ECS ELITEGROUP

CORPORATE SOCIAL RESPONSIBLITY REPORT
ELITEGROUP COMPUTER SYSTEMS
2020

Elitegroup Computer Systems Corporate Social Responsibility Report

Elitegroup Computer Systems published the nineth version corporate social responsibility report in 2020, presents the current state of corporate governance, social participation and environmental protection practices for the fulfillment of sustainable development, and to satisfy the requirements of customers and stakeholers.

■ **Report Scope and Boundaries:**

The contents of this report cover the performance data of Taiwan Headquarter, Mainland China Factoryies (Xingying and Suzhou) and Thailand Factory (ECS Thailand) of Elitegroup Computer Systems during the year 2020 (20200101~20201231). This report references the Global Sustainability Reporting Standards created by the Global Reporting Initiative (GRI) and in accordance with GRI Standards Core Option for reporting framework. And there is a part of financial information reported quarterly in corporate web.

■ **Reporting Period:**

ECS published periodical corporate social responsibility report by year.
Last report was published on June 2020.
Current report was published on June 2021.
Next report will be published on June 2022.

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An environmentally friendly, paperless, electronic version of this report is available for download at the company's Green Website.

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Elitegroup Computer Systems Corporate Social Responsibility Report

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Chapter 1 Corporate Governance

1.1 Words from Chairman

ECS in accordance with core values of enterprise, dedicated to develop actively superior and healthy products and services for customers; ECS had fulfilled corporate sustainable issues for many years, and integrated successfully the various sustainable development issues into business daily operations and management in all levels, to ensure ECS fulfill civic responsibility and meet internaltional trends completely that creates a healthy living environment for all customers. The implementation of corporate social responsibility is a process of continuous progress. ECS published the twelfth version of corporate social responsibility report in 2020, made appropriate disclosures about corporate governance,

Chairman Victor Tsan

economic, environmental, social and other relevant information. ECS reveiwed the results of corporate social responsibility implementation, and combined the concepts of the United Nations Sustainable Development Goals (SDGs) with corporate business policies and corporate social responsibility practices to actively responds to the UN Sustainable Development Goals (SDGs) in corporate social responsibility reports, expecting to extend the power of business operations internally and externally to create sustainable environments and society.

In order to practice the goal of the education quality in the United Nations Sustainable Development Goals (UN SDGs), to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. In response to the focus of the world's advanced national education reform, ECS integrated the internal hardware and software to construct the whole smart campus program, ECS donated hardware and the infrastructure of communication system hardware and software, to build up the structure of primary school students about intelligent management for students safety in school, and to achieve the intelligent service and management of the campus model. ECS took practice to balance the gap between urban and rural resources, to enhance the competitiveness of Taiwanese children's digital learning ability. Continued to donate Tablet PCs to children of partial township school, fully supported the three major policies of the Ministry of Education to promote the activation of digital learning ability, mobile learning, and partial rural care. ECS participated the 21th "Send Love to the World " activities in 2020 and donated 50 units of laptop computers (model SF20PA2) to take care of disadvantaged children, delivered the beneficent resources to the social welfare organizations and the disadvantaged groups that need helps, and expanded the intangible positive power that driving the participation for the enterprise groups.

ECS convinces that employees are the most valuable assets of the company. In 2015, ECS launched the Employee Assistance Programs (EAPs) to improve the healthy development of the overall environment, to aid employees and corporate grow stably together, and to enhance the competitiveness of the organization. ECS was awarded continuously the "Healthy Workplace Certification Health Promotion Award", "Taipei City Excellent Healthy Workplace", "Excellent Breastfeeding Room Certification" and "Work and Life Balance Award - Employee Assistance

Medal" successively. ECS was encouraged affirmatively that committed to maintain the assistance of physical and mental balance and resources services, let all employees work in a friendly and positive work environment with all strength.

The era of low-carbon economy is approaching after the entry into force of the Paris Agreement. However, after the COVID-19 pandemic, the economic recovery and revitalization plans of all countries in the world are initiated on the "science-based" zero-carbon economic plan. ECS conducted the prudent assessments and practices in face of the risks and opportunities arose from the extreme weathers, implemented greenhouse gas reductions in business operations and comformed the energy efficiency standards of products in advance, to strengthen the ability to respond to the climate changes for construction of weather resilience, and dedicate to reach the targets of carbon reduction requirements from international NGOs, world-wide governments and customers. ECS continues to implement greenhouse gas inventory and energy reduction actions at corporate headquarter and factories, and requested supply chain synchronized to promote energy efficiency and greenhouse gas reduction in product carbon emissions of life cycle. In 2014, ECS completed the build-up of ECS headquarter building as a smart building, to achieve the sustainable carbon reduction pathway by means of make-good-use of natural energy and sustainable green energy. Afterward, ECS fully facelifted the office lighting of headquarter intelligent building to T5 LED lamps and update replacement of water chiller, the energy-saving caused carbon emissions reduction of 495.4 metric tonnes CO_2e totally till 2020. And ECS headquarter smart building won the "2017 Energy Conservation Leadership Award" award from the Taipei City Government in 2017. Xingying factory implemented energy management system and obtained ISO 50001 energy management system certification. ECS responded to the climate convention and post-pandemic revitalization with practical actions and responded positively to the demands of the international community and customers for greenhouse gas reduction and mitigate the impact of extreme weather.

Looking forward to the future, ECS will keep to developing with the concept of sustainable development and the principle of integrity, listen to the views from all stakeholders, and dedicate to implement sustainabiity governance and raise business continous growth accordingly to perform holistic corporate social responsibility, to achieve sustainable development goals. ECS expects to create more value for all stakeholders and become the most prominent corporate.

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1.2 Core Values

ECS dedicated to be an excellent team of IT products and proposed three core values for internal management teams and colleagues with the same code of conduct for long-term development of company. ECS's core values are enthusiasm, innovation and discipline. Through passion, product innovation and discipline into daily life operations to enhance competitiveness and ensure sustainable development to meet customer needs.

Core Values
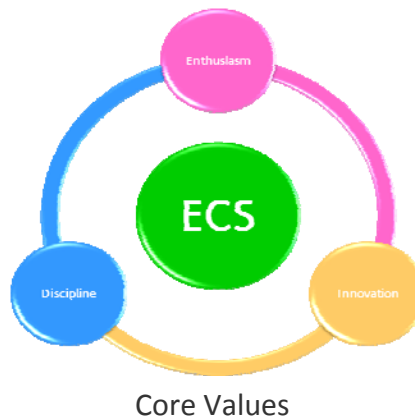
1.3 Business Philosophy and Vision

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Looking forward the global market, ECS will focus on innovative technology that enriches human lives and improves quality of life. Product design, procurement, production, sale, service, resource recovery processes will all be conducted using green methods to achieve the "toxin-free, low-energy-consumption, easily-disassembled, recyclable" standard of product design and manufacturing. Toxin-free products and low-carbon emissions will be used to put the ideas of caring for the Earth, environmental protection and sustainable development into practice.

1.4 Stakeholders Communication

ECS pay much attention to basic rights of stakeholders and realizes that the interaction between stakeholders is an important part of company operation, so to understand completely the stakeholders' ideas and needs by different ways of communication with collected feedback information, then respond the collected results on the business operations for improvement to meet the needs and expectations of stakeholders and sustainable development of ECS. It is our duty and responsibility to make the best responses for stakeholder concerned issues. The following table ilists topics communicated with stakeholders by various communication channels:

Stakeholders Concerned Issues

Various stakeholders requirements and communication channnels			
Stakeholders	Communication Fresquency	Concerned topics	ECS's actions
Shareholders	Yearly meeting of shareholders	Corporate Profit Risk Management	ECS hold periodically investor conference and shareholder meeting to report business operation status and profitability to all investors for reduction of communication barriers. And release publicly earnings information through corporate website to increase business operation transparency. Company can manage risk effectively through fluent communication channels and transparent information.
Customers	1. Customer Service System 2. Customer Satisfaction Survey 3. Stakeholders Communication Web Area	Quality Management (ISO 9001) Environment Management (ISO 14001) Social Responsibility (SER)	Close interaction with customers: Based on customer demand to provide product information and company developemnt actively to meet customer expectations and desired quality continuously. Collect new green knowledges for green design reference base, and make use of green technologies and environmental concepts for green product innovation design application.
Suppliers	1. Supplier Conference 2. Irregular Audit 3. Stakeholders Communication Web Area	Responsible Business Alliance Code of Conduct (RBA) Green Product (RoHS、WEEE、ErP、REACh)	Supplier business management team convened procurement, green, manufacturing and suppliers invited to hold suppliers conference with sharing of new knowledge of green, green requirements, quality program, procurement focus; to work with ECS together for improvement to meet future international trends.
Employees	1. Employee mailbox 2. Periodical meeting 3. Stakeholders Communication Web Area	Salary / Wage Welfare Working Environement	Provide safe and comfortable working environment and a variety of training courses to enhance staff ability and cohesion. Factory staffs communication meetings were held regularly and set the employee mailboxes to have a public reply to the opinions from staff. And to encourage colleagues to express their views for positive interaction. Appropriate communication channels and procedures were setup to reach labor harmony by staff mailbox.
Community	Irregular Community Activity	Community Contribution	Engaged in community activities to increase interaction and present community care and attention.
Government	1. Seminar 2. Activity Participation	Regulation Fitness Environmental Impact	Continued to comply with government regulations by participation in various activities to implement government policies.

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1.5 Stakeholders Engagement

ECS understood the demands of stakeholders through communication that we have established various communication channels including investors, customers and employees. The communication results were described in below table and ECS has established official stakeholders communication web area in 2015. In future, ECS will continue to expand communication channels to meet the ideas and needs of stakeholders.

Stakeholders Communication
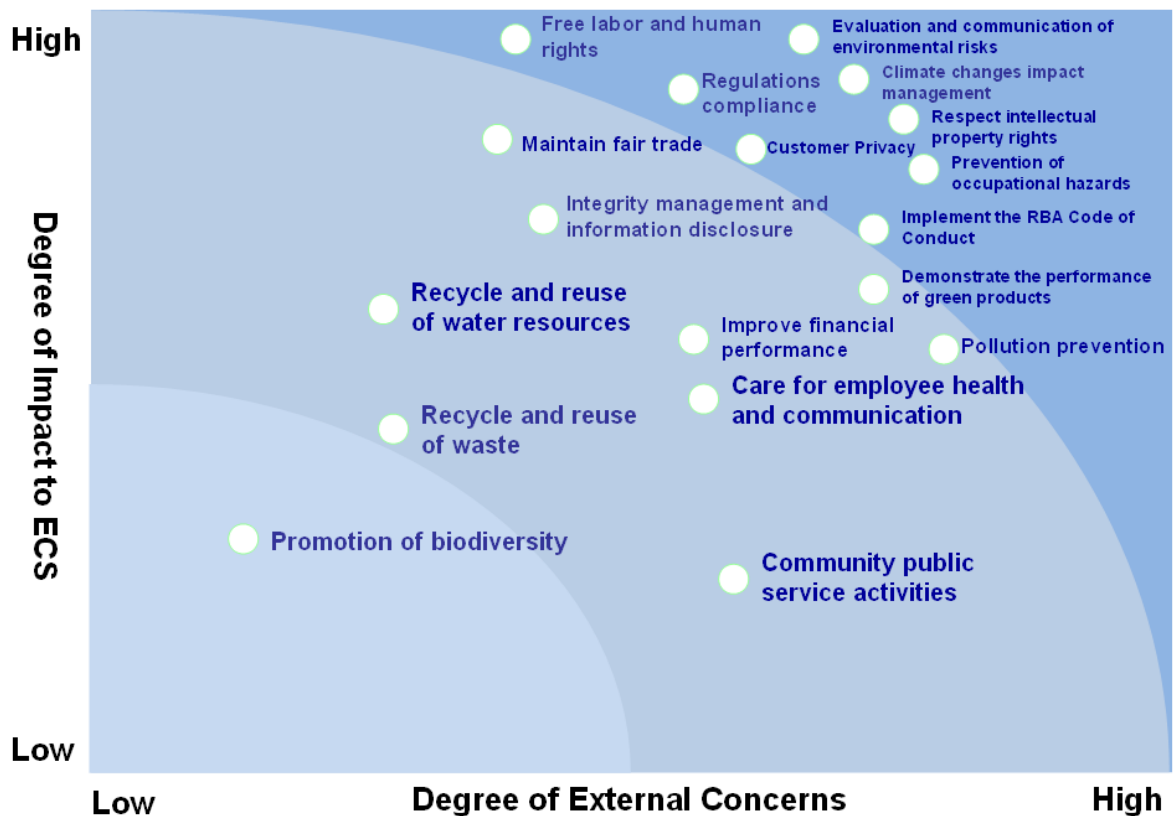
1.6 **UN Sustainable Development Goals (SDGs)**

The United Nations announced the "2030 Agenda for Sustainable Development" in 2015, setting out a framework of 17 Sustainable Development Goals (SDGs), which include 169 targets for the global community, an all-round development plan for the social, economic, and environmental challenges in the lead-up to 2030.

ECS reviewed the results of corporate social responsibility implementation, and combined the concepts of the United Nations Sustainable Development Goals (SDGs) with corporate business policies and corporate social responsibility practices to actively responds to the UN Sustainable Development Goals in corporate social responsibility reports, expecting to extend the power of business operations internally and externally to create sustainable environments and society.

3 GOOD HEALTH AND WELL-BEING	ECS complied with the requirements of world-wide environmental laws and regulations and formulated environmental management policies to produce green products, introduced green environmental friendly design concepts in product development stages, prohibited the use of hazardous chemical substances, and added factors of energy saving, low harmful and easy recycling to ensure health and safety of environments.
4 QUALITY EDUCATION	In order to balance the gap between urban and rural resources, to enhance the competitiveness of Taiwanese children's digital learning ability. ECS fully supported the three major policies of the Ministry of Education to promote the activation of digital learning ability, mobile learning, and partial rural care, to improve the ability of children's digital technology applications. In response to the focus of the world's advanced national education reform, ECS integrated the internal hardware and software to construct the whole smart campus program, to build up the structure of primary school students about intelligent management for students safety in school, and integrate the school teaching and management. To improve the clarity and flexibility of application interaction and to achieve the intelligent service and management of the campus model.
5 GENDER EQUALITY	ECS has implemented the Responsible Business Alliance (RBA) Code of Conduct (formerly known as EICC renamed) and the Code of Conduct of Business Social Compliance Initiative (BSCI) for many years to ensure that it is not based on race, color, age, gender, disability, pregnancy, beliefs, political affiliations, or marital status discriminate against employees in employ and work, and everyone has the right of equal safeguarding without any discrimination.

