

# PEGATRON

2021 PEGATRON SUSTAINABILITY REPORT



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Since 2009, Pegatron has regularly issued a sustainability report annually, covering the performance of the environment, society, and economy in the previous year. The 14th sustainability report, which disclose information including Pegatron's commitments, management policies, strategic objectives, and performance on various sustainability issues in 2021, is issued in 2022. The report is published in Traditional Chinese, Simplified Chinese and English, and is published on PEGATRON's website for stakeholders' reference. The previous annual report was issued in June 2021. The information in the last version has not been restated.

The reporting period of this report is from January 1, 2021, to December 31, 2021. 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, Cotek and Casetek in Suzhou), East China operation center (Protek in Shanghai and Pegaglobe in Kunshan), West China operation center (Digitek and Kaichuan in Chongqing) in China, Mexico manufacturing center in America, Czech manufacturing center in Europe and Indonesia factory. The above mentioned sites are important operating bases of our company.

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

*This report is written 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, SGS, based on the 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 report, please feel free to contact us:

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# Fearless of the epidemic challenges and create a sustainable future.

President and CEO SJ Liao

The world was highly affected by the COVID-19 epidemic in 2021. Even if economic activities are gradually recovering under the stimulus of fiscal relief bailouts and monetary quantitative easing policies in various countries, industries still face challenges such as supply chain disruptions, logistics congestion, and labor shortages. However, even under this tough situation, Pegatron's operating performance remains promising. Information and communication products continued to be benefited from the demand driven by the epidemic, and new models of consumer electronic products also contributed to our annual revenue. Moreover, the demand for businesses and the production capacities of subsidiaries increased. These triggers have brought positive contributions to our overall operation.

As a global corporate citizen, Pegatron fulfills its corporate social responsibility by actively engaging with the United Nations Sustainable Development Goals (SDGs) and responding to the sustainability issues concerned by stakeholders. Facing the urgent impacts of climate change, Pegatron practices green manufacturing by improving energy efficiency, strengthening waste control, and designing products that are eco-friendly. In 2020, Pegatron's carbon reduction target was achieved. Compared with 2009, Pegatron decreased the greenhouse gas per unit of revenue by 33.85% and decreased the electricity consumption per unit of revenue by 27.89%. Looking forward,

Pegatron has committed to the Science-Based Reduction Target Initiative (SBTi) to reduce greenhouse gas emissions in line with the 1.5°C scenarios to promote low carbon transition through more aggressive carbon reduction target and actions.

Our company focuses on enhancing human capital and ensuring occupational safety and health. In addition to recruit talents with competitive salaries, we also have formulated a rigorous management system to protect labor rights. Pegatron has joined the Responsible Business Alliance (RBA) to promote sustainable supply chain development and requires our suppliers to implement labor rights management in accordance with international initiatives and customer specifications. On the other hand, under the impact of COVID-19, we have realized the importance of social integration. Pegatron have organized more than 30 social care activities at our sites. A total of more than 17,000 employees responded to the needs of local communities with practical actions.

Pegatron has been selected as a component stock of the FTSE4Good Taiwan Sustainability Index nine consecutive times. Pegatron will continue to engage in ESG practices and work with all stakeholders to achieve sustainability.

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## **Pegatron** **Sustainable Development**

Focus on stakeholder communication and material topics respond.



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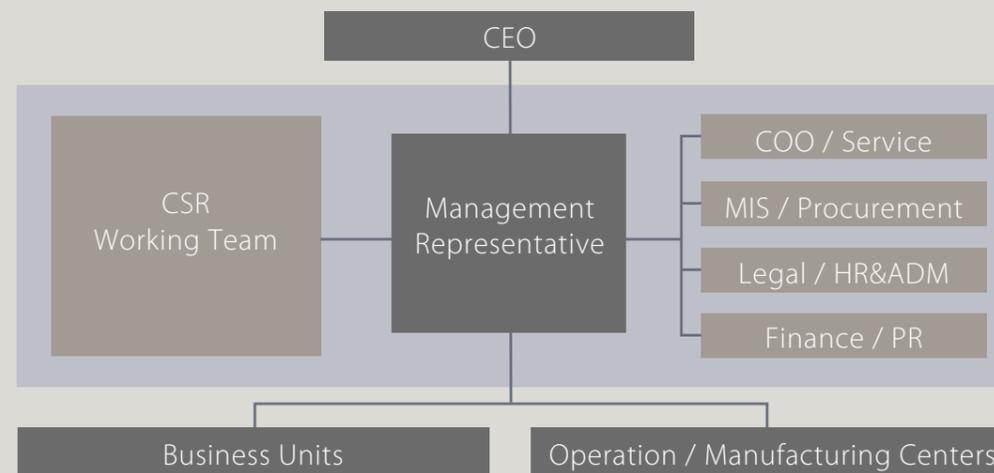
## Social Responsibility Commitment

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

### PureCSR Steering Committee

PEGATRON's sustainable development is planned, operated, and implemented by PureCSR (PEGATRON's Corporate Social Responsibility) Steering Committee, which is led by the CEO and authorized by its board of directors. The committee members come from relevant units, including the COO and representatives from the Corporate Quality Policy Center (CQPC), Human Resource & Administration Center (HR & ADM), Procurement Center, Customer Service Business Unit (CSBU), Computer Center (MIS), Finance & Accounting Center, Legal and IPR 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 the PureCSR Steering Committee meetings to reach consensus among related units. ESG implementation status is periodically reported to the CEO and submitted to the board of directors for decision making on economic, environmental, and social major topics annually.

### PureCSR Steering Committee Organization Chart:



In order to effectively manage issues related to sustainable development, Pegatron has established a corporate social responsibility, and safety and health management system (PureCSR management system). In 2015, the Corporate Social Responsibility Practice Principle was formulated after it had been approved by the board of directors. The latest version was approved by the board of directors in 2022 and changed to the Sustainable Development Practice Principle.

In addition to setting annual objectives and targets, the PureCSR Steering Committee regularly conducts internal and external audits and reviews the implementation results through management review meetings. In order to ensure compliance with international standards and customer needs, we introduce international standardized management systems, including ISO 14001, ISO 45001, ISO 9001, IECQ QC 080000, ISO 14064-1, and ISO 50001. The third party verification statements are disclosed on the official website.

## PureCSR policy

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

### PEGATRON corporate social responsibility implements

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

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**Stakeholder Communication**

**Build a bridge of communication and respond to the concerns of the nine stakeholders.**

To communicate and cooperate with different stakeholders, Pegatron sets up a stakeholder communication area on the official website and an external communication mailbox (Honest\_Box@pegatroncorp.com), and has dedicated personnel for management. In addition, the PureCSR Steering Committee identified nine main stakeholder groups relevant to operations, including employees, customers, investors, government entities, suppliers, competitors, media, non-profit organizations, and the local communities by referring to AA1000SES. Through various communication methods, Pegatron collects the needs of stakeholders and appropriately responds to their main concerns.

Pegatron discloses its sustainable development performance and actions to communicate with stakeholders by editing and publishing the sustainability report. We reviewed internal strategies to ensure conforming to the needs of different stakeholders.

**List of Stakeholders**



Material Topics and Communication Channels:

Stakeholder	Material Topic	Communication Channel and Frequency
Customer	<ul style="list-style-type: none"> <li>Economic Performance</li> <li>Environmental Compliance</li> <li>Risk Management</li> <li>Energy Management</li> <li>Corporate Governance</li> <li>Greenhouse Gas Emissions</li> </ul>	<ul style="list-style-type: none"> <li>QBR / Aperiodic</li> <li>Customer Audits / Aperiodic</li> <li>Regular or Irregular Meetings / Aperiodic</li> <li>RBA-Online / Aperiodic</li> <li>Customers' Websites or Platforms / Aperiodic</li> </ul>
Employee	<ul style="list-style-type: none"> <li>Ethics and Integrity</li> <li>Employment</li> <li>Corporate Governance</li> <li>Occupational Health and Safety</li> </ul>	<ul style="list-style-type: none"> <li>Regular Meetings / Monthly</li> <li>Internal Websites / Aperiodic</li> <li>Internal Publications or Announcements / Aperiodic</li> <li>Grievance Box / Aperiodic</li> <li>Coffee Talks / Annual</li> <li>Hotline / Aperiodic</li> <li>Labor-Management Meetings / Quarterly</li> </ul>

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

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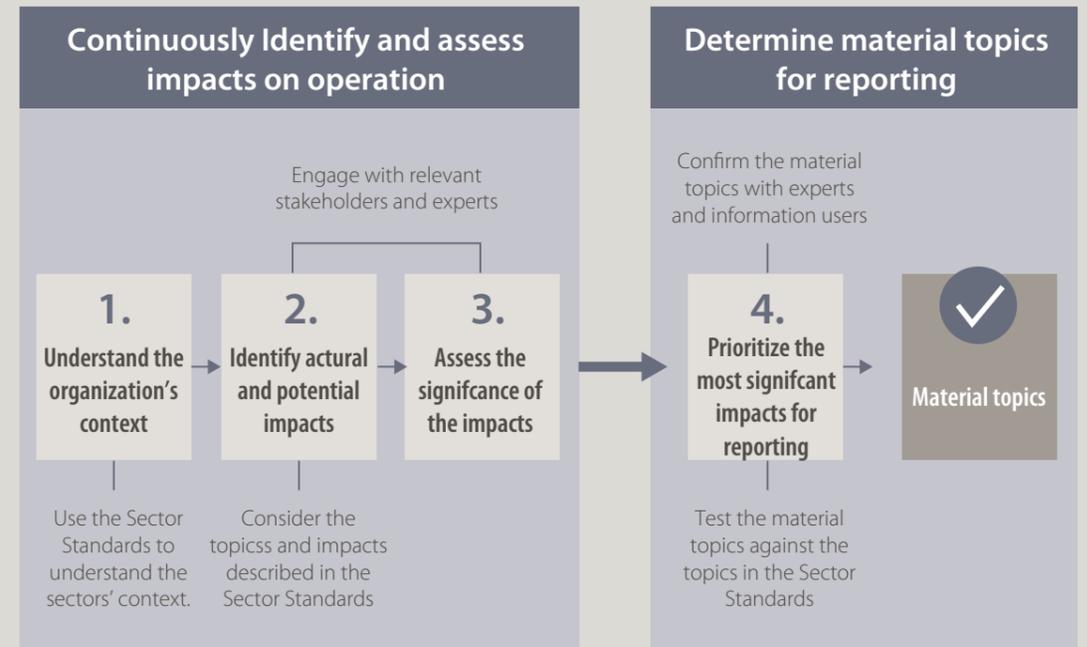
**8 major material topics are identified throughout the comprehensive consideration of the impacts on business operations and the concerns of stakeholders.**

To communicate efficiently with stakeholders, we collected suggestions from the units which contacted with stakeholders in their daily operations, investigated internally and analyzed the concerns of different stakeholders through direct and indirect 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 Sustainability 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 as below:

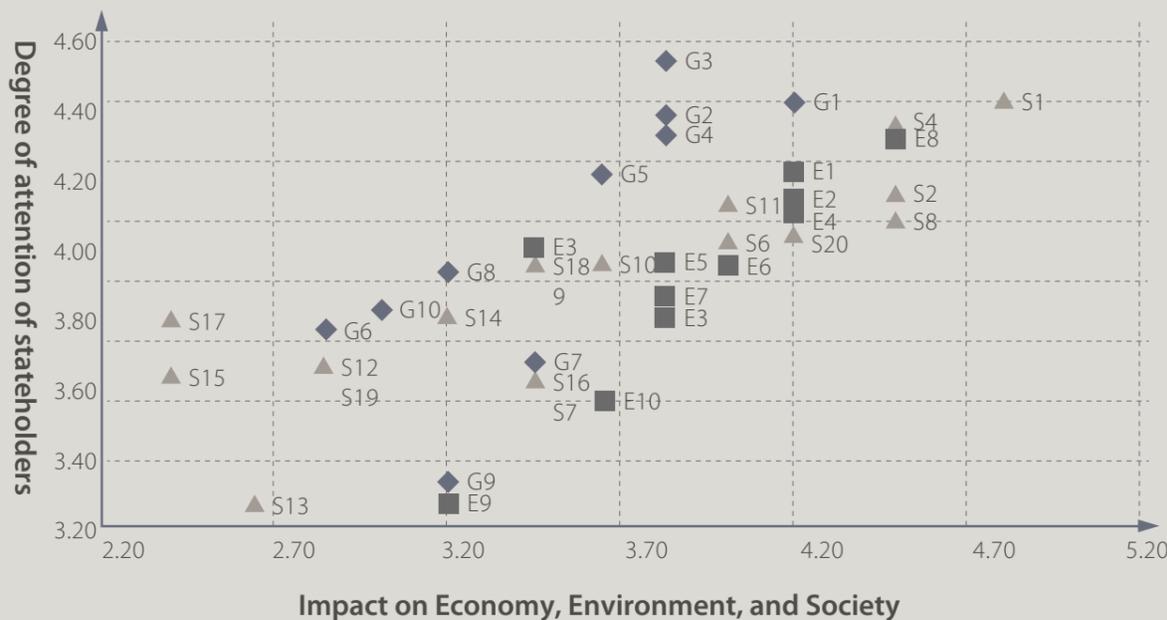
The identification of material topics is divided into two aspects, including the degree of concerns from stakeholders and the degree of impacts on the economy, environment, and society. After counting the results of 112 questionnaires from nine stakeholders, topics with a scores higher than 75% were selected as material topics. The matrix below presents the identification results and definition of the topic boundaries.

In addition to disclosing on the annual sustainability report, Pegatron takes the material topics as the focus of improvements in daily operations. We use PDCA (Plan-Do-Check-Action) principle to formulate management policies and regularly

evaluate the effectiveness of implementation. To facilitate the top management to participate in the strategy formulation and effectiveness tracking of ESG issues, the material topics, related risks and opportunities are presented to the board of directors annually.



**2021 Pegatron Material Topics**



- ◆ Economic**
  - G1 Economic Performance
  - G2 Corporate Governance
  - G3 Ethics and Integrity
  - G4 Risk Management
  - G5 Market Presence
  - G6 Indirect Economic Impacts
  - G7 Procurement Practices
  - G8 Anti-Corruption
  - G9 Anti-Competitive Behavior
  - G10 Tax
- Environmental**
  - E1 Energy Management
  - E2 Greenhouse Gas Emissions
  - E3 Water Management
  - E4 Waste Management
  - E5 Materials Management
  - E6 Green Product
  - E7 Supplier Environmental Assessment
  - E8 Environmental Compliance
  - E9 Biodiversity
  - E10 Climate Change
- ▲ Social**
  - S1 Employment
  - S2 Recruitment and Retention
  - S3 Training and Education
  - S4 Occupational Health and Safety
  - S5 Freedom of Association and Collective Bargaining
  - S6 Child Labor
  - S7 Responsible Minerals
  - S8 Socioeconomic Compliance
  - S9 Diversity and Equal Opportunity
  - S10 Non-Discrimination
  - S11 Forced or Compulsory Labor
  - S12 Security Practices
  - S13 Rights of Indigenous Peoples
  - S14 Human Rights Assessment
  - S15 Local Communities
  - S16 Supplier Social Assessment
  - S17 Public Policy
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  - S19 Marketing and Labeling
  - S20 Customer Privacy

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The boundaries of material topics and SDGs

⊙ means direct impact △ means impact through business relationship

Category	Material Topics	Chapter	Boundaries							SDGs
			Pegatron	Customer	Supplier	Investor	Government	Community	Competitor/ Media/NGO	
Economic	Economic Performance	2.2.2 Financial Performance	⊙	△	△	⊙				8 DECENT WORK AND ECONOMIC GROWTH
	Energy Management	4.1.1 Energy Management	⊙						△	
Environmental	Greenhouse Gas Emissions	4.1.2 Greenhouse Gas Emissions	⊙	⊙	△					6 CLEAN WATER AND SANITATION, 7 AFFORDABLE AND CLEAN ENERGY, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION
	Waste Management	4.2.2 Waste Management	⊙	⊙	⊙		⊙	⊙	△	
	Environmental compliance	4.2 Environmental Protection	⊙	△	⊙		⊙	⊙		
Social	Employment	5.1 Labor Relationship	⊙				⊙			4 QUALITY EDUCATION, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	Recruitment and Retention	5.2 Human Capital	⊙	△					△	
	Occupational health and safety	5.3 Occupational health and safety	⊙		⊙		⊙			

Remark1: The disclosure boundaries of material topics are Pegatron Group. Only the financial performance includes other subsidiaries.

Remark2: To focus more on the main issues, the number of material topics in year 2021 is reduced compared with the previous year. Reduced topics include Market Presence, Corporate Governance, Ethics and Integrity, Risk Management, Raw Materials, Supplier Environmental Assessment, Green Products, Labor Management, and Recruitment and Retention are added.

