



# 2019 MITAC

## Sustainability Report



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## MiTAC Sustainability Report



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## Overview

It has been 11 years since MiTAC started compiling its corporate social responsibility report. The report covers the efforts and results of the Company in sustainability and corporate social responsibility. This report covers our global achievements in the field of corporate social responsibility as well as our efforts in the field of environmental protection and CSR in 2019. The commitment of MiTAC group to sustainable development of the human living environment was fully realized in the area of employee, customer, and supplier management. This report also covers issues of concern to different stakeholder groups. The statistics prepared for this report have been examined in a cumulative and linear manner. A GRI Compliance Comparison Table has again been attached, and relevant details are provided in the different chapters and sections.

In relation to MiTAC group's online stakeholder survey report, the topic concern level questionnaire is expected to be introduced by the fourth quarter of 2019, where stakeholders will be asked to provide their feedback and suggestions, which will be analyzed internally to achieve effective communication. This in turn helps us to understand your concerns and will also be used as the main reference for information disclosure in the report.

## Reporting Period and Cycle

The “MiTAC International Corp. 2019 Corporate Social Responsibility Report” covers the period between January 1 to December 31, 2019 . The CSR report began to be published annually in 2009 on an ongoing basis, and will be disclosed and updated in the official website of the Company for viewing and download by the public. This is a demonstration of our operation status.

Issued: June 2020 (Next edition will be issued in June 2021)

Company website: <http://www.mic-holdings.com.tw/Report.html>



## Scope and Limit of Data

The data contained in this report covers R&D and manufacturing locations of MiTAC Group, as well as subsidiaries of the brand. The data contained in this report covers financial performance and operation in the economic sphere, product responsibilities and environmental protection in the environmental sphere, and relations with employees, suppliers, contractors, and public welfare and care, with verbal description and the presentation of quantitative data.

Global operating locations include the Taiwan operating and Taiwan R&D center and China major production locations: MSL in Guangdong/MKL in Jiangsu; assembly plant in California, USA: MiTACIS. Disclosure will be made according to various GRI items, and scope of calculation will be explained, including demonstration plants.

## Report Structure

This report has been prepared with reference to the Core option of the GRI Sustainability Reporting Standards (GRI Standards) and the AA1000 Accountability Principles. The issues, strategies, goals, and actions to achieve sustainability in corporate social responsibility of this Company are disclosed with respect to the GRI approaches and frameworks.

## Contact

Should you have any queries or suggestions regarding this report, please contact us at:

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## 1.1 The View and Commitment of Corporate Social Responsibility

According to the International Monetary Fund (IMF), the 2019 global economic growth will reduce by 2.9% over 2018 mainly because of the weakening economic data of many countries, particularly the uncertainties brought by the US–China trade war that intensifies market fluctuation. However, the COVID-19 pandemic in 2020 makes the global market even more uncertain. Despite the challenging macro environment, MiTAC will continue to introduce new technologies and products through R&D and design to create revenue and profit growth through the concerted efforts of employees. With sustainable operations and steady growth as the bases of management, we will put equal emphasis on corporate profit, talent asset, and environment protection to realize the sustainable development of the enterprise, talents, and environment described as follows.

### **Strengthening Governance: Establishing the Audit Committee, and Chief Governance Officer**

We constantly improve corporate governance and organization structure and optimize and enhance information transparency. In the 2019 Corporate Governance Evaluation, we were ranked the top 6–20%. In the same year, we also established an audit committee to strengthen the supervisory function of the board of directors (BOD) and the chief governance officer (CGO) to supervise affairs relating to corporate governance.

### **Valuing Talents and Employee Care and Protecting Employee Health and Safety**

To MiTAC, employees are one of the most important assets. In view of the needs, rights, and interests of employees, apart from building a fair, reasonable, friendly, and flexible workplace, we combine career development and organizational goals to provide employees with an appropriate environment and develop their competencies. In 2019, the global employee turnover rate reduced by 2% over 2018 to 10%, the average hours of training per employee was increased to 58.9 hours, the retention rate after parental leave was 100%, and the disabling injury severity rate (SR) and the disabling injury frequency rate (FR) were 11.6% and 0.34% respectively, better than the SR in OHSAS18001:2018.

MiTAC cares about employee health and protects the safety of both employees and the public. In the last couple of years, apart from purchasing five automated external defibrillators (AED) and signing up to the Taiwan Public AED Registry of the Ministry of Health and Welfare (MOWH), we purchased blood pressure meters to facilitate employees in keeping track of their blood pressure at any time, organized health talks and first-aid training from time to time, and collaborated with the screening unit (PhysiolGuard Corporation Ltd.) to provide employees with free and quick heartrate screening with the medical wristband developed by this Company for early detection and prevention of arrhythmia disorders together with the AI cloud analysis system.



## 1.1 The View and Commitment of Corporate Social Responsibility

### From Energy Conservation and Waste Reduction to Circular Economy: Winning the EMS Environmental Performance at the SGS ISO 14001 Plus Awards

Environmentally, product eco-design has always been our concern. By integrating various environmental factors to product design to effectively reduce environmental impacts through improvement of the whole product life-cycle covering design, production, use, and disposal, we have added the circulatory economy practice to enhance energy efficiency and materials use efficiency in product design. Take the server for example, to improve product design performance, we have enhanced the energy efficiency of all power supply units (PSUs) to the 80 PLUS-Platinum grade and plan to upgrade all PSUs to 80 PLUS-Titanium grade and reduce the power consumption in the standby (idle) mode in 2023. In materials use efficiency enhancement, we begin with the modular design, convenient disposal of suppliers, and concerns about the composition of key materials.

Having regard to the global trend of energy conservation and carbon reduction, while electricity accounts for about 90% energy consumption, lowering electricity consumption will naturally reduce carbon emission. In terms of proportion of electricity consumption in business operations, air-conditioning accounts for up to 50–60% of total electricity consumption, while lighting at about 30% is the second highest. The Linkou Intelligent Building started service in 2017 and is equipped with the Comismart Smart Building Automation system for real-time monitoring of water and electricity consumption. The building's outstanding performance in energy conservation was awarded the EMS Environmental Performance at the SGS ISO 14001 Plus Awards in recognition of our long-term commitment for sustainable development that makes MiTAC a model business.

### Constant Dropping Wears Away A Stone: Sustainable Development

We value enterprise influence and combine integrity and ethics to sustainable development in the code of ethics. Through countless concerted efforts over time, each supervisor and employee constantly increase their responsibility and commitment for the environment, society, employees, and shareholders, strengthens existing strengths and business performance, and teams up with all parts of the value chain to influence and contribute to the positive development of the whole environment, society, and economy.

Chairman Matthew Miau

President Billy Ho



## 1.2 Identification of Stakeholders

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### Accountability and Reporting Principles

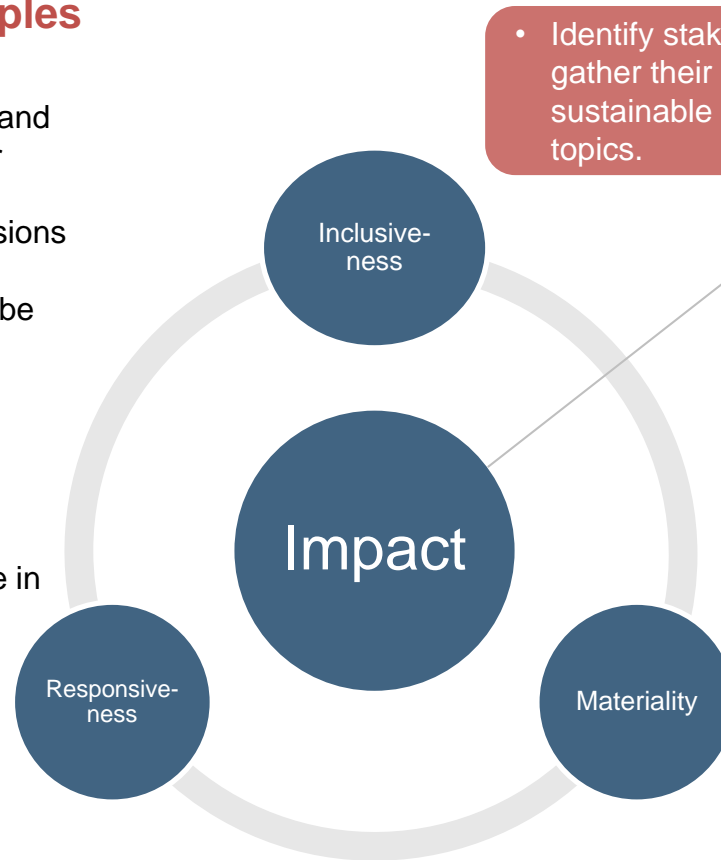
Reference to AA1000 AP:2018 and GRI Standards

- **Impact:** The Company should monitor, measure and be accountable for how its actions affect broader ecosystems.
- **Inclusivity:** People should have a say in the decisions that impact them.
- **Materiality:** Decision makers should identify and be clear about the sustainability topics that matter.
- **Responsivity:** Adopted decisions, actions, and performance with regard to material issues

★ **Completeness:** Confirmation of material aspects, scope, boundaries, and schedules

★ **Sustainability Context:** Examine own performance in the context of the limits and demands placed on economic, environmental or social resources, at the sectoral, local, regional, or global level.

- Qualitative and quantitative communication and engagement with stakeholders
- Prepare sustainability report



- Identify stakeholders and gather their feedback on sustainable development topics.

- Monitor activities that influence the environment.

- Gathering and input: Refer to the GRI aspects, CDP sustainability issues, United Nations' Sustainable Development Goals (UN SDGs), and stakeholder questionnaire
- Evaluation: Identify → Prioritize → Review

Review the context of completeness and sustainability



## 1.2 Identification of Stakeholders

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### Inclusiveness: Communicate Material Topics

Communication with stakeholders represents the foundation of CSR practices. MiTAC aims to gain a better understanding of relevant demands and provide relevant feedback through multiple platforms and communication with stakeholders. With reference to the AA1000 Stakeholder Engagement Standard (AA1000SES), we have defined major stakeholder groups relating to MiTAC's operations in terms of their responsibility, influence, dependency, tension, representativeness, and diverse perspectives. These stakeholder groups include: employees, suppliers/contractors, shareholders/investors, customers, and communities.

Stakeholders	Issues	Platform of communication	Output results
Employees	Employee salaries and welfare Innovation and R&D	Staff meeting	<ul style="list-style-type: none"> <li>• Bilateral communication seminars during staff meetings</li> <li>• Established internal "Speak out" mailbox for all employees to express their opinions and suggestions.</li> <li>• The MiTAC Portal conveys information on the status of operations and provides public announcements on various company systems.</li> <li>• Publishes MiTAC Focus/Global Link periodically to cover major company news, product information and events.</li> </ul>
Investors (Shareholders)	Innovation and R&D Corporate governance	Board of Directors meeting	<ul style="list-style-type: none"> <li>• We publish monthly turnover data and quarterly financial reports to report our financial and sales conditions.</li> <li>• Shareholders' meetings are convened annually in mid-year to present the company's financial standing and directions of the development in the future.</li> <li>• Established investor area to maintain positive interaction with investors in the long run.</li> <li>• "The Ethical Corporate Management Best Practice Principles" ratified by the board establish a corporate culture based on integrity and ensure sound operations</li> </ul>
Customers	Product responsibilities Customer relationship management	RBA audit	<ul style="list-style-type: none"> <li>• With reference to the Code of Conduct (CoC) of the Responsible Business Alliance (RBA), we participate in the global supply chain and established and standardized the CSR code of conduct.</li> <li>• Communicate the Company's development strategy through quarterly/yearly meetings with clients to ensure the R&amp;D progress of new products complies with environmental product standards, as well as to meet reliability requirements and deadlines.</li> <li>• Customer privacy.</li> </ul>
Suppliers	Environmental policy/management system Communication with stakeholders	Supplier meetings	<ul style="list-style-type: none"> <li>• Information survey and collection is conducted through e-SCM.</li> <li>• Through non-scheduled supplier meetings, the company communicates with suppliers on topics such as GP RBA/greenhouse gas inventory and reduction and so forth.</li> </ul>
Communities	Climate change (mitigation and Adaptation) Brand image	Carbon management Educational Foundation	<ul style="list-style-type: none"> <li>• Takes part periodically in CDP (Carbon Disclosure Project) and annually publishes the status of corporate operation, carbon emission and management.</li> <li>• Engages in active social participation through the Yu Shiu Educational Foundation with PR Division, and the company's social clubs, such as the annual Yu Shiu Innovation Award.</li> </ul>





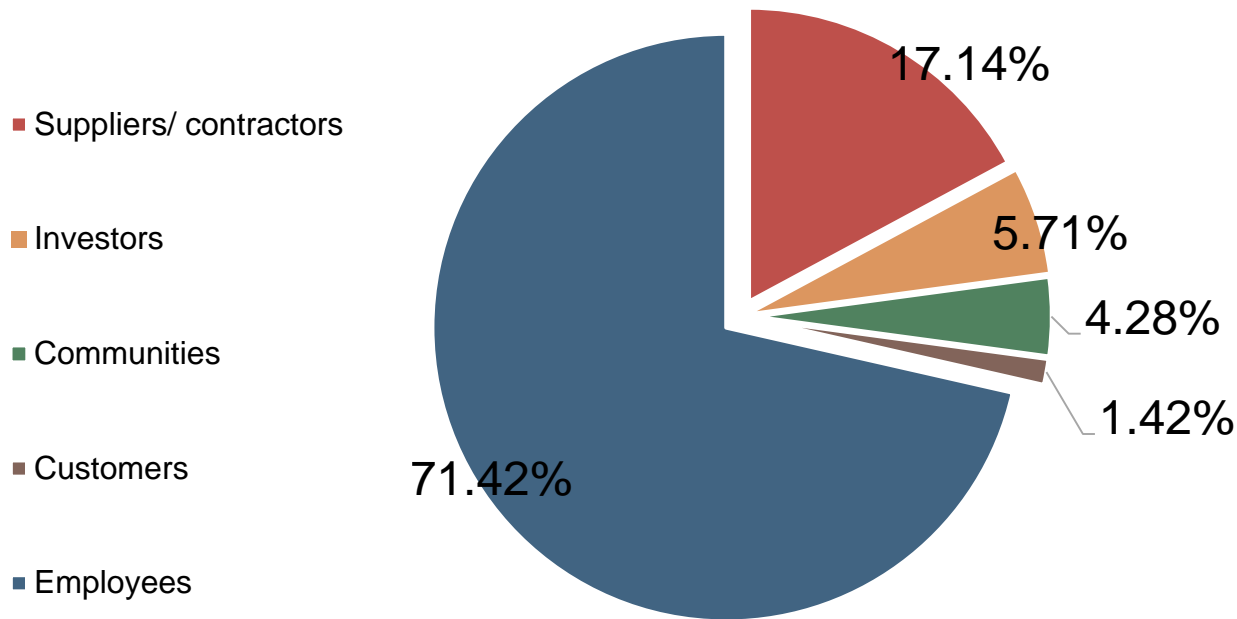
## 1.2 Identification of Stakeholders

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### Inclusiveness: Communication for Report Preparation

To fully understand and address in the annual CSR report the topics that concern stakeholders, we distributed the questionnaire in Q4 2019.

### Proportion of Valid Responses from Stakeholder Groups



Hypotheses and description: Identification process found that employees and suppliers/contractors influence organizational operations most. Therefore, a higher proportion of these two categories were surveyed.

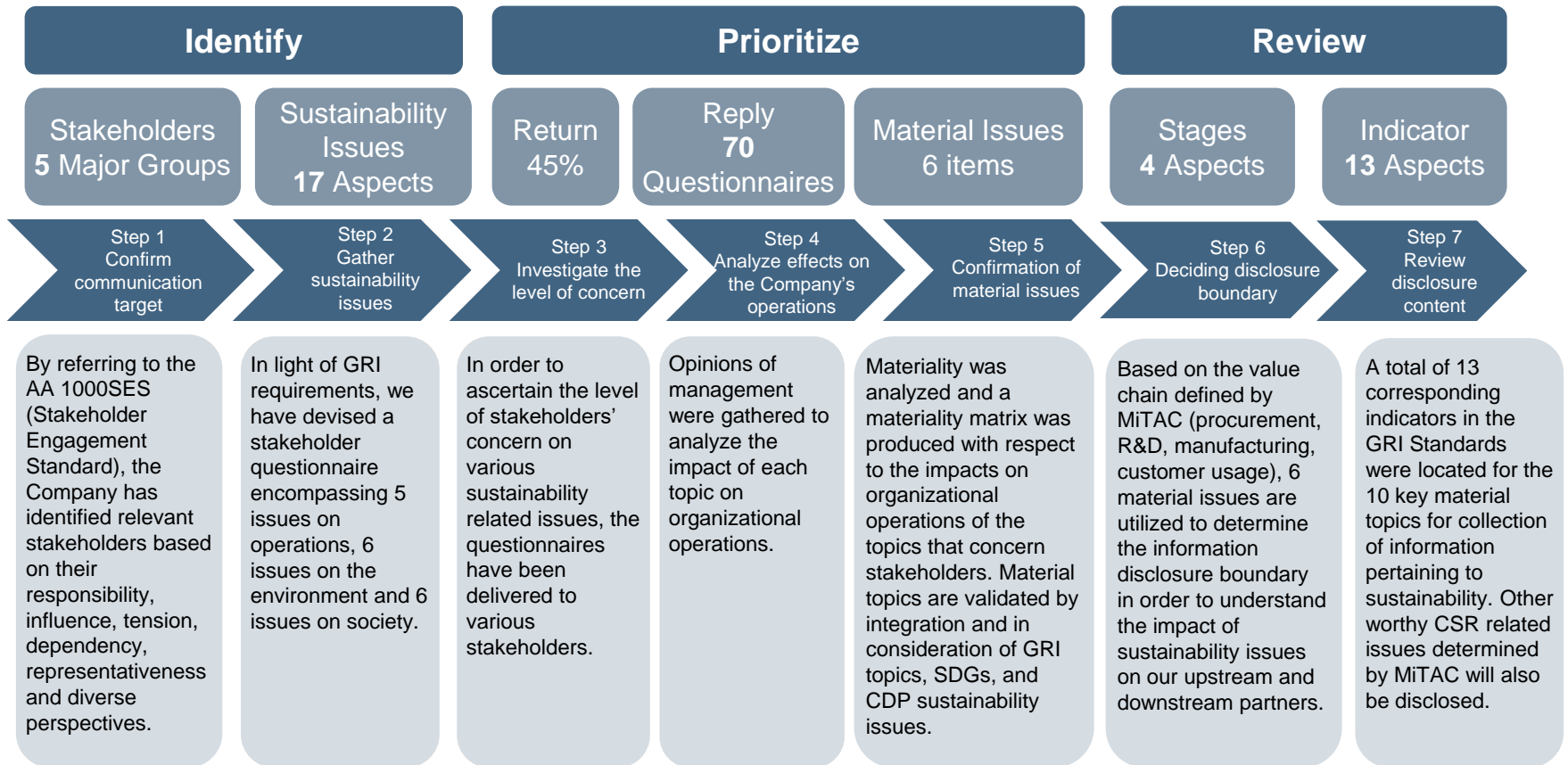


# 1.2 Identification of Stakeholders

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## Sustainability Context: Standardized Topic Determination

We have adhered to the GRI guideline and AA 1000 AP standard to establish the standardized materiality analysis model in order to gauge the level of concern receive by each issue, as well as the effect of the issues on MiTAC’s operations, so that we can use them as the foundation for formulating the Company’s sustainable management goals.

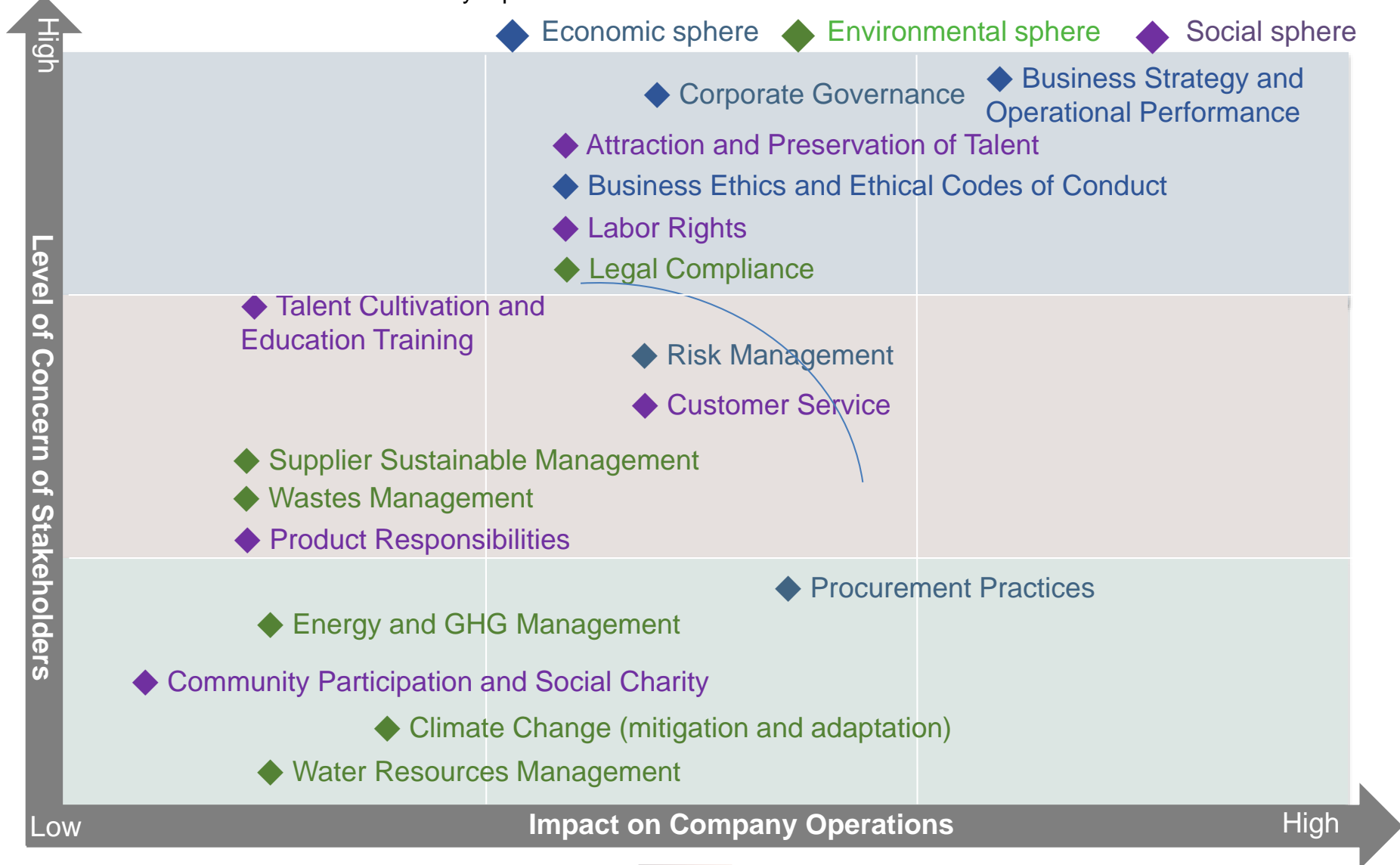




## 1.2 Identification of Stakeholders

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With reference to the GRI Standards and the AA 1000 Stakeholder Engagement Standards (AA 1000 SES), we produced the materiality matrix for the reference of establishing sustainability strategies and long-, mid- and short-term goals and information disclosures in the sustainability report.





## 1.2 Identification of Stakeholders

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### Completeness: Material Issues and MiTAC Value Chain

Communication with stakeholders represents the foundation of CSR practices. In conjunction with materiality analysis, we identify the most important issues for the stakeholders and MiTAC and take the necessary measures in order to reinforce the content of information disclosure.

Focus	Material Issues	GRI Topic	Upstream-Purchasing	MiTAC-R&D and Manufacture	Downstream-Customers
Economic	Business strategy and operational performance	201 Economic performance	V	V	
	Business ethics and ethical codes of conduct	205 Anti-corruption, 206 anti-competitive behavior	V	V	
	Corporate governance	(Basis) Governance	V	V	V
Social	Labor rights	402 Labor/management relations, 403 Occupational safety and health, 406 Non-discrimination, 407 Freedom of association and collective bargaining, 408 Child labor, 409 Forced or compulsory labor	V	V	V
	Attraction and preservation of talent	401 employment, 405 diversity and equality		V	
Environmental	Legal compliance	307 Environmental protection legal compliance		V	

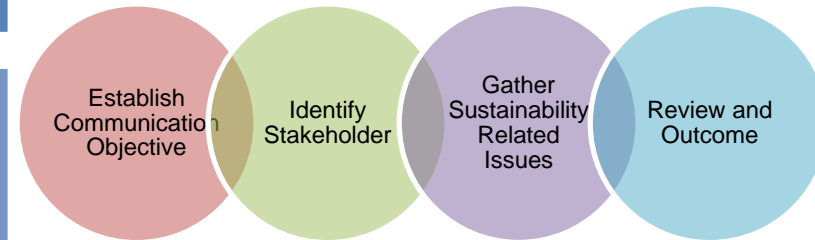


## 1.2 Identification of Stakeholders

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### 2019 Material Topics Top10

Effective engagement with stakeholders is an important foundation of corporate sustainability development. Of the numerous stakeholders, the most important aspect is to identify those who have significant influence over the company's operations and determine the issues that they care about most in a prioritized order.



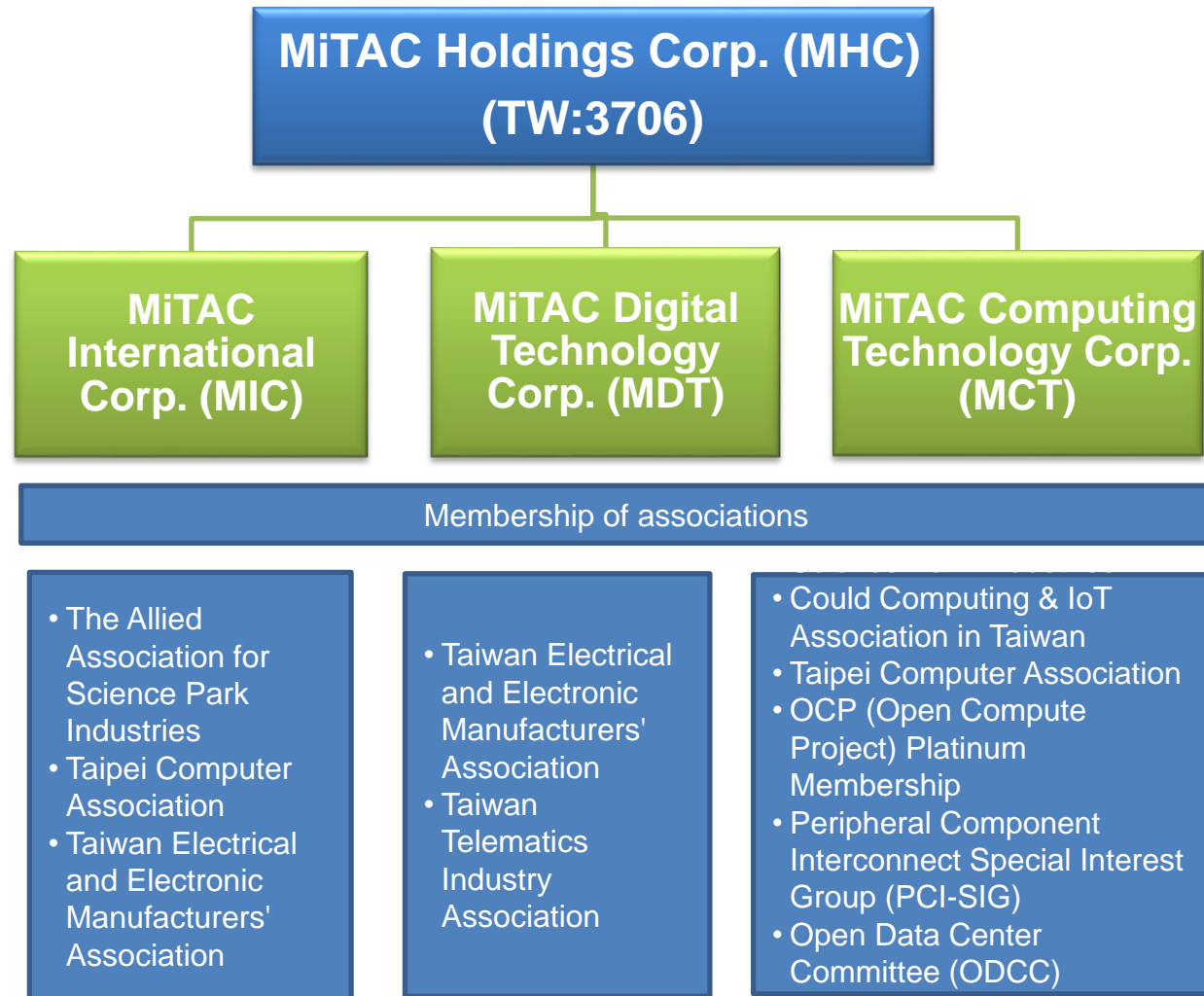


# 2.1 Company Outlook

## ● 2.1.1 Company Profile

Headquartered in Taiwan, over the past four decades we have developed into a multinational corporation of JDM/ODM/OEM/OPM (Original Product Manufacture), design and R&D, manufacture, testing, assembly, marketing, and service. Through the manufacturing and logistics centers in Guangdong and Jiangsu of China, Hsinchu of Taiwan, and California of the USA, we distribute products worldwide with leading brands including Mio, Magellan, and Navman (for auto electronics) and TYAN (for servers).