11 SUSTAINABLE CITIES AND COMMUNITIES	ECS built up smart buildings and developed Internet of Things (IoT) technology to support the foundations of environmental efficiency management technology and solutions used in sustainable urban development, to reduce the harmful effects of waste on the environments, and to facilitate the build-up of inclusive, safe, resilient and sustainable cities and villages.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	ECS put into practices of adherence to the customer first, the products certificated specifications like as safety, electromagnetic radiation, hazardous substances management, energy efficiency …etc. are not only in conformity with the requirements of the world environmental conventions, but also comply with the relevant requirements and regulations of various countries and pass the required testings and certifiacation acquisition. Follow the principles of product integrity and disclosure from international market marketing regulations. And reduce the use of chemicals and hazardous substances in the life cycle management of products, and use the methods of prevention, reduction, recycling and reuse to significantly reduce waste generation.
13 CLIMATE ACTION	ECS conducted the prudent assessments and practices in face of the risks and opportunities arose from the extreme weathers, implemented greenhouse gas reductions in business operations and improved the energy efficiency of products, to strengthen the ability to respond to the climate changes and dedicate to reach the targets of carbon reduction requirements from international NGOs, world-wide governments and customers.

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Chapter 2 Company Overview

2.1 Company Introduction

ECS was founded in May 1987, as a global leading corporate in professional computer design and manufacturing of motherboards, minicomputers, notebook computers, mobile devices, and smart city solutions providers. Headquartered in Taipei, with three branches, respectively in Tokyo, Japan, Seoul, South Korea, Fremont, USA; as well as operating bases in South America, Europe, India, and Russia, combined with local distributors to build a complete distribution network to serve customers nearby. And with the development of global digitization, a mall has been established on a well-known e-commerce platform to provide more immediate services in the global market.

ECS Head Quarter

ECS has more than 30 years of production and manufacturing experience to provide diversified products with excellent quality to customers, to meet the needs of customers for innovation and change with customized computer software and hardware design services. Recently, due to the requirement of environmental protection issues and smart technology trends, ECS always promoted green products and also has become a full scope of smart solution providers in the fields of smart Internet of Things, smart vehicles, smart transportation, and 5G Internet of Vehicles; to vertically integrate the industrial chain and promote them internationally with a global deployment.

Nowadays, ECS has built up two major manufacturing centers distributed on Shenzhen and Suzhou in China, and one in Thailand. They have complete supply chain capabilities and monitored production links; and have the ability of adaptation for market demands change. They produced PC boards, components, main boards, system assembly and intelligent vehicle-mounted devices. Those factories are all certified with ISO 9001, ISO 14001 and IECQ OC080000 for "Non-toxic suppliers," "Non-toxic materials," "Non-toxic processes" and "Non-toxic products," for complete hazardous substances free assurance. We believe strongly that only innovative technology can create value on products, therefore, we construct holistic product quality development and assurance system for long-term cooperation with customers.

Xingying Factory | Suzhou Factory | Thailand Factory

2.2 ECS Overview

Company Name	ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Capital	Approx. NTD 5.6 Billion
Date of Establishment	1987.05.06
Main Products and Services	Mainboard, VGA card, Desktop, Notebook, Tablet, IOT
Chairman of the Board	Victor Tsan
General Manager	Vincent Chen (Proxy)
Number of Shareholders	Approx. 49,565 Persons
Number of Employees	7,946 Persons
2020 Sales Amount	Approx. NTD 26 Billion
Head Quarter	No. 239, Ti Ding Blvd., Sec. 2, Taipei, Taiwan
Operation Regions	Asia, The Americas, Europe, The Middle East, Africa, China

ECS (2331) operational and financial report details and other public company information can be queried or downloaded via ECS website (http://www.ecs.com.tw) .

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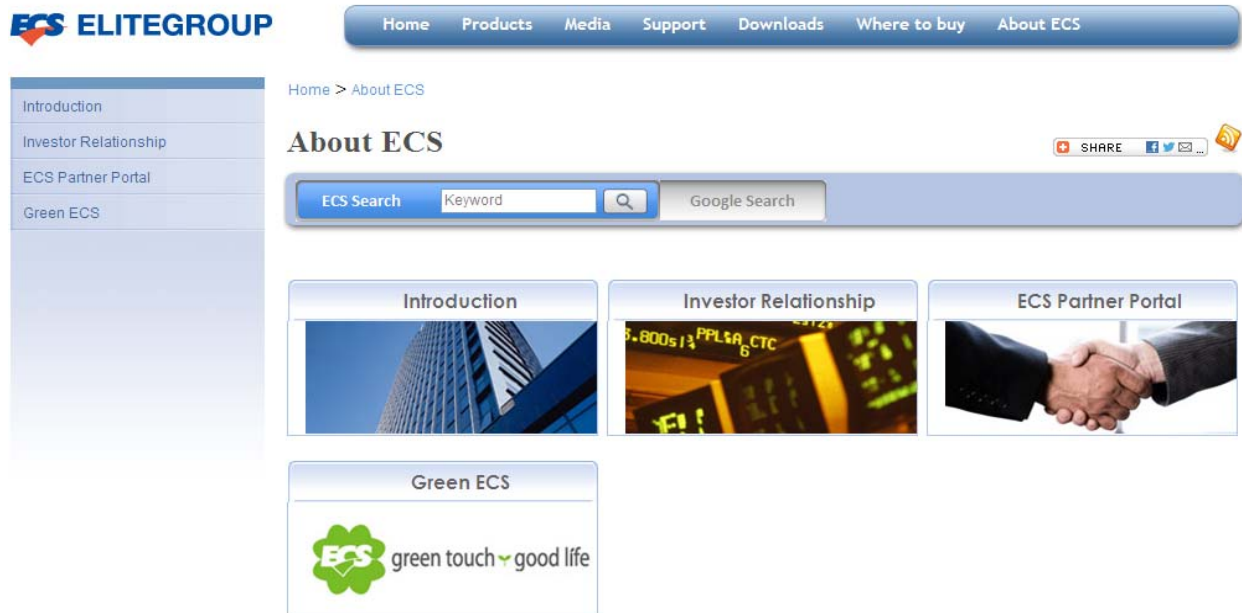
2.3 ECS Mile Stones

2020 - ECS launched anti-pandemic related solutions and joined an alliance with the national electric bus team to develop smart car systems.

2019 - ECS established the2nd abroad manufacturing factory in Thailand.

2018 - ECS Shenzhen factory allocated production capacity about product lines of intelligent vehicle-mounted devices and voice-activated personal assistance products.

2017 - ECS was established at the 30th anniversary.

2016 - Li-Ze primary school in Yilan county successed to introduce ECS smart campus solution, open up a new era of intelligent campus application services.

2014 - ECS built up HQ building as a smart building for sustainable operation optimization.

2010 - Established Changshu factory for MB capacity expansion.

2009 - ECS integrated South China factories into Xingying factory to improve production efficiency of the circuit board downstream and supply chain management.

2008 - Neihu corporate headquarter building was completed and also established foresight product business units for research and development in communication products.

2007 - ECS was selected in Taiwan Deloitte Technology Fast50 and 2007 Deloitte Asia Pacific Technology 500. Established Suzhou (SIP) factory for notebook capacity expansion.

2006 - Merged Tatung desktop businese unit and Uniwill computer.

2005 - Established branches in China and South Korea.

2002 - Created a record of single month sales of 2 million motherboards, BusinessWeek InfoTech 100 companies ranked No. 8.

2000 - Created a record of single month sales of 1 million pieces of motherboards.

1998 - Established ECSM Shenzhen factory with monthly production capacity of 600,000 pieces of motherboards.

1994 - The first motherboard company listed on Taiwan Stock Exchange Corporation board.

1988 ~ 1991 - Established branches in USA, Germany, UK, Japan, Singaore and Canda.

1987 - Company was founded with dedication being a professional computer motherboard design and manufacturing company.

2.4 Global Strategy

Global Logistics

ECS has strongly dedicated to products innovation such as motherboards, mini computers and notebook computers for many years. ECS is not only a manufacturing supplier of computer-related products, but in recent years it has also fully promoted the channel brand-LIVA in market. In addition to computer-related products, ECS has actively transformed business in fields of smart car, smart transportation, smart energy, 5G Internet of Vehicles, etc. Through the global deployment, the complete integration of the upstream and downstream industrial chains will be carried out to enhance product competitiveness and provide customers with a omnibus services.

The sales areas of ECS' channel brand-LIVA's main product motherboards, mini-computers are spread all over the world, including the Asia-Pacific region, the Americas, Europe, the Middle East, and Africa, and have kept a steady growth rate of shipments. The main sales targets are regional brand distributors, system integrators and electronic malls. ECS does not only work closely with regional e-commerce platforms, also stores products on Amazon and Alibaba, the world's two leading e-commerce companies, targeting the B2C and B2B markets respectively. ECS's products are currently available on more than 62 e-commerce sites in 22 countries on 4 continents. In addition, ECS further increase market share and widen the gap with other competitors by business from ODM/OEM customers.

In order to expand LIVA's brand market share, ECS adheres to the three core concepts of innovative design, high quality assurance and market competitiveness, and plans a series of brand promotion plans. In order to meet the needs of different customers and markets, the LIVA product lines are enriched. The product lines include tablet computers, laptops, gaming laptops,

edge computing solutions, thermal sensing solutions, 5G routers, server hosts, and KIOSK with actions Power Bank solutions and other products extend the development of new product lines; which can not only develop new customers and expand sales areas, but also bring more diversified service items to existing customers. ECS enhances product awareness through e-commerce platforms and operates on various large social media, to create brand emotional connection; and plans and participates in online activities and webinars to develop and reach more different customer groups by the advantage of the internet without borders.

Looking forward to the future, smart cities are one of the world's primary development keys. ECS is also constantly investing resources in the research and development of smart vehicles, smart transportation, smart energy, 5G internet of vehicle networking and other related fields. ECS has close business cooperation with international car manufacturers to integrate high-end technology and international industrial standards for development of smart in-vehicle systems, and cooperate with various domestic manufacturers to improve Taiwan's in-vehicle technology and construct an ecosystem of industrial chain for increasing the exportation value of solutions and overseas market share.

2.5 ECS Products Introduction

ECS provides diversified products and services, the product line includes computer-related products: motherboards, desktop computers, notebook computers, mini computers, tablet computers, intelligent voice personal assistant products and intelligent related solutions such as the Internet of Things and the Internet of Vehicles; dedicates to develop products with innovative and competitive quality to meet consumers' demand for innovation and various needs.

- **Business Scope**

  ➢ OEM / ODM: ECS develops complete product lines with the latest technology through from design to manufacturing phrases analysis of market demand. And through vertical integration and strategic alliances to master the supply of key components, ECS reduces costs with economic production scale and provides OEM / ODM services for major global computer brands customers.

  ➢ Own Brand: ECS's own brand of LIVA's motherboards, mini computers, tablets, notebooks and EV Chargers are distributed through global channels and authorized distributors in world-wide regions to be sell around the world. And at the same time, ECS also distributed products on the regional and global electronic business platforms, and exposed products campaigns on major social networking sites to increase products exposure and popularity for products sales promotion.

  ➢ System Integration (SI): ECS provides customized services for customers, which combined with notebook computers, mini computers, tablet computers and other products manufactured by ECS to provide integrated solutions with related software. It can also provides solutions for the vertical integration of smart Internet of Things, 5G Internet of Vehicles and hardware facilities of related industries, and sell them all over the world in the form of specific projects.

- **Main Products**

  ➢ Motherboards: Design and manufacture of motherboards for commercial and consumer desktop and notebook computers.
  ➢ Desktop Computers: Design and manufacture of complete commercial and consumer desktop computers, including motherboards, chassis and power supplies.
  ➢ Notebook Computers: Design and manufacture of notebook computers for commercial, educational and personal use, including motherboards, chassis and power supplies.
  ➢ Tablet Computers: Design and manufacture of tablet computers for commercial, educational and personal use, including motherboards, chassis and power supplies.
  ➢ Mini Computers: Design and manufacture of mini computers for commercial, home or personal use, including motherboards, chassis and power supplies.
  ➢ Smart charging equipment: It complies with international standards and has been certified by ISO 15118 ready, providing a more intuitive plug-and-play charging style. Through the integration of software and hardware with the electricity plant, the charging process is optimized according to the current power storage state of each vehicle, to achieve effective energy management.
  ➢ Smart transportation: Provide integrated Internet of Things applications, including smart logistics, intelligent warehousing and smart vehicle systems. Among them, smart vehicle systems and electric bus are integrated through the production of smart cockpit, advanced driving assistance systems (ADAS) and Fleet Management System, through intelligent comprehensive integration to construct more efficient operation fleets.

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ECS dedicates to technology innovation with excellent product quality and the international awards for its products in 2019 ~ 2020 are listed below:

Award	Products	Award Date	Issuing Unit	Region
	System LIVA A320	2020/03/24	4news.it Silver	Europe Italy
	System LIVA Z3E Plus	2020/07/30	CowcotLand Bronze	Europe France
	System LIVA Q1D	2020/09/29	CowcotLand Silver	Europe France
	System LIVA Q1L	2020/11/03	Zwame.pt Recommended	Europe Portugal
	System LIVA Z3E Plus	2020/11/30	Hardwaresfera Gold	Europe Spain
	System LIVA One H410	2020/12/08	HardwareInside Recommended	Europe Germany
	System LIVA One H410	2020/12/15	Digital Terminal India's Trusted Mini PC Brand for Business	Asia India
	System LIVA Q2	2019/4/02	Techpowerup Great Value	America United States
	Main Board Z270-LIGHTSABER	2019/2/13	OCClub.ru Special Solution Award	Europe Russia

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2.6 The Board of Directors

The Board of Directors

The Board of Directors is the highest governance organization in ECS and set up one audit committee in charge of audit affairs of all management systems and processes. ECS establishs the duty of general manager conforming the strategy from chairman to plan the future operations, development and business strategy of ECS.

The Operation of Board of Directors

ECS formulated the corporate governance structure and implementation practices according to Taiwan company law, securities and exchange law and other relevant laws, since ECS is one company listed in Taiwan Stock Exchange under the legal controlof relevant laws and regulations in Taiwan.

ECS dedicated to fulfill corporate governance and emphasized on shareholders' rights and interests, strongly believe the sturdy and self-discipline board of directors is the basis of corporate governance. ECS's directors, supervisors are elected publicly by shareholders in the board of shareholders and the board of directors was held at least once per quarter to manage business performance for the dedication of shareholders' interests maximized.

ECS corporate ownership is in charge by the general meeting of shareholders, board of directors is responsible for policy formulation and monitoring and supervisors is independent practice of authority. Directors and supervisors are elected periodically on duty in accordance with relevant laws and regulations. The chairman does not service as company manager concurrently and the board of directors is elected by shareholders publicly. The relevant background information of board members and supervisors can be referred on the company's annual report or investor website. Regarding to operation about board of directors, if there is benefit conflict occurrence among directors to avoid, we do complete records in details including the name the directors, contents of proposal, the reason should be avoided and the vote result.

