



# 2019

**ADLINK CORPORATE SOCIAL  
RESPONSIBILITY RERORT** |

A hand is shown pointing towards a futuristic digital interface. The interface features a large circular graphic with a red and white border and the text 'EDGE COMPUTING' in blue. The background is a blurred, light-colored environment with a grid pattern.

**EDGE  
COMPUTING**

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## Message from the Management



Jim Liu,  
Chairman and CEO

ADLINK Technology continued to show our strength in pioneering technologies over the past two years. Guided by our vision, we followed a strategy of consolidating our existing resources and technologies on embedded computing system hardware for industrial computers in order to establish a foothold in the emerging AI Edge Computing market. AI Edge Computing is where embedded (industrial) computers are provided with system-level connectivity and AI machine learning to provide front-end devices with smart processing capabilities. Data can be analyzed more quickly on the edge side and business performance enhanced through faster decision-making. It can also help customers carry out predictive maintenance and improve the quality of their services. Terminal application services required by Industrial Internet-of-Things (IIoT) systems can also be provided.

The coming of 5G means increased demand from AI and Industry 4.0 upgrades for global industries. ADLINK is working with key strategic partners to build a smart manufacturing ecosystem for promoting digital transformation and accelerating the large-scale adoption of smart manufacturing. The shift from automation to autonomy by the industry will help reduce risks due to human factors. Increased implementation of AI will hopefully lead to improvements in work standards, productivity, and job satisfaction while also enhancing everyday life through better safety and health.

Technology is being applied by ADLINK to boost the quality of healthcare. Our medical solutions focus on optimizing the reliability and efficiency of medical computing devices. We also engage in the design of special products specifically for the environmental needs of medical devices to help raise the standard of healthcare for everyone. For the public infrastructure sector, solutions have been developed for railway transportation, vehicles and aerospace. Product design for these high-end applications must take extreme environments into account that require focusing on protecting people. The above are all key markets that ADLINK has continued to invest in over the years under our core value of “giving back what you take from society.”

ADLINK is actively building on our technological and leading advantage by participating in industry and international organizations. For example, we are on the ROS2 Technical Steering Committee (TSC) of the Open Robotics international organization where we participate in the definition of the ROS technical standard. By combining the ROS2 standard with our software expertise in Data Distribution Service (DDS) standard for real-time systems, real-time control and reliable communications system architecture can be developed for the robotics and automation sectors. ADLINK also contributes to the integration of smart edge computing and fog computing platforms under 5G-DRIVE, a joint initiative between the European Commission and Taiwan’s Ministry of Economic Affairs. In the future, ADLINK will continue to provide technical solutions for an ever-growing range of applications in pursuit of growth in new markets. When it comes to customer satisfaction, global VIP customer satisfaction surveys are conducted by the Customer Care Center every year. The continued upward trend in satisfaction reflects customer confidence with ADLINK’s performance.





We will continue to make sustainability our goal and extend our sustainability requirements to our supply chain. Adherence to the ISO 9001:2015 and ISO 14001:2015 management guidelines will ensure compliance with ethical and environmental standards in our supply chain and manufacturing practices. Initiatives such as local purchasing to improve supply efficiency, lower transportation costs, reducing carbon emissions, and diversifying risk will enhance the green performance of the overall value chain. In keeping with current trends, ADLINK is making full use of technology to reduce the consumption of resources. Electronic processes are being promoted to reduce the use of paper from the signing and filing of physical copies. This is better for the environment and indirectly improves internal efficiency.

Employees are a company's most important asset. To establish the best possible workplace, the global personnel management policy of ADLINK is based on compliance with local laws and regulations and the provision of diverse career development opportunities. These are complemented by training and incentive schemes that provide employees with more career options. To look after the physical and mental well-being of employees, a full-time director is employed by ADLINK for planning company events and services. This ensures that employees receive comprehensive care and support.

Corporate social responsibility is important to ADLINK. To create more social value, our 2020 internship and 2019 cooperative education programs introduced students to the industry and helped students put theory into practice. The programs not only assist students with planning their future careers, but also identify talent for recruitment. ADLINK has long invested and taken part in social issues such as the "Multiply Disabled Entertainment Troupe" campus life education event. Disadvantaged children on both sides of the strait have also been invited to attend the children's summer camp in Shanghai for eight consecutive years. The "Tibetan Plateau Tour" and "German Culture Feast" were also organized by the ADLINK Foundation to promote global cultural and arts exchange through in-depth experiences.

Even as we focus our efforts on the IIoT sector, ADLINK will also seek growth and breakthroughs via the promotion of AI technology. To boost environmental protection and social value, we will continue to invest in corporate governance, shareholder rights, product liability, employee care, environmental sustainability, and social welfare because sustainability is our unchanging goal.

## Editorial Principles

The 2019 ADLINK Corporate Social Responsibility Report ("This Report") was prepared by the "CSR Management Committee" of ADLINK Technology Inc. ("ADLINK"). The report contains our response to topics of stakeholder concern, presents ADLINK's performance, accomplishments, and management policies in corporate governance and environmental/social sustainability topics, and demonstrates our commitment to the fulfillment of sustainability to the society at large.

The disclosure period of this Report is from January 1 to December 31, 2019. The financial data includes the business performance of the parent company and subsidiaries. Other metrics do not cover data from overseas subsidiaries. This report was prepared in accordance with the GRI Standards: Core option issued by the Global Reporting Initiative ("GRI"). The disclosure was in line with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and United Nations Sustainable Development Goals (UN SDGs).

## Time of Release

The ADLINK CSR Report is published once every two years in Chinese and English. The contents of each section and the accuracy of the presented information are reviewed by the CSR Management Committee and the heads of each department before being published through the ADLINK website.

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# CHAPTER 1



## About ADLINK

- 1.1 About ADLINK
- 1.2 Business Performance and Expectations
- 1.3 Industry Associations




## 1.1 About ADLINK

Established in August 1995, ADLINK focuses on the design and manufacture of edge computing products and solutions including but not limited to: embedded modules, computer modules, AI modules, industrial motherboards, software (robotic operating systems, middleware, applications, etc.), deep-learning accelerators, platforms, servers, touch computers, network surveillance, industrial PCs, IoT solutions, smart cameras, and gaming platforms.

ADLINK is a global enterprise with manufacturing, customization, customer support, sales and marketing teams stationed at 21 offices in 12 countries. Our customers come from a wide range of vertical industries including automotive manufacturing, health, defense, aerospace, transportation, and gaming. Our spending on research and development is far higher than the industry average. The current product focus is on consolidating ADLINK' s position as the "leader in edge computing." This includes not only connectivity solutions for embedded products but also communications technology, robotic operation system solutions, AI and IoT solutions, as well as the industrial hardware for implementing these systems.

ADLINK is a global enterprise that provides localized services. We are headquartered in Taiwan while our R&D and business centers are located in Taiwan, China, the U.S., and Germany. Products are manufactured in Taiwan and Shanghai, China. We have sales and support locations all over the world. ADLINK has been hosted on the Taiwan Stock Exchange since 2004.

URL: <http://www.adlinktech.com>.

	Company name	ADLINK Technology, Inc.
	Date of Incorporation	1995
	Headquartered in	Taipei, Taiwan
	Total consolidated revenue in 2019	NTD 10,497,070,000
	Earnings per share in 2019	NTD 2.04
	Total number of employees in 2019	>1,700 employees (global workforce)
	Stock Code	6166

### Industry Overview

Artificial Intelligence (AI) and Internet-of-Things (IoT) applications are driving the growth of ADLINK products in each region and vertical market. IoT and AI are expected to achieve compound annual growth rates (CAGR) of 12% and 28% over the next 5 years. Nothing so dramatic is expected from the embedded market that has traditionally been the core

business of ADLINK. Embedded products are nevertheless forecast to grow at a steady pace over the next 5 years with a CAGR of 11%. Customers are now being more proactive about building a network of industry ecosystem partners to support increasingly complex applications. Significant resources have been expended by ADLINK to develop strategic partnerships (including the establishment of a team dedicated to promoting global alliances).

Source: IDC, Worldwide Artificial Intelligence Spending Guide, AUG 8, 2019

### Market analysis and future development

In 2019, the Americas accounted for 41% of ADLINK revenues, followed by 24% from Asia-Pacific, 18% from Europe, Middle-East and Africa (EMEA), and 16% from China. We will continue to expand our market share in embedded computers and related devices that have traditionally been our core business. We are also looking to enter new markets by leveraging new technologies, new products, and partner ecosystems. ADLINK' s current market share is around 4-5% while our biggest competitor is between 7-8%. We operate in a very complex market with no two companies supplying the same product. There is however a high degree of overlap in sales between regions and vertical markets.

2020 has been a year filled with challenges ever since the Lunar New Year. The true test of our ability will come when the global situation improves and everything starts returning to normal. ADLINK is a financially sound company. Our strong customer base and supplier network, as well as extensive product portfolio, mean we can adapt to changing market circumstances. Even as we continue to develop our core businesses, we are also developing our own edge AI strategy and building strategic alliances with leading global vendors. These will put us in a great position once the world finally recovers from the COVID-19 pandemic. In particular, our health, automation, and edge AI products are expected to create new sources of revenues due to increased industry investments in our key vertical markets (automation, automobile, infrastructure, transportation).

### ADLINK' s main global locations in 2019

ADLINK was established 25 years ago. We now have subsidiaries in the U.S., Singapore, China, Japan, Germany, and the U.K. as well as offices in France and India to provide local customers with quick and timely service. Our products are sold in forty countries on five continents worldwide. We work closely with distributors from many countries in the Asia-Pacific region and Europe.



## 1.2 Business Performance and Expectations

In 2019, ADLINK continued to generate NT\$10 billion in revenues. Profitability and cash flow also improved. Net operating profit grew to NT\$767,190,000 due to adjustments of product pricing and customer mix as well as the maintenance of fiscal discipline on operating expenses over the last few years. The gross margin rose back to 41% with net income before tax of NT\$616,220,000, a growth rate of 104%, and earnings per share (EPS) of NT\$2.04. Improved profitability was also reflected in cash flow from operating activities growing by 850% to reach NT\$1,532,937,000. An analysis of financial receipts, expenditures, and profitability in 2019 is provided in the table below.

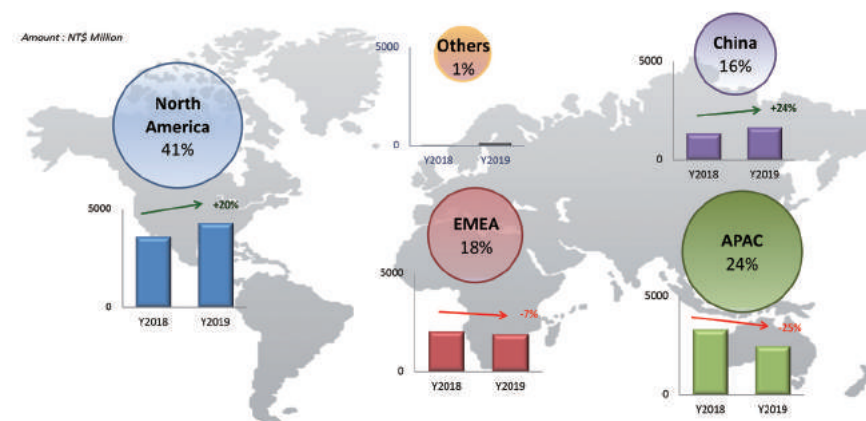
Consolidated Financial Statement	2019	2018	2017
Operating Income	10,497	10,477	10,668
Gross Profit	4,289	3,726	3,963
Gross Margin	41%	36%	37%
Net Income Before Tax	616	302	506
Net Profit	444	245	390
Net Profit Margin	4%	2%	4%
Earnings per Share after Tax (NTD)	2.04	1.12	1.79
Total Payroll	1,730	1,648	1,962
Total Benefits	1,106	1,111	725
Cash Dividend	348	283	326
Profit-seeking Enterprise Income Tax	135	121	104

● The financial receipts, expenditures, and profitability of ADLINK in recent years  
Unit: Millions of NTD

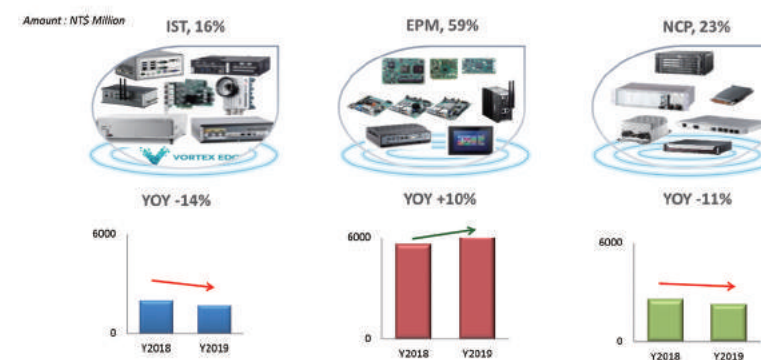
Consolidated Financial Statement	2019	2018	2017
Net sales revenue	10,497	10,477	10,668
Research and Development Expenses	1,437	1,524	1,572
R&D Budget / Net Sales (%)	14%	15%	15%

● ADLINK R&D expenditures ratio

Annual consolidated revenue ratios for all regions in 2019 are as follows: Americas 41%, Europe 18%, Asia (including Taiwan) 24%, and China 16%. Revenue distribution was as follows: IoT Solutions and Technology BU 16%, Embedded Platforms and Modules BU 59%, Networking, Communication & Public Sector BU 23%, and Other 2%.



● ADLINK global product sales ratios by region



● ADLINK global product sales ratios by product lines



## Business Plan and Development Strategies

ADLINK is an edge computing company. We continue to develop products to support the requirements of traditional sectors such as embedded modules. At the same time, we are investing heavily in the corporate vision of ADLINK as a “To be the catalyst for industry empowered by Artificial Intelligence” to achieve even greater revenue growth. Our long-term goal is to become the leader in the global market for edge AI.

## 1.3 Industry Associations

ADLINK is continuing to apply for and obtain certification in various international standards including ISO 9001, ISO 13485, ISO 14001, ISO 45001, ISO/IEC 17025, TL 9000, and ISO/IEC 80079-34. We have factories in Taiwan and China as well as a globalized marketing network that has continued to launch new products and develop new markets. In keeping with our business philosophy of “Advance Technologies, Automate the World,” ADLINK plays an active role in international associations in order to contribute to technological progress and cooperation in the industry. We are a Premier Member of the Intel® Internet of Things Solutions Alliance and are actively involved in many international standards bodies such as PICMG, PC/104 Consortium, Standardization Group for Embedded Technologies (SGeT), VMEBus International Trade Association (VITA), PXI System Alliance (member), AXIe Consortium (member), European Telecommunications Standards Institute (ETSI) and Open Compute Project (OCP). At the same time, ADLINK is a strong advocate for open source technology platforms and we are part of the ROS 2 Technical Steering Committee (TSC) at Open Robotics. The Robot Operating System (ROS) is open-source for robots. The mission of the ROS 2 TSC is to define the technical guidelines for open source robots as well as accelerate the development and implementation of ROS 2. We joined the Eclipse Foundation as a solution member to promote the open-source Eclipse Cyclone DDS and became a premium member of the Autoware Foundation to support open source technologies on autonomous driving. ADLINK is committed to the active promotion of open source technology platforms as the sharing of innovative technologies helps accelerate global progress.





# CHAPTER 2



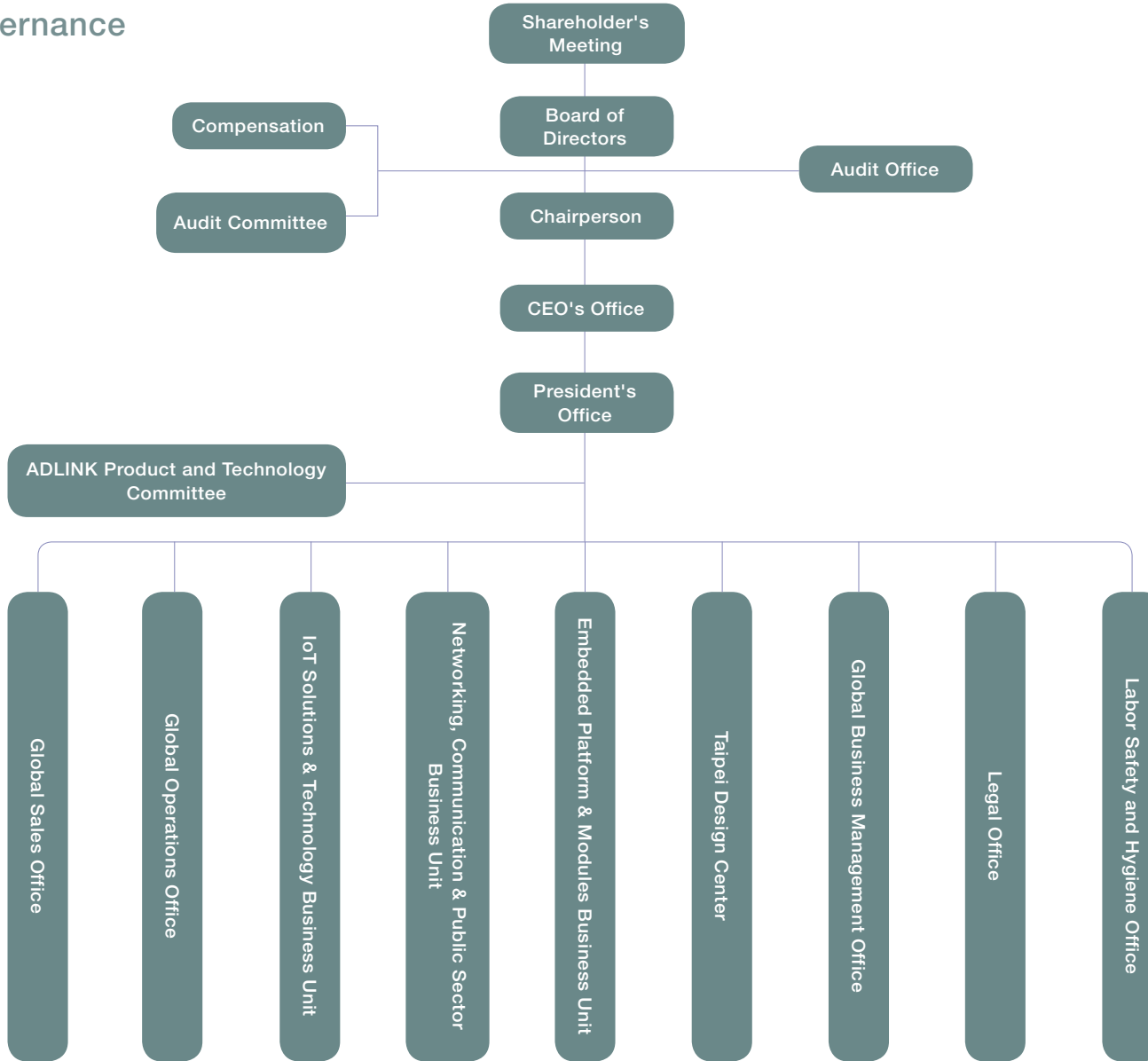
## Corporate Governance

- 2.1 Corporate Governance
- 2.2 Board of Directors
- 2.3 Audit Committee
- 2.4 Remuneration Committee
- 2.5 List of Major Shareholders
- 2.6 Company Dividend Policy
- 2.7 Employee Profit Sharing and Directors' Compensation
- 2.8 Corporate Risk Management
- 2.9 Corporate Core Values
- 2.10 Code of Ethics and Business Engagement



## 2.1 Corporate Governance

Company  
organizational chart



## Business portfolio of key departments

Department	Business Portfolio
<b>CEO's Office</b>	Responsible for planning the research and promotion of company-wide goals, as well as defining strategy and guidelines.
<b>Audit Office</b>	To assist with the implementation and revision of internal company controls; inspect and review internal control systems to ensure the continuous and effective implementation of the reasonable assurance system.
<b>President's Office</b>	The coordination, communication, engagement, promotion, and drafting of company-wide business goals.
<b>Labor Safety and Hygiene Office</b>	Supports the introduction and maintenance of environmental safety and health (EHS) management systems. Establishes environmental safety and health policies/systems for the company to protect the safety and health of employees. Maintains and audits environmental safety and health systems of each department.
	Defines the occupational hazard prevention plan and provides relevant departments with guidance on its implementation. Provides relevant departments with planning and supervision on labor safety and health management, as well as checklists and inspections for safety and health facilities. Provides guidance and supervision on patrols, regular inspections, key inspections, environmental testing, planning of employee health exams, and health management.
<b>Legal Office</b>	Legal risk management and advice for company operations as well as the review, drafting, and management of contracts, planning of legal activities, litigation management, and intellectual property management.
<b>ADLINK Product and Technology Committee</b>	Responsible for product and technology planning, investment and development of new technologies, application of emerging technologies, and promotion of technological R&D within the ADLINK group as a whole.
<b>Global Sales Office</b>	Asia Pacific Sales: In charge of sales services for the Asia-Pacific market (including Taiwan). European Sales: In charge of sales services for the European market AATI: In charge of sales services for the American market ADLINK China: In charge of sales services for the Chinese market ATG: In charge of sales services for the European market ATL: In charge of global sales for Data Distribution Service (DDS). Customer Care Center: Customer support, customer quality management, after-sales service, and order management.

Department	Business Portfolio
<b>Taipei Design Center</b>	Software research and development, software testing and validation, defining of hardware specifications, hardware circuit layout, engineering drawing management, technical information management, component testing and selection, development of testing tools, product design validation, PCB design in support of product development, promotion of green product policy and process planning, environmental testing, safety certification and reporting of data.
<b>Networking, Communication &amp; Public Sector Business Unit</b>	Planning and execution of market strategy for network communications, railway transportation, and defense industry products; general business performance; determination, notification, and management of general sales price; recommendations on new product developments, market development, and channel expansion; market analysis; definition of product specifications; product and project development schedule management; design modification; engineering drawing management; technical information management; customer technical support and services.
<b>Embedded Platform &amp; Modules Business Unit</b>	Planning of product market strategy; general business performance; determination, notification, and management of sales price; recommendations on new product development; market development and channel expansion; market analysis; definition of product specifications; product and project development schedule management; design modification; engineering drawing management; technical information management; customer technical support and services; product customization, hardware circuit fabrication, mechanical design, software development, development of testing tools; product testing and validation.

Department	Business Portfolio
IoT Solutions & Technology Business Unit	<p>Planning and execution of AIoT products and strategic solutions; general business performance; determination and notification of sales price; recommendations on new product development; market development and channel expansion; market analysis; definition of product specifications; product and project development schedule management; design modification; engineering drawing management; technical information management; customer technical support and services.</p>
Global Operations Office	<p>Taipei Manufacturing Center:</p> <p><b>Quality Assurance Department</b> Quality management activities such as supplier management, material inspection, product inspection, and production quality control.</p> <p><b>Manufacturing Department</b> The entire production system.</p> <p><b>Engineering Department</b> Conversion of research technology into factory production technology; repair of defects during production, and after-sales support.</p> <p><b>Production Planning Department</b> Production scheduling, materials planning, as well as planning and management of warehouse storage for materials and products.</p> <p><b>Manufacturing Technology Department</b> Authoring and publication of work instructions and technical documentation for manufacturing processes. Assist the production line with improving yield quality and equipment utilization rate.</p> <p><b>Global Operational Quality Assurance Department:</b> Planning of company quality strategy, planning and management of quality and environmental safety and health system, customer quality improvement projects, and processing of customer complaints.</p> <p><b>Advanced Manufacturing Technology Center:</b> Development and introduction of new manufacturing processes. Upgrading of global technical resources and capabilities.</p> <p><b>Inventory Management Department:</b> Supplier and price management, purchasing of production components, finding contractors, approval, and management of parts (including green parts). Strategic Supply Chain Planning Department: Integration of supply chain and product department partnerships to realize company business goals.</p>

Department	Business Portfolio
Global Business Management Office	<p>Information Department: Development of IT infrastructure and related software/hardware; management of enterprise application systems and related data; planning, deployment, integration, operation and maintenance of business analytics system; establishment and management of IT management processes and systems; information security management.</p> <p>Human Resources Management Department: Human resources strategy and planning on recruitment, retention, and employment; establishment and promotion of HR administration system; compensation scheme; management of overseas personnel; global HR and corporate culture projects; general purchasing and management of fixed assets.</p> <p>Finance Department: Financial statements and business analysis; capital planning and banking; assessment of long and short-term investments; foreign currency hedging; share affairs.</p> <p>Accounting Department: Bookkeeping and processing of taxation affairs, budgeting, and preparation of financial statements.</p>

## 2.2 Board of Directors

The selection of ADLINK directors is governed by the "Procedures for Election of Directors and Supervisors" to ensure a fair, just, and open process. The procedure was defined by ADLINK in accordance with the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies."

The Board of Directors is the top governance body of ADLINK. The current Board consists of 8 members (including 3 independent directors). One independent director and one director are currently women. All were elected through a vote of shareholders. ADLINK relies on the directors' extensive education and experience in different fields, their keen sense of advanced technologies with potential, and understanding of the international market trends. Except for the two institutional directors, all Board members have more than five years of experience in business management, legal affairs, finance, accounting, or other business activities required by the company. The diversified membership is conducive to the establishment of a sound corporate governance system. The directors supervise, appoint, and provide guidance to the company management, strengthen R&D and technical exchange, improve management functions, and guide the effective operation of the company in the economic, social and environmental dimensions. The mission of the Board is the maximization of stakeholder interests.

What follows is a list of the members of the ADLINK Board of Directors, their terms, and professional and educational backgrounds.



What follows is a list of the members of the ADLINK Board of Directors, their terms, and professional and educational backgrounds.

Title	Nationality or Domicile	Name	Gender	Term	Professional and Educational Background.
Chairperson	Taiwan	Jim Liu	Male	Three years	Founder of the company / Computer Science Graduate School, National Tsing Hua University / Institute for Information Industry.
Director	Taiwan	Richard Lin	Male	Three years	Department of Information & Computer Engineering, Chung Yuan Christian University / Engineer, INKU Technology Co., Ltd.
Director	Taiwan	Yeou-Yih Chou	Male	Three years	Chairperson, Zenitron Corporation / MDP graduate, Asian Institute of Management / Department of Electronic Engineering, Tatung University / Director of Electronic Design, Tatung Company.
Director Representative	Taiwan	Chroma ATE Inc. Hsiu-Miao, Huang	Female	Three years	Director of Finance at Chroma ATE Inc. / Department of Accounting, Tunghai University.
Independent Director	Taiwan	Wei-Chien, Lee	Female	Three years	Master of Social Science, National Taiwan University / Associate General Manager, Human Resources, Coretronic Corp. / Board Director, Kaijun Investment. / Independent Director, Etron Technology, Inc.
Independent Director	Taiwan	Ching-Tsung, Lin	Male	Three years	MBA, University of Washington (Seattle, USA) / Majored in International Trade, Department of Business Administration, National Taiwan University / Managing Director and General Manager Taiwan, Barclays Bank (UK) / Senior Vice President and Chief Risk Officer, Cosmos Bank / Managing Director and General Manager Taiwan, Bank of America (US) / Senior Vice President and Chief Risk Officer, Taishin Holdings.