Sustainability Development Goals (SDGs)

Growth, Equality, and Mutualism

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

Boost the Growth of Economy (Growth)

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

Maintain the Equality of Society (Equality)

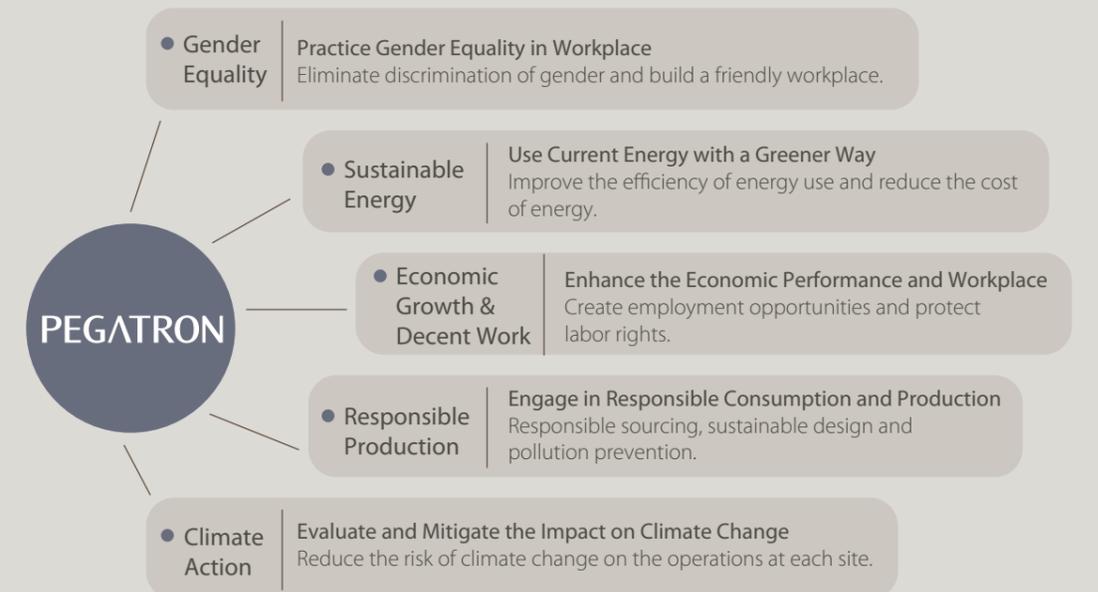
PEGATRON supports gender equality in the workplace by taking practical actions. Every gender can have equal opportunity for employment, promotion, and development. For international labor rights, involuntary or forced labor is forbidden. We cooperate with our partners via constant communication to learn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

Benefit the Environment towards Mutualism (Mutualism)

PEGATRON engages in economic development, meanwhile takes environmental

protection into account. We respond to issues like climate change and scarcity of energy resources by improving energy 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 our operation.

Pegatron's Sustainable Development Goals



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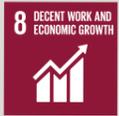
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**SDGs targets, actions, and performances of PEGATRON**

UN SDGs	PEGATRON Actions and Indicators					
	Target	Action	Indicator	Performance		
 Gender Equality	<b>E.</b> Equality of society (Equality)	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 (Mutualism)	Improve the efficiency of energy use and reduce the cost of energy	Implement energy management and reduction projects	Number of ISO 50001 certificates in facilities	3	
				Electricity usage per million NTD in revenue	2.11 GJ/ million NTD	
 Decent Work and Economic Growth	<b>G.</b> Growth of economy (Growth)	Create employment opportunities	Elevate the economic performance	Revenue	Reached NTD 1263.7 billion	
				Create opportunities for decent jobs	Number of Employees	161,836 persons
		Cultivate and retain the talents	Provide multiple training resources	Multiple training channels	refer to Employee Training chapter	
	<b>E.</b> Equality of society (Equality)	Protect labor rights	Perform no child labor policy	Completion rate of Zero Child Labor Policy	100%	
		Prevent involuntary labors	Perform voluntary employment policy	Closure rate of involuntary employment relevant grievance cases	100%	
 Responsible Consumption and Production	<b>M.</b> Benefiting the environment towards mutualism (Mutualism)	Sustainable design	Implement hazardous substances management	Completion rate of HSF training	100%	
		Contamination prevention	Promotion of waste recycling treatment	Ratio of waste recycling	90%	
		Responsible sourcing	Responsible minerals survey	Completion rate of responsible minerals survey	97%	
	<b>E.</b> Equality of society (Equality)	Sustainable supply chain	Conduct supply chain management	Completion rate of the supplier CSR audit	93%	
				Completion rate of responding PEGATRON Supplier Responsible Business Alliance Code of Conduct Agreement	96%	
 Climate Action	<b>M.</b> Benefiting the environment towards mutualism (Mutualism)	Reduce the risk of climate change on the operations at each site	Conduct greenhouse gas emissions reduction projects	GHG emissions per million NTD in revenue	0.41 tCO2e / million NTD	

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## Corporate Governance

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



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Economic performance

**Importance**

Economic performance is Pegatron's main operation index. In addition to ensuring stable returns for the interests of investors and shareholders, good revenue performance enables Pegatron to invest in R&D and employee training, enabling Pegatron to move steadily towards sustainable development.

**Management Purpose**

Improve R&amp;D capacity



ensure the integrity of production bases, and master vertical integration capabilities.

**Key Achievement**

1.

Consolidated revenue in 2021 is NT\$1.26 trillion and after-tax earnings per share are NT\$7.71

2.

In 2021, Pegatron has a total of 7,835 R&D personnel and invested NT\$15.7 billion in R&D expenses

**Management Approach**

Track performance in CEO monthly meetings and financial meetings

**Evaluation Mechanism**

Economic performance figures in annual financial statement

**About Pegatron**

**Leading future technological trends and seeking extraordinary excellence.**

**Company Profile**

Founded in 2008, PEGATRON is a worldwide leader providing DMS (Design, Manufacturing and Service) services. PEGATRON offers assembly service to customers on a wide 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. Please refer to the company's annual report for the number of products and services provided.

Since the above mentioned related devices require combination of core technologies such as computer computing, communication transmission, audio and video processing, and speech recognition, Pegatron can provide integrated services for the needs of brand companies with solid research and development capabilities. In the stage of accelerated growth of the Internet of Things, 5G, and AI technologies, Pegatron's core capabilities not only can be applied to the smart home field, but also be extended to various applications such as the Internet of Vehicles. In terms of operations, the global economic situation has been impacted by the Sino-US trade dispute and the COVID-19 epidemic, which has also affected regional manufacturing activities. In addition to continuously improving automation production capacity, Pegatron has increased the overall capacity utilization rate through appropriate resource allocation and cost control management. At the same time, Pegatron has also actively adjusted its global manufacturing layout to provide a variety of manufacturing base options based on the end market and customer needs, reducing economic costs and the impacts of fluctuations in the supply chain.

PEGATRON owns operation and manufacturing locations globally, including Taiwan, China, United States, Mexico, Czech, Indonesia, Vietnam, and India in 2021. With the global operation network, the Company hopes to provide timely support to customers and offers all value-added services as a one-stop shop for total solutions.

**Pegatron File**

Company name	Pegatron Corporation
Establishment	Founded on 1st, January 2008
Address of Headquarter	No. 76, Ligong St., Beitou District, Taipei City, Taiwan
Stock code	4938 (listed on Taiwan Stock Exchange from 2010)
Chairman of the Board	Tzu-Hsien Tung
Employee size (dispatched labor included)	About 161,836 employees worldwide in 2021
Capital	NT\$26.6 billion
Revenue	Reached NTD 1,263 billion in 2021
Main businesses	Computing, communication, and consumer electronics products
Major customers	Renowned global information technology and communication brands

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**Our Vision**

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

**Business Concept**

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

**Globalization Arrangement**

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

Our manufacturing facilities and service centers 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.



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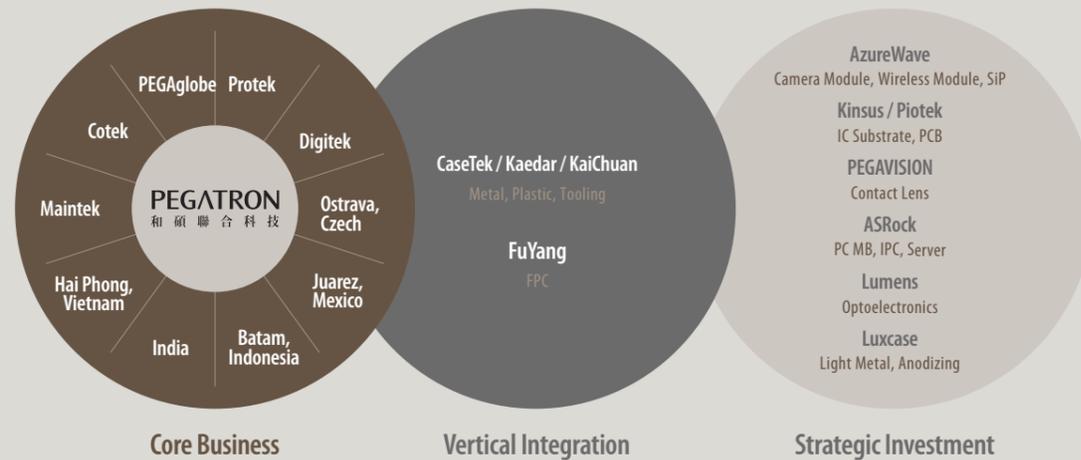
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<b>DMS core business</b>	Central China operation center (Maintek and Cotek in Suzhou), East China operation center (Protek in Shanghai and Pegaglobe in Kunshan), West China operation center (Digitek in Chongqing), Pegatron Mexico operation center, Pegatron Czech manufacturing center, and PT. Pegatron Technology Indonesia as well as newly established locations, Vietnam operation center and India operation center.
<b>Vertical Integration</b>	Vertical Integration: Casetek (Suzhou), Kaedar Electronics (Kunshan), Kaichuan, and FuYang Technology, etc.
<b>Strategic Investment</b>	Kinsus/ Piotek, ASRock, Azurewave, Lumens, Pagavision, and Luxcase.



Investment

1. Deployment of DMS Core Business

Maintek Computer (Suzhou) Co., Ltd and Cotek Computer (Suzhou) Co., Ltd manufacture Notebook PC (NB), Desktop PC (DT), Motherboard (MB), Consumer Electronics(CE), and Networking Products, while Protek (Shanghai) Limited mainly manufacture handheld device. Pegaglobe Electronics (Kunshan) manufactures handheld device. Besides, Digitek Computer (Chongqing) Co., Ltd mainly manufacture Notebook PC. Besides, in response to the mid-term and long-term strategies, we have established factories in Indonesia, India, and Vietnam to manufacture communication and consumer electronic 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

	Company name	Remarks
Mechanical component	Casetek computer (Suzhou) co., Ltd. Kaichuan Electronics (Chongqing) Co., Ltd.	In addition to metal stamping for desktop PCs, Casetek and Kaichuan have gradually developed technology in plastic injection and becomes the main manufacturing center of mechanical components in the group.
	Kaedar electronics (Kunshan) co., Ltd. Kai He Computer Accessory (Suzhou) co., Ltd. Coretek (Shanghai) limited Dongbu zsc	Established via joint venture
	FuYang Technology Corporation	A newly established company, which focuses on FPC modules.

3. Deployment Strategic Investment

	Company name	Remarks
	ASRock incorporation	Manufacturing and sales of a leading brand in low to mid-end motherboards and industry computers.
	Kinsus interconnect technology corporation/ Piotek holding limited	Manufacturing and sales of BGA substrates and PCBs.
	Azurewave technologies inc.	Major products including Wi-Fi modules, camera modules, TV cards, and LED products.
	Lumens digital optics Inc.	Major products including special purpose projectors and light engines for large-screen monitors.
	Pegavision Corporation	Production and retail of own brand contact lenses and an OEM supplier for local and overseas brands.
	Luxcase Precision Technology (YanCheng) Co., Ltd.	Design, R&D, production and sales of precision molds, metal and non-metal product molds, 3C electronic product parts, and surface treatment of the above products.

External Organization



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.

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## Award and Recognition

### Sustainable Development



- A constituent of the FTSE4Good TIP Taiwan ESG Index in 2021
- 2021 Certified Nursing Room by the Health Bureau of Taipei City
- Top 6~20% of the best companies among the Corporate Governance Evaluation held by Taiwan Stock Exchange in year 2021
- Suzhou Labor Relations Harmonious Enterprise (Central China Operation Center)
- Four-star certification of kindhearted Mommy Center (Protek)

### Technology Innovation

- **MAGNETO:** 2021 Golden Pin Design Award, 2022 Taiwan Excellence Award

### Technology Innovation

- **MAGNETO:** 2021 Golden Pin Design Award, 2022 Taiwan Excellence Award
- **AiR:** 2021 iF Design Award, 2022 Taiwan Excellence Award
- **VX6:** 2021 COMPUTEX d&i Award, 2022 iF Design Award

## 和碩集團

### 榮獲2021 台灣精品獎 & 金點設計獎

PEGATRON honored at 2021 Taiwan Excellence & Golden Pin Design Award

MAGNETO is a laptop equipped with two 13.3-inch touch displays as well as a magnetic sliding keyboard. It can be easily switched between four operating modes based on the usage scenario: Laptop mode, Assistant mode, Dual Screen mode, or AIO mode. The magnetic sliding keyboard design allows it to be moved up and down freely on the second screen, enabling multi-window communication while watching different contents simultaneously; it also provides the most intuitive feedback with a physical keyboard.



**MAGNETO**  
Glide to the widest vision™

DESIGN AWARD 台灣精品 2021 TAIWAN EXCELLENCE

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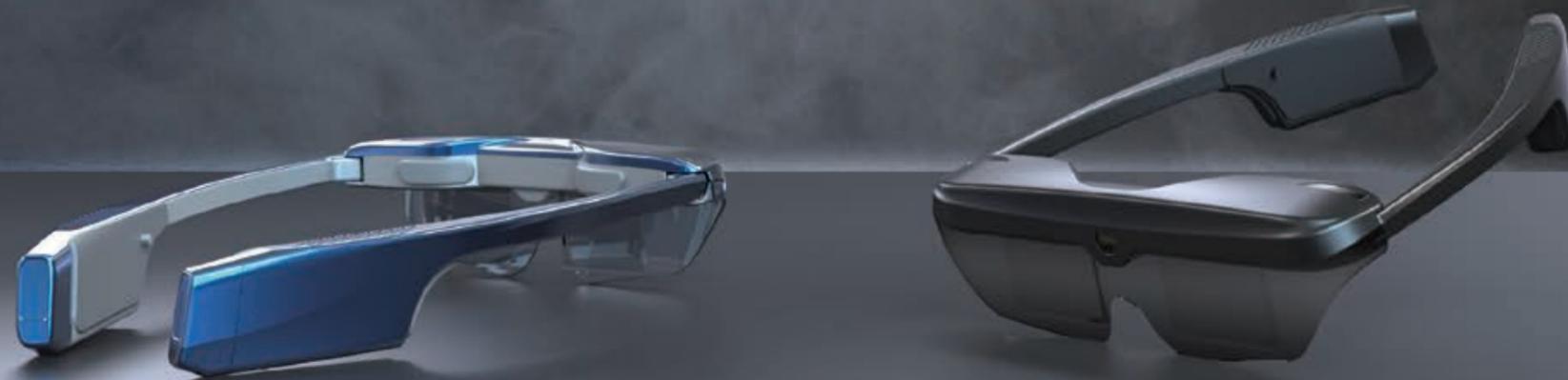
**Technology Innovation**

- **AiR:** 2021 iF Design Award, 2022 Taiwan Excellence Award

# 和碩集團 榮獲2021德國iF設計及台灣精品獎

## Pegatron honored at 2021 iF Design Awards and Taiwan Excellence

PEGATRON's AiR is an Augmented Reality Glasses dedicated for professionals in the fields of industry, medicine, and commerce. We implemented AI technology into our glasses, so the professionals can easily identify the problem and improve efficiency in their daily tasks.



The complete AiR system creates the lightest, easiest, and fashionable AR experience.



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**Technology Innovation**

- **VX6:** 2021 COMPUTEX d&i Award, 2022 iF Design Award

## 和碩集團

### 榮獲 2021 COMPUTEX d&i 設計獎

#### Pegatron honored at 2021 COMPUTEX d&i Awards

Pegatron and 3M have teamed up to develop a new virtual-reality headset reference design. A new curved lens uses 3M's proprietary reflective polarizer for high resolution, high light transmission and a wide 95° field of view in a thinner, lighter-weight design. The VX6 reference design is powered by Qualcomm's Snapdragon XR2 Platform and features Wi-Fi 6 for truly wireless VR. Four cameras enable mixed-reality applications and head tracking. The curved lens and seamless, high-resolution graphics create a fully immersive experience.









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## Corporate Governance

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

#### Board of Directors

PEGATRON's Board includes professionals from industries, financial, and other professional fields. The discussion process of the board of directors adopts joint discussion, and there is no specific division of labor. 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 selection of directors of the company adopts the candidate nomination system by the company's articles of association. The nomination and selection focus on diverse professions, genders, professional backgrounds, and experiences. The members of fifth board of directors are composed of elites in technology, finance, industry, and academia. The experiences of directors covers computer communication, electrical engineering, business management, law, communication, and industrial economy to perform their duties. The term of the fifth board of directors is from June 21, 2019, to June 20, 2022. Pegatron holds 7 board meetings in 2021, and the average attendance rate of the board of directors is 97.4%. More information about Board of Directors please refer to the official website: [https://cht.pegatroncorp.com/investorRelation/view/id/4/lang/en\\_US](https://cht.pegatroncorp.com/investorRelation/view/id/4/lang/en_US).

Detailed information on directors' genders, conflict of interests, shareholding ratios, and salary scales have been disclosed on the company's website or annual report. The board of directors executes its functions and powers following relevant laws and regulations, formulates management rules, supervises the performance of the management team, and decides on major issues. With the principle of maximizing shareholders' rights and interests, the board fulfills its duty of loyalty as a good manager. Board members continue to enrich their professional knowledge and capabilities in economic, environmental, and social topics through annual refresher courses to fulfill their obligations to supervise the implementation of sustainable development. In 2021, directors have participated in ESG field related refresher courses, including Sustainable Development of Enterprises - Environmental Protection, and legal compliance management.

In 2019, the company formulated the performance evaluation method of the board of directors. Performance evaluation is conducted annually through self-evaluation of directors themselves, the board of directors, and committees. The annual evaluation results are reported to the board of directors in the first quarter of the following year.

