



**MiTAC 2020**



# 2020 MiTAC Sustainability Report



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## MiTAC Sustainability Report



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## Overview

It has been 12 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 2020. 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. 2020 Corporate Social Responsibility Report” covers the period between January 1 to December 31, 2020. Since 2009 we have been publishing the sustainable report every June and disclosing it on the MiTAC corporate website for public access and download to understand our status of operations.

Issued: June 2021 (Next edition will be issued in June 2022)

Company website: [www.mitac.com](http://www.mitac.com)



## 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: MiTAC Information Systems Corp. Information will be disclosed with respect to the GRI Standards. The scope of calculation will be explained, including the demonstration sites.

## Report Framework

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

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# 1.1 The View and Commitment of Corporate Social Responsibility



## **Sustainable Operations: Strengthening Corporate Governance and Enhancing Risk Management Continual Improvement Plan**

Due to the COVID-19 pandemic, 2020 was an extremely tough year. Epidemic control, lockdown, labor shortage, transportation disruption and supply chain disruption, none of them had ever happened but all have come one after another. Thanks to the flexible work pattern and mission-oriented culture developed over the years, and alongside the efforts in digital transformation over the past few years, employees of the group could quickly respond to the constantly changing situations and overcome ceaseless difficulties through concerted efforts to timely fulfill the delivery demands of customers. With sustainable operations and steady growth as the bases of management, we put equal emphasis on business operations, human assets and environmental protection to achieve the sustainable development of operations, talents and the environment described as follows.

## **Sustainable Operations: Strengthening Corporate Governance and Enhancing Risk Management Continual Improvement Plan**

We constantly improve corporate governance and organizational structure and optimize and enhance information transparency. In the 2020 Corporate Governance Evaluation, we were ranked among the top 6-20% among all listed companies. In the same year, we were also selected as a component of the “TWSE Corporate Governance 100 Index.” Risk management is exceptionally important to MiTAC. Besides establishing a risk assessment mechanism to periodically audit the business process and implementing the continual improvement of risk management, we assessed the COVID-19 condition and information security risk, prevented ransomware attacks and enhanced drilling the disaster recovery of information service.

## **Valuing Talents: Establishing the RBA Committee**

Employees are one of the most important assets to MiTAC. To care about the balanced development of employees in terms of body, mind and soul, besides arranging health checkups for all employees, we also planned health-promoting exercises for employees to participate either individually or in groups in 2020. We also designed a range of activities for employees to reduce body fat in a healthy way through balanced diets and developing the exercise habit. The 2020 global termination rate reduced by 2% from 2019 to 8% and the return rate after parental leave was up to 90%.

To further implement CSR, we established the RBA Committee in both Taiwan and China; reviewed RBA requirements, laws and regulations; valued the rights, interests and benefits of employees; provided employees with reasonable and fair wages and remunerations; treated employees based on humanitarianism; and promoted two-way labor-management communication, in order to build a friendly work environment.

# 1.1 The View and Commitment of Corporate Social Responsibility



## Sustainable Environment: Continuing Emission Reduction and Promoting Green Factory and Green Logistics

To meet China's four VOC standards for electronic and electrical equipment taking effect in 2020, we implemented strict requirements on the volatile organic compounds (VOCs) contained in the coatings, inks and bonding agents used on products and cleaning agents used in plant sites. Extreme weather events have become a desperate issue. Besides continuously controlling greenhouse gas (GHG) emissions to reduce operating costs, we constantly promote green manufacturing at the factories to achieve sustainable development integrating resource efficiency, energy conservation and environmental protection, with focus on energy conservation, water conservation, toxic substance disposal, waste reduction, exhaust reduction, and various environmental protection indicators. In addition, intelligent manufacturing is applied to enhance production efficiency, reduce labor and enhance competitiveness and energy efficiency. In green logistics, we continued to reduce carbon emissions from transportation by integrating truck circular delivery with sea transportation in shipping and replacing air transportation with sea transportation.

## Constant Dropping Wears Away A Stone: Sustainable Operations

We value corporate influence and thus combine integrity and ethics to sustainable development in the code of ethics. Through countless concerted efforts overtime, each supervisor and employee constantly increase their responsibility and commitment for the environment, society, employees and shareholders; strengthen existing strengths and business performance; and team up with all parts of the value chain to influence and contribute to the overall positive environmental, social and economic development.

Chairman Matthew Miau

President Billy Ho

# 1.2 Stakeholder Communication

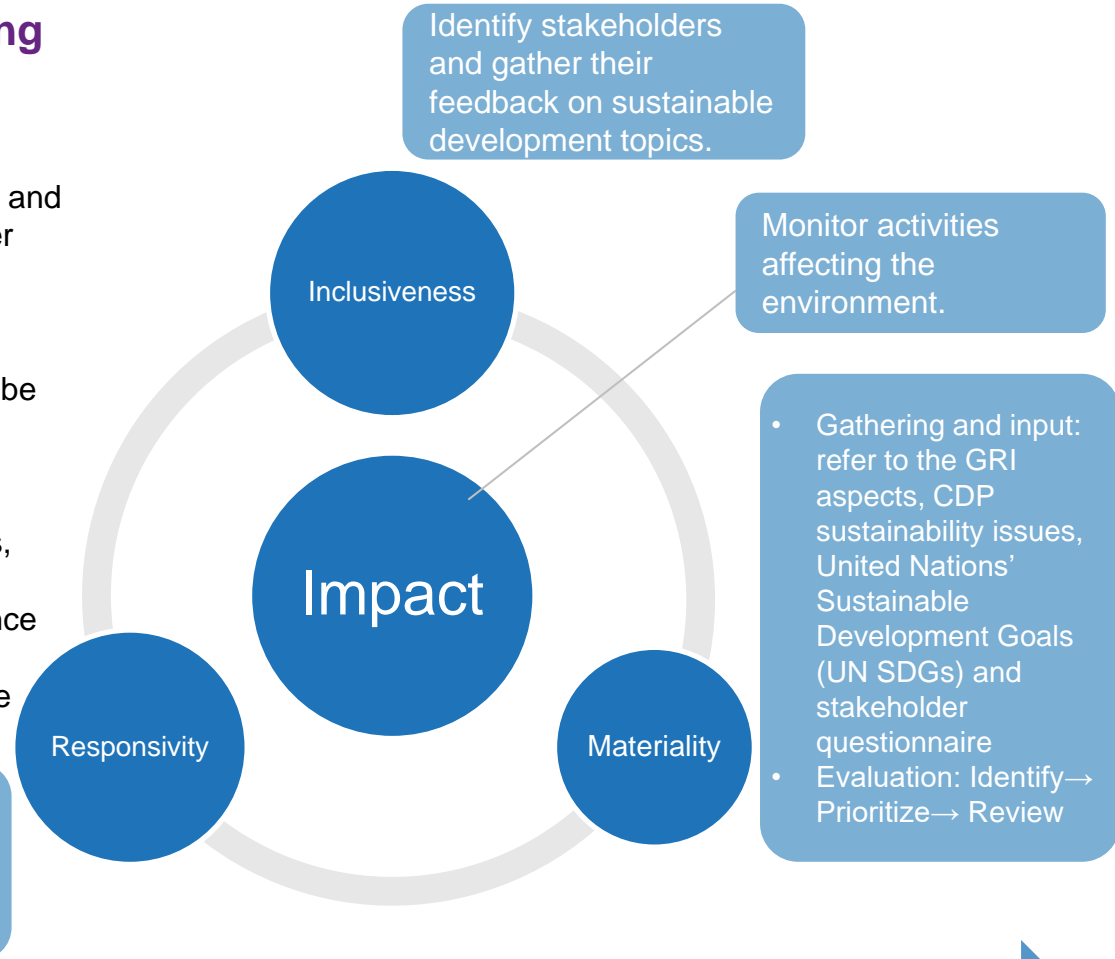


## 1.2.1 Accountability and Reporting Principles

Reference to AA1000AP: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 the sustainability report



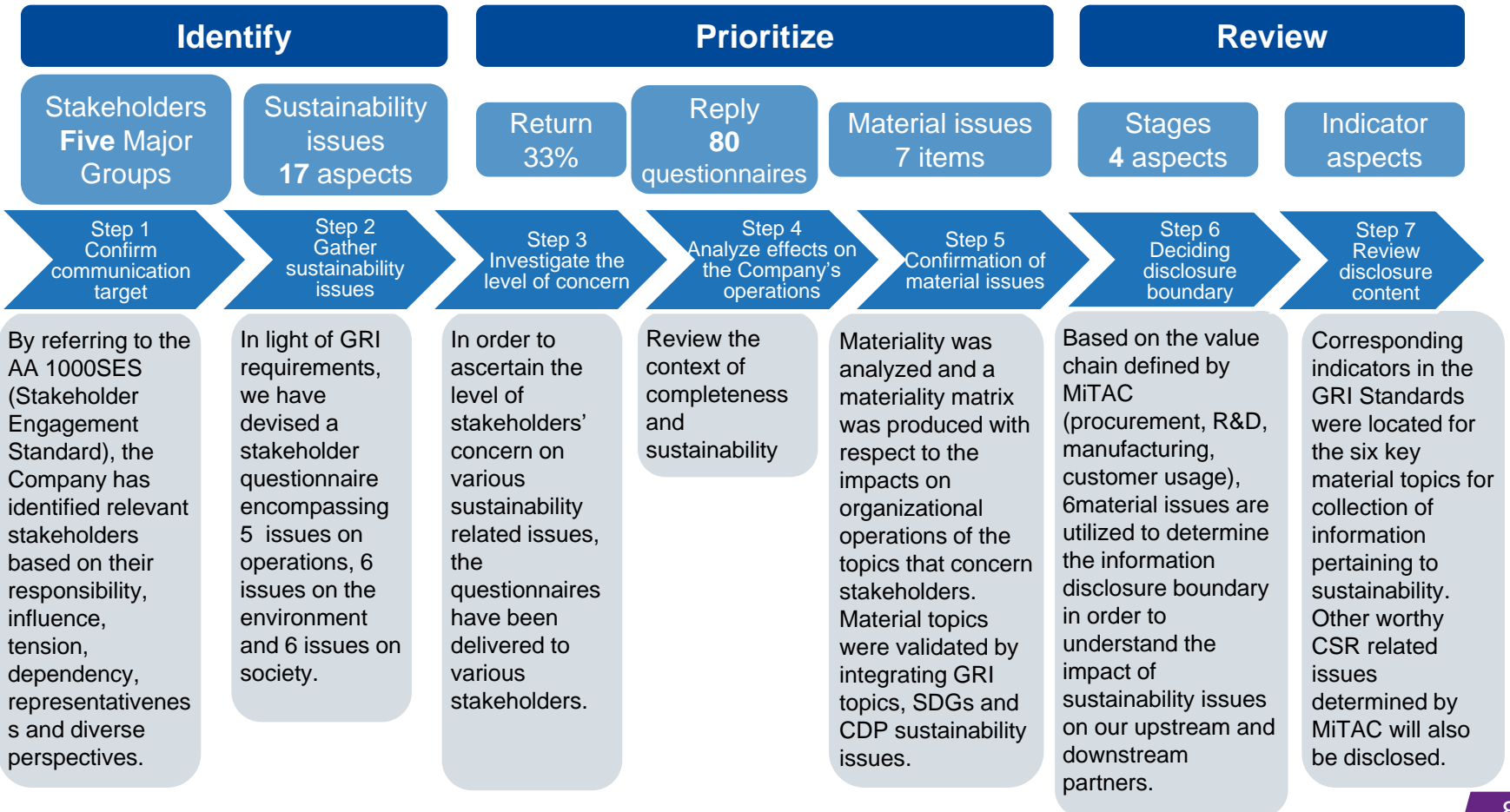
Review the context of completeness and sustainability

# 1.2 Stakeholder Communication



## 1.2.2 Topic Determination through SOPs

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.



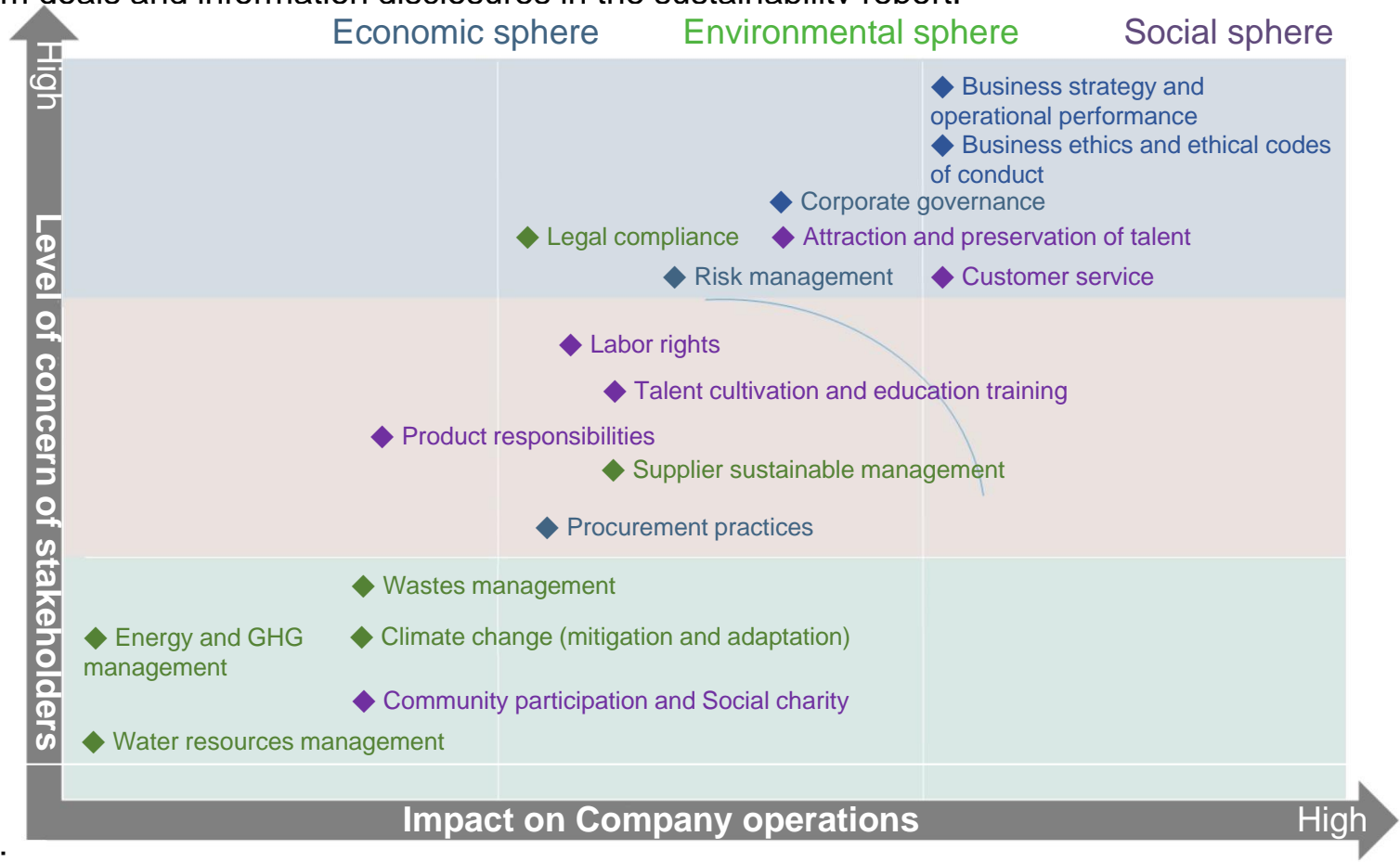


# 1.2 Stakeholder Communication

Index > Corporate Commitment and to Stakeholder with Stakeholders > Identification of Stakeholders



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.



### Description:

- Through resolution, the CSR Team determined that a total of 17 sustainable issues of 2020 were the same as that of 2019.
- Compared to 2019, risk management and customer service were the two new material issues.

# 1.2 Stakeholder Communication



## ● 1.2.3 Material Issues and MiTAC Value Chain

Communication with stakeholders represents the foundation of CSR practices. In conjunction with materiality analysis, 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	102 General Disclosure 201 Economic performance	V	V	V
	Risk management*	102 General Disclosure 201 Economic performance		V	
Social	Customer service*	416 Customer health and safety 418 Customer privacy		V	V
	Attraction and preservation of talent	401 employment, 405 diversity and equality		V	
Environmental	Legal compliance	307 Environmental protection legal compliance		V	

\*New immaterial issues for 2020.

# 1.2 Stakeholder Communication



## ● 1.2.4 General Communication

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 that relate to MiTAC's operations in terms of their responsibility, influence, dependency, tension, representativeness and diverse perspectives. These stakeholder groups included: employees, suppliers/contractors, shareholders/investors, customers and communities.

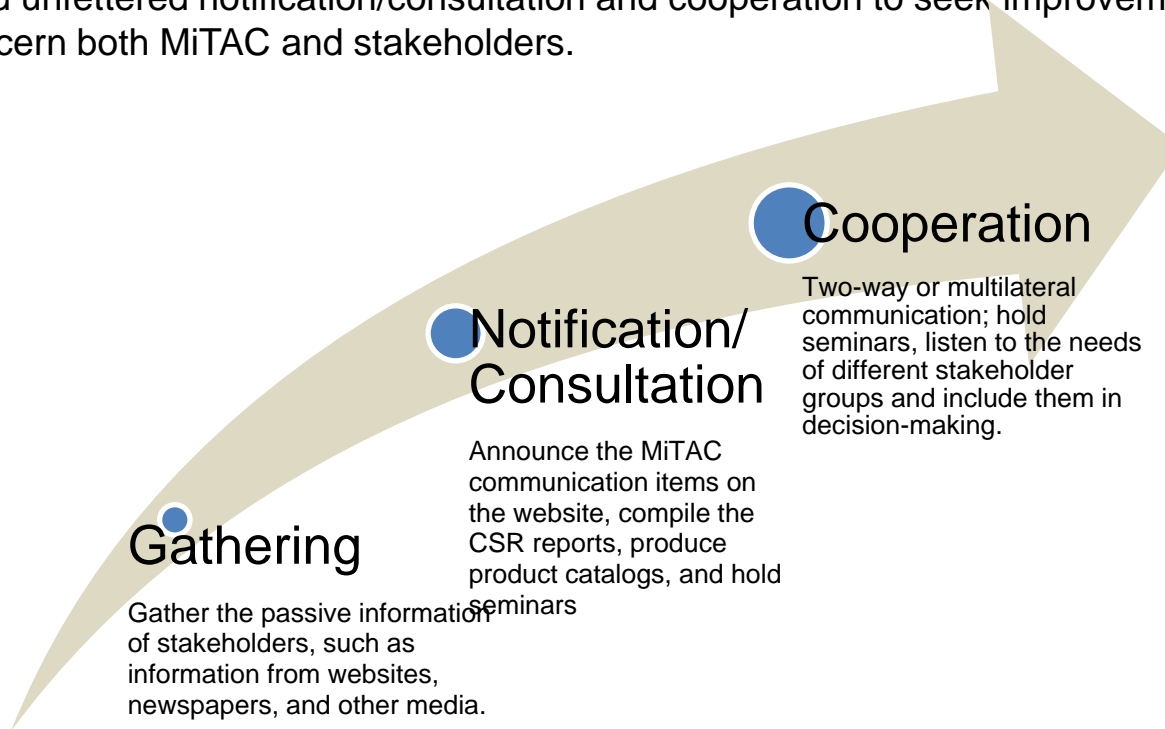
Stakeholders	Concerned Topic	Method and Frequency of Communication	2020 Performance
Employees	<ul style="list-style-type: none"> <li>Business strategy and operational performance</li> <li>Business ethics and code of conduct</li> <li>Corporate governance</li> <li>Attraction and preservation of talent</li> </ul>	<ul style="list-style-type: none"> <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>	<ul style="list-style-type: none"> <li>Four opinions and suggestions from employees.</li> <li>101 portal announcements.</li> <li>Published six volumes of Global Link.</li> </ul>
Investors (Shareholders)	<ul style="list-style-type: none"> <li>Business strategy and operational performance</li> <li>Business ethics and code of conduct</li> <li>Corporate governance</li> <li>Legal compliance</li> </ul>	<ul style="list-style-type: none"> <li>Periodic report of financial and business status.</li> <li>Convening meetings of shareholders to report financial information and future development directions.</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>	<ul style="list-style-type: none"> <li>We publish monthly turnover data and quarterly financial reports</li> <li>One meeting of shareholders and two investor conferences.</li> <li>78 investor inquiries.</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Business strategy and operational performance</li> <li>Business ethics and code of conduct</li> <li>Corporate governance</li> <li>Legal compliance</li> </ul>	<ul style="list-style-type: none"> <li>Addressing the customer's request for CSR from suppliers with respect to the Code of Conduct of the Responsible Business Alliance (RBA).</li> <li>Communication with customers on the product's conformity and legal compliance with the Green Mark.</li> <li>Takes part periodically in CDP (Carbon Disclosure Project) and publishes the status of corporate operation, carbon emission and management.</li> </ul>	<ul style="list-style-type: none"> <li>One customer audit; guidance for VAP certification at Hsinchu Plant.</li> <li>Product Green Mark projects for three customers.</li> <li>Grade C: Climate change/Grade C: Water safety</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Business strategy and operational performance</li> <li>Business ethics and code of conduct</li> <li>Legal compliance</li> </ul>	<ul style="list-style-type: none"> <li>Information survey and collection is conducted through e-SCM</li> </ul>	<ul style="list-style-type: none"> <li>122 CSR undertakings from suppliers.</li> </ul>
Communities	<ul style="list-style-type: none"> <li>Business strategy and operational performance</li> </ul>	<ul style="list-style-type: none"> <li>Through Yu Shiu Education Development Foundation, the PR Division and employee clubs, we actively promoted social engagement, such as organizing the Y.S. Award, funding vulnerable groups, organizing blood donations and sponsoring marathons every year.</li> </ul>	<ul style="list-style-type: none"> <li>973 participants for 575 hours of activities.</li> </ul>

# 1.2 Stakeholder Communication



## ● 1.2.4 General Communication

Stakeholder communication falls into three levels. Besides gathering passive information, we engage in the more active and unfettered notification/consultation and cooperation to seek improvement and realize the issues that concern both MiTAC and stakeholders.