The operation of board of directors follows "Conference procedure of board of directors for publicly issued company" to review the motion with interest relatd directors, and all directors avoid involving in relevant proposals with high ethical standards; directors and supervisors attend the regular meeting of board of directors to discuss motion ardently and have further periodical follow-up. The board of directors is a significant decision-making organization in corporate. Through the performance evaluation of board of directors, it let board of directors have definite objectives and relative responsibility for directors to improve the quality and efficiency of decision-making to achieve effective management and supervision of the company's objectives.

Through the attendance rate disclosure of all directors in annual report to strengthen the requirements of responsibilities and obligations of all directors and supervisors for company supervision and managerial functions achieved.

※ ECS re-elected the directors at the shareholders meeting on June 25, 2018, and set up an audit committee.

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2.7 Audit Committee

ECS established the audit committee in 2018 to supervise the company's financial statements; the selection and dismiss of the independent auditors and its independence and performance; effective implementation of internal control; compliance with relevant laws and regulations; and manage the existing or potential risk control of the company.

2.8 Organizational Structure

In corporate governance, ECS's all operations meet relevant regulations and codes of corporate governance practice, the directors and supervisors are possessed of required business expertise, and internal audit committee is in charge of all internal audit activities and improvements. ECS organizational structure is as follows:
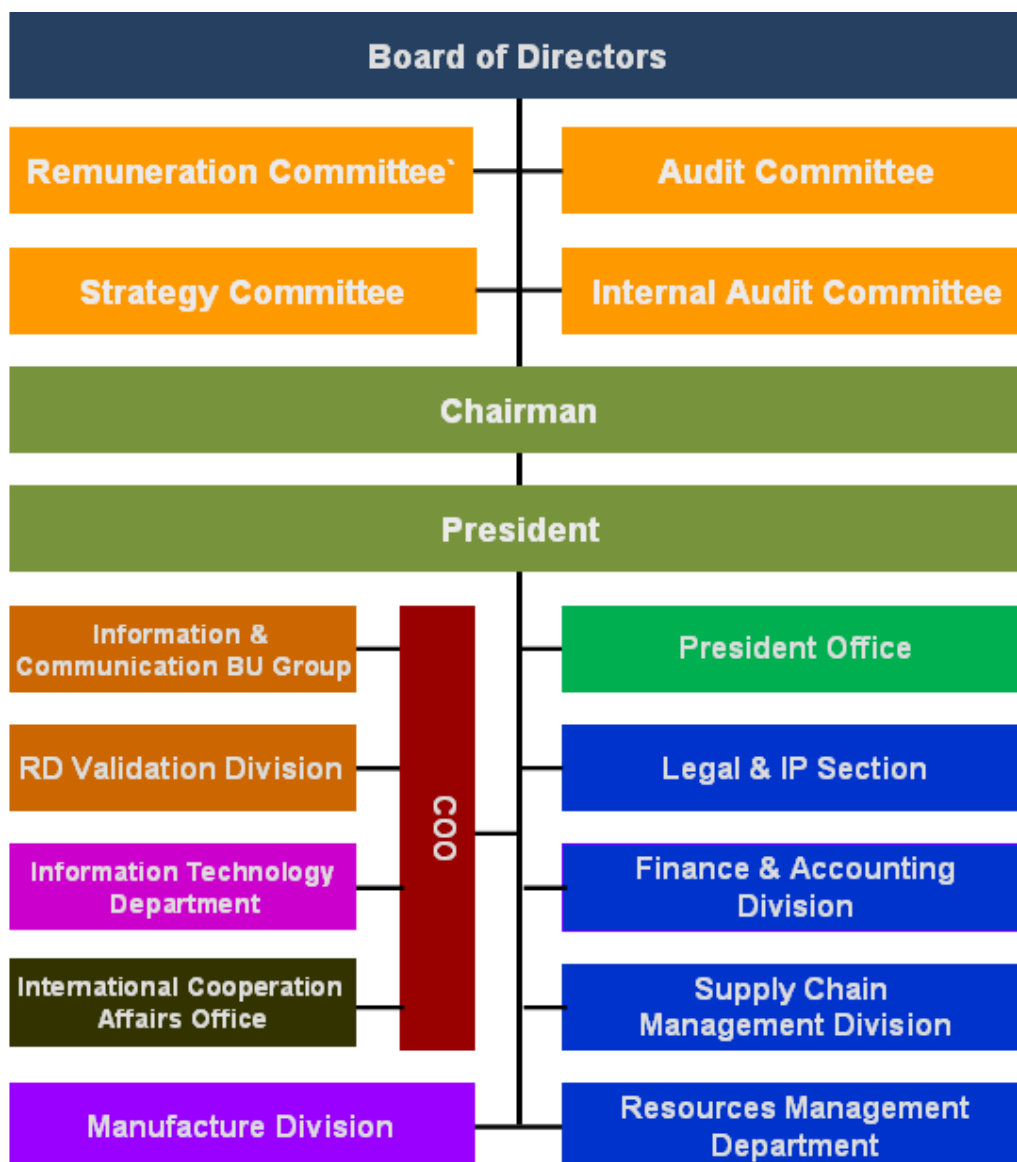
ECS Organization Chart

2.9 Internal Audit Committee

According to "Guidelines of public companies to establish internal control system", ECS established company internal control system approved by the board of directors to assist the board of directors and managers who check and review the deficiencies in internal control system and measure the operational effectiveness and efficiency for purpose of providing timely suggestions for improvement and company management integrity promotion. Internal audit committee is under the board of directors and reports directly to the Board of Directors.

Audit committee prepares yearly audit plan approved by board of directors then submits to government authority in end of every year. The audit report approved by chairman should be reviewed by independent directors and supervisors within specific period and is reported periodically on board of directors. Audit committee should report to directors and supervisors immediately for effective risk control in time if there is critical or abnormal incidents occourred. Any abnormal issues found in audit process should be numbering, filing, periodic checking and follow-up for continuous improvement. And audit committee should to compile issues statistics at least once per quarter for chairman and operation officer review till issues improved completely and closed.

2.10 Remuneration Committee

ECS established remuneration committee in 2010, to set and regularly review the directors, supervisors and managers performance evaluation and salary compensation policy, institutional, structural and salary compensation standards.

2.11 Financial Disclosure & Investors Communication

ECS built up English & Chinese corporate website for public information disclosure and designated legal, financial departments specialists for regular information disclosure about business, finance, corporate governance and other significant information on the website of market observation post system.

2.12 Corporate Codes of Conduct

In order to deepen corporate image of integrity, ECS carried through the honest and credibility of corporate culture to encourage employees engagement service for integrity maintainance. Since 2010, ECS also provided guidelines of manager business developing and operation administration through enterprise intranet portal (EIP), ECS bi-weekly, employee manuals and training courses to propagandize continuously for ECS all staffs, and ECS released the corporate codes of conduct in 2015. The anti-corruption course was included in factory yearly education and training courses every year too.

RBA (EICC) guidelines was implemented in mainland factory from 2009 and releted training courses including anti-corruption topic expanded to all colleagues, the RBA (EICC) course includes anti-corruption contents against bribery-related is the necessary course for recruits.

2.13 Anti-Corruption & Fair Trade

ECS legal department published "corporate incorruptibility policy" internally in May 2011 to ask all employees to comply with incorruptibility and non-competition, and all suppliers were asked as well. ECS strictly prohibit any corruption, monopoly, bribery, extortion and other acts in daily operation. The staff manual and company standards in factory also involve criteria associated with anti-corruption for relevant education and training courses to ensure each employee is aware of the conventions and rules clearly.

Factory also has internal mechanisms of anonyamous prosecution and related rewards and penalties bulletin to encourage corruption criminal prosecution, and the relevant departments will audit that state from time to time to let internal and external colleagues and external vendors to achieve compliance for management purposes with good business principle of good faith. Anti-monopoly practices are as follows:

1. Do not agree to anything that would lessen competition or to discuss the arrangements.
2. Do not seek to competors or to obtain commercially sensitive information.
3. Except for there are specific legal reasons, do not attend meetings with competitors or to communicate.
4. Not to engage in collective boycotts, bid-rigging, price-fixing or market segmentation and other actions.

2.14 Responsible Business Alliance Code of Conduct

Since 2006, ECS drived Responsible Business Alliance (RBA) Code of Conduct (formerly known as EICC renamed) "self-audit" in factory in responsed to customer needs and international trends; to ensure safe working environment, protect and respect employees' rights, implement pollution prevention in products and process, and fulfill social responsibilities.

The Xingying factory completed the RBA's Validated Audit Process (VAP) in 2018, and reached the Silver grade of the RBA VAP Accreditation Program. It verified the enterprise actively improved the audit findings and commitment to social and environmental responsibility. Through the RBA VAP Accreditation Program, it also promoted the corporate that fullfiled excellent performance in social responsibility be identified and encouraged.

2.15 Protect Customers' Privacy & Deployment of Intellectual Property Rights

ECS setup legal department to pay much attention on all laws and regulations for compliance, it does not only assist staffs to clarify legal doubts but also to propagandize internal corporate business ethics, corporate governance, employee ethics and moral ethics in corporate continyously. In order to protect customer privacy and company secrets, ECS IT department designed one documents control system and formulated secret-keeping policy for minitoring records system to prevent confidential documents from reveal. ECS also pay much attention on intellectual property rights, not only actively involved computer-related technology research and development in future to avoid infringing the intellectual property of others and to make use of own patents and licenses for value-added, but also planed progressively to look forward to the intellectual property income could become another source of future revenue for ECS. ECS respects for intellectual property rights ideas all the time. The statistics from ECS founded in 1986 to December 2020, ECS has reached cumulative 339 articles of certified patents in worldwide and the cumulative number of application under official approval still had 237 articles. It showed ECS's strong determination on expanding IP patent applications business continuously for technology deepened and patents strategical deployment.

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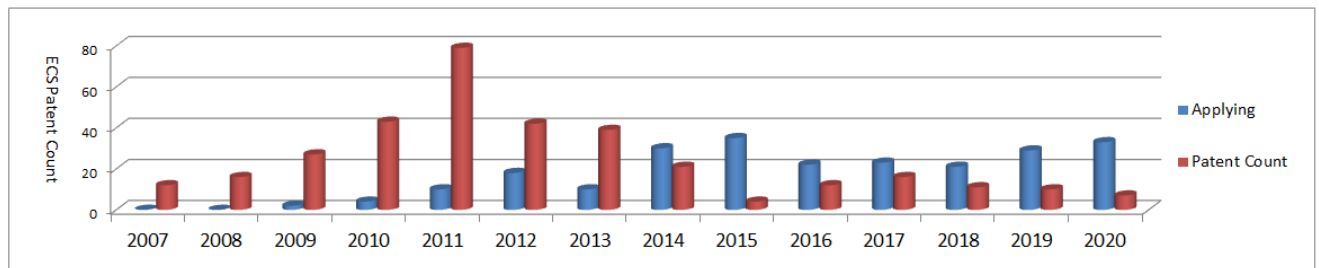
2.16 Smart Building

At the end of 2014, ECS completed the build-up of ECS headquarter building as smart building that introducing "High Information Technology" and "human-friendly" concepts of living spaces and environments, to create safe, healthy, convenient, comfortable and energy saving "human-friendly" spaces. And through IoT (internet of things) technology to manage parking lot intelligently, smart office energy management, solar power generation and distribution, rainwater recycling ... etc, to reduce the use of energy resources and lower environmental load by green energy-saving way, to reduce carbon emissions within the life cycle of the building; to achieve the sustainable carbon reduction pathway by means of make-good-use of natural energy and sustainable green energy.

Compared to 2014, the energy-saving caused carbon emissions reduction during 2015 to 2020 under full operation of ECS headquarters intelligent building achieved 495.4 metric tonnes CO_2e accumulatively. Solar panel built-in smart building generated 1,239 kWh of equivalent electricity totally in 2020, and rain water recycle saved 1,483 kL of water totally in 2020 for 231.35 kg CO_2e emissions reduction.

2.17 Conflict Minerals

ECS have requested all suppliers to fulfill social environmental responsibility and international justice, not to accept the conflict minerals originating from the Democratic Republic of the Congo (DRC) and its adjacent countries for products manufacturing. Those conflict minerals include Gold (Au), Tantalum (Ta), Tin (Sn), Tungsten (W) and Cobalt (Co), ECS's suppliers must investigate and trace the origins of conflict minerals used (including smelters). Expecting those minerals do come from smelters RBA (EICC) verified to ensure they are not "conflict minerals" related, and asks all suppliers should impose the same requirement on their upstream suppliers simultaneously.

ECS green touch ~ good life

2.18 Green Committement

ECS upholds its commitment to sustainable enterprise development – The green environmental concept is incorporated throughout the company to meet customer needs, protect the environment and to ensure survival and development. ECS is a leading provider of motherboard, graphics card, desktop computer and laptop computer design and manufacturing. ECS implements "The green competitive advantage quality program" to innovate quality green products. It has fully adopted the "green product" concept. Not only does the company champion "Non-toxic suppliers," "Non-toxic materials," "Non-toxic processes" and "Non-toxic products," it also holds a six-level of Green process that is incorporated into every segment of the business.

The Six Levels are as follows:

Level 1: Flawless product quality.

Level 2: 3R products: Implement Reuse, Recycle and Recovery procedures to comply with the EU WEEE (Waste Electrical and Electronic Equipment) directive.

Level 3: Choose "Non-toxic" green components and parts to comply with RoHS (Restriction of Hazardous Substances) standards. In addition to using lead-free components, ECS is also investing in the development of halogen-free base plates.

Level 4: Use "Energy-saving," "Lifecycle Management," and an "Eco-Profile" to meet ErP specifications and as a basis for the manufacturing of ECS products.

Level 5: Full implementation of carbon reduction to facilitate the sustainable development of the planet.

Level 6: Green marketing and green service to comply with environmental efficiency.

Green Committement

2.19 Risk and Oppurtunity of Climate

In recent years, facing extreme climates around the world, the term "climate change" has been gradually changed to symbolize the out-of-control "climate emergency". In response to the climate emergency and the potential crisis in the supply of energy resources, ECS has not only strengthened its adaptation to climate resilience and reduced the operational impact that disasters may bring, but also made continuous efforts to reduce greenhouse gas emissions. By identifying the risks and opportunities of climate change, and implementing relevant response measures and strategies, we can reduce risks and seize business opportunities to achieve the goal of sustainable business. And through the inventory and identification of entity and transformation risks and opportunities for product, customer and operation, the impact and impact on the company's operating activities will strengthen the company's climate change governance.

In terms of climate risk management, ECS has dedicated units for environmental governance, corporate social responsibility, and corporate governance to coordinate relevant departments and coordinated units to conduct relevant operational risk measurement in accordance with international environmental regulations, industry codes of conduct, and competent authorities. Respond to relevant risks in accordance with the principle of materiality and form corresponding management policies, and actively communicate with stakeholders and incorporate them into the daily strategy of corporate operations. By estimating the probability and impact of risks, formulating risk response and mitigation measures, as well as crisis management mechanisms, and early warnings are provided to mitigate the impact of risks on company operations.