Title	Nationality or Domicile	Name	Gender	Term	Professional and Educational Background.
Independent Director	Taiwan	Hsiang-Yi, Lien	Male	Three years	MA. in Information Engineering, National Taiwan University / EMBA in International Business, National Taiwan University / General Manager, Strategic Technical Cooperation Business Group - Asia, Google / Independent Director, 104 Corporation Vice President, ShiningVision / Vice President, Yam Digital Technology.
Director Representative	Taiwan	AU ptronics Frank Ko	Male	Two years	President and CEO, AU Optronics / Chairman and CEO, E Ink / Vice President, AU Optronics / Ph.D. in Photonics, National Chiao Tung University.

Eight directors sit on the ADLINK Board. The Chairperson is Mr. Jim Liu and the other four directors are Mr. Yeou-Yih Chou (Chairman of Zenitron Corp.), Mr. Richard Lin (former VP of Manufacturing at ADLINK), Ms. Hsiu-Miao Huang (representing Chroma ATE Inc.), and Mr. Frank Ko (representing AU Optronics). The three independent directors are Ms. Wei-Chin Lee (Associate General Manager of HR, Coretronic Corp.), Mr. Ching-Tsung Lin (external independent financial specialist), and Mr. Hsiang-Yi Lien (General Manager, Asia Strategic Technology Cooperation Business Group, Google); the eight directors each have their particular area of expertise and possess the professional know-how necessary for their position. The ethical conduct and leadership reputation of directors is important to ADLINK as well.

The total number of shares held by the entirety of ADLINK directors and supervisors is 17.11% and complies with the relevant securities regulations. Directors' liability insurance has been purchased by ADLINK covering the execution of their business duties.

The Board of Directors is convened at least once a quarter. In 2019, the Board was convened by the Chairperson on 5 occasions.

## 2.3 Audit Committee

The mission of the Audit Committee is to strengthen corporate governance functions and operations through the supervision of the following matters:

1. Proper presentation of the company' s financial reports
2. Hiring, dismissal, independence, and performance of attesting CPA
3. Effective implementation of internal controls
4. Regulatory compliance
5. Management of existing or potential risks

The responsibilities of the Audit Committee include:

1. Adoption or amendment of an internal control system as pursuant to Article 14-1 of the Securities and Exchange Act.
2. Assess the effectiveness of internal control systems.
3. Adoption or amendment, pursuant to Article 36-1, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, an extension of monetary loans to others, or endorsements or guarantees for others.
4. A matter bearing on the personal interest of a director or supervisor.
5. A material asset or derivatives transaction.
6. A material monetary loan, endorsement, or provision of a guarantee.
7. The offering, issuance, or private placement of any equity-type securities.
8. The hiring or dismissal of an attesting CPA or the compensation of which was given thereto.
9. The appointment or discharge of a financial, accounting, or internal auditing officer.
10. Annual and half-yearly financial reports.
11. Any other material matter so required by ADLINK or the Competent Authority.

Composition and selection of Audit Committee:

Chairperson: Ms. Wei-Chien Lee

Members: Mr. Ching-Tsung Lin, Mr. Hsiang-Yi Lien

The members of the Audit Committee are appointed by the Board of Directors and consists of three independent directors. All members of the Audit Committee satisfy the relevant statutory requirements for independence and professionalism. The terms of the Audit Committee coincide with the current session of the Board. The "Audit Committee Charter" requires the Audit Committee to be convened every quarter or as necessary. The ADLINK Audit Committee was established on June 19, 2019, and was convened 2 times in total with a 100% attendance rate.

## 2.4 Remuneration Committee

The mission of the remuneration committee is to assist the Board of Directors in executing and evaluating the remuneration and benefits policy of the entire company, as well as the compensation of directors and managers.

### Responsibilities of the Remuneration Committee:

1. Establish and regularly review the performance evaluations of directors and managers as well as the remuneration policy, system, standard, and structure.
2. Periodically evaluate and establish the remuneration and compensation of directors and managers.

### The Committee should adhere to the following principles when carrying out the above responsibilities:

1. The performance evaluations and remuneration of directors and managers shall refer to the prevailing standards of compensation in the industry. Reasonable connections to personal performance, company performance, and future risks should also be considered.
2. The Committee should not encourage the directors and managers to conduct any activities exceeding the acceptable risk level of the Company in pursuit of higher remuneration.
3. The proportion of short term bonuses and changes in the timing of compensation for directors and executives should take the nature of the industry and company operations into consideration.

Composition and selection of the Remuneration Committee:

Chairperson: Ms. Wei-Chien Lee

Members: Mr. Ching-Tsung Lin, Mr. Hsiang-Yi Lien

The members of the Remuneration Committee are appointed by the Board of Directors and consists of the three independent directors. All members of the Remuneration Committee satisfy the relevant statutory requirements for independence and professionalism. The terms of the Remuneration Committee coincide with the current session of the Board. The "Remuneration Committee Charter" requires the Remuneration Committee to be convened at least twice a year. In 2019, the Remuneration Committee was convened 3 times with a 100% attendance rate.

The background, education, and concurrent employment or directorship with another company and role in each functional committee for every member of the Remuneration Committee are all disclosed in an annual report. The report can be viewed at the Market Observation Post System or on the ADLINK website.

## 2.5 List of Major Shareholders

Shareholder	Number of Shares	Shareholding Ratio
AU Optronics Corp.	42,310,407	19.45%
Chroma ATE Inc.	24,492,253	11.26%
The investment account of Keysight Technologies Inc. (UK) in the custody of Citibank (Taiwan)	14,707,559	6.76%
Zenitron Corporation	13,707,324	6.30%
Jim Liu	10,424,124	4.79%
Chung Sheng Investment Co.	9,918,628	4.56%
Kai Sheng Investment Co.	7,835,808	3.60%
Fubon Life Insurance Co., Ltd.	6,390,000	2.94%
Cheng-yang Hu	5,075,120	2.33%
Harn -Fen Ni	4,514,586	2.08%
Government funds and relevant shareholders		
- Labor Pension Fund (New Scheme)	328,000	0.15%

April 24, 2020

## 2.6 Company Dividend Policy

### 1. Dividend policy adopted in the Articles of Incorporation.

Our dividend policy is designed to protect shareholder returns and complement our investment planning. The goal is to ensure the sustainability of the company in accordance with the Company Act and the relevant regulations issued by the Securities and Futures Bureau of Financial Supervisory Commission, Executive Yuan.

#### ① . Dividend policy:

Our dividend payment procedure is based on the relevant regulations of the Company Act. Once the financial reports have been audited and certified by the CPA at the end of each fiscal year, the type and amount of dividends to be distributed are determined by the Board based on profitability and future business requirements. The proposed dividend should, in principle, be no less than 60% of the after-tax surplus for the year. The proposed distribution is submitted to the Shareholders' Meeting for approval before implementation. The company is currently going through a period of business growth. Due to the demands of the rapidly growing industrial automation industry and to support the medium and long-term investment plans of the company, the cash dividend paid each year has been set as no less than 20% of the total cash and stock dividend paid for that year to meet the needs of sustainability and aggressive growth.

#### ② . Dividend payment method

The company has adopted the three following dividend payment methods: Capitalization of retained earnings, capitalization of capital reserves, and a cash dividend. The following factors are taken into consideration for the payment of cash or stock dividends:

- 1.Demands of future business expansion.
- 2.Balancing of EPS and profitability
- 3.Current cash flow and operating surplus.

#### ③ . Dividend payment amounts and categories

To ensure the soundness of our financial structure and safeguard the interests of investors, the distribution of dividends under our dividend policy takes factors such as capital surplus, retained earnings, financial structure, and operating situation into account.

### 2. Dividend distribution proposed for the current Shareholders' Meeting:

A cash dividend of NT\$0 per share is expected to be issued at the 2020 Shareholders' Meeting (distribution of earnings from the 2019 fiscal year). A capital surplus cash dividend of NT\$1.60 per share will also be issued.

The proposed distribution of dividends for 2020 are as follows (approved by the Board on 2020/3/19 and now awaiting approval by the Shareholders' Meeting):



Unit: NTD

Distribution items	Amount	Notes
Capital surplus cash - Cash dividend	347,995,611	Issue approximately \$1.6 per share.

**3. Effect on business performance and EPS of stock distribution proposed for the current Shareholders' Meeting:**

The distribution of dividends by the company are governed by the dividend policy. No stock dividends and shares issued as employee compensation are granted this year.

There will therefore be no material impact on business performance or EPS.

## 2.7 Employee Profit Sharing and Directors' Compensation

1. Employee compensation and the percentage or range of directors and supervisors' compensation as set by the company articles of incorporation:

The articles of incorporation stipulate that 3% to 20% and a maximum of 3% of pre-tax income of the respective year shall be allocated as compensations for employees and directors/supervisors, respectively. Relevant reports shall be submitted to the Shareholders' Meeting. In case of accumulated losses, a certain amount shall be allotted in advance to make up for such losses before compensations are allocated pursuant to the aforementioned ratios. Employee compensations may be paid in stock or cash. Eligible recipients shall include employees of subsidiaries who meet certain criteria. Relevant criteria shall be determined by the Board of Directors.

Annual earnings are distributed as follows: If the final accounts for the respective year indicate after-tax earnings, accumulated losses will be made up first. 10% of the remaining earnings are allocated as a legal reserve unless accumulated legal reserves have reached an amount equivalent to the paid-in capital. A special reserve is then allotted from the remaining amount. Finally, the Board of Directors formulates a proposal for the distribution of remaining surpluses and accumulated undistributed earnings. Shareholder dividends and bonuses are allocated upon resolution by the shareholders' meeting

The recipients of previously mentioned employee bonuses include subordinate company employees who match certain criteria.

2. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and

the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

The company estimated employee compensation for 2019 as NT\$96,383,000 a directors' compensation as NT\$6,000,000 based on past experience. If there is any change in the material amount approved by the Board at the end of the fiscal year, the allotted costs for the year should be amended. If there are further changes to the amount after the publication of the annual financial report then this will be treated as a change in accounting estimate and reflected in the accounts for the following year. If the Board votes to issue shares as employee compensation, the number of shares to be granted shall be the fair value of the share divided by the amount of bonus approved. The fair value of shares is based on the closing price on the day before the Board decision, with the effect of ex-right/dividend taken into account. The basis for estimating the amount of director/supervisor compensation is based on the salary standards of the industry. Recommendations are then made by the Remuneration Committee to the Board of Directors for approval and implementation.

3. Compensation approved by the Board of Directors:

- i. On March 19, 2020, the Board of Directors approved the allocation of NT\$96,383,000 and NT\$6,000,000 in cash for employee and directors' compensation respectively, for a total of NT\$102,383,000. There was no discrepancy between the recognized amount and the estimated amount for the fiscal year.
- ii. The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income for the current period and total employee compensation: Not applicable.

4. The actual distribution of employee and director/supervisor compensation for the previous fiscal year (with an indication of the number, face value, and the stock price of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee bonuses and director/supervisor compensation, the discrepancy, cause, and handling methods shall be clearly specified:

The company distributed NT\$51,000,000 and NT\$3,250,000 in cash as employee and director/supervisor compensation for the 2018 fiscal year. There was no discrepancy between the actual distribution and the recognized amount.

## 2.8 Corporate Risk Management

To protect stakeholder interests, ADLINK conducts assessments of internal and external risks to gauge their effect and impact on business continuity.

### Risk management by internal audits and controls

Risk management is a key function of internal audits and audits are carried out by the Audit Office independently and impartially. The Audit Office assists the Board of Directors and top-level management with the inspection and assessment of internal controls and risk management activities, including the effectiveness of the first and second line of risk controls. The continuous and effective implementation of the internal control system is ensured through reasonable assurance.

A risk-based approach has been adopted for the planning of the annual audit plan. Factors considered during risk assessment include:

- Regulatory requirements
- Frequency of past deficiencies
- Importance of business efficiency and performance
- Management requirements
- Potential corruption risk

The Audit Committee was established by the company in 2019. To ensure the effectiveness of the Audit Committee as well as the accuracy and transparency of disclosure, the company arranges for members of the Audit Committee to meet and communicate with internal auditors, external auditors and company management. Members of the Audit Committee can use their expertise and role to alleviate risk in financial reporting, legal compliance, and anti-corruption. Committee recommendations are treated seriously by the company with appropriate action and supervision taken. Our corporate governance is enhanced as a result of their guidance.

### Financial risk analysis and strategy

1. Interest rate changes: The company adopts a conservative approach to cash planning with priority given to security and liquidity. Periodic assessments are conducted on interest rates in the currency market and financial information. Risk mitigation is carried out when necessary if there is significant interest rate risk.
2. Exchange rate changes: The company now also provides quotes and receives payments in non-USD currencies. Prices are also adjusted in response to changes in the exchange rate; transactions with purchasers have also changed from local currency to foreign currency in order to diversify and reduce the risk component in currency exchanges. Forward exchange transactions are also carried out as

a hedge against exchange rate risk. Accounts receivable by group businesses are spread across different currencies including RMB, SGD, JPY, GBP, and Euro. Natural hedging is achieved through the balancing of foreign currency assets and liabilities.

3. Inflation: Sales prices, as well as purchasing/selling conditions, are adjusted by the company based on market conditions as necessary so there has been no negative impact. The effect of inflation on the company is therefore expected to be limited.
4. Credit risk: Decisions on credit limits, credit approvals, and insurance on accounts receivable from customers are handled by dedicated company personnel to reduce financial losses from non-payment of contracts. They also ensure that appropriate action is taken on overdue accounts receivable.

### Information security risk management policy

The following risk management process (Fig. 1) has been adopted to ensure the confidentiality, integrity, and availability of the company's information services. By identifying and managing information technologies and risks, disruptions to business continuity due to a single point of failure in information services, IT system vulnerabilities, or internal/external threats can be avoided.

The establishment and refining of a risk management process as well as proper design, deployment, training, and controls are used to avert risk events in the short- and medium-term. Complementary backup and restoration measures are also used to ensure business continuity in the event of an incident. In the long-term, the emergency response planning and business continuity planning (BCP) are used to mitigate or neutralize damage and impact to business operations.

### Legal compliance risk management policy

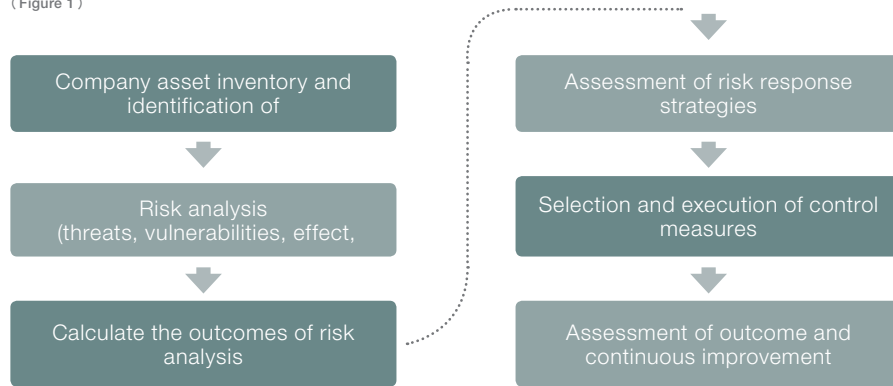
The Legal Office monitors the latest regulatory developments and notifies/assigns personnel to attend external training courses when appropriate to ensure that they stay up to date and internal regulations do not become outmoded. Legal Office personnel frequently attend legal seminars and training courses conducted by outside professionals or regulatory agencies to learn about international compliance trends, domestic/overseas laws and regulations as well as the position of administrative or judicial agencies; industry exchanges are also used to learn about how to respond to regulatory requirements. Internal rules are regularly updated through internal communication and integration to ensure their relevance.

Professional software was purchased by the Legal Office in September 2019 to help check for any new changes to government regulations. Quarterly meetings are held to brief the heads of each department on any items of interest in the regulatory changes. There have been no serious violations of social or economic law by ADLINK since our founding. As

a public company, ADLINK must report any serious regulatory violations to the Market Observation Post System to provide investors with timely disclosure. The approval process serves as the review mechanism on contract compliance. Contracts may only be formally signed with the approval of the Legal Office. This mechanism ensures that the contents of every contract are known.

The company has also established relevant units and systems to deal with other norms and standards or professional fields. For instance, committees have been created for the implementation of ISO9001, ISO14001, and ISO 13485 standards, and to confirm the applicability of relevant laws and regulations.

( Figure 1 )



### Climate change risk management

ISO 14001 environmental management system certification was obtained by ADLINK in 1999. The environmental dimension of activities, products, and services that can be controlled or expected to be affected through the environmental system was identified from a stakeholder and life-cycle perspective. These included a comprehensive review of planned, newly developed, new or revised activities, products, and services, as well as those that already or potentially have a major environmental impact. Past and current environmental management performance is also reviewed and assessed so that environmental policy, target, and metrics can be defined to serve as the basis for the planning of the environmental management system.



Management efficiency can thus be improved to satisfy environmental management standards and achieve the goal of continuous improvement. ADLINK joined the Carbon Disclosure Project (CDP) in 2013. Greenhouse gas inventory data are regularly made available to customers and stakeholder groups through the CDP website.

## 2.9 Corporate Core Values

We believe that the only way to create a healthy, sustainable enterprise and a corporate culture beneficial to the world is through values and beliefs grounded in ethics. The ADLINK code of ethics is based on integrity, value, and benevolence. Through the Employee Code of Ethics, all employees can work together to maintain a workplace characterized by pragmatism and respect for the law. The ADLINK Employee Code of Ethics includes:

**Compliance with laws and discipline** : ADLINKers respect and abide by all applicable laws and norms. All ADLINKers take pride in compliance and discipline.

**Faithful recording and reporting of group status**: ADLINK is eager to provide accurate and complete financial and business records. As members of a listed company, all ADLINKers and top executives are willing to fully satisfy all financial reporting requirements stipulated by securities and exchange regulators worldwide.

**Competition based on respect for ethical standards**: ADLINK derives its competitive edge from its excellent products, high-quality employees, and rapid and superior services. We oppose and refuse to participate in any unethical or illegal trading activities.

**Hiring policy that respects employee diversity and equality**: We provide fair and equitable employment and promotion opportunities for every employee based on their qualifications and performance. Any form of sexual harassment or discrimination is strictly forbidden and will not be tolerated. We must provide a safe and equitable working environment.

**Avoiding conflicts of interest**: We must not exploit our position to improperly benefit ourselves or others. We must also avoid actual or potential conflicts between personal and company interests.

**Protection of ADLINK assets**: We respect the content of work provided by ADLINK and pledge to protect the assets and information required in our work. Trade secrets provided by the company or other organizations are also kept in the strictest confidence.

**Offering or acceptance of gifts and hospitality, and ban on bribery**: We must not offer or accept gifts or hospitality of high value, or accept bribes or other inappropriate benefits without explanation.

**Maximization of positive impact**: All ADLINKers are willing to make a personal contribution to ensure the positive growth of the company and all employees.

Corporate core values must be based on the code of ethics outlined above. No matter how drastically the environment or market may change, the four core values of “Sincere Dedication, Outstanding Professionalism, Respect for Competition, and Pleasure at Work” will always guide ADLINK’s development of our competitiveness in external markets and the internal development of our business operations. A detailed breakdown of the four core values is as follows:



### Sincere dedication

The spirit of sincere dedication which encompasses a commitment to refrain from lying, deceit, forgery, cover-up, acceptance of kickbacks, malicious libel as well as a hard-working attitude and dedication to business management is a basic requirement for both internal and external commercial activities.

### Outstanding professionalism

As one of the leading companies in the field of industrial computers, we expect ourselves to possess professional technological capabilities, actively compete on the international stage, and make a dedicated contribution to creating a perfect, safe, healthy, and convenient world. Our corporate mission is “Advance Technologies, Automate the World.”

### Respect for competition

In this age of rapid change, the IoT, Industry 4.0, and Made in China 2025 economy not only all pose challenges but also offer great opportunities for the company. Global tides will not sway us from our path. We will continue to hold our heads high and compete fearlessly against the best in the industry in the spirit of healthy competition. We also comply with relevant laws and regulations and honor the intellectual property rights of our industry.

### Pleasure at work

We manage our business with great conviction and zeal in fulfillment of our mission to improve humanity and the world through our products and terminal applications including communication networks, measurement, automation, transportation, and medical care.

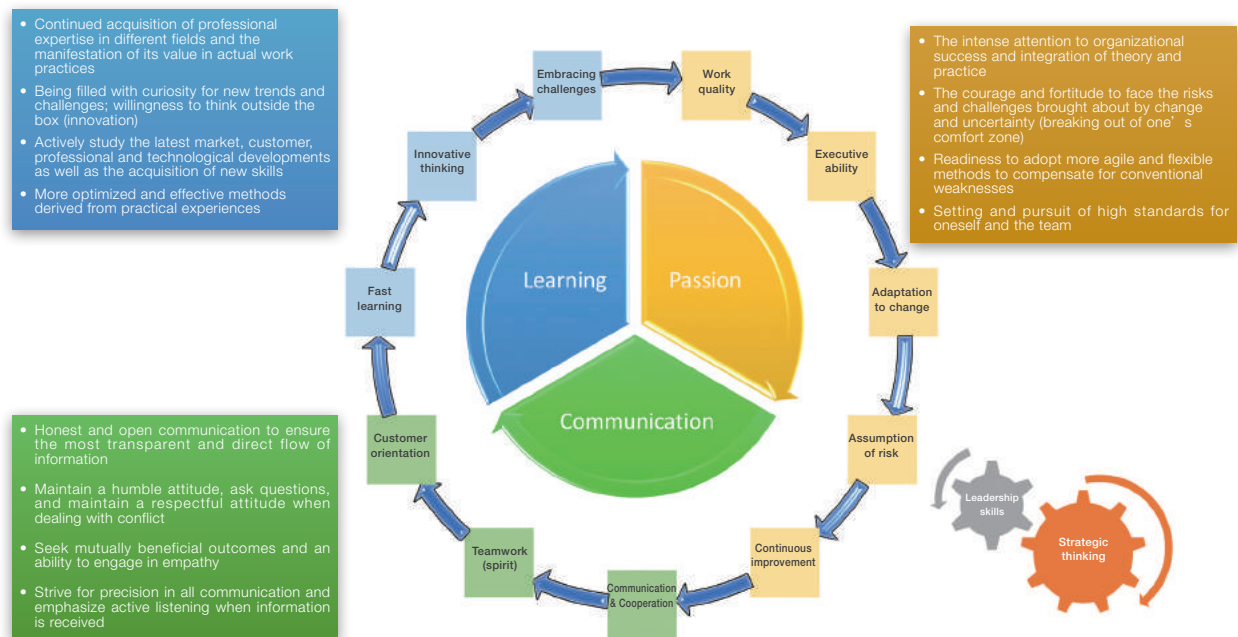
Many methods are used by ADLINK to fulfill our core values and implement the Employee Code of Ethics. Candidates with the same values and beliefs are given preference in the selection process and employees are required to sign the Code of Ethics on their first day of work. Employees are given a better understanding of the main contents and

importance of the core corporate values and the employee Code of Ethics through follow-up training. Disciplinary offenses are reviewed by the Rewards and Disciplinary Committee in accordance with relevant provisions in the employee handbook.

Whenever a major challenge or an unknown journey offers itself, ADLINK has always risen to the challenge in our continued pursuit of excellence. These are also the defining characteristics of “entrepreneurship” - being passionate about the industry and business (Passion); maintaining a high level of curiosity and demonstrating the ability to learn in unknown or unfamiliar fields (Learning); collaborate and

communicate with partners and customers to the benefit of both (Communication). Thirteen key competencies were developed from the three pillars of Learning, Passion, and Communication in ADLINK culture, these are: work quality, executive ability, adaptation to change, assumption of risk, continuous improvement, communication and collaboration, teamwork (spirit), customer orientation, fast learning, innovative thinking, embracing challenges, leadership skills, and strategic thinking; different assignments and positions have different competency requirements. They also apply to human resource activities such as recruitment and evaluation.

## LPC Behavior & Competency



## 2.10 Code of Ethics and Business Engagement

### 1. Code of ethics and compliance

Specific corporate philosophies were emphasized by ADLINK during each stage of development. These build upon the constant that is our core culture to make ADLINK what it is today. Compliance is the foundation and measure of corporate governance. A commitment to compliance with laws and regulations as well as the upholding of company and personal ethical values has defined how employees should approach their work since the internal “Code of Ethics” was defined in 2006.

The relevant laws are also internalized by ADLINK in a variety of ways to serve as our operational principles. Employee training on intellectual property rights is planned in 2020 so that all relevant employees understand the applicable laws. We hope that employee education and company rules will encourage employees to adopt these principles in their work.

Our employees are duty-bound to ensure the legality of activities prior to work engagement. If there is any doubt, then they will seek assistance and confirmation from other units. The Legal Office was established by ADLINK to ensure that employees have a correct and consistent understanding of the law and other standards. They must also understand the purpose of compliance and ethical constraints. No effort is spared during promotion and implementation by the Legal Office in areas of public interest such as compliance, education and training, personal information protection, intellectual property management, and friendly workplace. Several examples of actual initiatives are listed below:

#### ① . Education and training

All new employees are required by the Legal Office to undergo the new hire training course. Contents of the course include compliance and corporate culture. In addition to new hire training, legal seminars and meetings are conducted by the Legal Office every year. Training courses on the prevention of bullying and sexual harassment in the workplace are also conducted.

#### ② . Personal information protection

In addition to monitoring the latest regulatory developments, ADLINK has also developed its personal information protection policy based on the European Union’s General Data Protection Regulation (GDPR), the strictest personal information protection law in effect today. ADLINK has numerous overseas subsidiaries and specialists in this field are retained in each country to implement this system.