## ● 1.2.5 Communication for Report Preparation

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

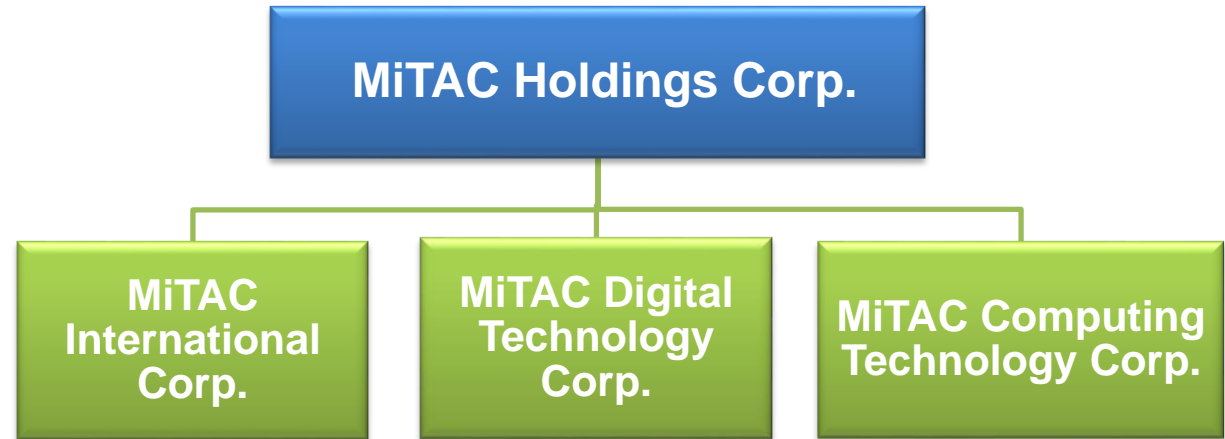
# 2.1 Company Outlook



## 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.



### Membership of associations

- |  |   |  |
|--|---|--|
| <ul style="list-style-type: none"><li>• The Allied Association for Science Park Industries</li><li>• Taipei Computer Association</li><li>• Taiwan Electrical and Electronic Manufacturers' Association</li></ul> | <ul style="list-style-type: none"><li>• The Allied Association for Science Park Industries</li><li>• Taiwan Electrical and Electronic Manufacturers' Association</li><li>• Taiwan Telematics Industry Association</li></ul> | <ul style="list-style-type: none"><li>• The Allied Association for Science Park Industries</li><li>• Could Computing &amp; IoT Association in Taiwan</li><li>• Taipei Computer Association</li><li>• OCP (Open Compute Project) Platinum Membership</li><li>• Peripheral Component Interconnect Special Interest Group (PCI-SIG)</li><li>• Open Data Center Committee (ODCC)</li><li>• Open Networking Foundation (ONF)</li><li>• O-RAN Alliance</li></ul> |
|--|---|--|

# 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 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

12.07 billion



### Global Employees

More than 7,000 persons

### Production Locations

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



### Subsidiary Brands

MDT Brand



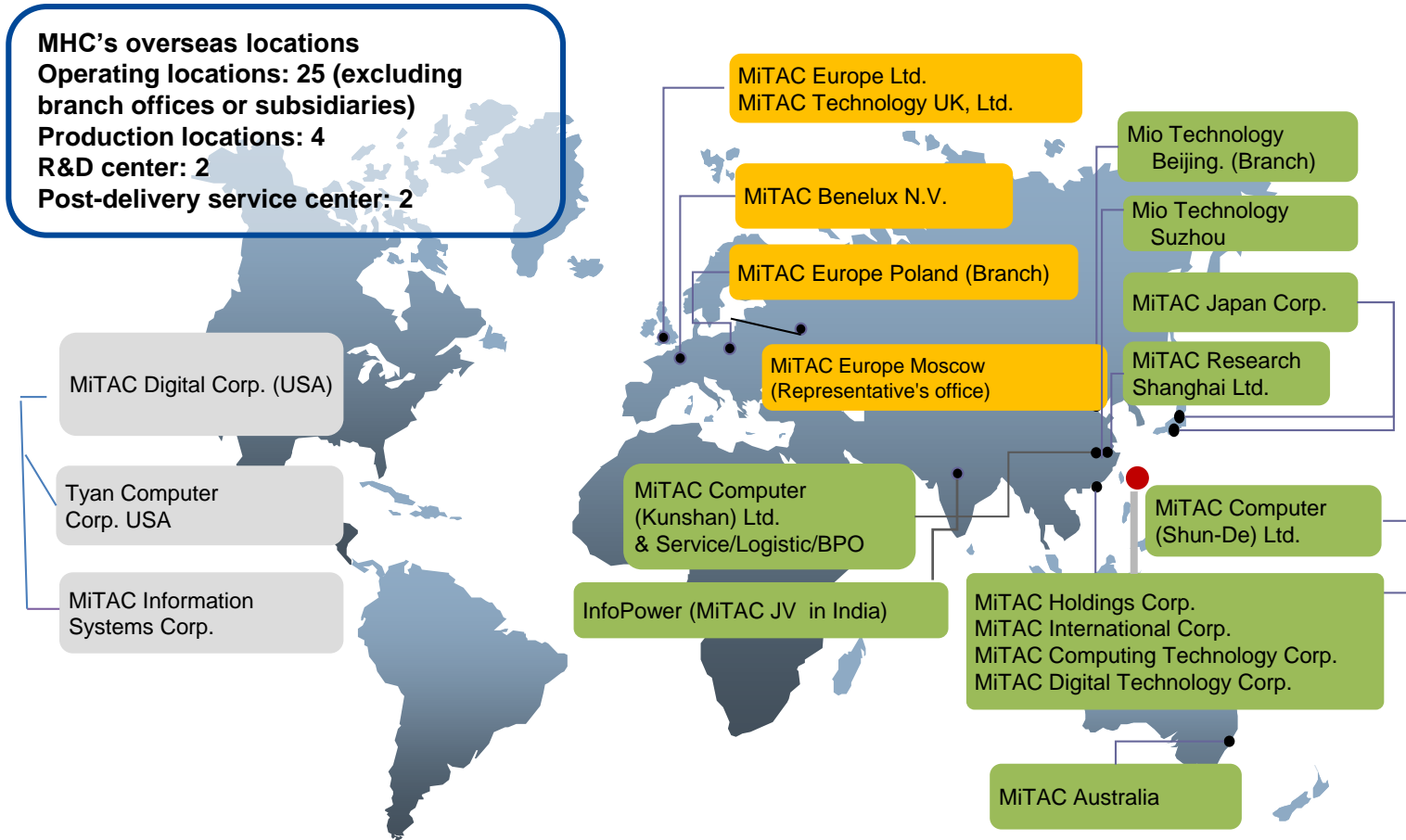
MCT Brand



# 2.1 Company Outlook



## 2.1.3 Global Locations



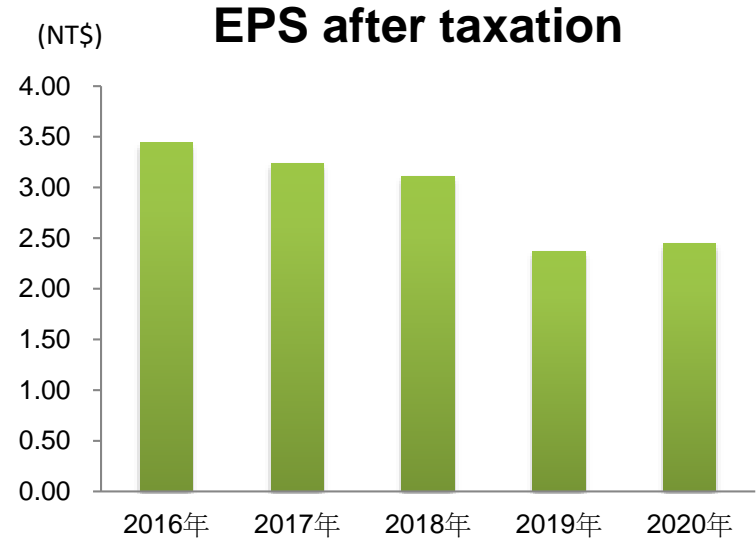
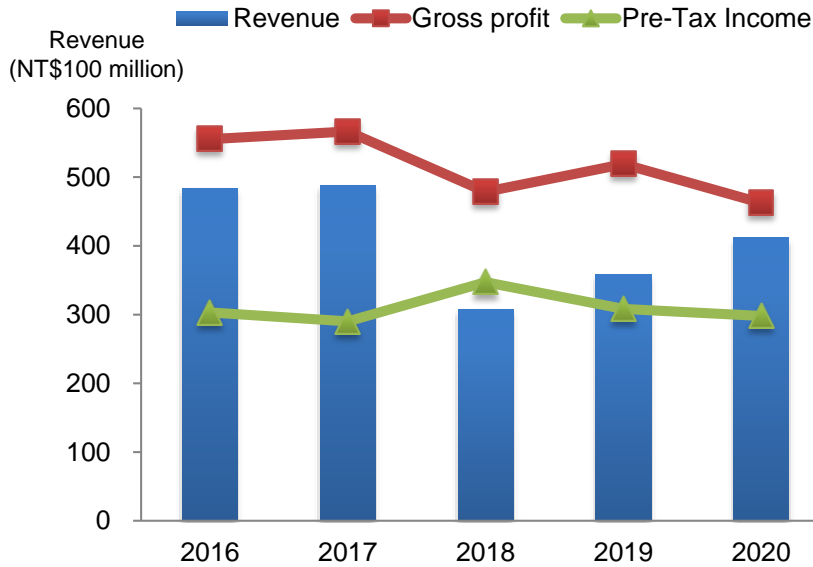


# 2.1 Company Outlook



## 2.1.4 Operating Results

In 2020, MHC's consolidated revenue amounted to NT\$41.146 billion, with earnings before taxation reaching NT\$2.980 billion and EPS of NT\$2.45.



The 2020 earnings distribution proposal was passed at the board meeting on March 8, 2021. The amount of cash dividend is NT\$1.00, which will be reported to the annual general meeting (AGM) of shareholders on May 27, 2021.

# 2.1 Company Outlook

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



## ● 2.2.1 Corporate Governance Chart



## 2.2 Corporate Governance



### ● 2.2.2 Operation of the Board of Directors

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

The Board is formed by 10 directors (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) Concrete management goals: board 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 Board should be equipped with the following abilities in general:

1. Ability to make operating 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 Board composition diversity, members come from backgrounds including finance, accounting and academics, 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 2020 (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%	
Director	Billy Ho	6	0	100.00%	
Director	Yu Cheng Chiao	5	1	83.33%	
Director	UPC Technology Corporation Rep.: Yung-Do Way	6	0	100.00%	
Director	UPC Technology Corporation Rep: Chang Kwang-Cheng	6	0	100.00%	
Director	MiTAC Inc. Rep: Hsu Tzu-Hwa	6	0	100.00%	
Director	MiTAC Inc. Rep: Su Liang	5	1	83.33%	
Independent directors	Lu Shyue-ching	6	0	100.00%	
Independent directors	Ma Shaw-hsiang	6	0	100.00%	
Independent directors	Tsai Ching-yan	6	0	100.00%	

## 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.

Date	Term	Content of the motion	Opinions of the Independent Directors	The company's response to the independent directors' opinions
2020.01.21	The 4th meeting for the 3rd term	Review and approval of year-end bonuses for managers in 2019	None	None
		Ratification of the new policy: provision of external endorsements/guarantees.	None	None
2020.02.27	The 5th meeting for the 3rd term	Proposal to issue 129,273,942 new shares for capitalization with earnings.	None	None
		Replacement of the CPA for financial statements.	None	None
		Changing the chief internal auditor	None	None
		Proposal to set a lending credit for subsidiary MCT.	None	None
		Amendment to part of the "Procedures for Loaning of Funds to Others" and "Procedures for Making of Endorsements/Guarantees for Others."	None	None
2020.05.12	The 6th meeting for the 3rd term	Addition of the credit for capital lending to subsidiaries MiTAC International Corporation and MiTAC Digital Technology Corporation.	None	None
		Establishment the position for the chief strategy officer (CSO).	None	None
		Relief of the part-time post and non-compete restrictions on officers.	None	None
2020.08.11	The 8th meeting for the 3rd term	Review and approval of pay raises for managers in 2020	None	None
		Review and approval of employee remuneration and year-end bonuses for managers in 2019 and 2020, respectively	None	None
		Amendment to the "Internal Audit System", "Enforcement Rules of Internal Audit" and the "Regulations for Management of Financial Statement Production Process."	None	None
			None	None
2020.11.13	The 9th meeting for the 3rd term	Ratification of the new and revoked external endorsements/guarantees.	None	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

- II. In addition to the aforementioned issues, other issues related to the Board of Directors meeting that were objected or commented on by the Independent Directors (recorded or written statements): None.
- 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
2020.01.21	The 4th meeting for the 3rd term	Matthew Miao Billy Ho	Review and approval of year-end bonuses for managers in 2019	Concurrent position as manager	Unanimous approval by all attending board members with voting rights (approved as proposed)
2020.05.12	The 6th meeting for the 3rd term	Matthew Miao	Establishment the position for the chief strategy officer (CSO).	Interested party.	Unanimous approval by all attending board members with voting rights (approved as proposed)
		Matthew Miao	Relief of the part-time post and non-compete restrictions on officers.	Interested party.	Unanimous approval by all attending board members with voting rights (approved as proposed)
2020.08.11	The 8th meeting for the 3rd term	Matthew Miao Billy Ho	Review and approval of pay raises for managers in 2020	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 and year-end bonuses for managers in 2019 and 2020, respectively	Concurrent position as manager	Unanimous approval by all attending board members with voting rights (approved as proposed)

- IV. The 2020 self-assessment of the Board and functional committees (Remuneration Committee and Audit Committee) with respect to the “Regulations for Board Performance Evaluation” showed that the board performance was “excellent” suggesting that Board operations were perfect and complied with the governance standards.

## 2.2 Corporate Governance



### ● 2.2.3 The Operation of the Auditing Committee

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

- (1) In May 2019, the Audit Committee was formed by all independent directors to replace the function of supervisors. The Audit Committee operates according to the “Audit Committee Organization Regulations” to supervise the following matters: a) the fair presentation of the Company’s financial statements, b) the selection (and dismissal), independence and performance of Company’s certificated public accountants, c) the effective implementation of the Company’s internal control system, d) the Company’s compliance with the relevant laws and regulations, and e) the management of the Company’s inherent or potential risks.
- (2) The duties of committee members 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

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### ● 2.2.3 The Operation of the Auditing Committee

II. The company The Auditing Committee of independence Directors convened five times in 2022 (A), and the attendance is shown below:

Titles	Names	Attendance in person (B)	Attendance by proxy	Attendance rate (%) (B/A)	Note
Auditing Committee Member (Convener)	Lu Shyue-ching	5	0	100%	
Auditing Committee Member	Ma Shaw-hsiang	5	0	100%	
Auditing Committee Member	Tsai Ching-yan	5	0	100%	



## 2.2 Corporate Governance

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### ● 2.2.3 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, the resolution and the opinion expressed by independent directors shall be specified:

(1) Matters stated in Article 14-5 of the Securities and Exchange Act:

Board of Directors meeting			Resolution of the Audit Committee	The company's response to the Auditing Committee's opinions
Date	Term	Content of the motion		
2020.01.21	The 4th meeting for the 3rd term	Ratification of the new policy: provision of external endorsements/guarantees.	Approved as proposed by all attending committee members.	None
2020.02.27	The 5th meeting for the 3rd term	Completion of the Company's business report and financial reports for 2019.	Approved as proposed by all attending committee members.	None
		Submission of the 2019 earnings distribution proposal.	Approved as proposed by all attending committee members.	None
		Capitalization of profits by issuing new shares.	Approved as proposed by all attending committee members.	None
		Replacement of the CPA for financial statements.	Approved as proposed by all attending committee members.	None
		Evaluation of the effectiveness of both the design and implementation of the Company's internal control system and issue the "Statement of Internal Control System."	Approved as proposed by all attending committee members.	None
		Changing the chief internal auditor	Approved as proposed by all attending committee members.	None
		Amendment to the Company's "Procedures for Loaning of Funds to Others" and "Procedures for Making of Endorsements/Guarantees for Others."	Approved as proposed by all attending committee members.	None
		Addition of the credit for capital lending to subsidiary MCT.	Approved as proposed by all attending committee members.	None

## 2.2 Corporate Governance

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



### ● 2.2.3 The Operation of the Auditing Committee

(1) Matters stated in Article 14-5 of the Securities and Exchange Act (cont'd):

Board of Directors meeting			Resolution of the Audit Committee	The company's response to the Auditing Committee' opinions
Date	Term	Content of the motion		
2020.05.12	The 6th meeting for the 3rd term	Addition of the credit for capital lending to subsidiaries MiTAC International Corporation and MiTAC Digital Technology Corporation.	Approved as proposed by all attending committee members.	None
2020.08.11	The 8th meeting for the 3rd term	Amendment to the "Internal Audit System", "Enforcement Rules of Internal Audit" and the "Regulations for Management of Financial Statement Production Process." Amendment to part of the Company's "Audit Committee Organization Regulations."	Approved as proposed by all attending committee members.	None
2020.11.13	The 9th meeting for the 3rd term	Formulate the company's 2021 audit plan. Ratification of the new and revoked external endorsements/guarantees.	Approved as proposed by all attending committee members.	None

(2) 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



### ● 2.2.3 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):

(1) 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 (at least once a quarter).

Date	Nature	Communication theme	Recommendations and Corporate Responses
2020.02.27	The 4th meeting for the 1st term Auditing Committee	Report on the status of operation of the Auditing Office.	None
		The results of the 2019 internal control system self-assessment show no significant defect. The "Statement of Internal Control System" was thus issued to assure the effectiveness of both the design and implementation of the Company's internal audit system.	Submitted to the Board with the approval of the Audit Committee.
2020.05.12	The 5th meeting for the 1st term Auditing Committee	Report on the status of operation of the Auditing Office.	None
2020.08.11	The 6th meeting for the 1st term Auditing Committee	Report on the status of operation of the Auditing Office.	None
2020.11.13	The 7th meeting for the 1st term Auditing Committee	Report on the status of operation of the Auditing Office.	None
		2021 audit plan	Submitted to the Board with the approval of the Audit Committee.

## 2.2 Corporate Governance

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



### ● 2.2.3 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):

- (2) Communication between independent directors and CPAs: Besides communicating with the CPAs at least once half yearly, independent directors of the Audit Committee communicate and discuss with CPAs in writing where necessary.

Date	Nature	Communication theme	Recommendations and Corporate Responses
2020.02.24	Communication meetings between independent directors and CPAs	Communication with the governance body after the 2019 audit: <ol style="list-style-type: none"> <li>(1) Scope of audit                             <ul style="list-style-type: none"> <li>• Audit of the group's financial statements.</li> <li>• Materiality and audit opinions.</li> </ul> </li> <li>(2) Items of communication                             <ul style="list-style-type: none"> <li>• Changes in the accounting principles.</li> <li>• Major accounting estimates</li> <li>• Key audit items: Description of the alternative procedures for the 2019 audit in response to the impact of COVID-19.</li> <li>• Major entry adjustment.</li> </ul> </li> <li>(3) Recent updates of laws and regulations and accounting principles</li> </ol>	None
2020.08.11	The 6th meeting for the 1st term Auditing Committee	Communication with the governance body after the 2020Q2 review and audit planning. <ol style="list-style-type: none"> <li>(1) Scope and findings of the 2020Q2 review</li> <li>(2) Recent updates of laws and regulations</li> <li>(3) Communication plan</li> <li>(4) The role and responsibility of the responsible CPA.</li> <li>(5) Audit plan</li> <li>(6) The independency of auditors</li> </ol>	None
2020.11.13	The 7th meeting for the 1st term Auditing Committee	Communication with the governance body after the 2020Q3 review and audit planning. <ol style="list-style-type: none"> <li>(1) Scope of the 2020Q3 review</li> <li>(2) Findings of the 2020Q3 review</li> <li>(3) Trans-border audit planning</li> <li>(4) Recent updates of laws and regulations</li> </ol>	None

## 2.2 Corporate Governance

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



### ● 2.2.4 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.

- (1) Periodic review of these regulations and recommendations for amendment.
- (2) Establishment and periodical review of the performance evaluation standards, annual and long-term goals, and the policy, system, standard and structure of the salary and remuneration of directors and officers.
- (3) Periodically assessment of the target achievement of directors and officers and determination of the contents and amounts of the salary and remuneration of individual officers.