As the head of the group, MHC maps out the group's development, investment, and strategy partnership plans; provides integrated resources; enhances the integration effectiveness of marketing, manufacturing, and logistics service platform; and assists subsidiaries in operational development, talent fostering, and licensing specialty operations. All these are meant to achieve fast organization alignment with group decisions for specialization and improve governance which, in turn, would advance its industry leadership for continuous growth and sustainable management.





## 2.1 Company Outlook

Index > Business Operation and Development > Company Outlook > Company Profile

### ● 2.1.1 Company Profile

#### **MCT: Cloud Computing, Edge Computing, and IPC**

With cloud computing, edge computing, and IPC as the focus of development, the MCT has developed a flexible and custom supply model that meets the demand of different systems and applications based on its capacity in design and manufacturing and performance in large datacenter construction accumulated over 30 years, alongside the customization capacity of own-brand TYAN and the well-established partnership with distribution channels and system integrators. Through constant R&D and product and platform diversity, the MCT provides servers, storage systems, networking solutions and embedded products in the smart age featuring smart services, AI and 5G that links edge computer and cloud computing with unlimited innovation energy, in order to provide valued solutions for different industries, such as finance, technology, retail, education, and manufacturing, and to realize the smart lifestyle using IoT applications.

#### **MDT: Automotive and AIoT**

MDT has a full range of navigation systems, automotive-grade ODM experience, and outstanding R&D, integration, and testing capacity, and distributes products in the consumer and specialty markets with own brands including Mio, Magellan and Navman. MDT also wins numerous international design awards and earns acclaim from worldwide media. The MDT creates software-hardware-integrated total solutions covering dash cams, smart cameras, navigation systems, automotive navigation systems, and advanced driver-assistance systems (ADAS). In addition, the MDT has developed a series of professional tablets and device management platform systems for use in the logistics, tourism, healthcare, and industrial fields to cut costs and enhance work efficiency. With strong R&D and design capacity and rich manufacturing experience, the MDT has become the trusted partner of world-class customers.

#### **MIC: Smart Service**

MIC provides the group with smart technologies and services, professional logistics support and management; promotes smart buildings and Industry 4.0 for optimized operational performance of all subsidiaries. MIC also nurtures startups and manages domestic and overseas assets and investments for asset revitalization and improves investment performance and acts as solid support for the group's sustainable development.



# 2.1 Company Outlook

Index > Business Operation and Development > Company Outlook > Basic Information

## ● 2.1.2 Basic Information



### Background

MHC was created through 100% share swap with MIC (Original stock code: 2315) on September 12, 2013  
Stock code: 3706



### Group Establishment

1982



### Capital

10.77 billion



### Global Employees

More than 7,000 people

### Production Locations

Hsinchu Science Park of in Taiwan, Shunde in Guangdong Province of China, Kunshan in Jiangsu Province of China, and California in the USA



### Subsidiary Brands

MDT Brand



MCT Brand







# 2.1 Company Outlook

Index > Business Operation and Development > Company Outlook > Global Locations

## 2.1.3 Global Locations

**MHC's overseas locations**  
**Operating locations: 25 (excluding branch offices or subsidiaries)**  
**Production locations: 4**  
**R&D center: 2**  
**Post-delivery service center: 2**

A1. MiTAC Digital Corp. (USA)  
 A2. Tyan Computer Corp. USA  
 A3. MiTAC Information Systems Corp.

B1. MiTAC Europe Ltd.  
 B2. MiTAC Technology UK, Ltd.  
 B3. MiTAC Europe Poland  
 B4. MiTAC Europe Moscow

C1. (Kunshan) Ltd.  
 & ServiceMiTAC Computer /Logistic/BPO  
 C2. Infopower (MiTAC JV in India)  
 C3. Mio Technology Beijing.  
 C4. Mio Technology Suzhou  
 C5. MiTAC Japan Corp.  
 C6. MiTAC Research Shanghai Ltd.  
 C7. MiTAC Computer (Shun-De) Ltd.  
 C8. MiTAC Holdings Corp.  
 • MiTAC International Corp.  
 • MiTAC Digital Technology Corp.  
 • MiTAC Computing Technology Corp.  
 C9. MiTAC Australia

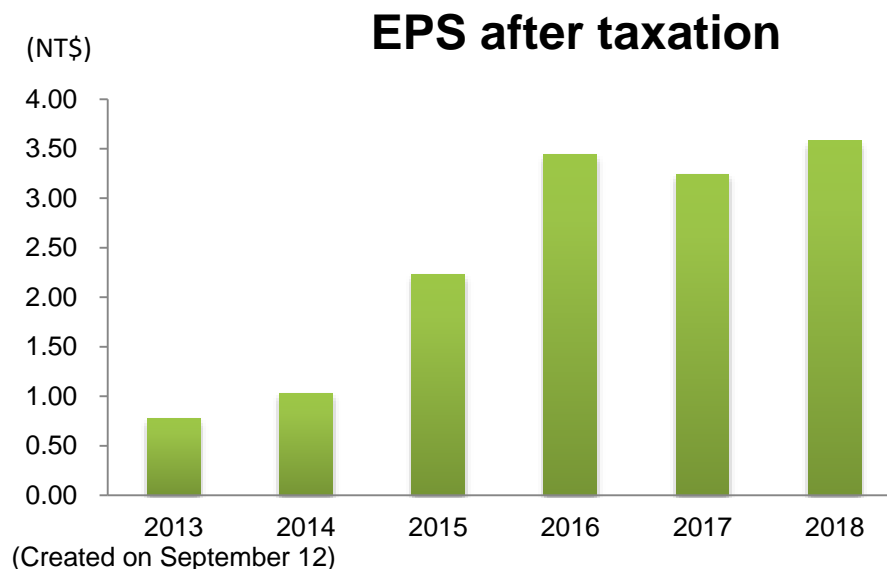
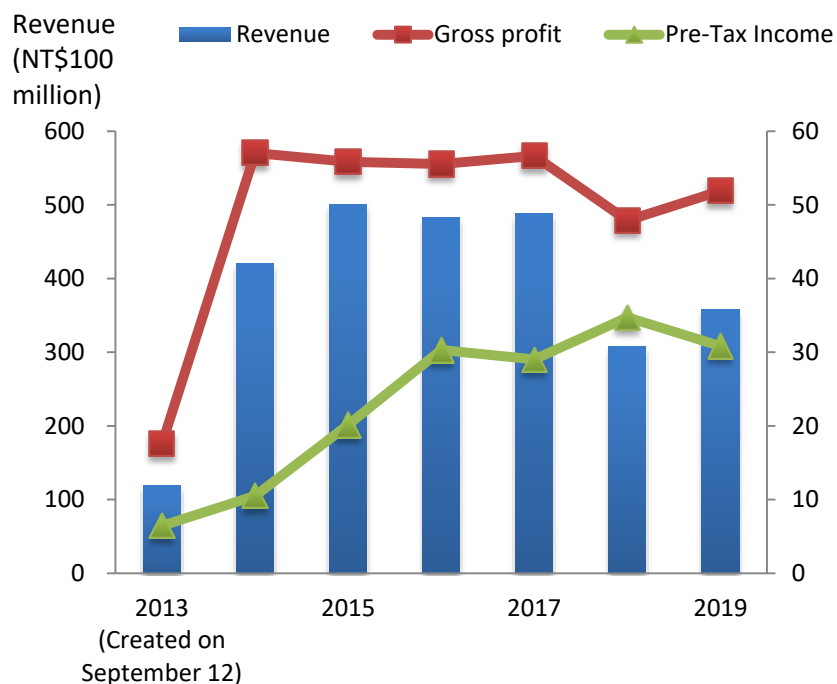


## 2.1 Company Outlook

Index > Business Operation and Development > Company Outlook > Operating Results

### 2.1.4 Operating Results

In 2019, MHC's consolidated revenue amounted to NT\$35.832 billion, with earnings before taxation reaching NT\$3.083 billion and EPS of NT\$2.65.



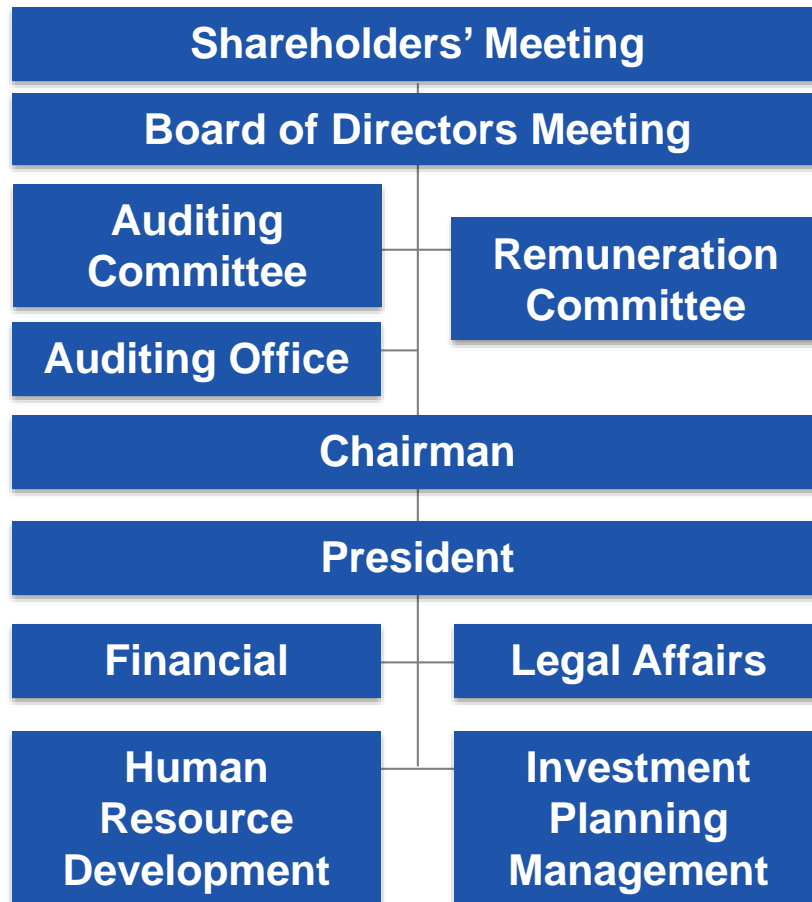
The board of directors drafted the 2019 proposal for dividend distribution on February 27, 2020. Cash and stock dividends were set at NT\$ 1.00 and NT\$ 1.20 per share, respectively. The proposal will be submitted to the General Shareholders' Meeting on May 28, 2020 for approval.



## 2.2 Corporate Governance

Index > Business Operation and Development > Corporate Governance > Corporate Governance Organizational

### ● 2.2.1 Corporate Governance Organizational Chart





## 2.2 Corporate Governance

Index > Business Operation and Development > Corporate Governance > The Operation of the Board of Directors

### ● 2.2.2 Operation of the Board of Directors

#### I. The organization and functions of the Board of Directors:

The Company's BOD is formed by 10 seats (including three independent directors) in consideration of the scale of operations, development needs, stake of its major shareholders, and actual needs of operations.

This company has already formulated "the Regulations Governing Procedures for Board of Director Meetings" and fully complies with them. Major board resolutions are disclosed on the company website. The Company has also disclosed the attendance of the directors in the Board meetings and their status of continuing education for the information of the investors at the zone of "Corporate Governance" in MOPS so that disclosure could be made timely and transparent. In the years ahead, The Company will fortify the functions of the Board of Directors in responding to applicable legal rules and the requirements of corporate governance.

#### II. Board Composition Diversity Policy

The director diversity policy has been defined with respect to the Company's "Corporate Governance Best Practice Principles."

##### (1) The diversity policy includes, without limitation, the following two aspects:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: Professional backgrounds (e.g. law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

(2) Explicit management goals: BOD members should generally be equipped with the knowledge, skills, and literacy required for carrying out their duties. To achieve the ideal goal of corporate governance, the BOD should be equipped with the following abilities in general:

1. Ability to make operational judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Knowledge of the industry.
6. An international market perspective.
7. Ability to lead.
8. Ability to make policy decisions.

MiTAC has 10 directors. Based on the requirement for BOD composition diversity, members come from backgrounds including finance, accounting, and academia, with knowledge covering technology, telecommunications, venture capital and finance, complying with related regulations.



## 2.2 Corporate Governance

Index > Business Operation and Development > Corporate Governance > The Operation of the Board of Directors

### ● 2.2.2 Operation of the Board of Directors

III. The Board of Directors convened Six times in 2019 (A), and the attendance is shown below:

Titles	Names	Attendance in person B	Attendance by proxy	Attendance rate (%) (B/A)	Note
Chairman	Matthew Miao	6	0	100.00%	Re-election; Re-election on 2019.5.30
Director	Billy Ho	6	0	100.00%	Re-election Re-election on 2019.5.30
Director	Yu Cheng Chiao	2	0	66.67%	Incumbent; Re-election on 2019.5.30
Director	UPC Technology Corporation Rep.: Yung-Do Way	6	0	100.00%	Re-election; Re-election on 2019.5.30
Director	UPC Technology Corporation Rep: Chang Kwang-Cheng	5	1	83.33%	Re-election; Re-election on 2019.5.30
Director	MiTAC Inc. Rep: Hsu Tzu-Hwa	5	1	83.33%	Re-election; Re-election on 2019.5.30
Director	MiTAC Inc. Rep: Su Liang	3	0	100.00%	Incumbent; Re-election on 2019.5.30
Independent directors	Lu Shyue-Ching	6	0	100.00%	Re-election; Re-election on 2019.5.30
Independent directors	Ma Shaw-hsiang	6	0	100.00%	Re-election; Re-election on 2019.5.30
Independent directors	Tsai Ching-yan	3	0	100.00%	Incumbent; Re-election on 2019.5.30



## 2.2 Corporate Governance

Index > Business Operation and Development > Corporate Governance > The Operation of the Board of Directors

### ● 2.2.2 Operation of the Board of Directors

Special notes:

- I. If the Board of Directors experience one of the following situations, the date, term, content and handling of Independent Directors' opinions and the company's opinions about the Independent Directors should be elaborated.

Board of Directors Meeting			Opinions of the Independent Directors	The company's response to the independent directors' opinions
Date	Term	Content of the Motion		
2019.01.22	The 17th meeting for the 2nd term	Review and approval of year-end bonuses for managers in 2018.	None	None
		The Company's loan was paid off in advance and a new loan was issued to MDT.	None	None
2019.02.26	The 18th meeting for the 2nd term	Proposal to issue 140,515,154 new shares for capitalization with earnings.	None	None
		Amendment to the "Procedures for Acquisition and Disposition of Assets," "Procedures for Derivatives Trading," "Procedures for Loaning of Funds to Others," and "Procedures for Making of Endorsements/Guarantees for Others."	None	None
		The Company's loan was paid off in advance and a new loan was issued to MIC.	None	None
2019.05.09	The 19th meeting for the 2nd term	Amendment to part of the "Internal Control System" and the "Instructions for Internal Audits."	None	None
2019.08.12	The 2nd meeting for the 3rd term	Review and approval of pay raises for managers in 2019.	None	None
		Review and approval of employee remuneration in 2018 and year-end bonuses for managers in 2019, respectively.	None	None
		Making and revoking guarantees/endorsements for others.	None	None
2019.11.07	The 3rd meeting for the 3rd term	Disposition of the land use right and buildings of MIC subsidiary MiTAC Computer (ShunDe) Ltd. in Shunde District, Foshan City, Guangdong, China.	None	None
		MIC Purchasing Hsinchugata Government's Land Plan	None	None
		Making and revoking guarantees/endorsements for others.	None	None

- II. In addition to the aforementioned issues, other issues related to the Board of Directors meeting that were objected to or commented on by the Independent Directors (recorded or written statements): None.



## 2.2 Corporate Governance

Index > Business Operation and Development > Corporate Governance > The Operation of the Board of Directors

### ● 2.2.2 Operation of the Board of Directors

III. The enforcement of the avoidance of the conflict of interest of the directors in making decisions: directors acted to avoid possible influence on the result of decision on motions with conflict of interest to The Company:

Date of the Board Session	Term	Names of the directors who sought to avoid the conflict of interest	Content of the Motion	Reasons for the avoidance of the conflict of interest	The Voting
2019.01.22	The 17th meeting for the 2nd term	Matthew Miao Billy Ho	Review and approval of year-end bonuses for managers in 2018	Concurrent position as manager	Unanimous approval by all attending board members with voting rights (approved as proposed)
2019.08.12	The 2nd meeting for the 3rd term	Matthew Miao Billy Ho	Review and approval of pay raises for managers in 2019	Concurrent position as manager	Unanimous approval by all attending board members with voting rights (approved as proposed)
		Matthew Miao Billy Ho	Review and approval of employee remuneration in 2018 and year-end bonuses for managers in 2019, respectively	Concurrent position as manager	Unanimous approval by all attending board members with voting rights (approved as proposed)

IV. The 2019 self-evaluation of BOD and functional committees (Remuneration Committee and Audit Committee) with respect to the “Regulations for BOD Performance Evaluation” showed that the board performance falls within “excellence” and “distinction,” suggesting that the BOD’s operation was perfect and complied with the governance standard.



## 2.2 Corporate Governance

Index > Business Operation and Development > Corporate Governance > Supervisor's Engagement in the Operation of the Board of Directors

### ● 2.2.3 Supervisor's Engagement in the Operation of the Board of Directors

#### I. The organization and duties of the supervisors:

##### (I) The communications between the supervisors and the employees and shareholders of The Company:

The sales personnel of The Company have reported to the supervisors regularly or at any time as needed. The supervisors may also contact relevant personnel directly for communications at any time as needed for related information.

##### (II) The communications between the supervisors, the chief internal auditor, and the certified public accountants:

The supervisors of The Company can investigate the operation and financial position of The Company at any time, and request the Board of Directors and managers to report. Where necessary, they may contact the external auditors of The Company. The chief internal auditor of The Company shall present audit reports to the supervisors at regular intervals.

##### (III) The Audit Committee was established on May 30, 2019 to replace the duty of supervisors.

#### II. The attendance of supervisors in 2019 is shown below:

Titles	Names	Attendance in Person	Attendance Rate (%)
Supervisor	Yu Cheng Chiao	1	33.33%
Supervisor	Lien Hwa Industrial Corp Rep: Su Liang	2	100.00%





## 2.2 Corporate Governance

Index > Business Operation and Development > Corporate Governance > The Operation of the Auditing Committee

### ● 2.2.4 The Operation of the Auditing Committee

#### I. The organization and functions of the Auditing Committee:

The Audit Committee was formed by the three independent directors being elected by the annual general meeting of shareholders (AGM). The committee holds at least one committee meeting each quarter and supervises the following matters: Fair presentation of the Company's financial statements; the hiring (and dismissal), independence, and performance of Company's certificated public accountants; the effective implementation of the Company's internal control system; the Company's compliance with relevant laws and regulations; and management of the Company's existing or potential risks.

The powers of the Audit Committee are as follows:

- (1) Adoption or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- (2) Evaluate the effectiveness of the internal control system.
- (3) Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
- (4) A matter bearing on the personal interest of a director.
- (5) A material asset or derivatives transaction.
- (6) A material monetary loan, endorsement, or provision of guarantee.
- (7) The offering, issuance, or private placement of any equity-type securities.
- (8) The hiring, discharge, or compensation of an attesting CPA.
- (9) The appointment or discharge of a financial, accounting, or internal auditing officer.
- (10) The annual financial statements signed by the chairperson, CEO, and CFO.
- (11) Other major matters specified by the Company or the competent authorities.



## 2.2 Corporate Governance

Index > Business Operation and Development > Corporate Governance > The Operation of the Auditing Committee

### ● 2.2.4 The Operation of the Auditing Committee

II. The Audit Committee established on May 30, 2019 held two committee meetings (A) in 2019. The table below shows the attendance of independent directors.

Titles	Names	Attendance in Person (B)	Attendance Rate (%) (B/A)	Note
Auditing Committee Member (Convener)	Lu Shyue-ching	2	100%	Incumbent on 2019.05.30
Auditing Committee Member	Ma Shaw-hsiang	2	100%	Incumbent on 2019.05.30
Auditing Committee Member	Tsai Ching-yan	2	100%	Incumbent on 2019.05.30



## 2.2 Corporate Governance

Index > Business Operation and Development > Corporate Governance > The Operation of the Auditing Committee

### ● 2.2.4 The Operation of the Auditing Committee

Special notes:

I. If a committee meeting is under any one of the following circumstances, the date, session, proposal content, and the resolution specified and the opinion expressed by independent directors shall be specified:

(I) Matters stated in Article 14-5 of the Securities and Exchange Act: Submitted to BOD with the approval of the Audit Committee.

Date	Term	Content of the Motion	Resolution of the Audit Committee	The company's response to the Auditing Committee' opinions
2019.08.12	The 1st meeting for the 1st term	The financial statements of the Company in Q2 of 2019	None	None
		Revocation of guarantees/endorsements amounting to NT\$22,792,000.	None	None
2019.11.07	The 2nd meeting for the 1st term	Assessment of the independency and suitability of CPAs.	None	None
		Formulate the company's 2020 audit plan.	None	None
		Amendment to the Audit Committee Organization Regulations.	None	None
		Reduction guarantees/endorsements amounting to NT\$10,653,000.	None	None

(II) In addition to the aforementioned motions, other motions without approval by the Auditing Committee but passed by the Board with 2/3 of the Directors: none.

II. The enforcement of the avoidance of the conflict of interest of the independent director in making decisions: independent director acted to avoid possible influence on the result of decision on motions with conflict of interest to The Company: None.



## 2.2 Corporate Governance

Index > Business Operation and Development > Corporate Governance > The Operation of the Auditing Committee

### ● 2.2.4 The Operation of the Auditing Committee

III. Performance of communications by and between independent directors, internal audit head and Certified Public Accountant(s) (should include the Company's financial, business operation affairs, issued, methods and outcomes of communications among them):

(I) Communication between independent directors and the chief internal auditor: The chief internal auditor presents the audit report at the Audit Committee meeting on a regular basis. As follows:

Date	Nature	Communication Theme	Recommendations and Organization Responses
2019.08.12	1st meeting of the 1st term of the Audit Committee	Q2 2019 Internal Audit Report.	None
2019.11.07	2nd meeting of the 1st term of the Audit Committee	Q3 2019 Internal Audit Report. 2020 audit plan	None Submitted to BOD with the approval of the Audit Committee.

(II) Performance of communications by and between independent directors and Certified Public Accountant:

Date	Nature	Communication Theme	Recommendations and Organization Responses
2019.08.12	1st meeting of the 1st term of the Audit Committee	Communication with the governance unit after the review and audit of the Q2 2019 Internal Audit Report. (1) Review scope and findings of the Q2 2019 Internal Audit Report. (2) 2019 annual communication plan. (3) The role and responsibility of the responsible CPA. (4) Audit plan (5) Independence of auditors.	None.



## 2.2 Corporate Governance

Index > Business Operation and Development > Corporate Governance > The Operation of the Compensation Committee

### ● 2.2.5 The Operation of the Remuneration Committee

- I. The organization and functions of the Compensation Committee:  
MiTAC established the Remuneration Committee on September 12, 2013 organized by 3 external professionals with independent status.  
The committee convenes at least twice a year and performs the following duties from a professional and objective perspective, and presents their recommendations to the Board of Directors for discussion:
  - (I) Stipulate and regularly review the performance of the directors, managers; as well as the compensation policies, systems, standards and structure.
  - (II) Regularly evaluate and stipulate director, manager compensation.
- II. The Compensation Committee convened twice in 2019 (A), and the qualification of the members and attendance is shown below:

Titles	Names	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A)	Note
Convener	Ma Shaw-hsiang	2	0	100.00%	
Members	Mr. Lu Shyue-ching	2	0	100.00%	
Members	Yeh Kuang-Shih	1	0	100.00%	Resigned on 2019/02/01
Members	Tsai Ching-yan	1	0	100.00%	Incumbent on 2019/02/26



## 2.2 Corporate Governance

Index > Business Operation and Development > Corporate Governance > Departmental Business Operation

### ● 2.2.6 Departmental Business Operation

Departments	Principal Business Operation
Auditing Office	<ul style="list-style-type: none"><li>● Review the condition of the company's operations and offer recommendations for improvement.</li></ul>
Legal Affairs	<ul style="list-style-type: none"><li>● Contract formulation and review.</li><li>● Consultation, support, and provision of business-related legal service ; legal issues in other aspects.</li></ul>
Investment Planning Management	<ul style="list-style-type: none"><li>● Assess the operation and the development of the investees and map out related investment plans.</li><li>● Design and establish management regulations and manage the result of operation of the investees</li><li>● Shares registration and transfer.</li></ul>
Financial	<ul style="list-style-type: none"><li>● Financial operations and planning.</li><li>● Evaluation and research of domestic and international investment opportunities.</li><li>● Financial planning and various tax-related accounting treatment.</li></ul>
Human Resources	<ul style="list-style-type: none"><li>● Human resources strategic planning and execution.</li><li>● Human resources management and talent development.</li><li>● Execution and management of administration, safety, and health issues.</li></ul>



## 2.2 Corporate Governance

Index > Business Operation and Development > Corporate Governance > Other Information on Corporate Governance

### ● 2.2.7 Other Information on Corporate Governance

- I. For further information on corporate governance of MiTAC, visit the “corporate governance” of the official website of MiTAC, or visit the special zone of “corporate governance” of MOPS at [mops.twse.com.tw](http://mops.twse.com.tw).
- II. Equity structure and shareholders’ equity:
  - (I) The Company has appointed a designated company spokesperson for responding to the recommendations, queries, and disputes from the shareholders.
  - (II) The Company can properly control the composition of major shareholders and the ultimate parties in control of these major shareholders, and declares the quantity of shareholding by the directors, supervisors, and major shareholders on a monthly basis in accordance with the Securities and Exchange Act.
  - (III) The Company has established an internal control system and related rules and regulations in compliance with applicable legal rules, and has properly enforced such rules and regulations. In addition to self-assessment, the Board of Directors and the management has also reviewed the self-assessment results of the departments and the audit reports of the auditing functions at regular intervals or at any time as needed to materialize the enforcement of the internal control system. The Company seeks to establish viable financial, operation, and accounting systems in accordance with requirements, and for buttressing the management of the subsidiaries and affiliates for proper control to reduce operation risk. The transactions with subsidiaries and affiliates were made under the principle of equity and fairness, and they are bound by related rules and regulations governing business and financial transactions among the entities.
  - (IV) MiTAC has instituted the “Procedure for Handling Materiality” and “Business Ethic Code” to stipulate internal staff’s obligation to confidentiality. Furthermore, no illegitimate profits may be made by oneself or others, and the regulation should be informed to the Board of Directors, Managers and other individuals who are able to access such information due to their identity, profession or control relationship for proper implementation.