For document management, the security of personal information was enhanced through system optimization along with internal training for HR personnel and managers. The salary confidentiality system for example requires HR to state their requirement and purpose when accessing personnel records. ADLINK attaches great importance to customer data. The confidentiality clause in every employment contract requires each employee to maintain the confidentiality of any confidential information that they come into contact with during their work. Thorough data protection is the reason why there has never been a violation of customer privacy or the loss of customer data at ADLINK.

#### ③ . Intellectual property management

Increasing awareness of intellectual property rights led to ADLINK to issue the “ADLINK Patent Regulations” and engage in long-term collaboration with well-known local intellectual property firms. Dedicated personnel were also hired this year to manage patents and trademarks, conduct periodic searches of domestic/foreign intellectual property websites, and ensure that our intellectual property rights are all in order; incentive bonuses are offered to increase the quality and quantity of company patents by encouraging employees to engage in inventions related to their work or improvements to existing products.

#### ④ . Friendly workplace

Prevention of workplace bullying and sexual harassment is emphasized. In addition to the training courses mentioned above, regulations such as “ADLINK Measures for Prevention of Sexual Harassment in the Workplace” and “ADLINK Measures for Prevention of Workplace Violence” were defined by the company to govern the handling of such incidents.

#### ⑤ . Environmental and ecological protection

There have been no violations of environmental protection regulations at ADLINK. Environmental and ecological protection is one of the key topics facing the world today. ADLINK has taken the lead in energy conservation and carbon reduction to bring the topic closer to everyday life. Posters and company rules are used as the starting point. We then think about what we need to achieve sustainability and become a green, high-tech company.

#### ⑥ . Labor rights

ADLINK is committed to providing a safe working environment, treating employees equitably, as well as maintaining the company’s sustainability and integrity. We comply with UN and ILO guidelines for a legal and friendly workplace. The hiring of child labors under the minimum working age is strictly prohibited.

Item	Content	Outcome
Non-discrimination	Incidents of discrimination	No incidents of discrimination
Child Labor	Business locations and suppliers at serious risk from the use of child labor	No hiring of child labor
Forced labor	Business locations and suppliers at serious risk from forced or compulsory labor	No incidents of forced labor

## 2. Business conduct

The “ADLINK Ethical Corporate Management Best Practical Principles” were defined by ADLINK in 2015 to establish a sound framework for corporate governance. Business activities should adhere to the principles of fairness, honesty, trustworthiness, and transparency. We are opposed to any form of improper business conduct. New hire training starts by introducing the company’s core values followed by a detailed look at the company’s environment and previously described items. We hope that employees have a proper understanding of what it means to be an ADLINKer from their very first day.

The Fair Trade Act places restrictions on anti-competitive behavior (improper business conduct) and restraint of trade (restricts the ability of other vendors to compete reasonably) in Taiwan. ADLINK is in an industry characterized by a higher level of non-substitutability. The relevant provisions of the Fair Trade Act are nevertheless treated very seriously and action is taken when necessary.

ADLINK has never, since our inception, engaged in anti-competitive behavior. Nor have we ever received penalties, warnings, or other non-voluntary orders for improper marketing of products. For all company products, we also set high standards for ourselves from research and development through to production. The majority of our research, development, and production are conducted in-house. As a result, ADLINK has never been involved in any infringement or regulatory violations. The company has also never been banned from specific markets or had punitive action taken due to the selling of products.

We treat reasonable competition as an expression of business vigor. We encourage employees to be passionate about all challenges and generate business profits through positive means. A positive and healthy competitive environment is one of the factors behind ADLINK’s vibrant growth today. Some of the actual measures taken are:

### ① . Prohibition of unethical conduct

ADLINK employees may not directly or indirectly provide, promise, solicit, or receive any improper benefits, or engage in any other unethical, illegal, or disloyal behavior.

### ② . Prohibition of insider trading

ADLINK employees are expected to adhere to the relevant laws and internal procedures. Internal information that has come into their possession but has not yet been published must not be used for insider trading or leaked to other parties.

### ③ . Conflict of interest

If an ADLINK employee discovers during their conduct of company business that they or the legal person they represent have a conflict of interest or may obtain improper benefits as a result, the matter should be reported to their direct superior and the dedicated company unit.

### ④ . Internal controls

The design and implementation of internal controls at ADLINK should adhere to the best practice for ethical corporate management and be reviewed as necessary. Internal auditors periodically inspect internal compliance with standard procedures.

### ⑤ . Anti-corruption

There have been no incidents of corruption at ADLINK. The code of ethics is taught by Legal Office personnel during new hire training and includes anti-corruption education. A Code of Ethics has been defined for company officers capable of exerting an influence on the company’s decision-making. We hope that the synchronization of internal and external requirements can reinforce the positive corporate culture of ADLINK and live up to public expectations on integrity.







# CHAPTER 3



## Stakeholder Communication

- 3.1 ADLINK CSR Policy and Management Committee
- 3.2 Stakeholder Topics of Concern and Communication Channels
- 3.3 Material Topics

### 3.1 ADLINK CSR Policy and Management Committee

ADLINK began promoting corporate social responsibility (CSR) in 2013 due to international and domestic concerns on CSR topics. The company is committed to the strengthening of our business organization, the fulfillment of social responsibility, and the practice of environmental conservation. A CSR promotion committee headed by our global CFO, Jeff Chou, was also set up with the following five functional committees: Corporate Governance, Employee Care, Energy Efficiency, External Communication, and Social Involvement. Topics of concern to stakeholders such as shareholders, employees, customers, suppliers, government agencies, non-profit organizations, and society are compiled by the five sub-committees. Representatives from the relevant departments are assigned to the sub-committees to carry out sustainability projects approved by the ADLINK CSR Management Committee as well as the planning, execution, compilation, and review of our company's CSR activities. As a company that drives technological development, ADLINK hopes that the promotion of "corporate sustainability" through our resources and influence will fulfill our corporate social responsibility and make a contribution to the economy, environment, and society.

The CSR policy of a company is derived from its corporate culture. The corporate culture of ADLINK is defined as LPC: Learning, Passion, Communication. The spirit of the policy is the gradual internalization of sustainability management concepts into corporate governance. The execution of the policy spurs the continued improvement of the company. The relevance and compliance of each action plan and corporate responsibility policy are constantly reviewed so that contents of the policy can be individually implemented to fulfill our responsibility on sustainable corporate and social development.

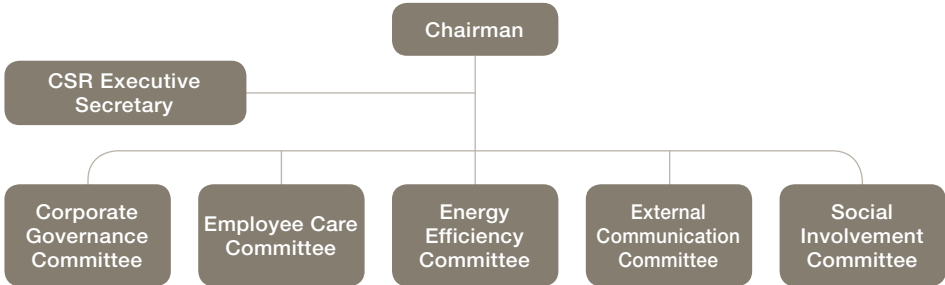
#### CSR Policy:

**Learning:** Develop innovative technology and eco-friendly products to enhance corporate sustainability.

**Passion:** Engage employees and encourage their passion for promoting sustainable development.

**Communication:** Address stakeholder concerns while continuing to strive for sustainable practices for the common good.

#### ▼ ADLINK CSR Management Committee



CSR Chairman / CFO  
Jeff Chou

## ADLINK CSR Management Committee Roles

Committee	Functions
Chairman	Set the targets and direction for the company' s CSR and sustainable development. Review performance and progress regularly.
CSR Executive Secretary	Overall management of the company' s CSR reporting.
Corporate Governance Committee	The committee discusses and reviews issues crucial for the strengthening of the corporate structure and sustainable development to support decision-making by the CSR Committee. Trust can then be maintained between the company and the stakeholders to fulfill shareholder and government expectations on continued profitability and sound growth. Shareholder interest is emphasized with all the relevant departments working together to develop rules and systems related to corporate governance. These include assisting with the refining and implementation of internal controls, as well as ensuring the transparency of disclosure and compliance with relevant laws. We aim to uphold our business philosophy of embracing core values, transparency, shareholder interests, and sound internal controls.
Employee Care Committee	The company is dedicated to providing a safe and harmonious working environment, safeguarding employee rights and interests, cultivation of professional skills, and planning of career development. We aim to maintain positive labor-management relations and help employees contribute to sustainable operations.
Energy Efficiency Committee	An integrated approach is taken to the promotion of environmental protection, safety and hygiene, energy efficiency, water efficiency, and hazardous substance management activities throughout the company. We strive to build a long-term partnership with suppliers by building a sustainable supply chain. Investment in research, development, and design of green products is also increased to enhance sustainable competitiveness.

Committee	Functions
External Communication Committee	Responsible for promoting community and social engagement throughout the company. For material topics of greater concern or impact to community organizations, the PDCA cycle (Plan, Do, Check, Action) is employed to assess response strategies and develop targeted initiatives.
Social Involvement Committee	The ADLINK Foundation' s vision of "Elegies of love moves the world" is channeled through education, art, culture, and welfare to promote the development of philanthropic activities.

## 3.2 Stakeholder Topics of Concern and Communication Channels

Listening to stakeholders is the key to success and sustainability for business. ADLINK engages with stakeholders through a variety of channels and mechanisms to understand the topics that stakeholders are concerned with and their opinions. The topics of concern are reviewed for the planning of short, medium, and long-term strategic goals. Continued efforts are being made in economic, environmental, and social topics to the creative value of stakeholders, meet stakeholder expectations, and create new opportunities through sustainability.

### ADLINK Topics of Stakeholder Concern and Communication Channels:

Stakeholder	Topics of Concern	Communication Channels and Frequency	
Shareholders	<ul style="list-style-type: none"> <li>• Business performance</li> <li>• Corporate governance</li> <li>• Risk management</li> <li>• Financial performance transparency</li> <li>• Remuneration and benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Labor and management relations</li> <li>• Product quality and service</li> <li>• Social involvement</li> <li>• Environmental protection</li> <li>• Employee-employer relations</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder's Meeting (annual )</li> <li>• Market Observation Post System (permanent)</li> <li>• Publication of financial reports (quarterly)</li> <li>• Institutional investor conference (biannual)</li> <li>• Corporate website (ad hoc)</li> </ul>

Stakeholder	Topics of Concern		Communication Channels and Frequency
Employees	<ul style="list-style-type: none"> <li>Business performance</li> <li>Corporate governance</li> <li>Risk management</li> <li>Financial performance transparency</li> <li>Remuneration and benefits</li> </ul>	<ul style="list-style-type: none"> <li>Work environment</li> <li>Labor and management relations</li> <li>Educational training and career development</li> <li>Health management</li> <li>Employee-employer relations</li> </ul>	<ul style="list-style-type: none"> <li>Labor-management meeting (quarterly)</li> <li>Employee mailbox (permanent)</li> <li>Occupational Health and Safety Committee (quarterly)</li> <li>Employee Welfare Committee (permanent)</li> <li>ADLINK e-newsletter (quarterly)</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Corporate governance</li> <li>Product quality and service</li> <li>Product delivery date</li> <li>Customer' s requirements on hazardous-substance-free in products</li> </ul>	<ul style="list-style-type: none"> <li>Due diligence requirements on conflict minerals</li> <li>Marketing Communications</li> <li>Orders management</li> <li>Environmental protection</li> <li>Health management</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction survey (biannual)</li> <li>Customer grievance management system (ad hoc)</li> <li>Sales meeting (ad hoc)</li> <li>Customer feedback (ad hoc)</li> <li>CSR section of the corporate website (permanent)</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Business performance</li> <li>Risk management</li> <li>Customer' s requirements on hazardous-substance-free in products</li> </ul>	<ul style="list-style-type: none"> <li>Due diligence requirements on conflict free minerals</li> <li>Orders management</li> <li>ADLINK supplier order forecast</li> <li>Supplier Environmental Assessment</li> </ul>	<ul style="list-style-type: none"> <li>Supplier audit (annual)</li> <li>Supplier conference (ad hoc)</li> </ul>

Stakeholder	Topics of Concern		Communication Channels and Frequency
Government bodies	<ul style="list-style-type: none"> <li>Corporate governance</li> <li>Risk management</li> <li>Financial performance transparency</li> <li>Dedicated units in charge of social communication</li> </ul>	<ul style="list-style-type: none"> <li>Social involvement</li> <li>Environmental protection</li> <li>Industry-Academic Collaborations</li> <li>Health management</li> <li>Employee-employer relations</li> </ul>	<ul style="list-style-type: none"> <li>Official correspondence, e-newsletter, and meetings (ad hoc)</li> <li>Information sessions and public hearings (ad hoc)</li> <li>Bulletins and directives (ad hoc)</li> </ul>
Non-profit organizations	<ul style="list-style-type: none"> <li>Social involvement</li> <li>Environmental protection</li> </ul>	<ul style="list-style-type: none"> <li>Industry-Academic Collaborations</li> </ul>	<ul style="list-style-type: none"> <li>ADLINK Foundation (permanent)</li> <li>Courses and tours (ad hoc)</li> </ul>
Society	<ul style="list-style-type: none"> <li>Dedicated units in charge of social communication</li> <li>Social involvement</li> </ul>	<ul style="list-style-type: none"> <li>Environmental protection</li> <li>Employee-employer relations</li> </ul>	<ul style="list-style-type: none"> <li>ADLINK Foundation (permanent)</li> <li>Corporate website (permanent)</li> <li>External contact point of general administration unit (ad hoc)</li> </ul>

### 3.3 Material Topics

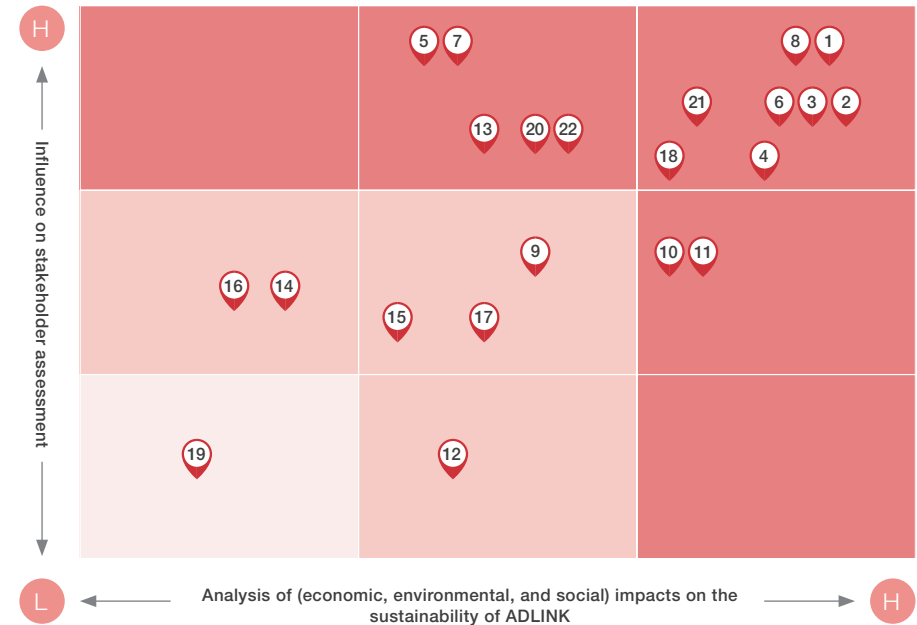
The ADLINK Committee uses diverse communication channels to discuss and identify stakeholders such as shareholders, employees, customers, suppliers, society, non-profit organizations, and government agencies in a systematic manner. Upon confirmation of the list of stakeholders, a stakeholder communication platform is established based on their influence on ADLINK and their topics of concern. Diverse and systematic communication channels are also established by the relevant internal units to compile and organize the topics of concern to stakeholders in corporate governance, economy, environment, and society. A total of 22 topics of concern to stakeholders were identified based on the sustainability philosophy of ADLINK. A materiality assessment and analysis of each topic is conducted based on the degree of concern and (economic, environmental, and social) impact on the company' s sustainability to establish its boundary and level of involvement. The topic of sustainable management was removed in this report as it is covered by other topics. Three new topics were also added: educational training and career development, health management, and employee-employer relations.



### Material Topic Identification Process

Identification	Stakeholder Identification	The ADLINK Committee uses diverse communication channels to discuss and identify stakeholders such as shareholders, employees, customers, suppliers, society, non-profit organizations, and government agencies in a systematic manner.
	Compiling the topics of concern	The topics of concern to stakeholders were compiled by the ADLINK CSR Committee. A total of 22 topics of concern were determined by the Committee.
Prioritization	Analysis of influence on stakeholder assessment and significance of (economic, environmental, and social) impacts on the sustainability of ADLINK	<p>1. Survey on the degree of stakeholder concern A survey of the 7 key stakeholders was conducted to assess their degree of concern on sustainability topics.</p> <p>2. Analysis of (economic, environmental, and social) impacts on the sustainability of ADLINK Managers on the CSR Committee were invited to assess significant (economic, environmental, and social) impacts and their effect on the sustainability of ADLINK.</p>
	Determining the material topics of concern	<p>A topic materiality meeting was convened by the CSR Management Committee</p> <p>to develop a material topic matrix for “Influence on stakeholder assessment” and “Significance of economic, environmental, and social impacts on ADLINK.”</p>
Verification	Comparison of material topics	The 2019 material topic matrix contained 22 items with 15 ultimately confirmed to be material topics for disclosure in this report. Appropriate disclosure for topics of secondary importance will also be provided.
	Selection of corresponding SDGs	The 17 UN SDGs were assessed from a value-chain perspective to examine the positive and negative effects of ADLINK operations on the SDGs and establish their relative priority.
	Topic definition	The value chain was progressively measured against each material topic and SDG in order to identify the scope of its impact.

### Material Topic Matrix







- |   |  |                                       |
|---|--|---------------------------------------|
| 1. Business performance   | 2. Corporate governance                                  | 3. Risk management                    |
| 4. Financial performance transparency                               | 5. Remuneration and benefits                             | 6. Work environment                   |
| 7. Labor and management relations                                   | 8. Product quality and service                           | 9. Product delivery date              |
| 10. Customer's requirements on hazardous-substance-free in products | 11. Due diligence requirements on conflict free minerals | 12. Marketing communications          |
| 13. Order management  | 14. ADLINK supplier order forecast                       | 15. Supplier environmental assessment |
| 16. Dedicated units in charge of communication with communities     | 17. Social involvement                                   | 18. Environmental protection          |
| 19. Industry-Academic collaboration                                 | 20. Educational training and career development          | 21. Health management                 |
| 22. Employee-employer relations                                     |  |                                       |

## Correspondence to UN Sustainable Development Goals (SDGs)

ADLINK responded to the 17 SDGs by following the 5 steps set out in the SDG Compass proposed by the UN: understanding, defining priorities, setting goals, reporting & communication, and integrating. 11 out of 17 SDGs were identified as key areas. By developing corresponding action plans and reviewing these SDGs as necessary, the future direction of sustainable development can be set.

### ADLINK has chosen to respond to the following 11 SDGs:

SDGs	Goal	Corresponding Chapter
Goa 3 Good Health and Well-Being	 Ensure healthy lives and promote well-being for all ages	CH5 Industry-Academia Collaboration CH7 Optimal Workplace
Goal 4 Quality Education	 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	CH5 Industry-Academia Collaboration CH7 Optimal Workplace
Goal 5 Gender Equality	 Achieve gender equality and empower all women and girls	CH7 Optimal Workplace
Goal 6 Clean Water and Sanitation	 Ensure access to water and sanitation for all	CH6 Environmental Concerns
Goal 7 Affordable and Clean Energy	 Ensure access to affordable, reliable, sustainable, and modern energy	CH6 Environmental Concerns
Goal 8 Decent Work and Economic Growth	 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Message from the Management CH2 Corporate Governance CH7 Optimal Workplace
Goal 11 Sustainable Cities and Communities	 Make cities and human settlements inclusive, safe, resilient, and sustainable	CH3 Stakeholder Engagement CH5 Industry-Academia Collaboration

SDGs	Goal	Corresponding Chapter
Goal 12 Responsible Consumption and Production	 Ensure sustainable consumption and production patterns	CH4 Customer Service and Supplier Management CH6 Environmental Concerns
Goal 13 Climate Action	 Take urgent action to combat climate change and its impacts	CH6 Environmental Concerns
Goal 16 Peace, Justice, and Strong Institutions	 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels	CH1 About ADLINK CH2 Corporate Governance
Goal 17 Peace, Justice, and Strong Institutions	 Strengthen the means of implementation and revitalize the global partnership for sustainable development	CH3 Stakeholder Engagement CH4 Customer Service and Supplier Management CH5 Industry-Academia Collaboration CH6 Environmental Concerns



Material Topic Impact Boundaries, Involvement, and Corresponding Chapters

Material Topic	Corresponding Chapter	Corresponding GRI Topic	Impact Boundaries and Involvement			
			Upstream Suppliers	ADLINK	Downstream Customers	
Economic	Business performance	1.2	201	●	●	●
	Corporate governance	1.1 2.10	205 206 307 406 408 409 418 419	●	●	●
	Risk management	2.8	Self-defined Material Topic		●	
	Financial performance transparency	1.2	201	●	●	
	Product quality and service	3.3 4.1	Self-defined Material Topic		●	●
	Order management	4.1	Self-defined Material Topic	●	●	●
Environment	Customer's requirements on hazardous-substance-free in products	6.4	307 416 417	●	●	●
	Due diligence requirements on conflict free minerals	6.4	307 416 417	●	●	●
	Environmental protection	6.2 6.3	302 303 305 306		●	●
Society	Remuneration and benefits	7.1	201 202 401 405 411		●	
	Work environment	7.6	403	●	●	
	Labor and management relations	7.5	408 409		●	●
	Educational training and career development	7.4	404		●	
	Health management	7.6	403		●	
	Employee-employer relations	7.1	201 202 401 405 411		●	

Degree of Involvement: ● Direct impact/ ● Facilitates impact/ ● Commercial impact

## Management Approach to Material Topics

Material Topic	Policy	Long-term Goal	Medium-term Goal	Short-term Goal	Owner Unit
<b>Business performance</b>	CSR Best Practice Principles	<ul style="list-style-type: none"> <li>Accelerating growth through AI deployment</li> <li>Accelerating 5G network transformation through MEC edge computing</li> <li>Transformation of railway transportation through AI and IoT technology</li> <li>Robotics technology</li> </ul>	Provide a market-leading edge AI platform while continuing to develop and consolidate our market leadership	Drive the sound growth of our business and profits through partnerships between our internal product R&D team and industry partners	Finance Department
<b>Corporate governance</b>	Corporate Governance Best Practice Principles CSR Best Practice Principles Ethical Corporate Management Best Practice Principles	Fulfillment of corporate social responsibility and improving information transparency	Strengthen corporate governance and Board performance	Continue to participate in corporate governance evaluations	Finance Department
<b>Risk management</b>	Planning and execution of risk identification, analysis, measurement, and processing activities. Developed response and recovery plans that determine initiatives for risk prevention, alleviation, transfer, or acceptance.	Established a Risk Management Committee that meets regularly to examine the appropriateness of response strategies from at-risk units of each level based on the company's strategic development and changes in the environment.	<ul style="list-style-type: none"> <li>Defined a "Risk Management Policy" with operating units conducting a risk inventory to assess the potential impact and effect of risk events. Monitoring metrics were also established for risk management and identification.</li> <li>Established a business continuity plan (BCP) with educational training for personnel of all levels through risk management courses.</li> </ul>	Established a risk management organization to assess material risks to the company each year.	Audit Office
<b>Financial performance transparency</b>	CSR Best Practice Principles	Provided financial disclosures in English to facilitate the access by foreign institutional investors and improve the internationalization of financial transparency.	Maintained Chinese and English versions of the corporate website along with the continued disclosure of public information	Cooperated closely with institutions and hosted 2 institutional investor conferences each year	Finance Department
<b>Product quality and service</b>	Quality policy	<ul style="list-style-type: none"> <li>Strive to exceed customer expectations through continuous improvements in product and service quality</li> <li>Zero-defect quality mindset</li> </ul>	Continued improvement of overall customer satisfaction	Meet the QPI of increasing VIP customer satisfaction to over 80 points	<ul style="list-style-type: none"> <li>Customer Care Center</li> <li>Research and development</li> <li>Quality assurance</li> </ul>



Material Topic	Policy	Long-term Goal	Medium-term Goal	Short-term Goal	Owner Unit
Order management	Continuous improvement of performance and customer satisfaction	Provide global customers with exceptional service	Continued pursuit of innovative business models	Order Confirmation to Delivery Date within 4 days: 80%	Customer Care Center
Customer' s requirements on hazardous-substance-free in products	Continuous GPMS enhancement to make GPMS friendly for user and easy to search items by users. Suppliers are willing to upload their documents to GPMS	The concentration of hazardous substances in all shipped products were lower than threshold limits.	The shipped products will not exceed the threshold limits of substances of very high concern (SVHC) to be fined by EU.	The collection readiness (%) of "Full Material Declaration (FMD)" achieves 50%.	Component Management Department
Due diligence requirements on conflict free minerals	Continue to carry out due diligence survey by requesting original manufacturers to clarify high-risk smelters and provide a mitigation plan of how to remove high-risk smelters from their supply chain for ADLINK to keep tracking the progress until the issue has been closed.	According to the customer's special demands, Cobalt can be added to the scope of voluntary due-diligence survey	Non-use of conflict metals 3TG in all shipped products	The total ADLINK's supplier response rate (%) on the four conflict minerals (3TG) achieves 90.5%	Component Management Department
Environmental protection	Continuous improvement of energy efficiency to reduce energy consumption costs	Promote green energy, realize energy reuse, as well as the effective implementation of carbon reduction	Reduce average carbon emissions from electricity use in the office by 3% per person	Reduce average carbon emissions from electricity use in the office by 1% per person	Labor Safety and Hygiene Office
Remuneration and benefits	Performance evaluations are conducted by ADLINK to learn about employees' work performance and determine their salary adjustments. The end goal is to optimize employee talents and skills. To increase employee satisfaction, new leave categories were added by the company to encourage employee work-life balance	Respect employee rights by allowing them to fulfill their potential along with reasonable compensation and benefits	Up to 80% of bonus leave is used by employees	New employee benefits (birthday leave, paid sick leave) added with a goal of 60% leave utilization being set	Human Resources Department
Work environment	Set up a safe, hygienic, and environmentally friendly workplace.	Achieve 4,800,000 continuous hours without occupational injury	Reduce the number of occupational injuries by 10% while commuting to and from work by encouraging the use of public transport and the provision of shuttle services.	Improve the safety of high voltage product testing and achieve the goal of zero occupational injuries	Labor Safety and Hygiene Office
Labor and management relations	Labor-management meetings are the main channel for employee feedback. In addition to the quarterly meetings, employee proposals are referred to the relevant units and a deadline set for the unit to give a response. Open channels of communication between labor and management are assured by ensuring that all employee feedback is conveyed to the management and receive a response.	Enhance labor-management relations through better channels of communication	100% closure rate on topics reported by employees	Labor-management meets are held every quarter with up to 80% attendance by representatives from both sides	Human Resources Department

Material Topic	Policy	Long-term Goal	Medium-term Goal	Short-term Goal	Owner Unit
<b>Educational training and career development</b>	Worker training and development policy Employee career planning	<ul style="list-style-type: none"> <li>Achieve a mutually beneficial outcome for both the employee and employer by ensuring that workers possess the basic skills needed for their work and enhance their competency</li> <li>Provide internship and industry-academia collaboration opportunities while talented personnel are still at school. Mechanisms such as dual track and grade expectations help current employees optimize their performance and continue their career development</li> </ul>	<ul style="list-style-type: none"> <li>Continue to organize basic skills training for workers</li> <li>Development and training courses for critical positions</li> <li>Establish a knowledge management platform for training information</li> <li>Improve the recruiting of outstanding student talent by enhancing our brand as an employer</li> <li>Expand the channels for employee communication, look after employee needs, continue to optimize our cultivation and professional development mechanisms, and improve the retention rate of quality employees</li> </ul>	<ul style="list-style-type: none"> <li>Exceed 90% execution rate for talent cultivation program</li> <li>Over 3:100 (ratio of interns and industry-academic collaboration students to ordinary employees)</li> </ul>	Human Resources Department
<b>Health management</b>	Ensure the physical and mental well-being of employees	Raise employee health awareness and provide employees with a safe, healthy working environment	Reduce the average BMI of all employees by 1.5%	Enhance the maternal protection program and achieve a 100% medical consultation rate for pregnant employees	Human Resources Department
<b>Employee-employer relations</b>	In addition to improving the company environment, occupational nurses regularly check on pregnant employees and provide them with related health education to realize a friendly workplace with gender equality. Increase childcare options for employees by contracting with nearby childcare centers to provide ADLINK employees' children with preferential rates.	Enforce equality laws to create a friendly, gender-equal workplace	The ratio of women in middle and senior management reaches 20%	The retention rate of employees that remain with the company for more than a year after parental leave without pay reaches 80%	Human Resources Department

A photograph of two business people shaking hands, overlaid with a large white number '4' and the word 'CHAPTER' in white capital letters. The background is a mix of white, yellow, and grey geometric shapes.

