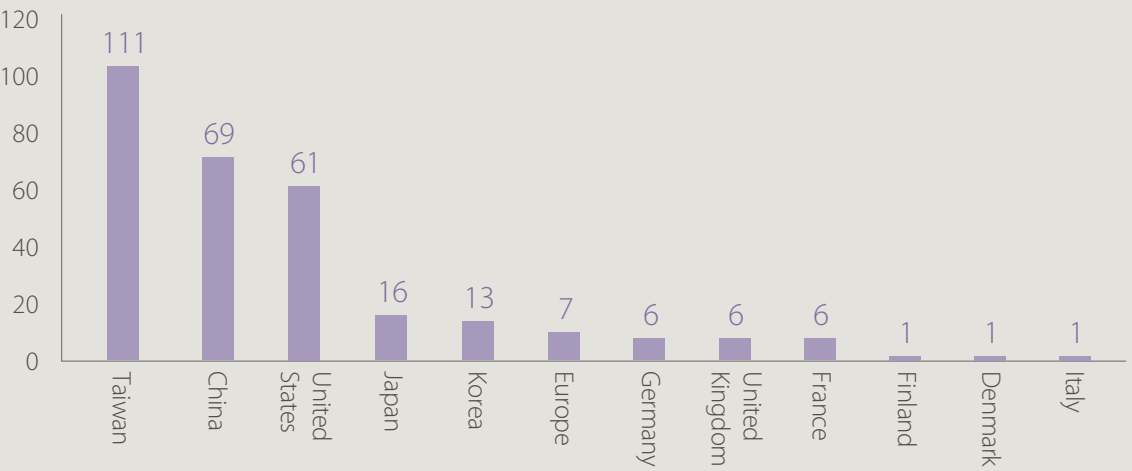
### Improve the process of service and accumulate core techniques to enhance satisfaction.

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.

To improve product value and accumulate the core technology, PEGATRON commits to training innovative talents and develops diversified product applications. We got the total number up to 298 global patents certified in 2020 to create maximum value for customers.

### Global Patents Certified in 2020



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.

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 to 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 embrace of the user.

| Item | System    | Functionality  |
|------|-----------|--|
| 1    | ERS       | Integrate global repair data in a unique system 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 rate 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 Performance in time                                       |
| 8    | KM        | Build project knowledge accumulation channel and provide structured training.                          |
| 9    | PMI       | Visualize project management flow and integrate phase goals and data needs.                            |

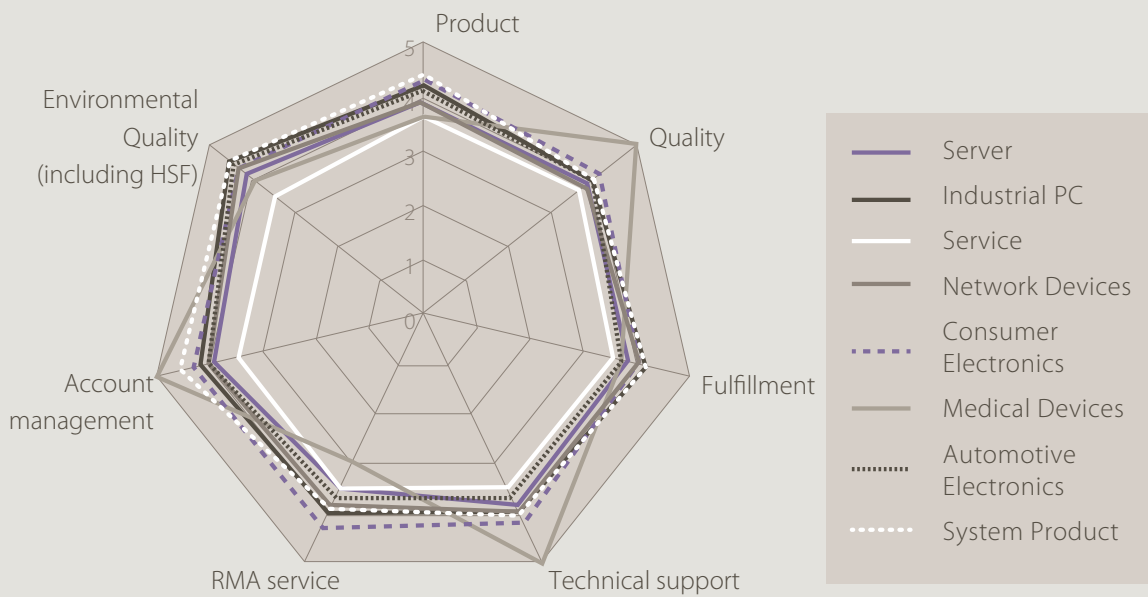
PEGATRON has high expectations and responsibility for our service quality and pays great attention to the voices of consumers. Through a customer satisfaction survey or QBR (Quarterly Business Review) meeting, we can listen closely and directly to customer’s suggestions and concerns. According to the 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.

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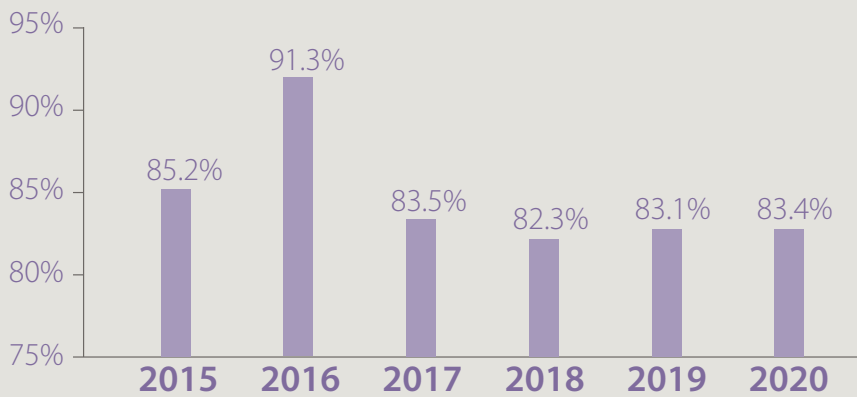
Besides, we actively investigate customers’ satisfaction by customer surveys about the aspects of our products, services, quality, delivery, technical support, business response, and hazardous substance free management. We took an in-depth review of the survey and propose specific corrective actions to improve our shortcomings.

Based on the statistical results of customer satisfaction surveys, the annual average customer satisfaction rate of PEGATRON in 2020 was 83.4%. We uphold the spirit of continuous improvement and launch various improvement projects for deficiency. In 2020, the main type of customer complaints was producing, and all issues were closed. For customer complaints, each business group/unit and factory immediately convene meetings to review and conduct the improvement measures and track 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 2020.

Customer Satisfaction Results for Various Products



Customer Overall Satisfaction Rate in 2015-2020



Overall Satisfaction (%)

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.

Sustainable Supply Chain

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

Supply Chain Status

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 sale territories. More than 3,000 suppliers cooperated with PEGATRON in 2020, and most of them came from Taiwan, China, United States, Japan, and South Korea. Since the main production base is in China, 90% of our suppliers are located in Asia. The type of our suppliers includes 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 enhances local employment opportunities. We request suppliers to commit to environmental protection, occupational safety and health, and labor rights to fulfill our corporate social responsibility.

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 performance 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 vertical integration 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 will 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 Unit 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.



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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:

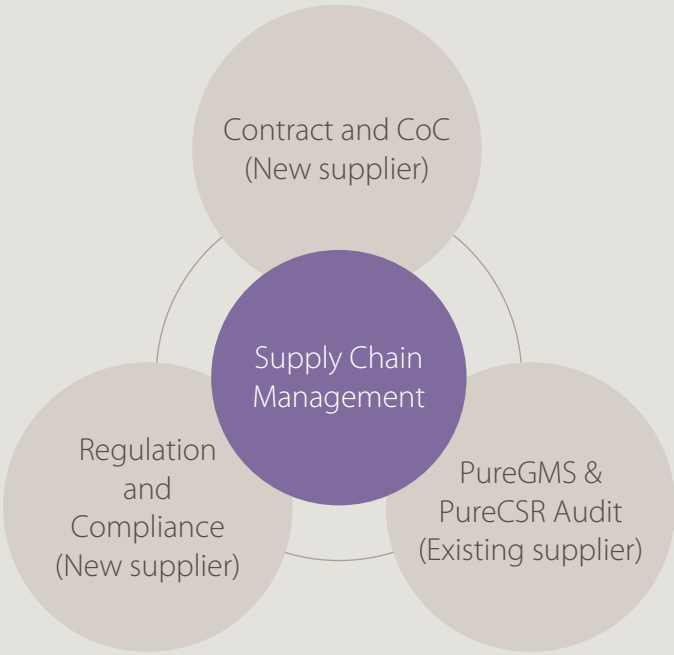
- Hazardous Substance Management- Suppliers can upload documents include certificates of non-hazardous substances, composition tables or SDSs (safety data sheets), and third-party test reports.
- Responsible Minerals Survey System- We follow Conflict Minerals Reporting Template (CMRT) and invite our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

Audit & Advocacy

PEGATRON obeys its HSF Supplier PureGMS Audit Management Procedure (HSF: Hazardous Substance Free; PureGMS: Pegatron Green Management System) & Supplier PureCSR Audit Management Procedure to ensure the quality of components and achieve the purpose of mutual prosperity and mutual 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 setup product HSF systems, quality systems & process control standards, and improve their product environment quality, delivery quality, and process capabilities. Meanwhile, we 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.

Compare 2020 with 2019, the ratio of the suppliers that undersigned PEGATRON’s Supplier Responsible Business Alliance Code of Conduct Agreement was raised from 93% to 96%. Also, there were 879 evaluations of supplier environmental performance conducted in 2020.

Supply Chain Management



New Supplier Selection

We based 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 the 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.

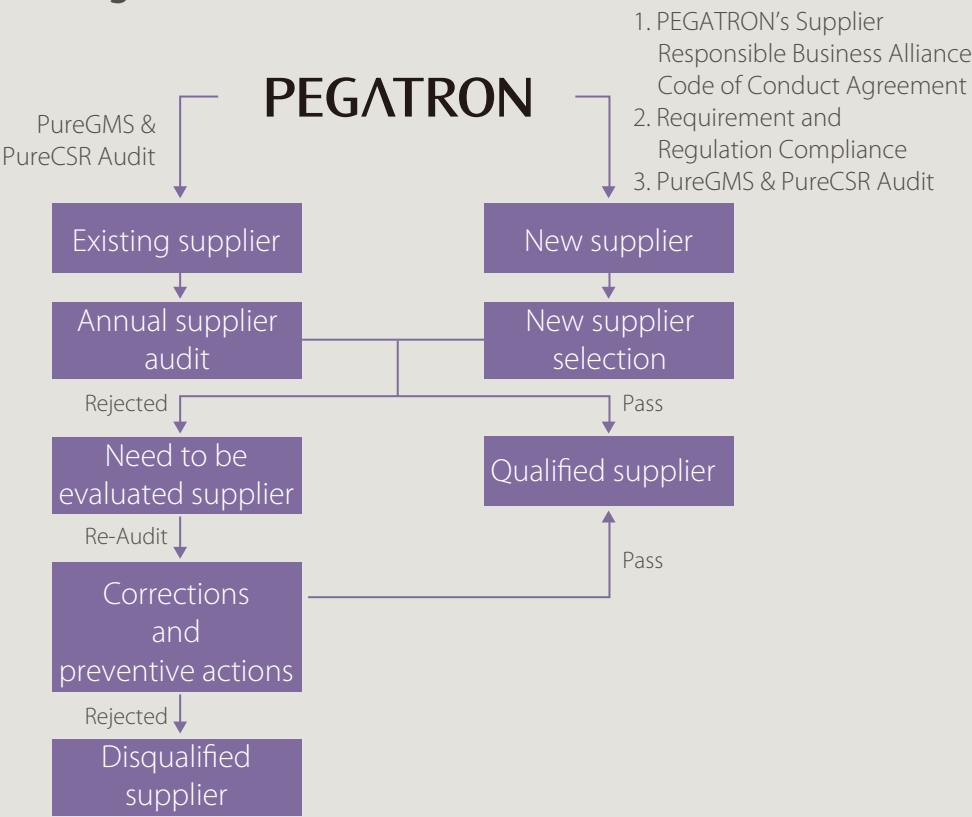
In 2020, there were 431 new suppliers involved in the PureCSR new supplier evaluation process. New suppliers are listed in the following annual supplier audit scope if the results were middle or high risk by the new supplier questionnaires. For the consequence of the supplier evaluation process, 149 new suppliers responded that they have 1SO 14001 and, or OHSAS 18001, and 17 new suppliers have submitted the RBA online SAQs or they had conducted RBA VAP or RBA non-VAP audits.

Annual Supplier Audit

PEGATRON has implemented supplier audits annually according to internal procedures to ensure suppliers comply with PureGMS and PureCSR requirements. A supplier which does not pass the onsite audit will be asked to improve the nonconformities within the deadline and complete the corrective actions. We classify the results of unqualified suppliers and provide them to our Procurement Center as a reference for supplier management.

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Supplier Management Process



PEGATRON regularly conducts e-surveys for major suppliers every year to ensure that suppliers can meet CSR requirements, including management systems, labor rights, health and safety, business ethics, product responsibility, greenhouse gas emissions, and other aspects of CSR. The number of major suppliers that were highly concerned in 2020 was 67 and we issued the e-survey questionnaires to all of them. The overall response rate and approved rates were 97% and 94% respectively. There were 4 suppliers that failed the audits. Excepts the one which originally was assigned by our customer and now only provide us service parts and will be disqualified after there is no requirement for product warranty from the customer. The other three suppliers are listed in the audit plan for next year. In addition to the e-survey, there were 18 suppliers included in the onsite audit project in 2020. All auditees have passed PEGATRON's audits and improved their nonconformities. Note: Major suppliers are defined as direct suppliers which account for above 80% of PEGATRON's procurement expenditure.

Supply Chain Promotion

We regularly hold supplier conferences every year to advocate PureGMS & PureCSR policies, hazardous substance free requirements, and supplier management requirements. Considering COVID-19 impaction, we held remote conferences in 2020. There were 964 suppliers and 1,288 people in total who joined the conference. The main topics of the meeting were green technology standards and related notes of supplier management. Our corporate social responsibility and responsible minerals requirements were also introduced simultaneously. Through the Supplier Conference, we delivered the concept of sustainable development to suppliers and had two-way communications with them.

**2020 Pegatron Supplier Conference**

We would like to show our appreciation to your support for the past year. Pegatron is going to hold Supplier Conference in early 2020. We would focus on green technology standards and related notes of supplier management. Our corporate social responsibility will also introduced. We sincerely invite you to join the conference.