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

Title/Name	Experience (Education)	Selected Current Positions
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> <li>• Chairman of Kinsus Interconnect Technology Corp.</li> <li>• Chairman of Pegavision Corp.</li> </ul>	<ul style="list-style-type: none"> <li>• Chairman and CSO of Pegatron Corp.</li> <li>• Chairman of Kinsus Investment Co., Ltd</li> <li>• Chairman of Lumens Digital Optics Inc.</li> <li>• Chairman of Asus Investment Co., Ltd.</li> <li>• Chairman of Asustek 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>• Chairman of FacialBeau International Corporation</li> <li>• Chairman of FISFISA Media Inc.</li> <li>• Independent Director of PCHome online Inc.</li> <li>• Director of Pegavision Corp.</li> <li>• Director of Asrock Incorporation</li> <li>• Director of Kinsus Interconnect Technology Corp.</li> <li>• Director of FuYang Technology Corp.</li> <li>• Director of Casetek Holdings Limited (Cayman)</li> <li>• Director of Pegatron Holding Ltd.</li> <li>• Director of Unihan Holding Ltd.</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 Digitek Global Holdings Ltd.</li> <li>• Director of Kinsus Corp.(USA) Ltd.</li> <li>• Director of Pegatron Holland Holding B.V.</li> <li>• Director of Powtek Holdings Limited</li> <li>• Director of Cotek Holdings Limited</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>• 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> <li>• President of Chinese Culture &amp; Educational Innovation Association</li> <li>• 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> <li>• Director of Lovely Taiwan Foundation</li> </ul>
Vice 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 CSO 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>• Chairman of Azure Lighting Technologies, Inc.</li> <li>• Chairman of Pegatron Technology India Private Limited</li> <li>• Director of Asus 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 Azware Holding (SAMOA) INC.</li> <li>• Independent Director of GCS Holdings, Inc.</li> <li>• Director of Alcor Micro Corp.</li> <li>• Director of Epoch Foundation</li> </ul>

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Title/Name	Experience (Education)	Selected Current Positions
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>Chairman of Pegatron Vietnam Company Limited</li> <li>Chairman of Pegatron Technology HAI PHONG Company limited</li> <li>Chairman of Kinsus Interconnect Technology Corp.</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>Director of Pirotek Holdings Ltd (Cayman)</li> <li>Director of Pirotek Holdings Ltd</li> <li>Director of PIOTEK (HK) TRADING LIMITED</li> <li>Director of Kinsus Holding (Samoa) Limited</li> <li>Director of Kinsus Holding (Cayman) Limited</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 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>Director of Lee and Li Foundation</li> <li>Director of Asia Cement Corporation</li> <li>Adjunct Professor of Law at Soochow University</li> </ul>
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 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> </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 NTU Economic Research Academic Foundation</li> </ul>

Title/Name	Experience (Education)	Selected Current Positions
Director HONG-YE Investment Co., Ltd. Rep. : E.L. Tung	<ul style="list-style-type: none"> <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</li> <li>Minister without Portfolio of Executive Yuan</li> <li>Visiting Professor, University of Zagreb, Croatia</li> </ul>	
Independent Director C.B. Chang	<ul style="list-style-type: none"> <li>Master degree in Mass Communication, New York Institute of Technology (NYIT)</li> <li>Waseda University Center for Japanese Language Program</li> </ul>	<ul style="list-style-type: none"> <li>Independent Director of Standard Foods Corporation</li> <li>Director of Polytronic Technology Corp.</li> </ul>
Independent Director C.P. Hwang	<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>President &amp; GM of Havix Electronics Co., Ltd.</li> </ul>
Independent Director C.S. Yen	<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>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> <li>Director of Lung Yingtai Cultural Foundation</li> <li>Director of Long Yen Foundation</li> <li>Director of T.T. Chao Cultural &amp; Educational Foundation</li> <li>Director of Wistron Foundation</li> <li>Director of Kang Wen Culture &amp; Education Foundation</li> <li>Director of USI Education Foundation</li> <li>Director of WT Education Foundation</li> <li>Director of Kehua Culture &amp; Education Foundation</li> <li>Director of Children's Hearing Foundation</li> <li>Director of Paul Chiang Arts &amp; Cultural Foundation</li> <li>Director of GUO MIN-XING Tourism Development Foundation</li> </ul>

## 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

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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 2021. The average attendance rate was 100%

**Remuneration Committee**

The Pegatron Remuneration Committee was established in 2011. The three members are composed of independent directors. According to the relevant laws and regulations, the Board of Directors has developed the "Organization Regulations of the Remuneration Committee" for the remuneration committee to follow. There is no remuneration consultant or external stakeholder involved in the remuneration negotiation process. The remuneration committee's powers include planning and regularly reviewing the policies, systems, standards, and structures for the performance evaluation and remuneration of directors, supervisors, and managers, as well as regularly evaluating and determining the remuneration of directors, supervisors and managers. The meeting of the remuneration committee is held at least twice a year. 5 meetings of the remuneration committee were held in 2021. The average attendance rate was 100%.

**Shareholders Meeting**

We have adopted electronic votes as one way that shareholders may exercise their voting rights in shareholders' meetings since 2012. By doing so, we ensure that shareholders can exercise their voting rights to participate in the company's major decisions and elections of directors and independent directors under the law. Total shares held by shareholders via electronic voting represented 91.6% of shares presented at PEGATRON at the 2021 annual shareholders' meeting. Agenda items are fully discussed by participating shareholders before proceeding with the vote. The numbers of votes in favor and against for each agenda item are listed in detail in the meeting minutes and disclosed on the Market Observation Post System.

**List of Major Shareholder**

As of 06/07/2021

Name of Shareholder	Shareholding Percentage
Asustek Computer Inc. (Representative: Jonney Shih)	16.80%
T.H. Tung	3.54%
Jonney Shih	2.51%
Ted Hsu	2.11%
Silchester International Investors International Value Equity Trust	2.04%
Fubon Life Insurance Co., Ltd	2.02%
CTBC Bank in Custody for Pegatron Corporation	1.93%
Morgan Stanley & Co. International Plc	1.67%
Cathay United Bank in Custody for Expert Union Limited Investment account	1.44%
Government of Singapore	1.43%

**Economic Performance**

The consolidated revenue of PEGATRON reached NT\$1,263.7 billion in 2021, decreased by 9.69% from that of 2020. Although the terminal demand for communication products was not as expected, the information products continued to be benefited from the epidemic-driven demand for shipments. Moreover, new models of consumer electronic products contributed to the annual revenue for the whole year. All of these made positive contributions to our overall operation. Please refer to the Annual Report for detailed operating performance and the list of entities included in the consolidated financial statements. Please refer to the official website for the amount of capital by debt and equity.

**The brief consolidated income statement of PEGATRON**

Unit: TWD in million

	2019	2020	2021
Operating revenue	1,366,287	1,399,333	1,263,720
Cost of sales	1,321,182	1,349,729	1,217,147
Gross profit	45,105	49,604	46,573
Operating expenses	28,199	30,542	29,719
Operating Income	16,906	19,062	16,854
Non-operating income & expenses	8,562	10,381	11,271
Profit before tax	25,468	29,443	28,125
Tax expense	7,184	7,024	3,098
Profit	18,284	22,419	25,027
Other comprehensive income	(4,023)	(4,814)	(3,267)
Comprehensive income	14,261	17,605	21,760
Profit, attributable to owners of parent	19,318	20,208	20,546
Comprehensive income, attributable to owners of parent	15,890	15,463	17,354
Employee Salary and Bonuses	9,230	10,895	10,759
Cash dividend (dividend per share/TWD dollar)	4.5	5.5	5.0

Remark: Employee salary and bonuses only include Pegatron's employees, it without subsidiaries' employees. Cash dividends are based on the earnings year.

**Integrity Management**

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

**Code of Conduct**

The concept of business ethics and corporate responsibility is much more important than before, which could earn reliability and respect from all kinds of consumers, partners, and the public. The Code of Business Ethics of PEGATRON can reflect our core values, and it is the basic discipline for us. To improve integrity management, relevant departments are assigned to establish the Corporate Ethical Management Policy and the prevention system against corruption. The implementation results and compliance of the policy are reported to the Board

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of Directors by designated personnel. The corporate Ethical Management Policy is stated in the internal and external documents. The Board of Directors and management team are fully committed to implementing such policy rigorously and thoroughly in internal management and external business dealings.

From the management level to employees, we commit to abide by business ethics and confidentiality. We not only perform it internally but also promote it to our supply chain. Before any business engagement, the Company checks the partner's legality and its records of ethical conduct. All long term suppliers are required to sign the Statement of Integrity, which stipulated the contractual liability for violation of ethical conduct, to build a good business environment together. The ratio of the suppliers that undersigned the commitment till the end of 2021 is about 75%.

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

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

**Internal Control**

PEGATRON regularly conducts risk assessments related to Finance and operations for main operation sites, and the major risks identified are sales and procurement. We perform the control activities according to the results of risk assessments. For the higher risks of operational activities, we establish an effective accounting system and internal control system to review them at any time. Audit Office also develops the annual audit plans based on the results of risk assessments and escalates them to the Board of Directors with audit reports. We establish operational procedures for handling reported cases and protecting the whistleblowers. The content of the reported cases are recorded in confidentiality to avoid unfair treatment or retaliation. In 2021, there has no case involving the disclosure of company trade secrets and other violations of work rules and codes of ethical conduct.

**Regulatory compliance**

Since its inception, PEGATRON Group complies with relevant laws and regulations, and continually follows any policy and law that could significantly impact its finance and business. Our legal team notifies relevant departments of the latest developments of regulations and assists our company to comply with such laws and regulations. It not only reduces the direct financial risks, but also avoids the indirect business reputation risks. After receiving the 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. In 2021, Pegatron has no material noncompliance with economic, environmental or labor rights laws or regulations,

and its business practices are in compliance with antitrust and anti-corruption regulations.

**Information Security**

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

**Information Security Policy**

As an excellent partner in green design, manufacturing, and service for our customers, protect customers' privacy and intellectual property are regarded as prior duties in PEGATRON. To show our determination of information protection for the products, assets, and data of customers, the CEO has approved the "Confidentiality Policy" in 2010. Under the regulations of the policy and relevant processes, all information about the products and data of customers are confidential. All employees are responsible for not disclosing, not collecting, and not using the information for non-business scope. By protecting customers' assets and providing a complete information security environment, we earn their trust.

**Information Security System**

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

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

**Information Security Training**

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

To ensure the effectiveness of information security management system, HQ and Maintek have gotten ISO 27001 Certifications and the information security management system is further implemented in the PEGATRON Group. The Company not only has external audits, but also regularly conducts internal audits annually to meet customers' requirements. Through continuous improvement and reduction of threats posed by information security incidents and impacts, PEGATRON did not have any incident related to infringement of customer privacy rights in 2021.

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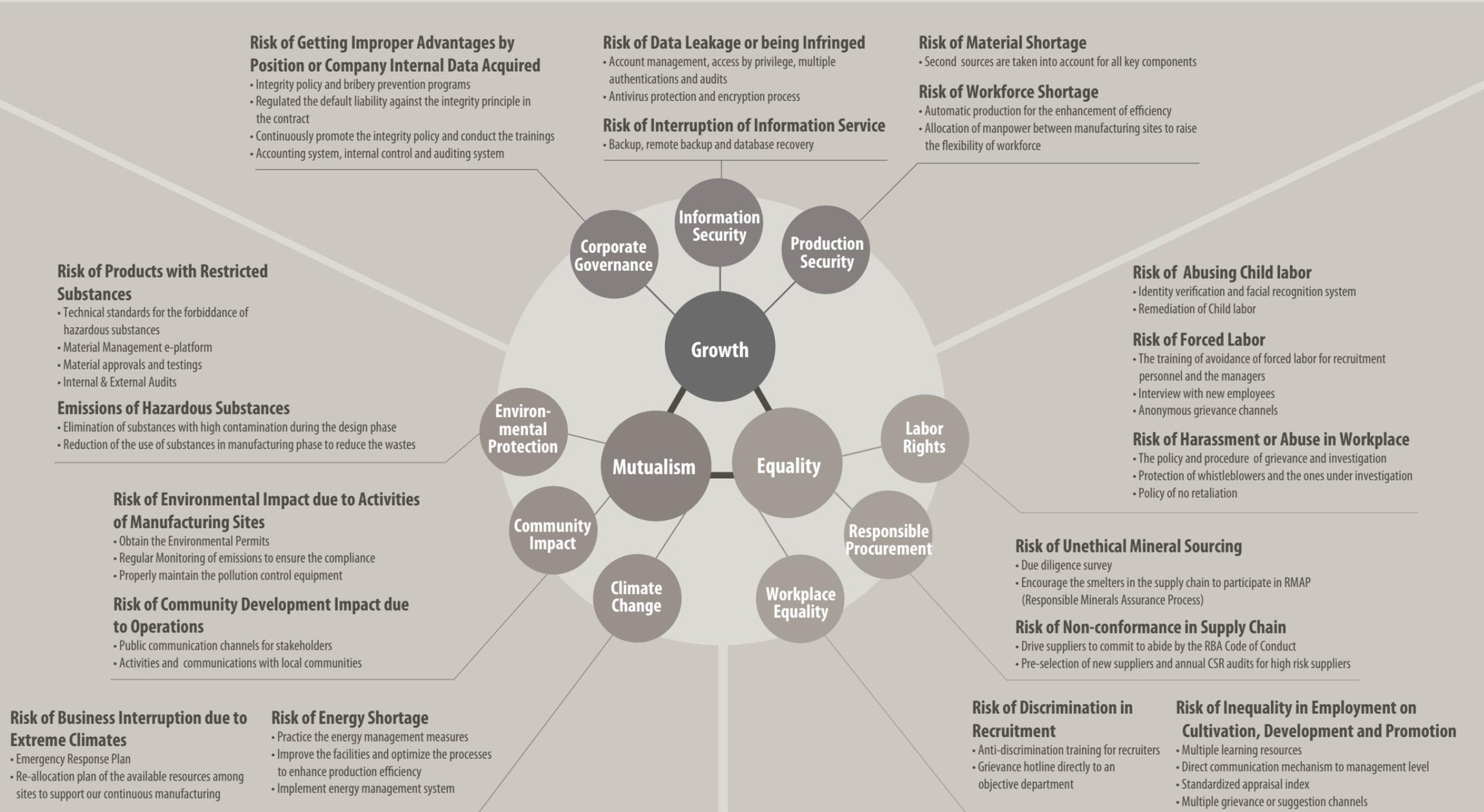
Risk Management

Identify the risks, then transform the risks into opportunities.

To reduce the potential economic, environmental, and social impacts, Pegatron Group conducts risk assessments, including but not limited to introducing new products or adopting new business plans. Pegatron identifies and controls risks in various aspects. The risk management policy was approved by the board of directors on 25 March 2021. The scope of risk management is determined under the principle of materiality. In addition to referring to the risk assessment results of environmental, social and corporate governance

issues related to the company's operations, relevant laws and regulations are also considered. The risk management organizational structure consists of the board of directors as the top management unit and CEO as the chairman. There are PureCSR committee and a sustainable development working team under it. The PureCSR Committee holds regular meetings every year and invites members and working teams of each unit to assess and discuss potential risks and emerging risks on environment, social, and corporate governance issues. Risk identification is made by considering the frequency of occurrence, the degree of impact, and the degree of control. The results are reported to the Board of Directors at least once a year.