In grasping the opportunities brought by climate, ECS continues to improve the research and development of product energy efficiency, and provides products that comply with advanced energy efficiency regulations of world-wide countries in advance, reduces the impact on the climate and the environment during the product life cycle, and assists customers and various social departments in reaching Energy saving and carbon reduction effect and corresponding climate adaptation.

Actions in response to extreme climates are the responsibility of a company's sustainable development and management.

Impact of Extreme Climate

green touch · good life
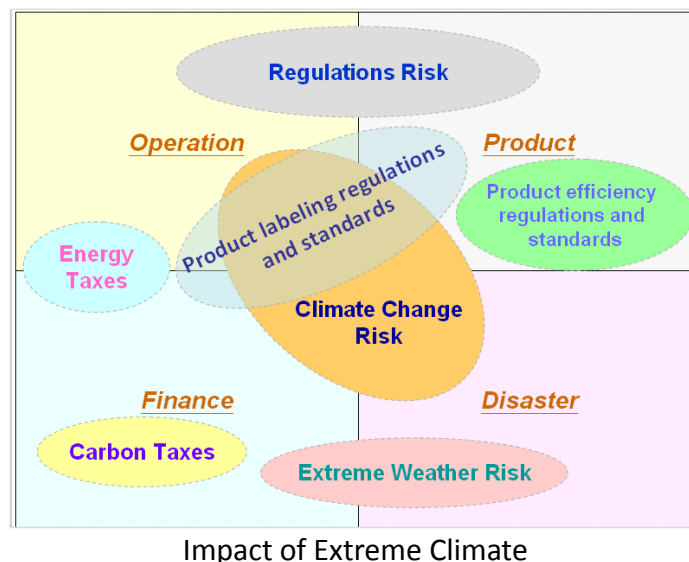
Chapter 3 Quality and Service

3.1 Quality Performance

Superior product quality is always a competitive edge for ECS.   ECS focuses on supplier, factory and customer management. The Quality Information Systems consolidated the information and data among the main office with different manufacturing sites for better troubleshooting, tracking and analysis. The Quality Systems integrate related systematic processes, reduce human error, and continuously improve product value and services, so that customer satisfaction is achieved.

Supplier quality improvement progress came from continuous improvements in the supplier's internal department. ECS routinely review suppliers' quality inspection and implement actions. In the factory management department, shop floor information system (SFIS) is used to collect information, and, customer management department measures customer satisfaction.   After quality conditions and customer feedback is collected, each related department carry out the improvement plan.   Zero-defect and customer satisfaction are the main goal of Quality Information Systems.

ECS is not only devoted to product development and technological innovation, it also establishes quality policies.   Customer requirements and standard operation process serve as a base to ensure that every link in the workflow.   From product development, design, manufacturing to testing, it is well managed in ECS under IECQ QC 080000 and ISO 9001 certificates.

The followings are certificates factory-site obtained:
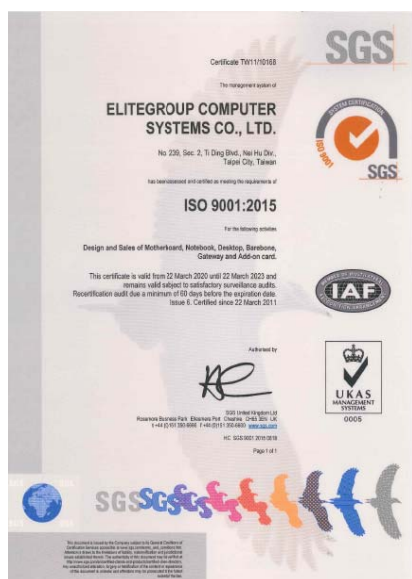
| ISO 9001 Certificate | **IPC-A-610** Certificate | **IATF 16949** Certificate |

3.2 Supply Chain Management

ECS held supply chain supplier conference at beginning of every year. This supplier conference was held as a means to examine the requirements of each international green regulation, achieve the level of a green supplier by offering green components and to form a green supply chain system. During the conference, ECS and representatives from different suppliers agreed to create green products and concluded "In Pursuit Green Excellence" as a goal. It also concluded "Develop green production, supply green products, construct a green supply chain and increase green competition to create sustainable business opportunities."

ECS implemented a green supply chain management system and established a green purchasing standard procedure through vendor source management, in-factory production process and raw materials inspection, ECS ensures all products comply with the requirements of relevant environmental directives. It was also verified by SGS IECQ QC 080000 certificate about effectiveness of hazardous substance management.

ECS implemented green product management system (GPM). The system was divided into management systems, supervision, control and production process execution. The purpose of the project was to investigate the suppliers' green products. In addition, the company conducted on-site counseling and testing for primary suppliers as well as provided improvement solutions for suppliers. The key points of green management that was put into practice are as follows:

- **Restriction of Hazardous Materials Management**
  Establish a detailed list for the ECS hazardous substance management system.
  — Encouraged suppliers sign a green guarantee and submit a materials testing report to ensure that its products are in compliance with the system's regulations.
  — Require an inspection of hazardous substance to endure that every component meets green regulations.

- **Supplier Education**
  — Classify suppliers based on material attributes and level of risk.
  — ECS will compile a written review or an on-site evaluation and education to ensure that green suppliers have efficient management.

- **Green Procurement Management**
  — ECS delivers the documents about green purchasing requirements and green supplier management along with the order through the purchasing system to the supplier.

- **Supplier Rating**
  — Add the supplier's hazardous substance management result to the company's rating program.
  — Any supplier who obtains the relevant environmentally friendly or hazardous material management certificate (ISO14001 or IECQ QC 080000), will be highly recognized.

ECS green touch ~ good life

Following diagram shows suppliers ranking contents audited by supplers auditing teams.
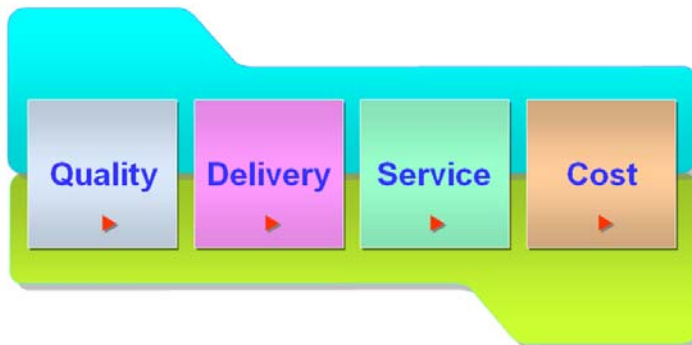
Suppliers Ranking Contents

IECQ QC080000 Certificate

3.3 Products Service

Offering top-quality products and services, and, ensuring customer satisfaction, ECS created a sound service system to raise total management quality.

— Narrow information flow through system to improve repair and transport services.
— Collect data from each repair center through a network and use it to conduct real time analysis.
— Manage customer information immediately and use of it to complete relevant contact and handling duties.

➢ Efficient information system to improve the efficiency of maintenance and logistics status.
➢ Maintenance locations through the Internet to collect the data, poor analysis.
➢ Immediately grasp the customer information and associated links and processing operations.

ECS green touch ᵛ good life

On-line Repair Inquiry System
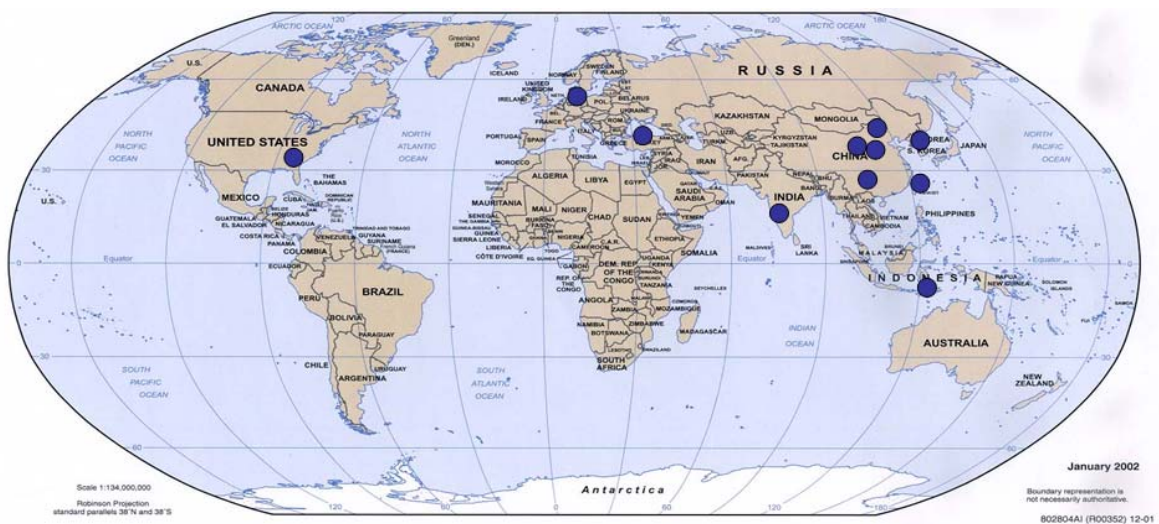
Our manufacturer/RMA service assure an optimum processing period for the repair of products with a legal and unequivocal contract. This ensures that ECS processing service is superior to the competition.

Factory	Logistics SC	EMEA RSC	Asia RSC	China RSC
●GECS – Shenzhen	●USA	●Poland	●India	●Shenzhen
●ECS – SIP (Suzhou)		●Turkey	●Korea	●Beijing
			●Indonesia	●Suzhou
			●Taiwan	

Global Repair Centers

Chapter 4 Social Performance

4.1 Human Rights and Anti-Discrimination

ECS complies with the United Nations Declaration of Global Human Rights in that it does not discriminate against its employees regardless of race, gender, political affiliation, religious beliefs, disabilities, pregnancies, participation in social organizations or marital status. Hiring practices respect local regulations regarding minimum age requirements, local decrees, RBA (EICC) and other relevant regulations. ECS advocates a comprehensive freely chosen employment, legal employment, respect for human rights, fair and just" labor ethics policy.

- Freely chosen employment
    - Do not used forced, bonded or bound by contract labor.
    - Ensure that staff employment conditions are voluntary.
    - Employee retains the right to leave under notice in accordance with the law.
    - Ensure that employee ID cards or related documents are not used as collateral.

- Child labor avoidance
  Compliance with local laws and regulations for minimum age requirements to ensure that no child labor is used.

- Working Hours
    - Provide paid leave for employees every year.
    - Do not force employees to work more than the maximum working hours dictated by local law.

- Wages and benefits
  Comply with applicable wage laws, including minimum wage requirements by local governments, and issue salaries in a timely manner.

- Freedom of association
    - Respect the rights of employees and allow them to participate in social organizations.
    - Set up an "Employee Suggestion Box" and hold regular staff meetings so that employees may communicate with the management division without worry about retaliation, threats or harassment.

- Humane treatment
  Prohibit the cruel or inhumane treatment of employees, including any form of harassment, physical punishment or threats of such acts.

- Non-Discrimination
  Ensure that employees are not discriminated against because of race, color, age, gender, disability, pregnancy, religion, political affiliation or marital status during appointment or work procedures (e.g. promotions, salary adjustments, rewards, education and training, etc.) Every person has the right to equal protection against any form of discrimination.

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■ No Improper Advantages
— Respect the code of ethics and prohibit any form of corruption, acceptance of bribes and other forms of improper profiting behavior.
— Full promotion of a "Report Reward System" to encourage staff to expose any form of improper profiting behavior.

■ Protection of identity
Establish procedures to prevent the leakage of employee information and protect the confidentiality of employees making suggestions or reporting offenses.

■ Health and Safety, Staff Training and Self-Development
— Provide employees with a mutual trust and a respectful, healthy and safe environment.
— Provide facilities, training programs, time and subsidies to support employee career development.

4.2 Employees Welfare

4.2.1 Employees and Community Activities: Organize events and rest activities to enrich employee's life, knowledge and spiritual growth of all.

End-of-year Banquet Party

Latern Festival Riddles

ECS All-Stars Fighting Activity

Metal Weaving Handiwork Course

Elite Movie Funning Day: Doraemon & Witches

ECS 2020 Family Day

2020 Running Man Course

2020 Evergreen City Sightseeing Marathon

ECS Staffs Light Travelling

Love in ECS - Blood Donation Activity

ECS 2020 Singing Contest

Christmas Watch Out - Passer In ECS Country

ECS green touch ﹀ good life

4.2.2 Employees Benefits

Created a committee to conduct comprehensive welfare and care.

4.3 Employees Education and Training

ECS strongly believes that talented staff is the most precious resource. In order to enhance staff knowledge and abilities, ECS has established a wide range of education and training programs. ECS also respects the self-development needs of colleagues and focuses on manpower training and development, and commits to improving the quality of its labor force and strengthening its base-level management skills. ECS HR team introduces cooperative function systems, active distribution of training on all levels and a reserve of human resources. According to the company's vision and development strategy, ECS staffs training system is composed of recruits training and professional training programs. In 2012, ECS established the "ECS Enterprise University" for employees studying advanced professional courses, ECS corporate training department designates diversified college professional courses for various job function staffs further training. The benefit of adoption of the college system is to avoid repetitive classes, able to catch academic training subjects planning, and transparent learning effects accumulatively.

ECS green touch ～ good life
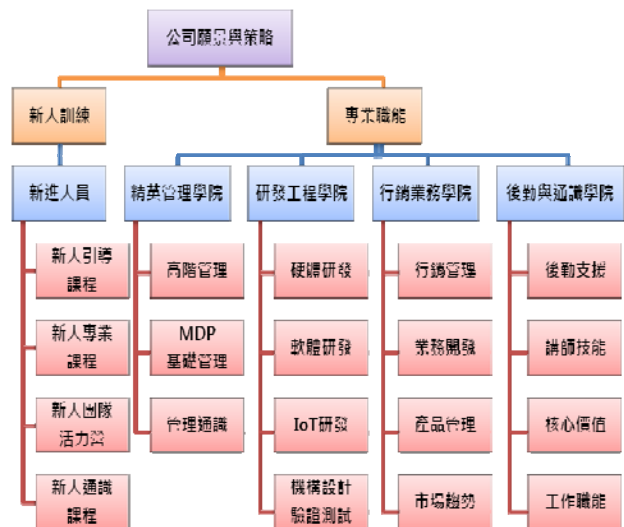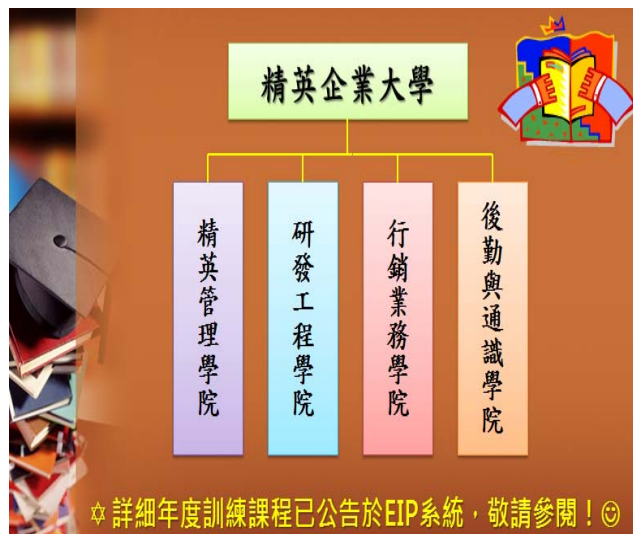
Staffs Learning Platform

Convenience, instantly, no time and space limitation of learning environments to build up facilitated learning environments.