**Subject** Green product and hazardous substances related responsibilities. Applicants should below 3 people (Priority would be: Quality/ CSR/ component approval responsibility)

**Object** 2020/12/23 9:35-11:50

**Content**

|   |             |                                  |
|---|-------------|----------------------------------|
| 1 | 09:35-10:05 | Supply Chain Management          |
| 2 | 10:05-10:20 | PureCSR Policy                   |
| 3 | 10:20-10:30 | Break                            |
| 4 | 10:30-10:50 | Hazardous substances requirement |
| 5 | 10:50-11:50 | CTI                              |

**Linkage**  
[https://appetnad7gf25r.hs.xiaohongshu.com/v1/course/active/1\\_Macab24e4b04db7c0be2590?type=2](https://appetnad7gf25r.hs.xiaohongshu.com/v1/course/active/1_Macab24e4b04db7c0be2590?type=2)

**QR code**

Password: PURE1  
Please use We chat to log in

Responsible Minerals

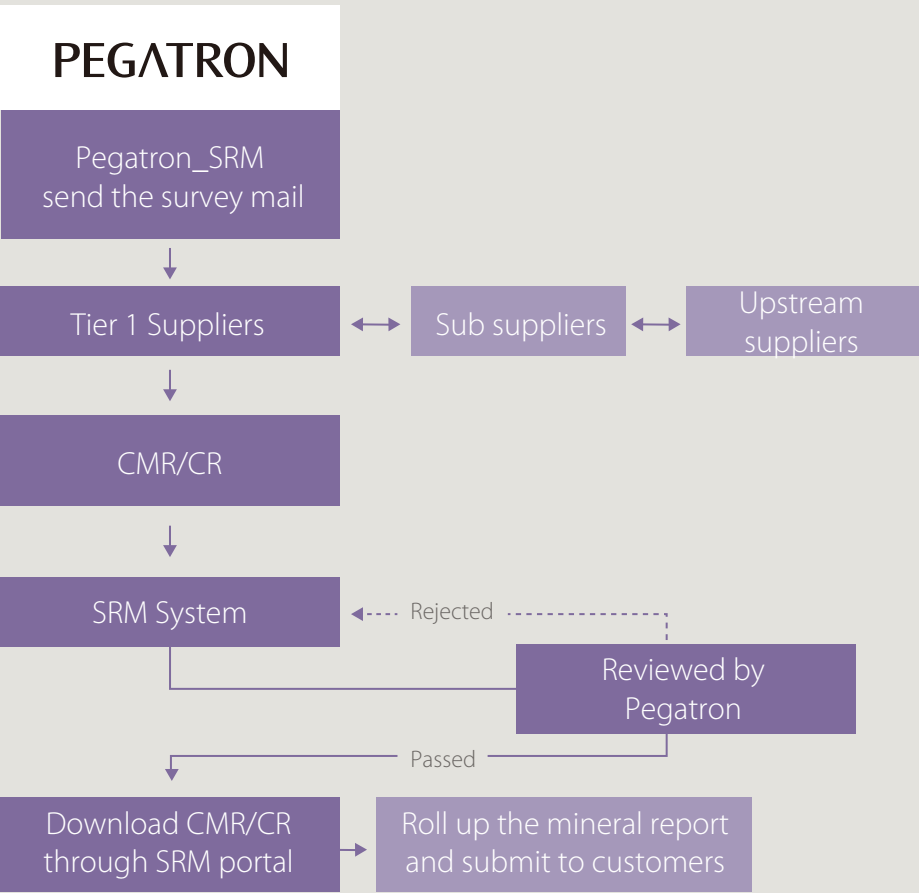
The mining industry in Conflict Affected and High-Risk Areas (CAHRAs) (including but not limited to the Democratic Republic of the Congo (DRC) and adjoining countries) is controlled by certain non-governmental organizations or non-governmental military groups. The groups may cause serious social and 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 website and establishes an internal procedure to conduct the risk management of the supply chain. We have launched the responsible minerals investigation project in 2012 and extended it to the cobalt due diligence investigation project in 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 smelter information related to their products and upload the reports to the system.



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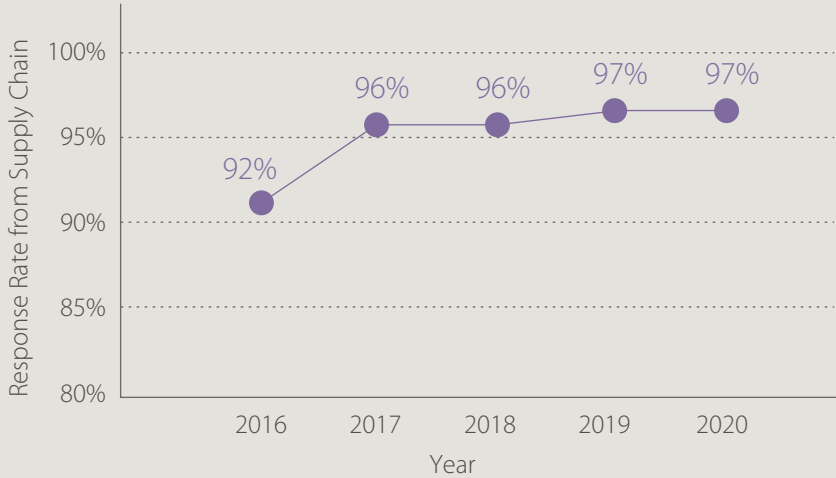
Conflict Minerals Investigation Process



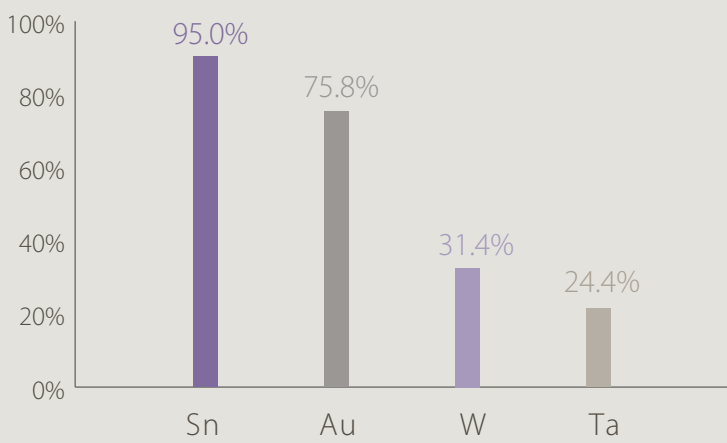
Since PEGATRON respects human rights and keeps concerning about this issue, we continue to share our Conflict Minerals Policy and invite our suppliers to conduct due diligence investigation for the materials of their products. Therefore, we ensure the metal sources of Tantalum (Ta), Tin (Sn), Tungsten (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 assessment 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 past 5 years, the survey completion rate had grown from 92% in 2016, continually promoted to 97% in 2020 (See the trend chart). PEGATRON identified 1,795 suppliers which may use conflict minerals or cobalt minerals of 2020 and invited them to join the responsible minerals survey. 1,078 suppliers indicated their products and / or manufacturing processes contained these 4 conflict minerals that had been provided to PEGATRON. Reporting shows that Tin (Sn) has the highest proportion of 95.0%, followed by gold (Au) 75.8%, Tungsten (W) 31.4%, and Tantalum (Ta) 24.4%. In 2020, PEGATRON conducted the cobalt survey project of battery materials, and the completion rate is 63%. According to the result, the completion rate of the cobalt mineral survey is lower than the conflict minerals survey. PEGATRON will keep supporting suppliers to meet cobalt survey requirements and improving the completion rate.

PEGATRON CMR Response Rate in the Past 5 Years



Proportion of suppliers using conflict minerals in 2020



Remark:  
The ratio of suppliers that claim the materials they supplied to PEGATRON contain conflict minerals (by category of conflict minerals) = total number of suppliers using one mineral among 3TG / (total number of suppliers using 3TG (Tantalum, Tin, Tungsten, and Gold are collectively known as 3TG.)) x100%

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.

Navigate  
the  
Future



## **Sustainable Environment**

To devote to the implementation of environmental protection and mitigation of impacts result in climate change.





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With the evolution of society, the focus of environmental protection is not limited to the traditional approach of pollution prevention and control. The worldwide resources shortage caused by rapid industrialization, the vast consumption of resources, the climate change cannot be ignored nowadays. 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 checking 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 requests from our stakeholders. An international environmental management system, ISO 14001, is also in place and PEGATRON is certified by third parties periodically.

Low Carbon & Energy

Established long-term carbon reduction goal to show the determination on the promotion of energy saving and carbon reduction.

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.

Our targets are reductions of 21 percent on greenhouse gas emissions and 24 percent electricity consumption by 2020 from 2009 per revenue dollar.

Management Structure for Climate Change

|            |                           |  |
|------------|---------------------------|--|
| Governance | Energy Saving Meeting     | Setup a cross-departmental team to investigate energy usage, discuss feasible energy saving programs, and monitor their status and benefits. |
|            | Management Representative | PureCSR management representatives are accountable for the management of the performance of greenhouse gas emissions reduction.              |
|            | Management Review Meeting | Review the implementation of energy saving and greenhouse gas reduction targets regularly.   |
| Strategy   | Risk and Impact           | <b>【 Risk 】</b>  |
|            |                           | Short-term: Electricity saving, requirement on greenhouse gas reductions, and carbon trade   |
|            |                           | Medium-term: Expectations and planning from governments, customers, and stakeholders   |
|            |                           | Long-term: Mandatory regulations on renewable and new  |

|                    |  |  |
|--------------------|--|--|
| Strategy           | Risk and Impact  | energy, energy sources and their stability of supply<br><b>【 Impact 】</b><br>Short-term: Introducing electricity saving program (Actual), Implementing Carbon tax/Carbon right (Actual), Operation cost increasing (Potential)<br>Medium-term: Introducing electricity saving program (Actual), Operation cost increasing (Potential)<br>Long-term: Using renewable energy (Actual), Operation cost increasing (Potential), Using new energy sources (Potential)   |
|                    | Opportunity and Effectiveness                              | <b>【 Opportunity 】</b><br>Short-term: Energy usage and conservation of centralized production equipment<br>Medium-term: Intelligent energy monitoring and centralized control for decentralized manufacturing<br>Long-term: Diversification of energy use<br><b>【 Effectiveness 】</b><br>Short-term: Decreasing energy usage and cost, and reducing greenhouse gas emissions<br>Medium-term: Decreasing energy usage and cost, reducing greenhouse gas emissions, and intelligent manufacture and operation<br>Long-term: Reducing greenhouse gas emissions, enhancing the ability for climate change adaptation |
|                    | Strategy for Climate Change                                | 1. Establish a greenhouse gas inventory and reduction plan, setup a greenhouse gas management system, and implement greenhouse gas reduction measures to meet the trends of international environmental protection and customer requirements.<br>2. Optimization of energy and resource utilization as the main consideration in the design, procurement, and usage stages to achieve continuous improvement and promote overall environmental performance by implementing energy and resource management.   |
|                    | Scenario Analysis  | Assess the impact and adaptation of global warming based on a lower than 2°C increase scenario.  |
| Risk Management    | Climate related Risk Identification and Management Process | Identify climate related risks and opportunities based on the organizational level and incorporate them into management review meetings for the environmental management system to discuss.  |
| Indicator and Goal | Indicator  | Considering the significant differences within products and processes, we adopt the greenhouse gas emissions and electricity consumption per unit of revenue as the indicator.   |
|                    | Corporate Reduction Goal                                   | The current goal is to reduce 21% on greenhouse gas emissions and 24% electricity consumption by 2020 from 2009 per revenue dollar. Besides, to develop the next energy saving goal based on the lower than 2 °C increase scenario.  |

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For the increasingly serious problem of climate change, we analyze the risks that may be encountered and figure out how to avoid them as follows

| Response Object             | Risk  | Opportunity  | Responded Practice  | Risk after Response |
|-----------------------------|---|--|---|---------------------|
| Regulatory Requirement      | Local governments are increasingly paying attention to the reduction in greenhouse gas and energy usage | The definition of laws and regulations can be effectively established in response to practice  | 1. Establish greenhouse gas inventory platform to collect and monitor emissions<br>2. Set the Group's energy saving and carbon reduction targets                | Low                 |
| Carbon trading / energy tax | Carbon trading and energy tax increase the operational costs  | The development of energy efficiency methods and technologies will help to reduce per unit costs of product                          | 1. Update or replace inefficient equipment<br>2. Establish a monitoring mechanism for energy usage  | Low                 |
| Customer Requirement        | Energy saving measures and the use of renewable energy requirements                                     | Cooperate with and learn from customers to enhance energy conservation measures as well as renewable energy research and development | 1. Evaluate the efficiency of facility/equipment operation<br>2. Benchmark with best practice companies<br>3. Evaluate, establish, or purchase renewable energy | Medium              |

A. Introducing ISO 50001 energy management system:

To ensure effective implementation of energy management and energy conservation policy, Protek, Pegaglobe, and some facilities in Digitek have passed the external certifications. The total percentage of electricity usage at the certified ISO 50001 factories is 59.3% for that of PEGATRON. The management system will be implemented at other sites in the following years.

B. Achieve the Group's goals of energy and carbon reduction by implementing the application of energy saving equipment or technology, recycling, and management.

| Category  | Project  | Energy Reduction (kWh) | Energy Reduction (Megajoule; MJ) | CO <sub>2</sub> Reduction (tCO <sub>2</sub> e) |
|---|--|------------------------|----------------------------------|--|
| Application of new equipment or technology / Recycling or reuse | 1. Air conditioning system- chiller replacement etc.<br>2. Air compressor system - variable-frequency air compressor replacement and pressure optimization<br>3. Vacuum system- variable-frequency vacuum pump replacement<br>4. Lighting system- LED lighting | 4,421,811              | 15,918,520                       | 3,555  |
| Management  | Lighting and air conditioning operation plan   | 3,683,593              | 13,260,933                       | 3,012  |

Remark: The amount of carbon reduction was calculated based on the latest electricity emission factor of each site, which was published by the competent authorities of China (0.7921/0.8587 Kg CO<sub>2</sub>/KWh, 2019) and Czech 1.06 Kg CO<sub>2</sub>/KWh, 2012).

C. Evaluate the efficiency of the facilities or equipment:

Cooperate with external parties to evaluate the efficiency of the facilities or equipment and use them as a baseline for energy efficiency improvements.

D. Learning from leading companies:

In addition to arranging the non-scheduled meetings for the professionals on energy saving within PEGATRON Group, staff in the factories are also invited to join the events to visit benchmarking enterprises. Through these activities, we can learn more and find the best practices for improving energy efficiency in the factories.

E. Application of renewable energy:

Application of renewable energy: A solar power system was installed on the top floor of a facility to reduce the use of purchased energy.

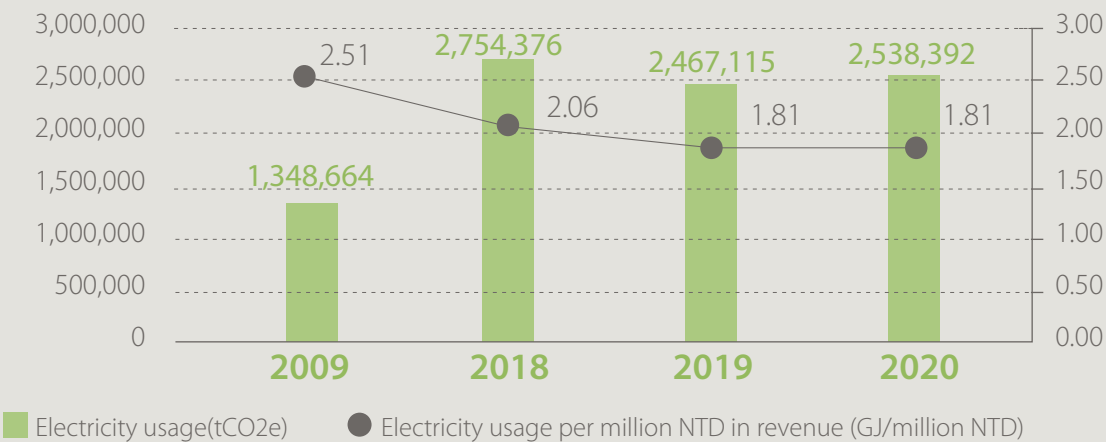
| Category         | Project            | Power Generation (kWh) | Power Generation (Megajoule; MJ) | CO <sub>2</sub> Reduction (tCO <sub>2</sub> e) |
|------------------|--------------------|------------------------|----------------------------------|--|
| Renewable energy | Solar Power System | 8,863,354              | 31,908,074                       | 7,018  |

Purchased electricity is the main source of greenhouse gas emissions in the PEGATRON Group, we not only produce products with lower energy consumption, but also implement several energy saving actions in our daily operations (such as power usage management, illumination, and air-conditioning management) to enhance the efficiency of electricity use at the non-manufacturing area.



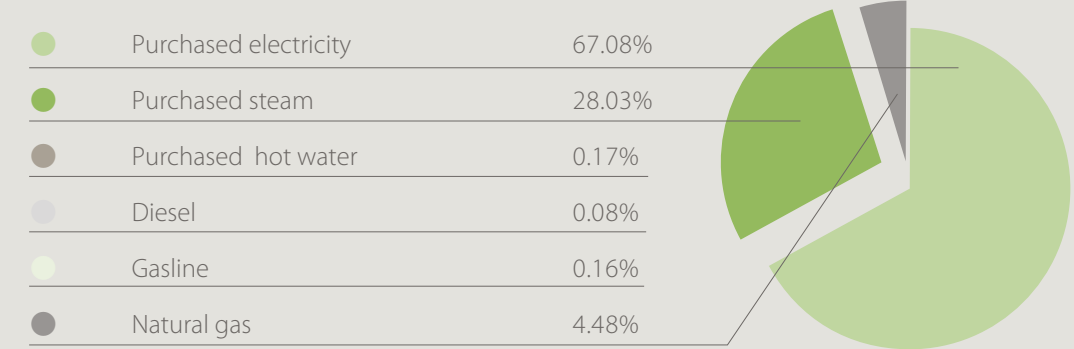
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Analysis of electricity use in PEGATRON (2017-2019)



Remarks: usage of renewable energy is not included.