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

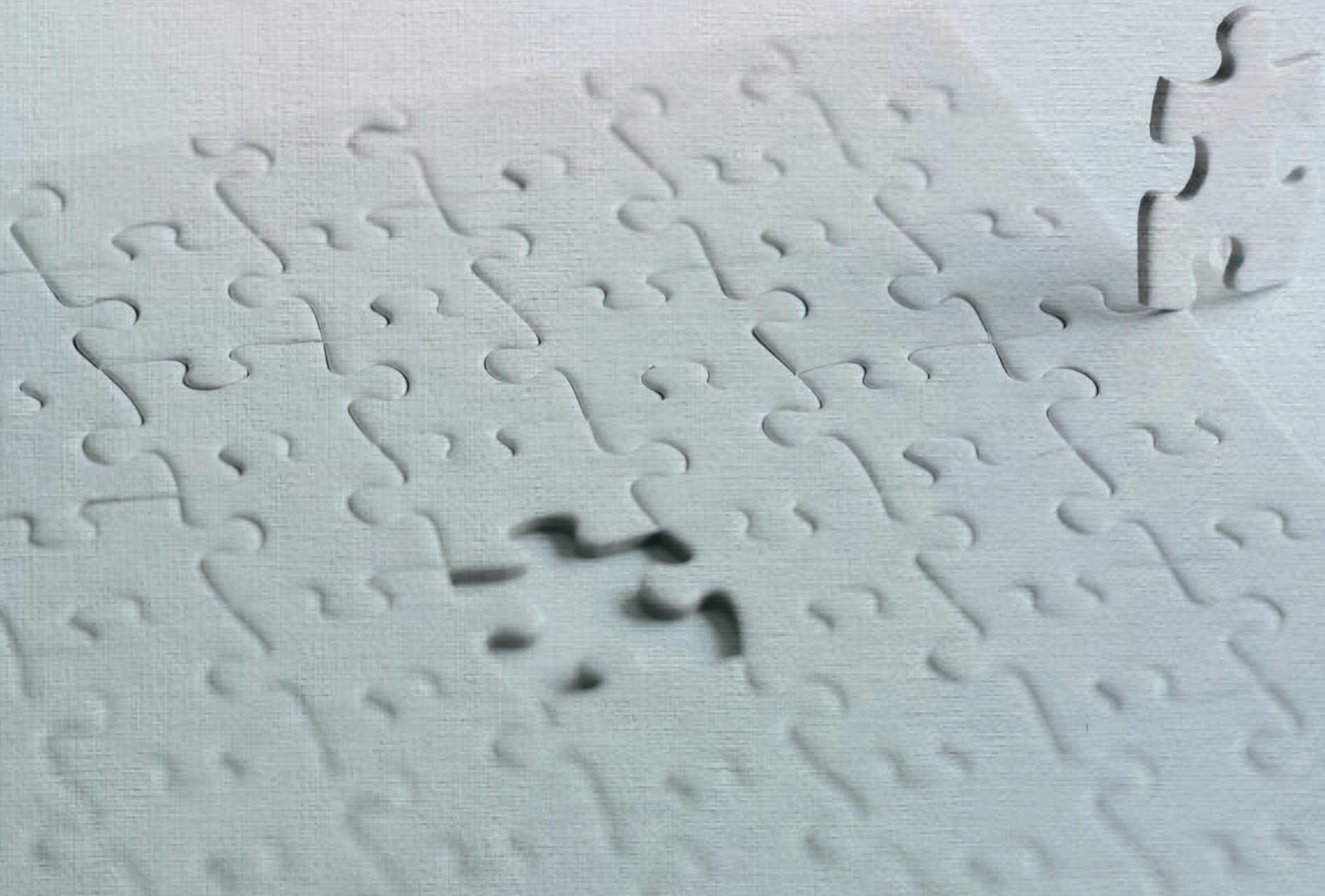
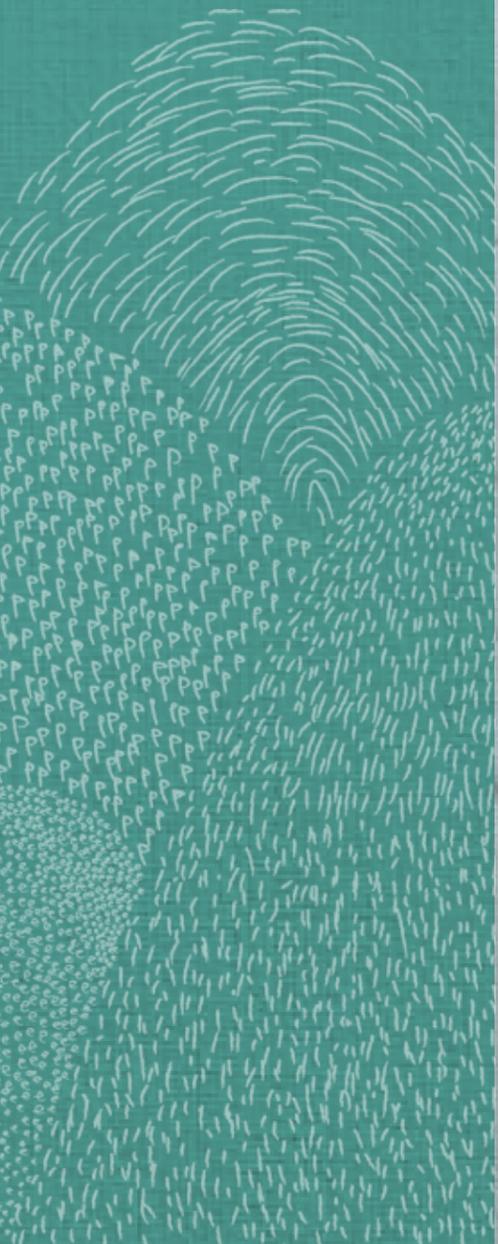


Navigate  
the  
Future



## Responsible Partnership

Manage suppliers with due diligence and empower green value chains.



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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.

### Innovative research and development

To improve product value and accumulate the core technology, PEGATRON endeavors to train innovative talents and develops diversified product applications. We got total number up to 325 global patents certified in 2021 to create maximum value for customers. Our R&D teams constantly engage in the development and improvement of green materials, including the management of hazardous substances, the research of recyclable and biodegradable materials, and product reliability analysis. We also classified research of metals, plastics, coatings, inks, and other raw materials, with the best costs for customers to develop the products that meet the environmental objectives. For building up a clean production process, we focus on meeting customers' green product specifications and carbon reduction requirements as the core elements. The short-term goal is to lean the current processes, while the long-term goal is to simplify them and reduce equipment used when developing the green materials. However, the ultimate goal is to find out a new clean production way. PEGATRON has a very prospective research ability on the ultimate goal to be non-toxic, pollution free, environmentally friendly, energy saving and carbon reduction to achieve the responsibility of a corporate citizen.

### Global Patents Certified in 2021



## Product Management System

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

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

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

### Customer Satisfaction

Pegatron 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 take an in-depth review of the surveys and propose specific corrective actions to improve our shortcomings.

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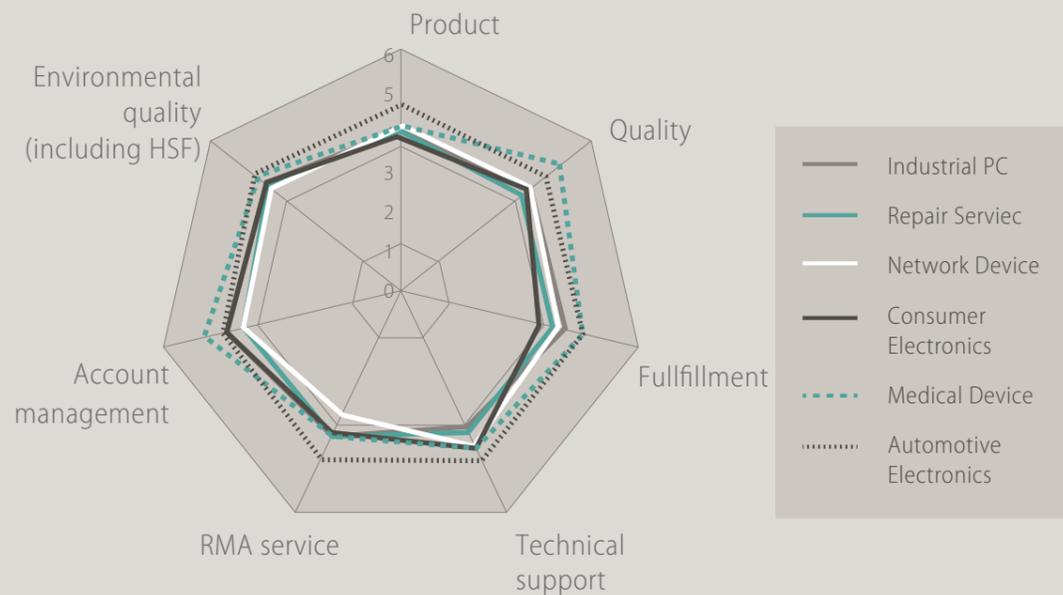
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Based on the statistical results of customer satisfaction surveys, the annual average customer satisfaction rate of PEGATRON in 2021 was 84.2%. We uphold the spirit of continuous improvement and launch various improvement projects for deficiency. In 2021, the main type of customer complaints was manufacturing, and all issues were closed. When receiving a customer complaint, each related business group/unit and factory immediately convenes meetings to review and conducts the improvement measures as well as tracks the status of the improvements. At the same time, we request that customer complaints should be responded to as soon as possible. All the complaints were closed in 2021.

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.

**Customer Satisfaction Results**



**Customer Overall Satisfaction Rate**



**Sustainable Supply Chain**

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

**About Supply Chain**

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

PEGATRON plays an important role in the electronics supply chain. Therefore, the management of the supply chain is one of the key issues for us. According to the customer requirements, legal requirements and international trends, we have written internal procedures to monitor the 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.

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:

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- Hazardous Substance Management - Suppliers can upload documents include certificates of non-hazardous substances, composition tables or SDSs (safety data sheets), and third-party test reports.
- Responsible Minerals Survey System–We follow Conflict Minerals Reporting Template (CMRT) and Cobalt Investigation Report Template (CRT). We invite our suppliers to upload their Conflict Minerals Reports (CMR) and Cobalt Minerals Investigation Reports (CR) to the SRM system.
- PureCSR Supplier Management–We announce CSR requirements and standards on the SRM system so that suppliers can download them to follow.
- Business Ethics Management–The complaint mailbox for business ethics and statement of integrity are available for suppliers to download on the SRM system.
- PureGMS Supplier Management–Suppliers can regularly update their ISO certificates and reports based on related requirements (e.g. China Compulsory Certification Reports, Finished Product Inspection Reports, and so on).

**Supply Chain Management**

PEGATRON obeys its Supplier PureGMS(Pegatron Green Management System) Audit Management Procedure and Supplier PureCSR Audit Management Procedure to ensure the quality of components and achieve the purpose of mutual prosperity and assistance with suppliers as well as on-time delivery. Besides, we also issue the Supplier Consulting Standard. With this standard, we can help suppliers to set up product HSF systems, quality systems, and process control standards to 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.

In 2021, the ratio of the suppliers that undersigned PEGATRON’s Supplier Responsible Business Alliance Code of Conduct Agreement was 96%. Also, there were 510 evaluations of supplier environmental performance conducted in 2021.



**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.

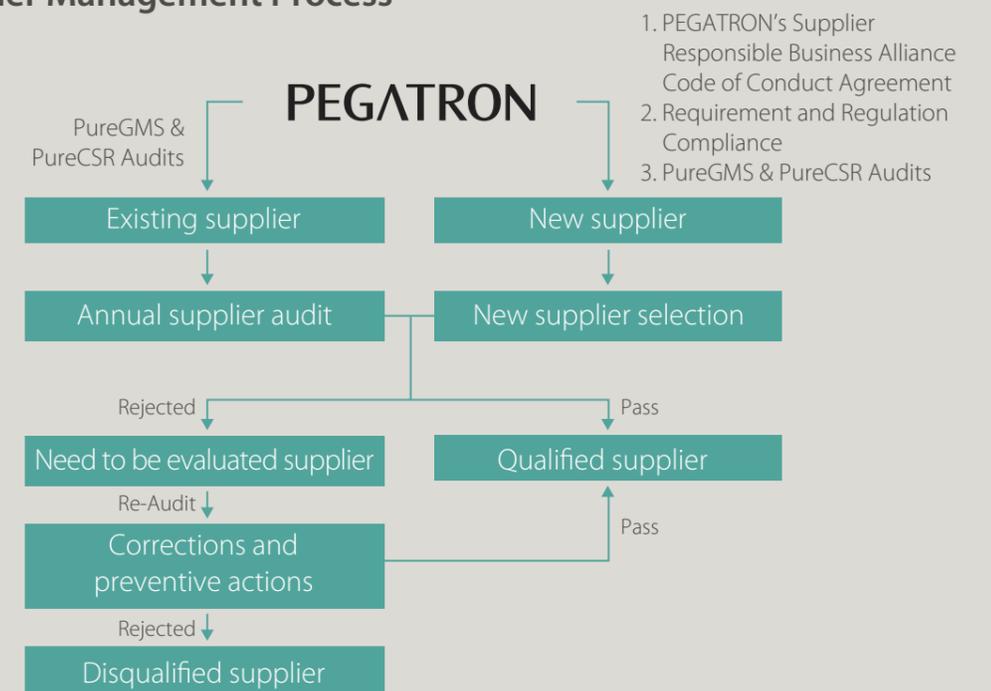
A new supplier is requested to sign PEGATRON’s Supplier Responsible Business Alliance Code of Conduct Agreement and evaluate its compliance on governance, environmental protection and social aspects based on the violation records revealed in public. Furthermore, the contract between PEGATRON and the supplier also defines that 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 2021, there were 437 new suppliers involved in the PureCSR new supplier evaluation process. New suppliers are listed in the following annual supplier audit scope if the results were middle or high risks according to the answers to the new supplier questionnaires. For the consequence of the supplier evaluation process, 102 new suppliers responded that they have 1SO 14001 and, or OHSAS 18001 certificates, and 5 new suppliers have submitted the RBA online SAQs or they have conducted RBA VAP or RBA non-VAP audits.

**Annual Supplier Audit**

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

**Supplier Management Process**



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Every year, Pegatron selects the audited suppliers based on the results of supplier risk assessment and formulates audit plans based on factors such as the importance, regionality, and risk of the audit objects. The auditing items include management system, labor rights, health and safety, business ethics, product responsibility, greenhouse gases, etc., to ensure that suppliers meet Pegatron's corporate social responsibility requirements.

In 2021, 63 suppliers accepted electronic audits, and 17 suppliers conducted on-site audits. 74 companies have completed the audits, and the total audit completion rate is 93%. All suppliers who have undergone on-site audits have passed the audits and taken improvement actions.

Remark: Major suppliers were suppliers that account for 80% of Pegatron's procurement expenditure.

**Supply Chain Promotion**

We hold supplier conferences annually to advocate PureGMS & PureCSR policies, hazardous substance-free requirements, and supplier management requirements. Considering the impact of COVID-19, we held remote conferences in 2021. There were 608 suppliers and 769 representatives be joined the conference. The main topics of conference were green technology standards and related notes on supplier management. The requirements of corporate social responsibility and responsible minerals were introduced simultaneously. Through the Supplier Conference, we delivered the concept of sustainable development to suppliers and have two-way communications with them.

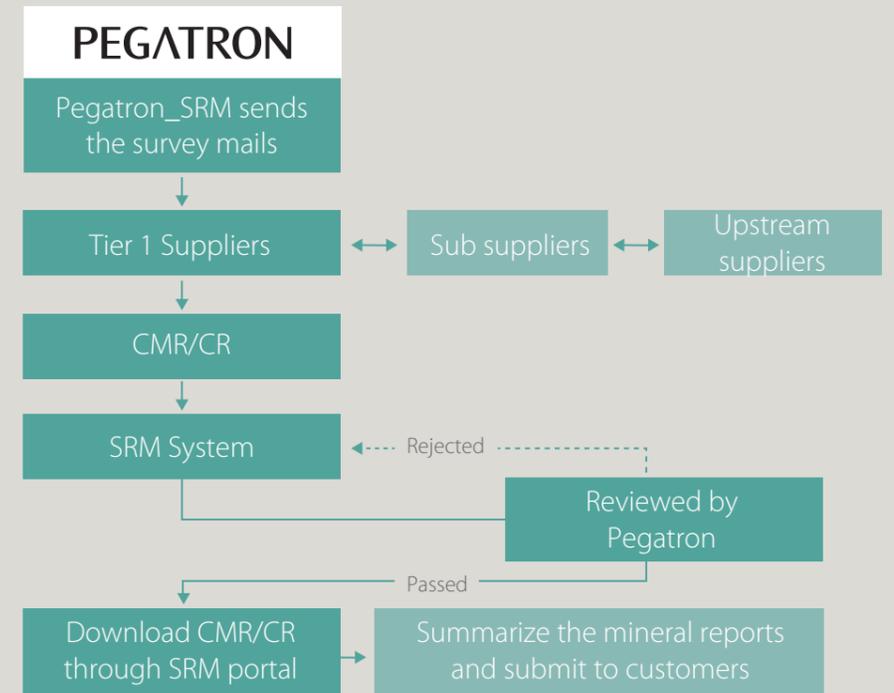
**Responsible Minerals**

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

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

As a corporate citizen and Responsible Business Alliance (RBA) member, PEGATRON discloses its Conflict Minerals Statement on the company's website and establishes an internal procedure to conduct the risk management of the supply chain. We have launched the responsible minerals investigation project from 2012 and extended it to the cobalt due diligence investigation project 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 smelters' information related to their products and upload the reports to the system.

**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 6 years, the survey completion rate has grown from 92% in 2016, to 97% in 2021. PEGATRON identified 1,493 suppliers which may use conflict minerals or cobalt minerals in 2021 and invited them to join the responsible minerals survey. 1,087 suppliers indicated their products and/or manufacturing processes contained these 4 conflict minerals that had been provided to PEGATRON. Reports show that Tin (Sn) has the highest proportion at 92.2%, followed by gold (Au) at 64.1%, Tungsten (W) at 15.4% and Tantalum (Ta) at 9.7%. In addition, in order to screen out components that may contain cobalt minerals, the investigation of cobalt minerals expanded in 2021. Pegatron included all possible materials in the investigation, and the completion rate reached 91%. Component investigation for containing cobalt minerals will be continued in 2022.

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  
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Future



## **Sustainable Environment**

Practicing environmental protection and mitigating climate impacts.



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Importance

The impact of climate change continues unabated. Under the wave of international efforts to reduce energy consumption, greenhouse gas emissions, and waste output, Pegatron undertakes the responsibility of environmental protection.

Management Purpose



Key Achievement

1. In 2021, 72 energy saving projects were implemented, with a **total energy saving** of **7.66** million degrees.

2. Greenhouse gas emissions **decreased by 13%** in 2021 compared with the previous year.

3. Waste output **decreased by 34%** in 2021 compared with the previous year.

4. No major punishment due to environmental pollution (A major punishment is defined as a fine of more than NT\$1,000,000)

Management Approach

Pegatron regularly conducts internal audits based on the Energy and Resource Use Management Procedure, Greenhouse Gases (GHG) Emissions Inventory and Ozone Depleting Substances Management Procedure, Waste Control Management Procedure, and Quality and Hazardous Substances Management Manual. Meanwhile, Pegatron tracks the environmental management indicators in management review meetings, evaluates the performances through external audits and periodically assesses compliance with local environmental regulations.

Evaluation Mechanism

External audits and ESG rankings

Climate Change

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

Climate Change Adaptation Policy

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

As mentioned in our PureCSR policy, we value natural resources preservation, environmental protection and pollution prevention, the greenhouse gas inventory 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 requirements from our stakeholders. An international environmental management system, ISO 14001, is also in place and PEGATRON is certified by third parties.