## 2.2 Corporate Governance

Index > Business Operation and Development > Corporate Governance > Other Information on Corporate Governance

### ● 2.2.7 Other Information on Corporate Governance

#### III. The organization and functions of the Board of Directors

- (I) The members of the company's Board of Directors are equipped with the necessary knowledge, skill and cultivation to perform their duties, including judgment ability, accounting and financial analysis skills, as well as international perspective. The Company has elected Independent Directors at the shareholders' meeting in 2019 to reinforce the competency of the Board of Directors.
- (II) The Company has already established the Compensation Committee in 2013 and we will create the Auditing Committee in 2019 as per legal regulations. Other functional committees will be established according to the company's actual needs.
- (III) The Company has stipulated the Board of Directors performance evaluation regulation in 2016, and the Board of Directors' performance evaluation is conducted at least once a year. The outcome of the 2019 Board of Directors' performance evaluation has been submitted to the first board meeting in 2020. The relevant assessment results have been placed in the "Corporate Governance" of the company's website for review.
- (IV) We assess the independence and suitability of CPAs at least once a year in terms of professional qualifications, the length of consecutive service provision, conflict of interests with this Company (e.g. investments in this Company or a part-time employee of this Company), kinship with the responsible person or officers of this Company, and engagement in periodic further education. After acquiring the statement of compliance from the CPAs, the assessment results are reported to the Audit Committee and BOD for approval.

#### IV. Channels for communications with the stakeholders

The company has created a "stakeholders' section" of the company website, where dedicated personnel is in charge of processing and replying to any queries.

Stakeholders' section: <https://www.mitac.com/zh-TW/stakeholders/index>

TEL: 03-3962888

E-mail: [stock@mic.com.tw](mailto:stock@mic.com.tw)





## 2.2 Corporate Governance

Index > Business Operation and Development > Corporate Governance > Other Information on Corporate Governance

### ● 2.2.7 Other Information on Corporate Governance

- V. Professional share transfer agents are commissioned to organize the shareholders' meeting  
The company's shareholders' meeting was commissioned to CTBC Bank's professional share transfer agent.
- VI. Disclosure
- (I) The company's website is [www.mitac.com](http://www.mitac.com), which features an Investor Center and Corporate Governance Center disclosing information such as the company's finances, businesses and corporate governance.
- (II) We have established Traditional Chinese, Simplified Chinese and English corporate website and appointed specific staff to gather and disclose corporate information. In addition to the spokesperson system, we have assigned the deputy spokesperson system. In addition, we have uploaded the files of investor conferences on the corporate website and the Market Observation Post System (MOPS) for investor enquiries.
- (III) We announce and report its financial statements within two months after the end of a fiscal year, and publish and declare in advance the financial statements of Q1, Q2, and Q3 and status of monthly operations.
- VII. Continuing education of the directors  
All directors and supervisors of MiTAC have relevant industrial and professional background, which were disclosed at MOPS in the "corporate governance" zone for the reference of the investors at any moment.
- VIII. Professional liability insurance for the protection of directors and supervisors  
As per the requirement of the "Corporate Governance Best Practice Principles for TWSE/GTSM-listed Companies," MiTAC has taken professional liability insurance to protect the directors and managers Information is being disclosed at the "corporate governance" zone of MOPS.

The Insured	The Insurer	The Amount Insured	Term of policy (starting and ending)
All directors and managers	Fubon Insurance Co., Ltd.	NT\$ 366,720,000	November 15, 2019 to November 14, 2020



## 2.2 Corporate Governance

Index > Business Operation and Development > Corporate Governance > Continue to Improve Corporate Risk Management

### ● 2.2.8 Continue to Improve Corporate Risk Management

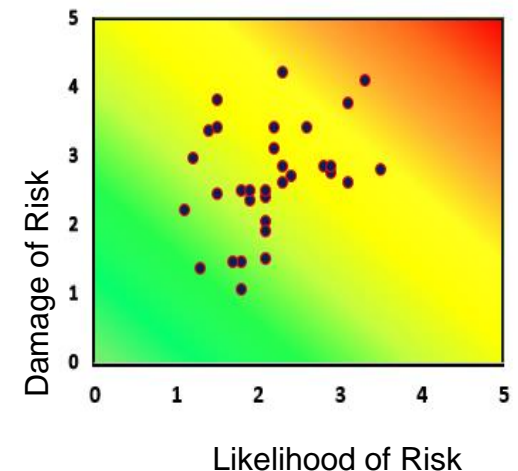
To MiTAC, risk management is exceptionally important. We understand that each part of business operations is closely related to the success or failure of the Company and may bring different types and levels of risk. Hence, we have established a risk assessment mechanism for the business process to identify risk in operations, analyze and assess the likelihood of damage and its impacts, and map MiTAC risk to strengthen the supervision and control of high-risk operations.

Based risk mapping, the internal audit unit shall schedule regular or targeted operational audits of the internal control of the Company and subsidiaries at home and abroad to ensure the compliance and effectiveness of the operations. If non-conformities or anomalies are found in the internal control system, the internal audit unit will make constant reviews and corrections and follow up the effectiveness of improvements until perfection.



Risk Coefficient $\alpha$	Risk Level	Internal Control
$\alpha \geq 16$	High	0
$6 \leq \alpha < 16$	Medium	34
$\alpha < 6$	Low	67

Risk Coefficient  $\alpha = \text{Level of Impact/Damage A} \times \text{Likelihood B}$





## 2.2 Corporate Governance

Index > Business Operation and Development > Corporate Governance > Continue to Improve Corporate Risk Management

### ● 2.2.8 Continue to Improve Corporate Risk Management

MIC responsible for the smart services, smart manufacturing, logistics management, and operational support of MiTAC Holdings actively engages in the certification of the ISO 27001 Information Security Management System. ISO 27001 is an internationally recognized information security standard. It provides requirements for organizations to establish processes for information security management used in implementation, operations, monitoring, reviews, and improvement. As a multinational that provides design, R&D, manufacturing, testing, assembly, marketing, and service solutions, MiTAC has sales locations and customers across the globe. All information activities are planned and managed by the HQ data center, and alongside the trend of mobile management, the importance of information security protection becomes exceptionally important.

In addition to making globalization a reality and management more efficient and convenient, IT has brought important risks. To assess the potential risks in information management, we make continual improvement to effectively reduce risk likelihood, ensure the security of customer data, properly protect different types of business data, and achieve the goal of business continuity. The HQ data center has passed ISO 27001 certification to prove to customers and partners our capacity and commitment in information security management. We will continue to optimize our information security network to ensure the information security of R&D, trade secrets, and related data and thereby protect the rights and interests of the Company, customers, and related stakeholders.





## 2.2 Corporate Governance

Index > Business Operation and Development > Corporate Governance > Continue to Improve Corporate Risk Management

### ● 2.2.8 Continue to Improve Corporate Risk Management

In regard to key application systems directly related to production, R&D and sales, in order to ensure normal function, the IT Center has arranged for remote recovery drills at the backup datacenter in order to ensure that all IT services can be transferred to the backup datacenter if the Linkou datacenter is out of service due to malfunctioning key application systems caused by disaster. In order to test effectiveness in 2019, the actual switchover was conducted, and the operation was effective and complied with RPO / RTO requirements.

#### ERP DR drill

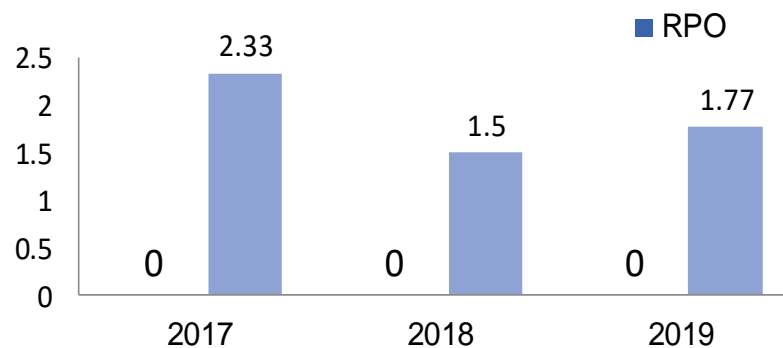
ERP DR drill outcome
RPO ≤ 0 hours
RTO ≤ 4 hours

Description:

- Recovery Time Objective (RTO)
- Recovery Point Objective (RPO)

For system vulnerability repair and protection, inspection is carried out prior to systems going online or prior to making any changes in order to maintain basic information security protection needs. The IT center regularly executes vulnerability scanning and arranges for penetration testing in order to test and verify the information security of various systems. Concerning threats from the latest viruses and malicious codes, besides monitoring virus and malicious code infections, education and training are conducted for individual employees, while the latest information security threats and the protection thereof are also communicated to them.

ERP DR drill outcome





## 3.1 Green Commitment

Index > MiTAC and the Environment > Green Commitment > Eco-friendly Product Strategies

### ● Eco-friendly Product Strategies

Facing the increasingly severe challenges of global warming and energy and resources depletion, to reduce the environmental impact of products, MiTAC engages in product eco-design. Based on international environmental protection laws and regulations and customer requirements, we include energy conservation, materials reduction, disassemblability, and waste recovery simplification in product design. In the control of hazardous chemical substances, we set short-term and medium-term goals for the reduction of hazardous substances, reduce environmental impacts in the manufacturing process, establish the environmental management system, and define various environmental management SOPs to control waste produced and energy and materials used in the process.

In addition to the existing foundation, we continued to promote the circular economy concept in 2019 to progress our green commitment in CSR.

### Eco-friendly Product Strategies

- Establishment of an environmental management system
- Product design for the environment
- Green supply chain management
- Compliance with all applicable environmental laws and customer and other demands





## 3.1 Green Commitment

Index > MiTAC and the Environment > Green Commitment > Introduction of Product Design for the Environment

### ● 3.1.2 Introduction of Product Design for the Environment

Through compliance with international environmental protection regulations, product eco-design, and passing ecolabel certification, we constantly realize our green commitment described as follows:

- International environmental laws: From an international law development perspective, product design for the environment is now more than just concept promotion. Taking the ErP (EU) as an example, it has proposed that all energy-using products must adopt design for the environment to minimize resource depletion and pollution emission.
- Design for the environment: MiTAC has stipulated DfE (Design for Environment)/Eco-design as one of the prerequisites of product design, therefore we demand our R&D personnel take into consideration the products' environmental impact during different stages, including design, production, packaging, transportation, usage and re-cycle for re-use to waste disposal.
- Ecolabels: We distribute products that meet the highest eco-standards and eco-design requirements of different countries, such as the EPEAT and Energy Star of the USA, the SEPA and CECP of China, the Green Mark of Taiwan, the EU Flower of Europe, and the Blue Angel of Germany, in response to the customer's sales needs. To meet the green procurement threshold of different countries, we strive to fulfill the environmental protection requirements for the design, use, recycling, energy consumption and toxin allowance right at the product development stage.





## 3.1 Green Commitment

Index > MiTAC and the Environment > Green Commitment > Product Design for the Environment Case Study

### ● 3.2.1 Product Design for the Environment Case Study

#### Increases Materials Efficiency

Product type: Data center enterprise server and storage server systems

Include materials use efficiency in product design to reduce materials wastage and extend product lifespan.

1. Modular design of products
2. Convenient disposal for recyclers of products
3. Concerns about the composition of key materials in products

The following four practices are implemented to fulfill the above three requirements:

- Disassemblability of key parts and components: Benefits future maintenance and repair, product upgrading, part and component reuse, and EOL material recycling.
- Provision of the important information of the composition of globally concerned key materials in parts: Currently, information of the cobalt in batteries and neodymium (Nd) in the hard disk drives is provided.
- Provision of continuous software updates for customer systems: For customers to use our systems without worrying about forced disposal of products due to discontinued software maintenance and for users of pre-owned MiTAC systems to have system software support after system refurbishment and upgrading, in order to prolong the product lifespan.
- Provisions of software for customers to expunge data stored in system: For customers to ease their worries about information security after system disposal or transfer to enhance the willingness of system transfer and the chance of product reuse.



# 3.1 Green Commitment

## ● 3.2.1 Product Design for the Environment Case Study

### Increases Energy Efficiency

Product type: Data center enterprise server and storage server systems

#### 1. Selection of PSU with higher energy efficiency

Use of high-efficiency and high-power-factor PSUs meeting with the global 80 PLUS specifications to reduce energy consumption. Progressively raise the energy efficiency level of PSUs every year from the commonly used 80 PLUS Gold to 80 PLUS Platinum in 2019 and further to 80 Plus Titanium in 2023.

PSU Energy Efficiency Requirement		2018	2019	2023
Minimum PSU efficiency @ 50% load rate	Multi output	90%	92%	94%
	Single output	92%	94%	96%
Minimum power factor @ 50% load rate	Multi output	0.9	0.9	0.95
	Single output	0.9	0.95	0.95
80 PLUS		80 PLUS Gold	80 PLUS Platinum	80 PLUS Titanium



#### 2. Reduction of electricity consumption in the standby (idle) mode and enhancement of energy efficiency in operation.





# 3.1 Green Commitment

Index > MiTAC and the Environment > Green Product Design > Product Design for the Environment Case Study

## ● 3.2.1 Product Design for the Environment Case Study

Product Type	Key Aspects of Design for the Environment	Design Content and Benefits
Thin Client PC	<ul style="list-style-type: none"> <li>● Increases energy efficiency</li> <li>● Ecological design</li> <li>● Minimizes toxic environmental hazard</li> </ul>	<ul style="list-style-type: none"> <li>● Conforms to the GB28380 Minimum allowable values of energy efficiency and energy grades for microcomputers and the Energy Star international standard in the US. Adopt external power supplies that conform to the Level V standard in order to improve energy conversion efficiency.</li> <li>● The plastic case is made from monomer plastics, metal and plastic that does not stick and are easily dismantled for recycling. The metal and plastic are not painted to increase the recycling rate.</li> <li>● We only use plastics free from plasticizers(environmental hormone) , HBCDD-free mainboards, CFC-free production process, materials complying with the RoHS recast and REACH standard and halogen-free materials in order to decrease environmental impact.</li> <li>● Adoption of Level VI compliant power supplies for AIO series products</li> <li>● Use plastics that do not contain the following four types of plasticizers (environmental hormones): DEHP, BBP, DBP, and DIBP and comply with the new hazardous substances added to RoHS in 2015/863/EU.</li> </ul>
Servers	<ul style="list-style-type: none"> <li>● Increases energy efficiency</li> <li>● Ecological design</li> <li>● Minimizes toxic environmental hazard</li> </ul>	<ul style="list-style-type: none"> <li>● Comply with the current Energy Star 3.0 international standard in the US to increase energy efficiency. Use integrated power supply conforming to the 80Plus standard in order to improve energy conversion efficiency.</li> <li>● Use CFC-free production process, materials complying with the RoHS recast and REACH standard to decrease environmental impact.</li> <li>● Implement the modular mechanism design to achieve elasticity, adjustment flexibility, and easy maintenance, simplify future component upgrade and repair and maintenance, and accelerate new product development.</li> <li>● Trial adoption of RoHS exemption (6a/6b/6c-alloy materials, 7c-i glass or ceramic piezoelectric material) components for specific server products and verifications.</li> <li>● Trail PCB containing no BFRs/CFRs on specific server products for verification.</li> <li>● Use plastics that do not contain the following four types of plasticizers (environmental hormones): DEHP, BBP, DBP, and DIBP and comply with the new hazardous substances added to RoHS in 2015/863/EU.</li> </ul>



## 3.2 Green Product Design

Index > MiTAC and the Environment > Green Product Design > Product Design for the Environment Case Study

### ● 3.2.1 Product Design for the Environment Case Study

Product Type	Key Aspects of Design for the Environment	Design Content and Benefits
Server Mainboard	<ul style="list-style-type: none"><li>● Optimize packing and shipping</li><li>● Reduce environmental impact</li></ul>	<ul style="list-style-type: none"><li>● Packaging materials are shared so that it can be used by 70% of the packing designs. This not only decreases stock materials but also saves purchasing cost, transportation fee and fuel.</li><li>● Minimize the materials, energy, water resources used for mold-making as well as waste water, air and material generated at the end of the production cycle, thereby effectively mitigating environmental impact.</li><li>● Redesign the space for accessories in order to increase the number of products per box.</li><li>● Replace complete user's manual with single-sheet Quick Guide, and electronic user's manual is available for download by the client.</li><li>● The outer packaging is made from 100% recycled paper pulp, and the internal packaging does not contain any paint. Only non-toxic and recyclable environmental material is utilized.</li><li>● Conforms to Packaging and Packaging Waste (PPW).</li></ul>
Drive Recorder	<ul style="list-style-type: none"><li>● Optimize packing and shipping</li><li>● Reduce environmental impact</li></ul>	<ul style="list-style-type: none"><li>● Packaging materials are shared so that it can be used by 80% of the packing designs. This not only decreases stock materials but also saves purchasing cost, transportation fee and fuel.</li><li>● Minimize the materials, energy, water resources used for mold-making as well as waste water, air and material generated at the end of the production cycle, thereby effectively mitigating environmental impact.</li><li>● Redesign the space for accessories in order to increase the number of products per box.</li><li>● Replace complete user's manual with single-sheet Quick Guide, and electronic user's manual is available for download by the client.</li><li>● The outer packaging is made from 70% recycled paper pulp, and the internal packaging does not contain any paint. Only non-toxic and recyclable environmental material is utilized.</li><li>● Conforms to Packaging and Packaging Waste (PPW).</li></ul>



## 3.2 Green Product Design

Index > MiTAC and the Environment > Green Product Design > Eco-friendly Products Materials

### ● 3.2.2 Eco-friendly Products Materials

In light of limited resources on Earth, MiTAC is dedicated to mitigating excessive resource depletion, increasing resource utilization efficiency and lowering the use of high energy consumption resources. In terms of raw materials for the mass production of core products, the usage quantity is not only directly associated with operating performance, but also the depletion of environmental resources, therefore we regularly keep track of raw material consumption, hoping to improve raw material usage efficiency and decrease the amount of materials needed for packaging and shipping. All products comply with the restriction of the use of certain hazardous substances in electrical and electronic equipment (recast) as in the RoHS recast Directive (2011/65/EU) and the RoHS Commission Delegated Directive (2015/863/EU). Based on the design requirements in the WEEE Recast Directive (2012/19/EU) , the recycling rate of all materials used in products is over 80% .

#### 3.2.2.1 Halogen-free Components

By adding flame retardants to plastics, we can slow down flame spread and thereby control the fire spread to save lives and property. Halogen is the most common flame retardant used in the IT industry for the following reasons: higher flame retarding efficiency, lower quantity of use, cheaper cost and better compatibility with different base materials. However, many studies have shown that when products come to the end of life (EOL), halogen will not only make materials more difficult to re-cycle for re-use, but will also produce a lot of smoke, dioxins and halogen compounds during incineration and heating for disposal. These substances are toxic to both the human body and the environment.

MiTAC included halogen-free in the product design requirements in 2010 and raises the proportion of halogen-free components by product type every year. By the end of 2019, the proportion of halogen-free components in commercial products (POS terminals, desktop specialty servers and datacenter servers) and consumer products (dashcam, Satellite navigation) is 79% and 88%, respectively. Although halogen-free is not a regulatory requirement for products and components, with the rising awareness of environmental protection, however, many countries have included halogen-free as a criterion for ecolabel review.



## 3.2 Green Product Design

Index > MiTAC and the Environment > Green Product Design > Eco-friendly Products Materials

### ● 3.2.2 Eco-friendly Products Materials

#### 3.2.2.1 Halogen-free Components

The difference and analysis of halogen-free components in 2019 are as follows:

**Difference by product category:** A higher proportion of halogen-free components is found in commercial products because the proportion of server products is higher. To resolve the cooling and EMI problems, more non-plastic components are used in server products to raise the proportion of halogen-free components in this product category. As the demand for AI and cloud networks rises, branded server suppliers tend to use more halogen-free PCBs as the composite texture of halogen-free PCBs (with lower permittivity) can help reduce the low loss and raise high-speed signal transmission on PCBA. Composite plastics are largely used on consumer products requiring miniaturization and lighter weight to reduce the use of halogen-free components.

**Difference by part category:** The proportion of halogen-free is analyzed by part category. Basically, components are divided into modular components and non-modular components. Modular components include fans, screens, connectors, power cables, power supply units, etc., and non-modular components include active and passive components, ceramic capacitors, alloy crews, etc. Over 80% of non-modular components are halogen-free, as they are mostly made of ceramic, glass, alloy, metal, iron oxides, inorganic metal compounds, etc. with a higher melting point and higher enthalpy of vaporization. They do not need additional flame retardants to meet the UL-94 fire retardation requirements.

	Commercial Products (POS terminals, servers)	Consumer Products (dashcams, GPS)	Non-modular Components (active and passive components, capacitors)	Modular Components (fans, screens, power cables)
<b>Halogen-Free Proportion</b>	79%	88%	84%	48%
<b>Halogen Proportion</b>	21%	12%	16%	52%



## 3.2 Green Product Design

Index > MiTAC and the Environment > Green Product Design > Eco-friendly Products Materials

### ● 3.2.2 Eco-friendly Products Materials

#### 3.2.2.2 Packaging Material

Packaging material is divided into sales/primary packaging, grouped/secondary packaging and transport/tertiary packaging. In order to minimize packaging material's environmental impact, we have recycled grouped/secondary packaging and transport/tertiary packaging used by our component suppliers for reuse during product shipment, thereby reducing the total volume of packaging materials used.

For procurement strategy related to the packaging of core products, besides complying with the Packaging and Packaging Waste Directive, 94/62/EC, PVC-free packaging materials are also introduced. EPE (extended polyethylene) is used in place of EPS (extended polystyrene) to protect products during transport, which in turn decreases environmental impact. As for decreasing transport/tertiary packaging, optimized packaging designs are adopted for shipping and air freight to maximize the product weight each pallet can carry.





## 3.3 Response to Climate Change and Global Warming

Index > MiTAC and the Environment > Response to Climate Change and Global Warming > Global Climate Change and Greenhouse Gas Inventory

### ● 3.3.1 Global Climate Change and Greenhouse Gas Inventory

MiTAC Group cares about global climate change, protecting the Earth's resources and fulfilling our CSR. Besides continuing to promote greenhouse gas emission control in order to decrease cost, we also strive toward sustainable energy development that encompasses resource efficiency, energy conservation and environmental protection, so as to help materialize a low carbon economy and society.

#### 3.3.1.1 Energy-Saving Target

The energy-saving target of each plant is based on that of 2015 as a baseline, where the mid to long term (2015~2020) energy conservation and carbon reduction goals are set. Currently, targets are set and reviewed regularly in the year for major plants. Adjustments will be made according to actual resource needs, the outcome of various improvement measures and adaptability/necessity.

	MSL Plant	MKL Plant
Electricity (total power consumption)	Decrease by 1%	Decrease by 1.5%
Water (average per person consumption)	Decrease by 1.5%	Decrease by 1.5%
Waste (including industrial waste and household waste)	Decrease by 1.5%	Decrease by 3%





## 3.3 Response to Climate Change and Global Warming

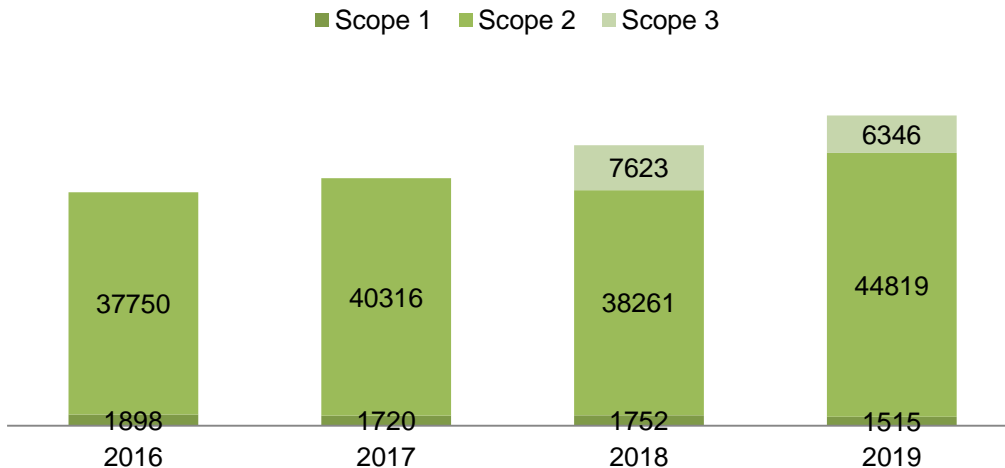
Index > MiTAC and the Environment > Response to Climate Change and Global Warming > Global Climate Change and Greenhouse Gas Inventory

### ● 3.3.1 Global Climate Change and Greenhouse Gas Inventory

The greenhouse gas report contains information on the sources of emission and the absorption of six types of greenhouse gas, CO<sub>2</sub>, methane, nitrous oxide, PFC, HFC, and SF<sub>6</sub>, as stated in The Greenhouse Gas Protocol. MiTAC gathers information on the identification of the sources of emission and related data and conducts an inventory once a year. The inspection result is primarily 90% to 96% of outsourced power. Furthermore, we also participate in the CDP (Carbon Disclosure Project) each year to support strategic actions, care for and mitigate climate change.

#### 3.3.1.2 Internal Greenhouse Gas Emission Inventory

##### Carbon Emissions of Major Plants



- The scope of carbon audit encompasses the Taiwan operating and R&D center and Factory; China major production locations: MSL in Guangdong/MKL in Jiangsu; **MiTACIS assembly plant in California, USA**: MiTACIS, where carbon emissions are audited.
- Carbon emissions increased in 2019 because of the new production lines and workshops.

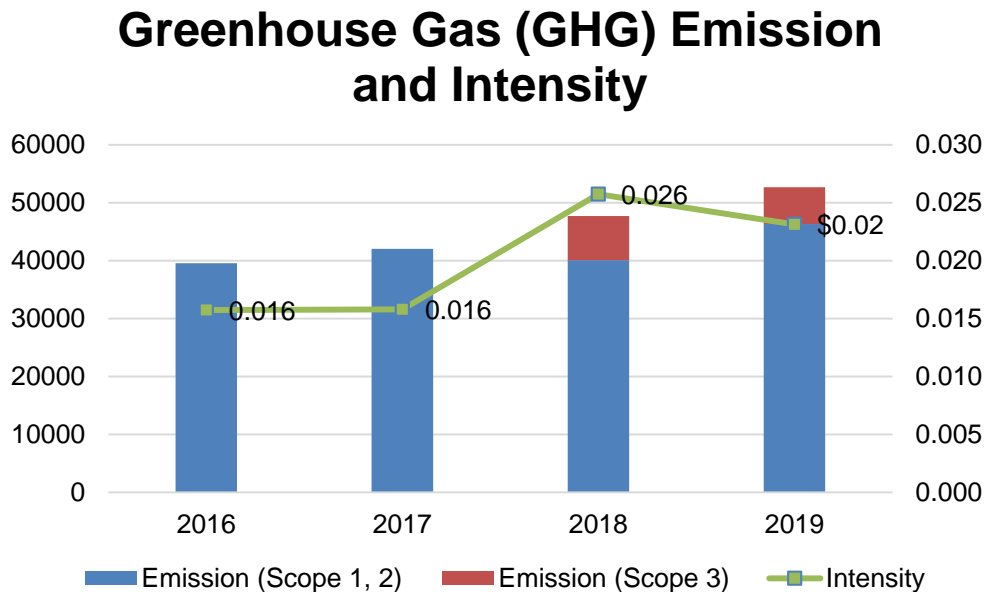


## 3.3 Response to Climate Change and Global Warming

Index > MiTAC and the Environment > Response to Climate Change and Global Warming > Global Climate Change and Greenhouse Gas Inventory

### 3.3.1 Global Climate Change and Greenhouse Gas Inventory

#### 3.3.1.2 Greenhouse Gas Emissions Inventory Result



#### Description:

- High energy intensity suggests a higher energy-to-revenue cost.
- In 2019, both revenue and absolute emission increased, with more significant revenue increase, leading to drop in intensity.