The ratio of different kinds of energy usage in 2020



Greenhouse Gas

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

In addition to the direct disclosure of treasuring the natural resources in our PureCSR policy, our commitment to long-term energy conservation and carbon reduction was also disclosed publicly by our chairman, TH Tung. We expect that we can contribute to global greenhouse gas reduction through our efforts.

PEGATRON has committed to developing 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,

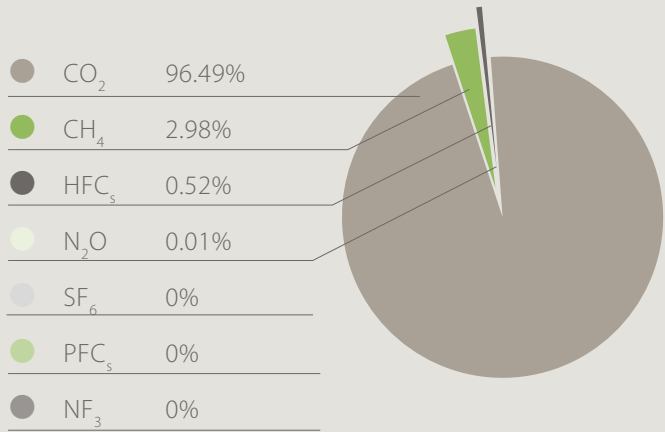
we strive to reach the greenhouse gas reduction target at the design and manufacturing stages. To reach our goal, we use measures of improving the energy efficiency of products, and optimizing energy consumption and cost during transportation.

In order to implement the greenhouse gas management of PEGATRON Group, our headquarter and main manufacturing centers 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 conducts Greenhouse Gas Inventory according to the Greenhouse Gas Protocol and its internal Management Procedure. We also obey ISO 14064-1 standard to disclose and verify GHG emissions. 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. PEGATRON has introduced the greenhouse gas emission inventory in 2009 and chose 2009 as the base year. The reference of global warming potential (GWP) is the 5th Assessment Report (AR5), 2013 by IPCC, and the GHG emissions are consolidated by operational control.

The greenhouse gas emission inventory covers direct emissions (scope 1) and indirect emissions from purchased electricity (scope 2). Not only the inventory results are verified by a third-party, but also the verification statement is disclosed on the company’s website. The external verification of 2020 greenhouse gas emissions is conducted in May, 2021. The total quantity of greenhouse gas emissions in 2020 was 599,078 tCO2e. The main reason for the increase in total greenhouse gas emissions compared to 2009 is the increase in production capacity. The proportion of the seven greenhouse gases emitted by its operations is as follows. The main source of emissions in 2020 was electricity usage, with a ratio of 91.81%.

The ratio of emission of greenhouse gases

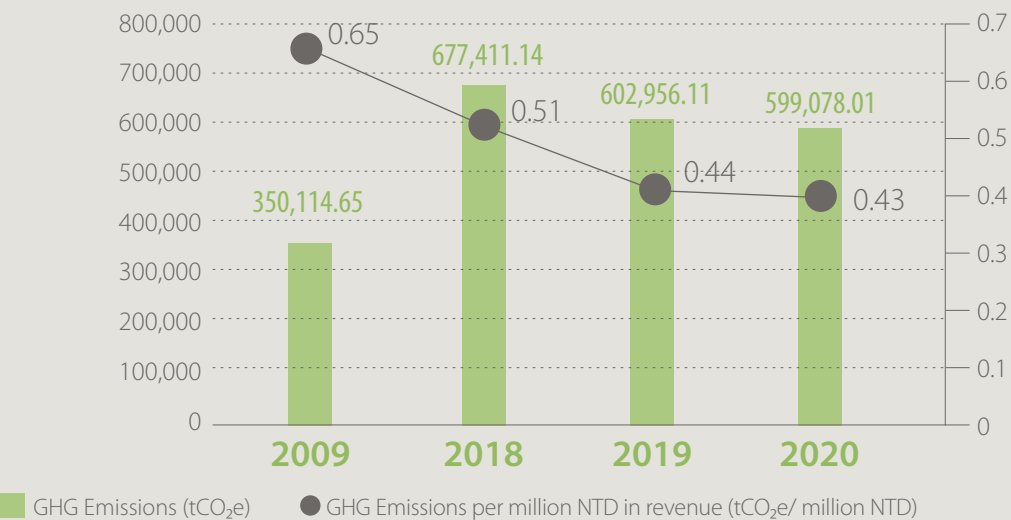


The proportion of GHG emission of PEGATRON in past three years

|                                    | 2009 (Base year) | 2018       | 2019       | 2020       |
|------------------------------------|------------------|------------|------------|------------|
| Scope 1 (tCO <sub>2</sub> e)       | 22,617.26        | 38,828.61  | 34,044.52  | 32,595.10  |
| Scope 2 (tCO <sub>2</sub> e)       | 327,497.39       | 638,582.53 | 568,911.59 | 566,482.91 |
| Total Emission(tCO <sub>2</sub> e) | 350,114.65       | 677,411.14 | 602,956.11 | 599,078.01 |

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Analysis of Greenhouse gas emissions in PEGATRON (2018-2020)



Remark 1: 2020 data has been verified by the third-party. The verification statement is disclosed on the Company's website. [http://cht.pegatroncorp.com/csr/view/id/1/lang/en\\_US](http://cht.pegatroncorp.com/csr/view/id/1/lang/en_US)

Remark 2: The base year is 2009.

The CDP performance in the past three years (2018-2020)



PEGATRON has actively participated in the CDP since 2009, responded to its greenhouse gas emissions, climate related investment risks and opportunities through the questionnaire. We obtained ratings of C by the CDP for climate change and water security in 2020. PEGATRON will follow ISO 14064-1:2018 implementation plan to disclosure SCOPE 3 and continue to join international projects and initiatives in the future to show our attention and efforts on the relevant issues.

| Response       | Year | Score              |
|----------------|------|--------------------|
| Climate Change | 2020 | Performance Band-C |
| Climate Change | 2019 | Performance Band-C |
| Climate Change | 2018 | Performance Band-D |
| Water Security | 2020 | Performance Band-C |

Sustainable Design

We care the society, treasure the environment, and make everything simpler by design.

As a professional DMS, PEGATRON designs innovative and high-end technology electronics

products 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 pursuit products quality, continuous improvement and perseveres in promoting products yield. Utilized lean production approach and introduced automatic production machines to reduce defects caused by negligence through the manufacturing process. Meanwhile, PEGATRON uses SFIS (Shop Floor Integrated System) system and supported by big data to analyze first pass yield rate, low reject rate, loss rate, etc. Therefore, the production yield and the usage rate 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 had no case of noncompliance led to fines with regulations concerning the health and safety impacts or information labeling by products and services in 2019.



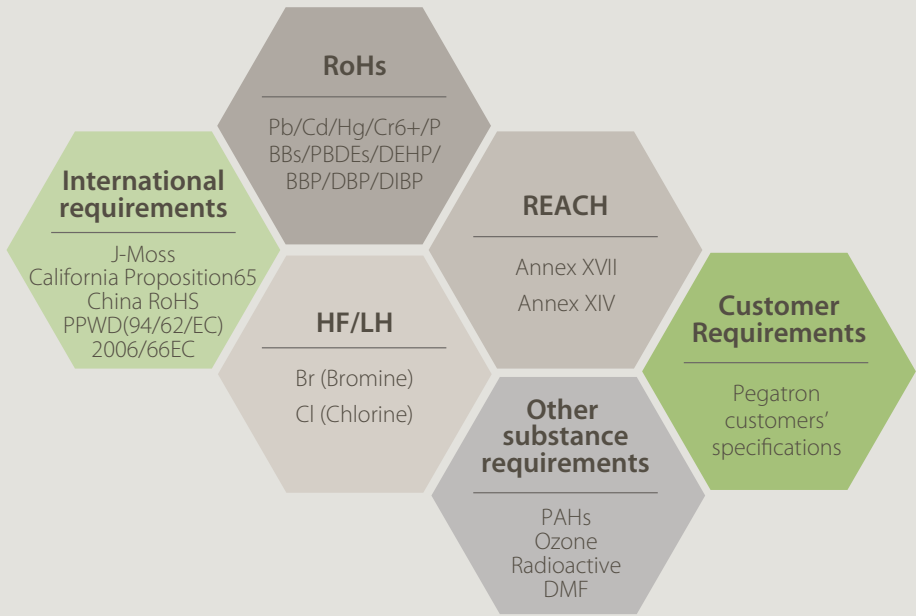


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Hazardous Substances Process Management

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 at the design and material selection phase. 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 the PEGATRON HSF management system. To align with customers’ green product requirements, we parse customers’ requirements and the current international green product regulations, and then integrate them into our HSF management system gradually to realize corporate social responsibility on green products.

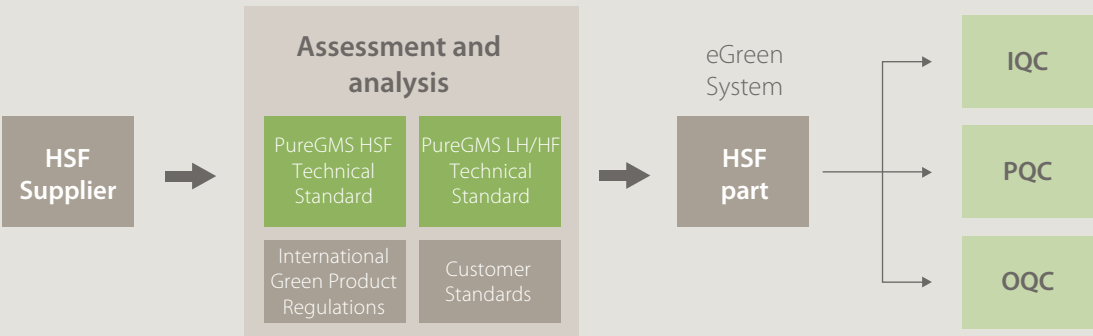
PEGATRON’s Restriction Scope of Hazardous Substances



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 environmental product specifications in the design phase to reduce the hazardous substances of the product 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.

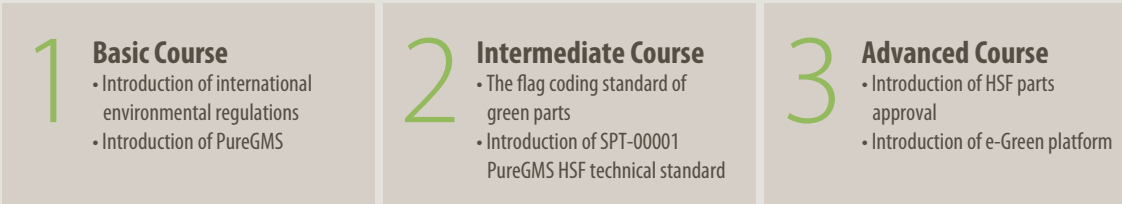
To assess the safety and health impacts of product life cycles for employees and users, we conduct regular internal and external audits of the IECQ QC 080000 hazardous substance free management system every year to ensure the implementation and progress towards continuous improvement.

The hazardous substances Free Process

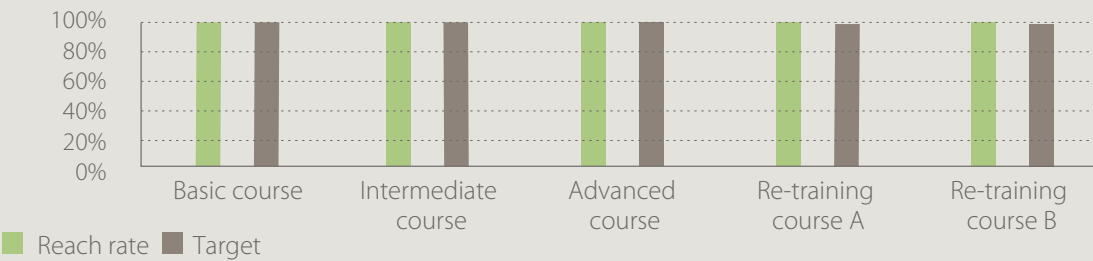


PEGATRON considers the trend of global environmental regulations is gradually stricter for hazardous substances management. Therefore, to improve human health and safety and reduce the impacts on the environment, Pegatron not only sets up the hazardous substance reduction program within all components yearly, but also monitors global environmental regulations periodically to comply with the international environmental regulations in time. In addition, through biweekly internal PureGMS Steering Committee Meetings, the status of important green product regulations can be reviewed, and the effective actions are taken based on the instructions from relevant functional leaders in the committee. Besides, to enhance the competency of all employees on the HSF management system, our employees need to complete 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 of 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 so as to ensure compliance.

HSF e-Learning Course



2020 HSF Training



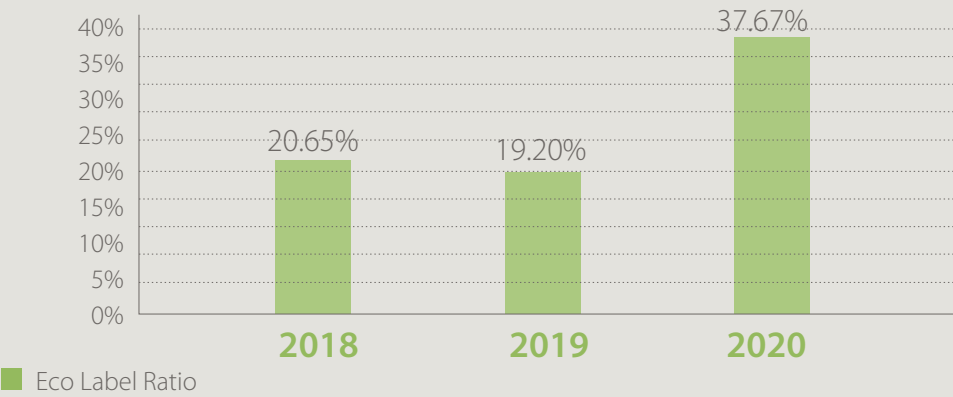
Remark: All HSF courses counted until the end of 2020 were with the completion rates up to 99% or more.

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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 of 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 them to fulfill its social responsibility. Also, we actively cooperate with the green marketing needs of customers' products and strive to achieve customer goals. In the future, we will continue to meet the legal requirements and needs of customers' green product requirements as well as fulfill the obligations of corporate citizenship.

Eco Label of Computer Products in PEGATRON



The focus of our research and development of electronics products is to save energy. From the beginning of product development, we consider the energy related requirements of different nations in the design phase. To enhance energy consumption efficiency, we meet current energy use 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) in the Taipei corporate headquarter in October 2011. The laboratory was verified by UL (Underwriters Laboratories Inc.) and approved by TUV SMTL in 2014.