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

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 greenhouse gas emissions performances.
	Management Review Meeting	Review the implementation of energy saving and greenhouse gas reduction targets regularly.
Strategy	Risk and Impact	<p><b>【 Risk 】</b></p> <p>Short-term: Electricity saving, requirements on greenhouse gas reductions, and carbon trading</p> <p>Medium-term: Medium-term: Expectations and plannings from governments, customers, and stakeholders</p> <p>Long-term: Mandatory regulations on renewable and new energy, energy sources and their stability of supply</p> <p><b>【 Impact 】</b></p> <p>Short-term: Introducing electricity saving programs (Actual), Implementing Carbon tax/Carbon rights (Actual), Operation cost increasing (Potential)</p>

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Strategy	Opportunity and Effectiveness	<p>Medium-term: Introducing electricity saving programs (Actual), Operation cost increasing (Potential)</p> <p>Long-term: Using renewable energy (Actual), Operation cost increasing (Potential), Using new energy sources (Potential)</p> <p><b>【Opportunity】</b> Short-term: Energy usage and conservation of centralized production equipment Medium-term: Intelligent energy monitoring and centralized control for decentralized manufacturing Long-term: Diversification of energy usage</p> <p><b>【Effectiveness】</b> Short-term: Decreasing energy usage and cost, and reducing greenhouse gas emissions Medium-term: Decreasing energy usage and cost, reducing greenhouse gas emissions, and intelligent manufacture and operation Long-term: Reducing greenhouse gas emissions, enhancing the ability for climate change adaptation</p>
	Strategy for Climate Change	<p>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.</p> <p>2. Optimization of energy and resource utilization as the main consideration in the design, procurement, and use stages to achieve continuous improvement and promote overall environmental performance by implementing energy and resource management.</p>
	Scenario Analysis	Assess the impacts and adaptation of global warming based on a lower than 1.5°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 among products and processes, we adopt the greenhouse gas emissions and electricity consumption per unit of revenue as the indicator.
	Corporate Energy Saving and Carbon Reduction Goal	The current goal is to reduce 25% on greenhouse gas emissions and electricity consumption by 2030 from 2019 per revenue dollar.

Climate Change Risks and Opportunities

For the increasingly serious problems 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 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 products	1. Update or replace inefficient equipment 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 operations 2. Benchmark with best practice companies 3. Evaluate, establish, or purchase renewable energy	Medium

The CDP performance



PEGATRON has actively participated in the CDP since 2009, responded to its greenhouse gas emissions, climate related investment risks and opportunities through the questionnaires. We obtained ratings of C by the CDP for climate change and water security in 2021. The score of supplier participation evaluation is B- in 2021, which is a significant improvement compares with the previous score of C-. It can be seen that Pegatron has closer cooperation with customers on carbon related issues. PEGATRON follows ISO 14064-1:2018 implementation plan to disclose SCOPE 3 greenhouse gas from 2021 and continue to join international projects and initiatives in the future to show our attention and efforts on the relevant issues.

Year	Climate Change Questionnaire	Water Security Questionnaire	Supplier Engagement Rating
2021	C	C	B-
2020	C	C	C-
2019	C	N/A	C-

Pegatron Carbon Reduction and Energy Saving Target

As a leader in the global electronics industry, Pegatron commits to engaging in environmental protection and mitigating climate change. Since the implementation of the greenhouse gas inventory in 2009, we have actively taken actions in energy conservation and carbon reduction, and set a goal of reducing greenhouse gas emissions per unit of revenue by 21% and electricity consumption by 24% compared with 2009 in 2020. After ten years of efforts, as of 2020, Pegatron has reduced GHG emissions per unit of revenue by 34% and electricity consumption per unit of revenue by 28% compared with 2009. Not only did it achieve the target, but also the result exceeded our expectations.

Looking forward to the next ten years, in response to the United Nations Paris Agreement and the carbon reduction goal of net zero emissions in various countries, Pegatron commits to reduce GHG emissions per unit of revenue and electricity consumption per unit of revenue by 25% in 2030 compared with 2019. In addition, we also announced to join the Science-Based Reduction Targets Initiative (SBTi) in February 2022, expecting to update the Group's carbon reduction target on a rolling basis with the global pace. Pegatron has a common goal with the world, which is to limit global warming to well below 2°C and to pursue efforts to limit it to 1.5°C.

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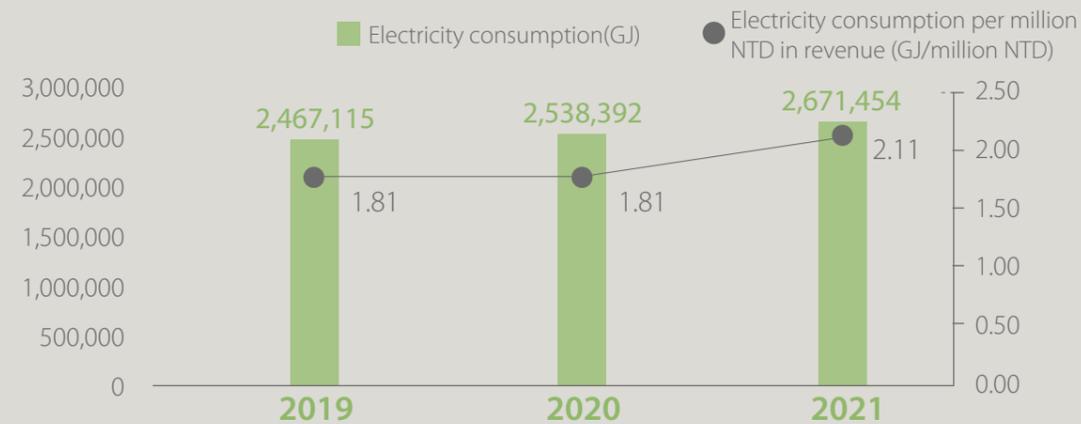
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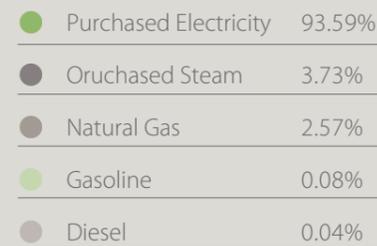
Purchased electricity is the main source of greenhouse gas emissions in the PEGATRON Group. We endeavor to produce products with lower energy consumption and implement several energy saving measures in our daily operations, such as power usage management, illumination, and air conditioning system management, to enhance the efficiency of electricity use for non-manufacturing portion.

**Annual Electricity Consumption**



Remark: Renewable Energy Generation is excluded.

**Energy Usage by Category**



**Energy Saving Measures**

**A. Implementing ISO 50001 energy management system**

To ensure effective implementation of energy management and enhance energy conservation efficiency, Protek, Pegaglobe, and some facilities in Digitek have gotten ISO 50001 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 future.

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

In 2021, 72 energy saving projects were implemented, which saved 7.66 million kWh of energy and reduced carbon emissions by 8,018 tons compared to 2020.

	Energy saving Measures	Energy saving Amount (kwh)	Energy saving Amount (GJ)	Carbon Reduction Amount (ton CO2e)
Air Conditioning System	<ul style="list-style-type: none"> <li>Replaced with energy saving air compressors</li> <li>Exhaust fan operation time control</li> <li>Centralized management of exhaust gas</li> <li>Free Cooling System</li> <li>Install water pumps for frequency conversion</li> <li>Set up induction exhaust fans</li> </ul>	7,192,231	25,892	5,488
Lighting System	<ul style="list-style-type: none"> <li>Replaced with LED lamps</li> <li>Install intelligent induction lighting system</li> <li>Lighting time control</li> </ul>	442,521	1,593	2,455
Water Management	<ul style="list-style-type: none"> <li>Water dispenser timing water supply</li> <li>Close the original large water tower to get ice water nearby</li> </ul>	25,866	93	75

**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 baselines for energy efficiency improvements.

**D. Set up renewable energy generation device**

Solar power generation systems are installed on the roofs of major factories. The renewable energy generation reached 9.11 million kWh in 2021.

	Electricity Generation(kwh)	Electricity Generation(GJ)	Carbon Reduction (ton CO2e)
2019	8,526,392	30,695	6,855
2020	8,863,354	31,908	7,018
2021	9,116,793	32,820	5,610

Remark: The emission factors used to calculate carbon emission reductions are emission factors of Taiwan, East China, Central China, and Shanghai. Please refer to the unit conversion table at the end of this report.

**E. Purchase renewable energy**

In 2021, Pegatron purchased 35350 MWh hydropower in China, accounting for 4.71% of the overall electricity consumption. Pegatron will take purchasing renewable energy as one of the main strategies to reduce carbon emissions.

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## Greenhouse Gas Emissions

### Greenhouse Gas Inventory

PEGATRON conducts greenhouse gas inventory according to the Greenhouse Gas Protocol, ISO 14064-1:2018 Standard and internal Management Procedure. The calculation of various greenhouse gas emissions is mainly quantified by the emission coefficient method. If there is any special need or other consideration, other reasonable calculation methods such as direct measurement method or mass balance method are used. The reference of global warming potential (GWP) is the 5th Assessment Report (AR5), 2013 by IPCC, and the GHG emissions are consolidated by operational control. Since 2009, Pegatron has introduced a greenhouse gas inventory plan and set a ten year energy saving and carbon reduction target, which has achieved in 2020. Starting from 2021, according to the new version of the greenhouse gas reduction target, the base year is adjusted from 2009 to 2019.

The greenhouse gas inventory results of Pegatron are verified by an external verification body, and the verification statement is disclosed on the official website. The external verification of 2021 greenhouse gas emissions is conducted in June 2022. The total quantity of greenhouse gas emissions in 2021 was 515,068.58 tCO<sub>2</sub>e. The decrease in total greenhouse gas emissions compared with 2020 is mainly due to the adjustment of emission coefficients and the purchase of renewable energy. Electricity use is the most important source of emissions, accounting for 89.79% of the total emissions in Pegatron.

- Reporting Scope: Taiwan, China, Mexico, Czech, Indonesia, Customer service sites
- Inventory Category: category 1 (direct greenhouse gas emissions), category 2 (energy indirect greenhouse gas emissions) and employee travel (airline) in category 3 (other indirect greenhouse gas emissions)
- Greenhouse Gas Category: CO<sub>2</sub>、CH<sub>4</sub>、N<sub>2</sub>O、HFCs、PFCs、SF<sub>6</sub>、NF<sub>3</sub>

### Greenhouse Gas Emissions

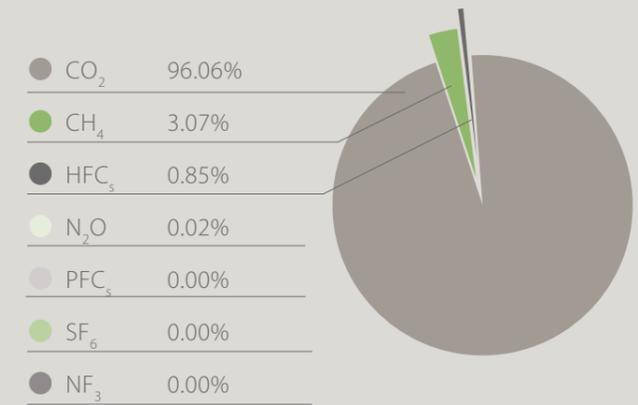
	(unit: ton CO <sub>2</sub> e)		
	2019	2020	2021
Category 1	34,044.52	32,595.10	33,442.43
Category 2	568,911.59	566,482.91	480,916.86
Category 3	(Not yet calculated)	(Not yet calculated)	709.29
<b>Total Emissions</b>	<b>602,956.11</b>	<b>599,078.01</b>	<b>515,068.58</b>

Remark: Compared with 2020, the carbon emissions of Scope 3 employee travel, Indonesia factory, dormitory of some Chinese factories, and repair factories have been added in 2021.

### Annual GHG Emissions



### Greenhouse Gas Emissions by Category



### Carbon reduction

Our commitment to long-term energy saving and carbon reduction was announced by our Chairman, T.H. Tung to show our determination and hoped to have contribution to greenhouse gas reduction through our group's efforts. In order to implement the greenhouse gas management in PEGATRON Group, 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 has committed to develop eco-friendly design since its inception. In response to the impacts of global climate change, we continue to improve the energy efficiency of products and develop the easy dismantling, easy recovery, and energy saving design for the specific products according to customer requirements. Meanwhile, we establish the internal environmental technology standards for manufacturing green products and transform the risks of climate change into business opportunities. Besides, we strive to 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.

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## Environmental Protection

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

A sustainable environment is a long-term goal of PEGATRON Group. For products, we 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 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 2021. (Significant violation is defined as being fined for over 1 million NTD.)

## Water Management

### Water Usage

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 third parties. The monitoring items are identified by environmental impact assessment reports or local legal requirements. All monitoring results in 2021 complied with requirements and the wastewater were discharged to the sanitary sewer systems.

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

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

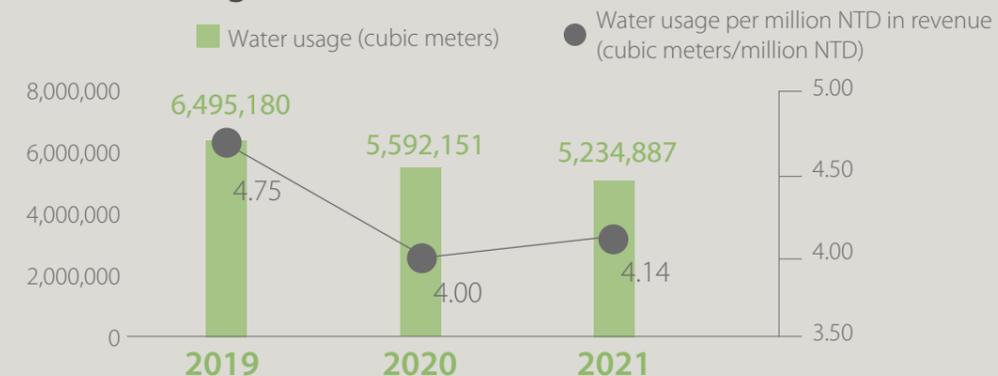
## Water Usage

(unit: m<sup>3</sup>)

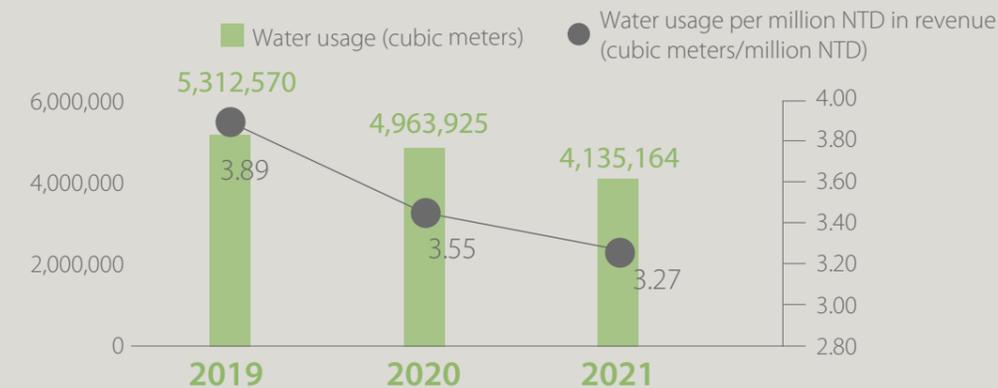
	Taiwan	China	Mexico	Czech	Indonesia
Total water withdrawn	558,365	4,663,881	3,945	8,696	60,123
Total water consumed	259,981	835,824	3,918	-	12,025
Total water discharged	298,384	3,828,057	27	8,696	48,098

Remark: According to the local environmental protection regulations in the Czech Republic, the amount of water intake is equal to the amount of drainage, so the two data of the Czech plant are the same.

### Annual Water Usage



### Annual Wastewater Generation



### Water Saving Policy

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 in 2021. We not only continue our water saving strategies but also keep introducing automation techniques which lead to worker reduction as well as reduce our water usage.

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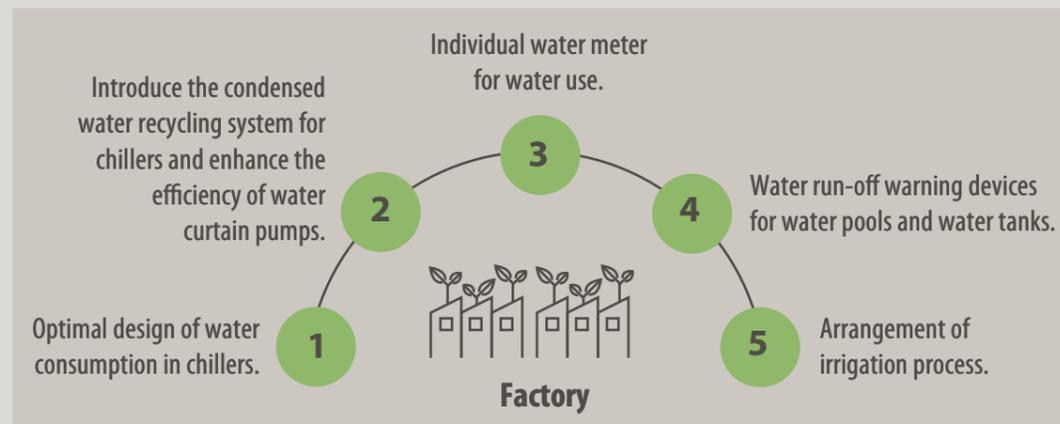
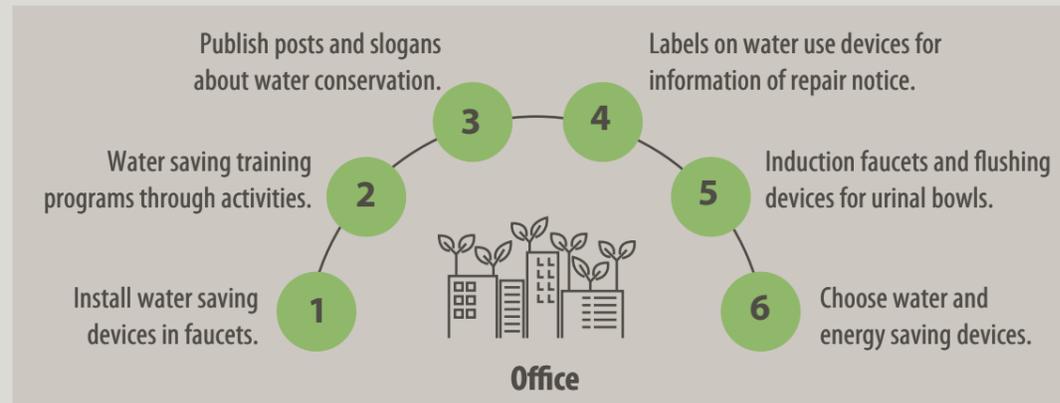
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Water resource management and water pollution prevention should start with water saving. Each site of PEGATRON has set up and implemented several control measures for water saving and explored possible ways of water recycling in each kind of water usage in the facility.