# CHAPTER 4

A yellow triangle pointing to the left, serving as a bullet point for the chapter title.

## Customer Service and Supplier Management

-  4.1 Customer Service
-  4.2 Supply Chain Management

## 4.1 Customer Service

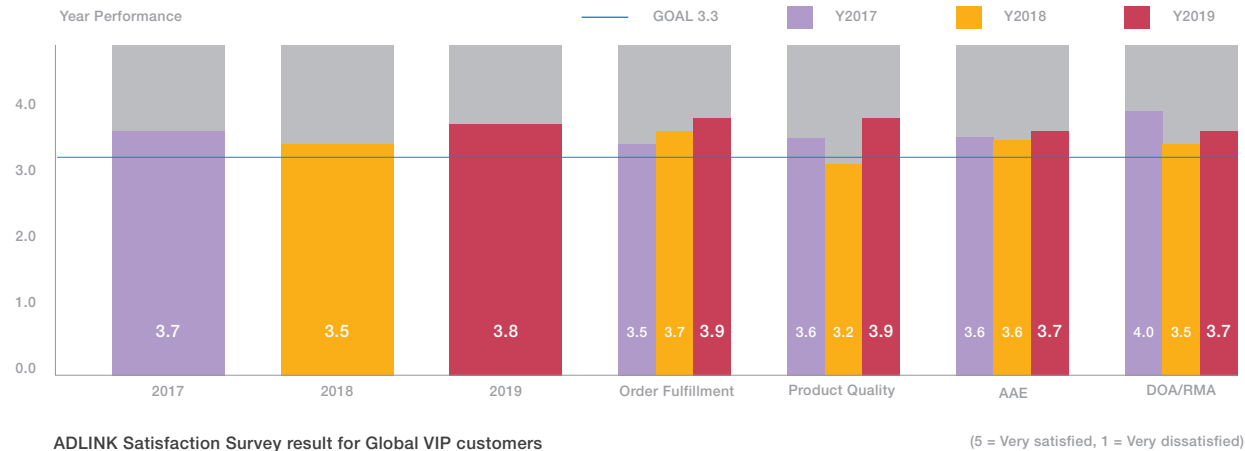
ADLINK is committed to the research and development of innovative technologies for measurement, automation, customization, AIoT, and robotics. AI edge computing is now being included as well to provide global customers and partners with high-quality, ruggedized, and cost-effective total solutions that will equip them in facing future challenges. Our customers encompass globally recognized companies and industries related to the application of electronic technologies such as communications, manufacturing, medical, transportation, gaming, military and defense. Complete customer service is the key value at ADLINK; our Customer Care Center is dedicated to supporting worldwide customers on product orders, deliveries, and after-sales service. Its mission is to respond to customer expectations and feedbacks by resolving issues and satisfying their requirements in a swift and precise manner. ADLINK Customer Care Center promises the following actively:

1. Confirmation of delivery dates for standard product orders shall respond within four working days upon receipt.

2. Online “Ask an Expert” quality and technical consulting platform shall respond within two working days.
3. Products returned for repairs must be serviced and delivered to the customer within 10 days of receipt by ADLINK.

Strict self-demanding to satisfy customers' expectations beforehand in a ginger way is ADLINK core service target.

In order to fulfill our commitments to product quality and customer service, Customer Care Center conducts annual satisfaction survey for specific global accounts. Prior to 2014, third-party market research firms were commissioned to collect customer feedbacks from ADLINK top 100 accounts through telephone interviews and online questionnaires. In 2015, we decided to listen our customers' voices directly and further engage in proactive internal reforms. Holding the service belief of achieving the highest standards, we gave the priority to the most demanding VIP customers being surveyed between 2015 and 2018, and earned increasing ratings from high-end accounts every year gradually. Next from 2019, we expanded the survey scope to encompass all key and emerging customers with strong potential worldwide.



The survey focused on two areas of overall product quality (capability/reliability) and customer service (delivery/after-sales/technical support) to obtain a detailed understanding of customer approval on ADLINK' s all-round support. The results of annual satisfaction survey are compiled by Customer Care Center and published at a designated time to provide relevant departments with a reference for making corresponding improvements; review meetings are convened to consolidate the analyses and actions from team owners, and finally Customer Care Center integrates to come out the improvement reports feedback to key customers with suggestions, which also been studied for adding tracking questions, if necessary, in next survey to further realize customers' reaction to the execution of improvements. The updated status of ongoing improvements are provided along with the invitation email of coming survey. ADLINK expects that the increasingly detailed and comprehensive improvements during every survey would make customers feel valued and worthy. The ultimate goal of ADLINK is to continuously challenge ourselves through constant progress for pursuing the top level of professional and high-quality customer service.

## 4.2 Supply Chain Management

### Local and offshore procurement and supply chain characteristics

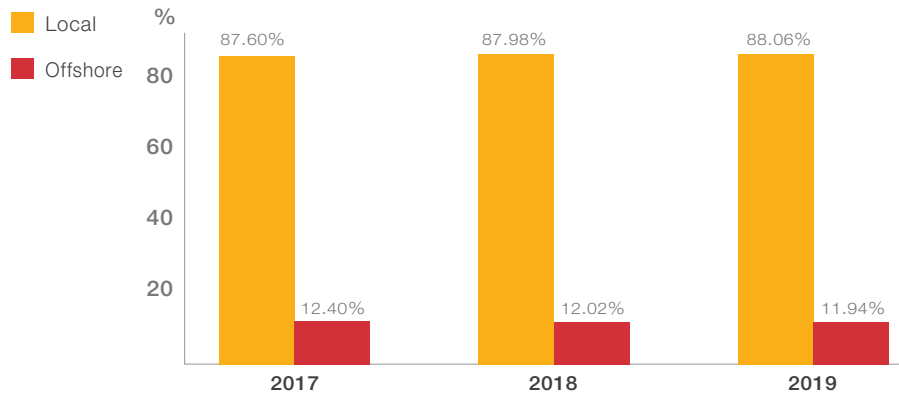
Disasters caused by global climate change have made environmental topics a cause for concern for people and businesses around the world. Climate anomalies caused by Global Warming are threatening human survival due to the increase in both the severity and frequency of hurricanes, floods, and droughts. ADLINK has long worked with our supply chain to cherish and protect our planet. Our continued push for supplier localization not only aims to lower transportation costs, reduce carbon emissions, and diversify risk, it also seeks to mitigate the environmental impact of transportation operations.



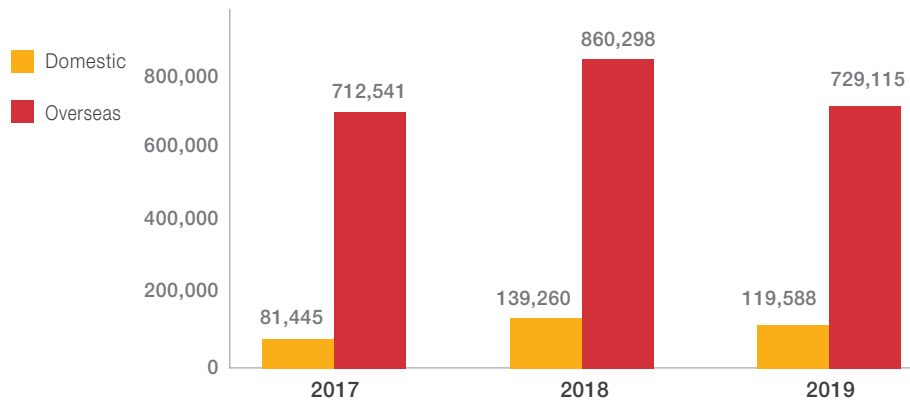


To reduce the environmental impact of transportation and realize the goal of reducing carbon emissions, ADLINK's purchasing strategy gives preference to local suppliers at our production locations. Benefits include improving efficiency and performance as well as reducing environmental damage.

Suppliers are important partners for ADLINK's operation. We are working closely together to seek sustainable corporate development and growth. ADLINK's main production and business locations are located in Taipei. Local suppliers are defined as those who engage in domestic transactions with the production location. In 2011, ADLINK's supplier selection strategy began giving preference to local suppliers. The proportion of local procurement has remained steady at 88% even as business sales grew every year.



Overseas carbon emissions amounted to 965,447 kgCO<sub>2</sub>e in 2011 and significant progress has been made since. Provided below is an analysis of the carbon emission (kgCO<sub>2</sub>e) data for transportation of incoming stock between 2017 and 2019.



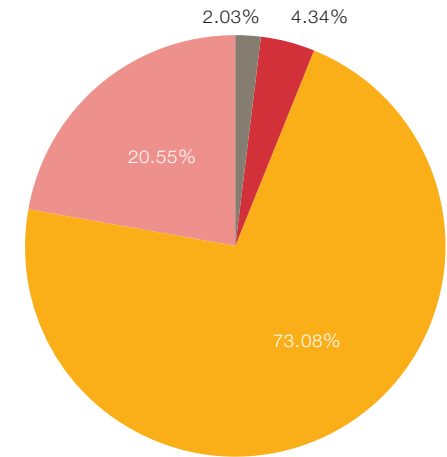
Source: <http://wiki.mbalib.com/zhtw/%E7%A2%B3%E8%B6%B3%E8%BF%B9>

### Distribution of procurement categories

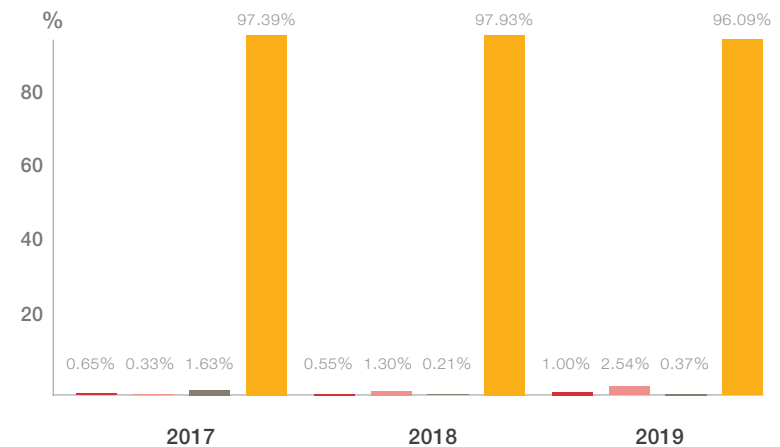
ADLINK focuses on the production of mainboards and systems. Electronic components on average account for over 95% of total procurement each year. Our goal is to become a supplier of total systems. To provide customers with turn-key solutions that comply with industry standards and help them focus on their core competitive strengths, we will continue to prioritize local suppliers and green materials in the future to shorten time-to-market and lower product costs. ADLINK regularly trades with 691 suppliers. Our supply chain is divided into four main categories as shown below.

#### Distribution of Suppliers:

- Packaging
- Electronics
- Mechanical - Metallic
- Mechanical - Non-Metallic



#### Distribution of supplied components:



## Supplier Sustainability Management

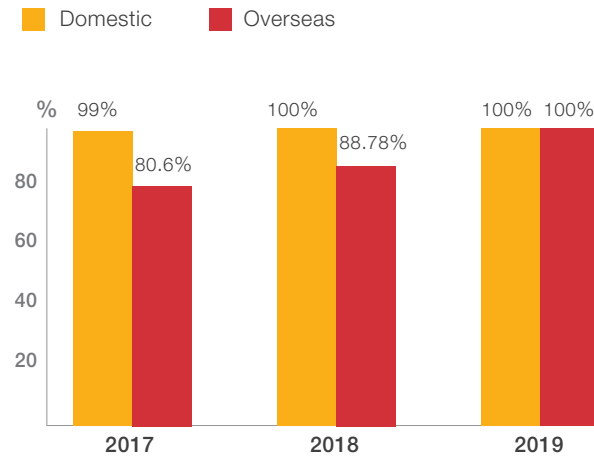
Both social and environmental standards form part of ADLINK's compliance with corporate social responsibility best practices (CSR). We also ensure that ethical and environmental principles are followed during production by our supply chain in accordance with ISO 9001:2015 and ISO 14001:2015 management standards. In addition to promoting EU guidelines for eco-friendly materials for our suppliers, ADLINK also engages in the education and support of qualified suppliers. The Green Product Management System (GPMS) was developed in partnership with IT in 2013 to ensure that all materials in inventory deliver safety and high-quality for end-users. New suppliers undergo a performance evaluation on organizational leadership, production, design, development, cost control, product quality, and delivery service as well as environmental and labor safety. The audit team is made up of representatives from the quality control, purchasing, and design departments. Only those that pass the review can become an ADLINK partner. The material approval process requires materials to comply with EU environmental requirements before they can be used. Existing ADLINK partners undergo regular audits and evaluations as well for quality assurance.

In addition to fulfilling our own CSR, ADLINK is also extending the requirements of sustainability to our supply chain. Past supplier audits that focused on traditional requirements have shown themselves to be inadequate. Further improvements to sustainability are required to expand the green performance of the value chain as a whole.

ADLINK began working on the CSR supply chain plan in 2013 to demonstrate the importance of and our commitment to sustainability management for suppliers. Our goal is to exceed statutory requirements. Human rights management, conflict minerals, social responsibility, quality, environmental safety and health statements, and sustainability management have now been included in the checklist for new supplier audits. In 2015, the 809 AVL vendors were asked to issue the declaration or risk removal from AVL. All declarations were submitted in 2019. New suppliers must now sign 5 CSR declarations and pass the evaluation before they can become an approved supplier for ADLINK.

The submission rate by domestic and overseas vendors in 2017 was 89.8%. The cumulative submission rate was 94.39% in 2018 and reached 100% in 2019.

All approved suppliers of ADLINK must issue a written declaration that they will engage in voluntary audits, carry out continuous improvement, and shoulder their corporate social responsibility.





# CHAPTER 5



## Industry-Academia Collaboration and Community Involvement

- 5.1 Cooperative Education
- 5.2 Academic Collaboration
- 5.3 Innovative Applications
- 5.4 ADLINK Foundation
- 5.5 Supporting Disadvantaged Groups



## 5.1 Cooperative Education

### Turning “theory” into “practice” through industry-academia collaboration

ADLINK places great emphasis on corporate social responsibility to create greater value for society. Since the first cooperative education program with Ming Chi University of Technology was launched in 2005, we’ve used practical training and operational learning to familiarize students with the industry, increase their workplace experience, and provide students with an opportunity to experience working life in a positive work environment prior to graduation. This has a positive effect on student’s study attitudes and future career planning. It also helps the company build up a future pool of quality talent. ADLINK efforts over time have gradually built up the value of our brand among educational institutions.

Various company activities are organized to help employees achieve work-life balance. Cooperative education students are encouraged to participate as well to become involved in order to boost their identification with the company and ultimately increase their willingness to make ADLINK their preferred employer upon graduation. In addition to providing students with work experience, we also hope that students’ creativity and imagination can help change the company.



## 5.2 Academic Collaboration

The manufacturing industry is now facing changes brought about by smart technology and automation. Autonomous mobile robotic systems with a high degree of freedom and precision have now become domestic and international trends. Key applications include logistics and warehousing, defense, industrial automation, healthcare, domestic chores, and entertainment. In terms of 2015 sales, the industry’s largest market by value was defense applications, followed by logistics and warehousing. Advances in AI technology mean smarter autonomous mobile industrial robots with more functionality. We are continuing to develop related business opportunities and new applications.

ADLINK has partnered with National Taiwan University on the joint development of autonomous mobile industrial robotics. Our ROS 2 (Robot Operating System) and Data Distribution Service (DDS) communications technology have been leveraged for the co-development of highly integrated autonomous mobile industrial robots with a high level of compatibility. DDS was also used to implement scalability, real-time response, high-performance, and interactive data exchange with users. The unified protocol framework accelerates the development of related technologies to keep pace with international progress.

Future applications include aerospace and automotive industries with a requirement for complex, high-precision machining.

There are presently no similar domestically produced medium to high-end robotic products. Similar international products exist but they use a closed system subject to vendor restrictions. Our project is based on ROS 2 and uses autonomous mobile platform control software with distinctive features as its internal communications interface. At the same time, ADLINK boasts long experience with industrial PC and ICT industries. We are also the domestic leader in measurement, machine vision, motion control, and industrial controllers. We can therefore provide robust support for this project in both hardware as well as the development of ROS2 and DDS-related technologies.

In the short-term, this project will boost the industry’s ability to engage in homegrown development and the production of autonomous mobile robots. The development of the DDS function with support for IoT communication protocols in particular will effectively boost communication efficiency as well as reduce the manpower and resources needed for development. For the intermediate phase of the project, we will continue to refine the robot autonomy and software development technologies with a focus on production line logistics robots. A standard development platform will be provided to accelerate the transformation to smart factories in the future. The long-term phase will focus on contributing to “Industry 4.0 Smart Manufacturing.” Unlike other mobile robots on the market with closed communications and no ability to communicate with machines, autonomous mobile robots will offer more flexibility for integrated control and smart monitoring of machine tools and automation units on the production line, including support for smart IoT modules. Within Industry 4.0 smart manufacturing, a user-centric approach to autonomous mobile robots will be complemented by various smart robots, automated machine tool peripherals, and smart work stations that improve personal productivity, quality stability, and human-machine safety. These will build a smart production system that enhances the industry’s added value through higher productivity and lower production costs.



## 5.3 Innovative Applications

### The Future of Factory Structure and Requirements

The old model of factory production lines for mass production will come under challenge from future design requirements. In the Future of Factory (FoF) products, there will be a variety of options for each component. When this requirement is translated into the production process it means that production equipment must be capable of real-time communications, highly reliable data exchange and sharing, and very smart data processing in order to realize the goal of shortening product time-to-market.

Under the FoF concept, all of the equipment in the factory can communicate and collaborate. AI algorithms are employed to realize a smart factory. On the technology needed by the manufacturing industry to upgrade from Industry 4.0 to FoF, ADLINK has drawn upon our leadership in edge computing and IIoT platform solutions to develop an FoF software/hardware solution based on ROS 2.0. Our solution allows existing factory equipment to communicate with each other in order to achieve flexibility and efficiency on the production line.

The ROS 2.0 based Industrial Controller loaded with the latest ROS 2.0 implementation is a DDS with advanced Quality-of-Service (QoS) functionality for providing distributed/asynchronous data exchange. It is very well-suited to the design of data links and smart control functions between FoF machine tools and equipment. Its application can also be expanded to become the transmission standard for the information backbone of the factory's network. FoF can use this to roll-out easily scalable and easily integrated communication links, data streams, and smart control ICT systems.

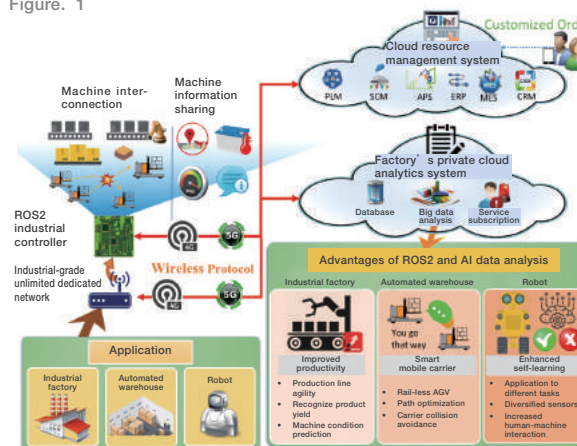
### ADLINK Vision and Innovations for Application of ROS 2.0 to FoF Solutions

In the past, factory equipment was not connected and each production machine operated independently. Equipment worked in isolation and machine performance needed



to be checked manually. IT personnel received orders through Enterprise Resource Planning (ERP) systems but could not establish real-time connections with front-end manufacturing. Without a sound communication environment or a consistent, efficient data distribution platform, information cannot be delivered properly to the equipment that will be used. The factory communication system and data distribution software platform therefore serves as the hub of the factory's information flow.

Figure. 1



The effective integration of ROS 2.0 and industrial wireless communications by ADLINK using the ROS 2.0 industrial controller allows all the components of a factory to mesh together. All information, data, or commands generated or received by factory equipment such as machine tools, sensors, and servos when in motion, can be transmitted through industrial wireless communications using the ROS 2.0 communication layer 1 protocol. The application software uses the ROS 2.0 API to distribute tasks to all the hardware such as machines, tools, computers, and devices in the factory. The scenario in Fig. 1 shows a future customer placing an order remotely. The order is channeled through the cloud-based resource management system before passing into the IT system and reaching the factory's smart manufacturing. All the various devices then collect the parts and use automatic carts for transportation logistics or automated warehousing. The combination of information technology (IT), operations technology (OT), and communications technology (CT) will provide a highly flexible, highly integrated, and highly scalable FoF solution.

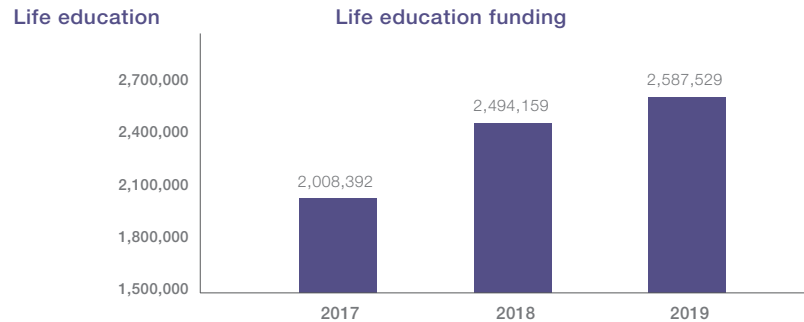
### Innovative Technologies and Strategic Alliances

The ADLINK mission is "Advance Technologies, Automate the World." As FoF technology gradually goes mainstream, ADLINK has begun actively investing in AI, machine vision, IoT applications, and autonomous robot development to

fulfill our social responsibility. ROS 2.0 is now attracting strong international interest and we are using this technology as the core for our software development effort to offer a highly flexible software framework that streamlines the integration of data algorithms and sensors. The fusion of ROS 2.0 and industrial computer (IPC) manufacturing technologies have also been leveraged to offer customers a complete ROS 2.0 robotic system software/hardware solution. ADLINK will engage in strategic alliances and cooperate with the Fair Friend Group (FFG) to develop FoF ICT vertical application products for factories. AI technology will be harnessed to develop a ROS 2.0 industrial controller that integrates vision, sensing, precision control, and real-time communications. An open controller platform will also establish a new standard for smart manufacturing and make ROS 2.0 a common platform for mobile robots. FFG will select a suitable factory from its business group to build a ROS 2.0 FoF demonstration production line that integrates a dedicated wireless industrial network. We hope that technology will help bring in a new era of technological advances.

## 5.4 ADLINK Foundation

ADLINK believes in "give back what you take from society" and set up the ADLINK Foundation in December 2004 to promote technology education, arts and humanities, social welfare, and the building of a harmonious, progressive society under the ADLINK vision of "Advance technologies, automate the world."



### “Mixed Disabled Arts Group” campus life education program

2017 budget for “Mixed Disabled Arts Group” was NT\$1,000,000  
 2018 budget for “Mixed Disabled Arts Group” was NT\$925,000  
 2019 budget for “Mixed Disabled Arts Group” was NT\$800,000



Mixing of different handicap types



Eliminating obstacles



General art performances



Excellence in artistic skill



Unity and sharing

“Mixed Disabled Arts Group” This is actually a special group and a very moving one at that.

“Mixed Disabled Arts Group” is a trans-handicap performing arts group that the ADLINK Foundation has been a long-term supporter of. The troupe is made up of people that have physical, visual, hearing or speaking handicaps, or are amputees or rare disease patients. Every member has a life story to share and a unique artistic performance based on the message of “treasuring life and overcoming difficulties.” The troupe visits school campuses to host life education activities that encourage students to face their difficulties and never give up on themselves. Performances are aimed mainly at elementary and junior high school students in the rural parts of northern Taiwan, or schools that make a direct application to the Foundation. The campus road tour will hopefully teach children about the meaning of life, to be grateful for what they have, and to respect differences.