#### II. The Compensation Committee convened third in 2020 (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	3	0	100.00%	
Members	Lu Shyue-ching	3	0	100.00%	
Members	Tsai Ching-yan	3	0	100.00%	

## 2.2 Corporate Governance

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



### ● 2.2.5 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



### ● 2.2.6 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:

- (1) The Company has appointed a designated company spokesperson for responding to the recommendations, queries, and disputes from the shareholders.
- (2) 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.
- (3) 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.
- (4) 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



### ● 2.2.6 Other Information on Corporate Governance

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

- (1) 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.
- (2) 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.
- (3) 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 2020 Board of Directors' performance evaluation has been submitted to the first board meeting in 2021. The relevant assessment results have been placed in the "Corporate Governance" of the company's website for review.
- (4) We assess the independency 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.

Stakeholder section: <https://www.mitac.com/zh-TW/stakeholders/index>  
TEL: 03-3962888  
E-mail: stock@mic.com.tw



## 2.2 Corporate Governance

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### ● 2.2.6 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

- (1) 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.
- (2) 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.
- (3) We announce and report financial statements within two months after the end of each fiscal year and publish and declare in advance the financial statements of Q1, Q2 and Q3 and the 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.	NTD 348,720,000	Sunday, November 15, 2020 to Sunday, November 14, 2021

## 2.2 Corporate Governance

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



### ● 2.2.6 Other Information on Corporate Governance

#### IX. Chief governance officer

- (1) To implement corporate governance and effectively demonstrate the competency of the Board, the Board appointed Mr. Che-Hsien as the chief corporate governance officer (CCGO) of the Company on August 11, 2020. The CCGO is the highest executive in charge of corporate governance related matters. The corporate governance personnel responsible for the corporate governance business of each relevant unit are responsible for various matters of corporate governance. The Company's CCGO has over 10 years of working experience in stock affairs, financial or deliberations management of public companies.
- (2) Major duties and performance in 2020
  1. Board, Remuneration Committee, and Audit Committee meetings:
    - (1) Summarize the meeting agenda, state the reason for the meeting, sent meeting notice to the members of the Committee or members of the Board seven days before the meeting, prepare sufficient meeting materials and send them together with the meeting notice.
    - (2) Notify the personnel of related departments or subsidiaries to attend the meeting as guests according to the proposal contents. Where necessary, invite CPAs, lawyers, or other professionals to be guests of a meeting and give presentations.
    - (3) Remind directors of the conflict of interests in matters that relate to them or the companies they represent.
    - (4) Distribute the meeting minutes within 20 days after a meeting.
  2. Meetings of shareholders
    - (1) Register the date of AGM according to the law.
    - (2) Produce the meeting notice, AGM handbook, and meeting minutes and disclose them with the notification periods.

## 2.2 Corporate Governance

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



### ● 2.2.6 Other Information on Corporate Governance

#### (3) Major duties and performance in 2020 (cont'd)

3. Assistance for directors with continuing education: Provide directors with information that relates to continuing education from time to time and remind directors of the required training length and registration according to the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies.”
4. Periodical performance evaluation of the Board and functional committees according to the Company’s “Regulations for BOD Performance Evaluation”  
to enhance the efficiency of the Board and functional committees.
5. Provision of data required for carrying out their duties for directors.
6. Assistance for directors in legal compliance and registration of changes in shareholding according to the law.
7. Other matters stated in the articles of incorporation or contract.

#### (4) Continuing education in 2020

Organizer	Course	Length
Taiwan Institute of Directors	Year of Strategy Changes: In Search of New Growth Momentum	3
Taiwan Corporate Governance Association	Struggle for Management Power and Case Analysis	3
Taiwan Stock Exchange Corporation	2020 Corporate Governance and Corporate Integrity Seminar for Directors and Supervisors	3
Taiwan Corporate Governance Association	Antitrust Case Analysis: Hewlett-Packard Company vs. Quanta Storage, Inc. and Quanta Storage America, Inc.	3

# 2.2 Corporate Governance

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



## ● 2.2.7 Continue to Improve Corporate Risk Management

Topics marked with the asterisk “\*” are material topics in in 2020.

Category	Sustainability/Material issues	Risk	Risk Management Strategy
Economic	Business strategy and operational performance*	Loss of orders for failure to meet the demands of customers or the standards of competitors in the direction of operations.	Regular strategic/operational meetings.
	Corporate governance*	Increase in operating costs due to incomplete governance consideration or economic loss due to violation of laws and regulations.	Establishment of the Audit Committee CCGO and review of related laws and regulations for related units.
	Business ethics and ethical codes of conduct*	Monetary/reputation loss or fines from the competent authorities for violation of related laws and regulations due to the failure in the communication or implementation of related standards.	Establishment of the “Ethical Corporate Management Best Practice Principles”, inclusion in personnel training and announcements in the Company’s regulations and corporate website.
	Risk management*	Failure in risk management due to failure in periodic re-assessment of programs/systems.	Establishment and annual assessment of the “Risk Management Policy and Procedure.”
	Procurement practices	Material supply disruption due to supply chain crises.	Annual assessment of the source of materials risk. See the status and analysis of principal materials in the “Market and Production Overview” of the annual report.
Social	Attraction and preservation of talent*	Talent outflow and talent inflow barriers due to uncompetitive salary, concept or benefits.	Organization of various activities through the MiTAC Employee Welfare Committee and HR unit, and disclosure of employee benefits and concepts in the recruitment page on the corporate website.
	Labor rights	Work-related injury due to failure to implement labor management and comply with the RBA-CoC.	RBA-VAP certification for all plant sites: Completed at MiTAC Shunde, planning in progress at VAP MiTAC Hsinchu and to be completed in 2021. Completion of certification for RBA CMA (Customer managed audit) at all other plants.
	Customer service*	Influence on product comments due to failure to timely and completely respond to customer demands.	Communication through QBR meetings with customers.
	Talent cultivation and education training	Failure to meet the quality requirements and customer requirements for products due to inappropriate training for personnel.	Unfailing implementation of newcomer training to communicate the Company’s business philosophy and core competencies and irregular training for key issues.
	Product responsibilities	Use of conflict minerals or hazardous raw materials due to failure to perform due diligence before material procurement.	Implementation of the annual “conflict minerals” investigation (see 3.5 Supply Chain Management in p. 66).
	Community participation and Social charity	Inability to understand and address the needs of residents due to the lack of communications with local communities.	Organization of the Y.S. Cup competitions, product sponsoring and social welfare activities (see 4.2 Social Participation in p. 42)
Environmental	Legal compliance*	Failure in legal compliance due to failure in timely updating to the latest regulatory requirements.	Periodic identification of regulations that relate to corporate governance, employee ethics and ESH by responsible units and assurance of internal circulation.
	Supplier sustainable management	Failure to impose RBA requirements on the supply chain.	Establishment of the “RBA Supplier Selection and Evaluation Procedure” and implementation of annual audits on key suppliers.
	Wastes management	Environmental pollution and fines for failure to follow the requirements of the competent authorities in waste management.	Establishment of the “Waste Management Procedure” and acceptance of internal and external audits every year.
	Energy and GHG management	Failure to meet the requirements of the competent authorities and customer requirements due to failure to adjust to the global sustainable development trends.	Establishment of medium- and long-term carbon reduction targets.
	Climate change (mitigation and adaptation)	Failure to align business models with the global climate change.	Establishment of medium- and long-term water reduction and waste reduction targets for plants in China.
	Water management	Production and office business interruption due to droughts or water shortages.	Establishment of the water policy and the response task force in the “Emergency Response Plan and Procedure.”

## 2.2 Corporate Governance

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



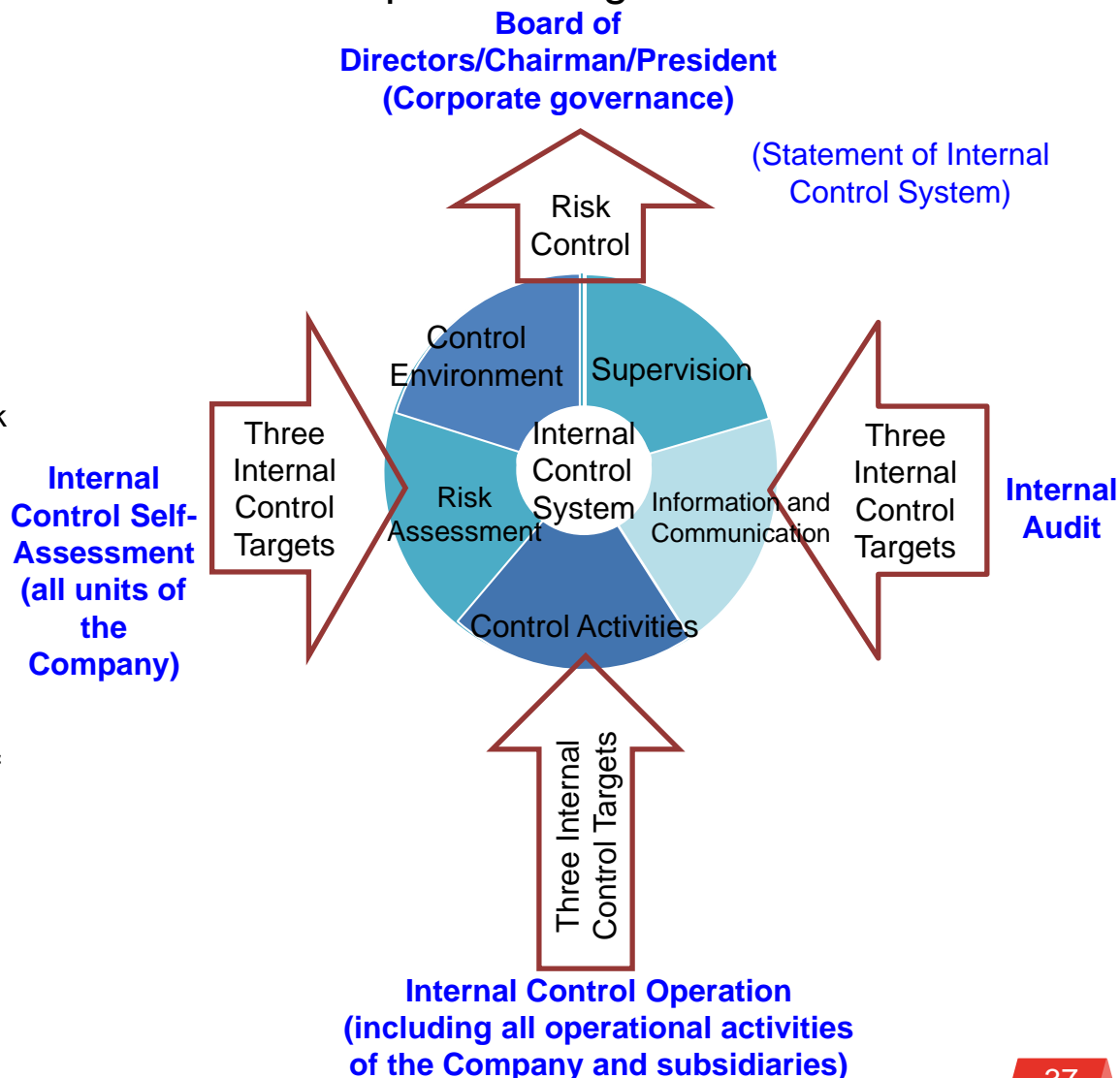
### ● 2.2.7 Continue to Improve Corporate Risk Management

Our high concern for risk management and support for corporate governance are the key to success in improving governance performance and implementing risk management.

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 to strengthen the supervision and control of high-risk operations. Through the PDCA cycle, we make continual and effective improvement and capture all risk factors to reduce the likelihood and damage of risk.

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

### Illustration of corporate governance and operational governance



## 2.2 Corporate Governance



### ● 2.2.7 Continuous Improvement of Corporate Risk Management: Information Security Management

#### •ISO27001

In 2019 we implemented and passed the ISO27001 international standard for information security management (ISMS), with the corporate president chairing the information security organization that holds information security meetings regularly and reviews, implements, and improves strategies, policies and procedures that relate to risks. Every year, the internal self-inspection and external audit of information security are implemented. In 2020, we passed the audit by external certification body.

#### •COVID-19 epidemic control

By cooperating with the Company's COVID-19 epidemic control and employee health management policies, we ensure sufficient IT resources, such as IT facilities and equipment, videoconference and communication systems, and VPN, required for split site and split group operations. We also published the IT instructions and precautions for information security for the work-from-home (WFH) response plan for employees to smoothly follow the response plan of the Company and departments to work orderly and securely.

#### •Continuous assessment of external information security risk

In addition to implementing regular vulnerability scan and irregular penetration testing to test and verify the information security protection of networks and systems, we also constantly gather various cybersecurity risk analysis indicators externally through external information security risk rating service to continuously monitor and lower information security risk.

#### •Prevention of ransomware attack

In view of the ongoing ransomware attacks that frequently cause severe impact to operations and production at home and abroad, we keep learning from the external ransomware attack events; optimize related protection measures in terms of feedforward, concurrent, and feedback controls; arrange constant awareness education and tests on information security for employees; and plan emergency response drills for new cyberattacks based on the Company's business continuity plan (BCP) to ensure the organizational response framework and capacity can effectively respond to disasters and minimize the damage in emergency.

#### •Disaster recovery drills of information service

To ensure the normal operation of key application systems directly related to business operations, such as production, R&D, and sales systems, the IT center arrange the disaster recovery (DR) drills at offsite IT room every year to ensure business continuity from the offsite IT room after the service of key application systems at the IT center of headquarters is prevented by a disaster. In order to test effectiveness in 2020, the actual switchover was conducted, and the operation was effective and complied with RPO / RTO.

ERP drill outcome	Projected results	Drill outcome
RPO	0	0
RTO	< = 4 hrs	3.75 hrs

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

# 3.1 Green Commitment



## ● 3.1.1 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, ease of disassembly and waste recovery simplification in product design. In the control of hazardous chemical substances, we set short- and medium-term goals for the reduction of hazardous substances, reduce environmental impacts in the manufacturing process, establish the environmental management system and establish 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 2020 to progressively realize our green commitment in CSR.





# 3.1 Green Commitment



## ● 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



## ● 3.2.1 Product Design for the Environment Case Study

### Increases materials efficiency

#### **Product type: Datacenter enterprise server and storage server systems**

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

1. Modular design of products
2. Convenient product disposal by waste collectors
3. Concerns about the composition of key materials in products

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

- Ease of disassembly of key parts and components: benefit future maintenance and repair, product upgrading, part and component re-use and EOL material sorting.
- 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 product lifetime.
- Provisions of software for customers to expunge data stored in system: for customers to ease the worries about information security after system disposal or transfer to enhance the willingness of system transfer and the chance of product re-use.

# 3.1 Green Commitment



## ● 3.2.1 Product Design for the Environment Case Study

### Increases energy efficiency

**Product type: Datacenter 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. Progressive enhancement of 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



## ● 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



## ● 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

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%.



### 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.

### Energy-Saving Target

To exercise due diligence for social responsibility and implement progressive energy conservation and carbon reduction, we set the long-term goal (2010-2050) with 2010 as the base year according to the SBTi to achieve absolute carbon reduction by 49% in 2050. Annual reviews will be conducted and adjustments will be made in accordance with actual resource needs, the outcome of various improvement measures and adaptability/necessity.

### Revision of energy conservation targets

When any one of the following situations occurs in the future, we will re-calculate and revise the base year:

1. Changes to operational boundaries.
2. The ownership and control of GHG sources or sinks transferred into or out of organizational boundaries.
3. Changes to GHG quantification methodologies that result in significant changes to quantified GHG emissions or removals.

The significance threshold is 3%. The base year is set and revised according to the Company's needs or related national policies.



# 3.3 Response to Climate Change and Global Warming



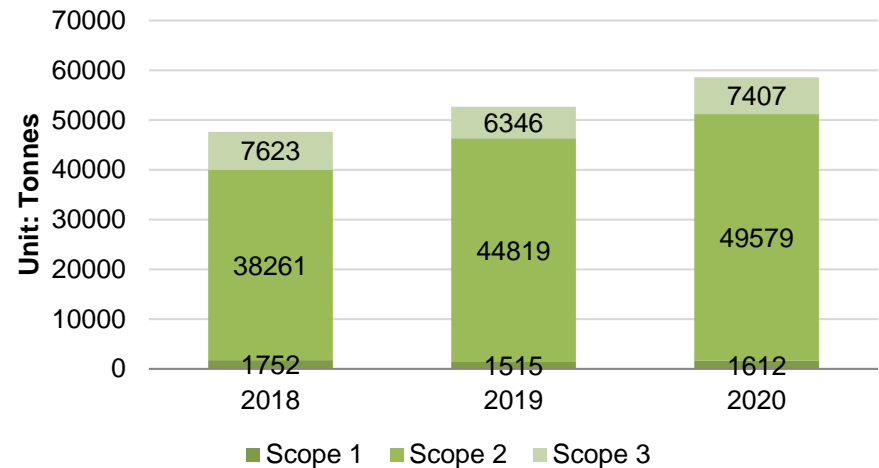
## ● 3.3.1 Global Climate Change and Greenhouse Gas Inventory

Every year, we inventory the GHG emissions in the previous year to identify the emission volume and gather related data according to The Greenhouse Gas Protocol. The GHG emissions inventory report covers the emission sources and absorption sinks of carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), perfluorocarbons, (PFCs), hydrofluorocarbons (HFCs) and sulfur hexafluoride (SF<sub>6</sub>). The results show that: CO<sub>2</sub> generated by purchased electricity is the highest (90-96%). Every year, we also participate in the Carbon Disclosure Project (CDP), support strategic actions, and concerns about and assist in climate change migration.

### Group GHG inventory

- Scope of inventory for Scope 1 and 2: inventory of the emission results of the operations center, R&D center, and plants in Taiwan; major production bases in China: Shunta Plant in Guangdong and Kunshan Plant in Jiangsu; and the assembly plant in California, USA: MiTACIS.
- Scope of inventory for Scope 3: 1. Business trips: same as the above locations. 2. Downstream transportation and delivery: Major production bases in China—MiTAC Shunde in Guangdong.

### Carbon Emissions of Group





# 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

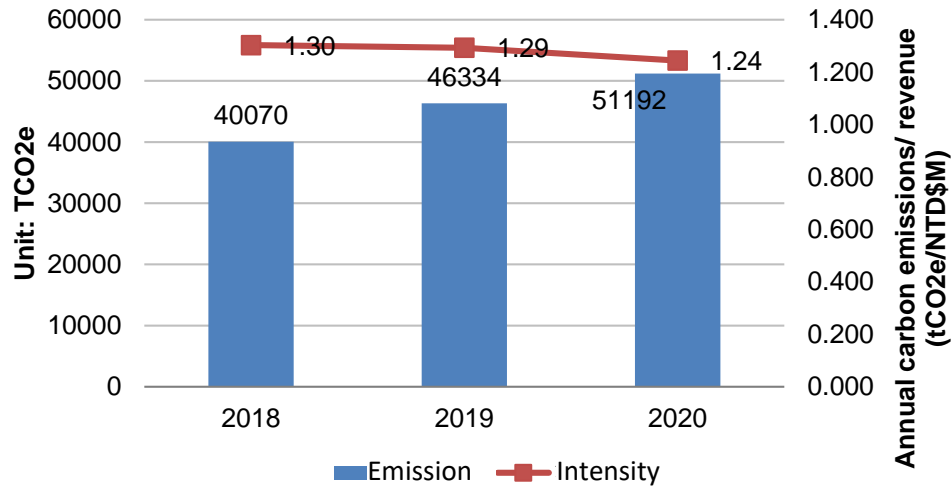


## 3.3.1 Global Climate Change and Greenhouse Gas Inventory

### Group GHG emissions and intensity

Besides setting legal compliance as the basic requirement, we make constant adjustments to lower environmental impact, including the design for environment (DFE) of products and enhancement of equipment efficiency. The intensity of GHG emissions is calculated based on the intensity of CO2 emissions (tCO2e/million NT\$ output) for Scope 1 and Scope 2.