#### Description:

- Global operating locations include the Taiwan operating, R&D center and Factory; China major production locations: MSL in Guangdong/MKL in Jiangsu; assembly plant in California, USA: MiTACIS.





## 3.3 Response to Climate Change and Global Warming

Index > MiTAC and the Environment > Response to Climate Change and Global Warming > Environmental Information

### ● 3.3.2 Environmental Information

MiTAC is mainly involved in assembly, therefore our impact on the environment is minimal. The production facility in the plant: From planning, installation and operation, we have energy efficiency in mind. In terms of the measurement and implementation of environmental performance, we focus on the following items as the basis for subsequent environmental performance information evaluation.

Environmental factor	Description
Air	According to the environmental measurement management regulation, the air quality is measured every six months (legal standard of CO <sub>2</sub> should be 5,000PPM), our results conform to the legal regulation. In addition, our waste gas emission during the production process is also within the legal standard, therefore no illegal incidents of air pollution, water pollution or toxic substances occurred.
Water	Every year, our waste water emissions have complied with legal standards, and household sewage is discharged to the municipal sewage treatment plant. There was no industrial waste water.
Energy	Power accounts for the bulk of energy consumption. Continued implementation of energy conservation measures such as replacement of lighting equipment and exchange of T8 lights for LED lighting devices at the production lines. Replacement of production facilities and exchange of power-frequency compressors for permanent magnet compressors.
Wastes	These are collected centrally and separated into different classifications for management and entrusted to qualified vendors for processing. The production of Kunshan plant is greatly reduced. In addition to the effectiveness of strengthened management taking effect, the calculation methods of combing the MKL, Hande, ShenShun, Fenghan's total amount also contributes to it. Since 2013, these have been calculated on a pro-rata percentage.
Recyclables	These include waste paper, scrap metal (metal), waste plastics, scrap aluminum, waste batteries, IC trays, etc., of which paper accounts for about 90%. In addition, the suppliers recycle and reuse them as recycled resources for waste tin slag to reduced production of waste materials.
Non-recyclables:	These consist of mixed metal scrap, printing plating board, domestic waste.



# 3.3 Response to Climate Change and Global Warming

Index > MiTAC and the Environment > Response to Climate Change and Global Warming > Environmental Information

## 3.3.2 Environmental Information

In 2019, the total investment of MiTAC’s global operations (energy, resources, materials) and total output (GHG, air pollutants, wastes, wastewater) are summarized in the following table.

Attribute	Scope	Item	MIC		MCT		MDT		MSL		MKL		MIS (MiTACIS)	
			2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
Input	Energy	Purchased power (MWh)	1819	1238	8422	9483	1957	2154	22956	25740	11207	13929	3426	5699
		Natural gas (GJ)	0	0	0	0	0	0	449	1849	0	0	363	1003
		Diesel (GJ)	5	11	14	97	4	32	55	51	2947	2357	56	49
		Petrol (GJ)	68	69	259	318	61	67	874	888	642	686	0	0
		LPG (GJ)	0	0	0	0	0	0	2525	0	0	0	48	38
	Renewable energy	Solar power (MWh)	0	0	0	0	0	0	611	517	0	0	0	0
Water resource	Tap water (km3)		7	5	30	33	7	7	232	225	109	142	13	14
		Materials	Packaging / transportation material (ton)	—	—	—	—	—	—	1377	1465	168	275	97
Output	GHG	Direct emission Scope1(ton CO2e)	43	23	348	117	96	35	788	859	472	476	5	4
		Indirect emission Scope2 (ton CO2e)	572	660	4666	5054	1520	1148	18096	20291	11042	13724	2365	3942
		Direct & indirect emission Scope1+2 (ton CO2e)	615	683	5014	5172	1616	1183	18884	21150	11531	14201	2370	3946
		Employee business flights Scope3 (ton CO2e)	84	77	443	546	204	428	123	184	48	33	32	27
	Wastewater	Household sewage (km3)	3	3	14	19	3	4	70	68	40	47	4	4
		Process wastewater (km3)	0	0	0	0	0	0	0	0	0	0	0	0
Wastes	General industrial waste (ton)	12	13	72	72	16	16	320	300	210	208	28	45	
	Hazardous industrial waste (ton)	0	0	2	3	0	0	3	2	89	90	0	0	
	Recyclable waste (ton)	1	1	6	8	1	2	800	850	475	485	0	0	
	Total waste (ton)	12	14	80	82	18	18	1123	1152	774	783	32	45	
Waste gas	Volatile organic compound (ton)	0	0	0	0	0	0	0	0	2	0.13	0	0	

Description: Global operating locations include the Taiwan operating, R&D center and Factory; China major production locations:MSL in Guangdong/MKL in Jiangsu; assembly plant in California, USA: MiTACIS.



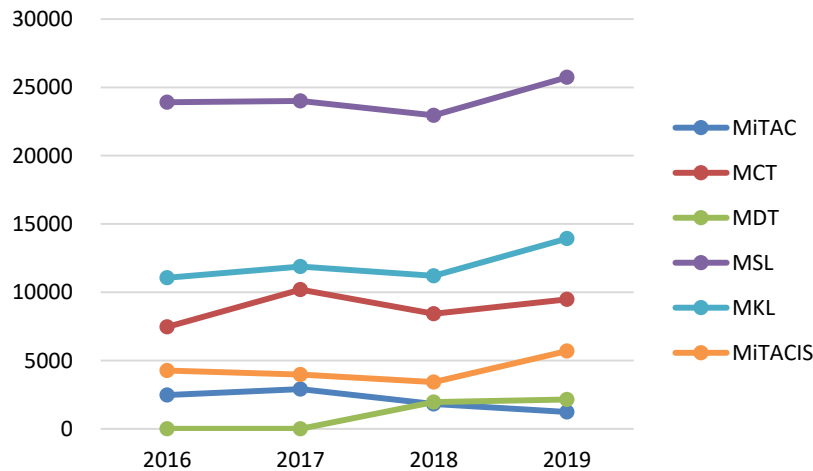
# 3.3 Response to Climate Change and Global Warming

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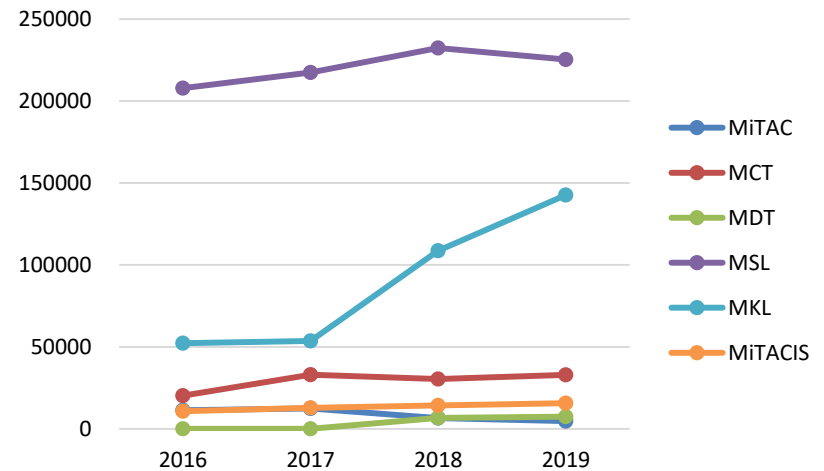
## 3.3.2 Environmental Information

- Most GHG emissions (more than 95%) originate from energy consumption according to ISO 14064 regulations, therefore energy conservation is used in a way to reduce carbon emissions, while energy management systems will also be implemented.
- In order to protect water resources and facilitate sustainable management, MiTAC has devised a variety of water conservation programs to manage operating water consumption through different water-saving and recycling measures.

### Power Consumption



### Water Consumption



Description:

- Global operating locations include the Taiwan operating, R&D center and Factory; China major production locations:MSL in Guangdong/MKL in Jiangsu; assembly plant in California, USA: MiTACIS.



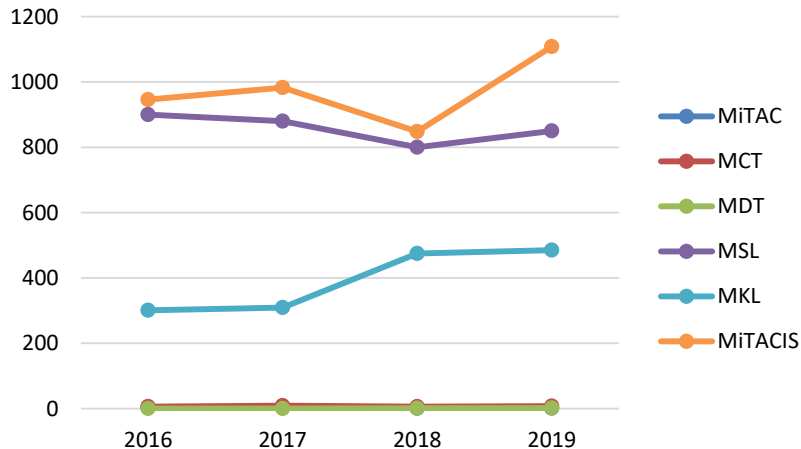
# 3.3 Response to Climate Change and Global Warming

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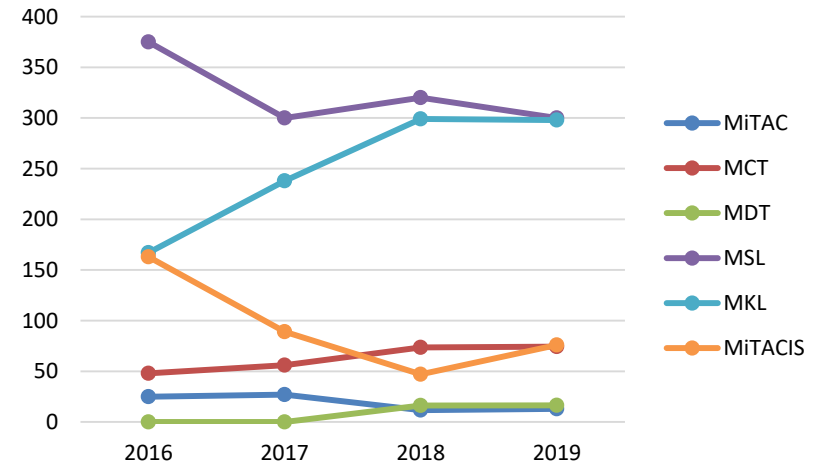
## 3.3.2 Environmental Information

The company complies with the minimum requirements of the laws and regulations, thus dedicated management units are established at various operating sites in accordance with EMS (Environmental Management System) to effectively manage and achieve the goal of waste reduction. All wastes are disposed of by contractors, where the best processing technologies are applied according to the wastes' characteristics and the most competent, qualified contractors are selected to effectively dispose of the wastes. In addition, inspections are carried out from time to time to make sure that all wastes are disposed of properly.

### Recyclable Waste



### Non-recyclable Waste



### Description:

- Global operating locations include the Taiwan operating, R&D center and Factory; China major production locations: MSL in Guangdong/MKL in Jiangsu; assembly plant in California, USA: MiTACIS.

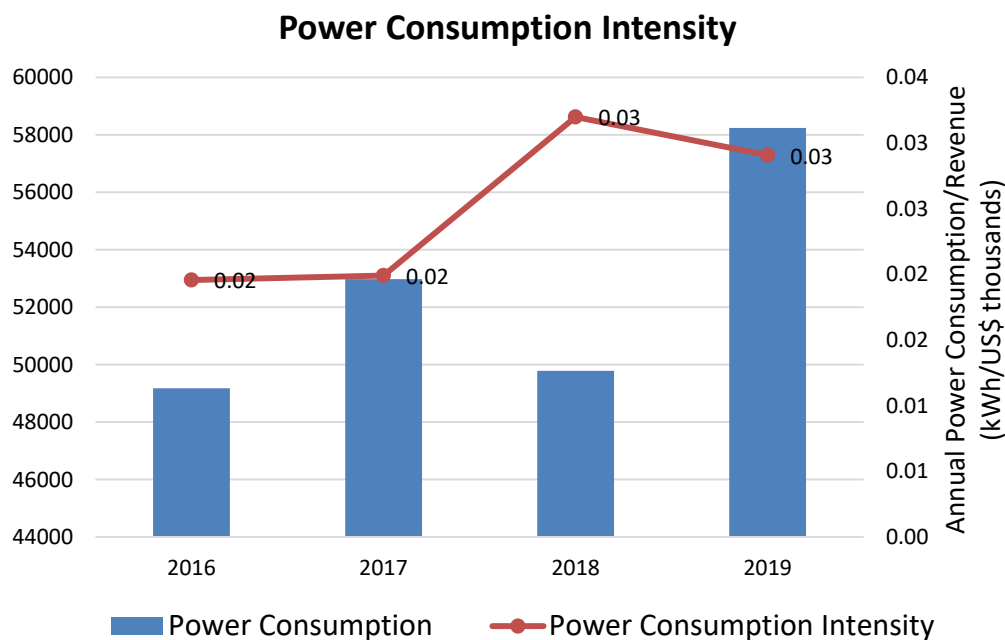


## 3.3 Response to Climate Change and Global Warming

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### 3.3.2 Environmental Information

#### Internal Power Consumption Audit Results:



#### Description:

- Although electricity consumption in 2019 increased, as the revenue also increased significantly, energy intensity reduced.

#### Description:

- Global operating locations include the Taiwan operating, R&D center and Factory; China major production locations:MSL in Guangdong/MKL in Jiangsu; assembly plant in California, USA: MiTACIS.

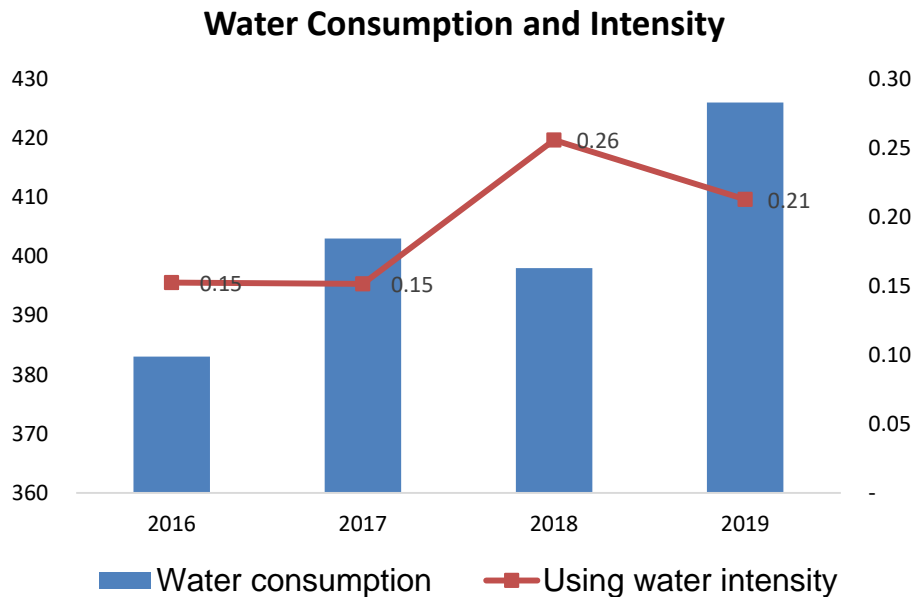


## 3.3 Response to Climate Change and Global Warming

Index > MiTAC and the Environment > Response to Climate Change and Global Warming > Water Resource

### 3.3.3 Water Resource

MiTAC's water consumption at production locations worldwide consists of mainly service water (approx. 95%). Most of the water is tap water, no ground water is used. A water audit is conducted and various water-saving measures are implemented using water intensity ( km<sup>3</sup>/US\$ 1 million of output) as the observation indicator in order to respond to water resource risks caused by climate change in advance.



#### Water Resource Policy:

- Collaborate with regional authorities and utilities companies to coordinate water resource deployment.
- Identify short-term and long-term water resource risks.
- Stipulate water conservation targets for various plants to conserve water.

#### Description:

- Global operating locations include the Taiwan operating, R&D center and Factory; China major production locations:MSL in Guangdong/MKL in Jiangsu; assembly plant in California, USA: MiTACIS.



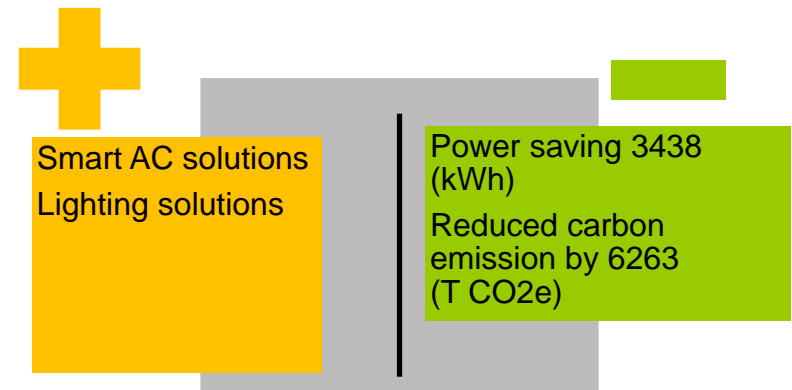
# 3.3 Response to Climate Change and Global Warming

Index > MiTAC and the Environment > Response to Climate Change and Global Warming > Environmental Performance

## 3.3.4 Environmental Performance

In 2019, MiTAC's global energy conservation efforts were: saving 3438 kWh of electricity, reducing carbon emissions by 6263 (tons CO2 eq).

Items#	Energy conservation activities	Statistics	MIC		MSL		MKL	
			2018	2019	2018	2019	2018	2019
1	Air conditioner and ventilation system	Number of energy-saving solutions	0	1	1	0	0	1
		Annual power saving (thousand kWh )	0	518	1047	0	0	46
		Total carbon emissions reduced (tons CO2 eq) (T/ CO2e)	0	276	825	0	0	45
2	Air compressor system	Number of energy-saving solutions	0	0	0	0	1	0
		Annual power saving (thousand kWh )	0	0	0	0	229	2321
		Total carbon emissions reduced (tons CO2 eq) (T/ CO2e)	0	0	0	0	225	2287
3	Lighting system	Number of energy-saving solutions	1	0	1	0	1	1
		Annual power saving (thousand kWh )	95	0	115	0	156	446
		Total carbon emissions reduced (tons CO2 eq) (T/ CO2e)	52	0	90	0	153	439
4	Manufacturing process improvement	Number of energy-saving solutions	0	0	0	1	0	0
		Annual power saving (thousand kWh )	0	0	0	74	0	0
		Total carbon emissions reduced (tons CO2 eq) (T CO2e)	0	0	0	59	0	0
5	Others (management)	Number of energy-saving solutions	0	0	0	3	0	0
		Annual power saving (thousand kWh )	0	0	0	32	0	0
		Total carbon emissions reduced (tons CO2 eq) (T/ CO2e)	0	0	0	25	0	0





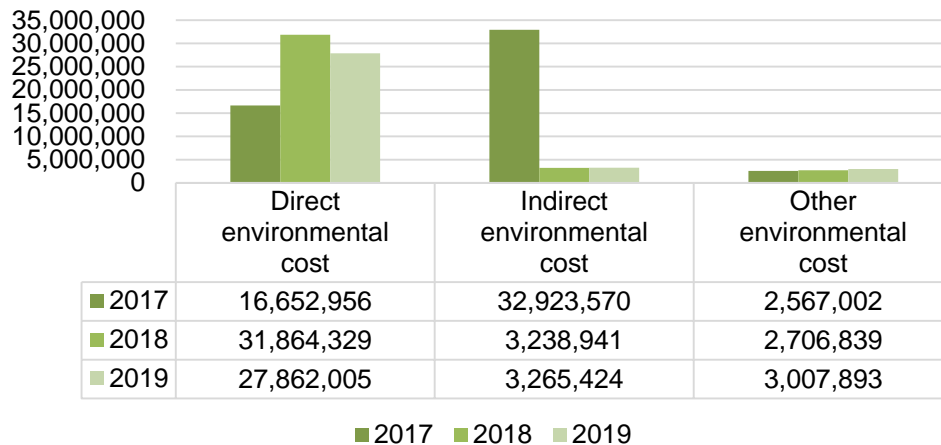
# 3.3 Response to Climate Change and Global Warming

Index > MiTAC and the Environment > Response to Climate Change and Global Warming > Environmental Expenditure

## 3.3.5 Environmental Expenditure

Statistics on MiTAC’s new environmental protection expenses. Locations include Taiwan operating and R&D center and major production locations - China:MSL in Guangdong/MKL in Jiangsu; USA: MiTACIS assembly plant in California.

### Environmental Protection Costs from Previous Years



Increase indirect environmental cost in 2017:

Comismart environmental monitoring system includes: Power/water consumption monitoring, conference room environment monitoring, air quality monitoring, smart parking management, video surveillance, smart emergency evacuation guidance and multimedia control.

- Description: Environmental protection expenditure refers to all the expenses related to environmental protection activities, and it represents the company’s emphasis on environmental quality, making it an important indicator of environmental quality. Currently, the definition and scope of environmental expenditure varies from country to country.





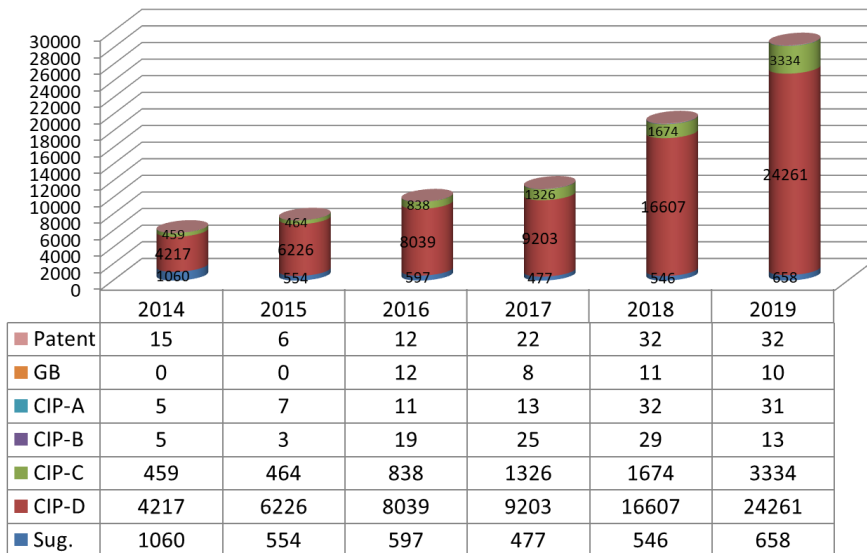
# 3.4 Green Factory

Index > MiTAC and the environment > Green Factory > Quality Commitment

## 3.4.1 Quality Commitment

In order to elevate the employees' concept of quality, MiTAC held 6 internal Sigma and quality management education-training courses, where case studies were utilized throughout various stages of DMAIC. Since 2002, we have completed over 4,200 GB and BB project improvements that resulted in financial benefit. Furthermore, employees' competitiveness is reinforced through the Best Practice benchmarking platform, presentations and project competitions.

**(MSL Plant) Quality Improvement Event Achievement**



- Introduction of 6Sigma to MSL Plant
- Number of projects: 4235
- Cost savings: 63.4 Million(USD)
- GB/BBs: 494 (2002-2019)





# 3.4 Green Factory

## 3.4.2 Green Production

- MiTAC’s green production stresses energy/water conservation, toxic substance processing, waste reduction/waste gas emission reduction and various environmental protection indicators.
- Automation is the future development trend in the manufacturing industry, which is set to improve production efficiency, save labor, competitiveness and energy utilization efficiency.

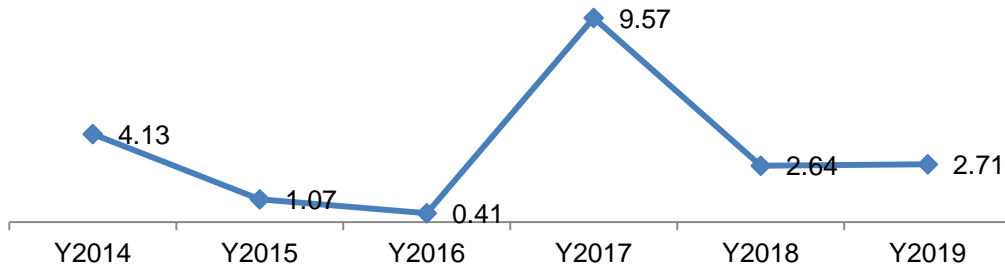


### Promote Automation to Increase Production Efficiency

MiTAC’s MSL Plant in Huanan established an automation team, adopted an automation program, and developed relevant capabilities in 2014. In 2019, we continued to implement smart manufacturing (Industry 4.0) and completed at least 10 automation projects, including automatic screw securing and jig automated reflow. An automatic visual system was established according to the current model of small-volume/multiple type production. Furthermore, intelligent manufacturing systems (IMS) were established. The first stage of linkage and integration of the IMS system was completed.

### Return on Investment (Return On Investment, ROI)

Return on Investment (Return On Investment, ROI)



Project Category	Implemented Items
Manufacturing process improvement	Production process optimization is carried out for production stations requiring a high number of personnel
Process improvement	Simplification of traditional or complex processes
Logistics improvement	Improve material distribution and warehousing methods
Automation improvement	Introduce automation control projects



## 3.4 Green Factory

Index > MiTAC and the Environment > Green Factory > Green Factory

### ● 3.4.2 Green Factory

Enhancement of production efficiency and reduction of resource wastage. MSL's performance in 2019:

- Adoption of the FUJI NXTIII 30-module mounter, increasing efficiency significantly.
- Introduced the automatic washing machine to prevent cleaners from exposure to irritating smells from washing.
- Update workshop layout, replace obsolete equipment and implement 7S management onsite.



Upgraded SMT equipment



New factory layout



Robotic arms increase production efficiency





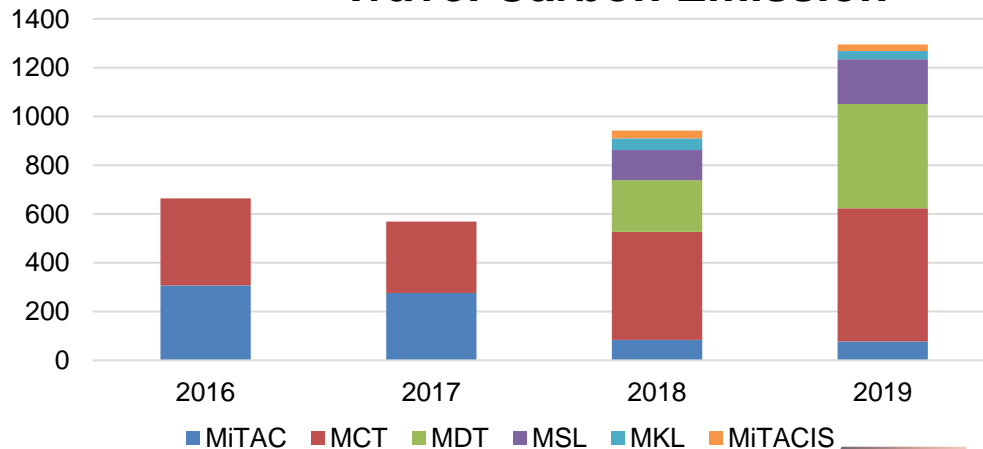
# 3.4 Green Factory

## ● 3.4.4 Green Logistics

MiTAC cherishes the Earth and dedicates itself to mitigating the phenomenon of global warming, therefore we have introduced the following internal energy-saving measures concerning employee travel management.