Professional and excellent learning environments.

4.4 Health Promotion Committee

ECS dedicated to promoting smoke prevention and health promotion in workplace from 2012, actively implemented the smoke-free and health promotion measures and activities in workplace for establishing an excellent healthy working environment. In 2013, ECS setup a Health Promotion Committee to clearly promote " Workplace Health " as the purpose of the committee, expecting through the health management related knowledge and concepts of promotion, system implementation and activities, causing the physical and mental health of employees can be under well-development and improve the health of the workplace environment, and concentrating the centripetal forces from all staffs and improve the overall business competitiveness. From 2012 to 2019, ECS awarded successively with the "Healthy Workplace Certification Health Promotion Award" and ECS awarded also the "Taipei City Excellent Healthy Workplace" by the Taipei City government in 2018. In addition, the effectiveness of the promotion of the health promotion activities and the Employee Assistance Programs (EAPs) services, ECS also awarded the "Work and Life Balance Award - Employee Assistance Medal" by the Ministry of Labor in 2018 as encouragement and praise. In the effort to promote the health protection of maternal employees, ECS also won the "Excellent Breastfeeding Room Certification" for year 2017~2020. ECS was encouraged affirmatively that committed to maintain the assistance of physical and mental balance and resources services, let all employees work in a friendly and positive work environment with all strength.

Healthy Workplace Improvement Certification Mark   Taipei City Excellent Healthy Workplace

Excellent Breastfeeding Room Certification   Work and Life Balance Award
                                                    Employee Assistance Medal

green touch ~ good life

2020 Healthy Weight Management Program

2020 Employee Health Examination

Health Class - How to Lose Weight

Parent-Child Good Art-Season Time

4.5 Social Participation and Feedback

In order to practice the goal of the education quality in the United Nations Sustainable Development Goals (UN SDGs), to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. During year 2016~2017, ECS took practice to balance the gap between urban and rural resources, to enhance the competitiveness of Taiwanese children's digital learning ability. Continued to donate Tablet PCs to children of partial township school, fully supported the three major policies of the Ministry of Education to promote the activation of digital learning ability, mobile learning, and partial rural care. And ECS donated Tiny PCs to "Taiwan Action Buddha Society" and "Send love to the world" activities of Taiwan Found for Children and Families to take care of disadvantaged children, to eliminate the poor students learning drop, and to improve the ability of digital technology applications. ECS believes firmly that education is an important way to reverse life, and at the same time let this love deliver infinitely. In response to the focus of the world's advanced national education reform, ECS integrated the internal hardware and software to construct the whole smart campus program, ECS had constructed completely to 3 phases of the smart campus program in Li Zeguo primary school, Yilan County, and donated tablet computers, smart watches and the infrastructure of communication system hardware and software, to build up the structure of primary school students about intelligent management for students safety in school, and to achieve the intelligent service and management of the campus model.

ECS participated in the implementation plan of the Ministry of Education to promote learning assistance and donated NTD 1 million in after-school tutoring fees for three primary schools in Changhua County (Houliao Elementary School (NTD 200,000), Wanxing Elementary School (NTD 300,000), Chelao Elementary School (NTD 500,000)), helps students make good use of information and communication technology (ICT) products after school, instantly shortens the learning gap with classmates, stabilizes learning abilities in basic subjects early and strengthens course content learning.

ECS participated in the 21st "Send Love to the World" activities in 2020 and donated 50 units of 11.6-inch laptop SF20PA2 (Taiwan Fund for Children and Families - Changhua Family Support Center (2 units), Taiwan Fund for Children and Families -South Taichung Support Center (8 units), Taiwan Fund for Children and Families - New Taipei Family Support Center (8 units), Private Datong Nursery New Taipei County (8 units), Maria Social Welfare Foundation (8 units), Huei-Ming Home for Blind Children (8 units) , Taiwan Action Buddha Society (8 units)), delivered the beneficent resources to the social welfare organizations and the disadvantaged groups that need helps, and expanded the intangible positive power that driving the participation for the enterprise groups.

Smart Campus Establishment

Digital Learning Activation

Send Love to the World

Partial Township Digital Care

The ECS Welfare Committee contributes to the social contribution of the society, and contributes to the society and the world. Due to the Covid-19 pandemic in 2020, the charity bazzars hold every two months was held only on the 33rd anniversary of ECS that the 6" light cheesecake made by "Guanyin Love Home". ECS colleagues took the opportunity to be enthusiastic about public welfare and spread love, and raised a total of about NTD124,800 in charity bazzars.

Affectionate Love in ECS

Charity Bazzars - Bear House

1st Blood Donation Compaign in Neihu Science Park

The Distance Between Love and Us

Loving Care Blood Donation Activity

ECS colleagues actively accompany with community, neighborhood and the Red Cross to contribute their love.

4.6 Health, Safety and Zero-Accident

Developing safety operation management on the factory-side, ECS guide, support and educate staff dealing with the management and use of dangerous and hazardous materials. Internally, the administration team provides the factory employees with information about potential hazards of chemical substances and basic knowledge about prevention and response measures. That prevents from disasters and environmental pollution in the workplace and conduct annual indoor environment testing procedures in accordance with relevant laws and regulations.

— To ensure the safe operation of equipment, every work must be checked in advance in addition to regular inspections and general inspections of various ranges.
— These inspections also ensure that faulty machinery does not result in injuries or death of personnel when it is used.
— Dangerous mechanical equipment includes the following: lifts, pressure vessels, gas tanks, air compressors, high and low voltage electrical equipment and in-factory motor vehicles.
— In addition to routine in-house inspection and maintenance, legal, professional bodies must be regularly commissioned to implement overall equipment testing, maintenance and reporting.
— This will strengthen the working principles and safety regulation training of personnel and prevent operation in violation of regulation.
— Ensure quick and effective measures can be taken to control the situation in case fires, natural disasters or other accidents occur, ECS sets up an emergency management program and emergency equipment utilization guidance in each worksite. This program includes personnel training to eliminate the disaster when it occurs. ECS also regularly conducts relevant emergency response training and practices to increase staff familiarity with the SOP of accident management. ECS holds fire evacuation drills in headquarters and factories sites every year.

Fire Extinguishing Maneuver   CPR & AED Drills

ECS reaches pollution and hazard prevention through the simultaneous operation within the ISO 14001 Environmental Management System and the ISO 45001 Occupational Health and Safety Management System. Implement PDCA, P-Plan, D-Do, C-Check and A-Action, a system of source management and improvement.

Public Safety Event   Unit：Number of Person

Location	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Taipei HQ	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Shengzen Factory	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Suzhou Factory	0	1	1	1	0	0	0	0	0	0	0	0	0	0

ISO 45001 Certificates

ECS green touch ~ good life

4.7 Employee Assistance Programs

According to Article 6 of Chapter 2 of the Occupational Safety and Health Act of the Ministry of Labor, employers should have the necessary safety and health equipment to properly plan and take necessary safety and health measures to protect the physical and mental health of workers. Therefore, ECS didt not only spread health promotion activities through Health Promotion Committee to create a healthy and positive workplace environment. In 2015, ECS also launched the Employee Assistance Programs (EAPs) and in cooperation with the Employee Assistance Program Center (EAPC) of Hsinchu City Lifeline to establish the services system of "professional advice and referral" in ECS. With a variety of assisstant measures to promote physical and mental health of individual employees to balance their work and life, early detection of problems encountered by staff and the timely provision of assistance or referrals to professional advisory institution, to resolve the difficulties encountered in the living and work (such as: health, psychological, family, financial, legal, emotional, pressure, or other personal issues, etc). Employee Assistance Programs facilitates to avoid the occurrence of industrial safety accident, to promote employee career performance, to improve the healthy development of the overall environment, to strengthen the enterprise coherence, to build up an excellent and interactive organizational culture, to aid employees and corporate grow stably together, and to enhance the competitiveness of the organization.

ECS Employee Assistance Service Center continuously plans various rich and diverse courses, lectures and activities, those designed for the topics of physical and mental health, interpersonal relation management, personal growth, welfare care, financial and legal affairs; and provide a variety of assistance measures for staff needs, to establish a warming care working environment and build up an excellent and interactive organizational culture.
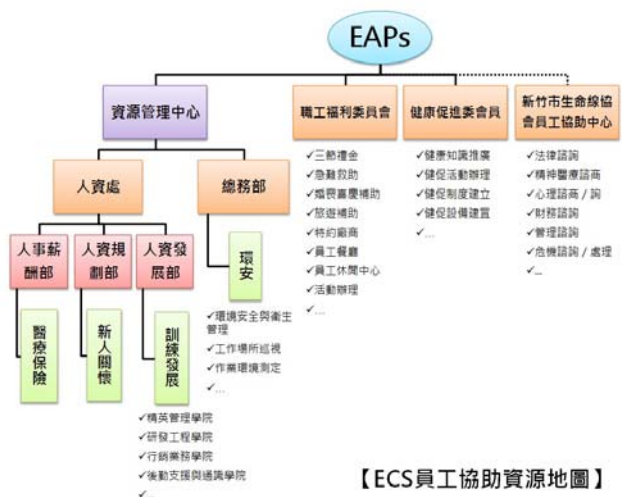
Chapter 5 Environmental Performance

5.1 Green Product Policy

Along with environmental consciousness is on the rise in recent years, green advocates are appearing on the international stage. ECS upholds the "Green Touch, Good Life" philosophy to make great strides for the planet protection since the climate change effects is getting worse. In view of climate change and protecting the natural environment, ECS keeps gathering legal requirements and environmental policies worldwide, and used this information to draft an environmental policy and conduct advance evaluations to determine products in green requirements.

The environmental protection design concept was implemented into the product development process. The concept included energy-saving, material reduction, ease-of-recyclability and hazardous substance free. ECS has set up a green team in each factory to work on the environmental solutions. It has implemented internal testing and management to ensure all products conform to environmental protection requirements. Additionally, ECS ensures that material is well managed from the source. From 2007 on, ECS has been adopting the GPM (Green Product Management) system and completed GPM system upgrade in 2012 for holistic research and developemnet supports. This system ensures all material and every step of the process follow international green regulations from part to finished product. It also guaranteed the reduction of harmful materials to protect the Earth.
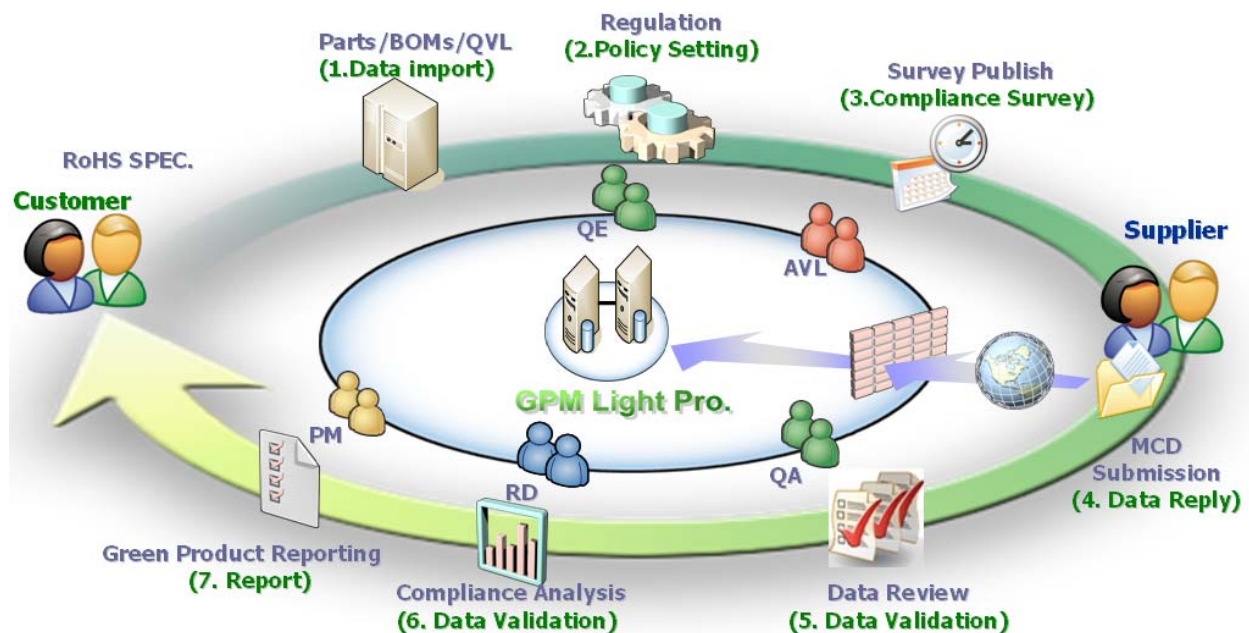
Green Product Management System Flow

5.2 Green Regulation Implementation
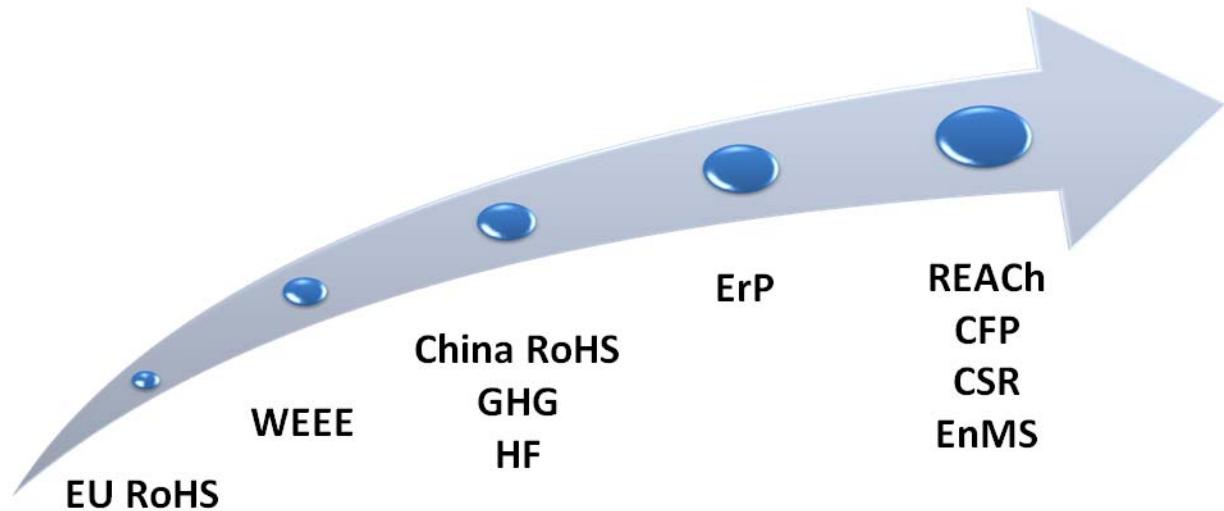
1. **RoHS (Restriction of Hazardous Substance Directive) Management:**
   ECS adopted a GPM system in 2007 and took strict measures to ensure standards for all its materials. It implements hazardous substance management from component to finished product. This practice lowers the amount of harmful products that enter our households and reduces injury to the development and survival of the human race. In order to cooperate with the Earth protection, international development trends and customer requirements, ECS products comply with RoHS regulations. ECS also implements RoHS 2.0 hazardous substances management and control in its products, components, packaging, as well as shop floor process to ensure that products do not contain prohibited hazardous substances.