### Greenhouse gas (GHG) emission and intensity



Scope: 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



## ● 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 CO2 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

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## 3.3.2 Environmental Information

In 2020, the total investment of MiTAC’s global operations (energy, resources, materials) and total output (GHG, air pollutants, wastes, waste water) are summarized in the following table.

Attribute	Scope	Item	MIC		MCT		MDT		MSL		MKL		MIS (MiTACIS)	
			2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Input	Energy	Purchased power (MWh)	1238	1291	9483	10922	2154	3227	25740	28564	13929	14554	5699	6484
		Natural gas (GJ)	0	0	0	0	0	0	1849	1745	0	0	1003	1871
		Diesel (GJ)	11	15	97	105	32	35	51	48	2357	267	49	0
		Petrol (GJ)	69	63	318	320	67	54	888	331	686	359	0	0
		LPG (GJ)	0	0	0	0	0	0	0	0	0	0	38	0
		Renewable energy	Solar power (MWh)	0	0	0	0	0	0	517	559	0	0	0
Water resource	Tap water (km3)	5	6	33	41	7	13	225	226	142	130	14	17	
	Packaging/transportation material (ton)	—	—	—	—	—	—	1465	1643	275	674	105	137	
Output	GHG	Direct emission (ton CO2e)	23	65	117	157	35	157	859	805	476	426	4	4
		Indirect emission (ton CO2e)	660	688	5054	5821	1148	1720	20291	22517	13724	14340	3942	4493
		Direct & indirect emission (ton CO2e)	683	753	5172	5978	1183	1876	21150	23321	14201	14766	3946	4497
	Wastewater	Employee business flight (ton CO2e)	77	1	546	49	428	16	184	87	33	10	27	7
		Household sewage (km3)	3	3	19	23	4	6	68	68	47	58	4	4
		Process wastewater (km3)	0	0	0	0	0	0	0	0	0	0	0	0
Wastes	General industrial waste (ton)	13	17	72	120	16	30	300	250	208	58.08	88	116	
	Hazardous industrial waste (ton)	0	0	3	9	0	0	2	14	90	73	0	0	
	Recyclable waste (ton)	1	1	8	20	2	2	850	950	485	538	0	0	
Waste gas	Total waste (ton)	14	18	82	148	18	32	1152	1214	783	669	88	116	
	Volatile organic compound (ton)	0	0	0	0	0	0	0	0	0.13	0.26	0	0	

Inventory Scope: 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.

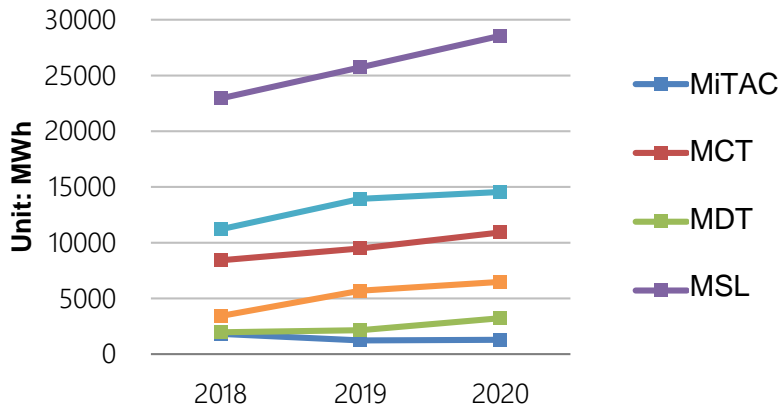
# 3.3 Response to Climate Change and Global Warming



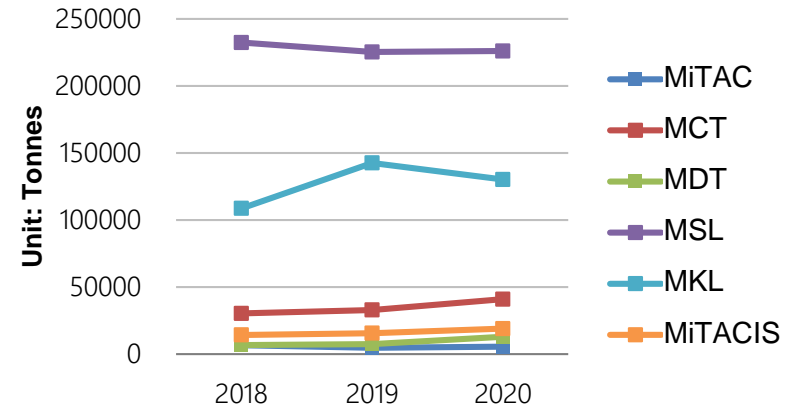
## 3.3.2 Environmental Information

Based on ISO 14064, we found that electricity consumption is the main source of GHG emissions, up to 96%, at MiTAC. Therefore energy conservation is used in a way to reduce carbon emissions, while energy management systems will also be implemented. In water resource protection, various water conservation programs are established for corporate sustainable development and management of water consumption for operations is achieved with various water conservation and water reclamation/reuse measures.

### Power Consumption



### Water consumption



Inventory Scope: 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.

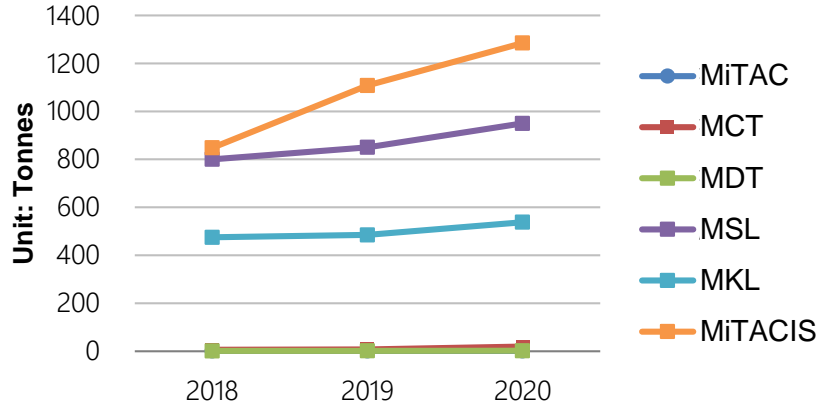
# 3.3 Response to Climate Change and Global Warming



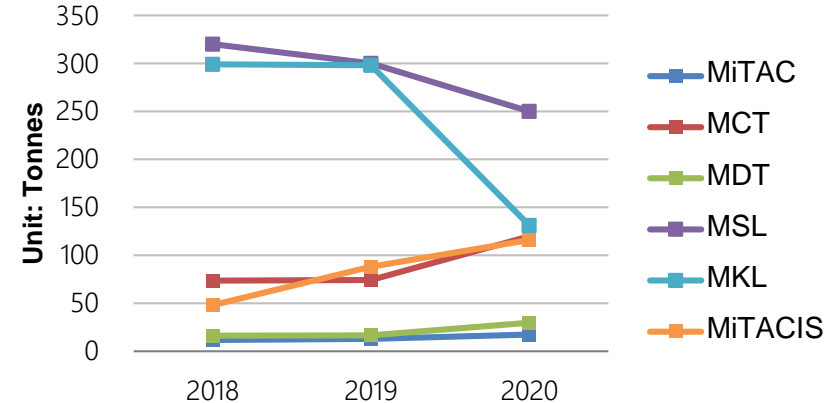
## 3.3.2 Environmental Information

By setting legal compliance as the basic requirement, all operational bases are operated according to the environmental management system (EMS) and responsible management units are established. For plants in China, waste sorting and management are enhanced to significantly reduce the output of non-recyclable waste. As MCT returned to Taiwan to set up plants, the output of non-recyclable waste increased in the last couple of years. In addition, as waste disposal is outsourced, qualified contractors are selected based on the ability to provide optimal disposal of corresponding waste type. In addition, irregular audits are conducted to ensure the proper disposal of waste.

### Recyclable Waste



### Non-recyclable Waste



Inventory Scope: 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

### Energy intensity of purchased electricity

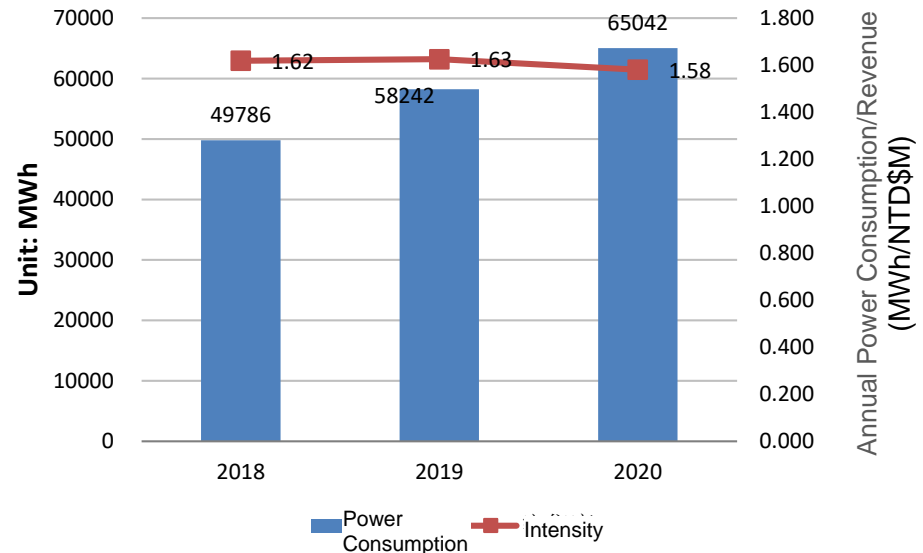
In the regular inventory of the GHG emissions in the previous year, we found that CO2 generated by purchased electricity is the highest (90-96%). Energy intensity is described as follows:

Electricity consumption tends to increase every year. Three main reasons:

1. Energy consumption of plants in China is the highest, and the consumption increased in the last two years as the annual output increased.
2. MCT returned to Taiwan and built a plant in Hsinchu in 2018 with electricity demand for production and domestic use.
3. In response to COVID-19, personnel isolation was implemented in the dormitory of plants in China, leading to the increase in electricity consumption for single rooms.

The office and plant energy conservation activities in 2020 enhanced energy efficiency to reduce electricity consumption by 2,540kWh/year.

### Power Consumption Intensity



Inventory Scope: 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

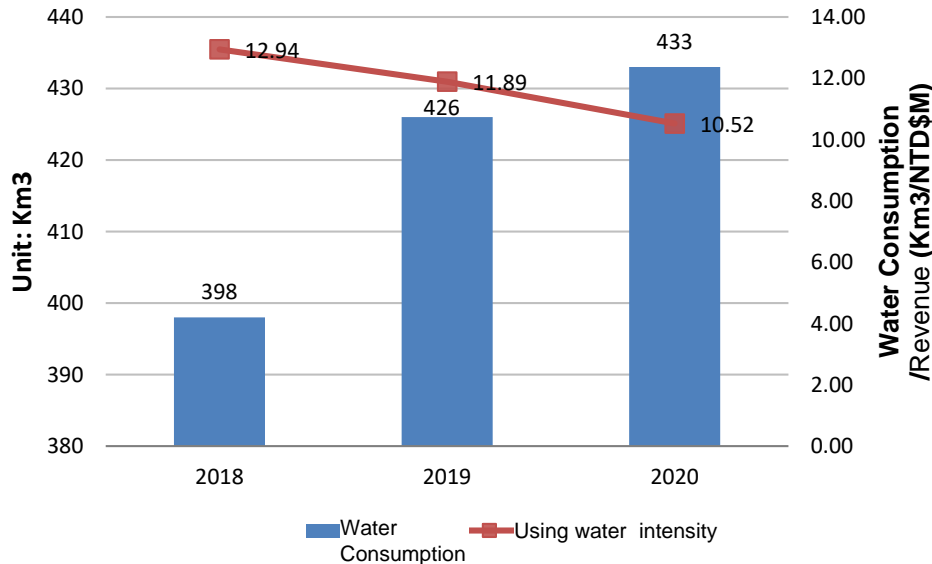
Index > MiTAC and the Environment > Response to Climate Change and Global Warming > Water Resource



## 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>/NT\$ 1 million of output) as the observation indicator in order to respond to water resource risks caused by climate change in advance.

### Water consumption and intensity



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.

Inventory Scope: 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.

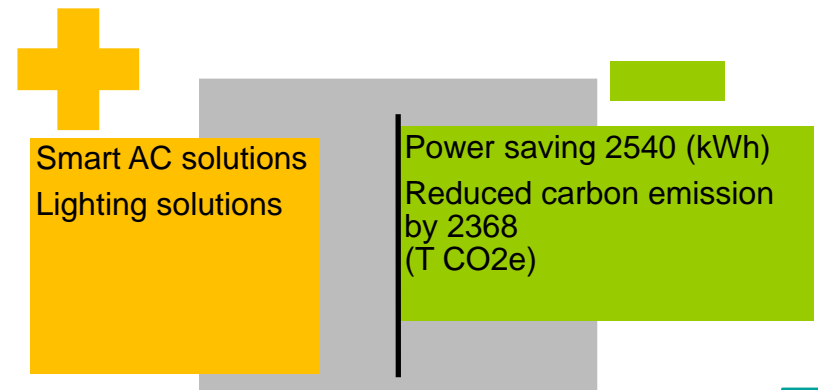
# 3.3 Response to Climate Change and Global Warming



## 3.3.4 Environmental Performance

In 2020, MiTAC’s global energy conservation efforts were: saving 2540 kWh of electricity, reducing carbon emissions by 2368 (tons CO2 eq ).

Items	Energy conservation activities	Statistics	MiTAC 2020	MCT 2020	MDT 2020	MSL 2020	MKL 2020
1	Air conditioner and ventilation system	Number of energy-saving solutions	0	0	0	2	0
		Annual power saving (thousand kWh )	0	0	0	249	0
		Total carbon emissions reduced (tons CO2 eq )	0	0	0	196	0
2	Air compressor system	Number of energy-saving solutions	0	0	0	0	1
		Annual power saving (thousand kWh )	0	0	0	0	1822
		Total carbon emissions reduced (tons CO2 eq )	0	0	0	0	1795
3	Lighting system	Number of energy-saving solutions	1	1	0	0	1
		Annual power saving (thousand kWh )	45	26.49	0	0	278
		Total carbon emissions reduced (tons CO2 eq )	23	13	0	0	274
4	Manufacturing process improvement	Number of energy-saving solutions	0	2	0	0	0
		Annual power saving (thousand kWh )	0	96.73	0	0	0
		Total carbon emissions reduced (tons CO2 eq )	0	49	0	0	0
5	Other (management aspects)	Number of energy-saving solutions	0	0	0	2	0
		Annual power saving (thousand kWh )	0	0	0	23	0
		Total carbon emissions reduced (tons CO2 eq )	0	0	0	18	0





# 3.4 Green Factory

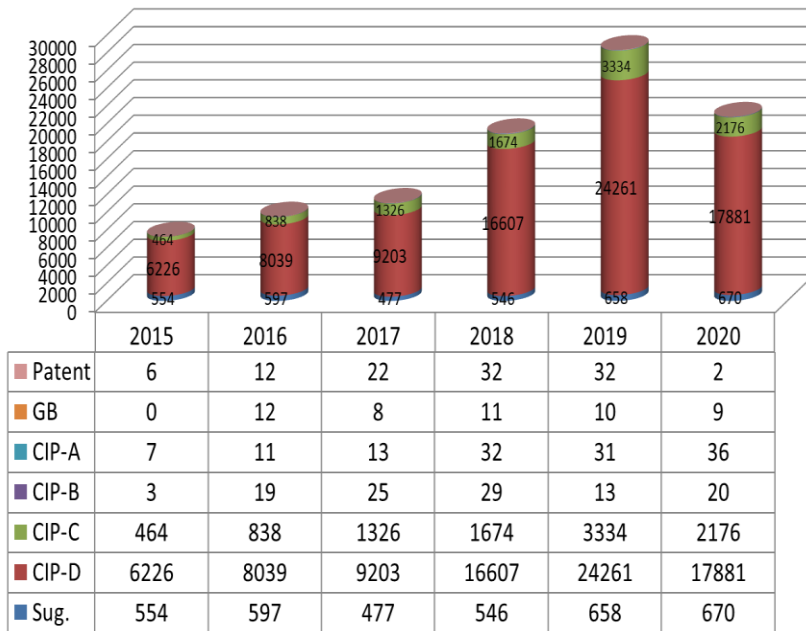
Index > MiTAC and the environment > Green Factory > Quality Commitment



## 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 3,800 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: 4486
- Cost savings: 79.4 Million (USD)
- GB/BBs: 505 (2002-2020)



MSL annual 2020 GB/CIP award ceremony



# 3.4 Green Factory



## 3.4.2 Green Production

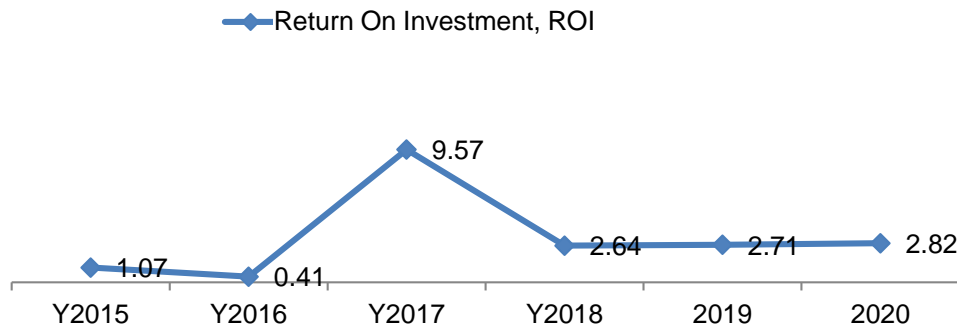
- Green production stresses energy/water conservation, toxic substance processing, waste reduction/waste gas emission reduction and various environmental protection indicators.
- Automation is the future development trend in the manufacturing industry, which is set to improve production efficiency, save 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 2020, we continued to implement smart manufacturing (Industry 4.0) and completed at least 12 automation projects, including automatic screw securing and jig automated reflow. An automatic visual system was established according to the current model of high-mix low-volume (HMLV) manufacturing. Furthermore, intelligent manufacturing systems (IMS) were established. The first stage of linkage and integration of the IMS system was completed.

### 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



## ● 3.4.2 Green Factory

Enhancement of production efficiency and reduction of resource wastage. MSL's performance in 2020:

- Adoption of the FUJI NXTIII module mounter, increasing efficiency significantly.
- Introduced the automatic washing machine to prevent cleaners from exposing to irritating smells in 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

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



## 3.4.2 Green Factory

in 2020, we improved the shop AGV channels of MiTAC Kunshan in Jiangsu, replaced the U-shape production line at the IA shop, and built the automated testing equipment and packaging equipment and enhanced the exhaust system at the SMT shop to enhance shop performance and reduce energy consumption.



AGV channels



U-shape production line at the IA shop.



SMT visual display



Automated testing line



SMT FUJI production line



Automated packaging line



Enhanced exhaust system



# 3.4 Green Factory

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



## ● 3.4.2 Green Factory

In 2020, the plant site, office area, control room, common area, and employee shoe-changing area at MiTAC Kunshan were made over for environmental optimization.



MKL



Plant site greening



Overall office area



Control room



Common areas



Employee shoe-changing area

# 3.4 Green Factory

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



## ● 3.4.3 Green Logistics

### Domestic truck shipping cycle

Empty containers picked up from the shipping company are used to transport materials from the suppliers back to the plant. After unloading, the containers are loaded with export products for shipping, reducing the number of trucks by 458 for the 2020.

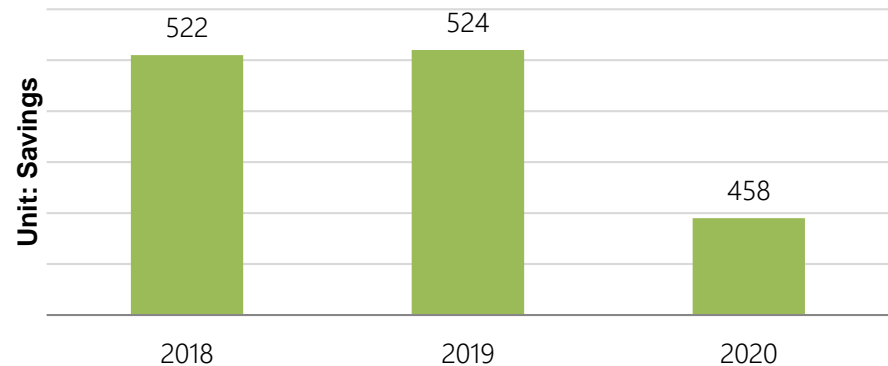
### Combined shipment

Loose cargo from multiple plants is consolidated and shipped with other shipments on a weekly basis to save space and reduce wastage.

### Changing air freight to shipping

For non-urgent shipments, shipping is used instead of airfreight.