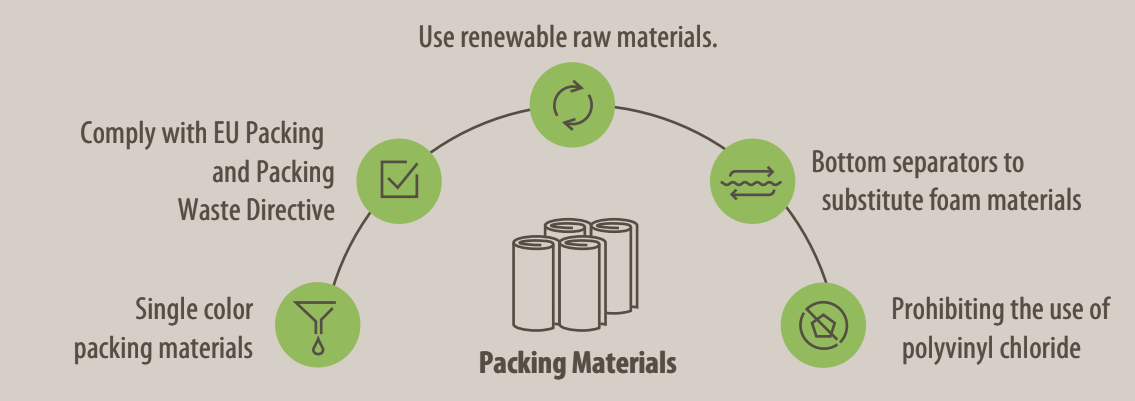
Sustainable packaging

We include resource conservation, reusability, and recyclability in our packing design

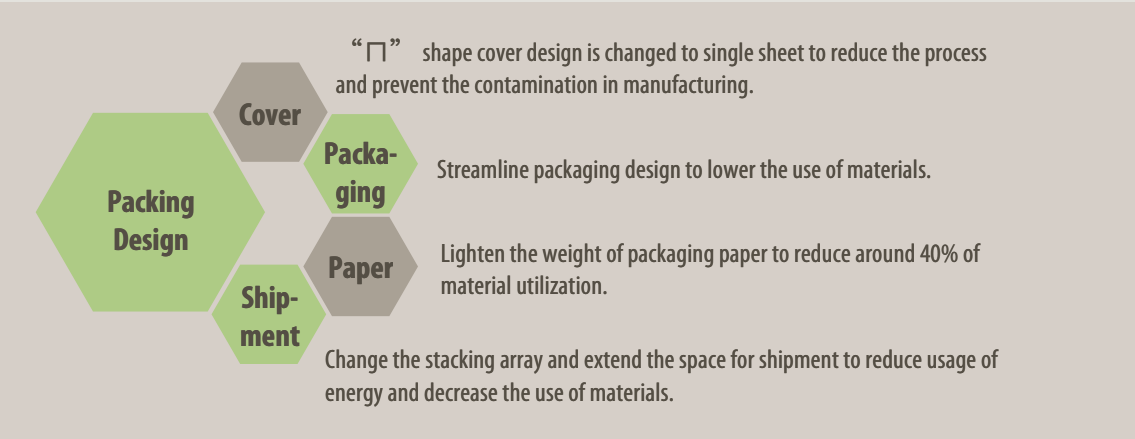
assessments. Meanwhile, we also consider minimizing the environmental impacts of packing materials and manufacturing processes and the final disposal of no longer needed packing materials during package design.

Eco-Friendly Considerations:

We take the green concept into account when designing the package and using the raw packing materials.



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 testing for products accordingly. In addition, we also follow related safety and EMC specifications and requirements at the manufacturing stage. PEGATRON had no violation case or penalty by the government due to product safety related issues in 2020.

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 safe 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.



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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 we find there is any against of the requirements in the stage of procurement, manufacturing or inspection, identification, isolation, and disposal of the product shall be taken immediately and notify related units. After that, relevant units should retest the repaired or reworked products.

## Environmental Protection

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

A sustainable environment is a long-term goal of the PEGATRON Group. For products, we merged 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 legal 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 2020. (Significant violation is defined as being fined for over 1 million NTD.)

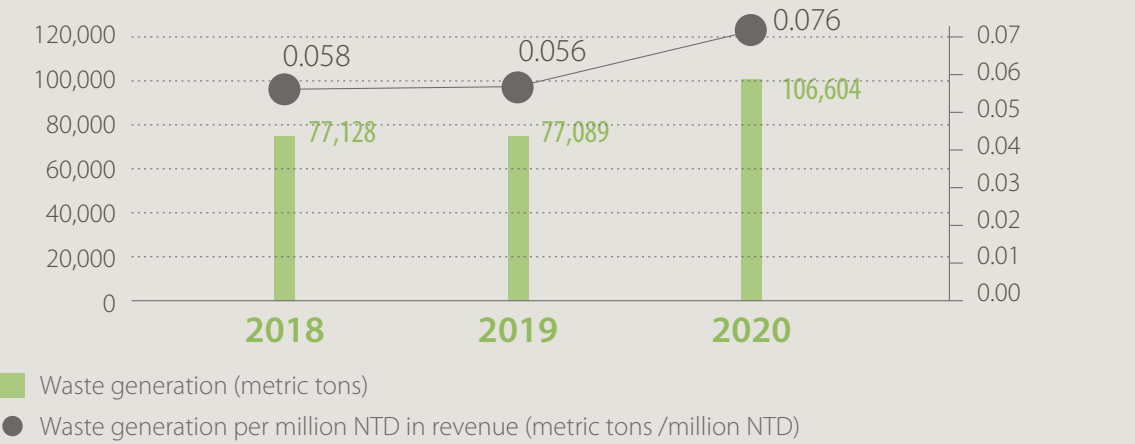
## Waste Management

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'll 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 use recycling packing

materials to improve the re-utilization rate. Furthermore, we have set waste management unit in each site which is responsible for the daily operations and waste statistics as well as 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 November 2019. In addition, the Welfare Committee has given each employee a set of environmental-friendly meal boxes and bags, 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. (Waste in PEGATRON is categorized into hazardous industrial waste (same as hazardous wastes mentioned below), domestic waste, and recycling business waste (same as resource recovery waste mentioned below). The sum of domestic waste and recycling business waste is non-hazardous waste.)

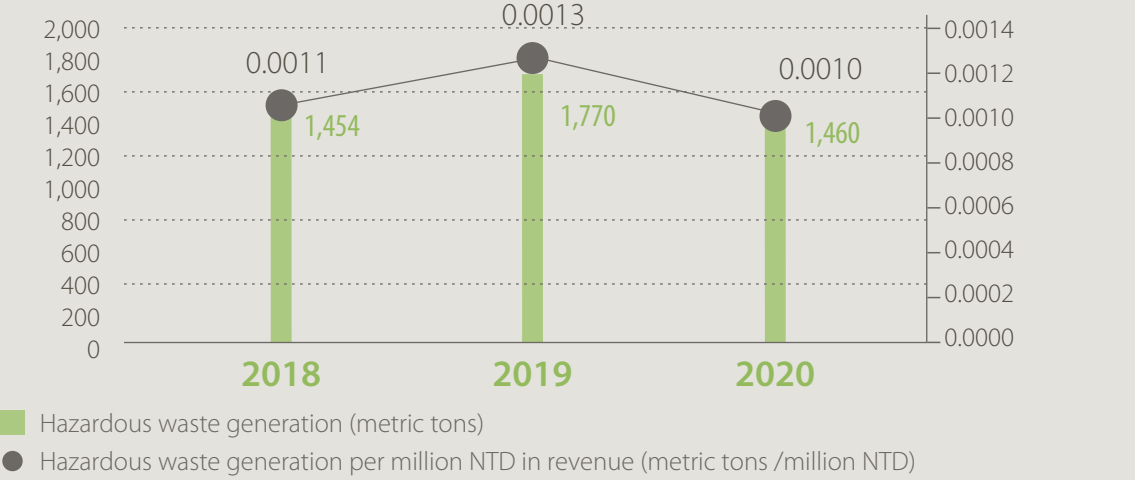
Waste generation analysis in PEGATRON from 2018 to 2020



Waste Type of 2020

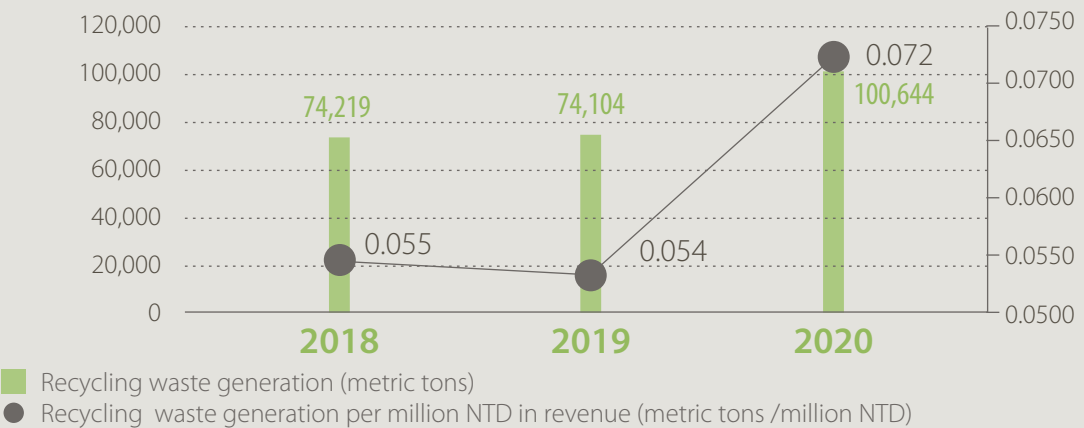


Generation of hazardous wastes in PEGATRON from 2018 to 2020

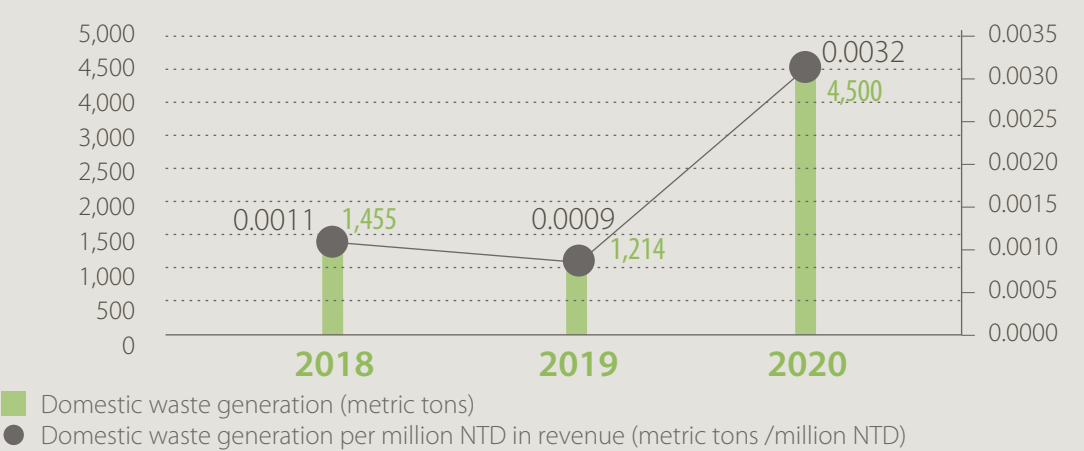


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Generation of recycling waste in PEGATRON from 2018 to 2020



Generation of domestic waste in PEGATRON from 2018 to 2020



Hazardous and Non-hazardous waste generation analysis in each site

|                | Total weight of hazardous waste (tons) |       |        |       | Total weight of non-hazardous waste (tons) |        |        |       |
|----------------|--|-------|--------|-------|--|--------|--------|-------|
|                | Taiwan                                 | China | Mexico | Czech | Taiwan                                     | China  | Mexico | Czech |
| Reuse          | 0                                      | 0     | 0      | 0     | 0  | 42,424 | 0      | 33    |
| Recycling      | 0                                      | 481   | 0      | 0     | 122  | 47,903 | 4      | 126   |
| Recovery       | 0                                      | 242   | 0      | 0     | 869  | 9,164  | 0      | 0     |
| Composting     | 0                                      | 0     | 0      | 0     | 0  | 0      | 14     | 0     |
| Incineration   | 0                                      | 668   | 0      | 0     | 225  | 3,529  | 0      | 0     |
| Landfill       | 0                                      | 0     | 0      | 1     | 0  | 437    | 84     | 15    |
| Onsite storage | 0                                      | 0     | 0      | 0     | 0  | 0      | 0      | 0     |
| Others         | 68                                     | 0     | 0      | 0     | 196  | 0      | 0      | 0     |

Remark: The type of Other is major belonged to waste disposal vendor’s treatment such as physical treatment.

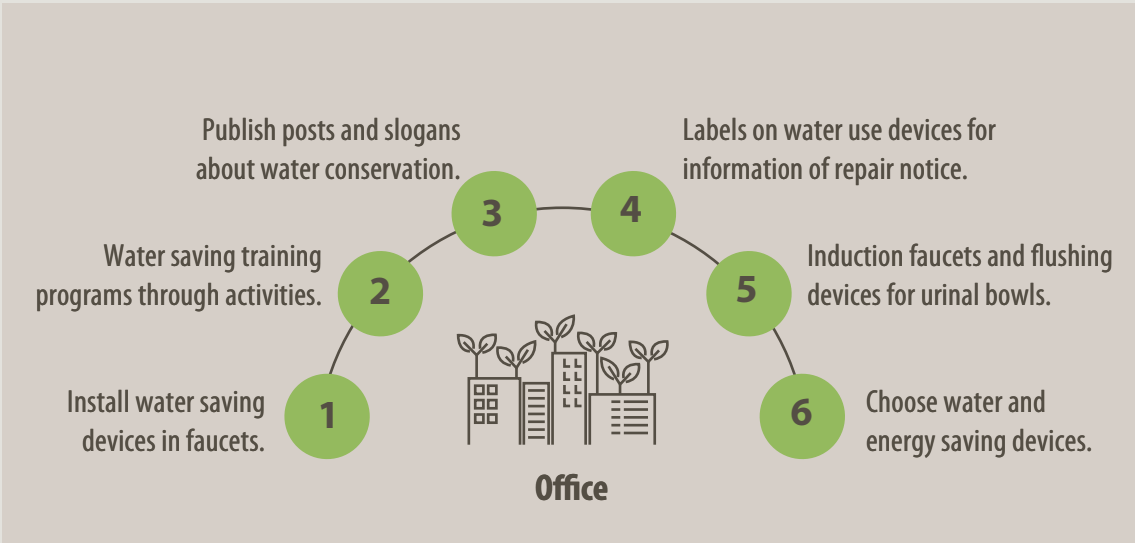
Each site has to follow our internal procedures to coordinate the waste handling process and ensure all hazardous industrial waste are handled in compliance with local regulations. We verify each waste treatment vendor’s qualification in a transparent, fair, and impartial manner. We can select the lower risk waste treatment vendor and prevent environmental impact from improper disposal of wastes through this process. All hazardous industrial waste is handled in compliance with local regulations.

Water Resource Management

The water resource is not a significant environmental aspect for PEGATRON Group. PEGATRON mainly water usages are domestic water and partial coming from factory equipment operation. 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 use and reduce the negative impact on the environment. We initiate green value and implement corporate social responsibility through 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 propagation the concept of water resource treasuring in each site.

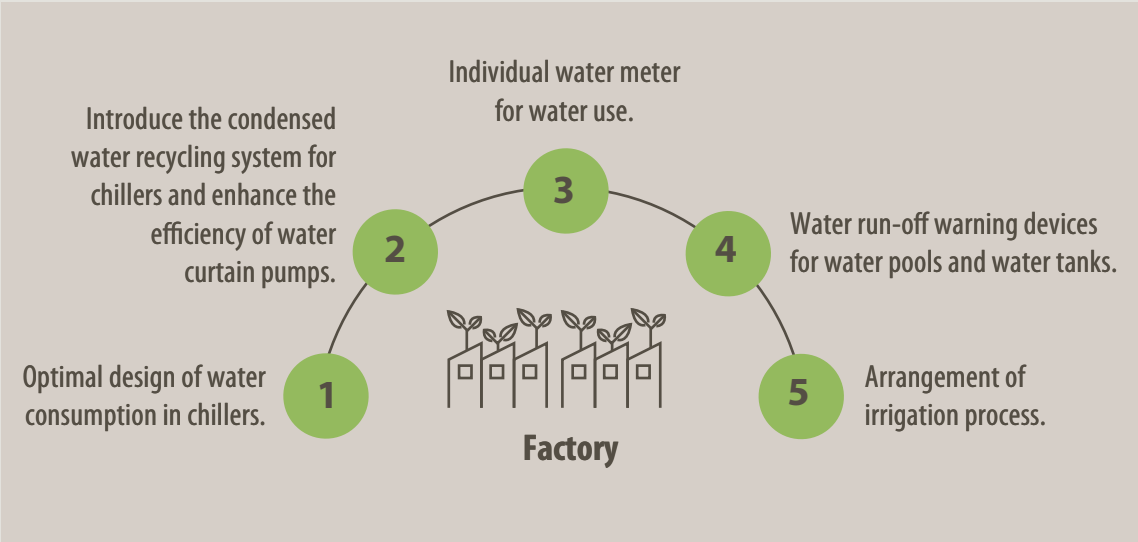
To enhance the efficiency of water use, we adopt prevention control techniques of water consumption and water conservation is part of the resource saving program as well. The improvement of water recycling efficiency is our target. We periodically review water conservation performance for continuous 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. We not only continue our water saving strategies, but also keep introducing automation technique which leads to worker reduction as well as reduce our water usage. Water resource management and water pollution prevention should start from water saving. Each site of PEGATRON have setup and implemented several control measures for water saving and exploring possible ways of water recycling in each kind of water usage in the facility.