2. **WEEE (Waste Electrical and Electronic Equipment Directive) Management:**
   ECS has been fully complied with European Union's EU WEEE requirements and reduce the amount of environmental waste to prevent excessive electric waste materials from entering landfills. ECS increases the resource reuse ratio, also, lowers the amount of environmental impact caused by its products. The recovery rate of ECS products is over 80%, the recycling and reuse rate is over 70%.

3. **ErP (Energy Related Products Directive) Management:**
   With the current popularity and extensive use of electronic products, it is necessary to come up with a solution to energy consumption and other eco-design problems. ECS adopted the Lot 6 standby and power-off mode power consumption standards in September 2009, and adopted ErP Lot 6 the second stages of standby and power-off mode power consumption standards in October 2012. ECS early adopted ErP Lot 3 the second stages of desktop and notebook power consumption standards in 2015. ECS also applies the Lot 7 standards for battery chargers and external power supplies. In accordance with relevant regulation requirements and to comply with the spirit of the ErP directive, ECS has taken steps; Eco-design, Conformity, Assessment and Self-Declaration to disclose the relative information about hazardous-substances-free products to public. The basis for the Energy-Related Product Eco-design Directive (abbreviated ErP Directive), is the expectation to think in terms of lifecycles when creating an eco-design. It also includes improved product energy usage and maximum reduction of environmental impact throughout the product's lifecycle.

4. HF (Halogen-Free) Management:

In response to the environmentally friendly development of halogen-free, ECS worked on manufacturing solution and conquered the cost-up issue, and started using the HF components in September 2008. It ensures all products comply with limited CI (Chlorine) and BR (Bromine) standards and to achieve the objective of prohibition of PVC and BFR.

5. REACh (Registration, Evaluation, Authorization and Restriction of Chemical Substances) Management:

The EU RREACh Directive is meant to strengthen the protection of human health and the environment as well as prevent damage by chemical substances. ECS officially adopted the directive in January 2010, and request suppliers to submit a report of all chemical substances used in their parts and components. That further guarantees that ECS products comply with green regulations.

5.3 Green Product Management Process

ECS fully adopted the "green product" concept in 2007 through the implementation of the "Green Competitive Advantage Quality Program" and green quality innovation. It achieved the four non-toxic management controls: "Non-Toxic Suppliers," "Non-Toxic Materials," "Non-Toxic Processes" and "Non-Toxic Products." This management control system is carried out in every link of the business operation.
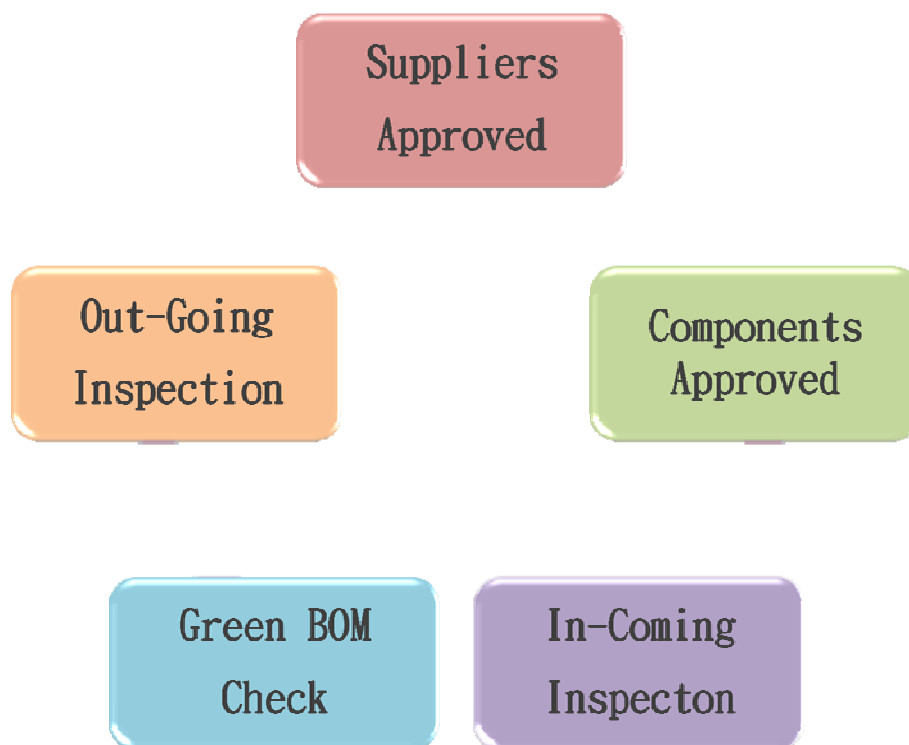
Green Supply Chain

ECS has established a supplier selection and evaluation mechanism to efficiently manage the green supply chain products and request suppliers to obtain IECQ QC 080000 certification. This certification qualifies vendors through a hazardous substance management system so that they can provide customers with proof components. Those qualified vendors also reveal their products which comply with the RoHS and WEEE environmental directives. ECS only purchases green components that are proved by systems in the production process. By carrying out an onsite management and inspection system with all suppliers, ECS establishes a quick and complete supply program through its green suppliers.

Green Factories

ECS has constructed a green production system. It employs green component inspection, management and control, set parameters in the production process, additional material and purchase, semi-finished and finished product management and other measures. These measures are used to provide a green product with an optimized production process and the most reliable green quality assurance. Under the strict adherence to obtained ISO 14001, IECQ QC 080000, ISO 45001 management system certifications, full environmental protection, labor rights and staff care responsibilities are ensured. ECS green production policy is adopted through an IECQ QC 080000 certification strategy. It utilizes a green production process and adopts systematic management methods by means of desktop and portable XRF machine to keep continuously examine direct and indirect materials hazardous free features.

Green Marketing, Green Service

In response to global warming, ECS green marketing focuses on energy-saving and carbon reduction. It uses light, attractive, small product designs to reduce energy waste during product transport and reducing carbon emissions at the same time. It also expects to use online marketing for brand and product promotion to replace traditional marketing techniques to reduce the waste of resources. Naturally, the ECS global distribution system is supported by accurate control over customer stock to make the most effective logistics operation. The reverse logistics like after-service parts replenishment and repaired products transportaion are also working environmental friendly as well.

ECS green touch ~ good life

5.4 Green Product Management System

ECS GPM (Green Product Management) system includes green component data storage, green information management, green vendor tracking and review. It raises efficiency for large quantity of restricted substance data verification. It also regulates document collection and verification. After vendors upload green component data, a notification and ECS Green Data System will verify it according to QVL approval process. The green component data will be uploaded to ECS Green BOM system after it is approved. Based on green parts and green BOM database, ECS guarantees the green production and green products meet RoHS standards. It also defines a clear responsibility between the two ECS and vendors as well as a tracking system.

Vendors' product information

■   Green Declaration: vendors are committed to offer components that do not contain hazardous substance and comply with international green regulation.
■   Third-party Verification Reports: guarantee that components do not contain hazardous substance.
■   MCD Form Completion: use a single system to provide green information about all substances used in the component.

International ISO Certification

●   ISO 14001 Environment Management System: Consider environmental impact, comply with environmental protection regulations and formulate a management plan and improvement objective. Regularly monitor and make continuous improvements.

●   IECQ QC 080000 Green Management System: Production management system requirements for hazardous substances in electrical and electronic components and products must comply with RoHS, WEEE and other hazardous substance management support bases.

●   ISO 9001 Quality Management System: Quality Management System can be applied in research and development, procurement, manufacturing, quality control, warehousing and other processes to fulfill the restricted substance management objective.

5.5 Greenhouse Gas Inventory

In recent years, greenhouse gas emission becomes a global issue. To save the environment for human survival, ECS adopted greenhouse gas inventory policies in 2008. These policies keep track of CO_2 emissions from its headquarters and factories, and adopted operation guidelines as a basis for carbon reduction.

ECS has built up a mechanism (Greenhouse Gas Management Committee) to manage greenhouse gas emissions and setup a reporting system for tracking and review. It covers the six kinds of greenhouse gas defined by the Kyoto Protocol, including carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and Sulphur Hexafluoride (SF_6).

Following chart is Greenhouse Gas inventory committee orgazination in factories.
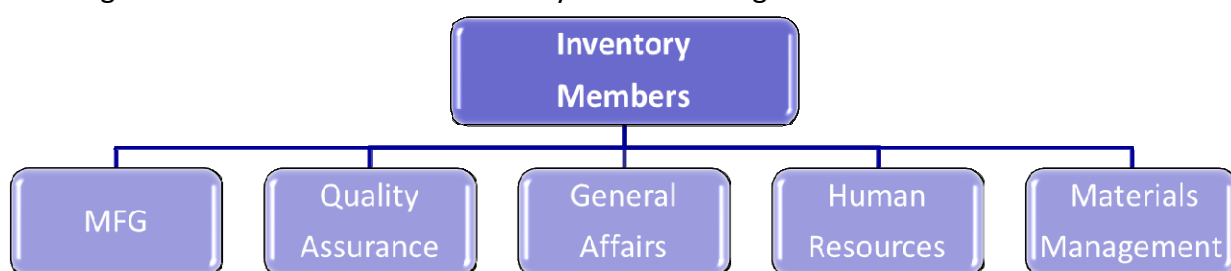
ECS greenhouse gas emission was 29,284 metric tons of CO2e in 2020. Compared to the 29,575 metric tons of CO2e emission in 2019, this was a 0.984% reduction. And compared to the 76,888 metric tons of CO2e emission in 2007 base year, there was 61.913% absolute emission reduction accumulatively. ECS will continue to reduce greenhouse gas emissions volume by target of 1% per year.

Unit: Metric Tons CO2e

Location	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Taipei HQ	3,241	2,966	3,539	3,288	2,976	2,435	2,010	1,881	1,734	1,595	1,504	1,571	1,494	1,388
Shengzen Factory	63,570	49,368	36,161	36,023	33,094	30,231	30,499	33,204	32,809	27,280	28,991	29,059	27,798	27,227
Suzhou Factory	10,076	13,145	12,088	10,361	10,631	9,777	9,873	7,127	5,933	3,560	442	304	107	71
Thailand Factory	-	-	-	-	-	-	-	-	-	-	-	-	176	598
Total	76,888	65,478	51,788	49,672	46,701	42,443	42,382	42,212	40,476	32,435	30,937	30,934	29,575	29,284
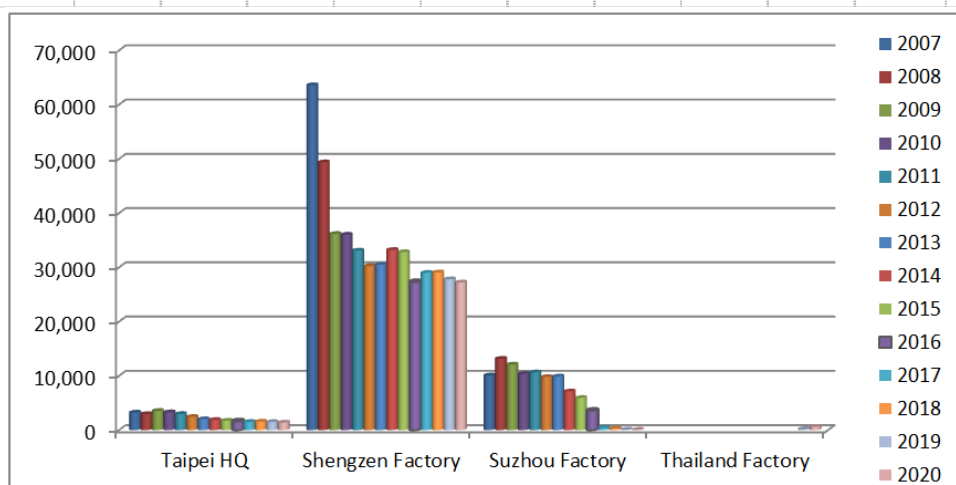
Greenhouse Gas Emissions

5.6 Product Carbon Footprint

Climate change has become a main issue and causes the industry working on the solutions continuously. Therefore carbon emission information disclosure is very important. In 2009, ECS joined a green project with the government for carbon emission evaluation of each product. ECS has used this project as an important base for further greenhouse gas reduction plan and implementation. The emission is calculated from raw materials, production and delivery to consumer usage and disposal, at every stage of the product lifecycle. Through total carbon emission disclosure of each product, ECS hoped to co-work with the government to reach the core of carbon reduction plan – to educate end users become sustainable consumers.

Carbon Foot Print Inventory Procedure

Desktop and notebook products CFP inventory were finished. Those CFP inventory results are the basis of ECS products CFP reduction improvement.

5.7 Green Design

ECS adopts international environmental standard as its green design concept; degradability, less packaging, low energy consumption, less plastic and others into every green product design to fulfill with future environmental requirements.

Low Hazardous Substance

ECS focuses on green quality product innovation and adopts the "green product" concept. Not only does it implement "Non-toxic supply control," "Non-toxic material control" "Non-toxic production" and "Non-toxic quality control" management systems, it also uses the green concept in every sector of its business to ensure environmental preservation and sustainable development.

Degradability

Based on the WEEE directive, ECS incorporates easy disassembly concept into its product designs. It uses explosion diagrams to analyze a product's degradability. Each product analysis diagram is included in a composite diagram and measures the total degradable time. That helps to improve the product assembly process and reduces recycling time. All this complies with the requirements set by the WEEE regulation. ECS has created a degradability guide for recycling plants to fulfill customers' environmental requirements. ECS also calculates the recycle rate for its products (3R = Reuse + Recycle + Recovery).

Less Packaging

ECS not only considers the protection of its product, but also pays special attention to the environment protection. Meeting the EU Packaging Directive and other international standards, ECS chooses packaging material that is recyclable and nontoxic. ECS manages packaging materials and fully complies with the content of the EU-issued Packaging and Packaging Waste Directive. The company expends the largest effort to environmental protection and resource recovery.