### Truck shipping cycle



# 3.4 Green Factory

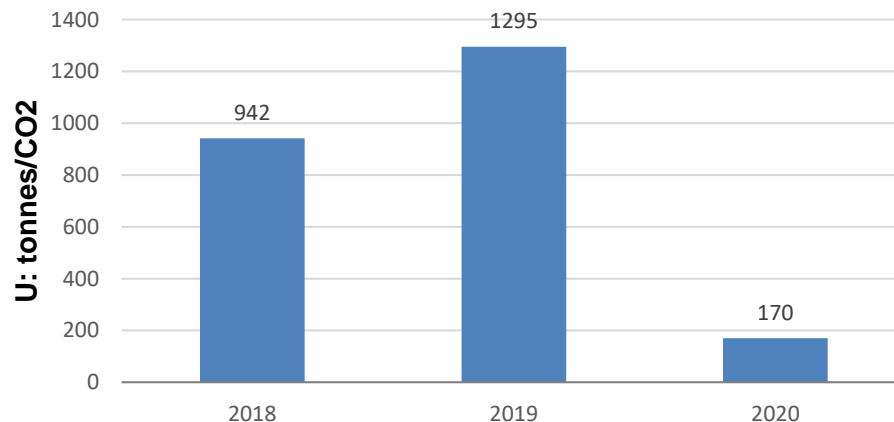


## ● 3.4.3 Green Logistics

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



In 2020, COVID-19 prevented the international mobility of personnel. Compared to 2019, mobility reduced by 87%.

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

# 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

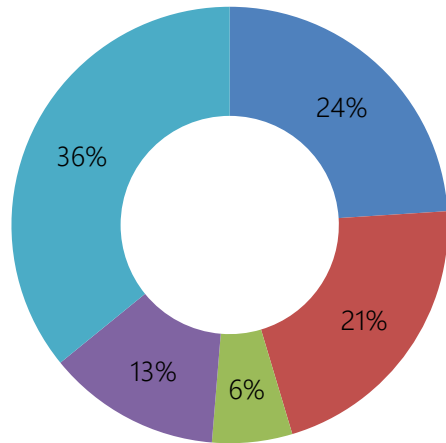


## 3.5.1 Types of Supply Chain and Localized Procurement

### MiTAC Digital Technology Corp.

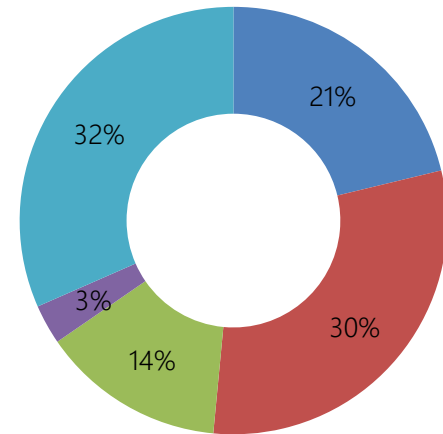
- We have 232 local suppliers, constituting 48% of the total transaction amount.
  - Distributor: 54.
  - Dealer: 151.
  - Manufactured locally in overseas plants: 25
- We have 191 overseas suppliers, constituting 52% of the total transaction amount.
  - Distributor: 101.
  - Dealer: 90.

### According to type of suppliers (MDT)



- Overseas manufacturers- Distributor
- Overseas manufacturers- Dealer
- Overseas manufacturers- Manufactured locally
- Local suppliers- Distributor
- Local suppliers- Dealer

### By Transaction Amount (MDT)





# 3.5 Supply Chain Management

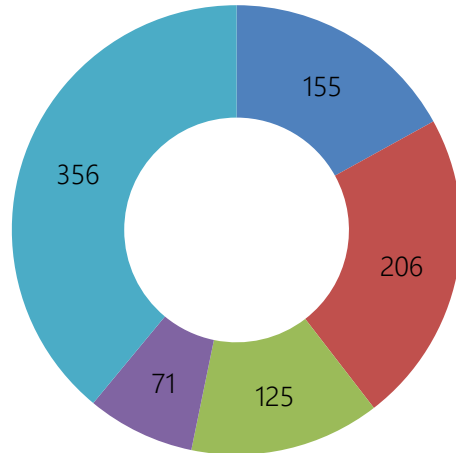


## 3.5.1 Types of Supply Chain and Localized Procurement

### MiTAC Computing Technology Corp. (MCT)

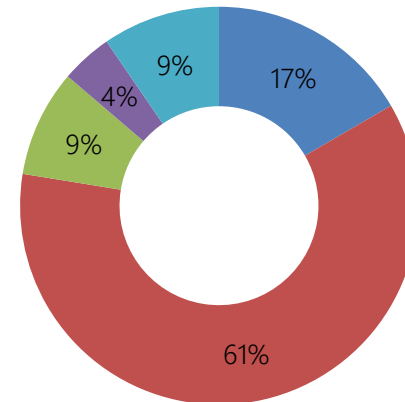
- We have 552 local suppliers, constituting 22% of the total transaction amount.
  - Distributor: 71.
  - Dealer: 356.
  - Manufactured locally in overseas plants: 125
- We have 361 overseas suppliers, constituting 78% of the total transaction amount.
  - Distributor: 155.
  - Dealer: 206.

According to type of suppliers (MCT)



- Overseas manufacturers- Distributor
- Overseas manufacturers- Dealer
- Overseas manufacturers- Manufactured locally
- Local suppliers- Distributor
- Local suppliers- Dealer

By Transaction Amount (MDT)



# 3.5 Supply Chain Management



## 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

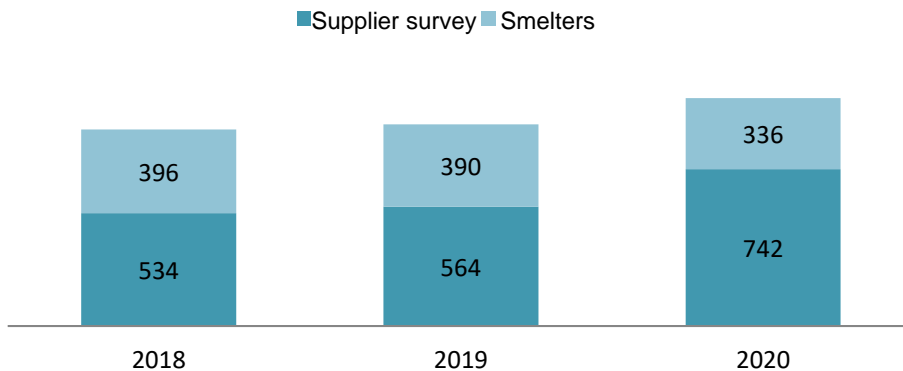
MiTAC’s suppliers shall shoulder relevant social and environmental protection responsibilities

MiTAC suppliers shall establish an adequate and effective Conflict Minerals Policy and Management Program that is designed and implemented due diligence for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas

MiTAC suppliers shall adopt a policy and exercise due diligence on the source and chain of custody of tantalum, tin, tungsten, gold (3TG) and cobalt in the products they manufacture are sourced in a way consistent with the OECD Guidance for Responsible Supply Chains of Minerals or an equivalent and recognized due diligence framework.

MiTAC suppliers shall relay these requirements to their upstream suppliers

### Supplier conflict mineral audit



#### Response measures for conflict minerals

- Responsible minerals sourcing originates from the tantalum, tin, tungsten, gold (3TG) of the Democratic Republic of Congo (DRC). Currently, it has been strategically expanded to areas outside of DRC and the countries adjoining it, including areas consistent with the OECD Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas or an equivalent and recognized due diligence framework.
- 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 2020, 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

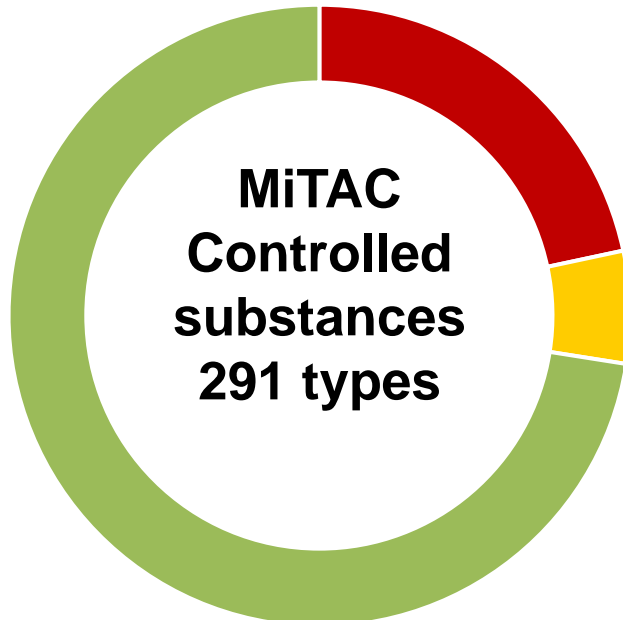
Index > MiTAC and the Environment > Supply Chain Management > Restriction on the Use of Hazardous Substances and Management



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

### MiTAC Product Environmental Management and Regulations

To produce eco-friendly products, all parts, components, and materials comply with the international regulations, such as EU directives including RoHS recast, WEEE recast, REACH, POPs, Section 6(h) of TSCA and China VOC and Measures for the Control of Pollution from Electronic Information Products. We also request the supply chain to strictly comply with the MiTAC Product Environmental Management Specifications (GP-1-00001). 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.



#### **63 types of prohibited substances**

Pb, Cd, Hg(Cr(VI)), PBB, PBDE, Asbestos, Formaldehyde, Azo compounds, SCCP, Phosphorus

#### **17 types of restricted substances**

BFRs, CFRs, PVC, , Sb203, As, Ni, DEHP/BBP/DBP/DIBP etc.

#### **211 types of declarable chemical substances**

EU's REACH SVHC (1-24),  
Be, Bi, DIDP/DNOP/ DnHP/DINP etc.

# 3.5 Supply Chain Management



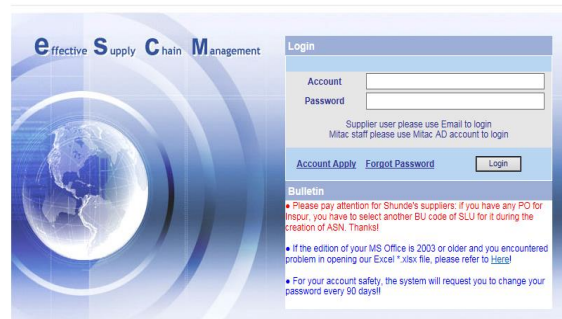
Index > MiTAC and the Environment > Supply Chain Management > Restriction on the Use of Hazardous Substances and Management

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

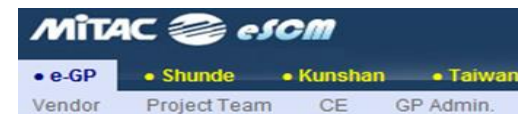
### Green Product Management Platform Creation

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.



eGP System



eSCM System

# 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

### 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
- Phosphorus 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> </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.:</li> <li>■ Environ.</li> <li>■ Material</li> <li>■ Test Report</li> <li>■ Qualification</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



## 3.5.4 Supplier Screening and Green Purchasing

For new suppliers, MiTAC conducts review using the QSA (Quality System Audit), as charted below, including items such as design control, sub-supplier management and production control etc. Particularly, green parts control is a mandatory review item to help the suppliers improve their management standards, hoping to reduce management risks and costs for the company and the supplier 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. In order to make sure that the suppliers abide by relevant policies and codes of conducts, audits and evaluations are conducted from time to time to ascertain performance. Below we will use MSL as an example to explain the status of RBA since its implementation in recent years.

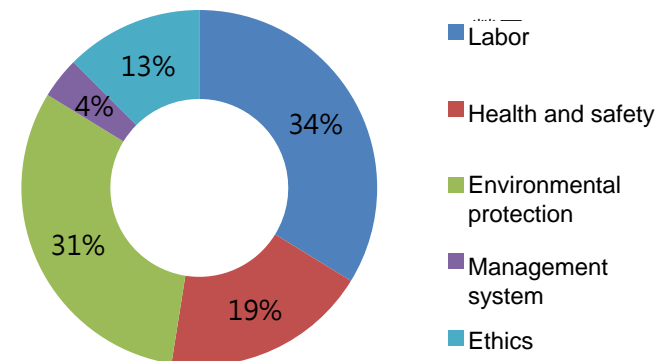
	2018	2019	2020	Total	%
Labor	9	7	8	24	34%
Health and safety	5	4	4	13	19%
Environmental protection	8	7	6	21	30%
Management system	1	1	1	3	4%
Ethics	3	3	3	9	13%

Supplier RBA audit – Analysis of deficiency categories

### Supplier Assessment

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 ISO 45001 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

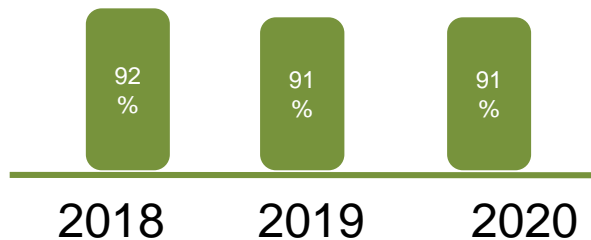


## ● 3.5.5 Supplier Responsibility Counseling and Auditing

2020 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.

Suppliers are required to provide their mid- to long-term improvement plan. In 2021, 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 (2018-2020)**

	Number of shortcomings	Number of shutdowns
Ethics	9	9
Management system	3	3
Environmental protection	21	20
Health and safety	13	13
Labor	24	19



# 3.6 Customer Service and Satisfaction

Index > MiTAC and the Environment > Customer Service and Satisfaction



## ● 3.6 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 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 Shunde and MiTAC Holdings successfully passed ISO 27001 certification in 2007 and 2020, 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 2020. 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 appraisal 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 factory automation, fleet management, warehouse management, logistics management, and convenience store stocktaking. Mio industrial tablets can simplify trivial documents and labor to help customers enhance work efficiency and contribute to the sustainable development of Earth.

In 2020, we also introduced the Mio Cyclo™ Discover navigation products integrated hardware and software for outdoor activities of E-bike fans. Apart from enhancing hardware adaptability and including trip planning tools, it is equipped with exclusive software and trip planning sites beloved by European local travelers. The brand-new, more advanced Cyclo™ Discover series even won the 2020 Taiwan Excellence Award.

#### Enhancing global exposure of Mio products through virtual channels

In 2020, many overseas important exhibitions and fairs were prevented by COVID-19. Through online forums and virtual exhibition platforms, Mio expanded its brand R&D capacity and innovative technologies to important markets across the globe. In 2020, besides participating in the HKTDC Autumn Sourcing Week emphasizing Asian buyers and the Bangkok International Motor Show focusing on the Southeast Asia consumer market, we ubiquitously communicated Mio's brand power in the European market through cooperation with local media and social media activities and increased brand discussion in 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

**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
- British mainstream media Honest John selected MiVue Drive 50 as product of the year
- Received editor's choice award from Russian magazine Megaobzor

**2018**

- The MiDM wins the bronze medal in product innovation at the AutoTronics Taipei.
- The MiVue C320 was selected by the recommendation of PC Format 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.

**2020**

- Mio Cyclo™ Discover products won the 29th Taiwan Excellence Award
- MiVue 798 Dual was rated Product of the Year Czech website ComputerWorld.

# 3.6 Customer Service and Satisfaction



## 3.6.2 TYAN Milestones and Credentials

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.



2020

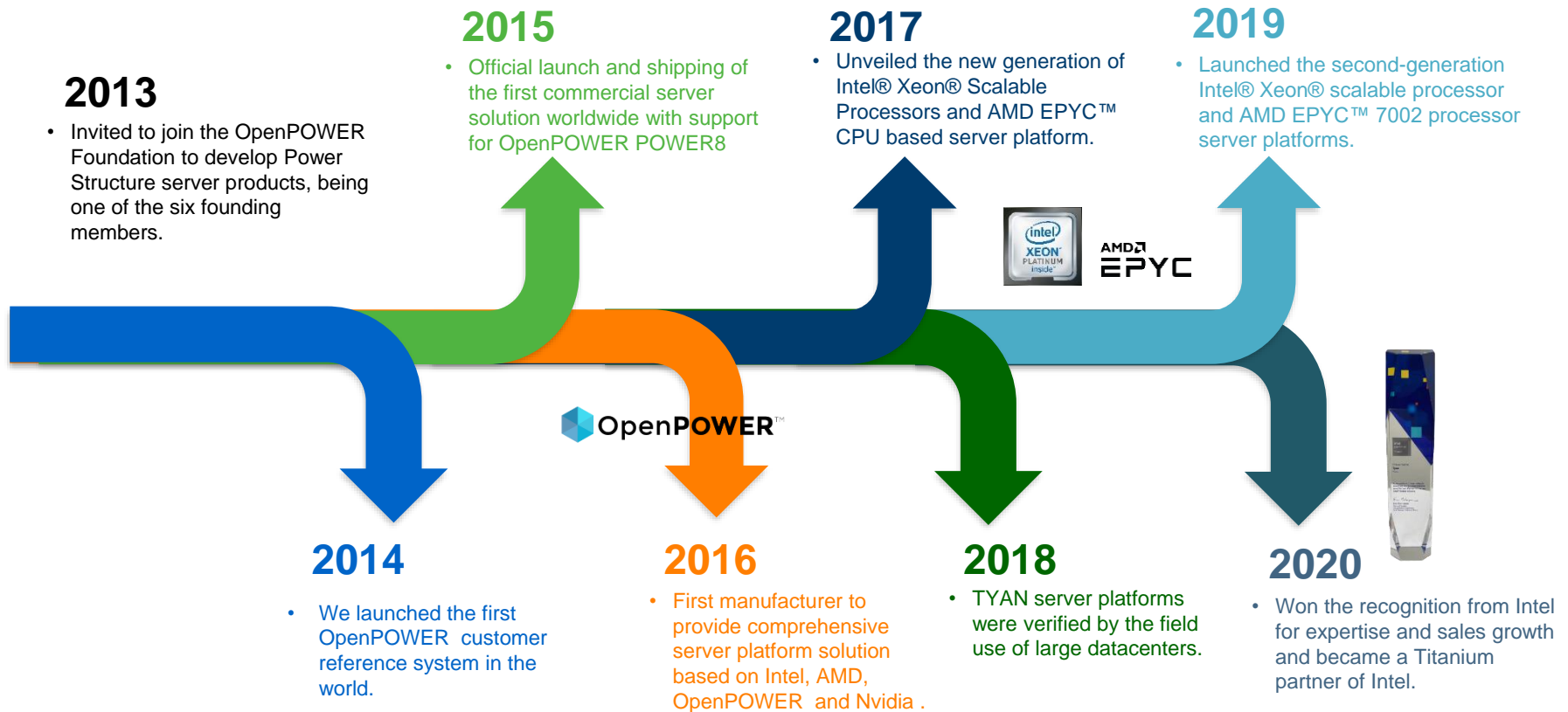
Established the joint sales model with AMD and Intel to seize the datacenter customers in the market growth and opportunity during the pandemic.



# 3.6 Customer Service and Satisfaction



## 3.6.2 TYAN Milestones and Credentials



# 3.6 Customer Service and Satisfaction



## ● 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



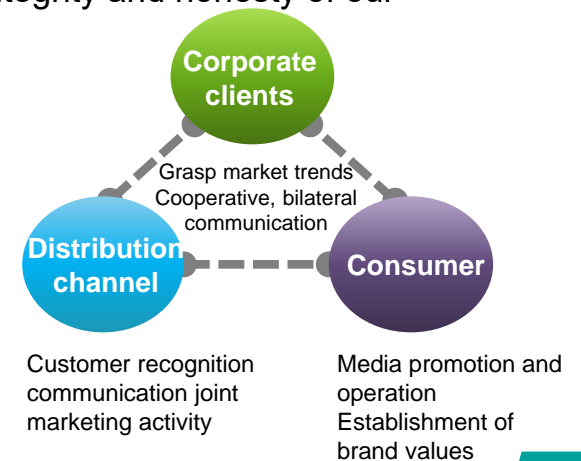
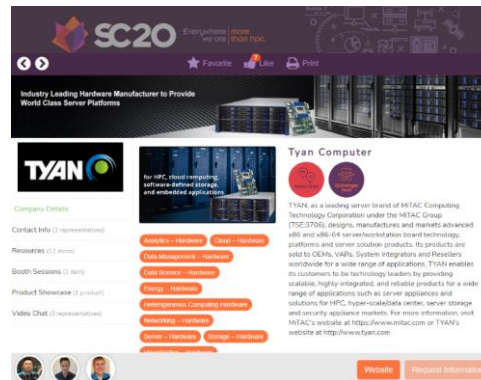
## 3.6.4 Marketing Communications

**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 dealers** Enhanced customers’ product understanding through e-newsletters, education/training, professional exhibitions/fairs, seminars, online product shows, and periodic meetings. </8829 Point of sale materials (POSM) or specific marketing collaboration were provided and arranged to promote nonstop product sales together.