Budget in 2018 was NT\$925,000

School / Item	Sessions	List of Schools
Elementary School	6	Jhongtai Elementary School, Yi-Fang Elementary School, Wu-Liao Elementary School, Dung Xin Elementary School, XinXing Elementary School, Mudan Elementary School
Junior High School	7	Xin Min Junior High School, Wulun Junior High School, Xiyu Junior High School, Huxi Junior High School, Wen Guang Junior High School, Fengchu Junior High School, Jian-shan Junior High School
Senior Vocational High School	1	National Yuiing Senior Vocational School of Technology and Commerce
<b>A total of 14 life education events were held in 2018</b>		

Budget in 2019 was NT\$800,000

School / Item	Sessions	List of Schools
Elementary School	9	Jiangcui Elementary School, Tongtou Elementary School, Er-Qiao Elementary School, Lao Mei Elementary School, Hou Tsuo Elementary School, Chunan Elementary School, Changkengli Elementary School, Bengang Elementary School, Shanguan Elementary School
Junior High School	3	An Ping Junior High School, She-Liao Junior High School, Neipu Junior High School
Senior Vocational High School	2	National Tseng-Wen Home Economics and Commerce Vocational High School
College	1	Taiwan Police College
<b>A total of 15 life education events were held in 2019</b>		



### “Nomad’ s Way” Tibetan Plateau Exploration Camp

Budget in 2017 was NT\$1,008,392  
 Budget in 2018 was NT\$1,569,159  
 Budget in 2019 was NT\$1,787,529

**Partner unit:** “Nomad’ s Way” social enterprise

**Event duration:** July 2-13, 2018; August 12-25, 2019

**Location:** Yushu Tibetan Autonomous Prefecture, Jiegu Township of Yushu City, and Mazhuang Township in Nangchen County of Qinghai Province

### Introduction to “Nomad’ s Way”

“Nomad’ s Way” is a social enterprise focusing on the Tibetan Plateau. It provides people with a travel experience for immersion in the nomadic lifestyle and Tibetan culture.

### Participants:

School	2018	2019
Taiwan Police College	5	6
Opera School	5	7
Foreign Student	3	2
Dependents of ADLINK employees	0	2
<b>Total</b>	<b>13</b>	<b>17</b>

### Experience Offered:

1. Tibetan village life: In-depth participation in village life (laying mud bricks, carving of Marnyi Stone, making of clay idols)
2. Survival and extinction: A stray dog rescue initiative (feeding hand-made Tsampa to stray Tibetan mastiffs)

3. High Mountain Nomads: Experience nomadic life on the plateau (Yak milking, collecting cow dung, cattle-herding)
4. Sky burial: Confronting the cycle of life and death (viewing a sky burial ceremony from a distance to experience Tibetan acceptance of life and death)
5. Monasteries and youths: A look behind the veil of Tibetan Buddhism (prayer wheels, debating the scriptures, exploration of local monasteries)
6. Kora: The courage and devotion of pilgrims (experience the kora by hiking up a 4500m high sacred mountain in prayer)

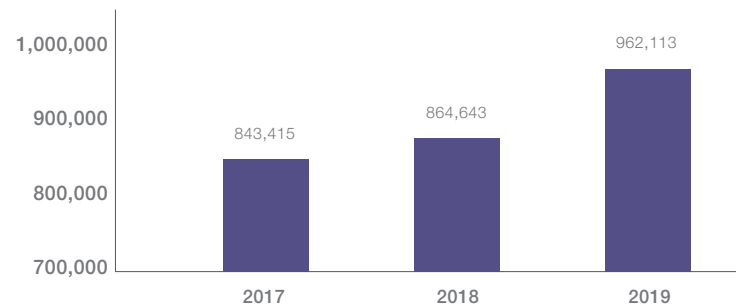
The Nomad's Way Tibetan adventure camp has been held for three consecutive years (2017-2019) so far. We hope that ADLINK youths can venture beyond their comfort zone, set aside their consumer products and dependence on the Internet, and travel deep into Tibet to experience a lifestyle that follows the rhythms of the sun, learn about the Tibetan people's culture and religion, and apply their insights from the trip into their own work or artistic performance. The visits also provide Tibetan youths with information and exchanges.

At the end of the trip, the ADLINK Foundation invites students to compile their experiences as text and images for publication as a book. The "ADLINK Travel Journey: The Tibetan Plateau" has been published as a trilogy of three books with book 1 printed in 2017, book 2 in 2018, and book 3 in 2019. The trilogy shares the inspiration and insights from the meeting of Tibetan and Taiwanese students.



#### Cultural Education

#### Cultural education funding



#### ADLINK Beijing Opera Workshop

Budget in 2017 was NT\$118,000  
 Budget in 2018 was NT\$100,000  
 Budget in 2019 was NT\$100,000

#### ADLINK promotes the culture and costumes of the Peking Opera

A number of characters from the Peking Opera classics such as Journey to the West, Legend of the White Snake, General Yang's Escape, Cixing Temple, West Chamber, and Three Kingdoms made their appearance at the Taiwan College of Performing Arts. The performers were made up of freshly-minted students from the "ADLINK Beijing Opera Workshop" ADLINK employees brought their children, some as young as first-graders, to attend the two-day workshop. With the support of the school's professional "Jin Kun Opera Troupe," the students brought the opera characters to life with the help of the magnificent headdresses, costumes, and props.

The "ADLINK Beijing Opera Workshop" is sponsored by the ADLINK Educational Foundation, and organized by the Taiwan College of Performing Arts. The students included ADLINK employees and their children, disadvantaged students from the ADLINK Shanghai Summer Camp, and students from the German Chinese School; the students got up early in the morning to practice theatrical archery, acrobatics, Peking Opera techniques, percussion patterns, make-up, opera singing, juggling diabolos and flower sticks. The wide variety of interesting classes did not just bring Taiwanese and foreign students together through arts and culture, the workshop also provided a bridge between technology and the arts to fulfill the philosophy of "art in life" through the practice of traditional Peking Opera.

ADLINK Foundation Chairwoman Harn-fen Ni said, "The workshop has been held for six consecutive years. Its goals are the promotion of traditional opera at the grassroots





### ADLINK Volunteer Pre-Camp Training and Shanghai Summer Camp for Kids

Budget in 2017 was NT\$725,415  
 Budget in 2018 was NT\$764,643  
 Budget in 2019 was NT\$862,113

level and the fusion of art and technology. It also serves as an opportunity to support and connect with disadvantaged children that the Foundation has a long investment in. Students of different means can also meet with each other during the traditional opera activities. Through the training, rehearsals, make-up and fitting-out process, they can see the professionalism and experience involved in each performance, and appreciate how “a minute on stage requires a decade of effort off-stage.” There are no shortcuts, and success will only come if you put in the time and effort. The workshop made people more appreciative of what they have.”

### ADLINK Volunteer Pre-Camp Training and Shanghai Summer Camp for Kids

The camp has been organized by ADLINK Foundation every year since 2011 and is now in its 8th consecutive year. The ADLINK Volunteer Pre-Camp Training and Cross-Strait Summer Camp for Kids are held at ADLINK China during the annual summer vacation. Disadvantaged children from Taiwan and Shanghai are selected every year to attend the Shanghai camp with all expenses such as airfares, food, accommodation, excursions, and classes paid.

The camp enriches the summer vacation of disadvantaged students, cultivates their teamwork and spirit, and offers a chance to tour the computer assembly lines at ADLINK. The students learn about the inner workings of the company and employees are invited to volunteer for charity.

### Participants:

School	2018	2019
Zhudong Center of Boyo Social Welfare Foundation	8	5
Opera School	4	7
2018 Shanghai Wanliao Primary School / 2019 Anhui Primary School	8	11
<b>Total</b>	<b>20</b>	<b>23</b>

Yingying Ni, a student of the first Shanghai Camp for kids held in 2011, passed the entrance exam for Tsinghua University in 2018. She returned to the camp again as a counselor this time to inspire and support other children from similar backgrounds. Reflecting on her experience, she said, “The last time I came to Shanghai 8 years ago I was just a short ten-year-old kid who had no idea about anything. In the blink of an eye, here I am in 2018. The way the same scenes bring back old memories is all quite strange. It’s not easy getting children from different backgrounds to be orderly. All sorts of things can happen. From the morning exercises to evening review meetings, every day is jam-packed and the earliest you can go to bed is midnight. It’s exhausting but I feel it’s worth it. I know that we might change the future of all the children here! I am very thankful to the ADLINK Foundation for giving us this learning opportunity. My thanks also go to all the volunteer counselors for their help, and I look forward to meeting them again.”

## 5.5 Supporting Disadvantaged Groups

Total charity sponsorship in 2018-2019 amounted to NT\$3,500,000.

Donations to “Boyo Social Welfare Foundation” In 2018 and 2019, the Boyo Social Welfare Foundation received NT\$2 million in program funding.

### Program Outcomes:

#### 1. Remedial after-school tutoring: Provide disadvantaged students with effective remedial tutoring

The program has a total of 18 tutoring centers and 434 local tutors serving 2,240 elementary and junior high school students. Total student attendance was 96.8%.

- **Target:** Students from the second grade of elementary school to the third year of junior high school.
- **Time:** Free after-school tutoring for 2 to 3 hours each day.
- **Content:** English, mathematics, reading.
- **Method:** Adaptive teaching, incentive learning, education quality control.
- **Goal:** Equip every tutored student with basic skills.

## 2. Development and sharing of teaching materials: Rebuild children's confidence in learning through the development of specialized remedial teaching materials

- **Target:** Adults and children everywhere who need it.
- **Time:** Any time.
- **Content:** English, mathematics, reading.
- **Method:** Unified education platform for free online sharing, publication and licensing, learning bars, and the Ministry of Education.
- **Goal:** Provide Boyo childhood education materials to adults and children everywhere who need it.

## 3. Differentiated daytime school classes: Leaving no child behind in the classroom

283 students at 10 participating elementary schools and junior high schools.  
Target: All students in the class.

- **Time:** During school classes. 2-4 periods per week.
- **Content:** English and mathematics.
- **Method:** Students are divided by actual proficiency. Boyo childhood education materials and techniques are used with Boyo teachers stationed at schools to provide support.
- **Goal:** Provide students lagging in their learning with appropriate instruction during regular daytime classes to improve their learning.

## 4. External partners for counseling services: Sharing of professional remedial education model to spread the message of love

There are 65 external partners with 317 local tutors that service 1,123 students.

- **Target:** Institutions, churches, community organizations.
- **Time:** A specialist is sent to assist partner units at least once a month.
- **Content:** English, mathematics, reading.
- **Method:** Provision of training and support along with teaching materials, test papers, and other resources.
- **Goal:** Share Boyo's know-how on after-school remedial education to local organizations that need it.

## 5. Counseling for graduates:

School and telephone interviews of graduates: Checked on the welfare of 386 Boyo graduates in 76 senior and vocational high schools.

- **Scholarships:** 318 people
- **Encouragement of continued English learning:** Attended 371 times.
- **Home visit for graduates:** Held every semester.
- **Encouraging graduates to volunteer:** Graduates returned to act as tutors 51 times, volunteer counselors 99 times, and 8 became rural staff.
- Average salary of employed graduates was NT\$32,000 (those over 25)



## 2018-2019 ADLINK Benefit Train Activity:

The ADLINK Foundation and ADLINK Welfare Committee partnered to organize the ADLINK Benefit Train activity for two years in a row. 28 ADLINK employees took 14 disadvantaged children from the Zhudong Center of Boyo Social Welfare Foundation on day-trips to One Bear Museum and the Persimmon Cake Tourism Factory in 2018, and the Green-World eco-farm in 2019. These children rarely have an opportunity to go on trips and lack adult companionship. The activity provided an opportunity for them to go hand-in-hand with adults to explore the land and engage in DIY workshops. ADLINK employees provided them with a day of fun and left them with smiling faces.

## Donations to "Gaorong Social Care Association"

Gaorong Social Care Association between 2017 and 2019 totaled NT\$1,800,000.

## The Origin of "After-School Tutoring" by Gaorong Social Care Association:

Under the leadership of its current president, Dr. Shi-Nine Yang, the Gaorong Association gradually expanded its support services to elementary and junior high school students to better fulfill its social services mission. Tutoring classes were subsequently established at Guoling Junior High School in November 2015 and at Zhongping Elementary School in February 2016. Since then, donations from the ADLINK Foundation have helped the association provide suitable studying environments for students from disadvantaged families. These students can then receive support for normal learning and development like their peers.

### After-school class at “Guo-Ling Junior High School”

Students are divided by proficiency into classes for tutoring to complement the school’s remedial education on mathematics. Experienced teachers were also recruited to provide personalized instruction, cultivate students’ self-confidence and interest in learning, and help narrow the learning gap.

A general course every Friday was added in 2018. Experience-based learning was used for character education as well as cultivating students’ teamwork, social, and communication skills.

Digital tutoring was trialed for the 8th and 9th grades from September 2019 onwards. Students from the two years were divided into three classes based on their results. A fourth class made up of 7th grade students was also included for remedial education on mathematics.

#### Feedback from student in after-school program:

“I started attending this class one and a half years ago in the second half of grade 7. I am very grateful to all the older teachers and Glory Christian Church. You also work so hard to prepare and teach us every time. I am really grateful to all of you and feel blessed.”

### After-school class at “Chung-Ping Elementary School”

After-school care is targeted at fifth and sixth grade students. Experienced teachers mentor students on their homework and group activities after school.

#### Character education at Chung-Ping Elementary School

Character education for the intermediate and senior years was introduced in September 2017. The four components are life education, character education, life education, and environmental education.

#### Donations to “Taiwan Curio Art Association”

Donated NT\$300,000 in funding in 2018.

#### What does “Taiwan Curio Art Association” do?

“The beauty of the world is defined by differences in life.”

This school that connects autistic youths with the future is a small 20m2 space in Guandu that can hold their dreams and engage them in learning about life.



Taiwan Curio Art Association donated NT\$300,000 in funding in 2018



### 1. Artistic development

The artists (autistic youths) of Curio have their own personal workspace. They go through a variety of tailored learning programs so that they can continue to embrace their passion for artistic creation.

### 2. Life aesthetics and skills

Every year, painting trips, film appreciation, art gallery visits, table-top philosophy classes, interior decoration or even just frying an egg or brewing coffee all serve to expand their appreciation of beauty in everything from nature to everyday life.

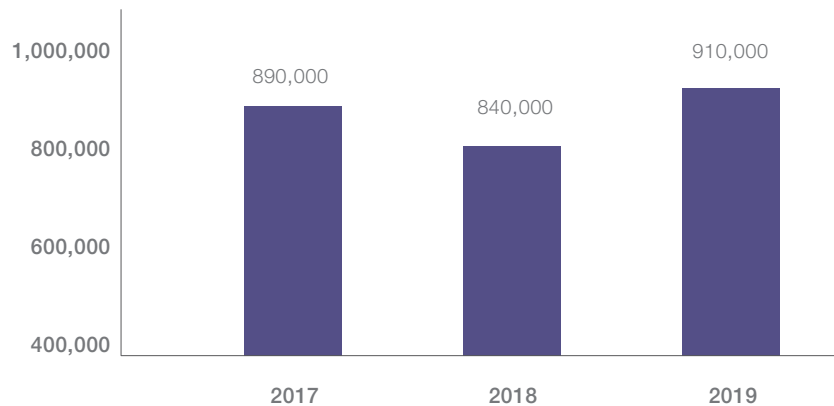
### 3. Enhancement of art skills

Creativity is an independent endeavor but art is a broad discipline. Cooperation with the industry and the leadership of experts is used to support practical learning and achieve self-sufficiency.

### 4. Building a bridge for interacting with society

Taiwan Curio provides a meeting point for hosting different activities. It also integrates and manages individual and corporate resources to boost public understanding of autistic youths and show them how differences in life can create unique expressions of beauty.

**Scholarships** Total budget for scholarships between 2017-2019 was NT\$2,640,000



ADLINK Foundation Scholarships

### ADLINK Foundation Scholarships

- Mission** Scholarships are offered by the Foundation to encourage and reward diligent study and academic excellence.
- Eligibility** ADLINK employees and their dependents as well as employees of the Foundation and their dependents are eligible.

### Total Amount Awarded

School	Number of recipients / amount in 2018	Number of recipients / amount in 2019
Senior High School Division	4 / \$40,000	3 / \$30,000
University Division	8 / \$160,000	9 / \$180,000
<b>Total</b>	<b>12 / \$200,000</b>	<b>12 / \$210,000</b>

### Zhong-xian Scholarship (formerly Ni Zhong-xian Scholarship)

**Mission:** Funds donated by Mr. Zhong-xian Ni were used by the Foundation to establish a scholarship to encourage the diligent study and academic excellence by students in accordance with his last wishes.





Zhong-xian Scholarship

**Sponsored Unit** Taiwan Police College

**In 2018** NT\$340,000 in total were disbursed through the “Zhong-xian Scholarship” , including 17 students at the Taiwan Police College with each receiving NT\$20,000.

**In 2019** NT\$400,000 in total were disbursed under through the “Zhong-xian Scholarship” , including 20 students at the Taiwan Police College with each receiving NT\$20,000.

### ADLINK Art Scholarship (formerly Madame Yue-E Huang Art Scholarship)

**Mission:** To perpetuate the compassionate and charitable spirit of our late consultant Ms. Yue-E Huang, we have created an art scholarship for students of the National Taiwan College of Performing Arts to reward dedicated and hard-working students with artistic talent.

**Beneficiary Unit** Taiwan College of Performing Arts

**Beneficiaries and amounts** Eligible recipients include students currently studying Peking Opera, Acrobatics and Dance, Traditional Music, and Taiwanese Opera in junior high school, senior high school, or university. University students receive NT\$20,000 each, senior high school students receive NT\$10,000 each, and junior high school students receive NT\$5,000 each.

### Total Amount Awarded

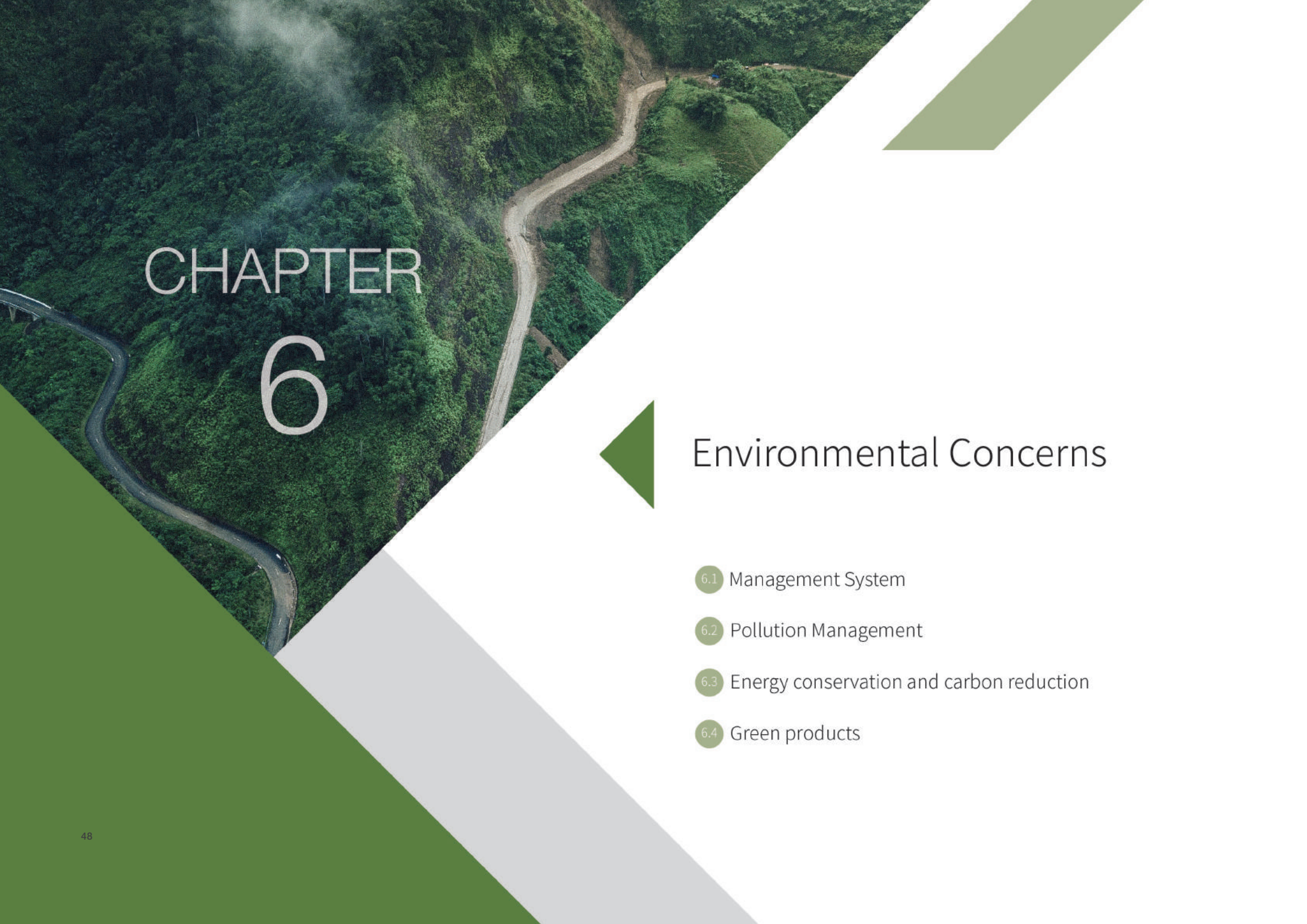
School	Number of recipients / amount in 2018	Number of recipients / amount in 2019
Junior High School Division	10 / \$50,000	10 / \$50,000
Senior High School Division	9 / \$90,000	11 / \$110,000
University Division	8 / \$160,000	7 / \$140,000
<b>Total</b>	<b>27 / \$300,000</b>	<b>28 / \$300,000</b>

### Sponsorships

Sponsorships	2017	2018	2019
Budget for life education activities	2,008,392 (Tibetan Camp activity included)	2,494,159	2,587,529
Shanghai Summer Camp for Kids and Volunteer Training	725,415	764,643	862,113
Donations to Disadvantaged Groups	1,900,000	1,900,000	1,600,000
All Scholarships	890,000	840,000	900,000
<b>Total Funding</b>	<b>5,523,809</b>	<b>5,998,802</b>	<b>5,949,642</b>



ADLINK Art Scholarship (formerly Madame Yue-E Huang Art Scholarship)



# CHAPTER 6

## Environmental Concerns

- 6.1 Management System
- 6.2 Pollution Management
- 6.3 Energy conservation and carbon reduction
- 6.4 Green products



## 6.1 Management System

The enforcement of environmental, health and safety (EHS) procedures as required by law has the full support of ADLINK. We are committed to upholding the highest EHS standards at all times. ADLINK also recognizes that environmental protection, as well as the maintenance of EHS, all form a part of sustainability. We are continuing to make improvements to ESH performance and set these as a new baseline for operational EHS. ISO 14001 environmental management system certification was obtained by ADLINK in 1999. Goals such as the prevention of environmental pollution and conservation of resources are fulfilled in accordance with the requirements of this management system.

Our business locations are mostly located in planned science and industrial parks in non-environmentally sensitive regions so there is no significant or material impact on the biological diversity of the surrounding environment.

### EHS Policy:

1. Save energy resource, increase resource regeneration
2. Use low-emission and environmental-protection requirement compliance material
3. Establish a safe, hygienic and environmental-protection workplace. Aim to meet a goal of zero-occupational accident
4. Comply with legal requirements regarding environment, health and safety, we meet and commit to all requirements from our customers
5. Continual improvement. Prevention of occupational accident and pollution

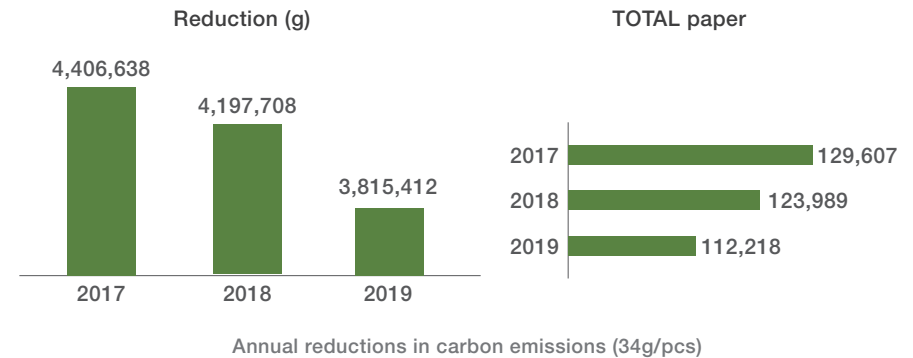
## 6.2 Pollution Management

### Introduction of electronic systems to reduce paper waste

The eChannel CollabTrade (CT) supplier management system went live in July 2015. Paperless approval and archives were introduced for all AVL approval processes and documentation. Paperless order processing was formally adopted across the company in September 2016.

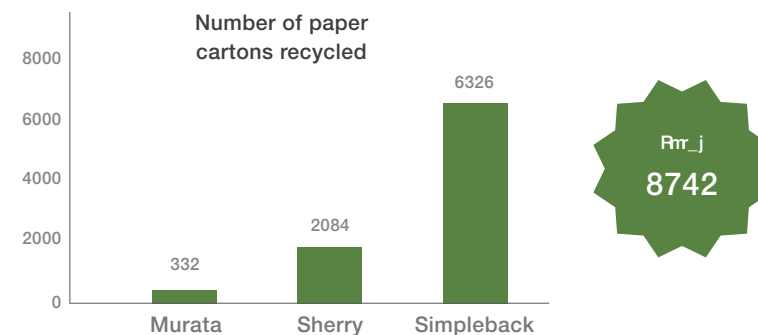
Paper-based approval processes take time, paper, and manpower. They are also harmful to forest resources. To slow the depletion of forests and protect biodiversity, ADLINK began reducing its paper consumption after 2011. First, the CT system was introduced for sales units to replace printed purchase orders with an electronic system. Paper consumption was subsequently reduced to 70,000 sheets in 2011. This was then successfully reduced to 66,000 sheets in 2015 and 42,000 sheets in 2017. In 2015 Q4, the Purchasing Department computerized all supplier information. The new management system reduced the need

for written approvals and archiving. In addition to the environmental and energy-saving benefits, the move also indirectly enhanced purchasing efficiency. The most important development has been the consolidation of orders placed with suppliers since 2018. As the downward trend in the following graph shows, the adoption of electronic orders also enabled an effective reduction in the total number of orders issued.