Water Resource Saving Measures

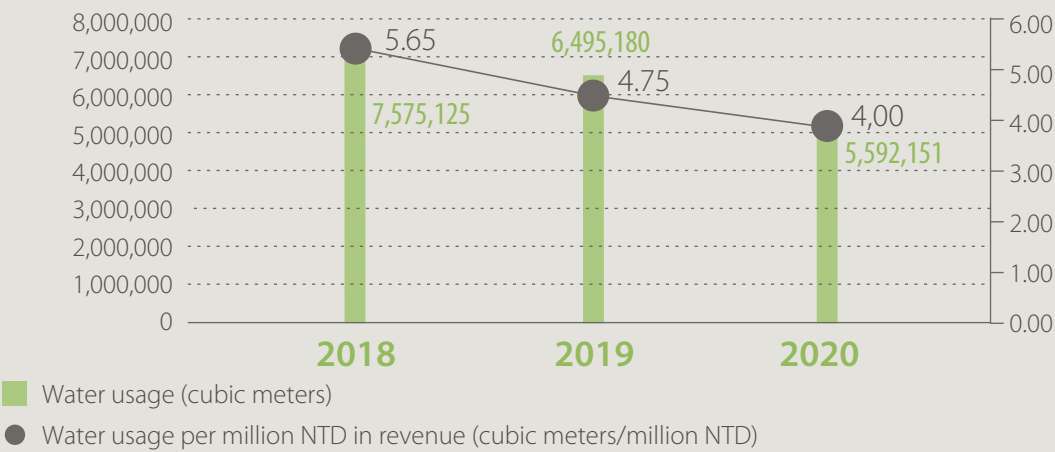




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Water usage analysis in PEGATRON from 2018 to 2020

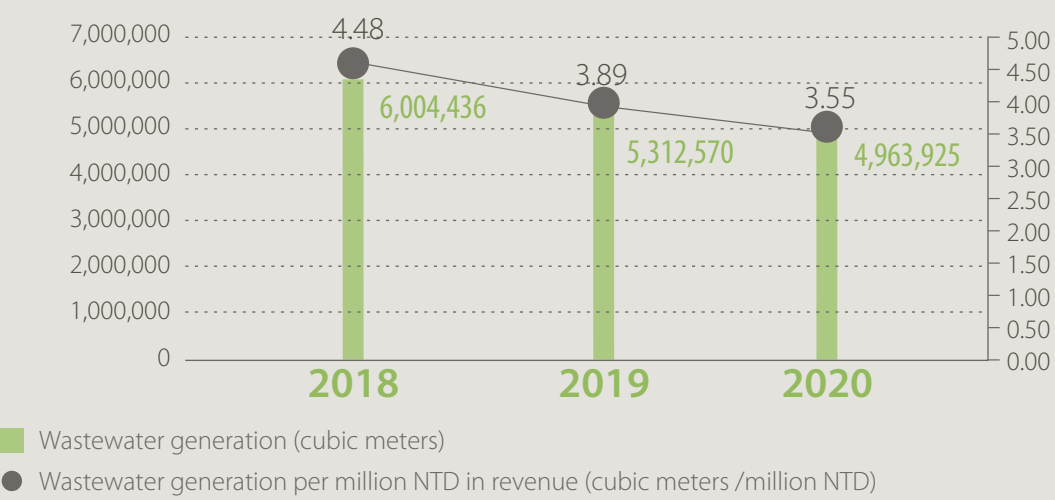


Total Amount of Water Withdrawal in 2020 by Location

| Location  | Taiwan  | China     | Mexico | Czech |
|---|---------|-----------|--------|-------|
| Total Amount of Water Withdrawal (cubic meters) | 225,896 | 5,355,339 | 3,446  | 7,470 |
| Total Amount of Water Withdrawal (megaliter)    | 226     | 5,355     | 3      | 7     |

The major kind of wastewater of PEGATRON in 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 the 3rd parties. The monitoring items are identified by environmental impact assessment report or local legal requirements. All monitoring results in 2020 complied with the standards and the wastewater were discharged to the sanitary sewer systems.

Wastewater generation analysis in PEGATRON from 2018 to 2020



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 operation of the sewage tank to ensure the discharge of water quality meet the standard.
2. Special management of oily wastewater treatment in canteens, including standardizing grease trap specifications, performing daily grease trap cleaning and maintenance to ensure wastewater discharge meets the standard.

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PEGATRON water stress index and basic information



Green Transportation

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

【Transportation of Goods】

Lower the weight of products and packing materials to reduce the fuel consumption. When selecting suppliers, the locations of the suppliers are taken into account to improve the transportation efficiency.

To meet environmental protection and carbon reduction policy, marine transportation is considered first so as to reduce carbon emissions. Direct flights are preferred for air transportation to reduce traffic time and distance.

Centralized transportation to reduce the times of transportation.

For overseas transportation, we cooperate with the shipping companies which are willing to reduce the vessel speeds. For ground transportation, transportation by trucks are replaced by railway system which is more environmental friendly.

From 2020, the International Maritime Organization has set a limit of 0.50% m/m on the sulfur content of the fuel used on ocean shipments. Our transportation suppliers comply with regulation to reduce sulfur oxide emissions.

【Employee Transportation】

Daily commuting:  
In Taiwan, more than half of employees commuting by public transportation to the factories and corporate headquarters. Our company also provides shuttle buses between different working places.

【Business Communication】

Using video / voice / live communications to replace face to face meetings is our active strategy.

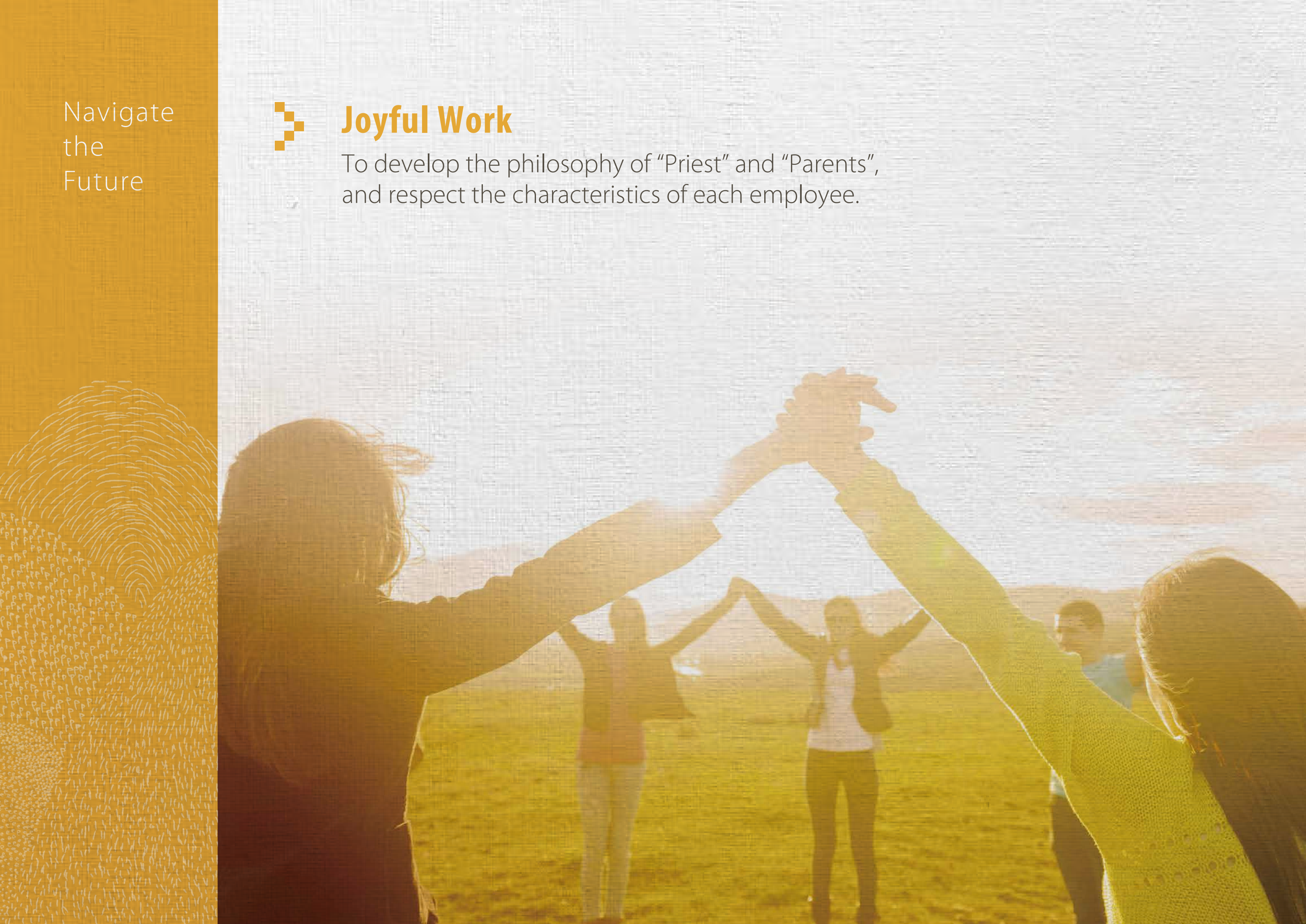


Navigate  
the  
Future



## Joyful Work

To develop the philosophy of “Priest” and “Parents”,  
and respect the characteristics of each employee.



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PEGATRON Group’s philosophy is based on a work-life balance of "Joyful Working, Happy Living". 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.

## Employment Relationship

### Respect International Human Rights and Cultivate Local Talents.

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.

### PEGATRON annual manpower structure in 2020

| Location | Total   | Gender |        | Age           |            |              | Permanent |        |           |        | Temporary |        |           |        |
|----------|---------|--------|--------|---------------|------------|--------------|-----------|--------|-----------|--------|-----------|--------|-----------|--------|
|          |         | 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 |
| Taiwan   | 8,564   | 5,245  | 3,319  | 2,307         | 5,685      | 572          | 4,612     | 2,050  | 4         | 2      | 629       | 1,267  | 0         | 0      |
| China    | 122,566 | 86,916 | 35,650 | 90,919        | 31,536     | 111          | 8,139     | 3,813  | 0         | 0      | 78,777    | 31,837 | 0         | 0      |
| Mexico   | 61      | 44     | 17     | 13            | 36         | 12           | 42        | 16     | 0         | 0      | 2         | 1      | 0         | 0      |
| Czech    | 966     | 486    | 480    | 398           | 499        | 69           | 227       | 113    | 2         | 12     | 247       | 311    | 10        | 44     |

| Location  | Taiwan | China | Mexico | Czech |
|---|--------|-------|--------|-------|
| The proportion of senior management level locally in 2020 (%) | 99.5%  | 80.4% | 71.4%  | 85.7% |
| The proportion of senior management level locally in 2019 (%) | 98.6%  | 78.3% | 58.3%  | 86.4% |

Notes:

(1) (1) The proportion of senior management level locally (%) = total number of senior management who hired from the local community at that site / total number of senior managers at the site

(2) The senior management are the employees who have the management responsibilities.

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

## Employee Profile

At the end of 2020, PEGATRON has about 132,157 employees worldwide included dispatched workers. 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 assure the fairness of recruitments, employments, developments, performance appraisals and rewards for both applicants and employees. The total members of full-time non-managers are 7,773 in 2020 (increase 571 compared to 2019) in Taiwan. 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 capability and performance 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 ability have the same opportunities for promotion.

As a global company, we not only pay attention to the importance of the global market, but also care about local development. All of our employees who exhibit competences in their positions have the same promotional opportunities. Over 65% of our managers were local people in major operation sites so as to practice the concept of talent localization. Furthermore, we proactively employ disabled people and provide adequate job opportunities for disadvantaged groups as well as respond to government’s policy and achieve hiring localization.



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■ Labor Rights

To clearly define the rights and obligations between labors and management, PEGATRON regulates the labor rights related requirements based on the Code of Conduct of Responsible Business Alliance (RBA) and local labor regulations. Moreover, we also support and respect human rights and follow the relevant norms of labor rights, including the International Labor Organization (ILO), United Nations Global Compact, United Nations Guiding Principles on Business and Human Rights. Through the operation of the PureCSR management system, we formulate programs to ensure that employees' rights can be respected. The implementation guidelines related to labor rights include:

【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 and develop the identification system and control measures to ensure that the employment of child labors is strictly prohibited of 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 work which may endanger their health or safety and provide the appropriate support and trainings.

【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 salary 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 law, and the contract states that the 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 laborers to move freely in and out of the workplaces. Employees have the right to leave or terminate the employment relationship of their free will.

【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 of non-participation. 31% of Pegatron employees are protected by collective bargaining agreements. We take into account the interests of both sides 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, employees will be informed in advance based on labor regulations in Taiwan. The employees and their representatives in 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.

| Location | Channel for collective bargaining            |
|----------|--|
| Taiwan   | Labor-Management Meeting                     |
| China    | Unions or Employees' Representative Meetings |
| Mexico   | Unscheduled Meeting                          |
| Czech    | Union  |

【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 also approved by the managers. All sites have setup the warning and automatic notification mechanism of overtime to control the working hours.

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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 by himself/herself 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.

Talent Development

Talents 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 care. We eager to balance the loads from high performance working and help them to better their daily lives.

Attraction and Retention

We provide colleagues with a safe and comfortable working environment, along with rich 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 "happy work, happy 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 laborers 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. 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 1.223 million in 2020 (increase NTD 2,000 compared to 2019) in Taiwan, and the median annual compensation of all non-managers is NTD 0.987 million in 2020 (decrease NTD 2,000 compared to 2019) in Taiwan.

East China, Central China, and West China operation centers develop competitive salary standards based on the minimum wage levels announced by the local government, 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 provide additional bonuses or allowances to let the salaries of the company's employees far exceed the local minimum salary standards to ensure that the salary level meets the company's competitive development needs.

PEGATRON monthly average new employee rate in 2020

| Location | Monthly Average Rate of New Employee Hires |        |               |            |             |
|----------|--|--------|---------------|------------|-------------|
|          | Gender                                     |        | Age           |            |             |
|          | Male                                       | Female | Under 30 yrs. | 31-50 yrs. | Over 51 yrs |
| Taiwan   | 1.9%                                       | 1.9%   | 3.6%          | 1.3%       | 0.2%        |
| China    | 32.2%                                      | 25.7%  | 32.0%         | 24.3%      | 0.0%        |
| Mexico   | 2.3%                                       | 5.9%   | 7.1%          | 0.0%       | 0.0%        |
| Czech    | 28.3%                                      | 2.0%   | 35.7%         | 8.5%       | 6.6%        |

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

Remark 2: According to the calculation revision of HR data, the formula of monthly average new employee rate has been revised.



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PEGATRON monthly average turnover rate in 2020 (%)

| Location | Monthly Average Rate of Employee Turnover |        |               |            |             |
|----------|---|--------|---------------|------------|-------------|
|          | Gender                                    |        | Age           |            |             |
|          | Male                                      | Female | Under 30 yrs. | 31-50 yrs. | Over 51 yrs |
| Taiwan   | 1.3%                                      | 1.2%   | 1.8%          | 1.1%       | 0.9%        |
| China    | 33.4%                                     | 27.3%  | 33.5%         | 24.5%      | 0.2%        |
| Mexico   | 2.3%                                      | 5.9%   | 7.1%          | 2.8%       | 0.0%        |
| Czech    | 13.5%                                     | 5.2%   | 15.2%         | 5.7%       | 18.4%       |

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

Remark 2: In response to the revision of the calculation basis of the human resources data, the calculation method of the monthly average number of employees was revised.

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.

Long-term Incentives

Respect and development of human nature is our most important corporate culture for pursuing sustainability 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 “Happy Work, Happy 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 with 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 support 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 2020 due to COVID-19 impact). Besides, we annually publicly praise our long-term employees to appreciate their contributions to the company.