**Consumer** besides traditional e-letters, website and exhibitions, bilateral communications are implemented through influential medial and Professional 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.

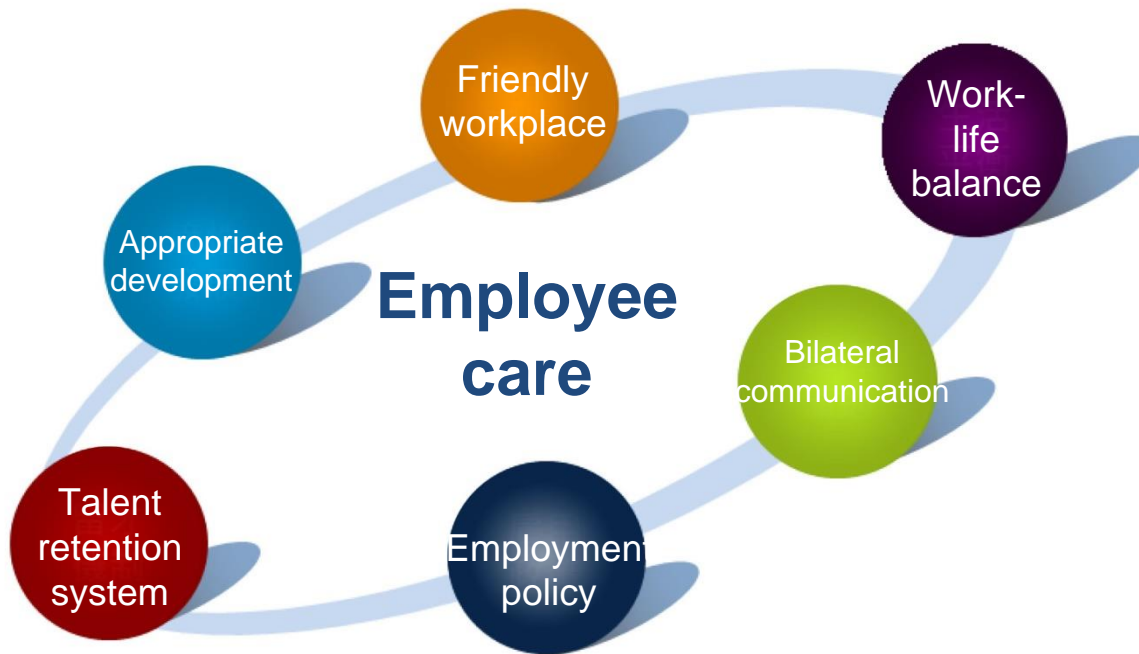


# 4.1 Employee Care

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 an 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 **8 %**: Lower than that of 2019.
- Average training hour/person **42.4** hours:
- Retention rate after paternal leave **90%**: retention rate of over 90%
- Disabling injury severity rate (SR) **13.3** /disabling injury frequency rate (FR) **4.4**, ahead of the required SR target.

# 4.1 Employee Care

Index > MiTAC and society > Employee care > Employment policy and labor force structure



## ● 4.1.1 Employment Management and Organizational Structure

### Adherence to the Employment Policy

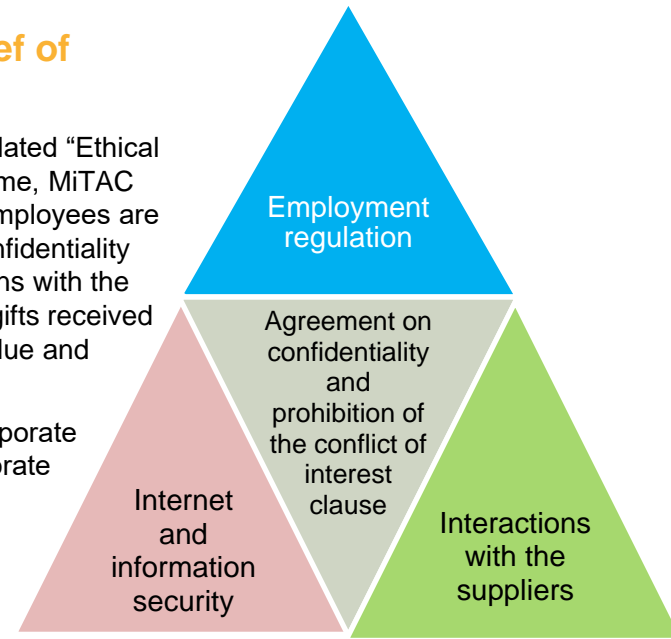
We care about employee rights and interests. Therefore, we strictly abide by the local labor laws and regulations and RBA's Code of Conduct (RBA-CoC). In fact, we have never hired child labor aged under 15 years. We have also designed a security mechanism and adopted measures to address and prevent child labor misuse. We even strictly prohibit forced labor and underage youth from engaging in dangerous work. In addition, we protect female employees and maintain their rights to and interests in 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. Particularly, we have established explicit rules to govern the value and frequency of gifts received from interaction with suppliers. We also request employees maintain a detailed record of the value and frequency of gifts provided by suppliers to maintain ethical management.

For all employees to understand business ethics and integrity, we include the "Ethical Corporate Management Best Practice Principles" as part of the newcomer training and post it on the corporate intranet for ubiquitous access by employees. Every year we also arrange recurrent training for employees to request them to strictly follow the "Ethical Corporate Management Best Practice Principles." 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



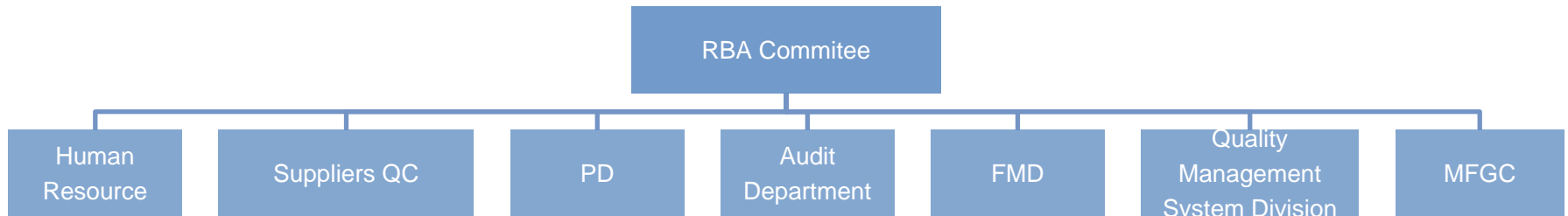
## ● 4.1.1 Employment Policy and Labor Force Structure

### 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 nonconformities. 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.

To extend RBA-CoC to employees, we follow the RBA-CoC to abide by the local laws and regulations, value the legally mandated rights and benefits rights of employees, provide fair wages and remunerations, uphold humane treatment for employees, and promote two-way labor-management communication to build a friendly work environment. Project organizational work distribution is illustrated below:



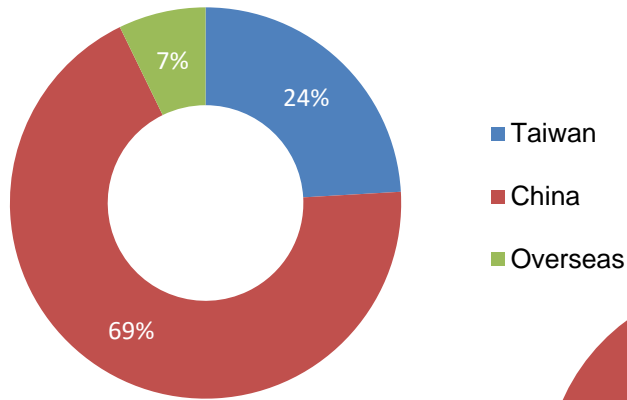
# 4.1 Employee Care



## 4.1.1 Employment Policy and Labor Force Structure

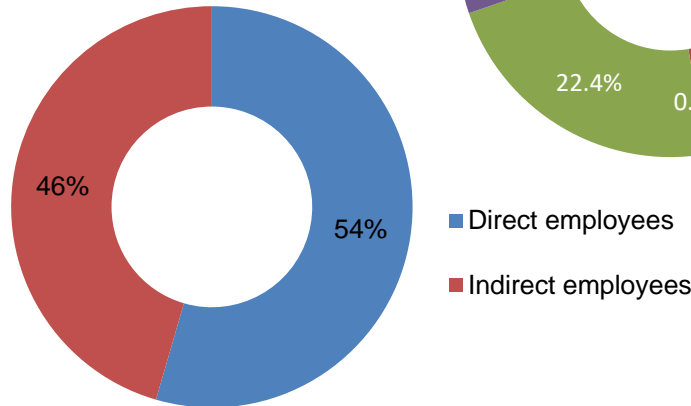
### Employment structure

Employee composition at MiTAC is multifaceted. By the end of December 2020, there were over 7,300 employees across the globe, covering Taiwan, China and overseas locations. In particular, about 46% are direct employees and 54% indirect employees, of which the male and female employee ratio is 60:40. If categorized according to rank, 9% are managers, while females account for more than 25% of the management staff. This suggests that gender equality is a reality at MiTAC.

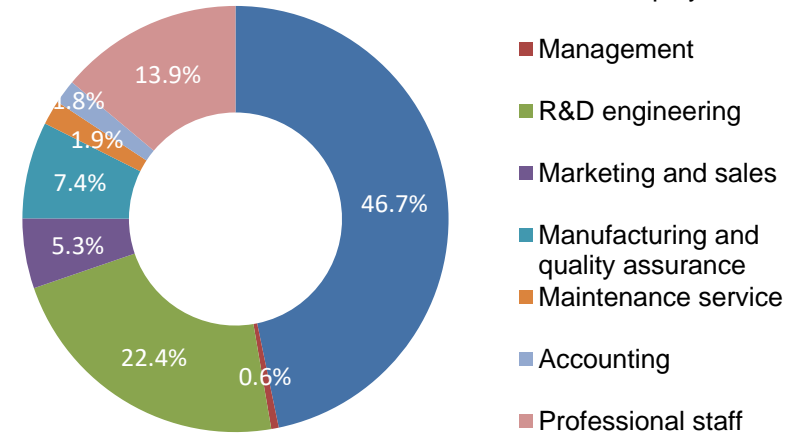


Labor force distribution worldwide (by region)

- Taiwan
- China
- Overseas



Global workforce structure (by direct/indirect labor)



HR structure worldwide (by function)

- Direct employees
- Indirect employees

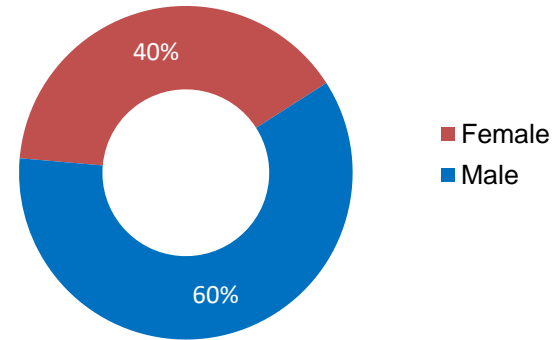
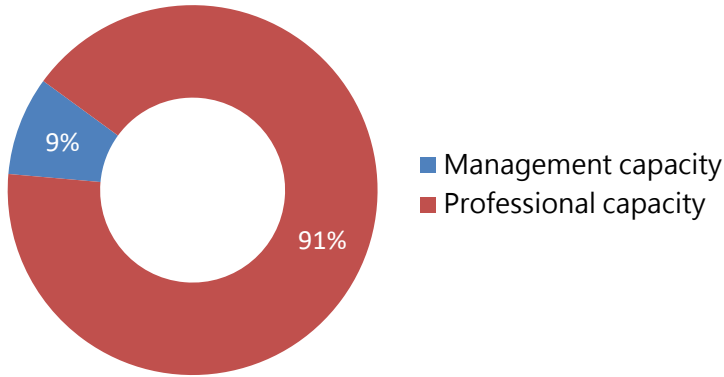
# 4.1 Employee Care

Index > MiTAC and society > Employee care > Employment policy and labor force structure

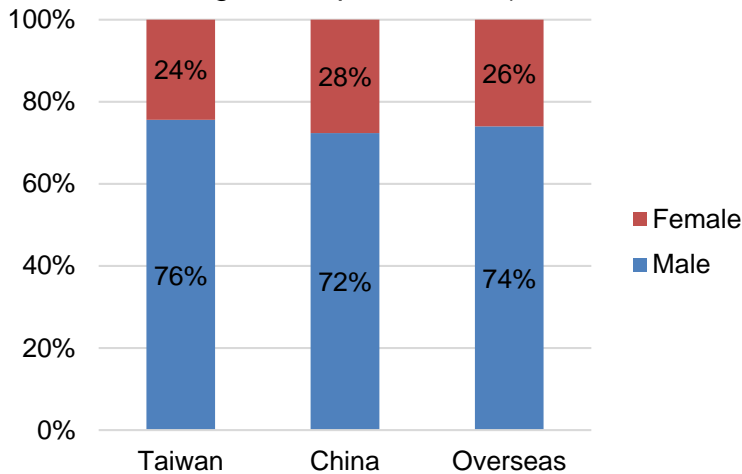


## 4.1.1 Employment Policy and Labor Force Structure

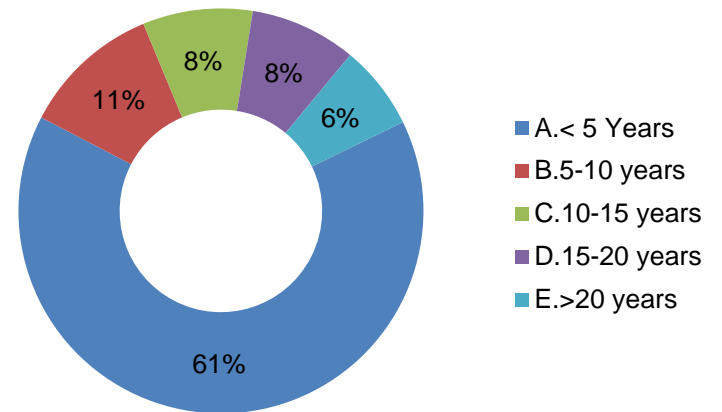
### Employment structure



Labor force distribution worldwide (by management/ professional)



HR structure worldwide (by gender)



HR structure worldwide (by gender)

HR structure worldwide (by seniority)

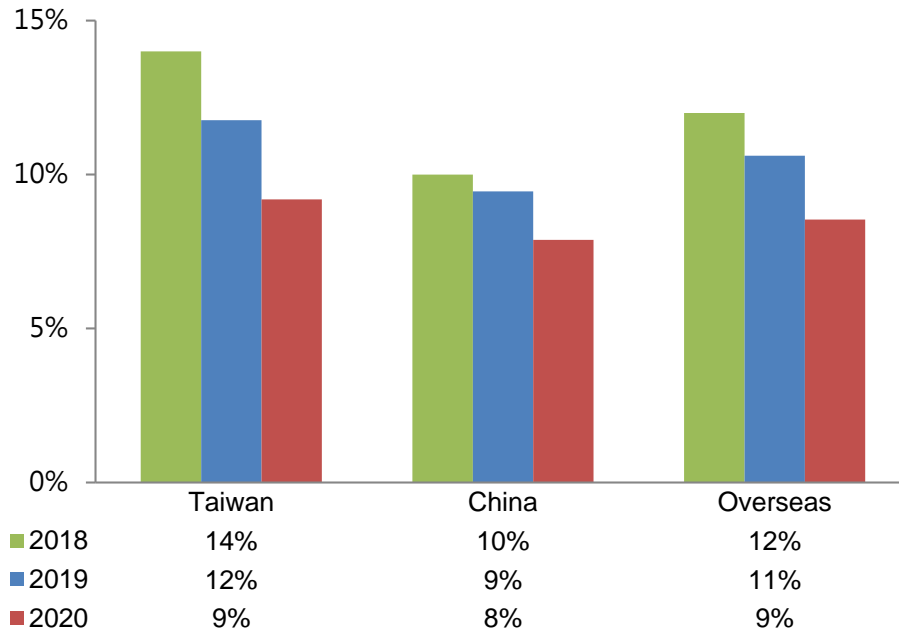
# 4.1 Employee Care



## 4.1.1 Employment Policy and Labor Force Structure

### Retaining employees

MiC values each employee's development and provides comprehensive training program 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%).

Global resignation rate analysis

# 4.1 Employee Care



## ● 4.1.2 Fair and Just Talent Retention System

### Employment rights

We value the rights to and benefits in work of employees and establish a set of work rules. Externally, besides abiding by the related labor regulations, such as the Labor Standards Act and Act of Gender Equality in Employment and their by-laws or local laws regulations, we also follow the RBA-CoC. Internally, we establish the performance management and evaluation system, salary and remuneration policies, promotion system and reward and punishment regulations; strictly prohibit public shaming, bullying, verbal abuse, or any form of mental or physical coercion. We also maintain jurisprudence to build a fair and reasonable workplace with humanized management and respect for employees to maintain the legally mandated rights and benefits rights of employees.



# 4.1 Employee Care



## ● 4.1.2 Fair and Just Talent Retention System

### Wage guarantee

MHC perceives tremendous importance in our colleagues' remuneration and benefits. MiTAC conducts 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

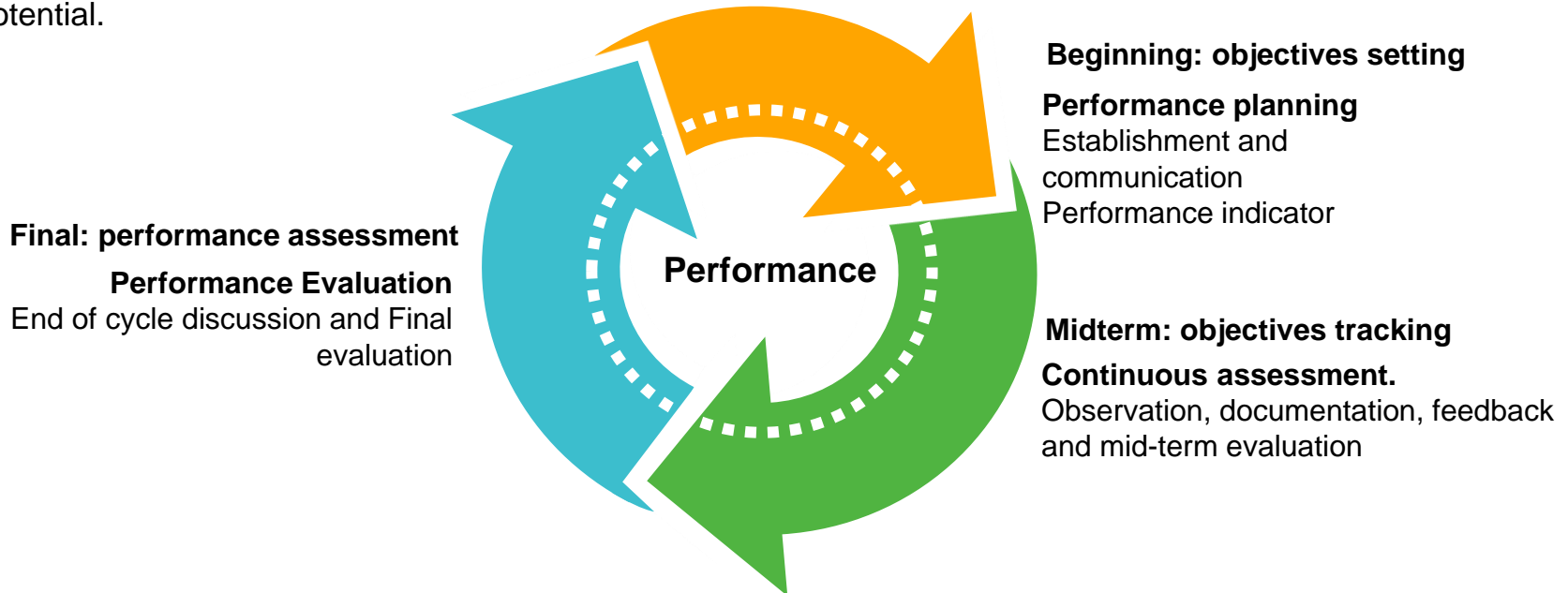
# 4.1 Employee Care



## ● 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 degrees evaluation feedback in a fair and reasonable procedure. The evaluation results will be used as reference for promotion, salary adjustment, bonus payment, individual career development and training needs. In 2020 we organized the performance management workshop to strengthen performance indicator management. Besides unflinching connecting with and implementing organizational goals, we also enable employees to develop individual potential.