Water Saving Measures



Water Risk Assessment

The water resource is not a significant environmental aspect for PEGATRON Group. PEGATRON main 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 usage and reduce the negative impacts on the environment. We initiate green value and implement corporate social responsibility through taking actions for a sustainable cycle and the concept of coexistence for economic growth and environmental protection. To reduce waste from the original, we focus on equipment maintenance and improvement, and the concept propagation of water resource treasuring in each site.

PEGATRON water stress index and basic information

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



Location	Water Stress Index	Discharged Water Quality (pH, SS, COD)
Juarez, Mexico	Extremely-high (>80%)	pH: 6~9, SS: 180 mg/l, COD: 440 mg/l
Ostrava, Czech	Medium-High (20-40%)	pH: 6~9, SS: 700 mg/l, COD: 1200 mg/l
Taipei, Headquarters	Low (<10%)	pH: 6~9, SS: 600 mg/l, COD: 1200 mg/l
Taoyuan	Low (<10%)	pH: 6~9, SS: 200 mg/l, COD: 480 mg/l
Xindian	Low-Medium (10-20%)	pH: 6~9, SS: 450 mg/l, COD: 600 mg/l
Shanghai	Low-Medium (10-20%)	pH: 6~9, SS: 400 mg/l, COD: 500 mg/l
Suzhou	High (40-80%)	pH: 6~9, SS: 400 mg/l, COD: 500 mg/l
Kunshan	High (40-80%)	pH: 6~9, SS: 400 mg/l, COD: 500 mg/l
Chongqing	Low (<10%)	pH: 6~9, SS: 400 mg/l, COD: 500 mg/l
Batam, Indonesia	Medium-High (20-40%)	pH: 6~9, SS: 200-400 mg/l, COD: 100-300mg/l

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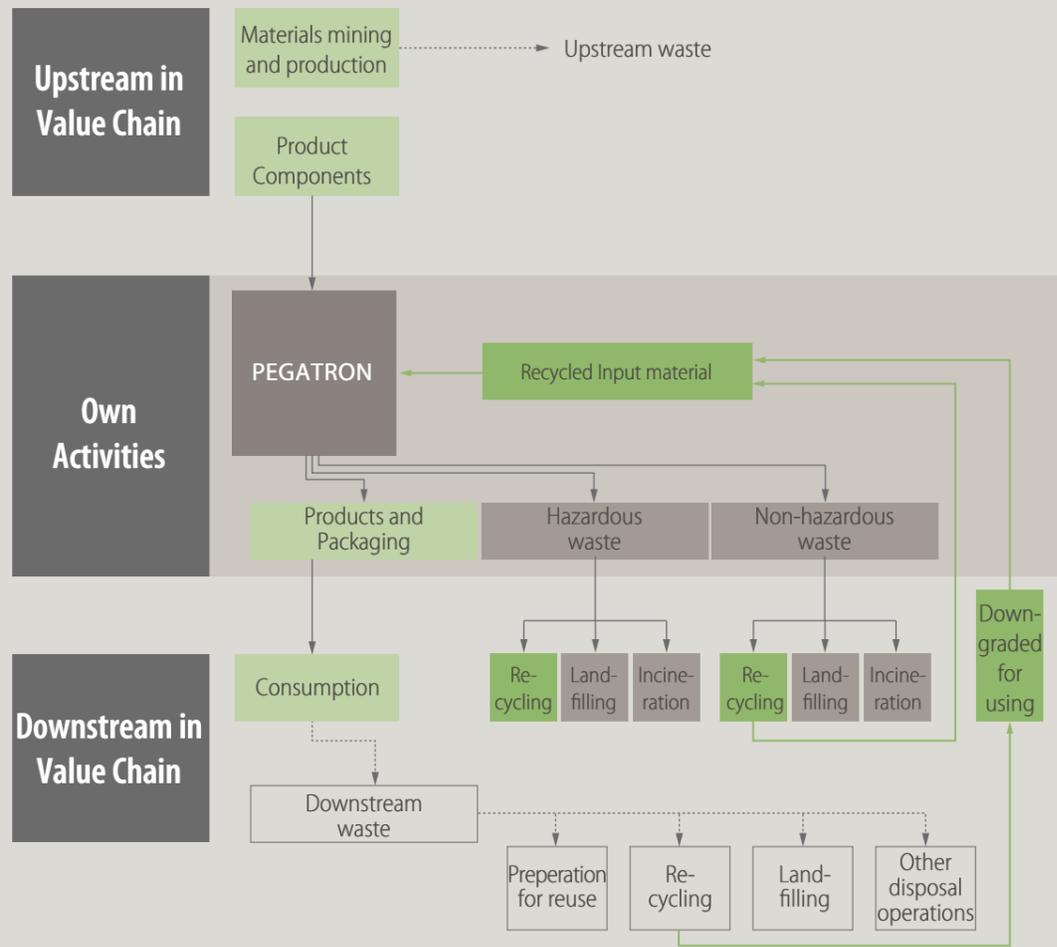
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Waste Management



Waste Management

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

When selecting the suppliers to participate in the next year's bidding each year, they are all selected from the suppliers that meet the requirements of the local competent authority for the disposal of hazardous industrial wastes such as waste electronic and electrical machinery. Before signing a contract with a new commercial waste removal and disposal company, the company's qualification and processing capabilities will be evaluated. E-waste removal and transportation suppliers are audited by the management unit at least once a year to ensure compliance with the laws and capabilities of the suppliers. We can select the lower risk waste treatment supplier and prevent environmental impacts from improper disposal of wastes through this process.

Waste Generation

(Unit: ton)

		Total weight of hazardous waste					Total weight of hazardous waste				
		Taiwan	Chhina	Mexico	Czech	Indonesia	Taiwan	China	Mexico	Czech	Indonesia
Disposal transfer	Reuse	-	-	-	-	-	-	132	-	19	-
	Recycle	-	615	1	-	-	74	42,164	117	197	1,235
	Recovery	-	117	-	-	-	2,586	16,089	12	-	-
Direct disposal	Compost	-	-	-	-	-	-	-	-	-	-
	Incinerate	-	741	-	-	129	352	4,793	-	2	-
	Landfill	-	-	2	-	-	-	273	3	21	202
	Onsite storage	-	-	-	-	-	-	-	-	-	-
	Other	107	-	-	-	-	281	-	-	-	-
Total waste generation		<b>1,713</b>					<b>68,552</b>				

Remark: "Other" waste treatment refers to physical treatment, that is, the use of physical methods (including oil-water separation, crushing, dismantling, compression, etc.) to treat waste. The data is collected from waste removal and transportation companies and then aggregated by the occupational safety or environment and safety department into the amount of each plant.

Total Waste Generation



Generation of recycling waste



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Waste Generation Type

- Recycling waste: 90.17%
- Domestic waste: 8.44%
- Hazardous waste: 1.39%



Waste Reduction Policy

The challenge of waste handling is one of the major environmental aspects in PEGATRON Group. As a professional DMS company, we follow our internal procedures to control the wastes produced at each stage. Almost all wastes are treated through recycling ways. However, unrecycled domestic waste will be incinerated. To achieve the goal of circular economy, Protek has promoted a zero waste to landfill project, which included compliance management, verification, and audit to ensure all wastes are dealt with appropriate disposal instead of direct landfill disposal. Protek has achieved “100% diversion, with 4% thermal processing with energy recovery”, which was verified by a third-party based on UL 2799 environmental claim validation process for zero waste to landfill in November 2016. We will continue to devote ourselves to resource recycling treatment in the future.

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

Green Product

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

Sustainable Design

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

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

PEGATRON is keen to pursue product quality and continuous improvement and perseveres in promoting product yield by using lean production approaches and introducing automatic production devices to reduce defects caused by negligence throughout the manufacturing process. Meanwhile, PEGATRON uses SFIS (Shop Floor Integrated System) system and is supported by big data to analyze its first pass yield rates, lot reject rates, loss rates, etc. Therefore, the production 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 has no case of noncompliance led to fines with regulations concerning the health and safety impacts or information labeling by products and services in 2021.



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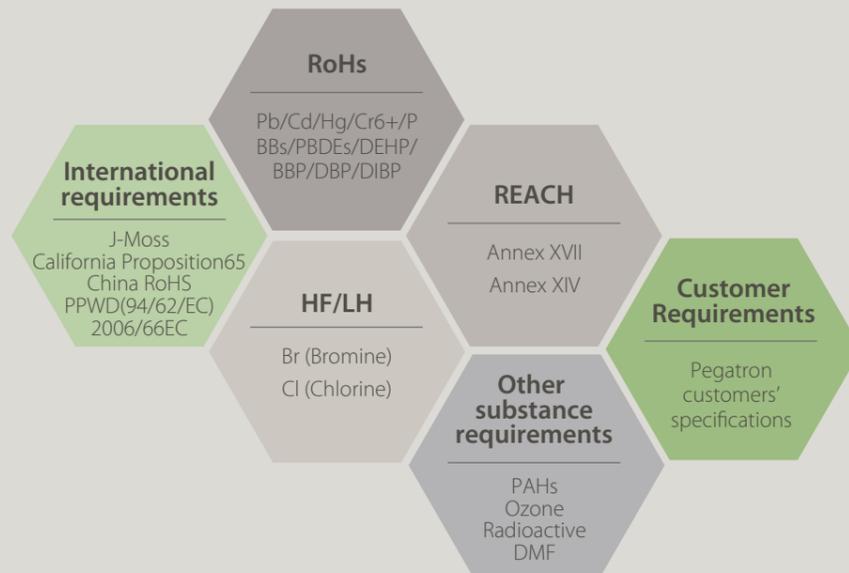
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## Hazardous Substance Management

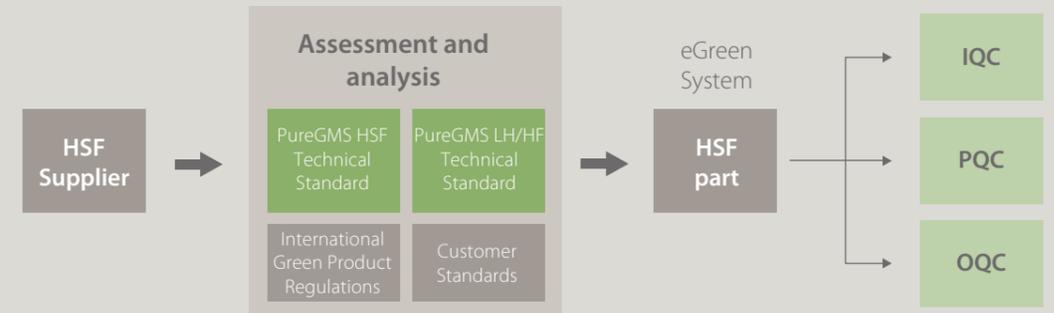
PEGATRON has professional experience in the integration of design with production and service. In addition to green supply chain reinforcement, we also provide customers with creative energy saving and hazardous substance free (HSF) product design concepts to facilitate the introduction of green products.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



### Hazardous Substance Control

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

## Hazardous Substances Management Process



### Hazardous Substance Reduction Training

PEGATRON considers the trend of global environmental regulations is gradually stricter for hazardous substances management. Therefore, to improve human health and safety, and reduce the impacts on the environment, Pegatron not only sets up the hazardous substance reduction program for all components yearly, but also monitors global environmental regulations periodically to comply with the international environmental regulations in time. In addition, 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 attend HSF Basic, Intermediate, or Advanced training courses based on different levels of works. The materials of HSF refresher training courses are reviewed every year in accordance with the international green product regulations and standards which were updated in the past year. All employees shall participate in the refresher training courses in the current year.

The targets for the completion rate of HSF related training courses are achieved every year. It helps us to understand the changes of new international regulations on green products and implement the HSF management system effectively. Generally speaking, PEGATRON always catches the trend of international regulations in time and cooperates with customers to identify the environmental requirements to ensure compliance. By the end of 2021, the completion rate of all HSF courses is 100%.

### HSF e-Learning Course

<p><b>1 Basic Course</b></p> <ul style="list-style-type: none"> <li>· Introduction of international environmental regulations</li> <li>· SPT-00001 Controlled Substances</li> <li>· Introduction of PureGMS</li> </ul>	<p><b>2 Intermediate Course</b></p> <ul style="list-style-type: none"> <li>· The flag coding standard of green parts</li> <li>· Introduction of SPT-00001 PureGMS HSF technical standard</li> <li>· GCT form process</li> <li>· HSF organization related knowledge establishment</li> </ul>	<p><b>3 Advanced Course</b></p> <ul style="list-style-type: none"> <li>· Introduction of HSF parts approval</li> <li>· Introduction of eGreen platform</li> </ul>
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## Low Carbon Production

### Environmental Labeling

All products designed and manufactured by PEGATRON are complied with customer requirements, international regulations and related regulations in sales territories, and verified accordingly. The environmental information is marked on the product based on the demand. The concept of green consumption began popular after the environmental protection campaigns in European and American countries in the 1970s, and environmental labels were born accordingly. Through the rule of environmental labeling, the trend aims to awake consumers to choose products with recyclable, low pollution and resource saving to improve environmental quality. In recent years, the trend of environmental labeling in various countries has gradually expanded the scope 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 customers' green product requirements as well as fulfill the obligations of corporate citizenship.

### Proportion of ECO Labels for Computer Products



Remarks: Computer products refer to Pegatron products including boards, cards, notebook computers, industrial computers, tablet computers, desktop computers, minicomputers, etc.

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

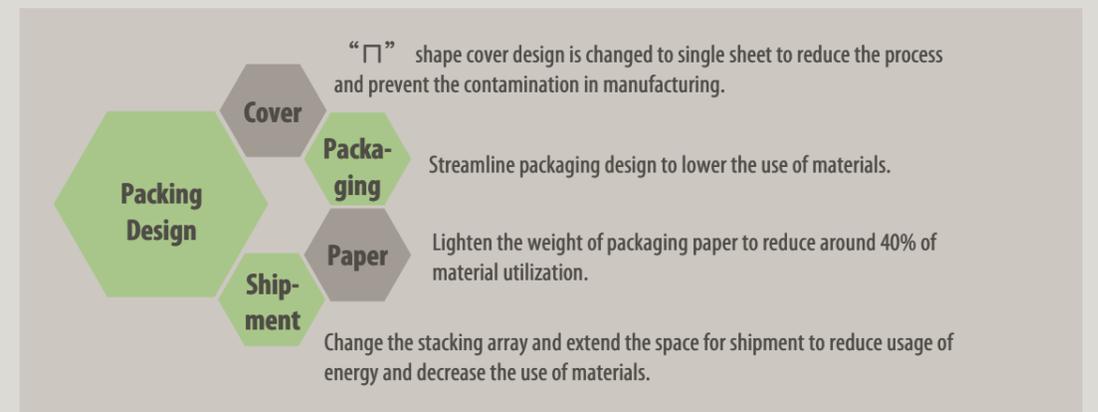
### Green Packaging

We include resource conservation, reusability and recyclability in our packing design assessments. Meanwhile, we also consider minimizing the environmental impacts of packing materials and manufacturing processes, 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 has no violation case or penalty by the government due to product safety related issues in 2021.

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.