Low Energy Consumption

In development phase of new products, ECS takes all customers' requirements and energy consumption specification of eco-labeling into design consideration that not only confirm product conformity and the overall life cycle environmental impacts but also to seek alternative technologies of other parts to enhance overall product environmental performance and more environmental friendly products. Those low energy consumption products meet Energy Star 8.0, and ErP Lot 6, Lot 7, Lot 3 EU regulations related to low energy requirements.

Green Product Recycling

Echoing the idea of 3R (Reuse, Recycle, Recovery), ECS starts from the product design phase in order to save the limited resource on the planet. It uses the concepts of recyclability, reusability, degradability and disassembly to reduce the waste. For example, the EU's WEEE (Waste Electrical and Electronic Equipment Directive) emphasizes Reuse, Recycle and Recovery.

ECS branded motherboards and systems are registered under the WEEE directive in Germany and UK, the companies provides recycling services for these products.

EU WEEE Recycling Label

Recycle service information as: www.stiftung-ear.de/hersteller

The overall recovery rate of motherboards, desktop computers, laptop computers and other products developed and manufactured by ECS is over 85%, which actually exceeds the WEEE Directive standard of 80%.

Overall Recovery Rate (3R) = Reuse + Recycle + Recovery
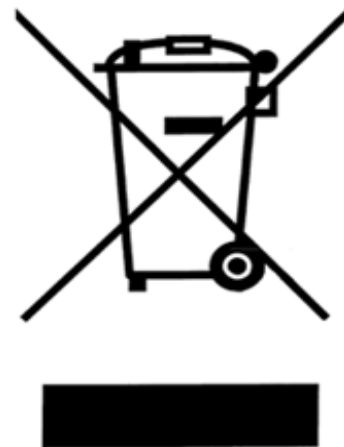
5.8 Environment Management
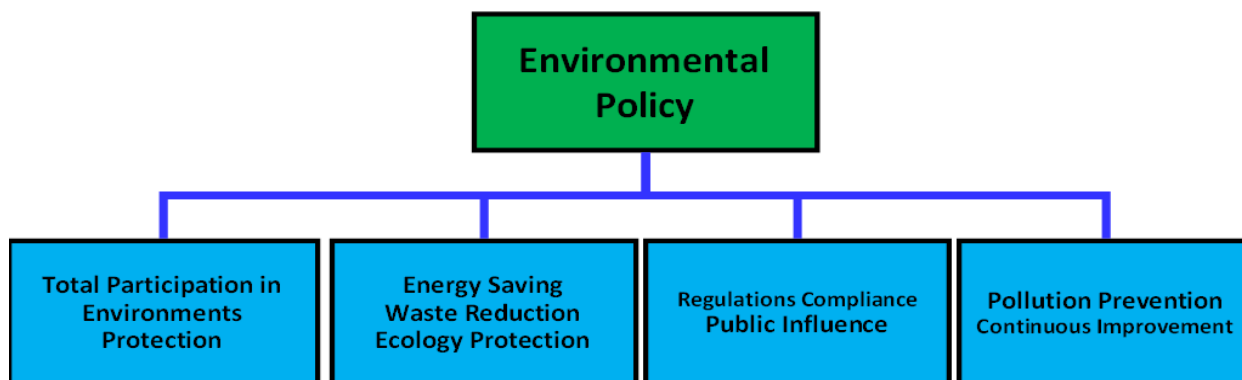
Environmental responsibility is minimizing the environmental impact and depletion of natural resources, while protecting public health and safety throughout the entire production process. ECS has always been concerned with environmental duties, solid implementation of environmental responsibility and a desire to improve the environment.   After factories adopted the ISO 14001 environmental management system certification, a complete environment management system was established. Every year, exhaust, waste water, material waste and other emissions have been regularly monitored. ECS continues green content and management improvement.
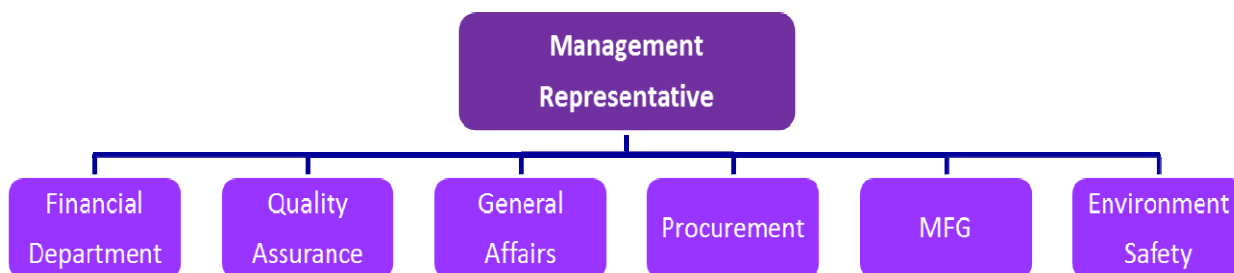
Environment Management Organization

ISO 14001 Certificates

5.9 Energy-Saving and Waste Reduction

A. Power management

ECS has organized a power-saving implement team. It is meant to provide a system to implement, summarize, evaluate and appraise energy efficiency projects. It requires full participation, individual responsibility and guidance from electrical and mechanical experts in the factories. Solar panel built-in smart building generated 1,239 kWh of equivalent electricity totally in 2020, and rain water recycle saved 1,483 kL of water totally in 2020 for 231.35 kg CO_2e emissions reduction. During 2016~2017, ECS fully facelifted the offices and dressing rooms lighting of headquarter intelligent building to T5 LED lamps. Xingying factory implemented energy management system to raise energy efficiency, and obtained ISO 50001 energy management system certification in the beginning of 2018. In 2017, the ECS headquarter smart building won the "2017 Energy Conservation Leadership Award" award from the Taipei City Government.

ECS Energy-Saving Solutions:

1. **Electrical Equipment:** Complete management of electric equipment, power management, control air conditioning, compressed air, ventilation, lighting, and power consumption during holidays. Review the need and soundness for starting electrical equipment and turn off or remove unnecessary electrical equipment.

2. **Define Responsibility:** Define responsibilities among electricity managers for regions, implement energy-saving measures and management evaluation procedures. Collect data, analysis, comparative management procedures, implement energy-saving tasks and review.

3. **Electrical equipment enhancement:** Evaluate internal electrical facilities of energy-saving periodically. e.g. Energy-saving with frequency conversion, T5 lamp lighting replacement, air conditioning condensers, and the use of other clean technologies. And completed the update replacement of water chiller of HQ in 2020.

4. **Shop floor energy-efficiency: E**nergy-saving product design, production simplification, production quality improvement and re-work reduction will significantly reduce total power consumption.

5. **Equipment maintenance and operating efficiency improvement:** Implement electrical equipment maintenance that ensures equipment is in good condition, has a low failure rate, reduces inefficient energy loss and improves energy-saving efficiency.

6. **Office power saving:** Encourage employees to turn off computers when temporarily not in use.

ISO 50001 Certificate

Energy Conservation
Leadership Award

ECS Power Consumption Improvement.

Unit: K-KWH

Location	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Taipei HQ	4,955	4,448	5,256	5,169	4,759	3,864	3,711	3,536	3,261	2,953	2,775	2,770	2,736	2,653
Shengzen Factory	57,310	46,962	34,095	34,035	34,040	29,968	31,779	34,582	33,867	28,524	30,248	30,280	29,034	28,513
Suzhou Factory	10,604	12,872	11,783	11,088	12,163	11,200	11,595	8,494	7,102	4,208	544	373	129	85
Thailand Factory	-	-	-	-	-	-	-	-	-	-	-	-	257	1,343
ToTal	72,869	64,282	51,134	50,292	50,962	45,033	47,085	46,612	44,230	35,685	33,567	33,423	32,156	32,594

ECS used 32,594 K-KWH of electricity in 2020. Compared to the 32,156 K-KWH of electricity in 2019, this was a 1.362% increase. And compared to the 72,869 K-KWH of electricity in 2007 base year, there was 55.270% absolute electricity saving accumulatively. ECS will continue to reduce electricity usage by target of 1% per year.
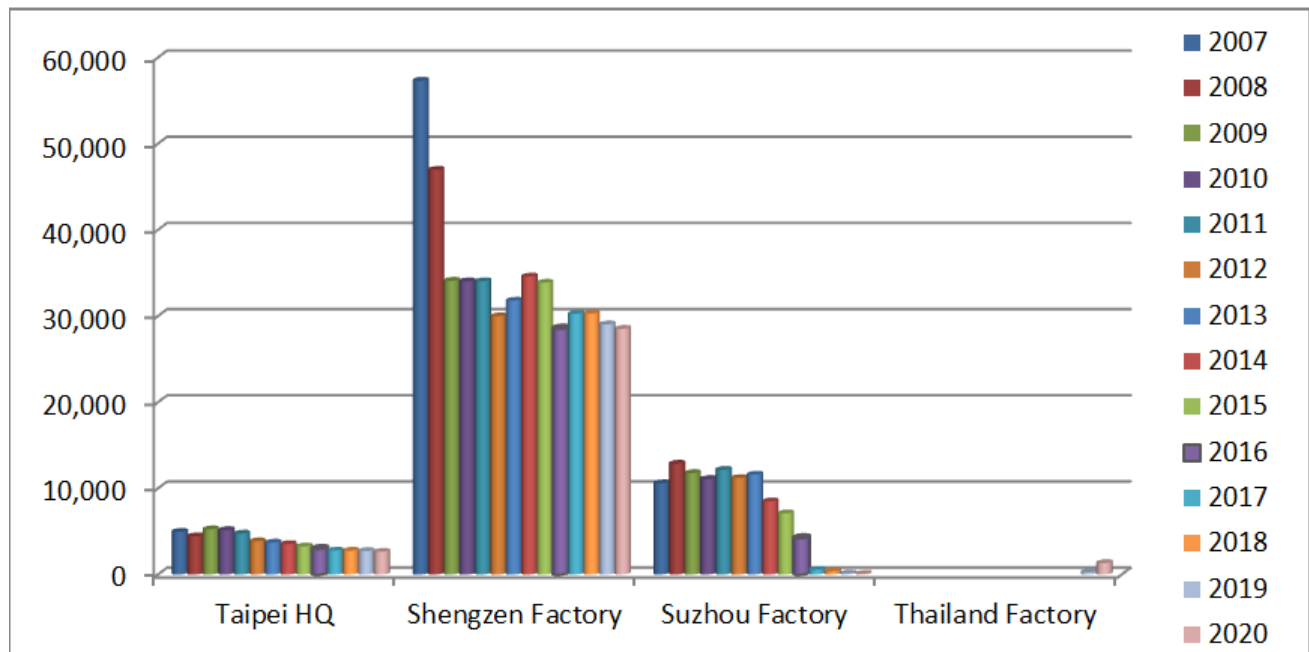
Electricity Management

B. Water Management

ECS has organized a water-saving implement team. It is meant to provide a system to implement, summarize, evaluate and appraise energy and water efficiency projects. It requires full participation, individual responsibility and guidance from experts in the factories. Besides, the rain water collection equipment built-in Taipei ECS headquarters intelligent building saved 9,095 kL of water accumulatively during year 2015~2020 or 1.418 ton CO2e emissions reduction.

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Water-Saving Solutions:

1. Internal education about water saving: highlight "Save water, turn off the switch" signs with water-saving slogans in areas of water use. Carry out regular water-saving education to help employee understand the importance of water-saving.
2. Narrow hot water offering: offer hot water within a limited time in staff dormitories to ensure employee use while preventing water-waste.
3. Regular and random inspection: check water, water equipment and facilities to prevent waste of water.
4. Regular maintenance of water storage facilities to ensure normal operation.
5. Water usage monitoring and review report in factory.
6. A recycled rain water irrigation system to utilize water brought by weather.
7. Save water in sink and bathroom to reduce water consumption.

Unit: Ton

Location	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Taipei HQ	26,593	28,875	25,463	22,878	19,022	18,386	17,740	17,483	15,354	15,074	14,133	12,483	11,661	12,990
Shengzen Factory	538,586	452,290	440,982	462,183	439,817	329,145	360,877	339,340	357,147	213,680	209,127	216,848	229,890	243,457
Suzhou Factory	171,548	103,124	90,272	86,339	88,093	95,223	71,505	49,344	50,945	30,469	13,577	14,337	936	188
Thailand Factory	-	-	-	-	-	-	-	-	-	-	-	-	712	5,100
Total	736,727	584,289	556,717	571,400	546,932	442,764	450,122	406,167	423,446	259,223	236,837	243,668	243,199	261,735

ECS used 261,735 tons of water in 2020. Compared to the 243,199 tons of water usage in 2019, this was 7.621% increase. And compared to the 736,727 tons of water in 2007 base year, there was 64.473% absolute water saving accumulatively. ECS will continue to reduce water usage by target of 1% per year.

Water Management

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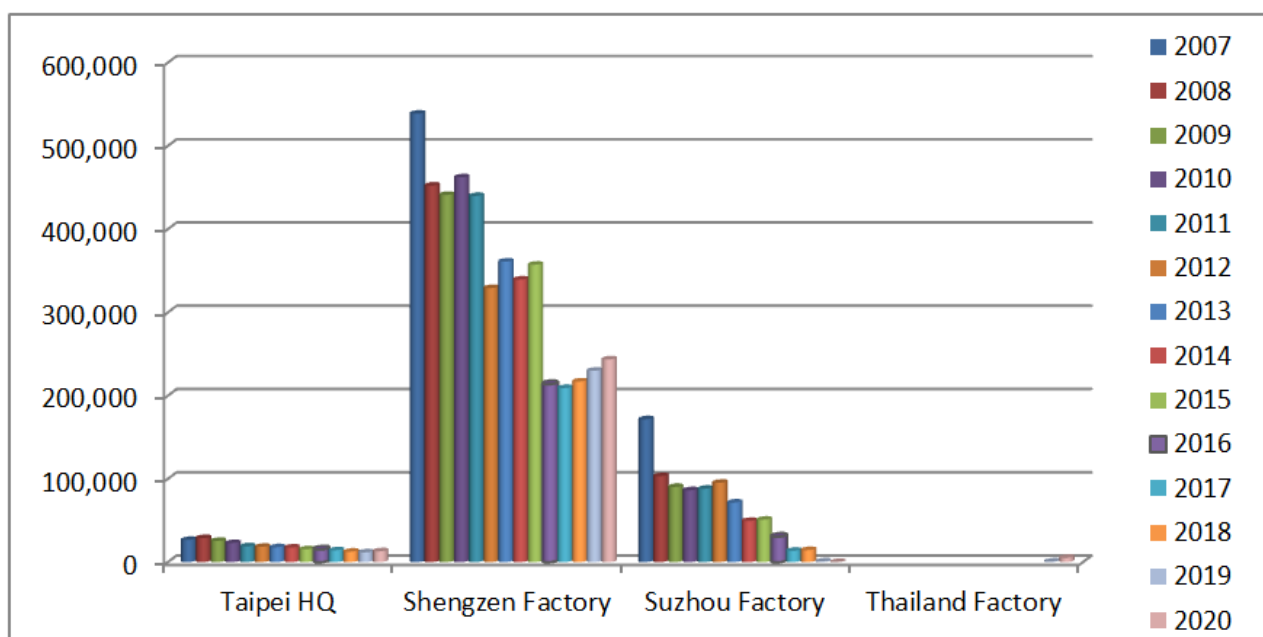
C. Waste Management

Maximizing resource utilization, ECS processes waste resource recovery and conversion into a useful resource. ECS Complies with national standards for waste management, and maintain regular audit of disposal of dangerous waste.