- **Carpool:** We encourage our colleagues to join a carpool or use public transport. The company has also made arrangements for shuttle buses in order to save energy consumption.
- **Introduction of video conferencing:** In order to minimize energy consumption in the office during business travels, the company has invested nearly NT\$10 million to install video conferencing equipment in subsidiary offices in Taiwan and abroad, thereby bridging long-distance communication and enhancing meeting efficiency through decreased business travels domestic and overseas.
- **Domestic and overseas business travel:** If the colleagues must travel abroad, we always arrange for direct flight as much as possible, thereby reducing carbon emission by decreasing the number of connecting flights and the frequency of aircraft taking off and landing.

### MiTAC Annual Employee Business Travel Carbon Emission



Taiwan area in and before 2017: MIC/MDT/MCT's calculation is based on the overseas employee business trips. Global locations were included in the calculation in 2018, including the Taiwan Operations Center and Taiwan R&D Center; major China production bases: MSL Plant in Guangdong/MKL Plant in Jiangsu; and MiTACIS in California, the USA.



## 3.5 Supply Chain Management

Index > MiTAC and the Environment > Supply Chain Management > Types of Supply Chain and Localized Procurement

- **3.5.1 Types of Supply Chain and Localized Procurement**
- **Specific Measures Adopted by MiTAC in Response to Fluctuations in the Interest Rate and Exchange Rate and Inflation.**

In light of hikes in oil and materials prices, combating inflation has become an important task. The Group has formulated long-range plans to make advance purchases in response to the market fluctuations, and we have also searched for substitute materials and adopted active procurement methods. Since the material supply chain is prone to be affected by delayed delivery time, it is imperative to expand demand assessment and minimize unpredictable factors such as long supply period and labor shortage. Moreover, other non-production material costs and external costs must also be controlled. As a result, the distributor may expand their stock, such as: For key materials, we activate capacity regulation planning and procure spare materials in advance to reduce the effect of profit and loss on the company as a result of unsmooth material supply or cost instability.

- **The Risks of Centralized Procurement and Sales and Contingency Measures**
  - Procurement: The main material purchasing policy involves maintaining at least two suppliers and decentralized purchasing. Furthermore, we also strive to maintain a long-term cooperative relationship with our suppliers in an effort to guarantee the adequate supply of various materials.
  - Supplier strategy (profit-oriented): The consolidation and merger trend in the IT industry continues to prevail, and the next step is to forge strategic alliances in order to seek niches in the industry chain. With the emergence of suppliers in China, Chinese labor wage and material prices fluctuate rapidly, while the supply chain has gradually shifted its production capacity to the handheld device and cloud application fields, therefore we regularly review material selection and supply with our suppliers as well as changes in the industry chain and the market in response to the cost of product materials and supply pressure. The aim is to adjust our supplier and material procurement strategies, which are crucial aspects of management. The financial condition of suppliers is an issue required for control at the moment, such as all new suppliers must be approved and controlled by the internal supplier management system prior to acceptance. The audit unit shall supervise basic data investigation/payment terms/remittance data check.



# 3.5 Supply Chain Management

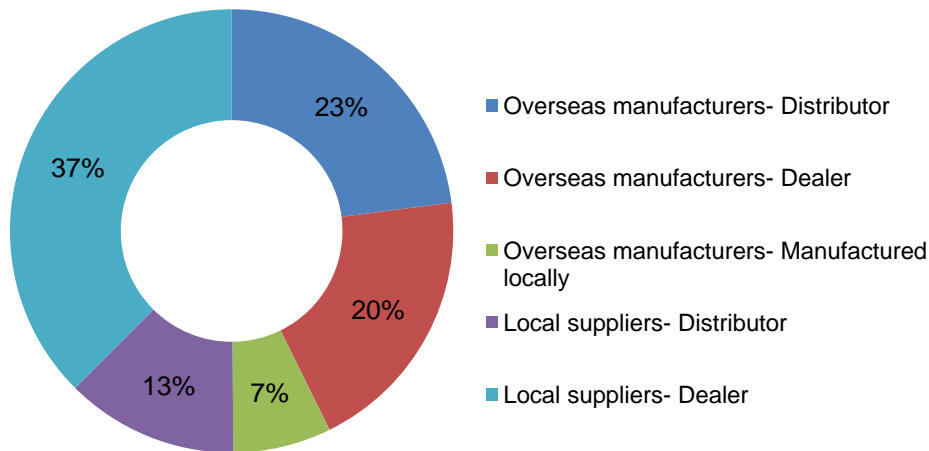
Index > MiTAC and the Environment > Supply Chain Management > Types of Supply Chain and Localized Procurement

## 3.5.1 Types of Supply Chain and Localized Procurement

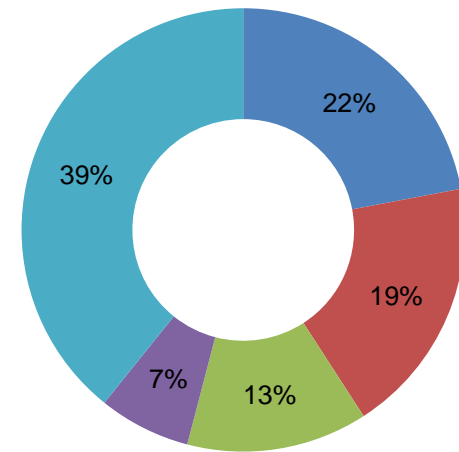
### MiTAC Digital Technology Corp.

- We have 232 local suppliers, constituting 59% of the total transaction amount.
  - Distributor: 51.
  - Dealer: 152.
  - Manufactured locally in overseas plants: 29
- We have 173 overseas suppliers, constituting 41% of the total transaction amount.
  - Distributor: 93.
  - Dealer: 80.

### According to Type of Suppliers (MDT)



### By Transaction Amount (MDT)





# 3.5 Supply Chain Management

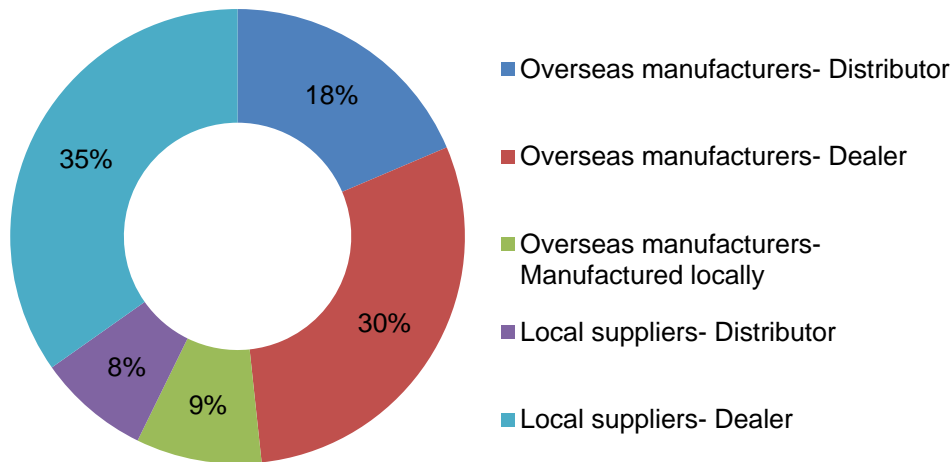
Index > MiTAC and the Environment > Supply Chain Management > Types of Supply Chain and Localized Procurement

## 3.5.1 Types of Supply Chain and Localized Procurement

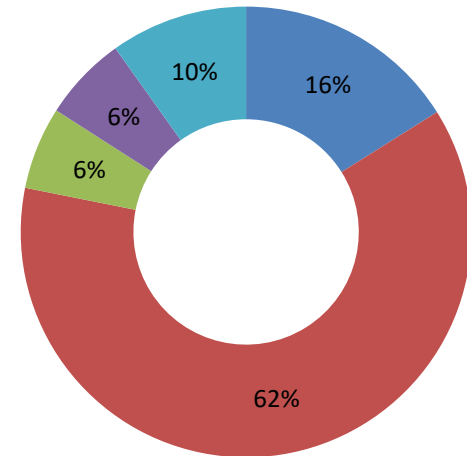
### MiTAC Computing Technology Corp. (MCT)

- We have 428 local suppliers, constituting 52% of the total transaction amount.
  - Distributor: 66.
  - Dealer: 288.
  - Manufactured locally in overseas plants: 74
- We have 400 overseas suppliers, constituting 48% of the total transaction amount.
  - Distributor: 154.
  - Dealer: 246.

### According to Type of Suppliers (MCT)



### By Transaction Amount (MCT)





# 3.5 Supply Chain Management

Index > MiTAC and the Environment > Supply Chain Management > Conflict Mineral Purchasing Policy

## ● 3.5.2 Conflict Mineral Purchasing Policy

It is possible to achieve “management at source” by implementing investigations of smelters. The company has placed “conflict minerals” investigations into supplier green product policies to coordinate customer investigation report demands. Also, required investigations are done on all raw materials required for use in the processes on whether they contain conflict minerals and the sources from suppliers annually. This ensures that the company and its suppliers will abide by relevant regulations with utmost effort.

### Conflict Mineral Purchasing Policy

MiTAC’s suppliers shall shoulder relevant social and environmental protection responsibilities.

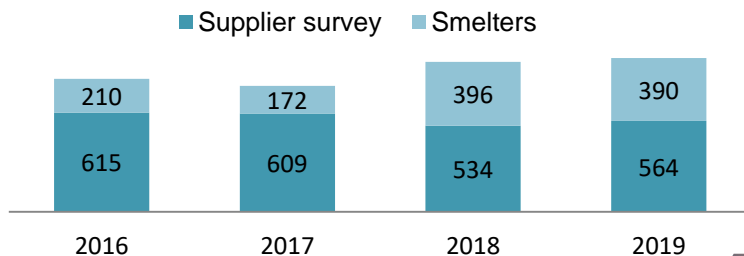
MiTAC will not accept conflict minerals produced in the Democratic Republic of the Congo (hereinafter Congo) and her surrounding nations/areas.

MiTAC suppliers shall trace the sources of Co, Au, Pd, Ta, Sn and W used in its products to ensure that these metals do not come from conflict mineral regions.

MiTAC suppliers shall relay these requirements to their upstream suppliers.

## Implementation of vendor survey

### Supplier Conflict Mineral Audit



### Response Measures for Conflict Minerals

- The company demands our suppliers purchase and use conflict-free minerals. Each year, regular investigations are carried out to disclose the status of conflict minerals within MIC’s supply chain. Furthermore, the list of smelters used is published to complete the investigation.
- In 2019, MiTAC has completed investigation on 564 suppliers and compiled the profits on 390 mining companies in order to ensure The Company and the suppliers comply with such requirement.





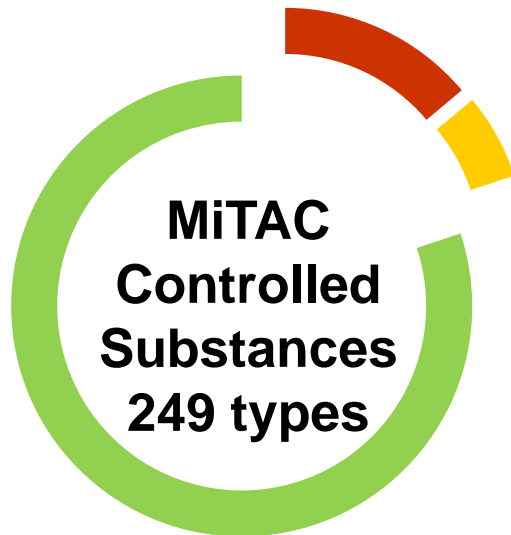
## 3.5 Supply Chain Management

Index > MiTAC and the Environment > Supply Chain Management > Restriction on the Use of Hazardous Substances and Management

### ● 3.5.3 Restriction on the Use of Hazardous Substances and Management

#### MiTAC Product Environmental Management and Regulations

In order to achieve the goal of eco-friendly products, MiTAC's component and materials selections all comply with international regulations, such as: EU's RoHS recast, WEEE recast, REACH and POPs etc., as well as China RoHS. All suppliers in the supply chain are required to adhere to MiTAC's product environmental management regulation (GP-1-00001) rigorously. Through a green supply chain management and hazardous substance management, MiTAC is able to provide products with low toxicity and low pollution, in turn minimizing hazards to the environment and people's health.



#### **31 types of prohibited substances**

Pb, Cd, Hg(Cr(VI)), PBB, PBDE, asbestos, formaldehyde, Azo compounds, SCCP and Phosphorus etc.

#### **13 types of restricted substances**

BFRs, CFRs, PVC, Antimony trioxide ( $\text{Sb}_2\text{O}_3$ ), arsenic and its compounds (As), nickel and its compounds (Ni), and DEHP / BBP / DBP / DIBP

#### **205 types of declarable chemical substances**

EU's REACH SVHC (1-22), Be, Bi, DIDP/DNOP/ DnHP/DINP etc.



# 3.5 Supply Chain Management

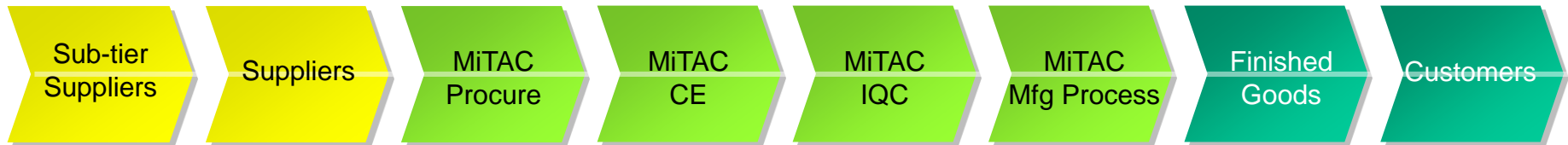
Index > MiTAC and the Environment > Supply Chain Management > Restriction on the Use of Hazardous Substances and Management

## ● 3.5.3 Restriction on the Use of Hazardous Substances and Management

### Green Product Management Platform Creation

MiTAC has created a green product management platform (eGP System) and high efficiency supply chain management system (eSCM System), where cross-platform collaboration is adopted to allow suppliers to declare the status of hazard substances within components, upload third-party testing results and respond to customers about green management related information instantaneously.

eGP and eSCM platforms ensure that our products comply with the latest environmental regulations (regional and client restricted), in turn making MiTAC's green product management system more stringent and efficient. Qualified and capable suppliers are selected to supply electronics and components that comply with environmental protection regulations in order to improve competitiveness, customer trust and satisfaction.



e ffective S upply C hain M anagement

Login

Account

Password

Supplier user please use Email to login  
Mitac staff please use Mitac AD account to login

[Account Apply](#) [Forgot Password](#)

Bulletin

- Please pay attention for Shunde's suppliers: if you have any PO for Inspur, you have to select another BU code of SLU for it during the creation of ASN. Thankst
- If the edition of your MS Office is 2003 or older and you encountered problem in opening our Excel \*.xlsx file, please refer to [this](#)
- For your account safety, the system will request you to change your password every 90 days!!

eGP System



eSCM System



# 3.5 Supply Chain Management

## ● 3.5.3 Restriction on the Use of Hazardous Substances and Management

### Random Inspection of Materials

- Provides green products with low toxicity and low pollution: Supplier design, manufacturing and management are reinforced through upstream supply chain management.
- Utilize eSCM/eGP to communicate with suppliers and manage green products and components: Ensure compliance with international and customers' environmental regulations
- Establish containment strategy: Form hazardous materials analysis labs to conduct random testing of materials for hazardous materials, thereby effectively preventing substandard, non eco-friendly products from entering or exiting.

Design/Source GP Compliance Materials			GP Compliance Production		GP Compliance Products
<ul style="list-style-type: none"> <li>● Green Agreement</li> <li>● Environmental BOM</li> <li>● Material Breakdown</li> <li>● Test Reports</li> <li>● Raw Material Lot Control</li> <li>● Process Control</li> <li>● Traceability</li> </ul>	<ul style="list-style-type: none"> <li>● Agreement Sign-off</li> <li>● Spec and Drawing Released</li> </ul>	<ul style="list-style-type: none"> <li>● Approval Doc.:               <ul style="list-style-type: none"> <li>■ Environ.</li> <li>■ Material</li> <li>■ Test Report</li> <li>■ Qualification</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● RoHS Documents</li> <li>● EDX/ICP / GC-MS / UV-Vis</li> <li>● Test Report</li> <li>● Sample Inspection</li> </ul>	<ul style="list-style-type: none"> <li>● Solder Pb Conc. Calibration</li> </ul>	<ul style="list-style-type: none"> <li>● RoHS Compliance:               <ul style="list-style-type: none"> <li>■ RoHS Documents</li> <li>■ Rechecks</li> </ul> </li> <li>● e-Legal Process:               <ul style="list-style-type: none"> <li>■ RoHS Guarantee</li> <li>■ REACH Guarantee</li> <li>■ IEC-62474 form</li> </ul> </li> </ul>



**Materials with hazardous substances**  
 Pb / Cd / Hg / Cr(VI) / PBB / PBDE / DEHP / BBP / DBP / DIBP  
**Purchase state-of-the-art testing equipment**  
 ED-XRF/ ICP-OES/ GC-MS/ UV-Vis



# 3.5 Supply Chain Management

Index > MiTAC and the Environment > Supply Chain Management > Supplier Screening and Green Purchasing

## 3.5.4 Supplier Screening and Green Purchasing

We select suppliers and implement green purchase management with the QSA (Quality System Audit), with auditing items including items design control, sub-supplier management, and production control. Green parts control is a mandatory audit item to help suppliers improve their management standards, hoping to reduce management risks and costs for the Company and suppliers and establish a sustainable, growing partnership.

## 3.5.5 Supplier Responsibility Counseling and Auditing

We observe the RBA Code of Conduct and establish mechanisms for the guidance and audit of supplier responsibility and the concrete commitment of various topics. Assessments include business ethics, labor human rights, environmental protection, safety and health, and management systems. To ensure suppliers comply with related policies and the code of ethics, we audit and assess their performance from time to time. Taking Shunde Plant for example, the RBA Code of Conduct performance of suppliers in recent years is as follows:

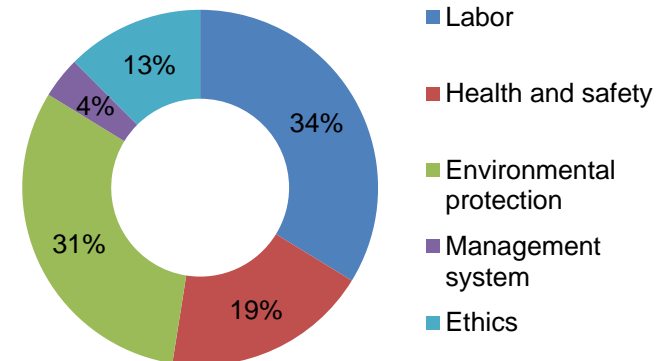
Supplier RBA Non-conformities Analysis

	2017	2018	2019	Total	%
Labor	11	9	7	27	34%
Health and safety	6	5	4	15	19%
Environmental protection	10	8	7	25	31%
Management system	1	1	1	3	4%
Ethics	4	3	3	10	13%

### Supplier Assessment

All suppliers must pass the supplier evaluation and comply with the supplier code of conduct

- Manufacturing process related materials supplier: Must pass ISO9001 quality management system certification
- Plant administration and related contractors: Must obtain OHSAS18001 occupational health and safety management system certification
- Local suppliers: Must obtain valid factory registration certificate issued by local government in accordance with the business category as well as ISO14001 environmental certification





# 3.5 Supply Chain Management

Index > MiTAC and the Environment > Supply Chain management > Supplier Responsibility Counseling and Auditing

## 3.5.5 Supplier Responsibility Counseling and Auditing

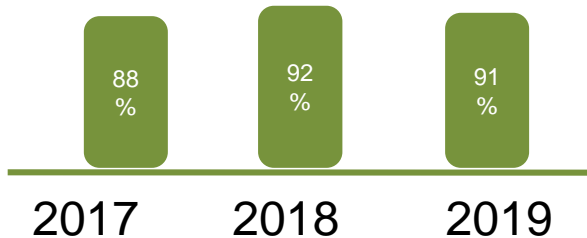
2019 annual supplier RBA audit reveals that the improvement rate of supplier deficiencies is 91%. Supplier shortcomings are mostly related to labor, such as excessive working hours and remuneration/benefits management. Suppliers were requested to make improvements to the aforementioned deficiencies within a given deadline, and a follow-up date was stipulated to ensure that they comply with RBA regulations and MIC management requirements.



**Responsible Business Alliance**  
Formerly the Electronic Industry Citizenship Coalition  
Advancing Sustainability Globally

Suppliers are required to provide their mid- to long-term improvement plan. In 2020, the Company will continue tracking the improvement status of our suppliers to make sure that they comply with RBA related regulations.

**RBA Supplier Audit Shortcoming Improvement Rate**



**RBA Supplier Shortcoming Improvement Follow-up Status (2017-2019)**

	Number of shortcomings	Number of shutdowns
Ethics	10	10
Management system	3	3
Environmental protection	25	25
Health and safety	15	15
Labor	27	22



## 3.6 Customer Service and Satisfaction

Index > MiTAC and the Environment > Customer Service and Satisfaction

### ● VOC (Voice of Customer)

Customer satisfaction is the core value of MiTAC in perpetual corporate development. The routine VOC evaluation (quarterly/semi-annually, or annually) is essential for improvement. MiTAC makes ceaseless efforts in continued improvement on the basis of the feedback of consumers in the market. The feedback will be taken as the indicators of product design, which includes quality, technology, price, delivery.

### ● Customer Privacy

For the effective management of customer information management with a single system, visits of customers are strictly monitored and controlled. After deploying relevant DLP software across the globe and implementing measures stipulated by ISO 27001, MiTAC Shunda and MiTAC Holdings successfully passed ISO 27001 certification in 2007 and 2019 respectively. There is no material damage to the privacy rights of the customers so far.

### ● Legal Compliance

Abide by the applicable law of a country and the international law and the code of ethics. In the region where the company operates: promote fair competitions, the safety of products and services for customers, compliance with labor laws and practices, the Universal Declaration of Human Rights, international standards and copyright protection, the company's assets and any form of intellectual property rights to comply with regulatory requirements.

### ● Customer Health and Safety

To ensure sustainable development of the Earth, we supply green products. In consideration of the environmental impacts during the product lifecycle, we reduce the carbon footprint from product design, to shipping and packaging.





## 3.6 Customer Service and Satisfaction

Index > MiTAC and the Environment > Customer Service and Satisfaction > Mio Milestones and Credentials

### ● 3.6.1 Mio Milestones and Credentials

#### Brand Power Wins Global Market Recognition

Based on the solid brand power, Mio continued to launch dash cams with more comprehensive functions in 2019. Apart from winning many awards across the globe, Mio got ahead of competitors with a market share over 50%. We also actively cultivate the Southeast Asian and European automotive electronics markets for Mio products by providing localized products that meet local needs, turning dash cams into multifunctional electronics.

After cultivating the tablet market for over one decade, Mio has earned the praise and recognition from suppliers at home and abroad, with product lineups covering 5-inch, 7-inch, and 10-inch industrial tablets for different application scenarios, such as meal ordering, warehouse management, convenience store stocktaking, and office space management. Mio industrial tablets can simplify trivial documents and labor to help customers enhance work efficiency and contribute to the sustainable development of Earth.

#### Mio Participates in Major International Exhibitions

We constantly demonstrate Mio's innovative technology and R&D achievements at major exhibitions around the world. In 2019, we participated in a range of domestic and international exhibitions, including the Embedded World and IFA in Germany, Logistics and distribution in Spain, and the AutoTronics Taipei and COMPUTEX in Taiwan. In 2020, we will continue to participate in more domestic and international exhibitions, such as the Embedded World, the world's largest embedded electronics and IPC show, to constantly enhance the brand market voice and increase brand discussion in all emerging markets.



# 3.6 Customer Service and Satisfaction

Index > MiTAC and the Environment > Customer Service and Satisfaction > Mio Milestones and Credentials

## 3.6.1 Mio Milestones and Credentials

**2015**

- Voted Ideal Brand in the Mind of Consumers (Best Choice Award) for 10 consecutive years
- Russian media almodi.org voted Mio MiVue™ 688 as the new recommended product in the consumer electronics category

**2016**

- Taiwan's PChome awarded Mio combo 5307 with the 2016 Technology Trend Gold Award – Special Recommendation Gold Award
- MiVe 698 was selected as "Product of the Year" by Russian media Продукт года

**2017**

- MiVue Drive product series and MiCor wearable ECG recorder received German iF Award
- Received editor's choice award from Russian magazine Megaobzor

**2018**

- British mainstream media Honest John selected MiVue Drive 50 as product of the year
- The MiVue C320 was selected by the recommendation of PC Format of Poland
- The MiDM wins the bronze medal in product innovation at AutoTronics Taipei
- The Spirit 7700 was recommended by ricemania.sk of Poland

**2019**

- MiVude 798 was scored 72 marks by leading UK rating magazine Which?
- MiVue J85 was elected in the Editor's Tip list by Slovakian media PC Revue SK.





## 3.6 Customer Service and Satisfaction

Index > MiTAC and the Environment > Customer Service and Satisfaction > TYAN Milestones and Credentials

### 3.6.2 TYAN Milestones and Credentials

2016

First manufacturer to provide comprehensive server platform solution based on Intel, AMD, OpenPOWER CPU and Nvidia GPU. Complete product line enables TYAN to provide customers with flexible and competitive products.



2017

Collaborated with Intel and AMD to launch new HPC, cloud computing and storage server platform using the new generation of Intel® Xeon® Scalable Processors and AMD EPYC™ CPUs.



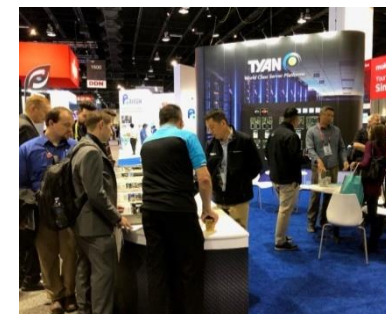
2018

Provide the best TOC solutions for large cloud datacenters in North America, Europe, and China with advanced R&D and design capacity to extend the strengths of cloud computing.



2019

Provided customers with a complete and flexible business model through collaboration with partners Intel, AMD and NVIDIA to stand firm in the HPC, datacenter and sever storage markets.