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

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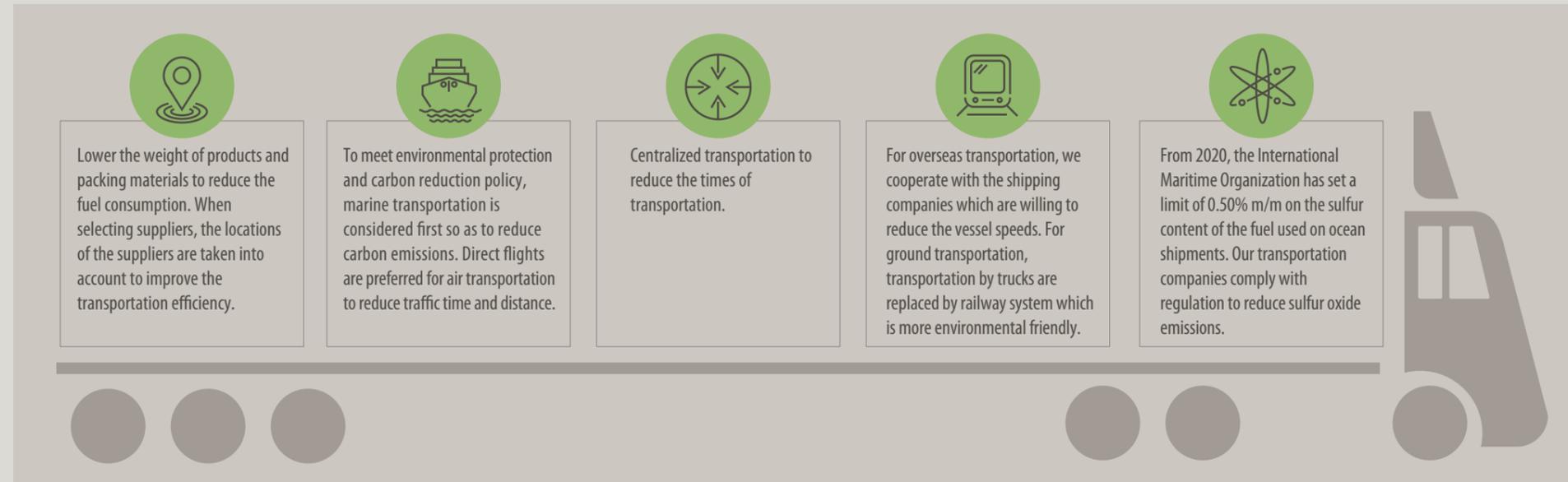
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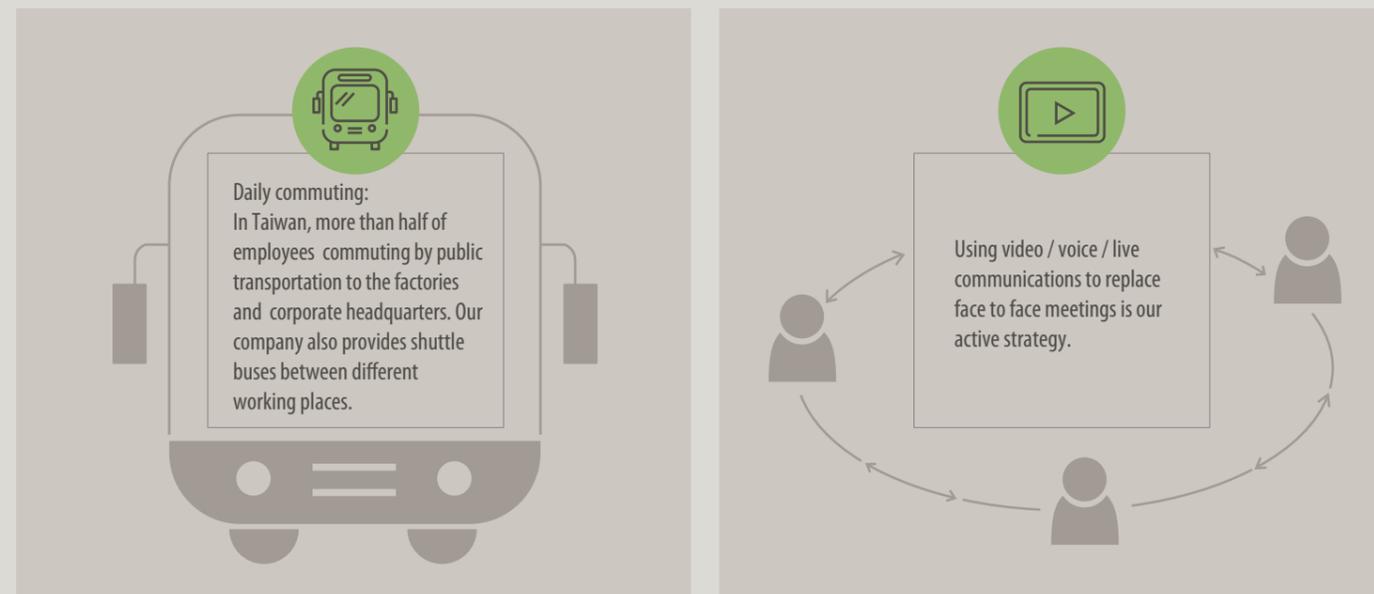
**Green Transportation**

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**



**Commuting and Business Travel**



Navigate  
the  
Future



## Social Welfare

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



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Importance

Employees are the important human capital of Pegatron. Providing employees with a safe and healthy workplace and protecting the rights and interests of employees are the cornerstone of the sustainable development of enterprises and the key to creating organizational competitiveness.

Management Purpose



Labor Relations

Respect International Human Rights and Cultivate Local Talents.

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

Employee Profile

At the end of 2021, PEGATRON has about 161,836 employees worldwide included dispatched workers. The number of full-time employees in non-supervisory positions in Taiwan in 2021 is 8,418, an increase of 645 compared to 2020. We not only pay attention to

Key Achievement

1. The number of employee communication cases increased from 1,419 in 2020 to 2,812 in 2021.
2. The average salary of non-supervisory full-time employees in Taiwan in 2021 is NT\$1,236,000, an increase of NT\$13,000 compared with 2020.

Management Approach

1. Take occupational safety and health management procedure, emergency response action management procedure, internal and external communication management procedure, training management procedure, etc. as the implementation criteria. Also, Pegatron tracks compliance with regulatory requirements and employee needs in management review meetings and internal/external audits.
2. Increase the frequency of employee communication by establishing multiple communication channels
3. Provide employees with the opportunity to learn interdisciplinary knowledge through various trainings. Moreover, through performance appraisals, supervisors can make suggestions for employee performance optimization, thereby improving employees' abilities, performances and retention rate.

Evaluation Mechanism

External audits and performance appraisals

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. Pegatron continues to employ local personnel as the management teams in all major operating locations to implement the concept of localization of talents. 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.

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

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**Annual manpower structure**

(unit: number of people)

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	9,247	5,649	3,598	2,309	6,279	659	4,660	2,134	4	2	985	1,462	0	0
China	148,024	105,054	42,970	104,401	43,486	137	7,837	4,430	0	0	97,217	38,540	0	0
Mexico	385	266	119	168	183	34	266	119	0	0	0	0	0	0
Czech	784	405	379	401	302	81	214	119	3	13	178	205	10	42
Indonesia	3,396	1,196	2,200	3,191	204	1	350	793	0	0	846	1,407	0	0

Remark: There was no significant change in the number of employees in 2021 compares with that of 2020.

**The ratio for hiring local residents to be senior managers**

(unit: %)

	Taiwan	China	Mexico	Czech	Indonesia
The proportion of senior management level locally in 2021	96.8%	81.8%	66.7%	84.2%	4.4%

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

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

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

**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 at each site. We also develop the "Child Labor Remediation Procedure" to respond and commit the measures taken when hiring a child labor carelessly. For young workers under the age of 18, we promise not to let them be responsible for the works which may endanger their health or safety and provide the appropriate support and trainings.

**【Prohibition of child labor and Protect young workers】**

PEATRON prohibits any form of harassment and unlawful discrimination. We prohibit any

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

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

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

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

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

### Complaints hotline for sexual harassment and workplace violence :

886-2-8143-9001 EXT 33395

### Complaints mailbox for sexual harassment and workplace violence :

i-PEGA@pegatroncorp.com

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

To comply with local regulations, we respect that each employee has the right to participate in unions, collective bargaining, and peaceful assemblies. Simultaneously, we also respect the right to non-participation. The scope of signing the group agreement only includes the mainland China factories and the Czech factory, and the signing ratio reaches 99.6% of the total number of our employees in the mainland China and Czech factories. We take the interests of both sides into account and protect the rights of employees through an open and equitable consultative mechanism. Related notice period and consultant issues also regulated in related procedures. If the company has any major operational change that may affect employees, employees will be informed in advance based on labor regulations in Taiwan. The employees and their representatives at overseas sites will be informed at least four weeks before the change come into effect. Besides, there is no union organized in Taiwan, the labor and management meeting held quarterly to ensure the interests of employees. Rules for labor and management meeting are also set and posted on the company's website for colleagues to review. Most overseas sites have employee representative meetings or unions to effectively promote the relationship between laborers and management as well as ensure the rights for exercising freedom of association and collective bargaining. West China Operation Center has established the employee's representative meeting and the meeting is held in November each year according to the management procedure. Before the meeting, employee representatives will collect issues.

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

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

system is setup for the person in charge of each business unit to query for the working hours of their employees and arrange employees to work overtime reasonably.

## 【Ensure that the staff dormitory environment clean and safe】

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

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

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

## Labor Communication

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

To provide our employees with a better understanding of the company's operating status and directions, our CEO holds face-to-face regular meeting every year. CEO dating meetings help our employees to have a more in-depth understanding of the company's decision making processes. However, the activity was pending due to COVID-19 in 2021.

In 2021, the total number of employee communication is 2,812. The case closing rates of grievance cases related to gender equality, the grievance cases related to involuntary labor, and the overall settlement are all 100%.

## Employee Communication Channel

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

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## Talent Development

### Recruit talents and pay attention to talent development.

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

### Retention and Retention

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

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

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

The wages we paid to workers comply with the relevant remuneration laws, including minimum wages, overtime, and statutory benefits, etc. We review and adjust the salaries by the reference of economic indicators and industry wage level every year. For the employees who are resigned or retired, they can legally have severance pays or pensions. We also continue to cooperate with the local government projects of unemployed training programs to promote their continued employability. The average annual salary of all non-managers was NTD 1.236 million in 2021, an increase of NT\$13,000 compared to 2020. The median annual compensation of all non-managers is NTD 0.984 million in 2021, reduction of NT\$3,000 compared to 2020.

East China, Central China, and West China operation centers develop competitive salary standards based on the minimum wage levels announced by the local governments, wage guidance, and the level of industry wages. We also raise the salary by a certain proportion for the existing employees to increase their incomes. In addition to the basic

wages and overtime pays, we setup additional bonuses or allowances to let the salaries of our employees far exceed the local minimum salary standards to ensure that the salary level meets the company's competitive development needs.

### Monthly average new employee rate

(unit: %)

Location	Gender		Age		
	Male	Female	Under 30 yrs.	31-50 yrs.	Over 51 yrs.
Taiwan	2.8%	3.5%	5.1%	2.5%	0.8%
China	38.0%	29.4%	38.2%	28.4%	1.5%
Mexico	280.6%	272.2%	410.8%	225.0%	121.4%
Czech	4.6%	4.7%	6.2%	3.5%	4.6%
Indonesia	72.3%	63.8%	67.8%	53.4%	0.0%

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

Remark 2: The average new employee rate at Mexico increased due to production line adjustment.

### Monthly average turnover rate

(unit: %)

Location	Gender		Age		
	Male	Female	Under 30 yrs.	31-50 yrs.	Over 51 yrs.
Taiwan	2.0%	2.7%	3.5%	2.0%	0.6%
China	36.0%	27.5%	36.0%	27.0%	0.7%
Mexico	88.1%	91.7%	129.7%	76.9%	28.6%
Czech	6.2%	5.9%	8.0%	4.4%	6.9%
Indonesia	19.6%	24.5%	22.7%	22.6%	0.0%

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: The turnover rate at Mexico increased due to production line adjustment.

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 themselves to find their potential abilities and perform better.

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## 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>
Core competency training	We plan training programs for employees at each level based on their competencies.
Management training	We plan management trainings such as new manager orientation based on the roles and responsibilities of supervisors.
Professional competency training	Each unit plans professional competency training programs based on the needs of professional knowledge and skills.
Internal lecturer training	To hand down the internal knowledge, "train the trainer" training programs are held every year and both e-Learning and classroom training instructors are included.
General lecturer training	Art, living, and management lectures are included.
IDP	The development plan for next year will be determined jointly by an employee and his/her direct supervisor based on the discussion result between them. The employee can conduct several development ways, including training, reading, and participation in a project to realize the plan. The supervisor will then have feedbacks to the employee.
PEGA e-Library	The platform offers employees over one thousand books to borrow and read.

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

## Continue enhance abilities of employees to let all employees toward happy living

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 Senior 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 on the training and development of employees. Employees can access their IDP (Individual Development Plan) learning resources through a series of learning pathways, including learning from model staffs, reading, and participation in various training courses, such as orientation training, core 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 at their works. The annual training plan has been set to include all employees. Our employees also can learn through the online learning system "e-Learning" regardless of the limitation of time and place.

### IDP (Individual Development Plan) participation rate

(Unit: hour)

	Total participation rate	Type	
		General Employee	Supervisor
Taiwan	79%	82%	70%
China	97%	98%	96%

Remark 1: Participation rate (%) = No. of IDP Participators / No. of employees should participate IDP

Remark 2: Managers including Frontline Supervisors, Middle and Senior Managers, and Business Directors.

Remark 3: Mexico, Czech, and Indonesia did not implement IDP

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## Annual Employee Training Hours

(Unit: hour)

	Employee		Supervisor	
	Male	Female	Male	Female
Taiwan	17.4	13.8	18.7	14.7
China	2.4	1.9	2.6	1.6
Mexico	20.9	21.5	21.6	18.9
Czech	5.4	6.2	7.6	26.1
Indonesia	3.0	3.0	3.0	3.0

Remark 1: Average Training Hours = Total Hours of Trainings / Total Number of Employees Participated in Trainings

Remark 2: Supervisor included frontline supervisor, middle and senior manager, and business director.

## Employee Benefits

### Long-term Incentives

Respect and development of human nature is our most important corporate culture for pursuing 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 "Bring Joy at Work, Enjoy Happiness in Life.", we hope all our employees will work with a pragmatic attitude and stimulate personal potential through various challenges to pursue better performances. PEGATRON praises the outstanding employees publicly every year to affirm their contribution to the company and enhance their morale. The recognition also helps to commend the performances which conform to our corporate culture and inspires others to follow. Furthermore, in terms of complimenting performances and contributions for reaching our business goals in R&D, sales, manufacturing and 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 2021 due to COVID-19 impact). Besides, we annually publicly praise our long-term employees to appreciate their contributions to the company.

### Employee welfare

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

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

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

## Employee Benefit Program

Location	Item
Headquarter & 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, provident fund, welfare leave, 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, meal allowance, 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
Indonesia Factory	government labor health insurance(life insurance, medical insurance, disability insurance, pension)

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 Annual Report for detailed information.

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

In addition to establish communication channels, we also pay attention to employee health care and workplace safety. We meet the requirements of local regulations for regular physical examinations and hold health seminars, and we also create health promotion programs suitable for them according to the different needs of colleagues in various places. Furthermore, we have implemented several management procedures and operational control measures to eliminate work-related incidents. We also establish the preparedness and response plans in response to different risk levels and scenarios to strengthen occupational safety and health management in working environments.

Occupational Safety

PEGATRON pays attention to the risk assessment and management of its overall operations. We periodically perform CSR related risk identifications, evaluations, controls, and reviews. 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 on 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) and gets the certificates 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 regulations, including occupational safety and health related trainings, corporate social responsibility audit trainings, 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 environment, safety and occupational health(EHS) units. All EHS 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 at 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 Manager at 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

(Unit: %)

	Taiwan	China	Mexico	Czech	Indonesia
Proportion (%)	48.6%	34.4%	16.7%	42.9%	62.5%

\*The proportion of labor representatives(%) = 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 operations 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, 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 safer and healthy working environment.

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

Occupational safety and health management measures

Type	Measurement Description
Work Safety	<ol style="list-style-type: none"> <li>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.</li> <li>2. Engineering Control Measures: To provide employees a safe, healthy and environmentally friendly working environment, PEGATRON has installed ventilation and exhaust equipment at each factory and regularly arranges inspections according to local laws and regulations of the factory to ensure employees are safety at work.</li> <li>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</li> </ol>

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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 to the company's related rules. They are also protected by anonymity system).

To protect employee's health, PEGATRON obeys to legal regulations to conduct several measurements as below:

1. Periodically environmental test
2. Regular occupational disease checkup
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 protective properties and the providing time according to PEGATRON protective equipment management norms.

Contingency Practice PEGATRON conducts fire evacuation drills every year, and establishes emergency response plans for earthquakes, typhoons, floods, confined spaces, chemical leakage, etc., and regularly hold fire extinguisher operation trainings. Due to Covid-19 epidemic outbreak in 2020, drills and trainings were also held for it.

**Annual Occupational Hazard**

	Gender	Incapacitated injuries	Disabling injury frequency rate (FR)	Absence rate (AR)	Occupational disease rate (ODR)	Work-related Fatality
Taiwan	Male	17	42	1.69	0.00	0
	Female	14	47	2.97	0.00	0
China	Male	154	31	5.06	0.00	0
	Female	34	24	5.35	0.00	0
Mexic	Male	0	0	0.00	0.00	0
	Female	0	0	0.00	0.00	0
Czech	Male	1	48	2.96	0.00	0
	Female	2	172	2.96	0.00	0
Indonesia	Male	5	8	6.10	0.00	0
	Female	5	3	8.38	0.00	0

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

**Emergency Response**

Sustainable development is the main target of business operations in PEGATRON Group. To ensure continuous operation, we have implemented corresponding emergency response procedures at each major production site according to related regulations. And

we setup emergency response plans and teams. At the same time, the functions of each group in the team have been defined. We have minimized potential damages and impacts by setting up a response mechanism and plans as well as periodical drills to enhance the abilities of emergency response team members.



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

**Results of evacuation drills and emergency training programs**

(unit: times)

	Taiwan	China	Mexico	Czech	Indonesia
Times of evacuation drills	19	238	2	1	4
Times of emergency response training	6	147	1	1	4



Emergency response training

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Evacuation drills



## COVID-19 Response Mechanisms

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

### COVID-19 Response Mechanisms

Type	Measures
Policy propaganda	<ul style="list-style-type: none"> <li>Hold anti-epidemic meetings regularly and release anti-epidemic policies on Email, employee systems, and official accounts immediately in response to the epidemic.</li> </ul>
Personnel control	<ul style="list-style-type: none"> <li>Employees should report their health monitoring status daily. Visitors and contractors should fill in the health declarations when entering the venues.</li> <li>Check nucleic acid test reports in accordance with regional epidemic prevention requirements and release home isolation or diversion work mechanisms in accordance with government requirements.</li> </ul>
Sterilization	<ul style="list-style-type: none"> <li>Disinfecting machines are installed at the entrances and exits of each factory, and are regularly checked for proper functioning and they are filled with alcohol.</li> <li>The cleaning staff is fully equipped with special rags to disinfect and wipe, and the rags need to be disinfected and cleaned after use.</li> </ul>
Epidemic situation feedback	<ul style="list-style-type: none"> <li>Daily health reports of high-risk groups and close contacts living in hot areas, and those with symptoms will be assisted with.</li> <li>Regularly count the number of tracked people on a daily basis and telephone care during quarantine.</li> </ul>

## Contractor Management

PEGATRON rules itself to meet the safety requirements on production and asks all contractors to follow its requirements and applicable local safety regulations. The qualifications of the contractors shall be reviewed to ensure they can meet the requirements of PEGATRON's contractor management procedure. The environment, safety and occupational health risks, rules, and regulations will be communicated to the contractors before they work in our facilities. Besides, the safety production agreements

shall be signed by the contractors while they sign the contracts with us. The content of the agreements includes the procedures regarding the impacts of environmental, safety and occupational health risks. ESH professionals periodically perform environmental, safety, and occupational health (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 will also perform the inspections to see if the working scene can meet our ESH requirements. The work permits shall be approved before they do the specific works, including fire, working at heights, hanging operation or working in a confined space. ESH unit will confirm that the workplace meets the safe construction conditions, including personnel qualifications, environmental safety, etc. The work can only start after ESH's approval.