Waste Reduction Solution:
1. Separate waste and resource recycling – Set up recycling bins on each floor.
2. Do not use disposable tableware—"General Garbage", "Recyclable" and "Kitchen" should be collected separately. Do not use disposable items such as: bowls, plates, cups, chopsticks and spoons in the restaurant.
3. Reduce paper waste – Promote the practice of writing on both sides of a sheet of paper. Make use of email to reduce paper printing, filing and storage.
4. Use recycled products: such as paper towels.

Performance of waste management and resource recycling in HQ building as below：

Unit: Kg/Year

Items	2015	2016	2017	2018	2019	2020
General Waste	87,517	86,691	88,516	85,666	93,087	98,235
Recycled Waste	10,327	9,501	11,636	18,476	15,897	20,425

D. Wastewater

It generates wastewater when circuit boards are produced. ECS water treatment plants set up in factory districts for wastewater management and recovery process. Water recovery for the past 14 years is in the following table.

Unit : m^3/year

Item	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total Amount of Industrial Wastewater （m^3）	594,600	610,100	768,000	780,796	736,255	858,887	698,368	784,045	909,571	987,244	1,150,182	1,109,503	1,255,971	1,025,001
Total Emission of Industrial Wastewater Discharge （m^3）	514,600	366,100	460,800	468,477	625,476	468,229	465,245	503,994	587,505	616,277	652,720	599,054	647,210	575,810
Total Recovery of Industrial Wastewater （m^3）	80,000	244,000	307,200	312,319	110,779	390,658	233,123	280,051	322,066	370,967	497,462	510,449	608,761	449,191

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Water quality test results (average)

Test Items	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Industrial Discharge Standards	Unit
Hydrogen Ion Concentration（pH）	7.45	7.30	7.32	7.42	7.30	7.14	7.25	7.22	7.27	7.27	7.22	7.42	7.34	7.12	6-9	–
Chemical Oxygen Demand（COD）	30	45	46	42	45	47	37.5	40.31	47.2	55.5	79.37	46.25	50.15	37.31	＜80	mg/L
Total Copper（Cu）	0.001	0.089	0.072	0.109	0.121	0.04	0.064	0.071	0.053	0.0475	0.0416	0.0283	0.04	0.118	＜0.5	mg/L

The water quality test results show that ECS fully complies with national new enterprises wastewater discharge standard.

In 2020, ECS produced 1,025,001 m^3 of wastewater a year. Total discharged water was 575,810 m^3 /year. The total amount of recovered water was 449,191 m^3 /year. ECS wastewater treatment ability is 3,000T/D. Discharged wastewater complies with national new enterprises wastewater discharge standard (GB21900-2008 new enterprises water pollutant discharge concentration limits).
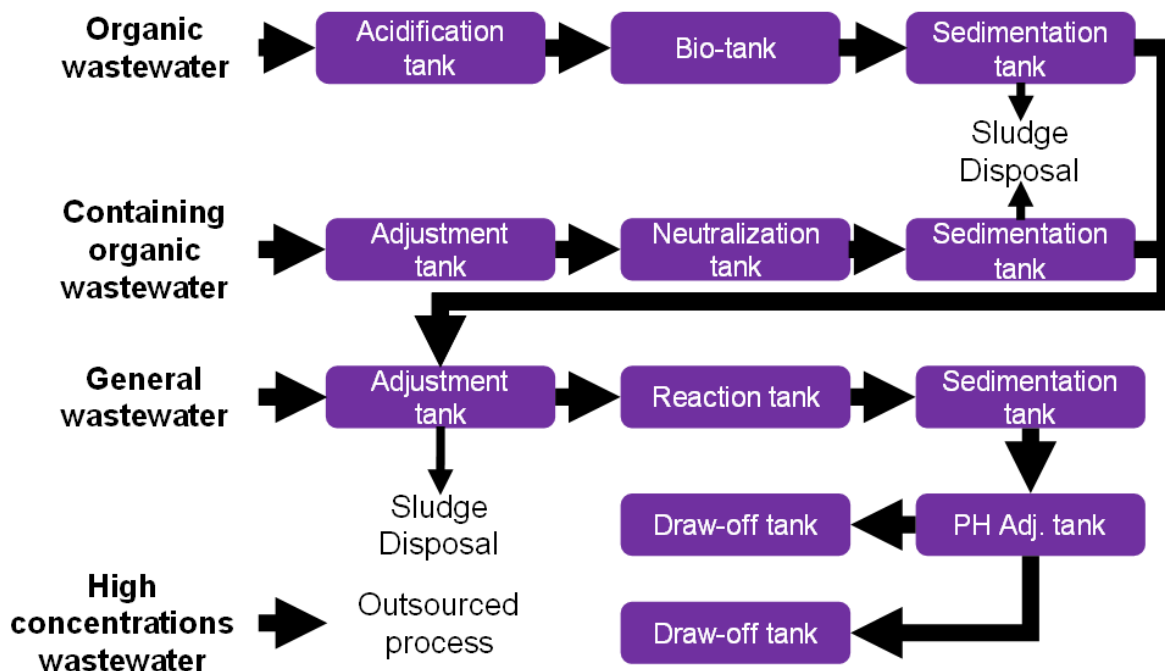
Wastewater Process Flow

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Chapter 6 Other Sustainability Index

6.1 Corporate Governance

■ Indicate whether the Chair of the highest governance body is also an executive officer   (GRI 102-23)

Chair of the highest governance body in ECS is not an executive officer.

■ Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance (GRI 102-35)

The annual compensation of corporate governor, senior managers and the executive directors is the combination of salary, bonuses and earnings of the employee bonus amount. The employee bonus amount proposed allotment was approved by the board of directors, the related information of executives remuneration is also appropriately disclosed in the annual report, so all stakeholders can fully understand the pay of company executives is associated with operating performance.

■ Processes in place for the highest governance body to ensure conflicts of interest are avoided (GRI 102-25)

ECS continues to improve corporate governance and commit to balance the information asymmetry and conflict of interest between management and shareholders, and to reduce the fraud occurrence probability from operation and management. Therefore, if the motions listed in board of directors have concerns with specific directors and have loss possibility for company; the directors should be self-avoiding for vote, nor agents of other directors to claim their voting rights.

■ Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics (GRI 102-27)

The Board consists of nine directors with professional industry operation experience, three of them are independent directors. Directors are on behalf of the company to implement business according the related laws with high degree of self-discipline. The independent directors must have relevant expertise to supervise company business operation and the due diligence of directors and managers. Therefore, the independent directors must have more than five years of business, legal, financial or business required qualifications, certificates or work experience; and at least one independent director should be accounting or finance professionals.

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- Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles. (GRI 102-18)

ECS committed to corporate governance and resolutely considered the board of directors is the fundamentals of corporate governance. Board of directors referred to the business performance of outstanding enterprises and related industry to submit earnings allotment proposal for board of stockholders approval then shareholders recognized the business opeation results; which can be used as a measure of corporate performance for top management units. In environmental protection, the idea of "Cherish the Earth" is presented over company-wide, ECS green assurance department also identified international regulations and customer specifications for green standards recognition for purpose of green products production. In addition, in social care, the general affairs and human resources departments promoted the care activities and social participation together and pay attention to staff training, employees rights and welfare protection, and target to construct comprehensive communication channels.

- Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses. (GRI 102-12)

Since 2008, ECS based on the Responsible Business Alliance (RBA) Code of Conduct (formerly known as EICC renamed) guidelines for the standards to ensure safe working environment, employees' rights are protected and respected, to implement pollution prevention of processes and products, and fulfill social responsibility.

- Memberships in associations and/or national/international advocacy organizations (GRI 102-13)

ECS also took actively part in various associations for industrial and electronic technology including the Responsible Business Alliance (RBA) (formerly known as EICC renamed), EICC (Electronic Industry Code of Conduct), SEDEX (Supplier Ethical Data Exchange) and E-TASC (Electronics - Tool for Accountable Supply Chains) to ensure ECS is in line with international trends.

6.2 Economic Index

■ Significant financial assistance received from government (GRI 201-4)

ECS has healthy finance with adequate sources of fundings including the self-fund from business operation and loaned from bank. Therefore, ECS has sufficient cash to meet all maturing debt without government financial assistance.

■ Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation. (GRI 202-1)

ECS employee's standard entry-level salary is higher than the minimum of local laws and related regulations, and is adjusted appropriately based on industry standards to improve the company's human resources competitiveness.

6.3 Environment, Safety and Hygiene Index

■ Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles. (GRI 102-18)

The general affairs departments in ECS company and factories reviewed and audited periodically the environments and safety operation in company and factories for future direction recommendation. And all factories also established "committee of environments and safety" to hold periodically review meeting of environments and safety for operation review.

■ ISO 14001/ ISO 45001 certificate

ECS factoreis implemented ISO 14001 environmental management system certification, Xingying and Suzhou factories implemented ISO 45001 Occupational Health and Safety Management System certification as well.

■ Environment, safety and hygiene training

The environmental, safety and health education courses for employees were implemented in company and factories to ensure all employees will have sufficient awareness and responses on the environment, safety and health.

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Other Environment, safety and hygiene sustainable index

- **Emissions of ozone-depleting substances by weight (GRI 305-6)**

There is not any ozone-depletion substances used in ECS manufacturing systems except for refrigerant used in factory air conditioning system. The refrigerant in air conditioning systems tied to annual maintenance for re-filled by the original manufacturer withdrew the refrigerant, and the withdrew refrigerant will be resued after manufacturer's purification.

- **Percentage of products sold and their packaging materials that are reclaimed by category (GRI 301-3)**

ECS has no direct involvement about the market for recycling products and packaging materials since brand business is not the major portion of ECS.

- **Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations ercentage of products sold and their packaging materials that are reclaimed by category (GRI 307-1)**

Currently, ECS's environmental protection equipments do meet national and local environmental regulations, there are no any environmental pollution accidents and environmental violations fine occurred.

6.4 Sociaty Index

- **Total number of incidents of discrimination and actions taken. (GRI 307-1)**

ECS comforms with international human rights requirements, has never legal events caused by employees identity discriminated in the past.

- **Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights. (GRI 407-1)**

ECS employee welfare committee was established to promote emotional, physical and mental health among colleagues, and to encourage participation in various organizations engaged in proper entertainment and leisure activities.

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- Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor. (GRI 407-1)

ECS obey the international conventions on human rights and to develope business codes of conduct of corporate, and also complies with industry standards and international labor RBA (EICC), it did not happened any forced or compulsory labor legal matters caused the event in the past.

- Total number of incidents of violations involving rights of indigenous people and actions taken. (GRI 411-1)

ECS has never law event caused by local employees violated in the past.

- Public policy positions and participation in public policy development and lobbying.

ECS has maintained a neutral stance on the public policy, did not participate in any lobbying.

- Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country. (GRI 415-1)

ECS always keeps politically neutral, does not participate in activities of any political parties or related institutions.

- Programs Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements. (GRI 417-1)

ECS institutes identification mechanisms of products related regulations to ensure that all products and services information and labeling contents could meet the requirement of each country.

- Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship. (GRI 417-3)

ECS respects for intellectual property, customer rights and fair market competition in product marketing.

- Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data. (GRI 418-1)

ECS dedicates to protect customer privacy and intellectual property rights all the time, there was not any infringement of customer privacy or loss of customer data violations in the past.

6.5 GRI Content Index

General Disclosures

General Disclosures			
GRI Content Index	**Disclosure**	**Page Number(s) & URL(s)**	**Omission**
GRI 102: General Disclosures 2016	102-1 Name of the organization	10, 11	
	102-2 Activities, brands, products, and services	11, 14, 15	
	102-3 Location of headquarters	11	
	102-4 Location of operations	11	
	102-5 Ownership and legal form	11	
	102-6 Markets served	13, 14	
	102-7 Scale of the organization	11	
	102-8 Information on employees and other workers	11	
	102-9 Supply chain	22, 26, 44	
	102-10 Significant changes to the organization and its supply chain	22, 26	
	102-11 Precautionary Principle or approach	19	
	102-12 External initiatives	57	
	102-13 Membership of associations	57	
	102-14 Statement from senior decision-maker	3, 4	
	102-15 Key impacts, risks, and opportunities	3, 4	
	102-16 Values, principles, standards, and norms of behavior	5, 19	
	102-17 Mechanisms for advice and concerns about ethics	5, 19	
	102-18 Governance structure	17, 18	
	102-40 List of stakeholder groups	5, 6	
	102-41 Collective bargaining agreements	57	
	102-42 Identifying and selecting stakeholders	5, 6, 7	
	102-43 Approach to stakeholder engagement	5, 6, 7	
	102-44 Key topics and concerns raised	5, 6, 7	
	102-45 Entities included in the consolidated financial statements	9	
	102-46 Defining report content and topic Boundaries	1	
	102-47 List of material topics	5, 6, 7	
	102-48 Restatements of information	1	
	102-49 Changes in reporting	1	
	102-50 Reporting period	1	
	102-51 Date of most recent report	1	
	102-52 Reporting cycle	1	
	102-53 Contact point for questions regarding the report	1	
	102-54 Claims of reporting in accordance with the GRI Standards	1	
	102-55 GRI content index	62, 63, 64, 65	

Note: The above management approach and specific topics disclosures contents are disclosed by ECS.

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Material Topics

Material Topics			
GRI Ccontent Index	**Disclosure**	**Page Number(s) & URL(s)**	**Omission**
Climate Change Impacts, GHG Emission and Energy Management			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	3, 4, 8,43, 44, 51	
	103-2 The management approach and its components	3, 4, 46, 52	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	52, 53	
	302-4 Reduction of energy consumption	52, 53	
	302-5 Reductions in energy requirements of products and services	47, 48, 49	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	46	
	305-2 Energy indirect (Scope 2) GHG emissions	46	
	305-5 Reduction of GHG emissions	46	
	305-6 Emissions of ozone-depleting substances (ODS)	60	
Effluents and Waste			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	51, 55	
	103-2 The management approach and its components	51	
GRI 306: Effluents and Waste 2016	306-1 Water discharge by quality and destination	55	
	306-2 Waste by type and disposal method	55	
Product Stewardship			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	41, 42, 43	
	103-2 The management approach and its components	48, 49, 50	
GRI 301: Materials 2016	301-3 Reclaimed products and their packaging materials	60	
GRI 302: Energy 2016	302-5 Reductions in energy requirements of products and services	49	
Green Product			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	41, 42, 43	
	103-2 The management approach and its components	48, 49, 50	
	Products meet Eco Labels requirements	42, 43	
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	38, 39	
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