Employee 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               | <ul style="list-style-type: none"><li>Corporate introduction, corporate culture, and online orientation programs are included to help new employees to know about PEGATRON and adapt to the new working environment.</li><li>To help new employees to be familiar with the environment and internal procedures quickly, each new employee may have one mentor.</li></ul>                             |
| Occupational safety and health courses | <ul style="list-style-type: none"><li>Provide different courses such as general or special vocational training colleagues regarding matters needing attention.</li></ul>   |
| Core competency training               | <ul style="list-style-type: none"><li>We plan training programs for employees at each level based on their competencies.</li></ul>   |
| Management training                    | <ul style="list-style-type: none"><li>We plan management trainings such as new manager orientation based on the roles and responsibilities of supervisors.</li></ul>   |
| Professional competency training       | <ul style="list-style-type: none"><li>Each unit plans professional competency training programs based on the needs of professional knowledge and skills.</li></ul>   |
| Internal lecturer training             | <ul style="list-style-type: none"><li>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.</li></ul>  |
| General lecturer training              | <ul style="list-style-type: none"><li>Art, living, and management lectures are included.</li></ul>   |
| IDP                                    | <ul style="list-style-type: none"><li>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.</li></ul> |
| Pega e-Library                         | <ul style="list-style-type: none"><li>The platform offers employees over one thousand books to borrow and read.</li></ul>  |

To support the management philosophy of PEGATRON Group, which is “Happy Working, Joyful Living”, 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 incorporate competition, we emphasize talent nurturing 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, helping them to achieve job satisfaction while working. We hope all employees can balance their lives and works, and also have happiness.

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| PEGATRON's Business Philosophy   |  |  |   |
|--|--|--|---|
| 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> | <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 High Level Managers</li><li>• General and Management Lectures</li></ul> | <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> | <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> |
| Improve professional knowledge and skills through trainings or exercises planned by managers or Learning & Development Department.   | With systematical learning map, employees can prepare for their future careers, develop and stimulate their management talents and potential.  | Encourage proactive and autonomous learning development as well as individuals interests.  | The Individual development plans with managers' assistances will help employees improve and enhance their job skills.                                     |

We emphasize 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 skills 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 in 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.

PEGATRON IDP participation rates in 2020

| Employees receiving individual development plans in 2020 |                               |                  |            |
|--|-------------------------------|------------------|------------|
| Location   | Participation Rate of IDP (%) |                  |            |
|  | Total Rate                    | Worker Type      |            |
|  |                               | General Employee | Supervisor |
| Taiwan   | 78.6                          | 81.0             | 71.6       |
| China  | 93.8                          | 93.0             | 94.6       |

Remark:  
(1) Participation rate (%) = No. of IDP Participators / No. of employees should participate IDP  
(2) Managers including Frontline Supervisors, Middle and High-Level Managers, and Business Directors.  
(3) Mexico and Czech manufacturing centers did not implement IDP.

PEGATRON Training Performance in 2020

| Location | Average Hours of Training Per Employee (hrs.) |        |            |        |
|----------|---|--------|------------|--------|
|          | Employee                                      |        | Supervisor |        |
|          | Male  | Female | Male       | Female |
| Taiwan   | 15.7  | 13.7   | 15.8       | 18.0   |
| China    | 6.9   | 9.4    | 11.4       | 15.4   |
| Mexico   | 41.2  | 39.1   | 33.3       | 32.6   |
| Czech    | 6.1   | 6.3    | 9.5        | 48.1   |

(1) Average Training Hours = Total Hours of Training / Total Number of Employees Participated in Training  
(2) Supervisor included Frontline Supervisors, Middle and High-Level Managers, and Business Directors.

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 safety and health management in working environments.

Occupational Safety

【Management system】

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

PEGATRON establishes the appropriate occupational safety and health management system based on ISO 45001:2018 (Occupational Health and Safety Management System)



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and gets the certifications by third parties. We promote a safe and healthy working environment through daily inspections and audits, and conduct CSR training programs following internal procedures and legal regulations, including occupational safety and health related training, corporate social responsibility audit training, the introduction of the corporate social responsibility management system, and other online trainings. Headquarter in Taipei is regarded as the information integration center of global ESH organizations. All ESH related data and information will be aggregated and reported to the management level. The dedicated occupational health and safety unit and PureCSR & ESH Committee have been setup in each site. The committee representative of each site regularly reports the affairs related to the PureCSR management system in PureCSR Steering Committee (SC). The results and performances are reported to the General Managers of that site.

Each site has setup annual ESH objectives & targets and various types of management procedures. The PureCSR & ESH 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 of PEGATRON in 2020

| Location       | Taiwan | China | Mexico | Czech |
|----------------|--------|-------|--------|-------|
| Proportion (%) | 48.6%  | 30.2% | 16.7%  | 42.9% |

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

【Occupational Hazards】

To prevent occupational hazards and protect employees’ safety & health, we have set dedicated units to conduct the overall planning and operation of environmental protection, safety and occupational health. PEGATRON conducts incidents investigation and root cause analysis according to the requirements of local regulations and ISO 45001:2018 management system. The corresponding incident investigation and root cause analysis and corrective actions will be taken to prevent it happen again. Training programs and notifications will be provided to all relevant employees to enhance their capabilities on emergency response and reduce the effects of harms and losses. In the future, we will continue to implement measures to establish more safety 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 assessment, 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.

Action Relating to Occupational Health and Safety Measurement

| Type                   | Measurement Description   |
|------------------------|---|
| Work Safety            | 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. |
|                        | 2. Engineering Control Measures - Ventilation and Exhaust Equipment: To provide employees a safe, healthy, and environmentally friendly working environment, PEGATRON has installed ventilation and exhaust equipment in each factory and regularly arranges inspections according to local laws and regulations of the factory to ensure employees are safety at work.   |
|                        | 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.  |
|                        | 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 the company’s related rules. They are also protected by anonymity system).  |
| Health Protection      | To protect employee’s health, PEGATRON obeys to legal regulations to conduct several measurements as below:<br>1. Periodically environmental test<br>2. Regular occupational disease checkup<br>3. Setup Clinic and provide doctor diagnose service   |
| 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 nature of protection 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 routine fire extinguisher operation trainings. Due to Covid-19 epidemic outbreak in 2020, drills and trainings were also held for it.   |



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Fire evacuation drill at Head Quarter



Fire evacuation drill at Head Quarter



Chemical leakage and first aid training at PKS



Convid-19 Training at PMX



Convid-19 Training at PMX



Night shift fire evacuation drill & first aider training class at PSH



Fire evacuation drill at PCZ



Fire extinguisher operation & chemical leakage training at PSZ





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PEGATRON work-related injury statistics in 2020

| Location | Gender | Disabling injury frequency rate (FR) | Disabling injury Severity rate (SR) | Absence rate (AR) | Occupational disease rate (ODR) | Work-related Fatalities |
|----------|--------|--------------------------------------|-------------------------------------|-------------------|---------------------------------|-------------------------|
| Taiwan   | Male   | 1.57                                 | 16                                  | 0.00              | 0.00                            | 0                       |
|          | Female | 1.27                                 | 23                                  | 0.00              | 0.00                            | 0                       |
| China    | Male   | 0.89                                 | 19                                  | 1.76              | 0.00                            | 0                       |
|          | Female | 0.25                                 | 5                                   | 1.96              | 0.00                            | 0                       |
| Mexico   | Male   | 0.00                                 | 0                                   | 0.00              | 0.00                            | 0                       |
|          | Female | 0.00                                 | 0                                   | 0.00              | 0.00                            | 0                       |
| Czech    | Male   | 0.00                                 | 0                                   | 6.59              | 0.00                            | 0                       |
|          | Female | 0.00                                 | 0                                   | 9.89              | 0.00                            | 0                       |

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

【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 environmental, safety and occupational health risks, rules, and regulations shall 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 environmental, safety and occupational health risk impacts. ESH professionals periodically perform environmental, safety, and occupational health (ESH) 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 shall 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 should confirm that the workplace meets the safe construction conditions, including personnel qualifications, environmental safety, etc. The work can only start after ESH approval.

【Emergency Response】

Sustainable development is the main target of business operations in PEGATRON Group. In response to the impacts on our company by climate change, we have implemented corresponding emergency response procedures in each major production site. We have minimized potential damages and impacts by setting up a response mechanism and plan as well as periodic training programs and drills to enhance the abilities of emergency response team members.

PEGATRON has issued preparedness and response procedure and established the emergency notification mechanism in 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 periodic training programs and drills. 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.

The result of evacuation drills and emergency training programs by region in 2020

| Location                             | Taiwan | China | Mexico | Czech |
|--------------------------------------|--------|-------|--------|-------|
| Times of evacuation drill            | 18     | 293   | 1      | 1     |
| Times of emergency response training | 12     | 161   | 0      | 2     |

We establish the epidemic prevention group and develop the infectious disease reporting mechanism to monitor the epidemic condition, integrate virus prevention materials and adjust the control procedure based on the levels of epidemic conditions. Once the critical infectious disease occurs, the reporting mechanism can reduce the chance of infection and prevent the negative impacts on operations. PEGATRON actively cooperated with the government's various epidemic prevention measures in 2020 when COVID-19 significantly impacted. We have implemented the wearing of masks thoroughly, measuring temperatures of employees, keeping safe distances, and performing related health education advocacy to cooperate with government’s various epidemic prevention measures.

Occupational Health

The health care program for employees in PEGATRON is 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 their health and elevating their lives quality. To improve the working environment proactively, PEGATRON established a cross-functional team for providing analysis of working loads 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

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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 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, which are regulated by the 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 built in every operation center and manufacturing center, which can provide employees to use when needed to promote maternity protection. For different stages of pregnant employees, including pre-pregnant, pregnant, and post-pregnant, we provide various health promotion measures for them to protect their bodies and mental health.

For the facilities in Headquarter, we 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.

2020 Health Promotion Activities

HQ

| HQ | Topic  | Number of participants/held |
|----|--|-----------------------------|
| 1  | Climbing stairs everyday, staying healthy anyway | 8,492                       |
| 2  | Blood donation                                   | 82                          |
| 3  | Flu Vaccine Injection                            | 571                         |
| 4  | Physical Examination Activity                    | 4,683                       |

PTW

| TY | Topic  | Number of participants/held |
|----|--|-----------------------------|
| 1  | Medical checkup upgrade project  | 133                         |
| 2  | Training for getting more understanding on ergonomic hazardous factors | 18                          |
| 3  | Training for health and sanitation                                     | 12                          |

PSZ

| PSZ | Topic   | Number of participants/held |
|-----|---|-----------------------------|
| 1   | Differences between flu and COVID 19, and daily precautions | 51                          |
| 2   | Prevention for Oral disease                                 | 42                          |
| 3   | Prevention for dizziness and deaf                           | 42                          |
| 4   | Care for women, care for health                             | 54                          |

PSH & PKS

| PSH | Topic   | Number of participants/held |
|-----|---|-----------------------------|
| 1   | 2019-CoV Prevention   | 258,000                     |
| 2   | Infirmary Clinic  | 70,165                      |
| 3   | New Employee physical examination                               | 228,725                     |
| 4   | Occupational physical examination                               | 4,440                       |
| 5   | Special cases tracking  | 592                         |
| 6   | Special appointment form & Emergency relief fund                | 10                          |
| 7   | Infectious Diseases tracking                                    | 57                          |
| 8   | Poster for health and safety propaganda                         | 6                           |
| 9   | Annual physical examination for married but not pregnant female | 83                          |
| 10  | Floating population sanitation and health related activities    | 188                         |
| 11  | First aid training  | 88                          |
| 12  | Mental health related activities                                | 134                         |
| 13  | Chinese Medicine welfare activities                             | 100                         |
| 14  | One health free physical examination                            | 1,400                       |
| 15  | AED training  | 60                          |



PCQ

| PCQ | Topic   | Number of participants/held |
|-----|---|-----------------------------|
| 1   | Anti-epidemic knowledge answering activities                              | 622                         |
| 2   | Basketball games  | 32                          |
| 3   | Lecture of prevention for common infectious diseases in fall and COVID-19 | 109                         |
| 4   | I’m singing king activities   | 21                          |
| 5   | Internal basketball games   | 14                          |
| 6   | Fifth fun sport competition   | 9                           |
| 7   | Online walking 10 km activity   | 13                          |



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PCZ

| PCZ | Topic   | Number of participants/held |
|-----|---|-----------------------------|
| 1   | Vitamin packages in October                         | All employees               |
| 2   | Alco-gels for better hygiene available              | All employees               |
| 3   | Fruit Days (fresh fruit for free)                   | All employees               |
| 4   | Blood pressure measuring device available if needed | All employees               |
| 5   | Body temperature measurement on entrance            | All employees               |
| 6   | Masks for free every day                            | All employees               |



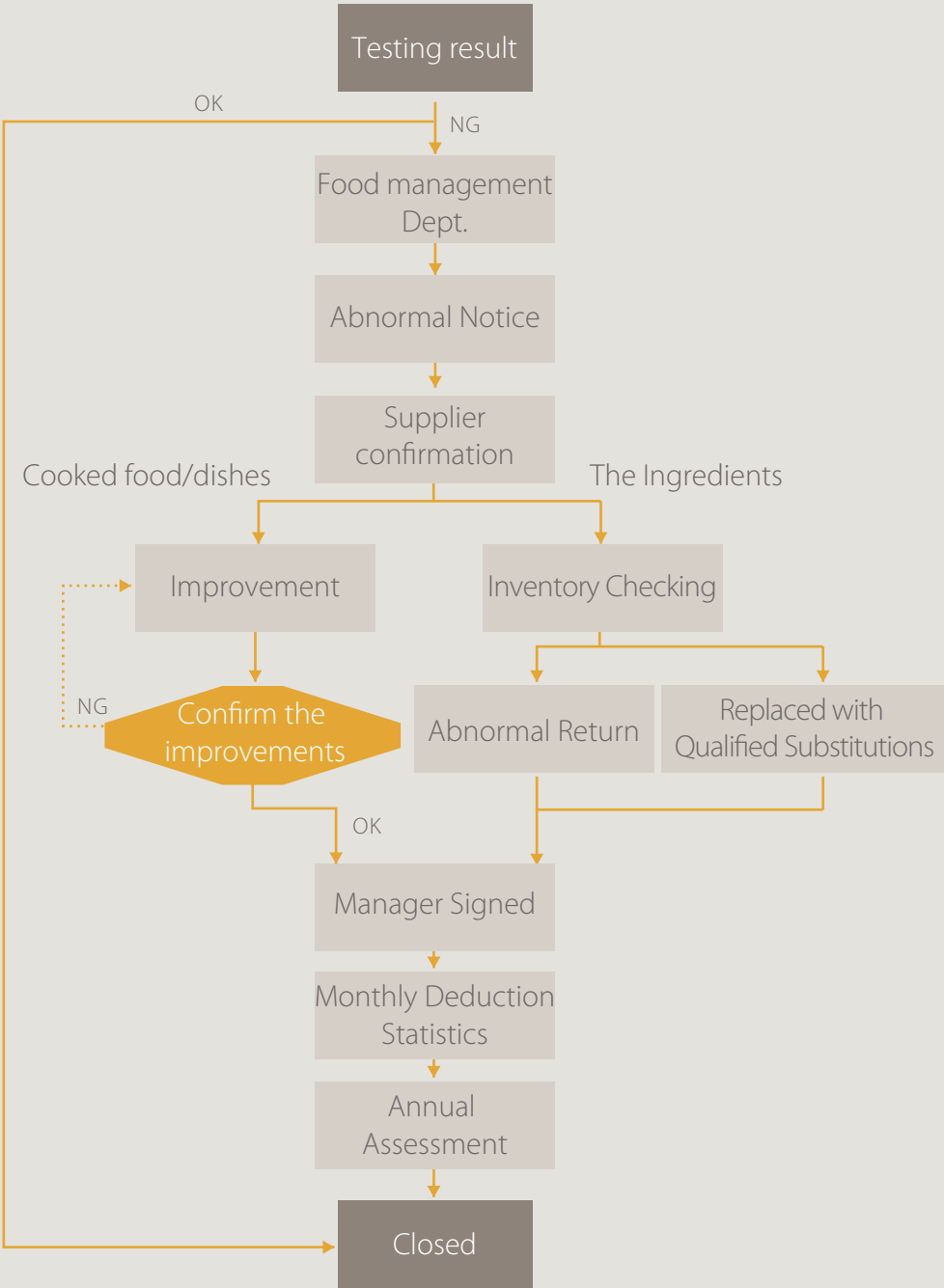
Mexico Manufacturing Center

| PMX | Topic  | Number of participants/held |
|-----|--|-----------------------------|
| 1   | Promote health care (triptych): Child Cancer                   | 52                          |
| 2   | Promote health care (information by triptych): Smoking problem | 52                          |
| 3   | Psychosocial risk survey                                       | 50                          |
| 4   | Early detection of diabetes and high blood pressure program    | 50                          |
| 5   | Laboratory test for occupationally exposed personnel           | 17                          |
| 6   | Handling a Covid-19 patient at home training                   | 50                          |
| 7   | Covid-19 myths training  | 50                          |

【Food safety control - food testing laboratory】

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 were 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 it.