### Paper carton recycling

The recycling of supplier cartons was introduced by ADLINK. Three suppliers (Simpleback, Murata, and Sherry) currently cooperate with the recycling scheme. Recycling quantities from 2018 and 2019 were 6326 pcs for Simpleback, 332 pcs for Murata, and 2084 pcs for Sherry. This represented a saving of 8742 cartons. Improvement of the paper recycling rate in the general population is a matter of high priority for the planet. ADLINK's promotion of paper carton recycling means helping the planet through less logging.

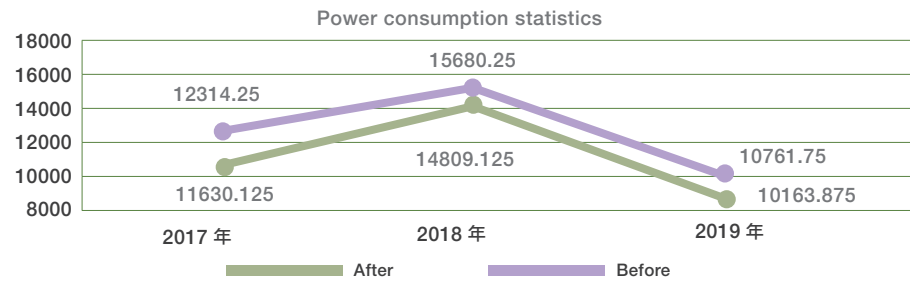


### Integrated burn-in testing to reduce power consumption

Before the introduction of integrated burn-in testing, separate workstations for burn-in testing and functional testing were required during the production of non-standard models. Transferring products between stations took time, manpower and electricity. It also led to wear in the peripheral cabling. Using the quantity of non-standard models produced between 2017 and 2019 as a guide, original power consumption before improvement would have been 38,756.3 kWh. The introduction of integrated burn-in testing in 2017 not only improved efficiency but also reduced power consumption. Each product was estimated to use 15 fewer minutes of power during consumption. Total power consumption during the assembly of non-standard models between 2017 and 2019 was therefore reduced by 2,153.13 kWh. This was the equivalent of 1,147,615g in carbon emissions and translates into 96 fewer trees being cut down.

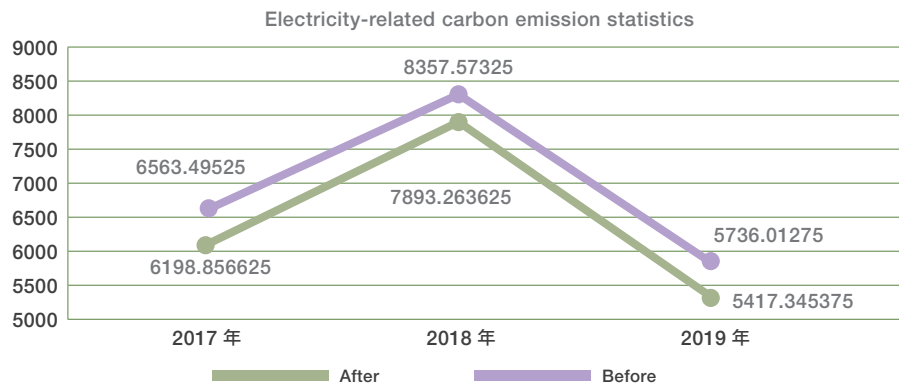
#### Conversion of power wattage and kilowatt-hours

<https://www.bsmi.gov.tw/wSite/ct?xItem=20167&ctNode=3320&mp=1>



#### 2018 carbon emission factor for electricity

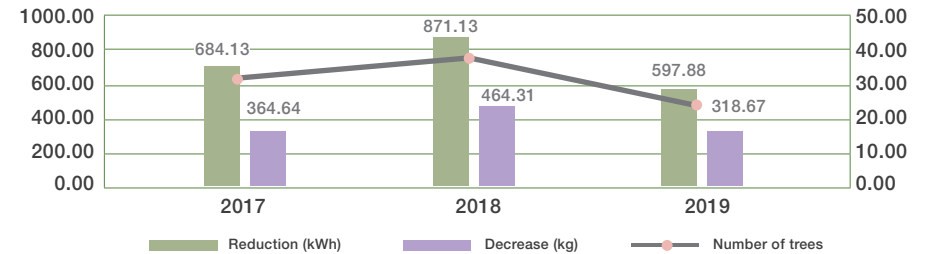
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### Information on the amount of carbon absorbed by one tree in one year provided by Environmental Quality Protection Foundation:

<http://www.eqpf.org/sf/3-1.htm>

#### Carbon reduction from electricity(kWh/kg vs. number of trees)



## 6.3 Energy conservation and carbon reduction

### Energy resources and climate change

The development of human civilization is closely connected with energy and the use of resources. The process of advancing from human power, animal power, water power, combustion to electricity brought about social progress and business development. The proper use of resources is therefore part of business operations. Since the Industrial Revolution in the 18th century, mankind has been consuming resources on a planetary scale. We have not only exhausted our fossil fuels and other resources accumulated over hundreds of millions of years but also created rapid changes in the global climate through the large use of resources over a short period of time. Mankind is now changing the future of the global environment and ecology.

Research suggests that adopting an aggressive greenhouse gas (GHG) reduction policy may limit the increase in average global temperature since the Industrial Revolution to just 1.5 degrees Celsius. Failure to curb GHG emissions may result in the average global temperature increasing by 2 degrees Celsius. There is now international agreement on the need for effective control over GHG, the byproducts of energy resource use and a key factor in climate change. ADLINK supports "environmental friendliness". Key initiatives including energy inventory, management, and more efficient utilization have now been launched.

### Water resources

All water consumption at ADLINK, except that used by the air-conditioning cooling towers, is from domestic water user. As the company is located in a shared campus rather than a self-owned site, this makes recycling difficult. Practical limitations mean that ADLINK's

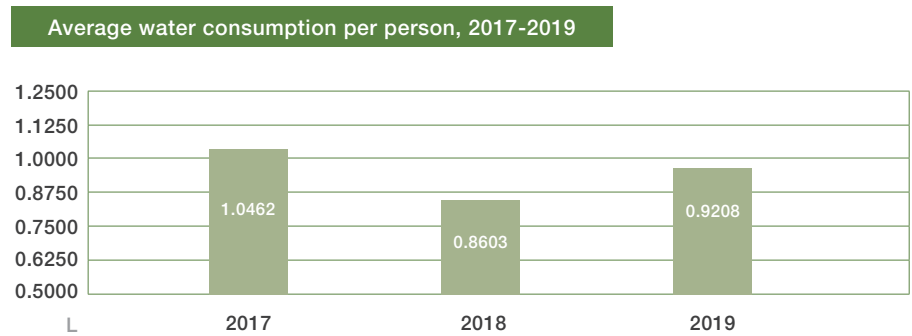


current water resource policy focuses on conservation. Wastewater is discharged into the wastewater system of the campus (Far East Century Plaza) to be properly disposed of through the wastewater collection or sewage system.

Water conservation concepts have long been promoted by ADLINK to reduce the use of water resources. Water saving measures have been implemented together with the Far East Century Plaza management committee:

- Taps have been fitted with water-saving devices.
- Water coolers have been changed from pure water to a filtration system. This reduces the amount of water used during water production by 2/3.
- There is daily inspections of taps on each floor.

Water consumption statistics were 13,018 KL in 2017, 11,200 KL in 2018, and 11,267 in 2019. ADLINK's share of the total floor space was used to calculate our water consumption proportional to the total water consumption of the campus. Total water consumption has increased in the last three years due to an increase in the number of employees. If the number of employees is considered, then the average water consumption per person was 1.0462 L in 2017. This decreased to 0.8603 L in 2018 and 0.9208 L in 2019.



### Electricity and greenhouse gas emissions

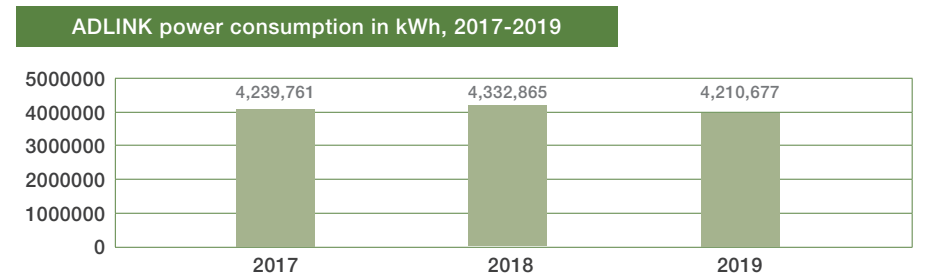
Energy efficiency and carbon reduction policies have long been followed at ADLINK. Apart from promising to set science-based reduction targets, we also joined the Climate Change Program launched by Carbon Disclosure Project (CDP). Thousands of enterprises around the world take part in CDP surveys to provide information on their carbon management data, risks, and opportunities. ADLINK also supports the Paris Agreement by including energy-saving lighting, water-saving equipment and other features into the planning of our future factories. We hope this will help keep the increase in average global temperature to within 2°C. We are also providing stakeholders with transparent and quantified reports on energy use and other information. Effective measures are being taken to jointly reduce

drastic changes in the global climate, comply with the GHG management requirements of international standards, and make continuous improvements in order to satisfy the needs and expectations of society.

### Electricity

Corporate energy consumption can be discussed in terms of internal and external energy consumption. There is only internal energy consumption at ADLINK and no external energy use. All energy consumption mentioned in this report refers to internal energy.

ADLINK uses electricity as the main power source during production and business operations. Statistics show that the company's total power consumption from 2017 to 2019 was 4,239,761 kWh in 2017, 4,332,865 kWh in 2018, and 4,210,677 kWh in 2019. Power consumption has remained relatively stable over the last three years. During the upgrade of the SMT production line in 2018, we switched from five 220V pick-and-place machines to four 380V pick-and-place machines, and the 220V dispenser was also replaced with a 380V model. The increase in power production from the production lines in 2018 was due to the growth in production output.



Key energy-saving measures adopted by ADLINK as a part of our longstanding effort on energy conservation since 2011 included: replacement of indicator lights for fire hydrants and evacuation signs to more efficient LED lighting; fitting compressors on the production line with inverters that reduced their annual power consumption by 3.8%; minimum office temperature was set as 25 degrees Celsius and energy-saving fans were installed to improve air circulation and reduce the demand on AC; AC and lighting master switches installed for the office to prevent unnecessary power consumption outside of working hours. In 2017, power distribution panel capacitors were increased from a rating of 88% to 95% to improve the power factor of selected floors and recycle energy resources; office lighting upgrades included the replacement of 623 T8 lamps with T5 energy-saving lighting between 2016 and 2018, as well as the replacement of 83 T8 lamps in the office with LED lights during 2019.

Ongoing efforts include assigning personnel to switch off power to unused offices during lunch breaks and after-hours; sunshades used to reduce direct sunlight and avoid

unnecessary power consumption; making control diagrams for power switches in common areas; infra-red thermal inspection of low-voltage power panels and avoiding the use of energy-intensive equipment within the company. Examples included giving preference to more energy-efficient OA devices and equipment during upgrades and new purchases.



辦公室照明由更換為 LED 及 T5 省電型燈具 消防栓指示燈具更換為省能 LED 燈具 辦公室增設空調及照明總開關及對應控制圖

From the perspective of energy intensity as a ratio of power consumption and production output, the energy intensities (power consumption/output) of ADLINK production lines were 2.5027 kW/pc, 2.3555 kW/pc and 2.7766 kW/pc between 2017 and 2019. The increase in production line energy intensity for 2019 was due to an increase in the number of moisture-sensitive components in products. Materials in the warehouse required more frequent drying during preparation leading to an increase in power consumption for production lines.

### Greenhouse Gases

Greenhouse gases (GHG) refer to six categories of gases: carbon dioxide, methane, nitrous oxide, sulfur oxide, perfluorocarbons and sulfur hexafluoride. GHG absorbs infra-red radiation and blocks its radiation into space. Heat is therefore retained in the atmosphere near the ground, causing a continued build-up in surface temperature. The result is the greenhouse effect that everyone is familiar with. GHGs are the leading cause of the greenhouse effect. Carbon dioxide (CO<sub>2</sub>) accounts for the bulk of Taiwan's overall GHG emissions at 95.21%.

Efforts to control GHG emissions are actively supported by ADLINK. The “Environmental Safety and Management Committee” also serves as the cross-department platform for implementation and integration of GHG policy. Current efforts at ADLINK are focused on the collection of GHG emission data to provide a baseline for the overall program.

According to statistics up to December 2019, the main source of direct GHG emissions at ADLINK was refrigerants used for air conditioning (AC) and refrigerators. Their types and quantities are listed below:

Refrigerant type	Quantity
R22	5200g
R134a	1076g
R410a	57890g

Direct GHG emissions (Scope 1) from AC and refrigerators are listed in the following table (GWP of fluorinated gases and the average annual dissipation rate of devices are based on GHG Emission Factor Control Table Ver. 6.0.4 issued by Environmental Protection Administration, Executive Yuan):

Year	(unit: tonnes of CO <sub>2</sub> /year)
2019	324.38

GHG CO<sub>2</sub> equivalent = Number of devices x original charge in device x annual average dissipation rate of device x GWP value

Direct GHG emissions (Scope 1) from the transportation of goods for the warehouse were as listed below (the emission factors and GWP for stationary and mobile (fuel) sources of carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and nitrous dioxide (N<sub>2</sub>O) emissions are based on GHG Emission Factor Control Table Ver. 6.0.4 issued by Environmental Protection Administration, Executive Yuan):

Year	(unit: tonnes of CO <sub>2</sub> /year)	(unit: tonnes of CO <sub>4</sub> /year)	(unit: tonnes of N <sub>2</sub> O/year)	(unit: tonnes of GHG/year)
2017	0.9705	0.0031	0.0093	0.9829
2018	2.3987	0.0078	0.0231	2.4296
2019	1.5449	0.005	0.0149	1.5648

Petrol CO<sub>2</sub> equivalent = (Petrol consumption x Petrol CO<sub>2</sub> emission factor x CO<sub>2</sub> GWP) + (Petrol consumption x Petrol CH<sub>4</sub> emission factor x CH<sub>4</sub> GWP) + (Petrol consumption x Petrol N<sub>2</sub>O emission factor x N<sub>2</sub>O GWP)

As above, we began leasing trucks in July 2017, and on average 8 trips were made daily for moving goods to and from the warehouse in 2018. Delivery frequency was reduced by 3 trips to 5 trips a day in 2019 to improve carbon emissions.

ADLINK's main source of power is electricity so the main source of GHG emissions at ADLINK is indirect GHG emissions produced during the generation of externally purchased

electricity used for operations and production. The indirect GHG emissions of ADLINK between 2017 and 2019 are listed in the following table (kWh \* electricity emission factor/1000):

Year	Quantity (Unit: Tonnes of CO <sub>2</sub> /year)
2017	2242.83
2018	2309.41
2019	2244.29

## 2018 Electricity carbon emission factor

Electricity carbon emissions borne by the user from electricity sold wholesale by power generators with their own generator equipment to electricity retailing utility enterprises

Total electricity sales by electricity retailing utility enterprise

**=0.533 kg CO<sub>2</sub>e/kWh**

### Explanation:

1. Scope: Measurements for GHG inventory were used as the basis for calculating liability on indirect GHG emissions from the purchase and use of electricity from electricity retailing utilities
2. The above outcome was calculated in accordance with the “Standard operating procedure for calculating the electricity carbon emission factor of electricity retailing utility enterprises” and is provided for external reference only. The statistics for previous years were as follow:

Year	94	95	96	97	98	99	100	101	102	103	104	105	106	107
Electricity carbon emission factor	0.555	0.562	0.558	0.555	0.534	0.534	0.534	0.529	0.519	0.518	0.525	0.530	0.554	0.533

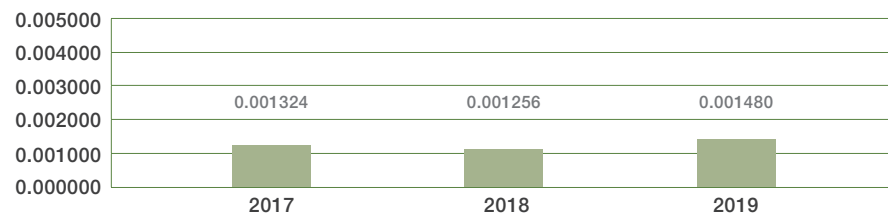
### \*2018 carbon emission factor for electricity:

[https://www.moeaboe.gov.tw/ecw/populace/content/ContentDesc.aspx?menu\\_id=6989](https://www.moeaboe.gov.tw/ecw/populace/content/ContentDesc.aspx?menu_id=6989)

The indirect GHG emission intensity of the production lines are provided in the following table (GHG emission/produced quantity):

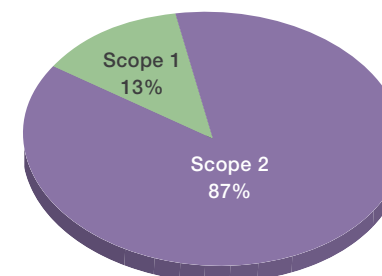
Year	Quantity (Unit: Tonnes/pc)
2017	0.001324
2018	0.001256
2019	0.001480

### Indirect GHG emission intensity of the production line



Year	Scope 1 (Unit: Tonnes of CO <sub>2</sub> /year)	Scope 2 (Unit: Tonnes of CO <sub>2</sub> /year)	Total (Unit: Tonnes of CO <sub>2</sub> /year)
2019	325.54	2244.29	2569.83

### 2019 Distribution of GHG emissions by ADLINK in 2019 (Tonnes CO<sub>2</sub>/year)



The GHG emissions from waste disposal (Scope 3) were as shown in the table below (the CO<sub>2</sub>, CH<sub>4</sub> and NO<sub>2</sub> emission factors, as well as GWP of stationary and mobile emission sources (fuel), are based on GHG Emission Factor Control Table Ver. 6.0.4 issued by Environmental Protection Administration, Executive Yuan):

Year	(unit: tonnes of CO <sub>2</sub> /year)	(unit: tonnes of CO <sub>4</sub> /year)	(unit: tonnes of N <sub>2</sub> O/year)	(unit: tonnes of GHG/year)
2017	0.1773	0.000181	0.000549	0.17803
2018	0.1773	0.000181	0.000549	0.17803
2019	0.0853	0.000087	0.000263	0.08565

Petrol CO<sub>2</sub> equivalent = (Petrol consumption x Petrol CO<sub>2</sub> emission factor x CO<sub>2</sub> GWP) + (Petrol consumption x Petrol CH<sub>4</sub> emission factor x CH<sub>4</sub> GWP) + (Petrol consumption x Petrol N<sub>2</sub>O emission factor x N<sub>2</sub>O GWP)

As above, the waste disposal site was changed in the second half of 2019. Waste removal frequency was also changed from monthly to quarterly. The reduction in the number of trips improved carbon emissions.

Employee business travel (Scope 3) (Data provided by the European Environmental Agency (EEA) indicated that 285g of CO2 emissions was generated for each kilometer flown by each person)

Year	(Unit: tonnes of CO2/year)
2019	1222.47

ADLINK added the statistics for (Scope 1) warehouse goods delivery and (Scope 3) employee business travel and waste transportation in 2019. A more detailed analysis of carbon emissions enabled further improvements.

ADLINK is therefore committed to optimizing energy usage efficiency and engaging in further regulation of greenhouse gases. In addition to the collection of preliminary data, education and execution are also used to educate all employees on energy conservation. ADLINK hopes this will make a difference and contribute to a greener planet.

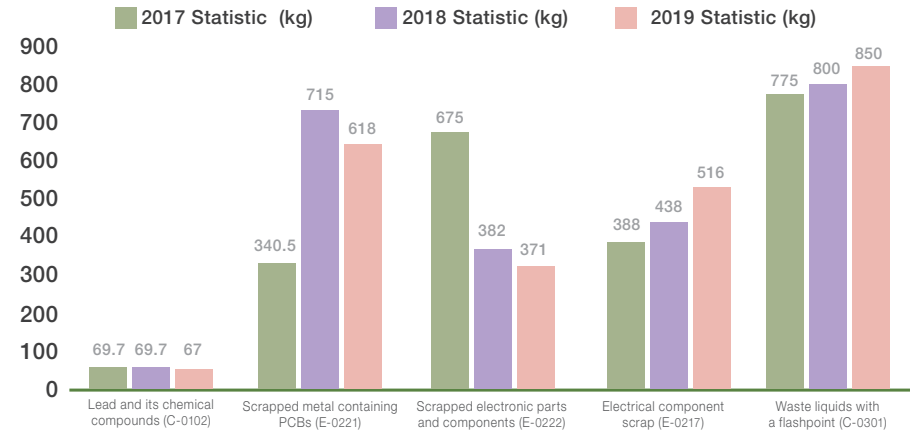
### Waste management policy

Waste management involves mainly the centralized collection and sorting of recyclable waste in accordance with the company policy on “Save energy resources, establish resources renewals.” Waste is processed by EPA-approved contractors and converted into reusable resources to reduce their environmental impact.

The remaining industrial waste is transported by EPA-approved contractors to legal waste treatment plants. They are also declared through the EPA’s online reporting system for tracking. Types of waste include lead and its chemical compounds (C-102), scrapped electronic parts and components (E-0217), scrapped metal-containing PCBs (E-0221), scrapped PCBs containing parts and components (E-0222), waste liquids with a flashpoint below 60°C (C-0301), among others.

**Figure. Amount of declared industrial waste between 2017-2019**

Name	2017 (kg)	2018 (kg)	2019 (kg)
Lead and its chemical compounds (C-0102)	69.7	69.7	67
Scrapped electronic parts and components (E-0222)	340.5	715	618
Scrapped metal containing PCBs (E-0221)	675.0	382	371
Electrical component scrap (E-0217)	388.0	438	516
Waste liquids with a flashpoint below 60°C (C-0301)	775.0	800	850



## 6.4 Green products

### The shipped products continuously comply with EU RoHS (2015/863/EU)

For the shipped products continuously complying with EU RoHS (2015/863/EU) after going into force on July 22, 2019, ADLINK worked with suppliers in Taipei, Shanghai and Dongguan during the time period from the second half of 2018 to the first half of 2019 to batch revise RoHS technical documents including supplier declaration, material composition declaration, and 3rd-party certified body lab’s RoHS test report. The parts have been approved in GPMS totally 10,617 times in 2018, and 5,895 times in 2019, separately. While the parts have been rejected 15,618 times in 2018, and 11,513 times in 2019, respectively. Each document was therefore rejected between 1.5 to 2.0 times before P/N part approval. The critical reasons of the frequent rejections included both the addition of qualified suppliers and high turnover rate of suppliers’ GP employees. ADLINK Environmental Compliance Section will continue to instruct suppliers how to fill out documents and operate in GPMS. However, there are still a small amount of suppliers which do not recognize the frequent changes in environmental regulations and stricter documentation requirements to have quick corresponding responses.

In advance, ADLINK Environmental Compliance Section analyzed the rejection reasons in GPMS. Supplier’s / Original Manufacturer’s willingness, having no capability to provide technical documents as well as incorrect document content resulting in being rejected frequently were identified as the top three factors affecting the GPMS collection rate (%) in both 2018 and 2019/1H. Therefore, 16 GPMS fool-proofing and functional enhancements were developed and launched in 2019. Our goal was to make GPMS friendly for user and easy to search items by users. After the GPMS fool-proofing and functional enhancements



went live in 2019, ADLINK originally planned to hold Supplier Seminar in both Taipei and Shanghai in the first half of 2020 to introduce the new GPMS functions to suppliers. Due to the COVID-19 Outbreak in 2020, the Supplier Seminar will be postponed to 2020/Q4 or even later.

Since the second half of 2018, ADLINK's customers have inquired if ADLINK's products comply with EU RoHS (2015/863/EU). The total customers' compliance surveys was 41 times in 2018, and 210 times in 2019, separately. Customers also requested ADLINK to update EU conformity declarations 287 and 945 times, respectively. As the time approached the effective date July 22, 2019, the more frequent the customer inquired the compliant status of the product by emails. There have been no violations against environmental laws and regulations / directives by ADLINK since 2018.

### The shipped products continuously comply with China RoHS2 (Step 2 Program):

### The Implementation Arrangements for the Conformity Assessment System for the Restriction of Hazardous Substances in Electrical Appliances and Electronic Products

The “The Implementation Arrangements for the Conformity Assessment System for the Restriction of Hazardous Substances in Electrical Appliances and Electronic Products” was announced by the State Administration of Market Regulation and Ministry of Industry and Information Technology in China on May 20, 2019. The China RoHS2 restrictions apply to ADLINK system-level products—either Monitors or Computers under Compliance Management Catalog—shipping into China or manufactured in ADLINK's facilities in China. After entering into law on Nov. 1, 2019, this compliance information (self-declaration and supporting documents) of ADLINK system-level products will be accordingly uploaded to a China online platform (<http://111.204.176.162/back/sdoc.jsp#>) within 30 days after products entering into China market. Moreover, the China Green Product (CGP) logo shows the compliance of China RoHS2.

ADLINK's Environmental Compliance Section exported the list of system-level products shipped from Taipei to China (a total of 525 part numbers for system-level products) over the past ten years and manufactured in ADLINK's facilities in China (a total of 936 part numbers for system-level products) in the past six years. OEM/ODM/ ATG-DEG/ non-lead-free/System-level products were excluded as well. Eventually, this compliance information (self-declaration and supporting documents) of the converged 105 Taipeis' series products as well as 89 Shanghai's series products were uploaded to a China online platform before China RoHS2 going into force. The China Green Product (CGP) logo was also displayed on the ADLINK website as shown in the following links.

=bđ\_m\_ ^๓ h (<https://emb.adlinktech.com/tw/EnvironmentalProtectionResponsibility.aspx>)  
English edition (<https://www.adlinktech.com/en/EnvironmentalProtectionResponsibility.aspx>)

### Collection of part's / component's of material declaration (Full Material Disclosure, FMD)

An increasing number of customers require both the parts and components assembled in the shipped products to be regulatory compliance on the restriction of hazardous substance. ADLINK also gradually request and instruct the suppliers for full cooperation. However, not all suppliers are capable of providing all three technical documents (Supplier Declaration, Material Declaration, 3rd-party-lab RoHS Test Report) or the alternative document (the supplier's liability statement or customer's agreement) as the supporting proof. Based on the 22,300 active parts used in the shipped products in the past three years, the collection readiness (%) of these “Full Material Disclosure” (FMD) has gradually increased from 32.5% at the end of 2017, 38.8% at the end of 2018, to 45.1% at the end of 2019 (see below Figure). It will probably take another five more years for the collection readiness (%) to reach 70%, a common bottleneck encountered during FMD collection by the electronics industry. ADLINK continuously communicates with suppliers and convinces them to cooperate with ADLINK that the “Full Material Disclosure” (FMD) policy is the correct solution to reduce frequent surveys on specific hazardous substances thorough suppliers in the future.