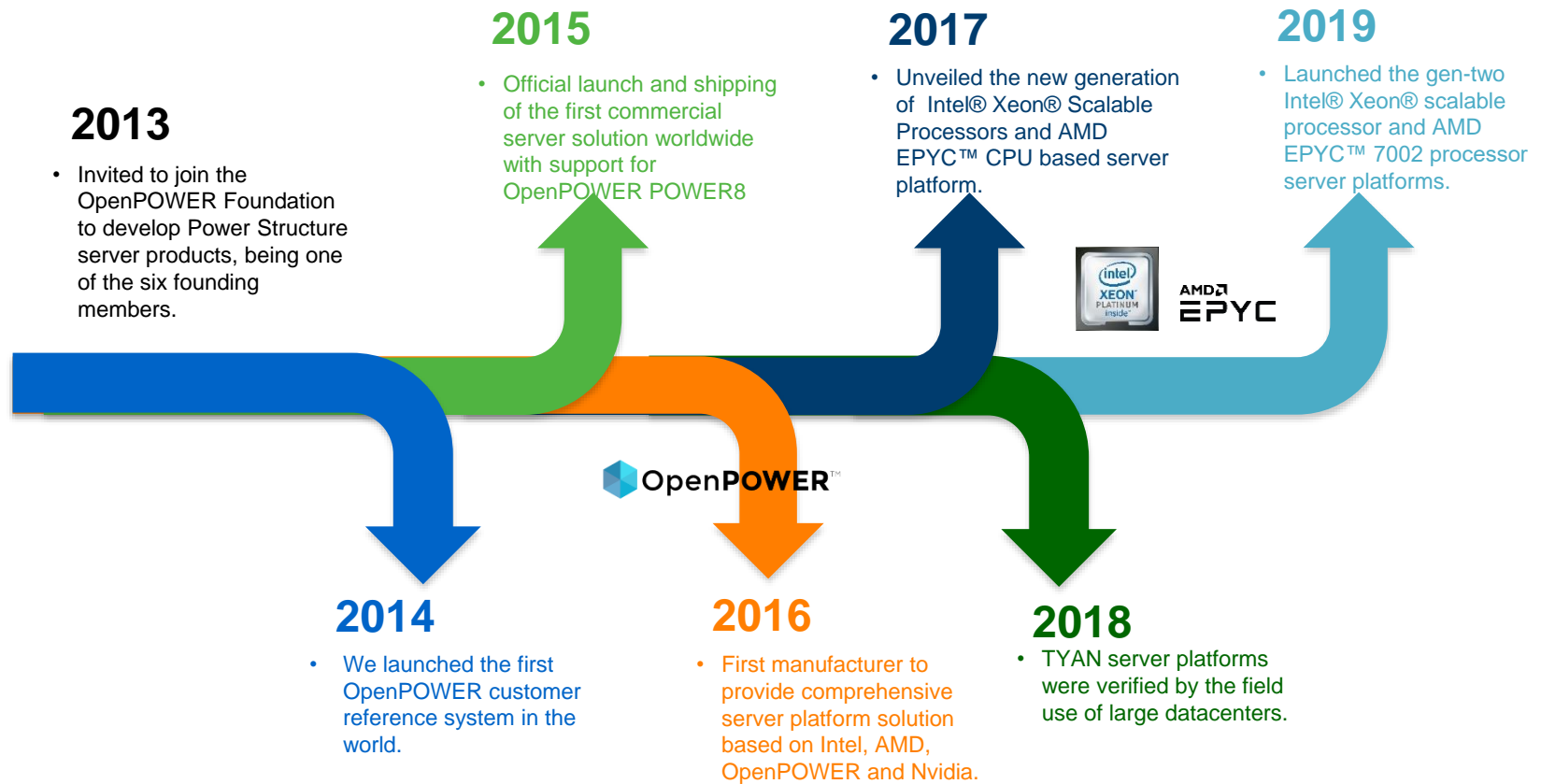




## 3.6 Customer Service and Satisfaction

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### ● 3.6.2 TYAN Milestones and Credentials





## 3.6 Customer Service and Satisfaction

Index > MiTAC and the Environment > Customer Service and Satisfaction > Product and Service Labeling

### ● 3.6.3 Product and Service Labels

- **Product design:** We demand the suppliers' raw materials, semi-finished products and production process to comply with specific environmental and safety regulations as well as industry standards in order to achieve environmental protection and energy conservation. All products comply with EU RoHS recast directive and EU ErP directive. Our systems products (ENERGY STAR) have passed various 80Plus certifications in accordance with the Energy Star system, thereby ensuring the system will increase efficiency, decrease greenhouse gas emission and attain the goals of energy conservation and carbon reduction.
- **Packing design:** We have adopted the green environmental concept for product internal and external packaging design, where low toxin, low pollution, resource-saving, reusable and recyclable raw materials are applied to minimize waste and pollution and materialize the concept of sustainable Earth.
  - **External packaging material:** 100% recycled paper pulp is used for the cartons to decrease deforestation and conserve water resources that are consumed during the manufacturing of paper products.
  - **Internal packaging material:** Non-toxic, low pollution and recyclable environmental materials are utilized. Packaging materials are shared so that it can be used by 70% of the packing designs. This decreases resource and energy depletion caused by opening molds and producing new packaging materials.
  - In response to the plant's internal testing as well as external marketing and sales needs during the company's production process, when products or samples are transported internally, only 100% used packaging materials are used to minimize the consumption of new materials.

Products  
Design

Packing  
Design

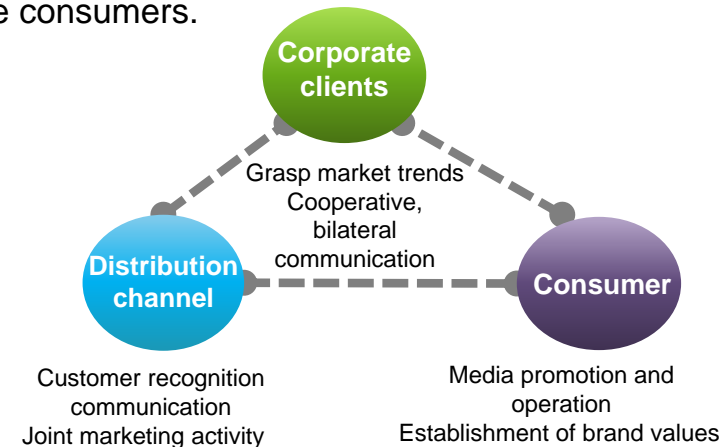


## 3.6 Customer Service and Satisfaction

Index > MiTAC and the Environment > Customer Service and Satisfaction > Marketing Communications

### ● 3.6.4 Marketing Communications

- **Group's customers** include business clients, distributors, channels and direct consumers, thus diverse activities and interactions are designed for different clientele from various regions.
- **Corporate clients** we assist them to conduct market trend analysis, where telephone and videoconferences are held from time to time along with regular quarterly meetings in order to maintain bilateral communication. Moreover, a strict firewall mechanism was established to protect trade secrets between the company and our clients. At the same time, we also partake in professional exhibitions, forums or visits held by associations in order to search for potential opportunities for cooperation.
- **Distributors and channels** e-letters, education & training, professional exhibitions and seminar as well as regular meetings are held to strengthen our clients' knowledge. Furthermore, a series of point of sale materials or specific marketing activities will be designed to promote product sales on a continuing basis.
- **Consumer** besides traditional e-letters, website and exhibitions, bilateral communications are implemented through influential medial and local social media in order to reinforce promotion and service for consumers. We also rigorously check our advertising materials, news releases and statements to ensure that only the facts are presented. We do not over exaggerate our products' functions nor maliciously attack the integrity and honesty of our competitors, thereby building our brand values in the minds of the consumers.





## 4.1 Employee Care

Index > MiTAC and the Social > Employee Care

Employees are the most valuable asset of MHC, and the Company perceives great importance in our employees' needs and rights. Therefore, we strive to create a fair, just, friendly and flexible work environment; this is consistent with MiTAC's core values. And according to this, various employee care related systems and measures. After joining MiTAC, new employees are able to develop their career and grow with the Company. We have created a suitable environment to cultivate our employees' skills, and MiTAC's employee communication channel ensures that everyone will be able to unleash their potential and work with peace of mind. In turn, they will be able to continue developing their professional career at MiTAC in the long run.



- Global turnover rate **10%**: Lower than that of 2018.
- Average training hour/person **58.9** hours: Increased compared to 2018.
- Retention rate **100%**: Return to work rate after parental leave >90%
- Disabling injury severity rate (SR) **11.6**/ Disabling injury frequency rate (FR) **0.34**: Ahead of SR requirements in OHSAS18001:2018.



## 4.1 Employee Care

Index > MiTAC and the Environment > Employee Care > Employment Policy and Labor Force Structure

### ● 4.1.1 Employment Management and Organizational Structure

#### Adherence to the Employment Policy

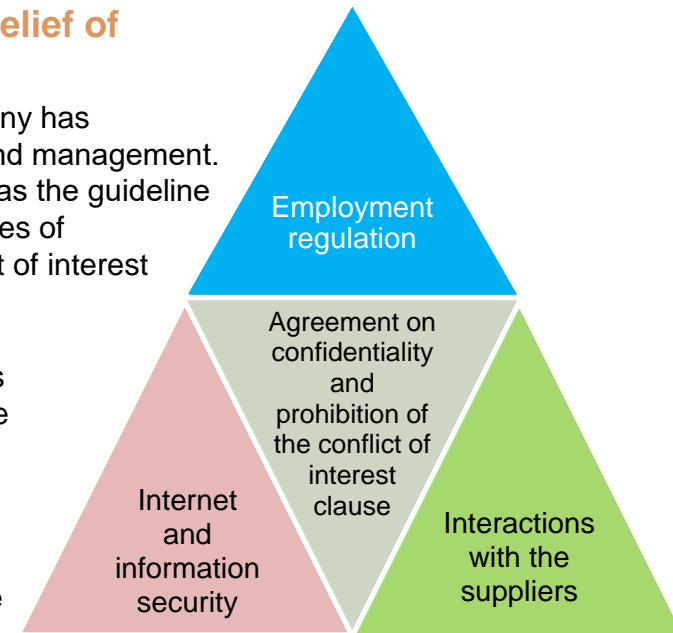
MiTAC values our employees' rights, thus we comply with various labor laws and the Responsible Business Alliance (RBA). Furthermore, we do not hire child laborers under the age of 15, and we do not tolerate forced labor or permit underage employees to engage in high-risk work.

The company recognizes contributions from diverse talents, hence we strive to employ local people and those who are physically and mentally impaired as the first priority. The criteria for selection shall be the capacity of the people in performing the required duties. There is no discrimination against gender, religion, race, nationality or political affiliation. The employment policy of MiTAC explicitly states that all applicants and employees be fairly treated in recruitment, employment, development, evaluation, reward and remuneration. In addition, the company has implemented a comprehensive IT system to manage our employees' work hours and leave, thereby fostering their physical and spiritual balance.

#### Materialization of Business Integrity and Reinforcement of the Belief of Integrity Among the Employees

Ethics is the cornerstone of MHC, in order to uphold this principle, the Company has stipulated "Ethical Corporate Management Best Practice Principles" to ensure sound management. At the same time, MiTAC has also instituted the "Code of Conduct" for employees as the guideline for performance. All employees are subject to 4 major regulations, including the rules of employment regulations, agreement on confidentiality and prohibition of the conflict of interest clause, Internet and information security, and interactions with the suppliers.

In order to let all our employees appreciate the meaning of integrity, honesty and business ethics, MiTAC has incorporated the content of the philosophy of business integrity into the training materials for the orientation of new recruits and posted the materials on the official website of the Company. We uphold the principle of integrity, honesty, openness, transparency and doing the right thing, as well as implementing employee selection, retention and education to garner trust from stakeholders such as our employees, clients and shareholders, and in turn achieving sustainable management. We constantly remind our employees to abide by Company regulations and build upon the foundation of integrity to achieve sustainability.





## 4.1 Employee Care

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### ● 4.1.1 Employment Policy and Labor Force Structure

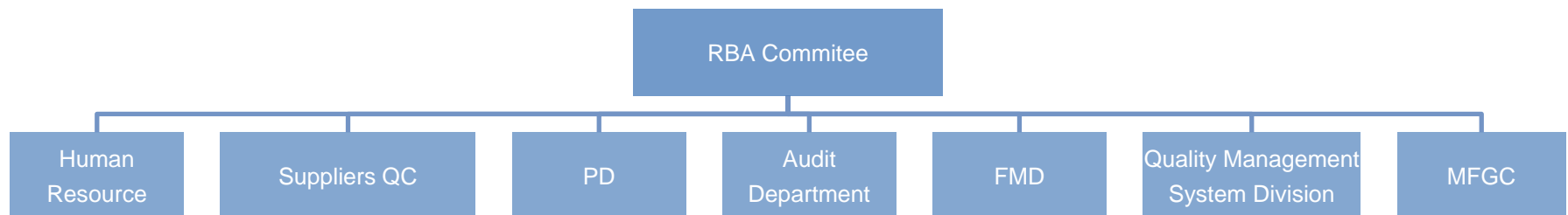
#### Responsible Business Alliance (RBA) Committee

Responsible Business Alliance includes labor, health and safety, environmental protection, management system and business ethics. The Company's activities all abide by the laws and regulations of the country and region in which it is operating. Besides abiding by the law, we strive to attain internationally recognized standards in order to shoulder more social and environmental responsibilities.

In order to reinforce the Company's CSR management system, we have stipulated the RBA internal audit protocol. During the audit process, aspects clearly stated include defining responsibilities, ethical conduct, audit regulations, period, audit report and the improvement and follow-up of unconformities. MiTAC created RBA Committees in the Taiwan headquarters and subsidiaries in China to ensure complete compliance with labor, health and safety, environmental and business ethics regulation standards.

#### Establishment of the Electronic Industry Code of Conduct (RBA) Committee

By delving into the employee aspect, MiTAC complies with RBA regulations and abides by local laws. Besides protecting employees' rights and benefits, we also provide them with fair and reasonable remuneration; at the same time, we strive to foster bilateral communication between our employees and the Company, thus a friendly work environment has been created by applying this standard. Project organizational work distribution is illustrated below:





## 4.1 Employee Care

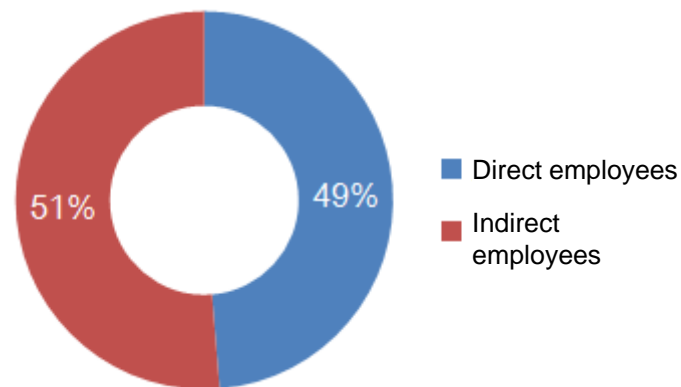
Index > MiTAC and the Environment > Employee Care > Employment Policy and Labor Force Structure

### 4.1.1 Employment Policy and Labor Force Structure

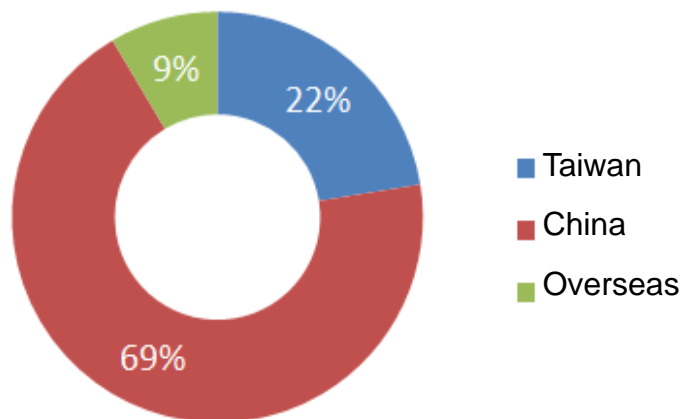
#### Employment Structure

MiTAC features a diversified employee structure. As of the end of December 2019, we have approximately 7,500 employees worldwide, distributed across Taiwan, China and overseas. In particular, about 49% are direct employees and 51% indirect employees, of which the male and female employee ratio is 61:39. If categorized according to rank, 9% are managers, while females account for more than 26% of the management staff. This suggests that gender equality is a reality at MiTAC.

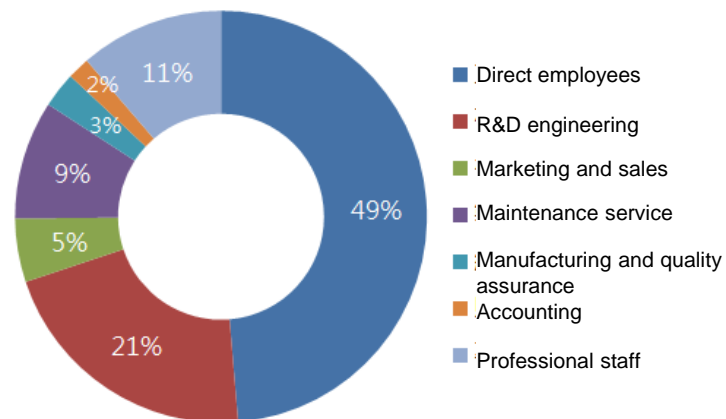
Global workforce structure (by direct/indirect labor)



Labor force distribution worldwide (by region)



HR structure worldwide (by function)







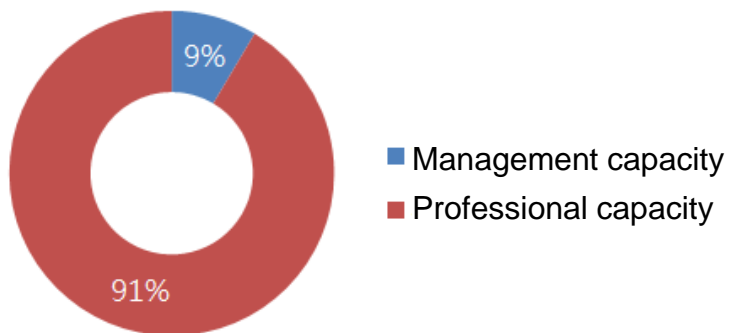
# 4.1 Employee Care

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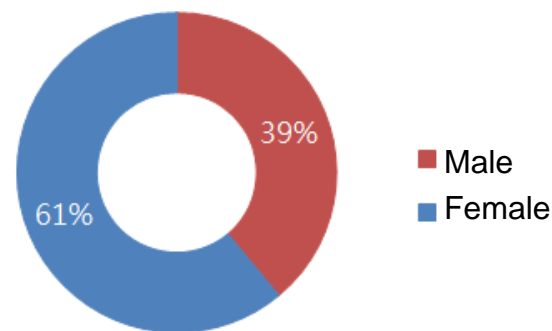
## 4.1.1 Employment Policy and Labor Force Structure

### Employment Structure

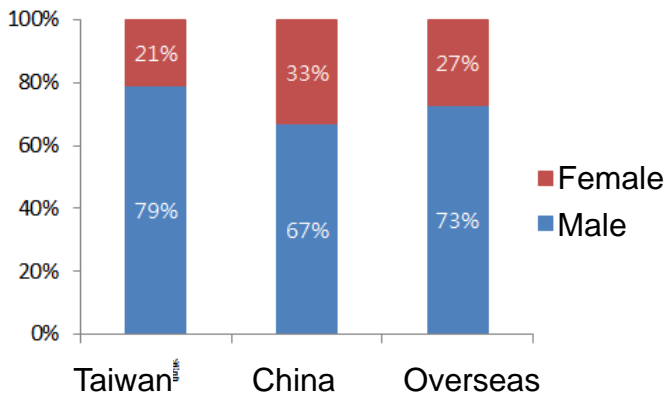
Labor force distribution worldwide (by management/professional)



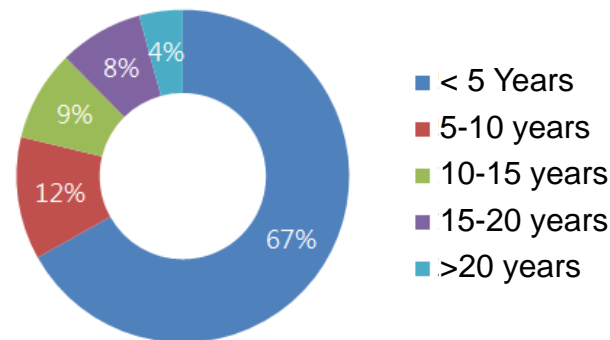
HR structure worldwide (by gender)



HR structure worldwide (by gender)



HR structure worldwide (by seniority)



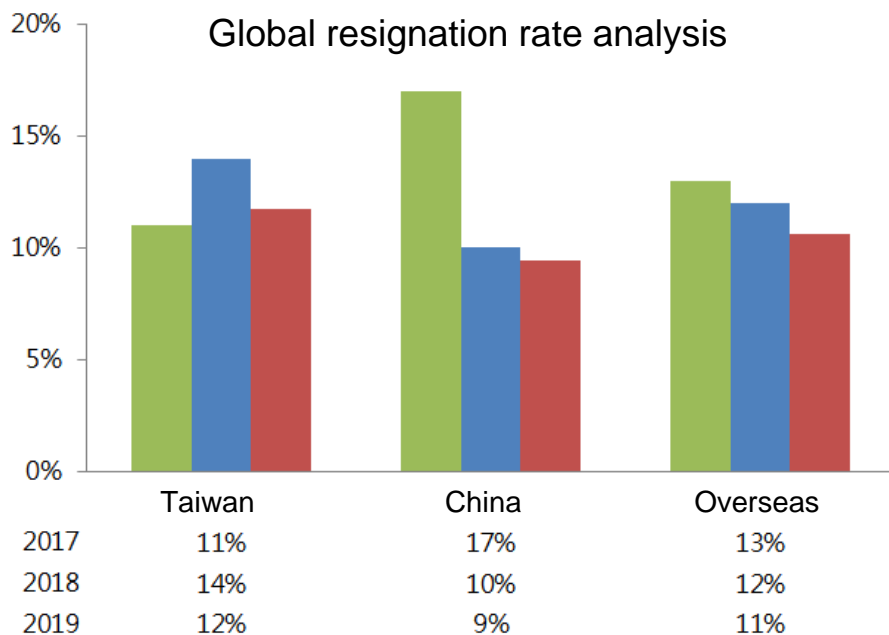


# 4.1 Employee Care

## 4.1.1 Employment Policy and Labor Force Structure

### Retaining Employees

MiTAC values each employee’s development and provides comprehensive training programs and career counseling in order to assist them to maintain growth momentum and constantly upgrade their skills. MiTAC encourages the retention and development of talents within the group; if suitable job positions become available, employees may apply for transfer via the internal transfer mechanism. In relation to severance management, as soon as an employee decides to leave the company, our human resources unit will arrange for an interview with the employee depending on the circumstances in order to understand the cause for his resignation. Furthermore, if suitable job openings in other departments become available, we will strive to retain the employee and offer our care.



MiTAC annual resignation rate calculation:

The resignation rate of each month is accumulated (i.e. the total of resignations during January and December/the total number of employees during the same period at the end of each month/12x100%).



## 4.1 Employee Care

Index > MiTAC and the Environment > Employee Care > Fair and Just Talent Retention System

### ● 4.1.2 Fair and Just Talent Retention System

#### Employment Rights

MiTAC values our employees' employment rights, thus the Company's regulations are stipulated in accordance with relevant occupational laws, such as the Labor Standards Act, Act of Gender Equality in Employment and other regulations or local legislations. Internally, we have stipulated performance management/evaluation mechanisms, remunerations, rewards, diverse promotion systems and regulations for the reward or discipline of employees. At the same time, MiTAC takes into consideration facets including law, reason and feeling, where people-oriented management and the perspective of respecting diversity are applied to create a fair, reasonable work environment and maintain the employment rights of all employees.





## 4.1 Employee Care

Index > MiTAC and the Environment > Employee Care > Fair and Just Talent Retention System

### ● 4.1.2 Fair and Just Talent Retention System Wage Guarantee

MHC perceives tremendous importance in our colleagues' remuneration and benefits. MiTAC conducts an annual survey on salary level in the market and consults with the macroeconomic indicators based on which the salary scales for all employees will be adjusted to attract talents to join the company with competitive salaries.

The employees' remuneration is adjusted in accordance with their education, expertise, experience, seniority and personal performance, not by gender. New employees' starting salary is not differentiated based on race, religion, political stance, gender and marital status.

MiTAC's remuneration policy:

1.

We comply with relevant local laws to generate harmonious labor relations for sustainable operations.

2.

Based on market value and employee productivity, combining with performance management system, rewarding and motivating employees with competitive salaries.

3.

The starting salary of new employees not only conforms to the local law but should also be competitive on the market.

4.

As employee incentives, performance bonuses are given based on the Company's annual operation and personal performance to reward employees for their contributions.



## 4.1 Employee Care

Index > MiTAC and the Social > Employee Care > Fair and Just Talent Retention System

### ● 4.1.2 Fair and Just Talent Retention System

#### Retirement Policy

MiTAC contributes to our employees' retirement pension fund according to the retirement regulations of various regions.

In Taiwan, MiTAC has established a complete and legal retirement system in accordance with the Labor Standards Act and the Labor Pension Act, where individual retirement pension accounts are opened for employees, and an oversight committee was formed by capital and labor representatives to supervise the operation of the accounts. All colleagues are covered by labor and health insurance since the day of reporting to duty based on their salary grading, and 6% of their salaries are contributed to their retirement pension.

In China, our employees are insured with endowment/medical/unemployment/employment injury/maternity insurance and housing provident fund in accordance with the local laws, in turn ensuring safe retirement life for them. At present, all of the retirement pension systems in our subsidiaries worldwide are functioning normally.

#### Farewell Party for Retirement





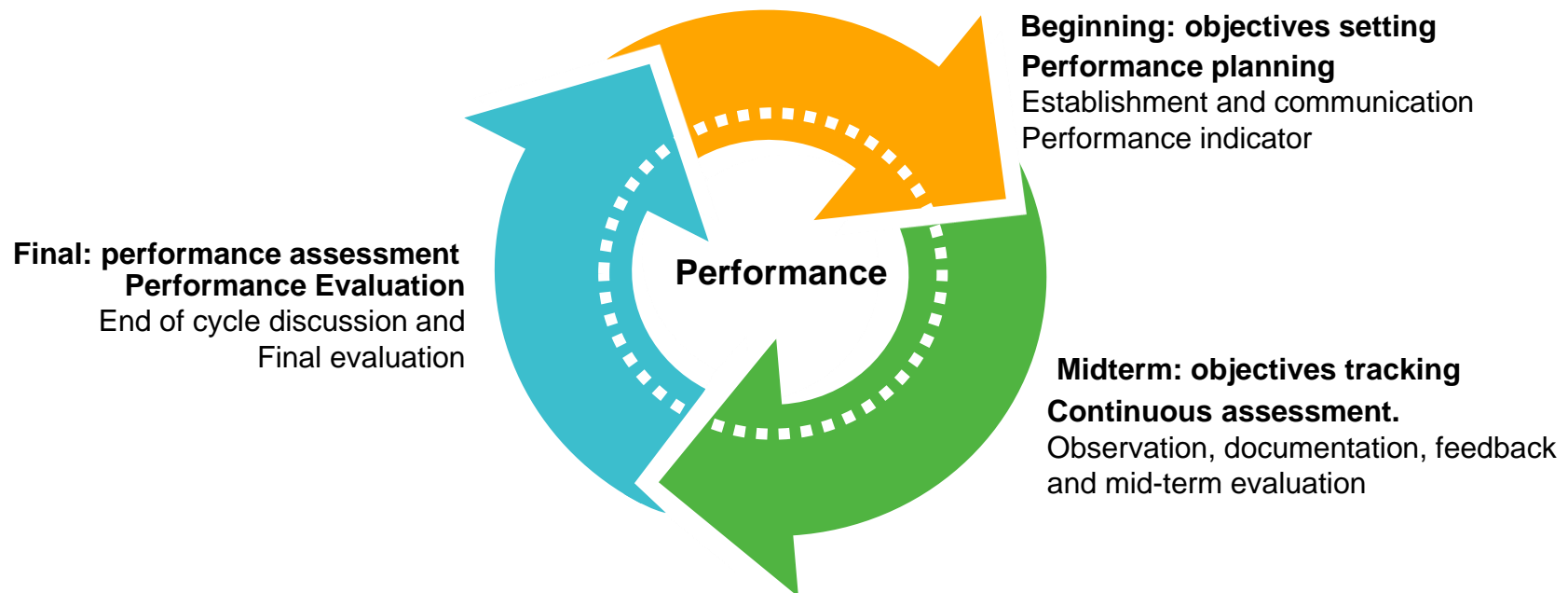
## 4.1 Employee Care

Index > MiTAC and the Social > Employee Care > Fair and Just Talent Retention System

### ● 4.1.2 Fair and Just Talent Retention System

#### Performance Evaluation

MiTAC has a viable performance management system under which the managers will liaise with their staff on the objectives of their duties in line with the development strategy of the organization once semi-annually. Related key performance indicators (or KPI) will be set up and adjusted according to the circumstances during midterm, and final assessment will be carried out. Besides outcome appraisal, the evaluation covers relevant professional items and 360-degree evaluation feedback in a fair and reasonable procedure. The evaluation results will be used as a reference for promotion, salary adjustment, bonus payment, individual career development and training needs.