Food testing results process



Employee Care

We Listen to the Voices of Employees to build a Big Family together.

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 our staffs to be precious assets. To let them have productive

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contributions, PEGATRON pays attention to the work-life balance of our employees. We provide timely care and help for employees while enhancing our company’s productivity and reducing employees’ turnover rate.

Communication Channel

The company emphasizes employees’ welfares and caring, harmonious relationships, and especially pays attention to employees’ opinions. Employees can communicate with the management through suggestion boxes, meetings, and email boxes to express their feelings and raise questions to maintain a good relationship between laborers and management.

PEGATRON has setup multiple communication channels, including the employees’ suggestion box (i-PEGA BOX), departmental service hotlines, and EAP (Employee Assistant Programs). Also, there are counseling hotlines, health hotlines, and a grievance mechanism to solve employees’ problems. Employees can choose different channels depending on their needs. For example, Central China Operation Center has a variety of communication channels for employees, including Big Sister Studio, recruitment counseling office, living area employee service center, employee representative meeting, and employee interview to timely and effectively solve employees' problems. The purpose of Big Sister Studio is service with care, care with love. The project provides a variety of communication channels (WeChat, QQ, hotline, email (Hi\_Sister@pegatroncorp.com), mailbox, message, and interview), psychological counseling, personality analysis, career planning, and other services to promote health development and enhance the senses of belongings of employees.

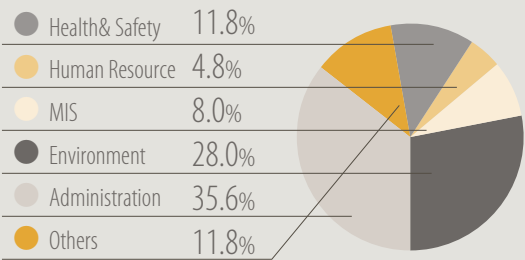
PEGATRON Employee Suggestions in 2020

| Location                       | Communication Channel  | Number |
|--------------------------------|--|--------|
| HQ & PTW                       | 1. I-PEGA (i-PEGA@pegatroncorp.com)<br>2. Harassment Mailbox (i-PEGA@pegatroncorp.com)<br>3. Suggestion Box<br>4. Business Ethics Box (honest_box@pegatroncorp.com )   | 289    |
| East China Operation Center    | 1. Employee Service Center<br>2. Help Center (HappyHelpCenter_HR@pegatroncorp.com)<br>3. Employee communication consulting platform<br>4. Union  | 157    |
| Central China Operation Center | 1. Employee Service Center (Hi_Sister@pegatroncorp.com)<br>2. Employee Representative Meeting<br>3. Consulting Service Center for New Employees<br>4. Contact window for employee relationship<br>5. Meeting with Factory Director   | 176    |
| West China Operation Center    | 1. 17885 Hotline (023-8850-9888#17885)<br>2. i-Pega Box (i-PEGA@pegatroncorp.com))<br>3. Email for Employee Relationship<br>4. Online Service Platform<br>5. HR Service Center<br>6. Meeting with Factory Teacher<br>7.Meeting with Factory Director and General Manager<br>8. Employee and Management Meeting | 617    |

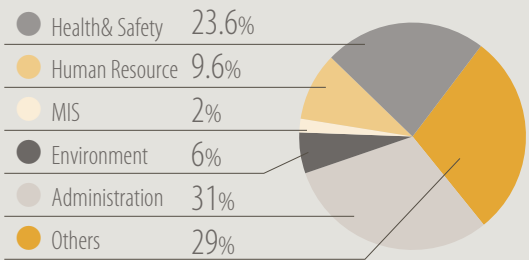
|                             |  |    |
|-----------------------------|--|----|
| Mexico Manufacturing Center | 1. Suggestion Box<br>2. Suggestion Email Box (ethicsline@pegatroncorp.com)<br>3. Employee Interview  | 2  |
| Czech Manufacturing Center  | 1. Suggestion Box<br>2. Regular Department Meeting<br>3. Employee Survey<br>4. Line Representative Quarterly Meetings<br>5. Union Quarterly Meetings<br>6. Canteen Committee | 21 |

Classification table of PEGATRON employee communication types in 2020

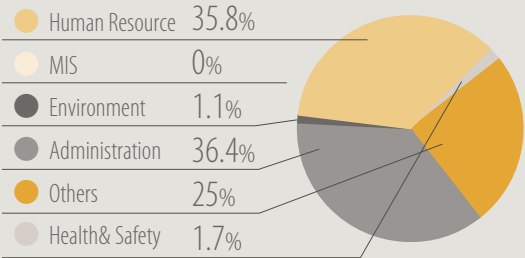
HQ & TY



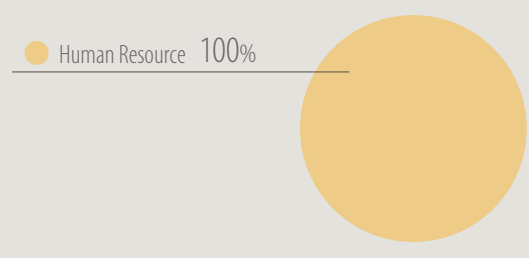
PSH



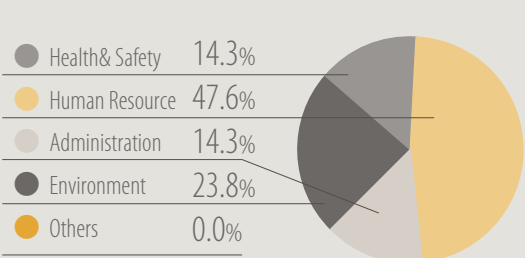
PSZ



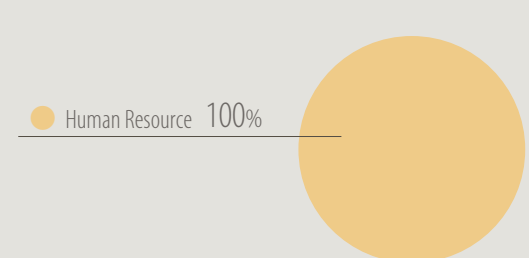
PCQ



PCZ



PMX



To provide our employees with a better understanding of the company’s operating status and directions, our CEO holds face-to-face CEO dating meetings regularly 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 2020.

Employee benefits are discussed in our quarterly employee welfare committee meetings.



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The employee representatives are responsible for expressing the opinions of our employees to communicate with the company.

PEGATRON has implemented many mental health programs in each operation center and manufacturing center to provide spiritual growth and pressure relief channels for employees. We also setup special psychological consultation rooms to assist employees to solve the difficulties they are facing.

On the other hand, we offer many types of assistance care activities for our employees, including consulting hotlines, counseling rooms, suggestion boxes and regular interviews. PEGATRON also combines social workers and psychologists in a special cooperation model to provide psychological counseling EAP (Employee Assistance Programs) service. We select suitable teachers and provide psychological consultation services based on employees’ issues and help them to solve their psychological problems.



Channels for Caring Employees

| Location                                    | Channel for caring employee   |
|---|---|
| Headquarter and Taiwan Manufacturing Center | Employee Mental Health Hotline, Regular Staff Interview, Employee Assistance Program(EAP), Suggestion Box, Harassment Grievance Email   |
| Central China Operation Center              | Hi_Sister Workshop, Employee Representative Meeting, Counseling Service Center for New Employees, Counseling Contact for Employee Relationship, Meeting with Factory Director               |
| East China Operation Center                 | Employee Service Center, Help Center, Union, Mentor, Suggestion Box   |
| West China Operation Center                 | Hotline, Email for Employee Relationship, Online Service Platform, HR Service Center, Meeting with the Teachers Stationed in the Factory, Meeting with Factory Director and General Manager |
| Mexico Manufacturing Center                 | Suggestion box, Staff Interview   |
| Czech Manufacturing Center                  | Suggestion box, Regular Department Meeting, Employee Survey   |

Employee welfare

“Joyful Working; Happy Living” 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 including 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 benefit and way of application. We provide labor, health, and group insurances and hold cultural lectures regularly in Taiwan. The leave and attendance rules are also better or meets local regulations.

The welfare committee provides scholarships for employees' children every year to encourage them to study hard. Our welfare committee also provides different benefits 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 life and family 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.

To promote teamwork among colleagues, HQ held planting activities on the roofs. In addition to the benefit of greenery, the process of planting also increases environmental awareness. We irregularly invite experts to teach colleagues about planting techniques. The activities are held twice per year per site, with around 700 people participated in each planting shift within two sites. We have a lottery system due to the limitation of the cultivation area, and the number of participants of each cycle is around 400 people.



We provide an integrated welfare system and treat all employees equally at all sites. Welfares in PEGATRON are divided into benefits, incentives, gifts, and events to express our group’s willingness of “Joyful Working; Happy living”. Some welfares might be different according to different workplaces, but all welfare programs are in compliance with or better than the requirements of local regulations.

The Central China Operation Center regularly organized cultural activities to enrich the lives of employees. ESH Monthly Activity was initiated to encourage employees learning more about CSR and other issues different from their works. There were around 1,000 people who joined the ESH Month Activity in Central China Operation Center, with 2,800 people joined the online activity (owing to COVID 19 prevention)

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Employee Benefits at each site

| Location                               | Item  |
|--|---|
| Headquarter<br>Taiwan Operation Center | birthday gift, festival bonus, voucher (marriage gift, fertility gift, funeral condolence, reunion day, family day, summertime entertainment gift)                              |
| East China Operation Center            | social insurance, marriage gift, fertility gift, funeral condolence, birthday gift, emergency assistance payment  |
| Central China Operation Center         | social insurance, marriage gift, fertility gift, funeral condolence, birthday gift, emergency assistance payment, retirement greeting activity, blind date activity, family day |
| West China Operation Center            | social insurance, provident fund, marriage gift, fertility gift, funeral condolence, sunshine fund, subsidy for end of year party   |
| Mexico Manufacturing Center            | savings fund, medical insurance (ADM)   |
| Czech Manufacturing Center             | pension 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 a 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 2020 Financial Report for pensions.

[http://www.pegatroncorp.com/investorRelation/annualReports/lang/en\\_US](http://www.pegatroncorp.com/investorRelation/annualReports/lang/en_US)



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## Social Care

Work with local communities to develop appropriate welfare activities.





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Social Welfare

More than Technology, We Irrigate the Society with Culture and Arts.

Pegatron continues to pay attention to various disadvantaged developments in the society . We fully implement social responsibility from the inside out to understand the true needs from different parties, and positively encourage all employees around the world to follow. When we plan activities and conduct community involvements and caring actions, we start internally and promote to neighboring communities, then extend to where it is most needed.

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 problems 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 seminars, and health promotion activities to fulfill our corporate social responsibility commitment.

A public welfare club, happiness philosophy 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.

The welfare and donation activities held by Happiness Philosophy Club in 2020 include:

- 1. The donation of 13 boxes of books to Guanyu elementary school
- 2. Pegatron involves in the donation activity for supporting “Kuentai Happiness Rural Areas” around six years in Taiwan. In 2020, the cash donation was NTD 21,000. Pegatron funded Taoyuan Elementary School and Longshan Elementary School in Zhuqi Township, Chiayi County to purchase supplies for the establishment of talent and sports clubs. We hope children will have the direction to work hard through the cultivation and training of talents. Then build self-confident energy and flip the competitiveness and future of rural children.

Community Involvement

Hear the Sounds of Residents and Put Resources Right.

All our major operation centers and manufacturing centers are also involved in long-term local public welfare activities to make contributions to local societies.

Headquarter & Taiwan Manufacturing Center (HQ & PTW)

- 1. 422 World Earth Day activities
- 2. Electronic waste recycling activities

- 3. Invoice donation activities
- 4. Secondhand clothing donation activities
- 5. River bank cleaning activity (Guandu Wharf to Guandu Bridge)



PEGATRON Central China Operation Center (PSZ)

The Central China Operations Center, in addition to respond to the group charity activities, continues to dedicate to long-term public welfare activities to contribute to local community. There were 188 employees participated in the event of blood donation in 2020.



PEGATRON East China Operation Center (PSH)

Our East China Operation Center held and participated in many local public welfare activities. Through the activities, we expected to attract public attention on environmental protection and the welfare of disadvantaged groups.

These activities include:

- 1. Blood donation: 400 employees joined the event.
- 2. Environmental volunteers to clean up the trashes. There were 50 bags of trashes in total.
- 3. Clothes donation activity. 10 bags of clothes were donated.



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PEGATRON West China Operation Center (PCQ)

The West China Operation Center continues to hold many local public welfare activities to respond to the needs of disadvantaged groups in the local community, including the face mask donation activities in 2020. We donated 5,000 N95 masks to the local hospitals which contributes to local epidemic prevention.

PEGATRON Czech Manufacturing Center (PCZ)

- 1. Children's project supporting.