# 4.1 Employee Care

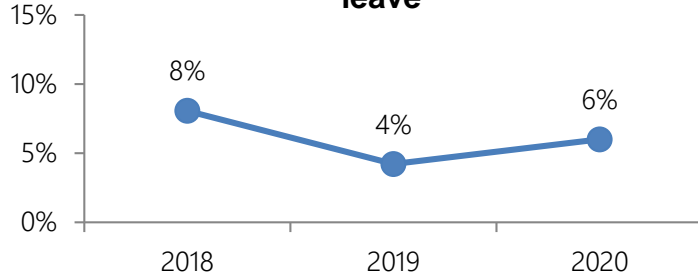


## 4.1.2 Fair and Just Talent Retention System

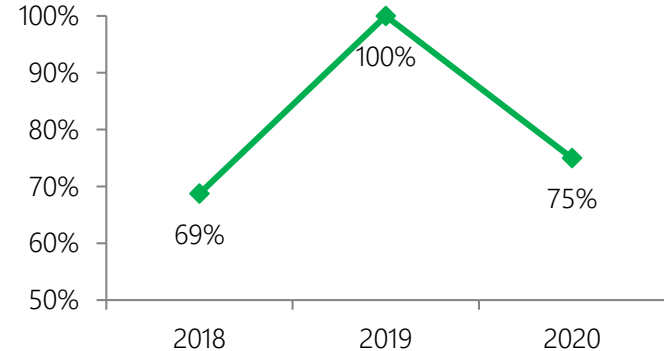
### Reinstatement Rate after Unpaid Parental Leave

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, 75% of the employees on unpaid parental leave were re-instated in 2020, 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.

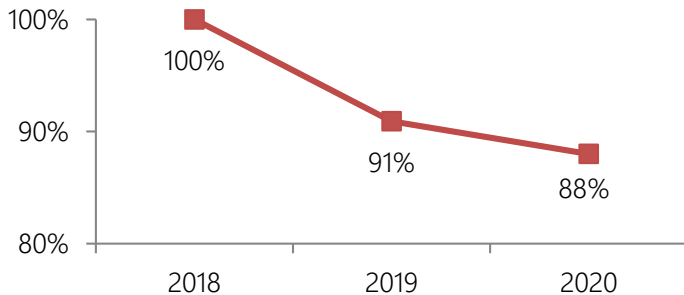
**Application rate of unpaid parental leave**



**Reinstatement rate after unpaid parental leave**



**Retention rate after parental leave**



Application rate of unpaid parental leave	2018	2019	2020
Number of persons qualified for unpaid parental leave	248	166	139
Actual number of applicants: Estimated number of re-instated employees	8:16 PM	7:8	8:8
Actual number of re-instated employees: Number of re-instated employees who have continued to work	11:8	8:10 AM	6:7

# 4.1 Employee Care



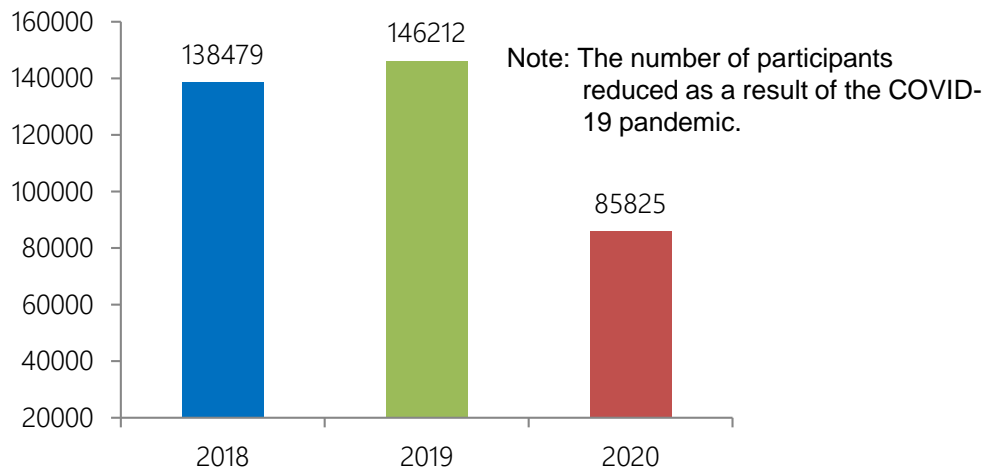
## 4.1.3 Facilitate Employee Adaptive Development

### A diversity of channels for training

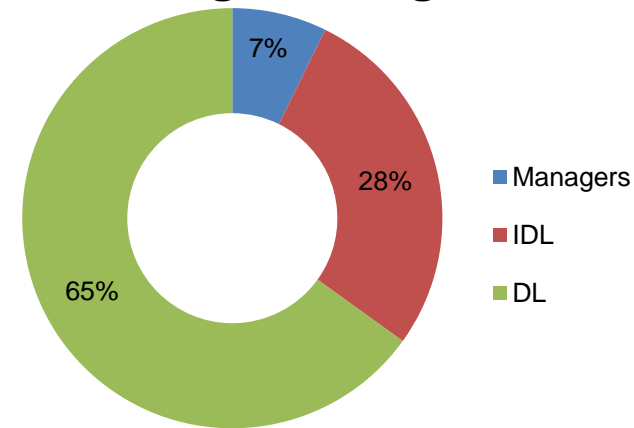
Here at MiTAC, we take the improvement of employees' professional skills seriously. And as such, we have established a comprehensive training system to provide systematic employee education, which includes orientation training, competence training, supervisor training and so forth. Coupled with other learning resources such as e-learning, OJT, and OFFJT, we provide an ideal environment for employees to learn and grow. Despite the influence of the COVID-19 pandemic, we maintained training for over 85,000 persons for a total of up to 270,000 hours in 2020.

We emphasize and value human rights education, endeavor to align our HR system with international standards and issues regarding legal and human rights, and enforce human rights education in daily work. In 2020, we arranged a total of 600 hours training that relates to human rights to ensure human rights education is implemented to each employee and the human rights concept is engrained in every member.

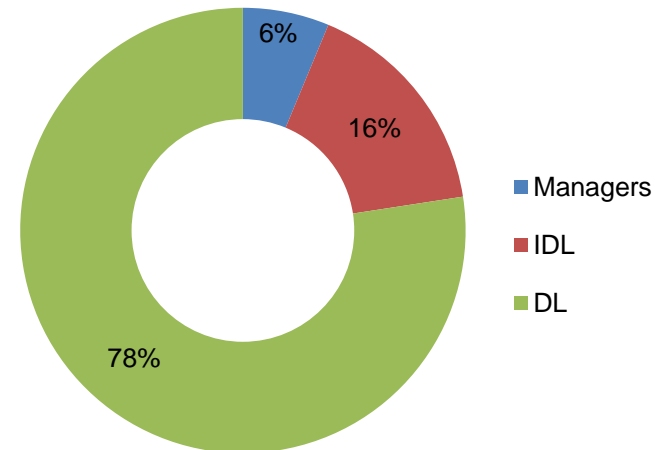
### Number of Trained Employees



### Percentage of Employees Receiving Training



### Percentage of Hours of Training



# 4.1 Employee Care



## 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

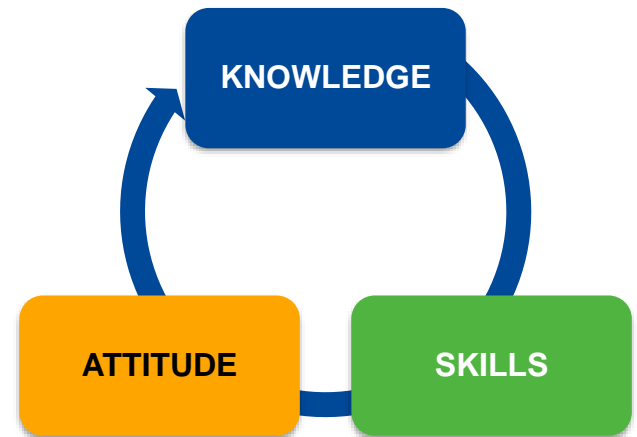
Management training is designed on the basis of six management competencies, including decision making, cross-team work, talent management, innovation, conflict management, performance management. We adopt the experiential learning method to conduct new management training programs. Coupled with case 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



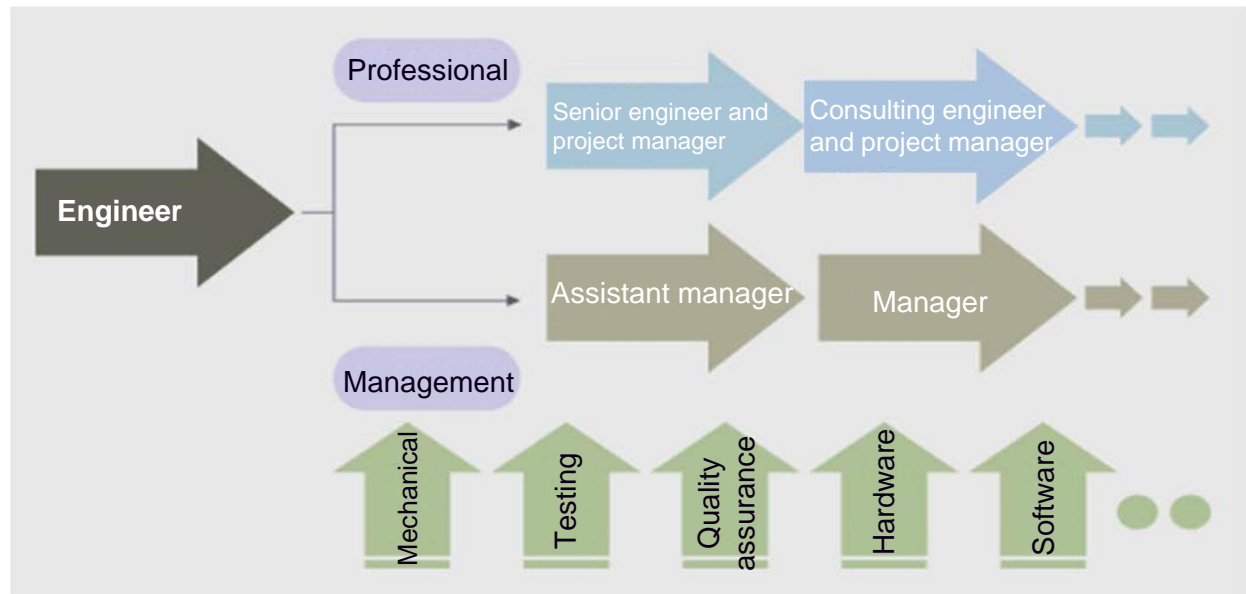
## ● 4.1.3 Facilitate Employee Adaptive Development

### 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



## ● 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



## ● 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 ISO 45001 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



## ● 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 2020, MiTAC's library had a collection of over 5,000 books and 20 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.

#### Multipurpose religious space

MiTAC cares about the multiple cultural needs of employees. By integrating the hardware and software systems, we establish the prayer room and flexible work processes to provide employees with timely support and assistance for their religious needs.



Friendly, convenient accessible facilities



Prayer room



# 4.1 Employee Care



## ● 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

For employees to take care of children more conveniently, the “MiKids Land” is established to fulfill the employee’s temporary childcare needs. Employees can bring their children to work and take care of them while working. In 2020, MiKids Land provided childcare services for 193 person-times. This flexible childcare policy has earned employee recognition and keep them away from worries.



Pregnant employees’ exclusive parking space



Cozy MiKids Land



# 4.1 Employee Care



## ● 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

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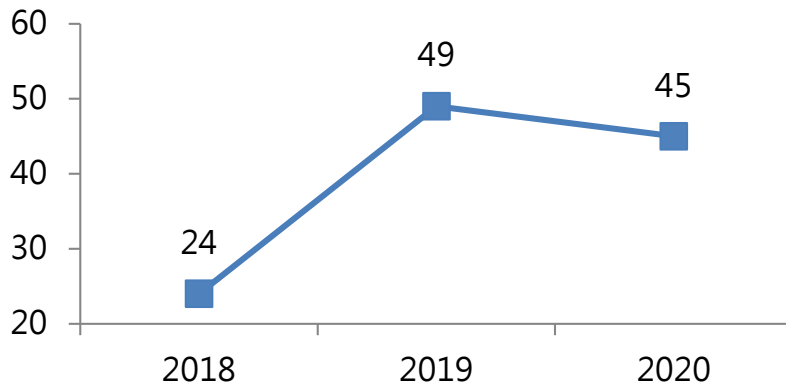


## ● 4.1.4 Creating a Friendly Work Environment

### 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

Contents> MiTAC and Society> Employee Care> COVID-19 Countermeasures



## ● 4.1.5 COVID-19 Countermeasures

### Advanced deployment for epidemic control

#### Real-time capture of epidemic control responses

To address the changes in the epidemic situations, we established the MiTAC Epidemic Control Response Team in 2020 to keep up with the changes in the epidemic situations. We also established the Epidemic Control Section on the corporate website and sent emails to keep employees updated with and publicizes the Company's up-to-date epidemic countermeasures to ensure that employees can work at MiTAC without worries.

#### Risk control through external control

In response to the changes in the epidemic situations, we timely adjusted our visitor control to video or voice conferences to minimize risk exposure of employees and thereby ensure work safety.

#### Split operations and work from home

At the peak of the pandemic, we activated the advanced split operation plan and implemented the work from home (WFH) policy by integrating with the Company's well-established hardware and software equipment to reduce the inconveniences of split office and lower the risk of infection due to physical contacts and interaction among employees.

#### Physical condition capture through entry control

Employees working in the office were required to adopt various epidemic control measures, including wearing a face mask at all times to reduce transmission by droplet, maintaining social distancing in common areas and implementing crowd control in enclosed areas, and reducing cross-floor and cross-site mobility to avoid cross infection.

#### Operations with technology for internet communication

The office is equipped with comprehensive videoconferencing software for employees to communicate with uninterrupted videoconferencing. From whether the mobile, tablet, or laptop, employees can achieve seamless connection for full communication with customers or visitors.

# 4.1 Employee Care



## ● 4.1.6 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



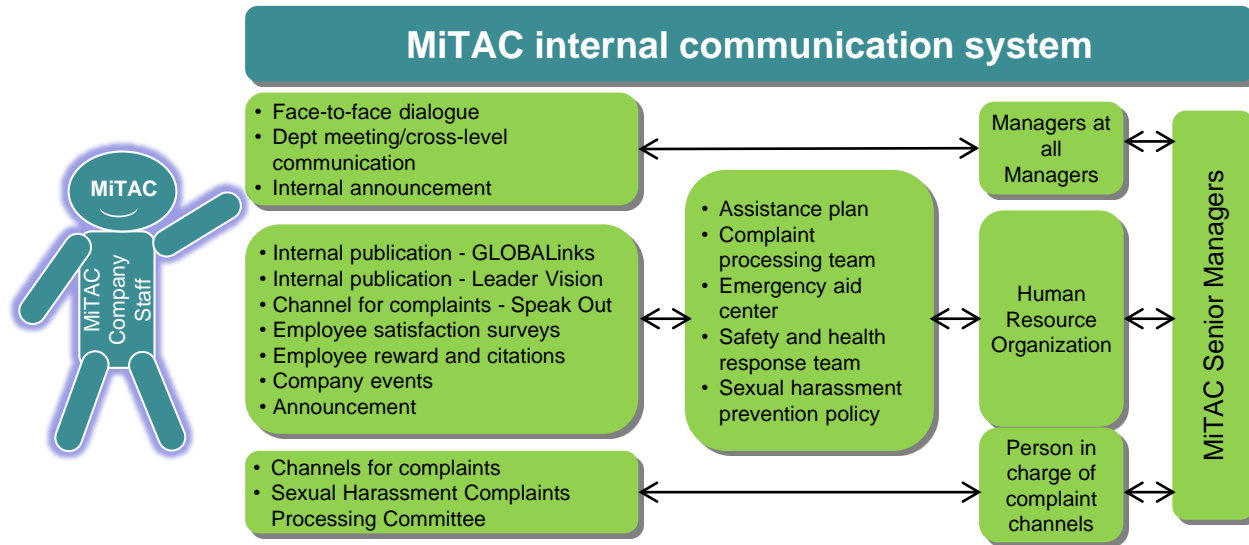
Comprehensive communication platforms



# 4.1 Employee Care



## 4.1.6 Virtuous labor-management communication



### Periodic labor-management meetings

We periodically hold labor representative elections according to the law, hold labor-management meetings with labor representatives every quarter and communicate the results within the Company. We also arrange multiple channels for employees to express their opinions in order to build a better and more thoughtful labor system and promote virtuous labor-management interaction.

### Multiple channels for opinion exchange

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 dedicated line and employee suggestion box

We value of opinion of each employee. Employees can speak out their opinions through the Employee Suggestion Box in the plant or dormitory, over the "Speak Out Box" or even the grievance line on the external corporate website. We value each employee. After receiving a grievance, whether signed or not, case officers will listen, understand and properly handle each case. If it is necessary, anonymization protection will be arranged for complainants and a task force will be convened to propose improvement plans to properly address the grievance, conduct impartial investigation, and handle the grievance without bias. We have also designed the whistleblower protection system to keep whistleblowers away from retaliation and unfavorable treatment. Three grievances were reported in 2020, and all were resolved properly after investigation.

# 4.1 Employee Care



## ● 4.1.7 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.



MiGYM

#### 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 different types of talks from time to time in collaboration with various organizations to provide employees with comprehensive daily life knowledge. For example, we arranged health talks given by dieticians in 2020 with heat feedback.



Health talks

#### MiTAC weight-loss competition

We value the health of employees and encourage employees to develop the long-term exercise habit. Besides providing MiGYM facilities, we also organized the 2020 Feel the Burn health-promoting activity. Through a range of complete and comprehensive health-promoting activities for a term of 12 weeks, we encouraged employees to achieve complete weight loss through the synergy of diet control and exercise to maintain physical health. The competition recruited over 500 employees, and the average weight loss is 2.5kg/person.



2020 Feel the Burn



# 4.1 Employee Care



## ● 4.1.7 Promoting Work-life Balance

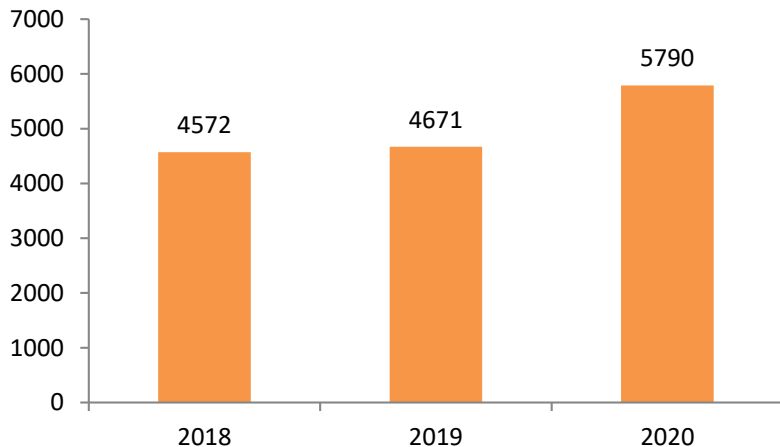
### Support Employees' Values in Life

#### Employee welfare committee cares

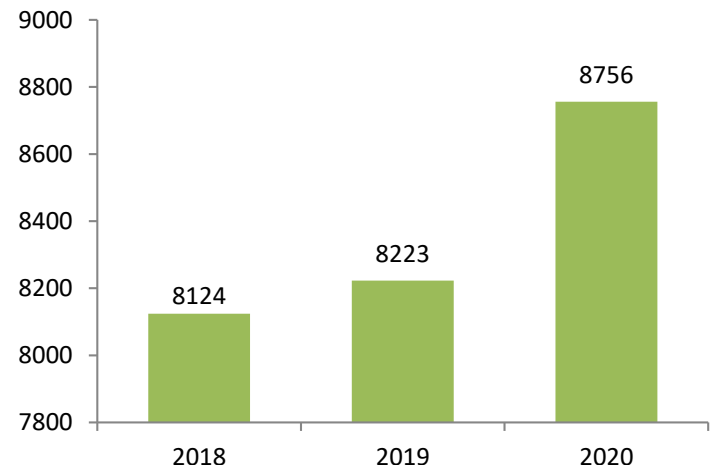
MIC offers comprehensive, diverse welfare measures through the employee welfare committee, including: gift for festival to show that the company cares about them; furthermore, gift money is disbursed for three major festivals in Taiwan in order to recognize their contributions to the company. In this year, the employee welfare committee disbursed over NT\$ 6 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



## ● 4.1.7 Promoting Work-life Balance

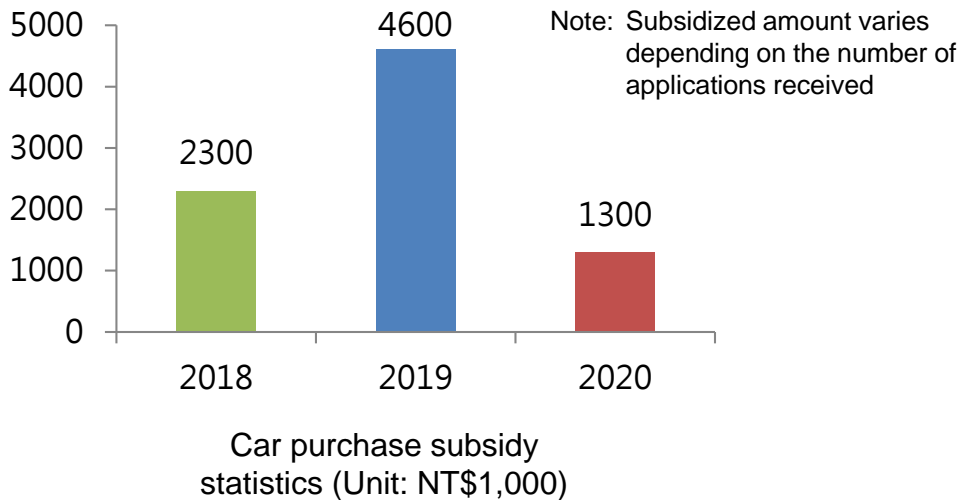
### Support Employees' Values in Life

#### 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\$1.5 million was allocated for our colleagues' benefit this year.