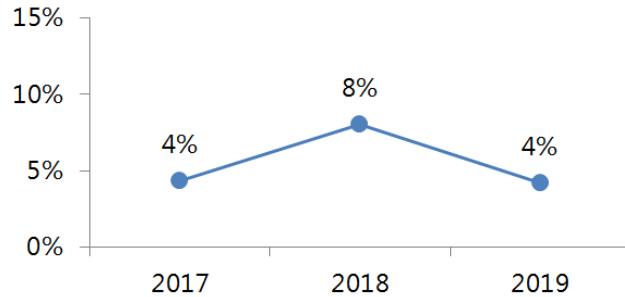
# 4.1 Employee Care

## 4.1.2 Fair and Just Talent Retention System

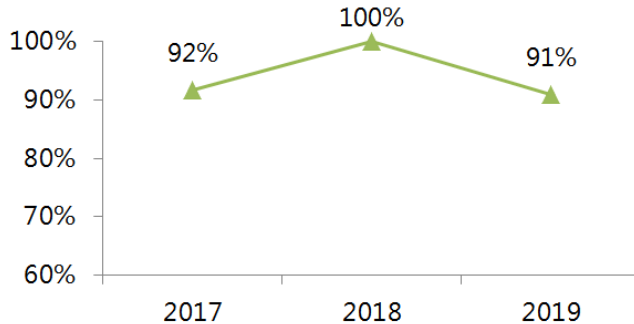
### Reinstatement Rate after Unpaid Parental Leave

For employees with parental leave needs, MiTAC has offered them substantial care measures such as unpaid leave, career re-planning and related benefits and subsidies. Furthermore, maternity protection measures are implemented to help employees become re-instated, and re-instatement training is provided to help them return to their jobs. As a result, 100% of the employees on unpaid parental leave were re-instated in 2019, and of those re-instated, 91% remained in their posts after their unpaid parental leave. It is thus evident that MiTAC has provided our employees with comprehensive care mechanisms that are appreciated by the employees.

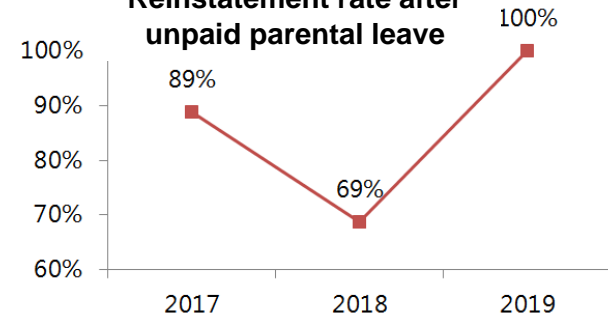
Application rate of unpaid parental leave



Retention rate after parental leave



Reinstatement rate after unpaid parental leave



Application rate of unpaid parental leave	2017	2018	2019
Number of persons qualified for unpaid parental leave	299	248	166
Actual number of applicants: Estimated number of re-instated employees	13:9	20:16	7:8
Actual number of re-instated employees: Number of re-instated employees who have continued to work	8:11	11:8	8:10



# 4.1 Employee Care

Index > MiTAC and the Social > Employee Care > Facilitate Employee Adaptive Development

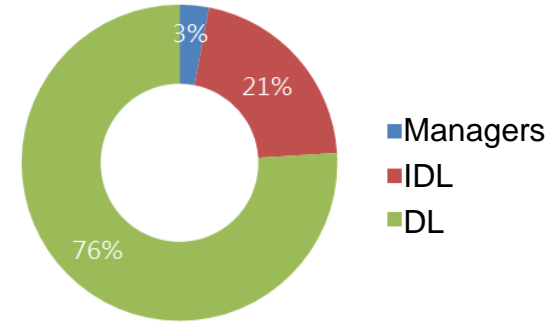
## 4.1.3 Facilitate Employee Adaptive Development

### A Diversity of Channels for Training

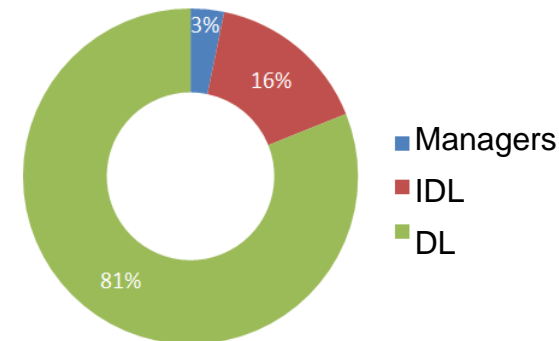
Here at MiTAC, we take the improvement of employees' professional skills seriously. And as such, we have established a comprehensive training system to provide systematic employee education, which includes orientation training, competence training, supervisor training and so forth. Coupled with other learning resources such as e-learning, OJT, and OFFJT, we provide an ideal environment for employees to learn and grow. Taking 2019 as an example, more than 146,000 person-time trainings were conducted, totaling 360,000 training hours.

We emphasize and value human rights education, endeavor to align our HR system with internal standards and legal and human rights issues, and enforce human rights education in daily work. In 2019, we arranged related training of up to 652 hours per person to ensure human rights education is implemented to each employee and the human rights concept is ingrained in every member.

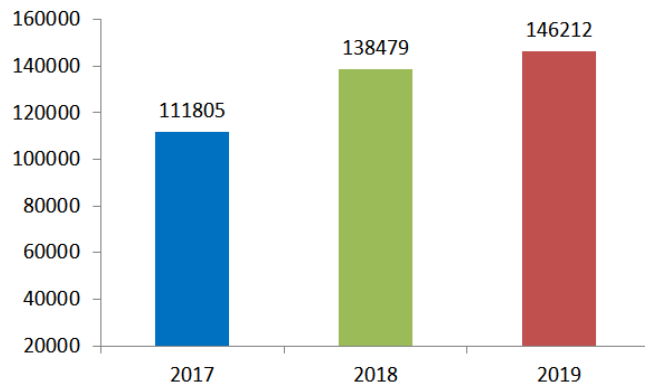
### Percentage of Employees Receiving Training



### Percentage of Hours of Training



### Number of Trained Employees







# 4.1 Employee Care

Index > MiTAC and the Social > Employee Care > Facilitate Employee Adaptive Development

## 4.1.3 Facilitate Employee Adaptive Development

### Create a Corporate Culture through Orientation

In order to help new employees blend in and optimize their learning time, each employee undergoes a series of new employee training programs upon entering the company, where various company policies and work-related K.S.A (knowledge-skill-attitude) are combined with the “new talent camp” activity to help them gain further understanding about the company’s management philosophy and core values. In addition, each new employee is assigned a “work tutor” to share experiences with each other and facilitate them to become acclimatized with the work environment.

Suzanne B. Summers (1997)’s strategic skill analysis procedure focuses human resources database in the employees’ and candidates’ knowledge, skill and ability (KSA).

### Managerial Training with Equal Emphasis on Theory and Practice

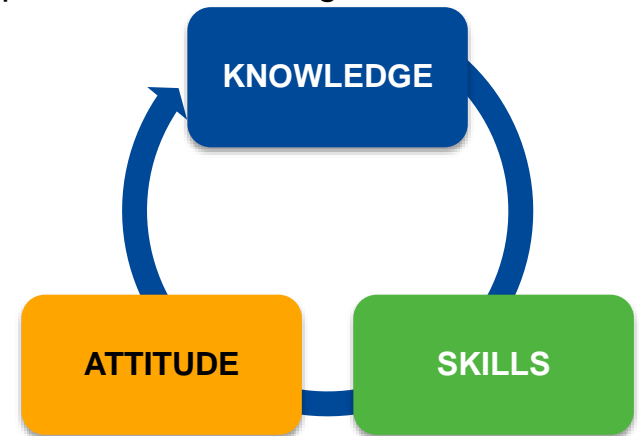
Management training is designed on the basis of six management competencies, including decision making, cross-team work, talent management, innovation, conflict management, performance management. We adopt the experiential learning method to conduct new management training programs. Coupled with case studies and sharing sessions, these managers were able to acquire relevant management skills in ascending levels of sophistication.



Management training



Orientation training



KSA (Knowledge, Skills, Abilities)



# 4.1 Employee Care

## ● 4.1.3 Facilitate Employee Adaptive Development

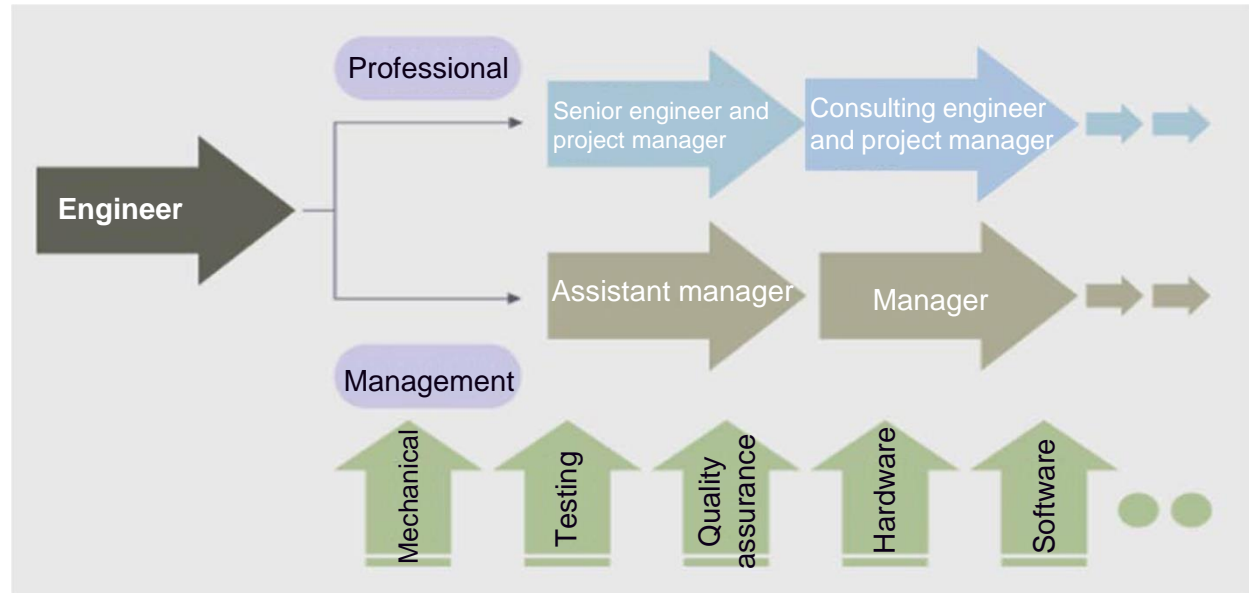
### Life Time Learning Scheme

MiTAC encourages managers to further their continuing education in master’s programs and EMBA programs so that they can improve their professional and management skills. Further to the subsidy of tuition fees, MiTAC also permits relevant personnel to take leave in the duration of the study every month. Under this arrangement, related personnel can be concentrated on learning.

### Career Development

MiTAC helps its people properly plan for their career lives by adopting a dual-track system for promotion. The managers will communicate with the personnel for promotion on the basis of the organizational needs, and select those who are competent in professional skills or management capacity.

At the same time, MiTAC also practiced the global job rotation system to assist its people to develop more than one professional skill as a means for long-term human resources development and strengthening the competitive power of the enterprise.





# 4.1 Employee Care

Index > MiTAC and the Social > Employee Care > Creating a Friendly Work Environment

## ● 4.1.4 Creating a Friendly Work Environment

### Flexible Work Hours

In order to free our employees from the pain of traffic congestion during commuting, as well as to cater to the commuting needs of colleagues to live far away from the office, the company has devised a flexible work hours system with one hour leeway (clock-in: 7:30-9:30am/out: 16:30:00-18:30). The system was implemented to save commuting time for our colleagues, so that they can achieve quality and balance between work and family life.

### Safe and Comfortable Work Environment

#### Well-illuminated Office

Office workers spend at least 8 hours a day in the office. Being a people-oriented Company, MiTAC values the comfort of our employees while working, and thus we have created a bright, spacious office space that is furnished with ergonomic desks and chairs for each employee to minimize their physical fatigue and maintain their health.



Ergonomically designed office space



Art gallery



Recreational space



## 4.1 Employee Care

Index > MiTAC and the Social > Employee Care > Creating a Friendly Work Environment

### ● 4.1.4 Creating a Friendly Work Environment

#### Safe and Comfortable Work Environment

MiTAC provides a safe and low-risk work environment, encompassing physical security of the plant and the safety of the employees. All plants of MiTAC have been accredited by a third-party of the ISO14001 and OHSAS18001 systems. In addition, MiTAC designs and executes its HSE system in compliance with applicable laws, international rules, and its own internal standards. Designated functions, like Plant Administration, Equipment, and HSE are responsible for the monitoring of safety and health under standard operation procedures subject to strict assessment and approval before implementation.

The plants are required to properly enforce RBA and conduct safety inspection and organize events for safety education in order to monitor risk and review potential threats to safety. MiTAC sees the health and safety of employees as a vital asset of the corporate sustainable development, and will commit all necessary resources to maintain an appropriate work environment for the safety and health of employees.

#### Restaurant and Living Area

Colorful, vibrant elements are employed to design the restaurant and living area, where colleagues may enjoy lunch and supper in a delightful ambiance and setting. Jian Nature Health-Living has opened a branch store in the Company to provide our colleagues with healthy diets and safe, toxin-free foods.



Pleasant dining environment



Jian Nature Health-Living – Safe food ingredients for your peace of mind



Well illuminated and ventilated



## 4.1 Employee Care

Index > MiTAC and the Social > Employee Care > Creating a Friendly Work Environment

### ● 4.1.4 Creating a Friendly Work Environment

#### Safe and Comfortable Work Environment

##### Well Stocked library with a Vast Collection of Diverse Books

When employees grow, so do we. MiTAC constantly strives to help our employees advance their knowledge and skills, thus a library was created in the company, where librarians are hired to manage the abundant collection of books using the professional library management system. Moreover, books and magazines in various disciplines are purchased regularly for our colleagues to check out and read. In 2019, MiTAC's library had a collection of over 4,300 books and 30 periodicals for the reading pleasure of our colleagues.

##### Accessible Facilities

In order to provide disabled employees with a more friendly work environment, MiTAC has designed signs, wheelchair ramps and handrails along major routes in the office. Furthermore, accessible toilets and parking spaces are also created to minimize any inconvenience at work.



Comfortable, bright library



Friendly, convenient accessible facilities



In 2019, MiTAC's library had a collection of over 4,000 books



## 4.1 Employee Care

Index > MiTAC and the Social > Employee Care > Creating a Friendly Work Environment

### ● 4.1.4 Creating a Friendly Work Environment

#### Friendly Nursing Space

##### Maternity Protection Measures

In order to assist our female colleagues to achieve a work-life balance, and alleviate any physical and psychological discomfort that may occur during and after their pregnancy, the Company has thoughtfully designed 5 nursing rooms and 10 pregnant women's parking spaces and provided them with care and counseling. The aim is to support our female colleagues during their pregnancy.

##### MiKids Land

The "MiKids Land" is established for employees to take care of their children more conveniently at work and fulfill temporary childcare needs. Employees can bring their children to work to take care of them while working. In 2019, MiKids Land provided childcare services 315 person-times. This flexible childcare policy has earned employee recognition and keeps them free from worries.



Ergonomically designed office space



Art gallery



Recreational space



## 4.1 Employee Care

Index > MiTAC and the Social > Employee Care > Creating a Friendly Work Environment

### ● 4.1.4 Creating a Friendly Work Environment

#### Gender Friendly

The Company perceives great importance in gender equality and emphasizes gender equality and independence among our employees. MiTAC's comprehensive measures and spatial design have helped to eliminate gender related problems for our employees.

#### **Stress the Concept of Gender Equality**

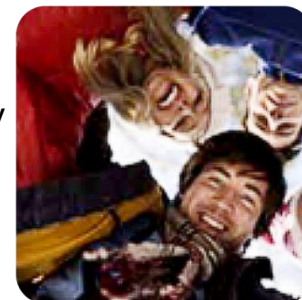
Equal remuneration between male and female employees, as well as equal opportunities for promotion. The concept of gender equality is fostered among our employees through internal email and the employee section.

#### **Established Task Force on Sexual Harassment**

If our employees encounter verbal harassment at work, they may file a complaint through the complaint hotline, and the Company will form a task force to conduct a fair investigation and decide on the subsequent course of action. If the allegation is proven to be true, counseling and the individual responsible will be dealt with accordingly in order to protect the rights of our employees. Over the last 3 years, no such complaint has been received, indicating that MiTAC has applied the philosophy of gender equality to the work environment.

#### **Established Gender Friendly Facilities**

With gender independence in mind, the Company has established gender friendly facilities, such as gender friendly toilets, in order to minimize problems associated with gender identity.





## 4.1 Employee Care

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### ● 4.1.4 Creating a Friendly Work Environment

#### Employee Healthcare

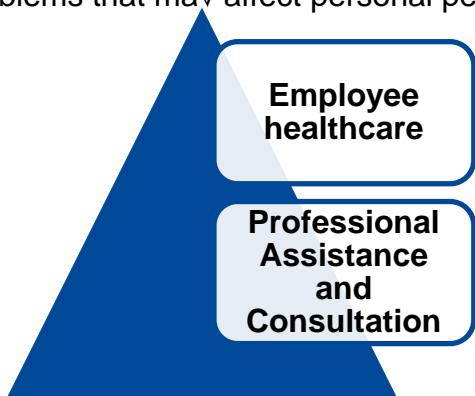
The company values the health of our employees' body and mind, therefore in addition to establishing safe, comfortable fitness facilities, regular health examinations are also conducted for them. Prior to their health exams, self-assessment questionnaires are provided for employees to understand their physical and mental health. Furthermore, consultations with doctors are arranged during the health examination to help the employees assess their health conditions and achieve physiological protection. Furthermore, MiTAC has invited a team of physicians from the Veterans General Hospital to regularly conduct professional face-to-face consultation services, providing our colleagues with professional medical advice.

#### Professional Assistance and Consultation

In order to prevent and resolve any organizational or personal issues that may decrease our employees' productivity, so that they can engage in work with a healthy body and mind, in turn enhancing corporate competitiveness and creating a win-win situation between capital and labor, our employees may seek assistance through the following professional channels.

#### Human Resources Unit

MiC's HR unit can provide our colleagues or department directors with timely assistance regarding issues such as: employee attendance, performance and emergency relief. Professional, caring perspectives are utilized to help our employees determine problems that may affect personal performance at work and resolve them.







## 4.1 Employee Care

Index > MiTAC and the Social > Employee Care > Creating a Friendly Work Environment

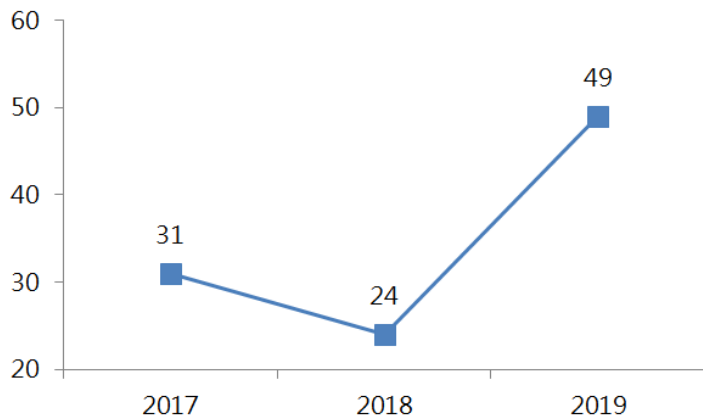
### ● 4.1.4 Creating a Friendly Work Environment

#### Professional Assistance and Consultation

##### Employee Assistant Program (EAP)

- MiTAC has been working with professional consultant teams to launch our EAP (Employee Assistant Program) with a team of experts comprising psychological therapists, legal councilors, nutritionists, financial consultants and so forth.
- Through professional counseling and channels such as seminars, articles and EAP websites, we provide employees and their families professional advice in their daily life, including pressure from the workplace, interpersonal relationships, family and marriage, the two genders, law, wealth management, and health care so that they could maintain proper balance in the workplace, in daily life, and in health.
- Employee Assistant Program (EAP) provides year-round service for personal/work related problems. (Consultation services are protected by privacy policy)

Number of EAP users (Unit: Number of person)



MiTAC 

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## 4.1 Employee Care

Index > MiTAC and the Social > Employee Care > Bilateral Communication Between Capital and Labor

### ● 4.1.5 Bilateral Communication Between Capital and Labor

#### Diverse, Open Communication Channels

For the realization of its corporate philosophy of humanity in management, MiTAC provide two-way transparent communication channels and actively creates different environments of communications. MiTAC values the ideas of the employees in order to buttress labor-management harmony. This will be essential for creating a win-win situation between the enterprise and the employees.

We have set up a range of offices for globalization and diversification. To hold meetings smoothly across offices and regions and save employees from the tiredness and risk of traveling, we have purchased various communication products to facilitate employees to hold multinational discussions and meetings.

- Video conferencing equipment: MiTAC has invested about NT\$10 million in setting up high definition and high stability videoconferencing equipment connecting the 9 locations in Taiwan, China, USA, and the UK. This facility helps to bridge the distance and makes business meetings more efficient.
- Diverse communication: MiTAC people can view the monthly magazine and the quarterly magazine published by the group over the web so that they can understand the status of operation and the latest products launched by the Company to market. Indeed, internal communication is viable at MiTAC.

Complete videoconference equipment



Multinational Communication



Comprehensive communication platforms





# 4.1 Employee Care

Index > MiTAC and the Social > Employee Care > Bilateral Communication Between Capital and Labor

## 4.1.5 Bilateral Communication Between Capital and Labor

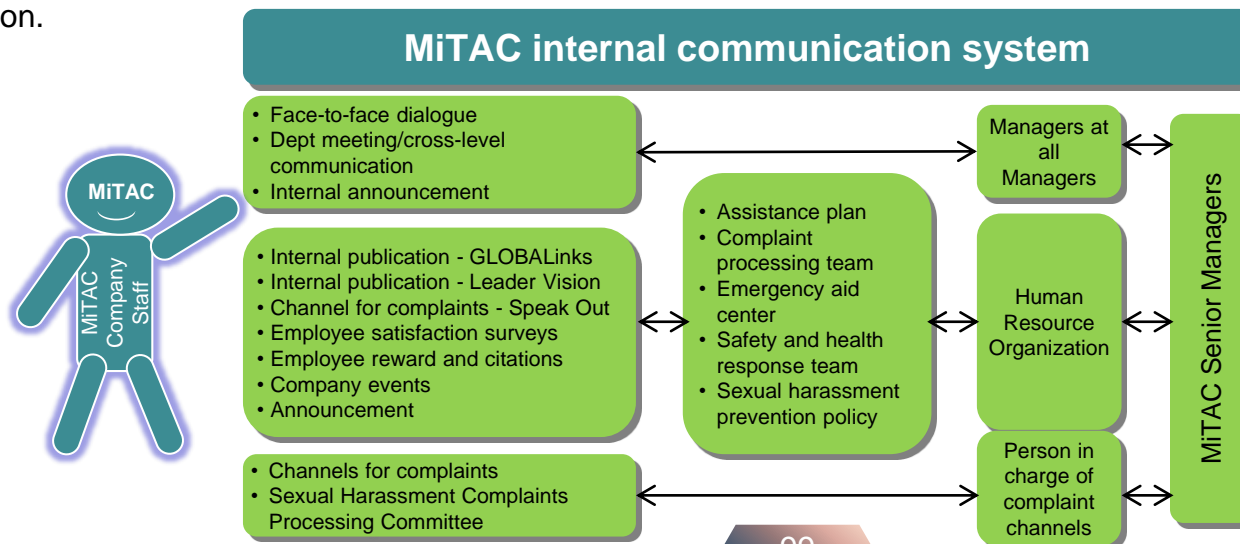
### Opinion Exchange

#### Established interactive Website

Through the Company's internal website, MiTAC is able to announce corporate governance related rules and regulations, as well as the latest developments within the Company. Furthermore, an interactive area has been created, allowing the employees to voice their thoughts and opinions besides receiving the latest work/life related information, as well as information from the employee welfare committee.

#### Speak Out Hotline is Provided

In encouraging positive interaction between capital and labor, MiTAC values each employee's opinion and thus has created the "Speak Out" email for the employees so that they could use this channel to speak what is on their mind. Upon receiving the messages from relevant employees, the employee relation personnel will review and reply with caution. Where necessary, these personnel will not disclose the name of the complainant for their protection, and call for the related team to map out relevant corrective action plans to make sure the voices of the employees are heard and responded to in a timely fashion.





# 4.1 Employee Care

## ● 4.1.6 Promoting Work-life Balance

### Fostering Employees' Physical and Mental Health

#### MiGYM-Professional Fitness Center

MiTAC values the health of our employees' body and mind, therefore we have established a comfortable fitness center equipped with comprehensive equipment in the company for our colleagues to workout in their spare time. At the same time, professional instructors are hired to offer activities such as boxing aerobics, yoga and dance. The fitness center also features showers, allowing our colleagues to shower and change after their workout.

#### Thoughtful Massage Service

When the Company was founded, we employed 5 visually impaired employees to offer a massage service, so that our colleagues can find relief in a relaxing ambiance. This is also a means of providing employment opportunity for the physically and mentally impaired.

#### Life Knowledge Lectures

We organize comprehensive talks from time to time in collaboration with various organizations to provide employees with various daily life knowledge. In 2019, we arranged talks on 5G, fire safety and health attended by 419 employees and their family with heated feedback.

Lecture Title
Forward-Looking Trend of 5G
MiTAC Knows You: Heartrate Screening
Fire Safety Talk + Emergency Escape Drill
Health Talk: Winter Vascular Protection—On Blood Pressure Control
Health Talk: AED/CPR Training/Education



Health Talks



Forward-Looking Trend of 5G



MiGYM



## 4.1 Employee Care

Index > MiTAC and the Social > Employee Care > Promoting Work-life Balance

### ● 4.1.6 Promoting Work-life Balance

#### Support Employees' Values in Life

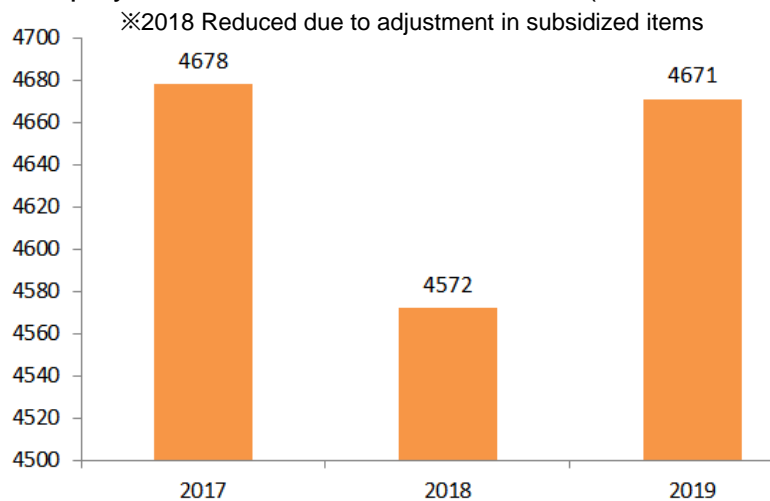
##### Employee Welfare Committee Cares

MIC offers comprehensive, diverse welfare measures through the employee welfare committee, including: gift for festival to show that the company cares about them; furthermore, gift money is disbursed for three major festivals in Taiwan in order to recognize their contributions to the company. In this year, the employee welfare committee disbursed over NT\$ 5 million in related grants.