## Workplace Health

### Health Promotion Activities

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

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

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

Pegatron implements multiple health promotion activities at various factories, including

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employee psychological consultation line, psychological consultation room, counselor mechanism, suggestion box, and regular employee interview. Professional and senior psychologists and clinical psychologists provide personalized assistance such as psychological counseling, personality analysis, career planning, etc., to promote employees' mental health and enhance their sense of belonging.

**Health promotion activities attendance**

Location	Health promotion activities	Number of participants
Taiwan	Annual physical examination, stair climbing promotion activity, flu vaccination, women's anti-cancer screening, rapid antigen screening, health care education and publicity, etc.	13,631
China	Special lectures on health issues, women's health lectures, blood donation activity, first aid knowledge training, mother's classroom, safety knowledge contest, etc.	3,635
Mexico	Health talks, children's cancer march, flu and COVID 19 vaccinations, diabetes and hypertension early detection program, etc.	768
Czech	Globulin testing, distribution of vitamin supplements	1,568
Indonesia	Annual physical examination	3,491



Vaccinations and health diagnosis and treatment



Health Seminar

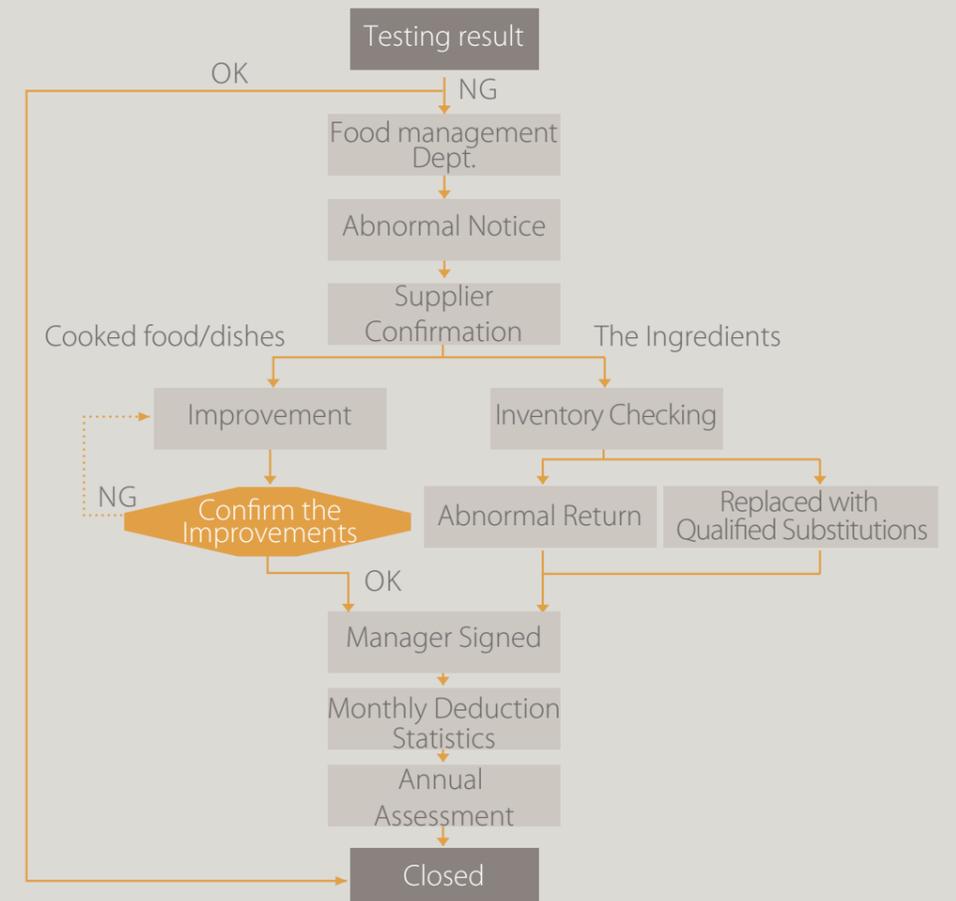


Health Advisory

**Food safety**

Food safety events are endlessly in recent years. To ensure meal safety for employees, food testing laboratories (FTL) have been setup in Central China and East China Operation Centers successively. In Central China Operation Center, FTL has been established since 2008 and hired the persons who 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 eating.

**Food testing results process**



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## Social Engagement

### Not only in technological innovation, but also in cultural cultivation and social participation.

PEGATRON actively participates in public events, sponsors many kinds of organizations, and commits to care for the weak and poor. We continue to pay attention to the reading and digital difference problem of children in remote area of the eastern countryside in Taiwan, so that we provide necessary materials and devices for them. PEGATRON was involved in cultural development, art events, and sports events in recent years. Also, we sponsored activities in music, drama, dancing, literary creation, academic seminar, and health promotion activities to fulfill our corporate social responsibility commitment.

### ■ Happiness Philosophy Club: Donations to help remote villages

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. In 2021, Happiness Talent Club participated in the fundraising project of the Kuentai Foundation's Happy Rural Activity for the seventh consecutive year, raising a total of NT\$99,500 to support 23 students at Li-Ming Elementary School and 26 students at Nei-weng Elementary School in Chiayi.

In addition to subsidizing the original association funds of the two schools, due to the enthusiastic donations from colleagues this year, the extra budget was used by Kuentai Foundation to help Li-Ming Elementary School to establish a mouth organ club. The goal is to let rural children explore themselves in their spare time and to shorten the gap between urban and rural learning resources.



### ■ Taoyuan factory: second-hand products donation

To maximize the value of the idle items at home, the Taoyuan factory launched a second hand good product donation activity, inviting colleagues to donate materials to charities. The collection includes clothing, electrical appliances, books, toys and daily necessities, all of them were donated to the Taoyuan City Peace Care Association.



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

All Pegatron factories benefit from local community support. To listen to local voices and share factory resources with local villages, Pegatron has long been involved in local public welfare activities. In 2021, 30 social activities were hosted, participating by more than 17,000 employees.

Taipei: Guandu river cleanup

Pegatron participated in the adoption of the water environment by the Environmental Protection Bureau of Taipei City Government and adopted the river basin between Guandu Wharf and Guandu Bridge. Since March 2018, the garbage cleaning operation from Guandu Wharf to Guandu Bridge has been arranged every month. In 2021, although there are restrictions on the number of sessions and the number of people due to the intensification of the epidemic, we still hold 4 beach cleaning activities, with a total of 12 employees participated.



Shanghai: Tree Planting and Community Care

The Shanghai operation center regularly organizes environmental protection volunteer activities to voluntarily clean up the community. In addition, on Arbor Day, we called on colleagues to plant trees together, with more than 20 people participated in each event. Moreover, the Mid-Autumn Festival Community Connecting Activities were held during the Mid-Autumn Festival, caring for the elders and sharing gift boxes.



Central China: Blood Donation

The operation center regularly holds unpaid blood donation activities annually. The number of participants in 2021 was 289.



Czech: Community Reconstruction and Campus Health Education

In June 2021, a severe storm with hail and a large tornado battered a community near the city of Hodonin in the Czech South Moravia state, damaged hundreds of homes and injured more than 200 people. The Czech factory launched a donation campaign, raising more than NTD 70,000 to fund the city's reconstruction fund. In addition, the Czech factory also donated NTD 30,000 dollars to local schools for school to print anti-virus manuals and football game gifts.

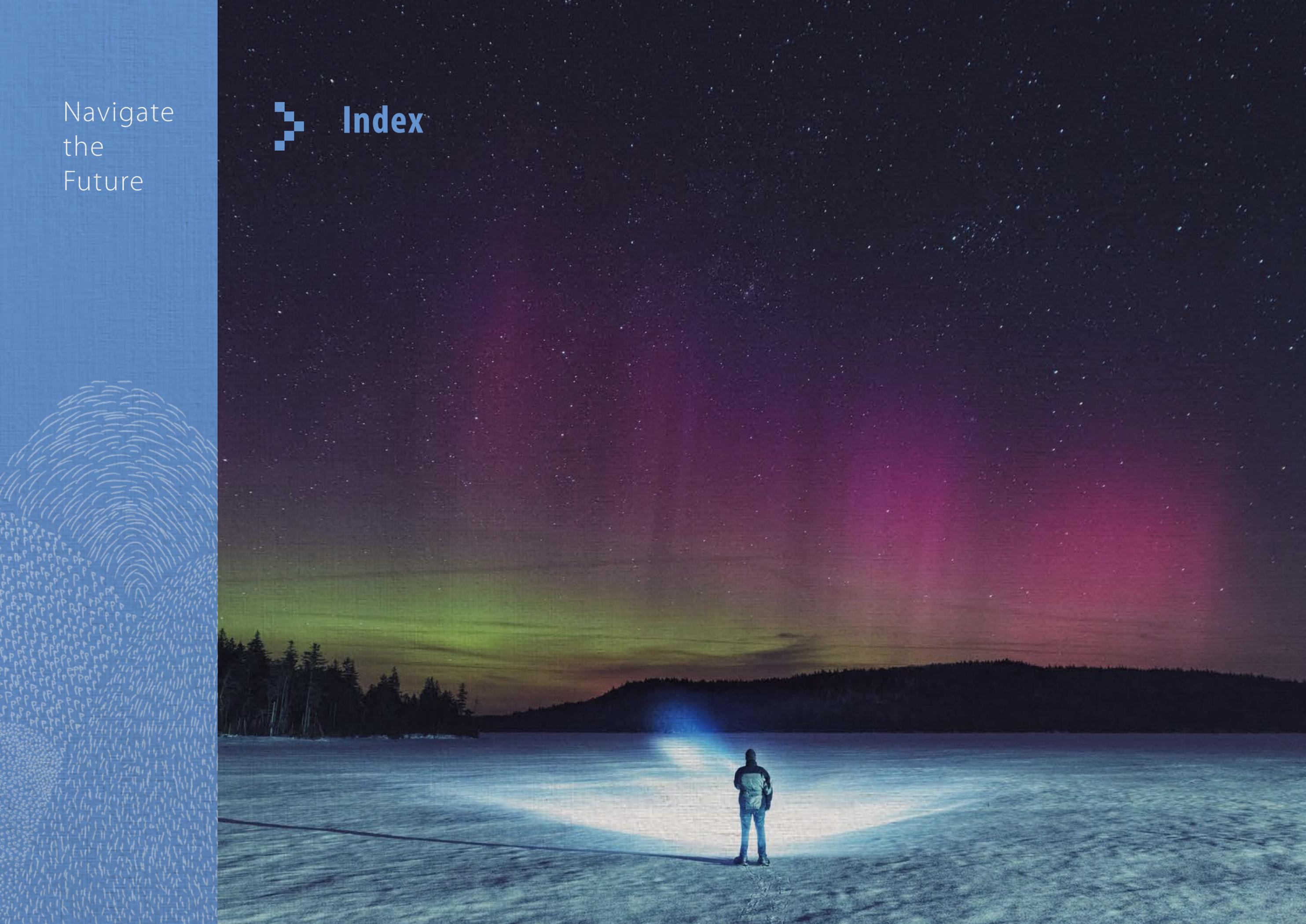


Taoyuan: Waste for Green

In response to the 422 Earth Day, the Taoyuan factory held waste electronic product recycling and exchange activity. We encouraged employees to bring waste electronics that are not needed to the factory for recycling, which can be exchanged for plant-based or handmade soaps. 96 waste electronic products were recycled in 2021.



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## GRI Standard

### General Disclosures

GRI Standards	Disclosure	Page number
GRI 102: General Disclosures 2016	102-1 Name of the organization	10
	102-2 Activities, brands, products, and services	10
	102-3 Location of headquarters	10
	102-4 Location of operations	11
	102-5 Ownership and legal form	10
	102-6 Markets served	10
	102-7 Scale of the organization	10
	102-8 Information on employees and other workers	40
	102-9 Supply chain	23
	102-10 Significant changes to the organization and its supply chain	23
	102-11 Precautionary Principle or approach	20
	102-12 External initiatives	28
	102-13 Membership of associations	12
	102-14 Statement from senior decision maker	2
	102-16 Values, principles, standards, and norms of behavior	4
	102-18 Governance structure	16
	102-40 List of stakeholder groups	5
	102-41 Collective bargaining agreements	41
	102-42 Identifying and selecting stakeholders	5
	102-43 Approach to stakeholder engagement	5
	102-44 Key topics and concerns raised	5
	102-45 Entities included in the consolidated financial statements	1, 18
	102-46 Defining report content and topic Boundaries	7
	102-47 List of material topics	6
	102-48 Restatements of information	1
	102-49 Changes in reporting	7
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	52-53	
102-56 External assurance	54-55	

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GRI Standards	Disclosure	Page number
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	10
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	18
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	27
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 302: Energy 2016	302-3 Energy intensity	29
	302-4 Reduction of energy consumption	
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	27
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	30
	305-2 Energy indirect (Scope 2) GHG emissions	
	305-4 GHG emissions intensity	
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	27
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	33
	306-2 Management of significant waste-related impacts	
	306-3 Waste generated	
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	27
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	31
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	39
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	44
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	39
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	

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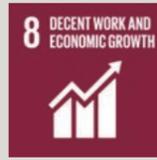
GRI 404: Labor Management Relations 2016	404-3 Percentage of employees receiving regular performance and career development reviews	42
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	39
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 403: Management Approach 2018	403-1 Occupational health and safety management system	45
	403-2 Hazard identification, risk assessment, and incident investigation	45
	403-3 Occupational health services	45
	403-4 Worker participation, consultation, and communication on Occupational health and safety	45
	403-5 Worker training on occupational health and safety	43, 47
	403-6 Promotion of worker health	48
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	45
	403-8 Workers covered by an occupational health and safety management system	45

**United Nations Global Compact**

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

Anti-Corruption	Businesses should work against corruption in all its forms, including extortion and bribery.	2.3 Integrity Management
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**United Nations Global Compact Goals (SDGs)**

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

Note: Please refer to the "Sustainable Development Goals" chapter for the actions and performances corresponding to each goal.

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Unit conversion and data reference table

Chapter	Note for unit conversion data citation
Energy Management	Various energy unit conversion formulas: 1. Electricity: 1 Kwh = 0.0036 GJ (Quote the GRI G3.1 Energy Conversion Factor)
	2. Natural gas: 1 m3 = 39.01 GJ
	3. Diesel fuel: 1 KL = (0.84 ton/KL) * (43.3 GJ/ton) = 36.4 GJ (Quote the CPC Corporation Specification of Petroleum Products)
	4. Gasoline: 1 KL= (0.75 ton/KL) * (44.8 GJ/ton) = 33.6 GJ (Quote the CPC Corporation Specification of Petroleum Products)
Electricity Emission Factor	Carbon emission factors of each country: 1. Taiwan: 0.502 kg CO2e/kwh
	2. Central China: 0.8587 kg CO2e/kwh
	3. Eastern China: 0.7921 kg CO2e/kwh
	4. Shanghai: 0.42 kg CO2e/kwh
	5. Mexico: 0.49 kg CO2e/kwh
	6. Czech: 0.85 kg CO2e/kwh
	7. Indonesia: 0.76 kg CO2e/kwh

Assurance Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE PEGATRON CORPORATION'S SUSTAINABILITY REPORT FOR 2021

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by PEGATRON CORPORATION (hereinafter referred to as PEGATRON) to conduct an independent assurance of the Sustainability Report for 2021 (hereinafter referred to as the Sustainability Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during verification in the period of 7 June 2022 to 21 June 2022. SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

INTENDED USERS OF THIS ASSURANCE STATEMENT

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

RESPONSIBILITIES

The information in the PEGATRON's Sustainability Report of 2021 and its presentation are the responsibility of the directors or governing body (as applicable) and management of PEGATRON. SGS has not been involved in the preparation of any of the material included in the Report.

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

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

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

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

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

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# Assurance Statement

## SCOPE OF ASSURANCE AND REPORTING CRITERIA

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

### Reporting Criteria Options

1. GRI Standards (Core)
2. AA1000 Accountability Principles (2018)

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

## ASSURANCE METHODOLOGY

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

## LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

## STATEMENT OF INDEPENDENCE AND COMPETENCE

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

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

## FINDINGS AND CONCLUSIONS

### VERIFICATION/ ASSURANCE OPINION

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

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

TWLPP5008 Issue 2201

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

### Inclusivity

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

### Materiality

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

### Responsiveness

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

### Impact

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

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

The report, PEGATRON's Sustainability Report of 2021, is adequately in line with the GRI Standards in accordance with Core Option. The material topics and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. For future reporting, it is recommended to have more descriptions of PEGATRON's involvement with the impacts for each material topic (103-1), and how efforts were given to mitigate the impacts. When reporting on goals and targets for each material topic, the expected results are suggested to be set and referred to previous year results, if applicable, with quantitative objectives. More disclosures of economic topics to all operation locations are encouraged in future report.

### Signed:

For and on behalf of SGS Taiwan Ltd.



David Huang  
Senior Director  
Taipei, Taiwan  
28 June, 2022  
[WWW.SGS.COM](http://WWW.SGS.COM)



TWLPP5008 Issue 2201

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## Thanks

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

This report is written 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, SGS, based on the 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 report, please feel free to contact us:

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