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General Disclosures

| GRI Standards                     | Disclosure  | Page No. | Omission   |
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| GRI 102: General Disclosures 2016 | 102-1 Name of the organization                                      | 11       |  |
|                                   | 102-2 Activities, brands, products, and services                    | 11       |  |
|                                   | 102-3 Location of headquarters                                      | 11       |  |
|                                   | 102-4 Location of operations  | 11, 12   |  |
|                                   | 102-5 Ownership and legal form                                      | 11       |  |
|                                   | 102-6 Markets served  | 11       |  |
|                                   | 102-7 Scale of the organization                                     | 11, 12   | Please refer to the 2020 Annual Report for detailed quantity of products and service. (http://www.pegatron corp.com/investorRelation/annualReports)  |
|                                   | 102-8 Information on employees and other workers                    | 38       |  |
|                                   | 102-9 Supply chain  | 22       |  |
|                                   | 102-10 Significant changes to the organization and its supply chain | 11, 22   | There was no significant change to the organization and its supply chain in 2020.  |
|                                   | 102-11 Precautionary Principle or approach                          | 18, 19   | For the precautionary purpose of decreasing impact of economic, environment and society, the organization implement the risk assessment before introducing new products, implement new operation plan and so on. |
|                                   | 102-12 External initiatives   | 5        |  |
|                                   | 102-13 Membership of associations                                   | 5        |  |
|                                   | 102-14 Statement from senior decision-maker                         | 2        |  |
|                                   | 102-16 Values, principles, standards, and norms of behavior         | 17       |  |
|                                   | 102-18 Governance structure   | 15-17    | Current whole committee would join discussion, no certain responsibility.  |
|                                   | 102-40 List of stakeholder groups                                   | 5-6      |  |
|                                   | 102-41 Collective bargaining agreements                             | 39       |  |
|                                   | 102-42 Identifying and selecting stakeholders                       | 5-6      |  |
|                                   | 102-43 Approach to stakeholder engagement                           | 5-6      |  |

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|-----------------------------------|---|----------|--|
| GRI 102: General Disclosures 2016 | 102-44 Key topics and concerns raised                             | 7-8      |  |
|                                   | 102-45 Entities included in the consolidated financial statements | 1        | Please refer to the 2020 Annual Report for more detail. (http://www.pegatron corp.com/investorRelation/financialReports)   |
|                                   | 102-46 Defining report content and topic Boundaries               | 8        |  |
|                                   | 102-47 List of material topics                                    | 7-8      |  |
|                                   | 102-48 Restatements of information                                |          | There is no restatement of information to previous reports   |
|                                   | 102-49 Changes in reporting                                       | 7-8      | The material issues compared with year 2019, supplier environmental assessment were new in while training and education, and socioeconomic compliance were excluded. |
|                                   | 102-50 Reporting period   | 1        |  |
|                                   | 102-51 Date of most recent report                                 | 1        |  |
|                                   | 102-52 Reporting cycle  | 1        |  |
|                                   | 102-53 Contact point for questions regarding the report           | 1        |  |
|                                   | 102-54 Claims of reporting in accordance with the GRI Standards   | 1        |  |
|                                   | 102-55 GRI content index  | 55-57    |  |
|                                   | 102-56 External assurance   | 1, 58-59 |  |

Material Issues

| Economic- Economic performance    |  |          |          |
|-----------------------------------|--|----------|----------|
| GRI Standards                     | Disclosure   | Page No. | Omission |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary                             | 7-8      |          |
|                                   | 103-2 The management approach and its components                                     | 11       |          |
|                                   | 103-3 Evaluation of the management approach  | 11       |          |
| GRI 201: Economic Performance2016 | 201-2 Financial implications and other risks and opportunities due to climate change | 27-28    |          |

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| Editorial Principles    | Letter from CEO                         |
|                         | Identification & Communication          |
|                         | Social Responsibility Commitment        |
|                         | Stakeholder Communication               |
| Company Profile         | Material Issue Identification           |
|                         | Sustainable Development Goals (SDGs)    |
|                         | About PEGATRON                          |
|                         | Financial Performance                   |
| Sustainable Management  | Globalization Arrangement               |
|                         | Award and Recognition                   |
|                         | Corporate Governance                    |
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| Responsible Partnership | Information Security                    |
|                         | Risk Management                         |
|                         | Leagal Compliance                       |
|                         | Customer Service                        |
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| Appendix-Index          | GRI Standards Content index             |
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|                                   |            |   |          |  |
|-----------------------------------|------------|---|----------|--|
| Economic-Market presence          |            |   |          |  |
| GRI Standards                     | Disclosure |   | Page No. | Omission   |
| GRI 103: Management Approach 2016 | 103-1      | Explanation of the material topic and its Boundary                              | 7-8      |  |
|                                   | 103-2      | The management approach and its components                                      | 38-40    |  |
|                                   | 103-3      | Evaluation of the management approach   | 38       |  |
| GRI 202: Market Presence 2016     | 202-2      | Proportion of senior management hired from the local community                  | 38       |  |
| Economic- Ethics and integrity    |            |   |          |  |
| GRI Standards                     | Disclosure |   | Page No. | Omission   |
| GRI 103: Management Approach 2016 | 103-1      | Explanation of the material topic and its Boundary                              | 7-8      |  |
|                                   | 103-2      | The management approach and its components                                      | 17       |  |
|                                   | 103-3      | Evaluation of the management approach   | 17       |  |
| GRI 206: Anti Competitive 2016    | 206-1      | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | 19       | Owing to Pegatron evaluates for whole operation, we would not list specific quantity value for this topic. |
| Environmental-Materials           |            |   |          |  |
| GRI Standards                     | Disclosure |   | Page No. | Omission   |
| GRI 103: Management Approach 2016 | 103-1      | Explanation of the material topic and its Boundary                              | 7-8      |  |
|                                   | 103-2      | The management approach and its components                                      | 30-33    |  |
|                                   | 103-3      | Evaluation of the management approach   | 30-32    |  |
| GRI 301: Materials 2016           | 301-3      | Reclaimed products and their packaging materials                                |          | Related product recycling programs are requested by customers.   |
| Environmental-Energy              |            |   |          |  |
| GRI Standards                     | Disclosure |   | Page No. | Omission   |
| GRI 103: Management Approach 2016 | 103-1      | Explanation of the material topic and its Boundary                              | 7-8      |  |
|                                   | 103-2      | The management approach and its components                                      | 27-28    |  |
|                                   | 103-3      | Evaluation of the management approach   | 28-29    |  |
| GRI 302: Energy 2016              | 302-1      | Energy consumption within the organization                                      | 28-29    |  |
|                                   | 302-3      | Energy consumption outside of the organization                                  | 29       |  |
|                                   | 302-4      | Energy intensity  | 28       |  |
| Environmental-Emissions           |            |   |          |  |
| GRI Standards                     | Disclosure |   | Page No. | Omission   |
| GRI 103: Management Approach 2016 | 103-1      | Explanation of the material topic and its Boundary                              | 7-8      |  |
|                                   | 103-2      | The management approach and its components                                      | 29       |  |
|                                   | 103-3      | Evaluation of the management approach   | 29-30    |  |
| GRI 305: Emissions2016            | 305-1      | Direct (Scope 1) GHG emissions  | 29       |  |

|   |            |  |          |                          |
|---|------------|--|----------|--------------------------|
| GRI 305: Emissions2016                            | 305-2      | Energy indirect (Scope 2) GHG emissions  | 29       |                          |
|   | 305-4      | GHG emissions intensity  | 30       |                          |
| Environmental-Effluents and waste                 |            |  |          |                          |
| GRI Standards                                     | Disclosure |  | Page No. | Omission                 |
| GRI 103: Management Approach 2016                 | 103-1      | Explanation of the material topic and its Boundary   | 7-8      |                          |
|   | 103-2      | The management approach and its components   | 31-34    |                          |
|   | 103-3      | Evaluation of the management approach  | 31-34    |                          |
| GRI 306: Effluents and Waste 2016                 | 306-2      | Waste by type and disposal method  | 33-34    |                          |
|   | 306-3      | Significant spills   |          | No spill event occurred. |
| Environmental - Environmental compliance          |            |  |          |                          |
| GRI Standards                                     | Disclosure |  | Page No. | Omission                 |
| GRI 103: Management Approach 2016                 | 103-1      | Explanation of the material topic and its Boundary   | 7-8      |                          |
|   | 103-2      | The management approach and its components   | 33-36    |                          |
|   | 103-3      | Evaluation of the management approach  | 33-36    |                          |
| GRI 307: Environmental Compliance 2016            | 307-1      | Non-compliance with environmental laws and regulations   | 33       |                          |
| Environmental - Supplier environmental assessment |            |  |          |                          |
| GRI Standards                                     | Disclosure |  | Page No. | Omission                 |
| GRI 103: Management Approach 2016                 | 103-1      | Explanation of the material topic and its Boundary   | 7-8      |                          |
|   | 103-2      | The management approach and its components   | 22-24    |                          |
|   | 103-3      | Evaluation of the management approach  | 23-24    |                          |
| GRI 308: Supplier environmental assessment 2016   | 308-1      | New suppliers that were screened using environmental criteria                                      | 23       |                          |
| Social-Employment                                 |            |  |          |                          |
| GRI Standards                                     | Disclosure |  | Page No. | Omission                 |
| GRI 103: Management Approach 2016                 | 103-1      | Explanation of the material topic and its Boundary   | 7-8      |                          |
|   | 103-2      | The management approach and its components   | 38-40    |                          |
|   | 103-3      | Evaluation of the management approach  | 38       |                          |
| GRI 401: Employment 2016                          | 401-2      | Benefits provided to full-time employees that are not provided to temporary or part-time employees | 49-50    |                          |
| Social-Labor management relations                 |            |  |          |                          |
| GRI Standards                                     | Disclosure |  | Page No. | Omission                 |
| GRI 103: Management Approach 2016                 | 103-1      | Explanation of the material topic and its Boundary   | 7-8      |                          |
|   | 103-2      | The management approach and its components   | 48-49    |                          |
|   | 103-3      | Evaluation of the management approach  | 48-49    |                          |



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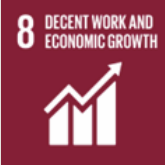
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|--|-------|---|------------------------|
| GRI 402: Labor Management Relations 2016     | 402-1 | Minimum notice periods regarding operational changes  | 39                     |
| Social-Occupational health and safety        |       |   |                        |
| GRI Standards                                |       | Disclosure  | Page No. Omission      |
| GRI 103: Management Approach 2016            | 403-1 | Occupational health and safety management system  | 42-43                  |
|  | 403-2 | Hazard identification, risk assessment, and incident investigation  | 43                     |
|  | 403-3 | Occupational health services  | 45-47                  |
|  | 403-4 | Worker participation, consultation, and communication on Occupational health and safety                       | 44-48                  |
|  | 403-5 | Worker training on occupational health and safety   | 43, 46-47              |
|  | 403-6 | Promotion of worker health  | 44-47                  |
|  | 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 42-49                  |
| GRI 403: Occupational Health and Safety 2018 | 403-9 | Work-related injuries   | 45                     |
| GRI 415: Public Policy                       | 415-1 | Political Donations   | No political donations |
| GRI 419: Socioeconomic Compliance 2016       | 419-1 | Non-compliance with laws and regulations in the social and economic area                                      | 19                     |
| Corporate government                         |       | 15-17   |                        |
| Risk management                              |       | 18-19   |                        |
| Green product                                |       | 30-33   |                        |

United Nations Global Compact



|              |  |          |
|--------------|--|----------|
| Category     | Principle  | Page No. |
| Human Rights | Businesses should support and respect the protection of internationally proclaimed human rights. | 39-40    |
|              | Businesses should make sure that they are not complicit in human rights abuses.                  | 39-40    |

|                 |   |       |
|-----------------|---|-------|
| Labor           | Businesses should uphold the freedom of association and the elective recognition of the right to collective bargaining. | 39    |
|                 | Businesses should uphold the elimination of all forms of forced and compulsory labor.                                   | 39    |
|                 | Businesses should uphold the elective abolition of child labor.   | 39    |
|                 | Businesses should uphold the elimination of discrimination in respect of employment and occupation.                     | 39    |
| Environment     | Businesses should support a precautionary approach to environmental challenges.   | 33-36 |
|                 | Businesses should undertake initiatives to promote greater environmental responsibility.                                | 5     |
|                 | Businesses should encourage the development and diffusion of environmentally friendly technologies.                     | 30-33 |
| Anti-Corruption | Businesses should work against corruption in all its forms, including extortion and bribery.                            | 17    |

UN Sustainable Development Goals (SDGs) Content Index

| UN SDGs   | PEGATRON Sustainable Development Goals |   | Page No.   |
|---|--|---|--|
|   | PEGA GEM                               | Goal  |  |
|  | E                                      | Maintain the Equality of Society (Equality)           | Realize Gender Equality in Workplace. 38-39 46           |
|  | M                                      | Benefit the Environment towards Mutualism (Mutualism) | Use Current Energy with a Greener Way 27-29 36           |
|  | G                                      | Boost the Growth of Economy (Growth)                  | 11   |
|   | E                                      | Maintain the Equality of Society (Equality)           | Elevate the Economic Performance and Workplace. 39 41-42 |

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|   |   |   |   |                |
|---|---|---|---|----------------|
|  | M | Benefit the Environment towards Mutualism (Mutualism) | Engage in Responsible Consumption and Production.   | 30-34<br>22-25 |
|   | E | Maintain the Equality of Society (Equality)           |   |                |
|  | M | Benefit the Environment towards Mutualism (Mutualism) | Evaluate and Mitigate the Impact on Climate Change. | 27-36          |

Note:  
Please refer to the “Sustainable Development Goals” chapter for the actions and performance corresponding to each goal.

Assurance Statement



Independent assurance statement

Scope and approach

PEGATRON Corporation (PEGATRON or the “Company”) commissioned **DNV Business Assurance Co. Ltd.** (“DNV”) to undertake independent assurance of the 2020 Corporate Social Responsibility Report (the “Report”) for the year ended 31 December 2020.

We performed our work using DNV’s assurance methodology VeriSustain™<sup>1</sup>, which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements 3000 (ISAE 3000), the Global Reporting Initiative (GRI) Sustainability Reporting Standards and AA1000 Assurance Standard (2008).

We understand that the reported financial data and information are based on data from the company’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.

The Report has been prepared in accordance with the GRI Standards ‘Core’ option. 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 and selected performance information with a Type I and ‘Moderate level’ of assurance, according to AA 1000:2008.

Responsibilities of the Directors of PEGATRON Corporation and of the assurance providers

The Directors of PEGATRON Corporation 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 stakeholders. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement.

DNV GL provides a range of other services to PEGATRON, none of which constitute a conflict of interest with this assurance work. This is the 3<sup>rd</sup> year that we have provided assurance.

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 headquarters and site level. We undertook the following activities:


- Review of the current corporate responsibility issues that could affect PEGATRON and are of interest to stakeholders;
- Review of PEGATRON 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 Directors and senior managers responsible for management of corporate responsibility issues and review of selected evidence to support issues discussed;

<sup>1</sup> The VeriSustain protocol is available on [dnv.com](https://www.dnv.com/verisustain)

Continue to read



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|   |
| <ul style="list-style-type: none"><li>Site visits to the major site at Taipei HQ to review process and systems for preparing site level corporate responsibility data and implementation of corporate responsibility strategy;</li><li>Review of supporting evidence for key claims and 2020 data in the report. Other years' data reported in the report are not within the scope of our work. Our checking processes were prioritised according to materiality and we based our prioritisation on the materiality of issues at a consolidated corporate level;</li><li>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, and, where data of scope 1 and 2 of Green House Gases Emission has been verified by DNV, we tested transposition from these sources to the report.</li><li>An independent assessment of PEGATRON's reporting against the GRI Standards.</li><li>The verification was conducted based only on the Chinese version Report.</li></ul>   |
| <b>Opinion</b>   |
| 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, nothing came to our attention to suggest that these data have not been properly collated from information reported at operational level, nor that the assumptions used were inappropriate.   |
| <b>Observations</b>  |
| Without affecting our assurance opinion we also provide the following observations.  |
| <ul style="list-style-type: none"><li>The topic boundary can be clearer identified. The boundaries are considered that the subject impact on them. It may be the all organizations, part of the companies, a special company, supply chain or end of user. The content of the report can consider focusing on the boundary.</li><li>Improving the identifying material issues process, to ensure the consistency between CSR risk and opportunity, strategy, objective, action plans and material topics. News events that have been widely cared for in the past can also be considered and included in the topics of the report.</li><li>The management approach can be by improved involving with all material issues. It is suggested to establish long-term and short-term objectives/ targets for continuous performance improvement.</li><li>Reporting what are done instead what guidelines there are and stating at least 3 years data to demonstrate the performance change.</li><li>Improving the Climate-related Financial Disclosures (TCFD) content, it is suggested to report real cost and financial performance impact and to report the problems caused by the climate change and how-to response.</li><li>For the disclosure of GRI 102-11, It is suggested to focus on environmental impact of new business development and setting up a new manufacture site.</li></ul> |
| <b>AA1000 AS 2008 principles:</b><br><b>Inclusivity:</b> The Company is engaged in dialogue with selected stakeholders through different channels. The material CSR issues emerging from the dialogue were collected and reflected in the Report.  |
| <b>Materiality:</b> The Company has developed a process to identify material issues, and a risk matrix has been developed to evaluate the priority. The material issues are fairly covered in the Report. However, two of topics which not identified materiality occupies a large part of content of the report.  |
| <b>Responsiveness:</b> The Company has adequately responded to stakeholder concerns through its policies and management systems, and this is reflected in the Report.  |
| <b>Additional principles:</b><br><b>Completeness:</b> 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. However, some of GRI standards requirements are not fully stated.

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

**For and on behalf of DNV Taiwan**

Date: 25 June, 2021

Johnny Wu  
Lead Verifier  
Business Assurance  
DNV Taiwan

David Hsieh  
District Manager,  
Business Assurance  
DNV Taiwan

**Statement Number: 10000453854-Assessment Services-DNV-TWN**



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the  
Future



## Thanks

This report is prepared in accordance with the GRI Standards issued by Global Sustainability Standards Board, GSSB: Core option. In order to increase the transparency and reliability of the report, the content is verified by an independent third-party, DNV, based on the DNV VeriSustain™, AA1000 AS(2008) and complied with core option level of GRI Standards. The assurance statement is attached as an appendix of this report. For financial data, it is referred to the financial statement certified by qualified accountants.

If you have any query or comment about this CSR report, please feel free to contact us:

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### **PEGATRON Corporation**

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