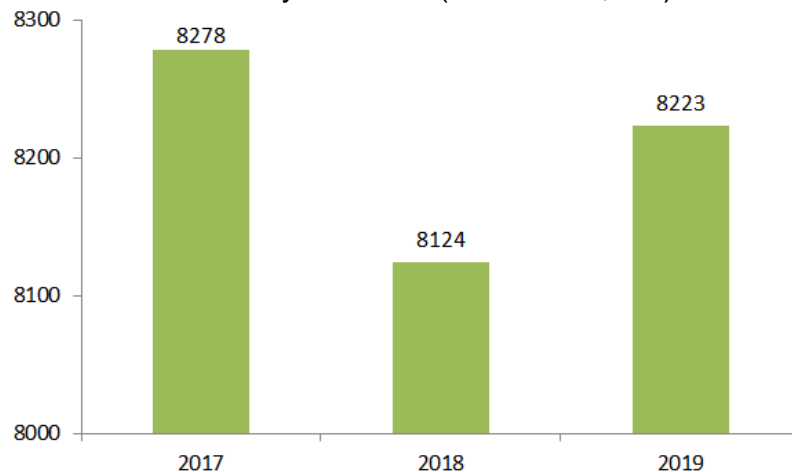
##### Travel Grants

To encourage employees to fully relax themselves after busy work, the Employee Welfare Committee (EWC) offers annual travel allowances. In 2018, the amount was over NT\$8 million for over 1,000 employees to enjoy this benefit.

Employee Welfare Committee statistics (Unit: NT\$1,000)



Employee Welfare Committee travel subsidy statistics (Unit: NT\$1,000)





# 4.1 Employee Care

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## ● 4.1.6 Promoting Work-life Balance

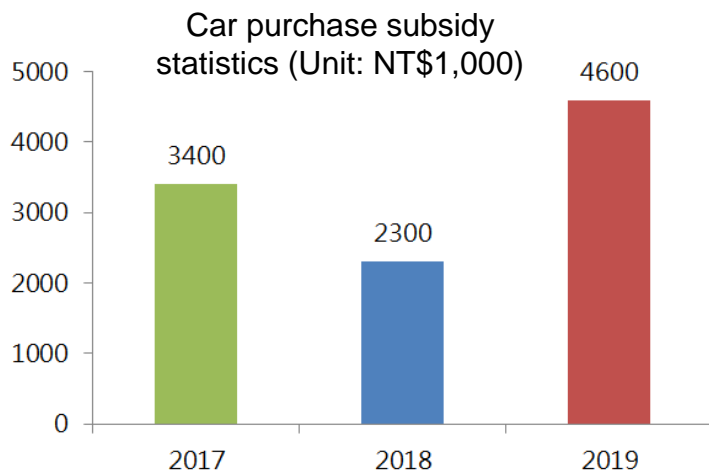
### Support Employees' Values in Life

#### Complete Group Insurance Plan

MiTAC seeks to provide additional protection for our employees. In addition to the coverage of labor insurance and national health insurance, MiTAC also provides comprehensive Group insurance for the employees and their dependent family members at a lower premium rate for better protection. Expatriate employees are also given higher group insurance to allow them to work overseas with peace of mind.

#### Car Purchase Subsidy

In catering for the transportation and commuting needs of our employees, the Company provides fixed amount, interest-free car loans. Two applications are available every year, and a total of more than NT\$4 million was allocated for our colleagues' benefit this year.



Subsidized amount varies depending on the number of applications received

Group insurance coverage	
Item	Insurance coverage
Life insurance	Death benefit
	Level 2-11 disability benefit
	Accelerated critical illness benefit
Accident insurance	Accident benefits
Health insurance	Daily hospital benefit
	Accident medical care benefit
	Outpatient surgery benefit



# 4.1 Employee Care

Index > MiTAC and the Social > Employee Care > Promoting Work-life Balance

## 4.1.6 Promoting Work-life Balance

### Encouraging Interactions Among our Employees

#### Employee Family Day

MiTAC invites hardworking employees and their families supporting them on outings on Family Day to gain physical and mental health. The 2019 Family Day was held at The Great Roots Forestry Spa Resort in Sanxia. Different types of activities were planned for 600 adults and children to amuse themselves.



#### Year-end Banquet

At the end of each year, we hold the year-end dinner party to reward the hard work of employees. Apart from a fine dinner, employees give performances to show their talent. Their great performances won the applause of both officers and employees. Year-end dinner party over the years. With an attendance rate over 90%, the party was a hit, both the house and the guests were well amused.



Year-end banquet



Year	Participants
2017	1,361
2018	1,309
2019	1,670

Attendance of year-end banquet



Family Day: The Breath of Forest with MiTAC



# 4.1 Employee Care

Index > MiTAC and the Social > Employee Care > Promoting Work-life Balance

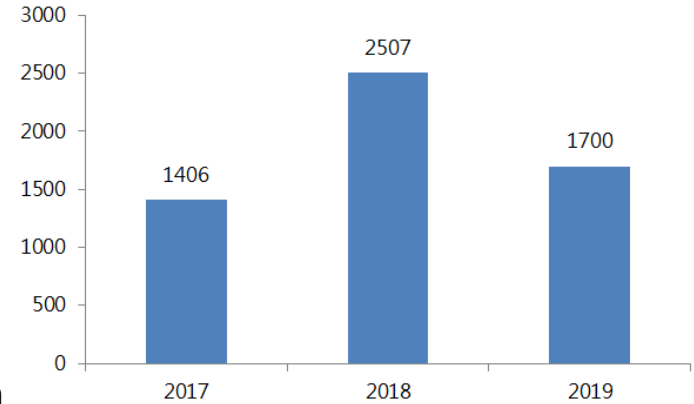
## 4.1.6 Promoting Work-life Balance

### Encouraging Interactions Among our Employees

#### Birthday Party

Employee Welfare Committee regularly organizes birthday parties for our colleagues. Aside from exquisite meals, entertainment programs are also arranged in conjunction with the festival of the month. In total, over 1700 employees from 2 regions celebrated birthdays together.

Number of birthday party participants



#### Social Clubs

The Employee Welfare Committee provides a diverse selection of social clubs, including: boxing aerobics, bowling, coffee club or table game club etc. in addition to offering our colleagues to blow off steam and demonstrate their talents outside of work. In 2018, a total of over 3000 people participated in 20 social clubs across 3 regions.

Number of social club participants

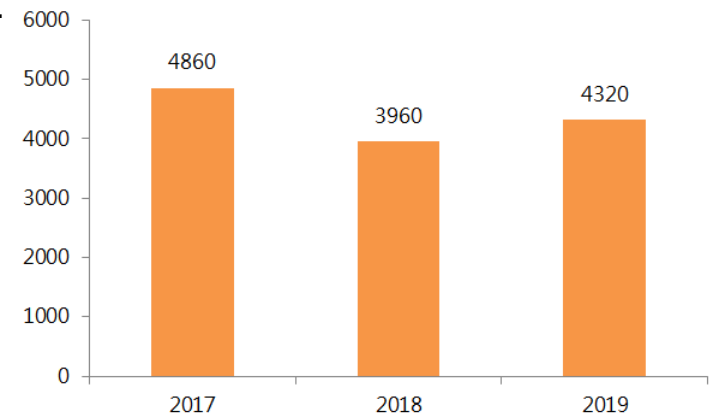


Table Football Club Activity



Body Combat Club





# 4.1 Employee Care

Index > MiTAC and the Social > Employee Care > Promoting Work-life Balance

## ● 4.1.6 Promoting Work-life Balance

### Encouraging Interactions Among our Employees

#### Charitable in-kind and Monetary Donations and Charitable Sales

Employees never forget charity after work and reach out to the vulnerable groups in society. Through internal in-kind donation, flea market charitable sales, regular monetary donations and blood donation, we provide recipient groups with timely aid and appropriate resources support. In 2019, we donated over NT\$400,000 and hundreds of items to repay society in real action.

#### Art Exhibition at the Art Corridor

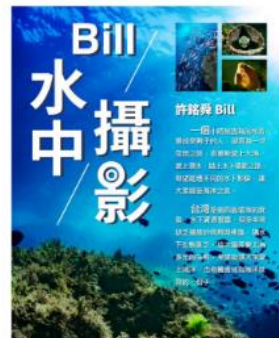
Apart from changing works regularly at the art corridor for employees and visitors to appreciate, we give full support to employees to display their paintings or photographic work at the corridor by setting up exclusive display areas for them to share their works with more people.



Blood Donation



Charity Activity at Northern Region Children's Home



Art Corridor Exhibition





## 4.1 Employee Care

Index > MiTAC and the Social > Employee Care > Promoting Work-life Balance

### ● 4.1.6 Promoting Work-life Balance

#### Employee Care Measures

##### Emergency Relief Fund

In addition to providing our employees with daily assistance, MIC also provides them with comprehensive care in the event of natural disaster or emergency. If colleagues are injured and hospitalized or killed in an accident or disaster, the company's representatives and management will immediately pay a visit to provide the employees and their families with consolation money in order to console them.

##### Emergency Relief

If the employees require financial assistance after experiencing an accident, the company will help them apply for an emergency loan ranging from NT\$ 100,000 to 300,000 in order to get them through difficult times. In 2019, employees applied for special assistance from MIC due to car accidents, and they have since been reinstated after timely assistance from the HR unit.

##### Emergency Relief Abroad

If expatriate employees are in need of support due to illness or major accident, the company will provide emergency relief abroad such as emergency medical transfer back to Taiwan for treatment, or local emergency medical assistance will be arranged.

##### Critical Patient Care

If an employee is suffering from severe illness, we will immediately activate the employee assistance program (EAP) to provide employees with more days of sick leave to maintain his social security and income during the treatment. We also give him our spiritual support, so that he can reinstate in the same position after recuperation and continue to grow with the company. In 2019, we offered a total of 180 days of sick leave for employees suffering from severe illness to recuperate without worries.

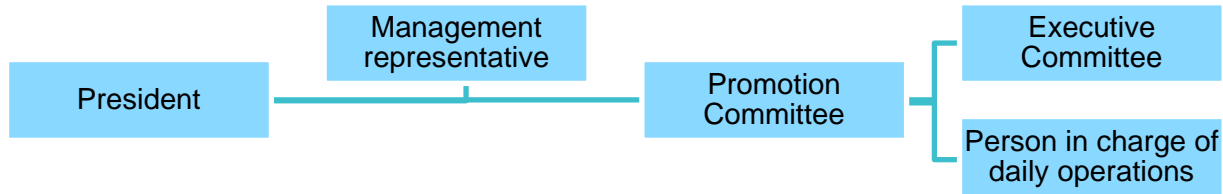




# 4.1 Employee Care

## ● 4.1.7 Environmental Health and Safety

HSE management performance is our concern. We provide stakeholders including customers, communities, and partners with a safe, low environmental load, and highly efficient operating base. In view of the importance of the continual HSE improvement, top management of the plant sets up the EHS organization, with labor representatives holding a minimum of one-third of seats in compliance with the Occupational Safety and Health Act. In addition, we have implemented and passed ISO 14001, OHSAS18001, and RBA certification and implement various programs through the PDCA cycle to achieve continual improvement.



Implement and enforce environmental health and safety management to eradicate unsafe environment and conducts and avoid accidents from occurring repeatedly. In 2019 , 1 disabling injuries occurred, and no suspected occupational diseases were discovered during the occupational health examination in the organization. After the post-accident investigation, department supervisors were requested to strengthen promotion on safety awareness.

Statistical table on disabling injuries: Management goal (maintain disabling injury frequency rate (FR) below 6 injuries per million man-hours worked)				
MiTAC Holdings Corporation	Item	Subtotal	Annual SR	Annual FR
2019	Number of disabling injuries	1	11.62	0.34
	Number of work days lost	34		
	Total working hours (hours)	2,927,176		

Disabling injury frequency rate (FR) calculation formula=Number of disabling injuries\*1,000,000 / total hours worked

Disabling injury severity rate (SR) calculation formula=Number of work days lost over the year\*1,000,000 //total hours worked over the year



## 4.2 Social Participation

Index > MiTAC and Society > Social Participation > Yu Shiu Education Foundation

### ● 4.2.1 Yu Shiu Education Foundation

As always, MiTAC upholds the idea of “Taking from society and giving back to society” as only a harmonious society can produce a blueprint for the sustainable development of an enterprise. Only a society of perpetual progress can make room for the sustainable growth of an enterprise.



### The Three Perpetual Pillars of MiTAC:

Develop good talents in technology

Advocate low carbon living

Concern for disadvantaged groups

Give back to society with professionalism, products and services. Get involved in public relations and marketing and support social concerns in order to serve society better.



## 4.2 Social Participation

Index > MiTAC and Society > Social Participation > Yu Shiu Education Foundation

### ● 4.2.1 Yu Shiu Education Foundation

#### Y.S. Award on Campus, Multiple Themes, Caring for the Society, Development of Good Talent in Technology and Design

The Yu Shiu Education Development Foundation established under the sponsorship of MiTAC and its affiliates began to organize the annual Y.S. Award on Campus for the Development of Good Talents in Technology and Design in 2003. The event aims to promote product design education and develop software programmers in colleges and universities.

MiTAC gets to know young students through its assistance in the contest and related promotion. MiTAC employees also shared their experience in the industry with the students, particularly the experience in brand product design and the practice of global marketing, and the GPS and travelling related issues. MiTAC encourages students to apply their creativity to portable devices and software application.





## 4.2 Social Participation

Index > MiTAC and Society > Social Participation > Product Donations

### ● 4.2.2 Product Donations

#### Raising Funds for Cancer Children by Sponsoring Filipino Golf Game

We sponsored the 10.10.10 Fun Charity Golf Tournament organized by Autohub, the parent company of our Filipino agent ACCS of Mio products. According to the organizer, the event aims to raise funds for Davao Children's Cancer Fund Inc. and bring each golfer a fun golf tournament.

Apart from sponsoring the Gold Package award, Mio added the MiVue™ C360 dashcam as the prize for winners to support charity.

Apart from expressing care for and supporting children suffering from cancer, Mio introduced MiTAC products to all participating in the tournament to demonstrate the brand's commitment to traffic safety protection.

10.10.10 Fun Charity Golf Tournament: <https://www.101010golf.com/>





## 4.2 Social Participation

Index > MiTAC and Society > Social Participation > Product Donations

### ● 4.2.2 Product Donations

#### Sponsoring Filipino Liter of Light

Mio and partner ACCS sponsored the Liter of Light charitable activity to provide affordable solar energy to people living with limited electricity. By adding water and bleach in a plastic bottle, the solar bulb can be installed at the rooftop to reflect light indoors to bring light to people living in poverty. The event initiator ignited the “green energy van” to travel across islands in the Philippines. We sponsored the Mio MiVue™ 792 and MiVue™ A30 on the van for traffic safety to express our care for local society.

LITER OF LIGHT website: <https://literoflight.org/>





## 4.2 Social Participation

Index > MiTAC and Society > Social Participation > Blood Donation Promotion

### 4.2.3 Blood Donation Promotion

#### One Bag of Blood for One Life

Employees of both Taoyuan Headquarters and the Hsinchu Plant were enthusiastic about the blood donation in 2019, and both facilities donated a total of 168 bags of blood.







## 4.2 Social Participation

Index > MiTAC and Society > Social Participation > Social Charity

### ● 4.2.4 Social Charity

#### Promotion of Public Welfare Activities – Providing Public Welfare Groups with a Stage to Perform

When the company needs performances, we will invite vulnerable performing groups to give performances. Apart from bringing us entertainment, we provide them with performing opportunities. This policy has won the support and acclaim of the management.

The Siliq Culture and Art Troupe we invited this year was formed by youths from different indigenous ethnic groups to promote indigenous dances and folksongs. It has been invited to perform in different counties and cities. Integrating the dance of different and traditional percussions of different indigenous ethnic groups and modern music, Siliq creates dances of their own.







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Important considerations	GRI Disclosure item	Description	Corporate report chapters	Page number	Note
GRI102 General Disclosure					
Organizational profile	102-1	Name of the organization	2.1.1 Company profile	14	
	102-2	Activities, brands, products, and services	2.1.1 Company profile	14	
	102-3	Location of headquarters	2.1.3 Global locations	17	
	102-4	Location of operations	2.1.3 Global locations	17	
	102-5	Ownership and legal form	2.1.2 Basic information	16	
	102-6	Markets served	2.1 Company Outlook	15	
	102-7	Scale of the organization	2.1.2 Basic information	16	
	102-8	Information on employees and other workers	4.1.1 Employment policy and labor force structure	80,81	
	102-9	Supply chain	3.5 Supply chain management	61	
	102-10	Significant changes to the organization and its supply chain	MiTAC Sustainability Report	5,6	
			3.5 Supplier management	61	
	102-11	Precautionary Principle or approach	2.2 Corporate Governance	20	
			3.1 Green commitment	37	
102-12	External initiatives	3.3.1 Global Climate Change and Greenhouse Gas Inventory	47		
102-13	Membership of associations	2.1.1 Company profile	14		
Strategies	102-14	Statement from senior decision-maker	1.1 The view and commitment of corporate social responsibility	5,6	
	102-15	Key impacts, risks, and opportunities	1.1 The view and commitment of corporate social responsibility	5,6	
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	1.1 The view and commitment of corporate social responsibility	5,6	
	102-17	Mechanisms for advice and concerns about ethics	2.2.7 The practice of business integrity	31	
Governance	102-18	Governance structure	2.2.1 Corporate Governance Organizational Chart	19	
			4.1.1 Employment policy and labor force structure	79	
	102-22	Composition of the highest governance body and its committees	2.2.2 Operation of the Board of Directors	21	
	102-23	Chair of the highest governance body	2.2.2 Operation of the Board of Directors	21	



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Important considerations	GRI Disclosure item	Description	Corporate report chapters	Page number	Note
Governance	102-24	Nominating and selecting the highest governance body	2.2.2 Operation of the Board of Directors	20	
	102-25	Conflicts of interest	2.2.2 Operation of the Board of Directors	23	
			2.2.3 Supervisor's engagement in the operation of the Board of Directors	24	
			2.2.4 The Operation of the Auditing Committee	25	
	102-35	Remuneration policies	2.2.5 The Operation of the Remuneration Committee	29	
	102-36	Process for determining remuneration	2.2.5 The Operation of the Remuneration Committee	29	
102-37	Stakeholders' involvement in remuneration	2.2.5 The Operation of the Remuneration Committee	29		
Communication with stakeholders	102-40	List of stakeholder groups	1.2 Identification of stakeholders	8	
	102-41	Collective bargaining agreements			There is currently no collective bargaining agreement
	102-42	Identifying and selecting stakeholders	1.2 Identification of stakeholders	8	
	102-43	Approach to stakeholder engagement	1.2 Identification of stakeholders	8,9	
	102-44	Key topics and concerns raised	1.2 Identification of stakeholders	8	
Reporting practice	102-45				
	102-46	Defining report content and topic Boundaries	1.2 Identification of stakeholders	8	
	102-47	List of material topics	1.2 Identification of stakeholders	8	
	102-48	Restatements of information	MiTAC Sustainability Report	3	
	102-49	Changes in reporting	MiTAC Sustainability Report	3	
	102-50	Reporting period	MiTAC Sustainability Report	3	
	102-51	Date of most recent report	MiTAC Sustainability Report	3	
	102-52	Reporting cycle	MiTAC Sustainability Report	3	
	102-53	Contact point for questions regarding the report	MiTAC Sustainability Report	3	
	102-54	Claims of reporting in accordance with the GRI Standards	MiTAC Sustainability Report	3	
	102-55	GRI content index	MiTAC Sustainability Report Global Sustainability Report Index (GRI)	3,115	
	102-56	External assurance			There is currently no reference to the External Assurance Report, it will be incorporated in the future



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Important considerations	GRI Disclosure item	Description	Corporate report chapters	Page number	Note
GRI103 Management guideline					
Management guideline	103-1	Explanation of the material topic and its Boundary	1.2 Identification of stakeholders	8	
	103-2	The management approach and its components	2.1 Company Outlook	15	
			2.2 Corporate Governance	19	
			3.1 Green Commitment	37	
			3.3 Response to Climate Change and Global Warming	46	
			3.5 Supply chain management	61	
			3.6 Customer service and satisfaction	70	
			4.1 Employee Care	80	
			103-3	Evaluation of the management approach	2.1 Company Outlook
	2.2 Corporate Governance	19			
	3.1 Green Commitment	37			
	3.3 Response to Climate Change and Global Warming	46			
	3.5 Supply chain management	61			
	3.6 Customer service and satisfaction	70			
	4.1 Employee Care	80			



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Important considerations	GRI Disclosure item	Description	Corporate report chapters	Page number	Note
Economic sphere					
Economic performance	201-1	Direct economic value generated and distributed	2.1.4 Operating results	18	
			4.2 Social Participation	108	
	201-2	Financial implications and other risks and opportunities due to climate change	1.1 The view and commitment of corporate social responsibility	6	
			3.3 Response to climate change and global warming	46	
201-3	Defined benefit plan obligations and other retirement plans	4.1.2 Fair and just talent retention system	85		
201-4	Financial assistance received from government	2.1 Company Outlook	14		
		2.2.2 Operation of the Board of Directors	22		
Market presence	202-1	Percentage of standard entry level wage by gender compared to local minimum wage at significant locations of operation	4.1.2 Fair and just talent retention system	84	
	202-2	Proportion of senior management hired from the local community at significant locations of operation	4.1.1 Employment policy and labor force structure	81	
Procurement practices	204-1	Proportion of spending on local suppliers at significant locations of operation	3.5.1 Types of supply chain and localized procurement	62,63	
Environmental sphere					
Energy	302-1	Energy consumption within the organization	3.3.2 Environmental Information	53	
	302-2	Energy consumption outside of the organization	3.4.4 Green logistics	60	
	302-3	Energy intensity	3.3.2 Environmental Information	53	
Water	303-1	Water withdrawal by source	3.3.3 Water resource	54	
	303-2	Water sources significantly affected by withdrawal of water			Note: No impact
Emission	305-1	Direct greenhouse gas (GHG) emissions (scope 1)	3.3.1.2 Greenhouse gas emissions inventory result	48	
	305-2	Energy indirect (GHG) (scope 2) greenhouse gas (GHG) emissions	3.3.1.2 Greenhouse gas emissions inventory result	48	
	305-3	Other Indirect greenhouse gas (GHG) emissions (scope III)	3.3.1.2 Greenhouse gas emissions inventory result	48	
	305-6	Emissions of ozone-depleting substances (ODS)			MiTAC's manufacturing process and products do not involve the use of ozone-depleting substances
	305-7	NOX, SOX and other significant air emissions.	3.3.1 Global climate change and greenhouse gas inventory	47	



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Important considerations	GRI Disclosure item	Description	Corporate report chapters	Page number	Note
Wastewater and waste	306-1	Water discharge by quality and destination			We are not in an industry requiring intensive water consumption. Therefore, we don't need an effluent discharge policy.
	306-2	Waste by type and disposal method	3.3.2 Environmental Information	52	
	306-3	Total number and volume of significant spills			The company experienced no major spillage in 2019.
	306-4	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention			No hazardous wastes controlled by the Basel Convention were shipped internationally.
Legal compliance	307-1	Non-compliance with environmental laws and regulations			The company did not receive any fines for non-compliance with environmental laws and regulations in 2019.
Supplier environmental assessment	308-1	Percentage of new suppliers that were screened using environmental criteria	3.5.4 Supplier screening and green purchasing	68	
	308-2	Negative environmental impacts in the supply chain and actions taken	3.5.5 Supplier Responsibility Counseling and Auditing	69	
Social sphere					
Employment	401-1	New employee hires and employee turnover	4.1.1 Employment policy and labor force structure	82	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.1.4 Creating a friendly work environment	84	
	401-3	Parental leave	4.1.2 Fair and just talent retention system	87	
Labor/management relations	402-1	Minimum notice periods regarding operational changes	4.1.5 Bilateral Communication Between Capital and Labor	98	
Occupational health and safety	403-1	Occupational health and safety management system	4.1.7 Environmental health and safety	107	
	403-2	Hazard identification, risk assessment, and incident investigation	4.1.7 Environmental health and safety	107	
	403-3	Workers who are involved in occupational activities who have a high incidence or high risk of specific diseases.		107	
	403-4	Worker participation, consultation, and communication on occupational health and safety	4.1.7 Environmental Health and Safety Issues	107	



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Important considerations	GRI Disclosure item	Description	Corporate report chapters	Page number	Note
Training and education	404-1	Average hours of training per year per employee	4.1.3 Facilitate employee adaptive development	88	
	404-2	Programs for upgrading employee skills and transition assistance programs	4.1.2 Fair and just talent retention system	85	
			4.1.3 Facilitate employee adaptive development	88	
404-3	Percentage of employees receiving regular performance and career development reviews	4.1.2 Fair and just talent retention system	86		
Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	2.2.2 Operation of the Board of Directors 4.1.1 Employment policy and labor force structure	20 80	
	405-2	Ratio of basic salary and remuneration of women to men	4.1.2 Fair and just talent retention system	84	
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	4.1.1 Employment policy and labor force structure	78	
Freedom of association and collective bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	3.5.5 Supplier responsibility counseling and auditing	69	
			4.1.1 Employment policy and labor force structure	79	
Child labor	408-1	Operations and suppliers at significant risk for incidents of child labor	3.5.5 Supplier responsibility counseling and auditing	69	
			4.1.1 Employment policy and labor force structure	79	
Forced or compulsory labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	3.5.5 Supplier responsibility counseling and auditing	69	
			4.1.1 Employment policy and labor force structure	79	
Indigenous rights	411-1	Incidents of violations involving rights of indigenous peoples			In 2019, the company was not involved in any incident violating the rights of indigenous people.
Human rights assessment	412-1	Operations that have been subject to human rights reviews or impact assessments			Each base performed human rights check at different levels according to the RBA Committee's resolution.
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	3.5.4 Supplier screening and green purchasing	68	
	414-2	Negative social impacts in the supply chain and actions taken	3.5.5 Supplier Responsibility Counseling and Auditing	69	
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	3.2 Green product design	37	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services			The company did not violate any laws concerning product and service health and safety issues in 2019.





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Important considerations	GRI Disclosure item	Description	Corporate report chapters	Page number	Note
MARKETING AND LABELING	417-1	Requirements for product and service information and labeling	3.1.2 Introduction of Product Design for the Environment	38	
	417-2	Incidents of non-compliance concerning product and service information and labeling			In 2019 the company did not violate any laws concerning product and service information and labeling issues.
	417-3	Incidents of non-compliance concerning marketing communications			In 2019 the company did not violate any marketing laws.
Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data			The company did not receive substantiated complaints regarding breaches of customer privacy and losses of customer data in 2019.
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area			In 2019 the company did not receive any fines for violating the law.
Responsible purchasing (conflict minerals)	LOT-EN1	Supplier screening and green purchasing	3.5.2 Conflict mineral purchasing policy	64	
			3.5 Supply chain management	64	
R&D innovation (Product)	LOT-EN2	Enhance energy efficiency	3.2 Green product design	37	
			3.4 Green Factory	57	
	LOT-EN3	Save material resources	3.2 Green product design	37	
	LOT-EN4	Mitigates environmental hazards	3.2 Green product design	37	
Supplier education and training	LOT-LA1	Improve supply chain management quality	3.5.5 Supplier Responsibility Counseling and Auditing	69	
Enhance staff communication ability	LOT-LA2	Introduce external resources to reinforce employee assistant solutions	4.1.4 Creating a friendly work environment	97	
Public welfare and care	LOT-SO1	Foster diverse cultural cultivation and promote youth education and care	4.2.1 Yu Shiu Education Foundation	108	
	LOT-SO2	Create a lifelong learning environment and learning environment for the underprivileged community	4.2.4 Social Charity	113	
	LOT-SO3	Promote environmental education and implement environmental conservation	4.2.1 Yu Shiu Education Foundation	108	
	LOT-SO4	Cultivate innovative design talents	4.2.1 Yu Shiu Education Foundation	108	