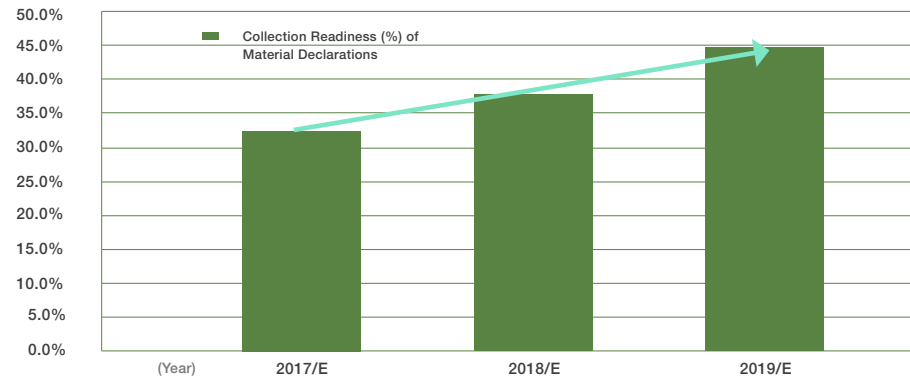


Figure. The collection readiness (%) of FMDs at 2017/E, 2018/E, and 2019/E, separately.

## Due diligence requirements on Conflict Free Minerals

Responsible Minerals Initiative (RMI) released five revisions of the Conflict Minerals Reporting Template (CMRT) on 2017/5/12, 2017/6/21, 2017/12/1, 2018/4/27 and 2019/4/26 between 2017 and 2019, respectively. Whenever smelter name / smelter identification / Conformant Smelter & Refiner Lists / Active Smelter & Refiner Lists were updated or released by RMI, ADLINK immediately carried out due diligence survey on original manufacturers through part suppliers regarding conflict minerals. The original manufacturers were requested to clarify high-risk smelters and provide a mitigation plan of how to remove high-risk smelters from their supply chain for ADLINK to keep tracking the progress until the issue has been closed. Because of different original manufacturers' business considerations, some responded quickly but some responded slowly to the actions towards high-risk smelters. Due to ADLINK did not have the driving power to force the large brand-name manufacturers for full cooperation, ADLINK only work with customers to communicate with non-cooperative manufacturers. In the past three years 2017/E, 2018/E, and 2019/E, the total ADLINK's supplier response rate (%) on the four conflict minerals (3TG) stayed generally unchanged at 90.0%, 88.1% and 89.9% (see below Figure). In 2020, ADLINK continuously requests original manufacturers to clarify high-risk smelters and propose mitigation plans to fulfill the due diligence requirements for conflict free minerals.

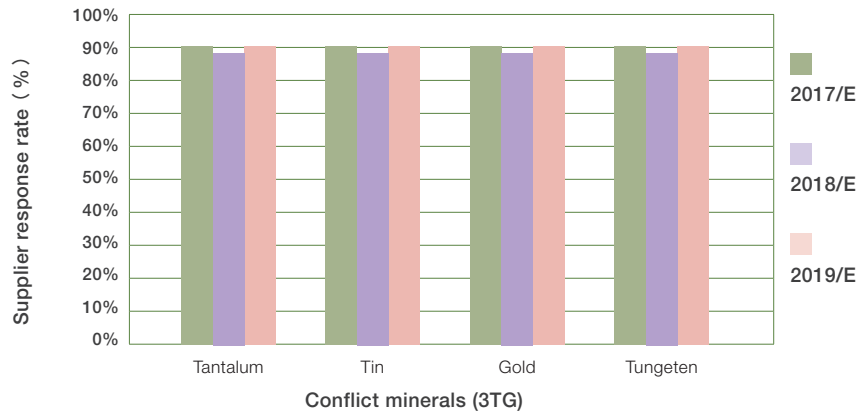


Figure. Cumulative supplier response rate (%) on conflict minerals (3TG) at 2017/E, 2018/E, and 2019/E, separately

## Product disclosure and labeling requirements for California Proposition 65 Warning

Proposition 65, also known as the "Safe Drinking Water and Toxic Enforcement Act of 1986" intended to enable Californians "right to know" to make informed decisions

about their exposures to these chemicals that can cause cancer, birth defects, or other reproductive harm. The New Warning Regulation was enacted on August 30, 2016, and took effect on August 30, 2018. ADLINK is a company that hires more than 10 employees and the products are sold to customers in California. "Clear and reasonable warnings" shall be provided for exposures to any chemicals that may cause cancer, birth defects, or other reproductive harm. No matter if the chemicals can be detected by the analytic instruments, ADLINK not only evaluates the shipped products to see if they contain or release chemicals listed on the Proposition 65 list, but also add those chemicals listed in Prop 65 Precedents by Californian courts. A list of these chemicals is shown in the California Proposition 65 Warning (see below Figure) in the user manuals of all standard products to ensure that customers have the "right to know." Additionally, there have been no violations against environmental laws and regulations or voluntary conventions by ADLINK since 2018.

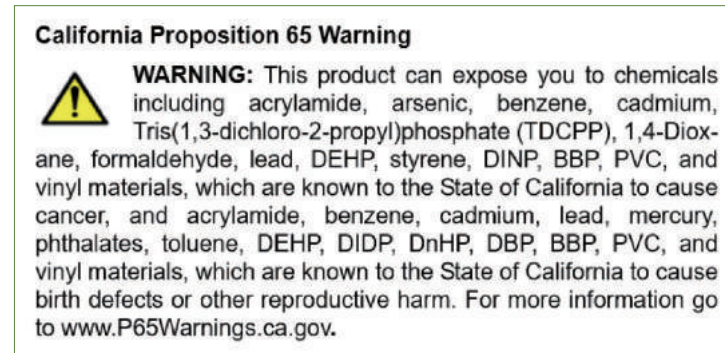


Figure. California Proposition 65 Warning



# CHAPTER 7



## Optimum Workplace

- 7.1 Diversity and Equality in Employment -  
Creating an Outstanding Globalized Workplace
- 7.2 Balance in Work and Life - Employee Welfare Committee
- 7.3 New ADLINKer - Employee Publication Connecting ADLINKers Worldwide
- 7.4 Employee Participation - Learning Resources
- 7.5 Labor-Management Communication and Cooperation
- 7.6 Safe and Healthy Workplace

## 7.1 Diversity and Equality in Employment - Creating an Outstanding Globalized Workplace

### 7.1.1 Human Resources Overview

Social thought on respect and tolerance of diversity guides ADLINK's efforts to build a safe and welcoming working environment through the prohibition of forced and child labor, the elimination of violence, harassment and fear in the workplace, upholding the principles of diversity and equality in our recruiting and employment practices, and assessing our workforce structure based on the business targets and development direction for each year. Equal opportunity is provided during the recruiting, employment, training, and development of personnel and illegal discrimination is not tolerated. We value and respect the diversity of ethnicity, gender, religion, race, and political affiliation. We embrace the spirit of diversity and equality throughout the process and adhere rigorously to the labor laws of each region to protect the rights and interests of employees.

Due to differences in the labor laws and culture of each region, the overview of the human resources situation provided in this chapter is for Taiwan locations only. We provide employees with mechanisms for their personal career development based on their expertise and work goals once they join ADLINK. These include regular performance evaluations and assessments that influence their future salary adjustments and promotions. The implementation of employee profit-sharing is governed by the core principle of "Pay by Contribution." Employees can therefore continue the pursuit of excellence in their specialization and share in the company's success. During the course of an employee's career, ADLINK also uses mechanisms such as internal recruiting and re-assignment that provide employees with a rich selection of opportunities for new career tracks and play an active role in their career planning.

ADLINK provides a working environment characterized by continuous learning, sustained passion and constant communication. Employee self-development is encouraged and feedback is valued. Our human resources structure over the last three years was as shown in Table 1. The proportion of female employees has continued to increase every year. We take the rights and voices of women seriously and strive to provide a welcoming professional environment. Over 80% of our employees are aged between 30 to 50 and they form the backbone of our company. Particular emphasis has been given to the cultivation of young talent in recent years, and the meeting of different minds has brought new perspectives to the company. As a fast-growing, world-class leader in the computer sector, technical talent is central to the ADLINK workforce and accounts for over 60% of all employees. Local nationals supply most of our human resources and account for over 85% of employees. All top-level executives above the paygrade of level 13 are from Taiwan.

Table 1. Human resources structure

Gender	2017				2018				2019			
	Contract Type		Employment Type		Contract Type		Employment Type		Contract Type		Employment Type	
	perm.	Con.	F/T	P/T	perm.	Con.	F/T	P/T	perm.	Con.	F/T	P/T
M	623	17	638	2	607	13	601	19	551	19	570	3
F	397	14	410	1	425	18	439	4	402	15	417	2
Total	1020	31	1048	3	1032	31	1040	23	953	34	987	5

Gender	Assignment	Age				Role					Nationality	
		< 30 years	30-50 years	> 50 years	Sub-total	Technical	Business	Administration	Management	Sub-total-Subtotal	Local national	Foreign national
2019												
M	Number	32	497	44	573	412	11	35	115	573	566	7
	Ratio	3.2%	50.1%	4.4%	57.8%	41.5%	1.1%	3.5%	11.6%	57.8%	57.1%	0.7%
F	Number	58	326	35	419	238	8	138	35	419	315	104
	Ratio	5.8%	32.9%	3.5%	42.2%	24%	0.8%	13.9%	3.5%	42.2%	31.8%	10.5%
2018												
M	Number	28	545	47	620	463	11	33	113	620	611	9
	Ratio	2.6%	51.3%	4.4%	58.3%	43.6%	1%	3.1%	10.6%	58.3%	57.5%	0.8%
F	Number	56	350	37	443	261	10	137	35	443	325	118
	Ratio	5.3%	32.9%	3.5%	41.7%	24.6%	0.9%	12.9%	3.3%	41.7%	30.6%	11.1%
2017												
M	Number	26	567	47	640	485	13	33	109	640	631	9
	Ratio	2.5%	53.9%	4.5%	60.9%	46.1%	1.2%	3.1%	10.4%	60.9%	60%	0.9%
F	Number	36	338	37	411	236	9	127	39	411	310	101
	Ratio	3.4%	32.2%	3.5%	39.1%	22.5%	0.9%	12.1%	3.7%	39.1%	29.5%	9.6%



### 7.1.2 New Hires and Turnover

There were no major changes at the company for the reporting period and our internal structure is relatively stable. We work to retain quality talent and establish open channels of internal communication. Resigning employees are interviewed to see if they can be persuaded to stay or assigned to another role. We respect employee choices and employee separations are managed carefully to maintain cordial relations between both parties. Our turnover rate has continued to decrease each year and was 18.7% in 2019 (see Fig. 1).

Figure 1. Turnover rate, 2017-2019

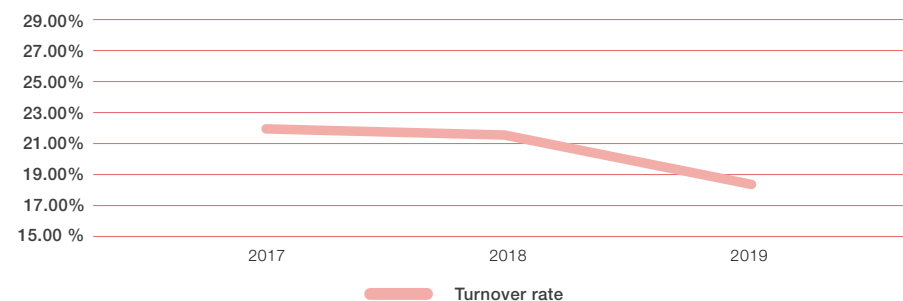


Table 2. Number and ratio of employee turnover

Year (separation)		2019		2018		2017	
Gender		Male	Female	Male	Female	Male	Female
Under 30 years	Number of people	19	13	34	18	30	11
	Ratio	1.9%	1.3%	3.2%	1.7%	2.9%	1.0%
30-50 years	Number of people	111	45	122	51	101	77
	Ratio	11.2%	4.5%	11.5%	4.8%	9.6%	7.3%
Over 50 years	Number of people	3	1	2	1	11	0
	Ratio	0.3%	0.1%	0.2%	0.1%	1.0%	0.0%
Total	Number of people	133	59	158	70	142	88
	Ratio	13.4%	5.9%	14.9%	6.6%	13.5%	8.4%

Employees are an important company asset. We not only look for quality talent through employment agencies but are also continuing to broaden our recruiting sources.

Employees are also encouraged to recommend suitable talent. New employees go through a fair and transparent selection process so they can join in working together for a better workplace. The number and ratio of new hires in the last three years are shown in Table 3.

Table 3. Number and ratio of new hires

Year (new hire)		2019		2018		2017	
Gender		Male	Female	Male	Female	Male	Female
Under 30 years	Number of people	25	18	36	40	31	21
	Ratio	2.5%	1.8%	3.4%	3.8%	2.9%	2.0%
30-50 years	Number of people	70	26	113	67	110	93
	Ratio	7.1%	2.6%	10.6%	6.3%	10.5%	8.8%
Over 50 years	Number of people	2	0	2	2	3	0
	Ratio	0.2%	0.0%	0.2%	0.2%	0.3%	0.0%
Total	Number of people	97	44	151	109	144	114
	Ratio	9.8%	4.4%	14.2%	10.3%	13.7%	10.8%

### 7.1.3 Parental Leave

Under the Gender Equality in Employment Act and Regulations for Implementing Unpaid Parental Leave for Raising Children, ADLINK employees qualify for unpaid parental leave of up to 2 years once they have been with the company for at least 6 months and before their youngest child reaches the age of 3. In 2019, there were a total of 10 applicants for unpaid parental leave. The reinstatement rate was 76.2% and the retention rate was 76.9%. Unpaid parental leave statistics for the last three years are shown in Table 4.

Table 4. Unpaid parental leave statistics

Item	Gender	2019	2018	2017
Number of people eligible for unpaid parental leave during the year	Male	83	113	128
	Female	29	33	34
	Total	112	146	162
Number of people that applied for unpaid parental leave during the year	Male	5	4	5
	Female	5	10	10
	Total	10	14	15
Number of people expected to be reinstated after unpaid parental leave during the year (A)	Male	3	5	5
	Female	7	9	11
	Total	10	14	16

Item	Gender	2019	2018	2017
Number of people actually reinstated after unpaid parental leave during the year (B)	Male	2	4	5
	Female	6	9	8
	Total	8	13	13
Number of people still with the company twelve months after being reinstated from unpaid parental leave (C)	Male	2	4	0
	Female	8	8	6
	Total	10	12	6
Reinstatement rate (B/A)	Male	66.7%	80.0%	100.0%
	Female	85.7%	100.0%	72.7%
	Total	76.2%	90.0%	86.4%
Retention Rate (C / Number of people reinstated after unpaid leave from the previous year)	Male	50.0%	80.0%	0.0%
	Female	88.9%	100.0%	100.0%
	Total	76.9%	92.3%	85.7%

### 7.1.4 Employee Benefits

The physical and mental well-being of employees is important to ADLINK. We provide employee benefits that exceed the statutory requirements of the Labor Standards Act. All permanent employees at ADLINK enjoy free company insurance that provides enhanced health protection through life insurance, medical insurance, and disability insurance. A pension contribution equal to 6% of employees' monthly salary is also deposited into the personal pension accounts of employees set up by the Labor Insurance Bureau in accordance with the Labor Pension Act. Please refer to section 7.2 for further details on employee benefits.

## 7.2 Balance in Work and Life - Employee Welfare Committee

### ADLINK Employee Welfare Committee

Healthy employees are the company's most important assets. ADLINK values the physical and mental well-being of employees so an Employee Welfare Committee has been established at the highest contribution rate. A full-time director is employed to plan employee welfare activities and services in order to provide employees with comprehensive care and support. Club activities, internal seminars, and domestic/overseas company holidays are held to help employees balance their work and life as well as boost their and their families' identification with the company. We believe that this fulfills the ADLINK value of "Pleasure at work" by boosting employee creativity and passion.

### Local and international travel

One-day and two-day domestic vacations, overseas company holidays, and self-organized overseas tour groups are organized by the Welfare Committee every year. Employees

and their families are invited to attend to promote bonding between family members and employees on weekends and rest days. These bring employees from different departments closer together and ensure the enjoyment of family life outside of work. Employees vote on the country they most want to visit every year. Tour groups to see the winter snow in Hokkaido in 2018 as well as the Tibetan Plateau, deserts of Inner Mongolia, and the Shirakawa Village in Hokuriku, Japan, in 2019 all brought back special memories. Employees also look forward to spending time with colleagues from other departments and their families during the domestic vacations that 40% of all employees take part in every year.



### Expert Seminars

We hold expert seminars with different topics every year targeted at employees from different age groups and genders such as parenting, health, lifestyle and leisure, and financial



management. Employees can take time off from work and use their lunch breaks to learn about the latest developments in work and life. Pro seminars were introduced in 2018 with top professionals invited to help create a more positive working attitude for attendees.

### Holiday Activities and Annual Banquet

The Welfare Committee provides well-wishes of various types including spring couplets written by calligraphy masters for the Lunar New Year, hand-made gifts for Mother's Day and Father's Day, cash and themed gifts for Mid-Autumn Festival, a mini-carnival for Christmas and movie sessions on lunch breaks. Employees are encouraged to balance work with leisure and unleash their creativity and enthusiasm. The end-of-year prize draw and gathering is the event most anticipated by employees. The New Voice singing competition offers generous prizes for gifted ADLINK employees, with the grand prize being the recording of a personal EP single at a professional studio. In 2019, ADLINK demonstrated its spirit as a forward thinking enterprise with managers and employees wishing to grow stronger, working together as one big family.



### Colorful club activities

ADLINK encourages employees to form clubs for their hobbies. There are now 20 company sports, arts and culture clubs for swimming, softball, basketball, badminton, coffee and dessert,

aerobics, robotics, Zen studies, hiking, cycling, tea drinking, billiards, jogging, ten-pin bowling, shrimp fishing, Pilates, scuba diving, TABATA fitness, yoga, and table tennis. We have been certified as a sporting enterprise in 2016 and 2018. The number of sporting clubs has grown from 10 in 2016 to 15 today, a reflection of ADLINKers' enthusiasm for sports. The club activities not only allow employees to pursue their hobbies but also opportunities for social interaction. When the basketball club takes part in the Industrial Cup basketball tournament, they engage in inter-company networking and cooperation as well.



### Benefits and subsidies

ADLINK employees are entitled to receive a full range of subsidies including cash gifts for birthdays, maternity, weddings, as well as payment for injuries/illness/bereavement condolence, an emergency assistance fund, and scholarships for their children. The number of applications for benefits is listed in the table below.

Number of applicants for benefits	2017	2018	2019
Birthday cash gift	966	983	987
Maternity cash gift	46	34	29
Wedding cash gift	24	28	22
Condolence payment for injury or illness	14	6	20
Condolence payment for bereavement	30	31	31
Scholarships for children	424	407	468
Emergency assistance fund	0	2	2

## 7.3 New ADLINKer - Employee Publication Connecting ADLINKers Worldwide

ADLINK has continued to grow and prosper in the 20 years since our founding. We now have business locations throughout the world. Outside recognition of ADLINK has been achieved through our own prowess, while "New ADLINKer" unites all ADLINK employees worldwide. New ADLINKer is an internal company publication that enhances employee identification with the company by providing a clear picture of the company's current situation and future opportunities. It makes employees feel a part of the ADLINK family.



New ADLINKer is published on a half-yearly basis. Coverage includes the company vision, direction and strategy for the year, corporate culture and core values, future opportunities, project outcomes, international cooperation and acquisitions/mergers, and regional developments. These give employees a better understanding of the company and convey the message that the work and support of every employee is why ADLINK can continue to unerringly follow the road to success. New ADLINKer is not limited to announcing important policies, describing the operations of business units, or introducing new products. It also features “ADLINK Life,” a unique and lively column. All festive activities organized by the Welfare Committee, activities supported by the ADLINK Foundation, or inspirational stories from individual employees can be featured in this column. The rich and diverse content of New ADLINKer not only creates conversation topics between employees and brings our worldwide employees closer together, it also makes ADLINK a more welcoming place to work.

New ADLINKer was initially published in printed form. Due to the increase in the number of employees and their locations around the world, several changes were introduced in 2017 to improve employee access, protect the environment, save energy and reduce carbon emissions. New ADLINKer is now published as an e-newsletter with its own dedicated website. Employees can now go online to view past articles. New employees can also use the magazine to learn more about ADLINK. New ADLINKer is an internal publication that has a warmth of its own. It is also a testament to our history.

## 7.4 Employee Participation - Learning Resources

ADLINK sets different grade expectations for management, specialist, sales and other positions depending on their role. The competencies required by each role can then be planned and developed. The performance expected in each competency at different levels can also be defined to construct a basis for personnel assignment and development. Grade expectation provides the foundation for strengthening the integration and standardization of human resource activities. Employees are also given a clearer picture of their career direction and requirements at ADLINK.

### 7.4.1 Diverse Learning Resources

In addition to traditional classroom teaching, senior employees in each department are trained to serve as a “buddy” for new employees to strengthen peer-based learning. The buddy leads and guides the new employee through their familiarization of the environment and their work. A variety of methods including on-the-job training (OJT) is also used to establish the knowledge and skills required by their work. Different types of courses are designed to satisfy the learning requirements of different positions and functions including: new employees, general knowledge, management, technical skills, production line worker, and specialist personnel. Mandatory professional courses are also set by each department for the year based on their requirements.

No effort is spared for the development and organizing of different internal courses to equip personnel with the knowledge they need. New topics are also introduced from outside to satisfy the requirements for personnel and corporate growth. Training courses organized for different categories of personnel in 2019 were as shown in the table below. The company also subsidizes employees applying for professional training courses organized by professional external bodies to meet the requirements of future development and sustainability, as well as enhancing their professional competency or for regulatory compliance.

Group	Content
New Employee	Structured course to introduce new employees to the company and help them adapt to their work. Examples: Company overview, new employee seminar, and new employee orientation plan.
General Knowledge	Education, training, and learning activities at each level implemented in accordance with regulatory requirements as well as the corresponding quality requirements in R&D and manufacturing. Examples: Occupational safety and health training, failure mode and effect analysis.
Management personnel	Management courses taught by external instructors are organized based on gaps in management competencies identified during the annual inventory. These include work instruction and performance, communicating with subordinates, cultivation and development of subordinates, and coach-type leadership skills. Training on labor-management laws and policies are also conducted in response to changes in labor law. Online reading materials are prepared and regularly updated so that information on management basics and the internal management system can be viewed by management personnel at any time.
Technical skills	The cultivation of technical skills is carried out by each unit based on their departmental goals. Continued training is provided each year in accordance with the annual training plan.
Production line workers	Production line workers receive skills training and certification based on their job requirements. Only those who pass may operate the corresponding processes and machines. Annual refresher training and skills certifications are also included.
Specialist personnel	Education and training for specialists as determined through hazard identification. Example: Training on working with chemicals and forklift operator training to ensure and maintain the health and occupational safety of workers.





### 7.4.2 ADLINK Academy

We are continuing to increase the value of our human capital through educational training to ensure that provided training will cover our future requirements and remain aligned with our business goals and strategies. Assistance is provided for individual development to meet company goals.

- Specialist personnel: New employee seminars, annual company-wide general knowledge courses, and internal professional training courses for each department are used to cultivate basic professional and general knowledge. Annual performance evaluations together with annual goals, grade expectations and other tools are used to review and improve personal skills.
- Management personnel: The basic people and business management skills of junior managers are cultivated in real-world management courses. These are supplemented by online reading materials on the company's internal management process to help them understand their situation, prepare in advance, and practice risk management. Cultivation of mid-level managers involves the use of resources, effective communication and coordination with other units, as well as the cultivation of subordinates and managers to take over the unit or even the company in the future.

In 2019, internal training planned and organized by ADLINK as well as employee attendance of professional external training totaled 14,444 hours. A summary of employee training hours/attendance by role and gender is provided below.

Note: Information is based on the total internal and external training hours from ADLINK Taipei in 2019.

Role	Hours		Number of people		Average hours	
	Male	Female	Male	Female	Male	Female
Technical track	5786.0	3165.5	482	268	12.0	11.8
Sales track	85.5	39	13	7	6.6	5.6
Staff track	522.5	2025.5	37	153	14.1	13.2
Management track	1903.0	917.0	117	33	16.3	27.8

### 7.4.3 Performance Evaluation at ADLINK

In addition to equipping employees with the knowledge and skills they need through training, ADLINK also uses annual performance evaluations to verify employee performance. Performance communications and interviews are employed as well to establish employee requirements on career development and weaknesses in related skills. A total of 838 ADLINK employees were scheduled for performance evaluations in 2018. Evaluations were not conducted for employees with less than 3 months of service, those

that have left the company, or who were on unpaid leave. Performance evaluations were therefore actually conducted for 822 people. The number of employees in each role and gender that underwent performance evaluations in 2018 is summarized in the following table.

Role	Performance evaluation					
	Male			Female		
	Number of people to be evaluated	Number of people evaluated	Evaluation rate (%)	Number of people to be evaluated	Number of people evaluated	Evaluation rate (%)
Technical track	420	413	98.3%	128	125	97.7%
Sales track	9	9	100.0%	10	10	100.0%
Staff track	27	27	100.0%	121	119	98.3%
Management track	93	90	96.8%	30	29	96.7%
Total	549	539	98.2%	289	283	97.9%

\*Evaluation rate (Actual number of people evaluated/Number of people to be evaluated x 100%)

## 7.5 Labor-Management Communication and Cooperation

As the company has continued to expand over time, the division of labor in our internal organization has adapted by becoming increasingly specialized. As our company grew, we recognized that harmonious labor-management relations goes hand-in-hand with long-term development of the company. Effective collaboration, along with open and varied channels of communications in particular, is fundamental to better work quality and productivity. The unconventional working environment at ADLINK means that we value the thoughts and opinions of our employees. A variety of channels are therefore provided in an effort to strike a balance between employee expectations and management considerations. ADLINK does not have a union, but labor-management meetings are convened every quarter to facilitate the mutual understanding of specific requirements and difficulties. The outcomes of these meetings are used to develop or promote policies that better fit the expectations of both parties to create a working environment based on cooperation and the sharing of success. In October 2019, the company organized the “Embrace the future in pursuit of excellence” event. The company chairperson was invited to speak directly with employees to share his vision and hopes for the company.