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
	Cancer medical benefits

# 4.1 Employee Care

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## ● 4.1.7 Promoting Work-life Balance

### Encouraging Interactions Among our Employees

#### Employees Family day activities

MiTAC invites hard-working employees and their family supporting them to outing on Family Day to gain physical and mental health.

#### 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. In consideration of the pandemic, the 2020 Family Day was held online, and employee feedback was also heated.



Year-end banquet

# 4.1 Employee Care



## 4.1.7 Promoting Work-life Balance

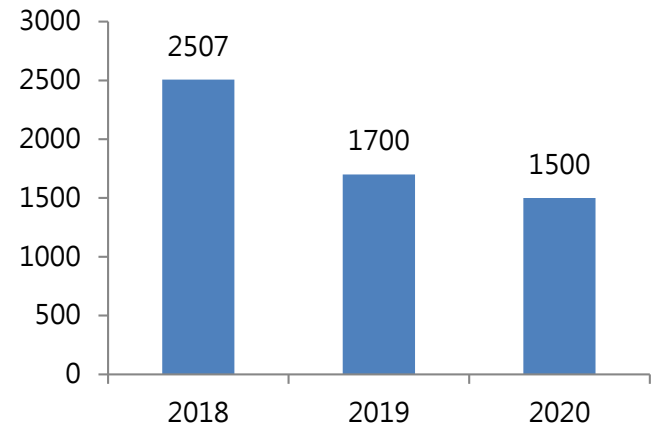
### Encouraging Interactions Among our Employees

#### Birthday party

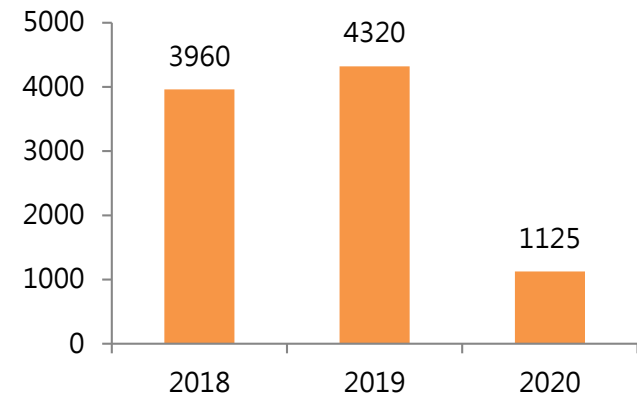
Employee Welfare Committee regularly organizes birthday parties for our colleagues. Aside from exquisite meals, entertainment programs are also arranged in conjunction with the festival of the month. In total, over 1500 employees from 2 regions celebrated birthdays together.

#### 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. A total of over 1500 people participated in 25 social clubs across 3 regions.



Number of birthday party participants



Number of social club participants



Table Football Club Activity



Body Combat Club

Note: In response to the pandemic, birthday celebrations and employee club activities were reduced to prevent cluster infection.

# 4.1 Employee Care

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## 4.1.7 Promoting Work-life Balance

### Encouraging Interactions Among our Employees

#### Social contribution: Winter Donation

In addition to work, MiTAC employees spare no efforts making in social contribution and provide proactive assistance for different vulnerable groups in society. Through internal in-kind donation, periodic monetary donation, and blood donation, they timely support those in need of help. In 2020, MiTAC employees donated nearly NT\$500,000 and more than 100 types of materials. They also recruited 150 passionate employees to donate up to 40 liters of blood to repay society in real action.



Blood Donation

#### 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.



Art Corridor Exhibition



2020 Warmth in Winter Activity





# 4.1 Employee Care



## ● 4.1.7 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 2020, 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 four 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 2020, we offered a total of 180 days of sick leave for employees suffering from severe illness to recuperate without worries.

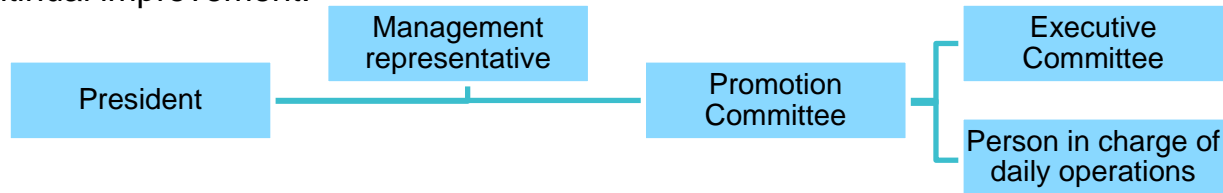


# 4.1 Employee Care



## ● 4.1.8 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, ISO 45001, and RBA certification and 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 2020 , 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
2020		Number of disabling injuries	15	13.3	4.4
		Number of work days lost	45		
		Total working hours (hours)	3,382,064		

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



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.



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.

Develop good talents in technology

Advocate low carbon living

Concern for disadvantaged groups

## 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 was established under the sponsorship of MiTAC and other group companies, and has organized the annual Y.S. Award on Campus for the Development of Good Talents in Technology and Design since 2003. The event aims at students in schools of higher education for the encouragement of product design education and the incubation of good talents in software.

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 Sponsoring charitable activities

#### Sponsoring 2020 Standard Chartered Taipei Charity Marathon to run for the youth dreams

The “Standard Chartered Taipei Charity Marathon” is by far the largest marathon event with the most participants with disabilities in Taiwan. The 2020 event was held on January 19. At the event, the “Corporate Charity Relay” was introduced for the first time to recruit corporate teams to complete the full marathon of 42km through relay. The registration fee at NT\$100,000 each team was used to support the Futuremakers project that provides visually impaired and disadvantaged young people aged 16-35 with the opportunity to pursue their dream occupations and flip the future, in order to make running more meaningful. Mio formed a team to support the spirit of the “Standard Chartered Taipei Charity Marathon” through real action with money and effort.



**讓跑步 更有意義**

全臺首創全馬企業公益接力  
企業主熱情響應承諾為青年夢想而跑

2020遠打臺北公益馬拉松首次推出十萬元報名費的「企業公益接力」組別，透過企業參與，提供視障及弱勢青年一個追求夢想職業和翻轉未來的機會

Sponsors: NRC, SWAROVSKI, EY, PwC, Mio, CARAT, Invisalign, TSWA, Rogerwell, 大漢集團, 戰國策, KLOOK, 統一銀信證券, 財訊



## 4.2 Social Participation

Index > MiTAC and Society > Social Participation > Social Charity



### ● 4.2.3 Concern for disadvantaged groups

#### Recruiting materials for winter in-kind donation

Initiated by MCT employees, the winter donation has become a MiTAC tradition. In view of the underprivileged children in need of help and encouragement in the wealthy society, we selected “White Kiteland” orphanage as the recipient of the in-kind donation of daily necessities such as oil products, toiletries, craft and homework paper, bikes, cleaning tools and agents and kids’ presents. We also sponsored cycling jerseys for children of the orphanage to start their cycling trips. May our warmest wishes be with those children on their trips across Taiwan.



## 4.2 Social Participation

Index > MiTAC and Society > Social Participation > Social Charity



### ● 4.2.4 Sponsoring equity in sports

#### Sponsoring “The 7th Way Out Cup Baseball Game 2020”

We sponsored “The 7th Way Out Cup Baseball Game 2020” organized by the Chinese Taipei Baseball and Softball Association for the Disabled (CTBSAD) to help different baseball groups to fulfill their dreams. The “Way Out Cup” is a baseball game for different social groups including persons with disabilities, female baseball teams, elderly baseball teams and so on, hoping to promote “equity in sports” in baseball beloved by the public.



## 4.2 Social Participation

Index > MiTAC and Society > Social Participation > Product Donations



### ● 4.2.5 Care for local communities

#### MiTAC and Mio care for local communities by supporting pomelo farmers in real action

In view of the unequal repayment for the efforts of farmers due to the high pomelo yield in Hualien in 2019, MiTAC Holdings specifically bought the “Yandia Hualien Pomelo Baby Soap” made from pomelos as the gifts for shareholders in 2020. Its subsidiary Mio also bought the “Happy Pomelo Aromate” as the gifts for marketing Mio dash cams, hoping to support farmers and present the natural and pure Hualien pomelo products to express the Company’s care and love for local communities to make a better society.





## 4.2 Social Participation

Index > MiTAC and Society > Social Participation > Product Donations



### ● 4.2.6 Care for local communities

#### Supporting food offerings on Hungry Ghost Festival as assistance for the vulnerable

People always embrace the value of universal salvation. In recent years, MiTAC Holdings have made a big change in the universal salvation ceremony by using eco-friendly joss paper and handing it for central incineration by the Science Park Administration to reduce air pollution without reducing respect for the wandering souls. In addition, we have replaced the food offering with the food required by vulnerable groups and donated it to these groups after the ceremony. In 2020, we donated the food offering to Guishan Angel Service Station of Huashan Social Welfare Foundation. As that station provides service for disabled, dementia, and homeless elderly people, we purchased supplies including noodles, brown rice milk, sunflower oil, can food, oatmeal, etc. that meet the needs of elderly people. Besides reducing unnecessary expenses and pollution, helping the wandering souls pass over to the paradise to pray for peace, we also demonstrated the “universal salvation” spirit of the festival.





## 4.2 Social Participation

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



### ● 4.2.7 Blood Donation Promotion

#### One Bag of Blood for One Life

In 2020, the blood donation held at Taoyuan Headquarters and Hsinchu Plant received heat support from employees. A total of 153 employees donated 222 bags of blood. We also donated restaurant vouchers to donors to encourage more employees to support blood donation.



<p>吧檯大姊 捐血營養金 \$5</p> <p>早餐   午餐   輕食</p>	<p>健康食彩 全效呵護膠原飲 買一盒送一盒 \$799</p>	<p>香源 捐血營養金 \$5</p> <p>午餐   輕食</p>
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# Global Sustainability Report Index Mapping Table

Important considerations	GRI Disclosure item	Description	Corporate report chapters	Page number	Note
General Disclosure GRI 102					
Organizational profile	102-1	Name of the organization	2.1.1 Company profile	13	
	102-2	Activities, brands, products, and services	2.1.1 Company profile	13	
	102-3	Location of headquarters	2.1.3 Global locations	16	
	102-4	Location of operations	2.1.3 Global locations	16	
	102-5	Ownership and legal form	2.1.2 Basic information	15	
	102-6	Markets served	2.1.3 Global locations	16	
	102-7	Scale of the organization	2.1 Company Outlook	13	
	102-8	Information on employees and other workers	4.1.1 Employment policy and labor force structure	82	
	102-9	Supply chain	3.5 Supply Chain Management	63	
	102-10	Significant changes to the organization and its supply chain	2.1 Company Outlook	13	
	102-11	Precautionary Principle or approach	2.2.7 Continue to Improve Corporate Risk Management	36	
	102-12	External initiatives	3.3 Response to climate Change and Global Warming	47	
	102-13	Membership of associations	2.1.1 Company profile	13	
Strategies	102-14	Statement from senior decision-maker	1.1 The View and Commitment of Corporate Social Responsibility	5	
	102-15	Key impacts, risks, and opportunities	2.2.7 Continue to Improve Corporate Risk Management	36	
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	2.2.6 Other Governance Corporate Governance	31	
	102-17	Mechanisms for advice and concerns about ethics	4.1 Employee Care 4.1.6 Virtuous labor-management communication	80 101	

# Global Sustainability Report Index Mapping Table

Important considerations	GRI Disclosure item	Description	Corporate report chapters	Page number	Note
General Disclosure GRI 102					
Governance	102-18	Governance structure	2.2.1 Corporate Governance Organizational Chart 4.1.1 Employment policy and labor force structure	18 81	
	102-22	Composition of the highest governance body and its committees	2.2.2 Operation of the Board of Directors	19	
	102-23	Chair of the highest governance body	2.2.2 Operation of the Board of Directors	19, 20	
	102-24	Nominating and selecting the highest governance body	2.2.2 Operation of the Board of Directors	19	
	102-25	Conflicts of interest	2.2.2 Operation of the Board of Directors 2.2.3 The Operation of the Auditing Committee	22 23	
	102-35	Remuneration policies	2.2.4 The Operation of the Remuneration Committee	27	
	102-36	Process for determining remuneration	2.2.4 The Operation of the Remuneration Committee	27	
	102-37	Stakeholders' involvement in remuneration	2.2.4 The Operation of the Remuneration Committee	27	
Communication with stakeholders	102-40	List of stakeholder groups	1.2.4 General communication	11	
	102-41	Collective bargaining agreements			There is currently no collective bargaining agreement
	102-42	Identifying and selecting stakeholders	1.2.4 General communication	11	
	102-43	Approach to stakeholder engagement	1.2.4 General communication 1.2.5 Communication for report preparation	12 13	
	102-44	Key topics and concerns raised	1.2.4 General communication	11	
Reporting practice	102-45	Entities included in the consolidated financial statements	MiTAC Sustainability Report 2.1.1 Company profile	3,4 13	
	102-46	Defining report content and topic Boundaries	1.2.1 Description of accountability and reporting principles 1.2.2 Topic determination through SOPs	7 8	
	102-47	List of material topics	1.2.2 Topic determination through SOPs	8,9	

# Global Sustainability Report Index Mapping Table

Important considerations	GRI Disclosure item	Description	Corporate report chapters	Page number	Note
General Disclosure GRI 102					
Reporting practice	102-48	Restatements of information			Remain unchanged
	102-49	Changes in reporting			Remain unchanged
	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	4	
	102-54	Claims of reporting in accordance with the GRI Standards	MiTAC Sustainability Report	4	
	102-55	GRI content index	Global Sustainability Report Index Mapping Table	118	
	102-56	External assurance			External assurance currently unavailable
Management guideline GRI 103					
Management guideline	103-1	Explanation of the material topic and its Boundary	1.2.3 Material Issues and MiTAC Value Chain	10	
	103-2	The management approach and its components	2.1 Company Outlook 2.2 Corporate Governance 3.1 Green Commitment 3.3 Response to Climate Change and Global Warming 3.6 Customer service and satisfaction 4.1 Employee Care	13 19 39 46 72 79	
	103-3	Evaluation of the management approach	2.1 Company Outlook 2.2 Corporate Governance 3.1 Green Commitment 3.3 Response to Climate Change and Global Warming 3.6 Customer service and satisfaction 4.1 Employee Care	13 19 39 46 72 79	

# Global Sustainability Report Index Mapping Table

Important considerations	GRI Disclosure item	Description	Corporate report chapters	Page number	Note
Economic sphere GRI 201, 202, 204					
Economic performance	201-1	Direct economic value generated and distributed	2.1.4 Operating Results 4.2 Social Participation	17 110	
	201-2	Financial implications and other risks and opportunities due to climate change	2.2.7 Continue to Improve Corporate Risk Management	36	
	201-3	Defined benefit plan obligations and other retirement plans	4.1.2 Fair and just talent retention system	87	
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	86	
	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	82, 83	
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	64, 65	
Environmental sphere GRI 302, 303, 305, 306, 307, 308					
Energy	302-1	Energy consumption within the organization	3.3.2 Environmental Information	50	
	302-2	Energy consumption outside of the organization	3.3.1 Global climate change and greenhouse gas inventory	47	
	302-3	Energy intensity	3.3.2 Environmental information-Energy intensity of purchased electricity	53	
	302-4	Reduction of energy consumption	3.3.4 Environmental performance	55	
	302-5	Reductions in energy requirements of products and services	3.1.2 Introduction of Product Design for the Environment	41	
Water	303-3	Water withdrawal	3.3.3 Water resource	54	
Emission	305-1	Direct greenhouse gas (GHG) emissions (scope 1)	3.3 Response to climate change and global warming-GHG inventory	47	
	305-2	Energy indirect (GHG) (scope 2) greenhouse gas (GHG) emissions	3.3 Response to climate change and global warming-GHG inventory	47	
	305-3	Other Indirect greenhouse gas (GHG) emissions (scope III)	3.3 Response to climate change and global warming-GHG inventory	47	

# Global Sustainability Report Index Mapping Table

Important considerations	GRI Disclosure item	Description	Corporate report chapters	Page number	Note
Environmental sphere GRI 302, 303, 305, 306, 307, 308					
Emission	305-4	Greenhouse gas (GHG) emission and intensity	3.3.1 Global Climate Change and Greenhouse Gas Inventory -GHG emissions and intensity	48	
	305-5	GHG emission reduction	3.3.4 Environmental performance	55	
	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.	3.3.2 Environmental Information	50	
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	49,50, 52	
	306-3	Total number and volume of significant spills			The company experienced no major spillage in 2020
	306-4	Waste transportation			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 2020.
Supplier environmental assessment	308-1	Percentage of new suppliers that were screened using environmental criteria	3.5.4 Supplier screening and green purchasing	70	
	308-2	Negative environmental impacts in the supply chain and actions taken	3.5.5 Supplier Responsibility Counseling and Auditing	71	



# Global Sustainability Report Index Mapping Table

Important considerations	GRI Disclosure item	Description	Corporate report chapters	Page number	Note
Social sphere GRI 401~419					
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	93	
	401-3	Parental leave	4.1.2 Fair and reasonable talent retention system Reinstatement Rate after Unpaid Parental Leave	89	
Labor/management relations	402-1	Minimum notice periods regarding operational changes	4.1.6 Bilateral Communication Between Capital and Labor	100	
Occupational health and safety	403-1	Occupational health and safety management system	4.1.4 Creating a friendly work environment	94	
	403-2	Hazard identification, risk assessment, and incident investigation	4.1.4 Creating a Friendly Work Environment	97, 98	
	403-3	Occupational health service	4.1.4 Creating a Friendly Work Environment	98	
	403-4	Worker participation, consultation, and communication on occupational health and safety	4.1.6 Virtuous labor-management communication	101	
	403-5	Worker training on occupational health and safety	4.1.3 Facilitate employee adaptive development 4.1.7 Promoting work-life balance-Intellectual life talks	90 102	
	403-6	Promotion of worker health	4.1.5 COVID-19 countermeasures 4.1.7 Promoting Work-life Balance	99 102	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	3.5.3 Restriction on the Use of Hazardous Substances and Management	67	
	403-8	Workers covered by an occupational health and safety management system	4.1.4 Creating a friendly work environment	94	
	403-9	Work-related injuries	4.1.8 Environmental health and safety	109	
	403-10	Work-related ill health	4.1.8 Environmental health and safety	109	



# Global Sustainability Report Index Mapping Table

Important considerations	GRI Disclosure item	Description	Corporate report chapters	Page number	Note
Social sphere GRI 401~419					
Training and education	404-1	Average hours of training per year per employee	4.1.3 Facilitate employee adaptive development	90	
	404-2	Programs for upgrading employee skills and transition assistance programs	4.1.2 Fair and reasonable talent retention system 4.1.3 Facilitate employee adaptive development	87 90~92	
	404-3	Percentage of employees receiving regular performance and career development reviews	4.1.2 Fair and just talent retention system	88	
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	19 82	
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	4.1.1 Employment policy and labor force structure	80	
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	70	
Child labor	408-1	Operations and suppliers at significant risk for incidents of child labor	3.5.5 Supplier Responsibility Counseling and Auditing	70	
			4.1.1 Employment Management and Organizational Structure	80	
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	70	
			4.1.1 Employment Management and Organizational Structure	80	
Indigenous rights	411-1				In 2020, 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	4.1.1 Employment Management and Organizational Structure	81	
Supplier social assessment	414-1	New suppliers that were screened using social criteria	3.5.4 Supplier screening and green purchasing	70	
	414-2	Negative social impacts in the supply chain and actions taken	3.5.5 Supplier Responsibility Counseling and Auditing	70	

# Global Sustainability Report Index Mapping Table

Important considerations	GRI Disclosure item	Description	Corporate report chapters	Page number	Note
Social sphere GRI 401~419					
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	3.1.2 Introduction of product design for the environment 3.5.3 Restriction on the Use of Hazardous Substances and Management	40 67	
	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 2020.
Marketing And Labeling	417-1	Requirements for product and service information and labeling	3.2.1 Case of design for environment (DFE) of products- Enhancing material efficiency	41	
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 2020.
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area			In 2020 the company did not receive any fines for violating the law.