The maintenance of sound relations between employees is just as important as communication between the employer and employees. In November 2019, ADLINK hosted

a “find your perfect teammate” event during Thanksgiving. Employees were invited to take time from their busy schedules to express their appreciation for their colleagues. The initiative injected more warmth and color into a fast-paced environment.

A sound working environment depends on mutual trust and cooperation between labor and management. ADLINK does not force employees to work or compel them to provide their services through improper means. The company adheres to all the statutory requirements governing labor rights and these are spelled out in their employment contract and employee handbook. Leave can be scheduled at any time of an employee’s choosing. If they must work overtime, they will be compensated accordingly. To ensure the healthy physical and mental development of children, ADLINK does not employ child labor. In addition to the protections for female employees stated in the employee handbook, the company’s occupational health nurse also provides regular support and assistance when necessary to female employees from the start of their pregnancy to one year after childbirth in accordance with the Regulations of the Maternity Health Protection at the Workplace. We strive to increase employee satisfaction through the building of a more welcoming workplace.



**Increase opportunities for an internal conversation to promote harmony between labor and management**

**Communication meeting**

1. New employee seminar: The event is held once new hires have been with the company for three months to check on how employees are doing at work and how well they are fitting in.
2. Annual strategy meeting: The management team briefs all employees on the company’s current business situation and future direction, also answering questions from employees to keep them informed about the company’s latest developments and progress on problems. Held on an ad hoc basis every year.

**Labor-management meeting**

1. Convened every quarter.
2. Labor and management each have 5 representatives.
3. The company system is refined through an open and transparent process that protects the shared interests of both labor and management.
4. The agenda covers topics related to the interest of both labor and management including labor-management relations, working conditions, employee benefits, as well as employee safety and health.
5. At the end of the meeting, minutes are uploaded to the labor-management meeting minutes platform and made available to all employees.

**Suggestion box**

1. Physical suggestion boxes are installed in suitable common areas within the company. Proposals can also be submitted through the internal website.
2. Provide employees with more options for reporting problems or making suggestions
3. Proposals are processed and tracked by a dedicated unit to ensure that all employee feedback can be passed onto the relevant units and receive a proper response.



## 7.6 Safe and Healthy Workplace

All developed countries define a safe and healthy workplace in the same manner. Workers are entitled to a safe workplace and employers must do everything within their means to provide a healthy and safe workplace. Workers also have the right to express any concerns they may have about workplace safety. ADLINK adheres to this principle by striving to work with all employees to create a safe, welcoming, and healthy workplace. This is also ADLINK's mission and commitment.

The manufacturing industry that ADLINK belongs to has been designated by the Occupational Safety Act as being at significant risk. In addition to introducing the ISO 45001 occupational safety management system into our routine operations, employee education and training are also held at various times to ensure employee peace of mind, safety, and comfort at work.

### Dedicated unit for the promotion of environmental safety activities

An occupational safety unit responsible for the promotion of system operations as well as coordination with internal-external groups was established by ADLINK to ensure that we effectively implement and adhere to the relevant provisions of the EHS management system, and that company activities comply with local laws and customer requirements. The Environmental Safety and Health Management Committee (EHS Committee) was also established to facilitate effective bilateral communication with stakeholders. The EHS Committee is involved in the definition of EHS policy, the review of results from workplace environmental monitoring, as well as occupational injury investigations and subsequent corrective actions. It can also make EHS proposals to help ADLINK strengthen our EHS mechanisms. Employee participation and feedback can also be used to identify small areas of improvement. The importance of environmental, safety and health is emphasized through this integrated approach so that we can continue to focus on the goal of sustainability.

The Occupational Safety and Health Committee was established by ADLINK as required by law and a meeting of the Committee is convened every quarter. By law, labor representatives make up more than one-third of the Committee.

#### 1 Environmental Safety and Health Management Committee:

- Responsible for the promotion of EHS policy.
- Planning and implementation of EHS management plan.
- Approval of EHS-related education and training.
- Approval of EHS-related operating standards, inspection standards, and control standards.
- Coordinate solutions for problems encountered during EHS management.
- Evaluate the actual performance of the EHS management system and review any divergences from the implementation plan.
- Study of improvements to EHS management plan
- Planning of EHS management subjects and targets

2 **Document Control Center:** Responsible for the authoring and revision of EHS management system documentation.

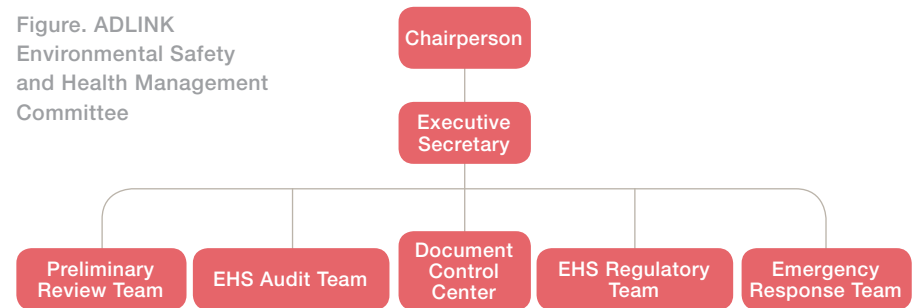
3 **EHS Audit Team:** Responsible for regular or random audits of the EHS management system and the suggestion of improvements.

4 **EHS Preliminary Review Team:** Responsible for preliminary EHS reviews and the assessment of EHS impact to identify material EHS considerations.

5 **EHS Regulatory Team:** Responsible for the compilation of relevant EHS laws and regulations, conducting compliance reviews, and periodic update of regulations.

6 **Emergency Response Team:** Responsible for the planning of emergency response plans and post-incident recovery.

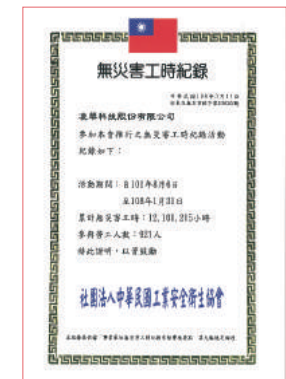
Figure. ADLINK Environmental Safety and Health Management Committee



### Enforcing safety and health management practices

#### Accident-free performance in labor safety and health

ADLINK formally joined the zero-accident network in August 2012, and zero-accident work hour records are submitted every month. By March 2019, the joint efforts of the company and employees have so far accumulated more than 12,320,000 zero-accident work hours. Unfortunately, a production line worker suffered an injury in 2019, so improvements were subsequently made by the company to personnel training and the working environment. As of April 2020, we had accumulated 2,170,000 accident-free work hours. The achievement was recognized with a certificate of zero-accident work hours presented by the Industrial Safety and Health Association.



## Establishment of EHS System

The ISO 14001 environmental management system and ISO 45001 occupational safety and health management system were deployed by the company to ensure the effectiveness of our EHS operations. A dedicated unit was also established to conduct regular inspections and audits on process safety, equipment operation, working with chemicals, workplace environmental monitoring, and waste collection and disposal. Employee education and training are also conducted to ensure that employees fully understand the company's EHS policy. An outline of the key aspects is provided below.

1. Contract site safety management: Before contractors may enter the site to begin engineering work, they must undergo company education and training on on-site hazards, emergency response and other measures. Written records are also maintained for reference.
2. Chemical review and management operations: All chemicals at ADLINK are recorded and tracked by our occupational safety unit. For any new requirements from user units, an application must be submitted for change management through the system. Only when all the relevant measures such as hazard verification, usage conditions, personnel training, and safety data sheet are complete can the chemical be used.
3. Workplace environmental monitoring: Chemical compositions are regularly reviewed by the company and a monitoring plan devised. Testing is arranged through testing organizations approved by the Ministry of Labor in accordance with the law and the results announced to employees.
4. Management of waste operations: A holding area for waste has been set up by the company in accordance with the EPA regulations on waste disposal. We also contract with EPA-approved contractors for the legal disposal and reporting of waste.

## Emergency response and rescue

### Fire prevention and emergency response results

An emergency response preparation and response procedure has been put into place to identify potential disasters and select those with a higher probability for disaster drills. The person in charge serves as the commander of the emergency response organization made up of command, communication, safety, evacuation, first-aid, firefighting, chemical spill response and other teams. Regular drills are also conducted for chemical spills, fire and other disasters for loss and impact mitigation.

### First-aid and AED training results

The Automated External Defibrillator (AED) is a device that automatically detects a patient's cardiac rhythm and uses electric shocks to restore the heart to normal operation. AEDs

have been installed in work areas by the company so that first-aid can be rendered immediately by employees. The local fire department has also been invited to instruct employees on AED operation and CPR techniques to prepare them for emergencies.

To ensure that help can be given if there is an accident in any area, the company also arranges for personnel to attend basic and refresher training for first-aid certification. Employees in each area and shift can then help themselves and each other. ADLINK hopes to work together with employees to create a healthy and safe living environment for all.

## Results of training on labeling and hazard communication of hazardous chemicals

Education and training were implemented to establish an understanding of chemical hazards. These equipped chemical operators with a full understanding of the chemical's properties, the meaning of related labels, preventive operating procedures, and how to respond to spills. Training employees in the proper use and understanding of chemicals prevents fire, explosion, poisoning, and other hazards caused by improper operation. In the event of a leak, swift and effective emergency response can be adopted immediately to contain the disaster, prevent the loss of life and property, and ensure the safety of workers, the workplace, and the surrounding environment.

ADLINK investments and expenditures on environmental protection and health, 2017-2019 (unit: NTD)

Item	2017	2018	2019
Workplace testing	147,436	144,708	89,500
Waste disposal	80,000	80,000	83,000
Factory physician	126,000	168,000	378,000
Health exam	349,200 (Mobile health exam)	300,318 (Advanced health exam)	714,200 (Mobile health exam)
Water quality testing	12,600	12,600	11,340
ISO 14001 management system certification cost	143,096	81,900	83,223
ISO 45001 management system certification cost	68,769 (OHSAS 18001)	108,675 (Re-certification)	138,947 (Revised ISO 45001)

\*Workplace environmental testing was stated as a single time fee in the 2017 CSR Report. This has been amended to become the sum of the cost for two tests each year.

\*Addendum: The 2017 health exam costs do include self-funded items for employees (Total amount was originally NT\$1,378,150)



## Total Healthy Workplace

ADLINK knows very well that the physical and mental health of employees is essential to the sound growth and sustainable development of the company. Healthy, happy employees provide the company with high creativity, high efficiency, high productivity, and high profits. We have therefore given our full support to preventive medicine, disease prevention, and health promotion. Between 2018 and 2019, a total of 12 health-promoting seminars and activities were held. Average employee attendance at each event exceeded 30 people with an average satisfaction rate of 80%. In 2018, we were once again certified as a sporting enterprise by the Ministry of Education's Sports Administration. In 2019, we joined with 170 pioneering enterprises through the Health Magazine in promising to provide employees with a quality workplace, to care about employee health and stress, and work together to create a healthy, happy enterprise.



## Comprehensive Health Plan

ADLINK provides health plans that exceed basic requirements. All employees are entitled to health exams, vaccinations, and cancer screening services provided by medical institutions. On-site services are also provided by occupational medicine specialists each month.

### On-site Physician Services

- ① . Occupational medical specialists (contracted physicians) provide 9 hours of on-site services every month.
- ② . A total of 12 employees with stage 2 hypertension were identified through health exams. Further assessments and ad hoc care were provided by the physician and nurse to deliver the most professional and comprehensive health management. Between 2018 and 2019, 100% of employees with stage 2 hypertension consulted with the physician.

### Health exam

- ① . New employees are eligible for a free physical exam from specialist health exam centers contracted by the company.

- ② . Employees are eligible for a free health exam once every two years. We also have an arrangement with teaching hospitals and higher-level institutions to analyze anomalies in employee health exams. Consultation, assistance and follow-ups are provided by family medicine specialists.
- ③ . Employees that work with special or hazardous chemicals are eligible for an annual special health exam (e.g. ionizing radiation, working with certain chemical substances).

### Female employee protection

ADLINK has always made the health of pregnant and breastfeeding employees our top priority. Protective measures were defined and all units directed to put them into place. These include:

- ① . An assessment undertaken on health risks in the workplace for pregnant and breastfeeding employees. Re-assignment is mandatory if there are risks present.
- ② . Pregnant and breastfeeding employees may not be asked to work overtime or night shifts.
- ③ . The health of pregnant and breastfeeding employees is tracked and guidance provided.
- ④ . Periodic assessments by physicians are arranged for pregnant employees or for up to one year after they give birth. Adaptive arrangements are made based on the result of the assessments.
- ⑤ . The company organizes stress reduction seminars to help reduce physical and mental stress for professional women.

### A safe workplace for pregnant employees

The results of quarterly environmental inspections provided by the vendor found no significant health impacts on female employees from the workplace. There were also no cases of pregnant or breastfeeding employees working overtime or night shifts.

### Professional medical support

#### 1. Sustained professional intervention before and after pregnancy

A total of 4 employees gave birth in 2018 and the consultation rate with the contracted physician was 100%. In 2019, a total of 9 people voluntarily responded to the pregnancy support questionnaire, and the rate of consultations with the contracted physician before, during, and after pregnancy was 100%. Periodic follow-up calls or personalized pregnancy education were provided by the nurse.

## 2. Enhanced tracking of a high-risk group for cardiovascular disease

Analysis of the health exam data identified 13 employees that were over-worked and had stage 2 hypertension. A blood pressure monitoring plan was drawn up for this group. Check-up calls were made by the nurse at different times to provide personalized health education or measure and record their blood pressures. The rate of consultations with the contracted physician for these 13 employees was 100%.

### Warm and welcoming breastfeeding environment

A warm and comfortable breastfeeding room has been set up on each floor by the company to provide employees with a private and comfortable space for breastfeeding. New employee training, pregnancy e-newsletter, and the rules of use for breastfeeding rooms were used to educate employees on the location of company breastfeeding rooms and user rights. This ensured an environment that welcomes breastfeeding for employees.

### Tobacco-free healthy workplace

A healthy workplace aims to enhance employee health and boost business productivity. ADLINK partnered with the New Taipei City Government to promote a tobacco-free healthy workplace. 10 people took part in the quit smoking event held in 2019. ADLINK was presented with a group award by the New Taipei City Government as encouragement.



### Health-promoting activities

ADLINK looks after the health requirements of our employees by inviting professional lecturers to host seminars and events that enhance employee understanding of health management. Professional classes are also used to promote awareness of exercising.

Employees with any health-related questions can book a health consultation with an occupational medicine specialist. Health education and related medical information are provided from a professional perspective to ensure the best possible health management.

### Weight/Fat loss competition and related classes

Weight-loss activities were held in conjunction with InBody medical electronic measurements. The weight-loss program was developed with input from professional yoga instructors, fitness instructors and nutritionists. Total participation was 110 and the average satisfaction rate was 92%.



### Metabolic syndrome seminar

Family medicine specialists outline the correlation between cardiovascular disease and high fat/glucose/blood pressure for boosting employee health awareness.





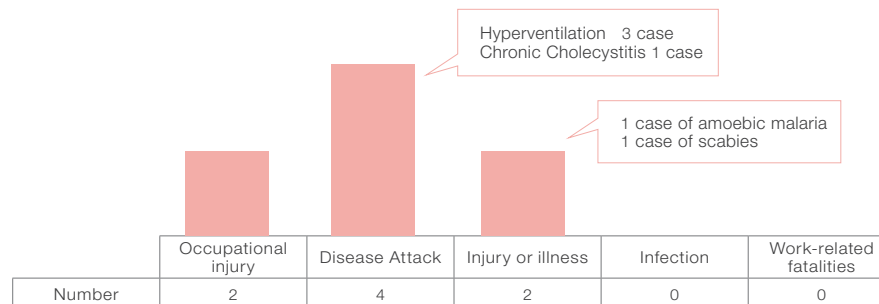
### Stress reduction seminar

Professional psychiatrists, yoga instructors, and aromatherapists use posture, psychology classes or essential oil massage for physical and mental relaxation.

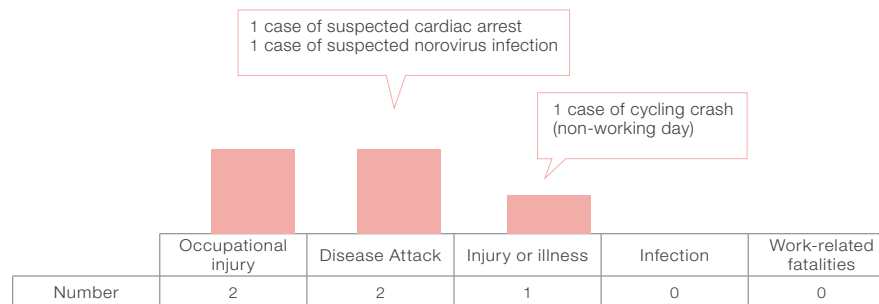


### Occupational injury statistics and analysis

Injury and illness statistics (\*Occupational injury statistics exclude traffic accidents)



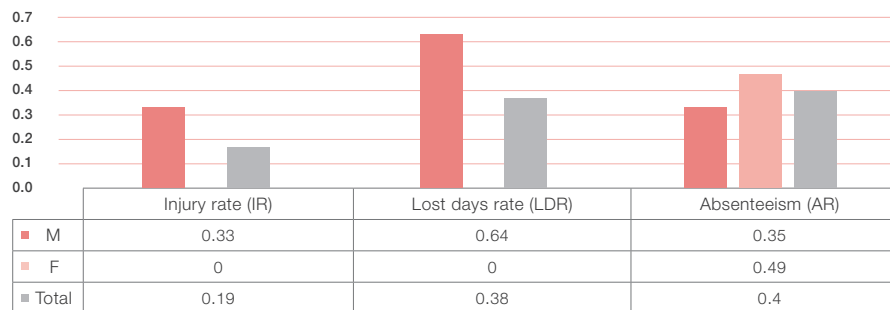
2018 Injury and illness statistics



2019 Injury and illness statistics

### Analysis of injury distribution

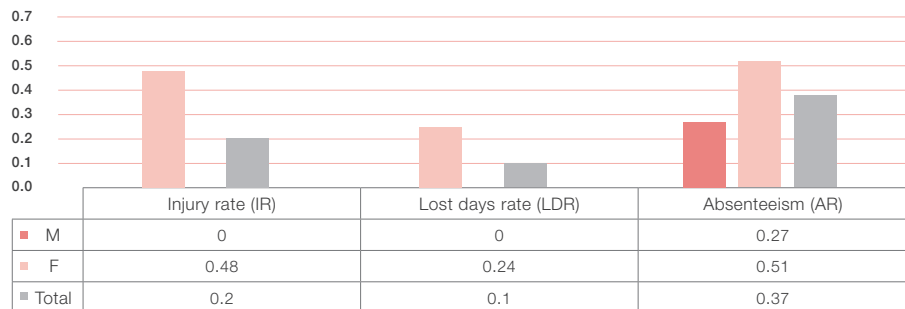
Employee injury rate (IR), lost days rate (LDR) and absenteeism (AR) for Taipei head office in 2018:







Employee injury rate (IR), lost days rate (LDR) and absenteeism (AR) for Taipei head office in 2019:



\*Both the occupational disease rate and work-related deaths were 0.

\*Formula: Injury rate (IR)=(Total frequency of disabling injuries (cases)/ Total work hours ) x200,000. Minor injuries count towards the injury rate (IR).

Lost Days Rate (LDR) = (Number of days lost due to disabling injury / Total work hours) x 200,000  
 Occupational Disease Rate (ODR) = Frequency of occupational disease cases / Total work days x 100%  
 Absenteeism Rate (AR) = Absentee days / Total work days x 100%

\*Absenteeism refers to: Work-related injury leave, ordinary injury leave, and special sick leave (including menstrual leave for women).

\*Lost days rate refers to work days and starts counting from the day of the accident.

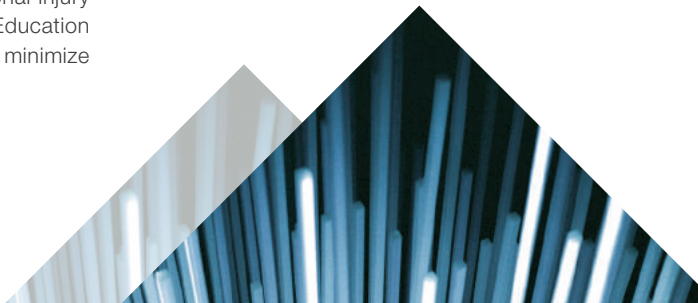
\*There were no workers other than employees in 2018 and 2019.

### Incident statistics and voluntary reporting system for near misses

The Labor Safety Office is responsible for tracking all industrial safety incident statistics and records. Fatalities, disabling injuries, minor injuries, or medical treatments are all recorded in detail in the occupational injury summary for the year. The data is then compiled and analyzed at the end of the year.

To strengthen the reporting of industrial safety incidents, employees are required to report near misses when they happen. A dedicated reporting system was also added to the corporate website for voluntary reporting of near misses.

ADLINK provides employees with a safe and comfortable workplace. All cases of occupational injury are also analyzed and corrective action carried out. Occupational injury metrics are analyzed regularly and proposed during all company EHS meetings. Education and training are also strengthened to avoid a recurrence of similar incidents and minimize the impact of disabling injuries.





## GRI Content Index

GRI Standards Disclosures		Corresponding Chapter	Page Number	Remarks	
<b>GRI 102 General Disclosures (2016)</b>					
Organizational Profile	102-1	Name of organization	1.1	7	
	102-2	Activities, brands, products, and services	1.1	7	No products or services banned in certain markets
	102-3	Location of headquarters	1.1	7	
	102-4	Location of operations	1.1	7	
	102-5	Ownership and legal form	1.1	7	
	102-6	Markets served	1.1	7	
	102-7	Scale of the organization	1.1	7-8	
	102-8	Information on employees and other workers	7.1	58	
	102-9	Supply chain	4.2	34-35	
	102-10	Significant changes to the organization and its supply chain	4.2		None
	102-11	Precautionary principle or approach	2.8	18	
	102-12	External initiatives	1.3	9	No external initiatives signed
	102-13	Membership of associations	1.3	9	
Strategy	102-14	Statement from the senior decision-maker	Message from the Management / 3.1	4 24	
	102-15	Key Impacts, Risks, and Opportunities	2.8	18	

Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	2.9/2.10	19-21	
Governance	102-18	Governance structure	2.2/3.1	13 24	
	102-24	Nominating and selecting the highest governance body	2.2	13	
	102-36	Process for determining remuneration	2.4	15	
Stakeholder Engagement	102-40	List of stakeholder groups	3.2	25	
	102-41	Collective bargaining agreements	7.5	64	None
	102-42	Identifying and selecting stakeholders	3.2	25	
	102-43	Approach to stakeholder engagement	3.2	25	
	102-44	Key topics and concerns raised	3.2	25	
Reporting Practice	102-45	Entities included in the consolidated financial statements	1.2	8	
	102-46	Defining report content and topic Boundaries	3.3	26	
	102-47	List of material topics	3.3	27	
	102-48	Restatements of information	Editorial Principles	5	None
	102-49	Changes in reporting	Editorial Principles	5	
	102-50	Reporting period	Editorial Principles	5	

GRI Standards Disclosures			Corresponding Chapter	Page Number	Remarks
Reporting Practice	102-51	Date of the most recent report	Editorial Principles	5	
	102-52	Reporting cycle	Editorial Principles	5	
	102-53	Contact point for questions regarding the report	Editorial Principles	5	
	102-54	Claims of reporting in accordance with the GRI Standards	Editorial Principles	5	
	102-55	GRI content index	8	71	
	102-56	External assurance/ verification			External assurance/ verification was not carried out for this report
<b>GRI 103 Management Approach (2016)</b>					
Management Approach	103-1	Explanation of the material topic and its boundary	3.3	26	
	103-2	The management approach and its components	3.3	28	
	103-3	Evaluation of the management approach	3.3	28	
<b>GRI 200 Economic (2016)</b>					
Economic Performance	201-1	Direct economic value generated and distributed	1.2	8	
	201-3	Defined benefit plan obligations and other retirement plans	7.1	58	
Market Presence	202-2	Proportion of senior management hired from the local community	7.1	58	

Procurement Practices	204-1	Proportion of spending on local suppliers	4.2	34	
Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	2.10	21	No incidents of corruption
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.10	21	None
<b>GRI 300 Environmental (2016)</b>					
Energy	302-1	Energy consumption within the organization	6.3	50	
	302-2	Energy consumption outside of the organization	4.2 6.3	34 50	
	302-3	Energy intensity	6.3	50	
	302-4	Reduction of energy consumption	6.2 6.3	49 50	
Water	303-1	Total water withdrawal by source	6.3	50	
Emissions	305-1	Direct (Scope 1) GHG emissions	6.3	50	
	305-2	Energy indirect (Scope 2) GHG emissions	6.3	50	
	305-3	Other indirect (Scope 3) GHG emissions	6.3	50	
	305-4	GHG emissions intensity	6.3	50	
Effluents and Waste	306-1	Water discharge by quality and destination	6.3	50	
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	2.10 6.3	21 50	None
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	4.2	34	

GRI 400 Social (2016)					
Employment	401-1	New employee hires and employee turnover	7.1	58	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	7.1	58	
	401-3	Parental leave	7.1	58	
Occupational Health and Safety	403-1	Workers' representation in formal joint management-worker health and safety committees	7.6	65	
	403-2	Types of and rates of injury, occupational diseases, lost days, absenteeism, and number of work-related fatalities	7.6	69-70	
Training and Education	404-1	Average hours of training per year per employee	7.4	63	
	404-3	Percentage of employees receiving regular performance and career development reviews	7.4	63	
Diversity of Governance Bodies and Employees	405-1	Diversity of governance bodies and employees	7.1	59	
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	2.10	21	No incidents of discrimination
Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	2.10 7.5	21 63	None

Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	2.10 7.5	21 63	None
Indigenous Rights	411-1	No violations of indigenous rights	7.1	59	None
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	4.2	34	
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	6.4	54	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	6.4	54	None
Marketing and Labeling	417-1	Requirements for product and service information and labeling	6.4	54	
	417-2	Incidents of non-compliance concerning product and service information and labeling	6.4	54	None
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.10	21	None
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in social and economic areas	2.10	21	None

