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Arcadyan Technology Corporation

2020 Corporate Social Responsibility Report

arcadyan

create a better future

目錄

About this Report

Arcadyan Technology Co., Ltd. (hereinafter referred to as Arcadyan) issued the first corporate social responsibility report in 2018. The compilation of this report summarizes the previous year's corporate business development, sustainable partnerships, R&D innovation, environmental protection, happy workplaces, and social care and society care and public welfare. The presentation year of this report is 2020 (January 1 to December 31, 2020). The reporting period of the report is the same as that of the previous edition; and the Chinese and English versions are provided in the "Corporate Social Responsibility Zone" of the company's website every year. For downloading by stakeholder.

Scope of Report

In the 2020 Arcadyan Corporate Social Responsibility Report, the disclosure scope is the same as the 2019 except that it covers the Taiwan headquarters (Hsinchu), CNC production center (Kunshan), and AVC Vietnam production center (Yong Phuoc Province). The entity subsidiaries of the consolidated entities disclosed in the Arcadyan financial report include those located in the United Kingdom, Germany, South Korea, Australia, the United States, Brazil, India and Russia.

Report Publication

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Contact Us

Your invaluable suggestion will be much appreciated
Arcadyan Technology Corporation CSR Team
csr@arcadyan.com
No.8, Sec. 2, Guangfu Rd., Hsinchu City 30071, Taiwan, R.O.C
+886 3 572 7000

Report Drafting Principles

Arcadyan's CSR report has been prepared using the latest GRI framework introduced by the Global Reporting Initiative (GRI) in 2016. The contents updated in 2018 were used as a reference when compiling GRI 303 and GRI 403. Content contains four reporting principles: stakeholders' inclusivity, context-based sustainability, significance, and integrity and six qualities: accuracy, balance, clarity, comparability, reliability, and timeliness. The report has been inspected by an independent third party, namely AFNOR Asia, Ltd., and has been verified to meet the requirements of GRI Standards Core option and AA1000 Assurance Standard type 1, moderate level. The Assurance Statement is enclosed in the appendix for reference. Other certifications and accreditations that relate to specific contents in this report are as follows:

● Financial data: quote financial reports that have been certified by an accountant

● Product Carbon Footprint Verification (Green Mark): TÜV Rheinland Taiwan Ltd.

● greenhouse gas emissions verification (ISO 14064:2018): TÜV Rheinland Taiwan Ltd.

● Circular economy certification (BS 8001:2017): SGS Taiwan Ltd.

● Waste data verification: TÜV Rheinland Taiwan Ltd.

● Quality management (ISO 9001:2015/ TL 9000:2016): AFNOR Asia, Ltd.

● Environmental management (ISO 14001:2015): AFNOR Asia, Ltd.

● Product ecological design management (ISO 14006: 2011): AFNOR Asia, Ltd.

● Occupational Safety and Health Management (ISO 45001:2018): AFNOR Asia, Ltd.

● Operation Continuity Management Procedure (ISO 22301:2012): AFNOR Asia, Ltd.

● Information security and information risk management (ISO 27001:2013/ ISO 27005:2018): AFNOR Asia, Ltd.

Letter from Chairman

Affected by COVID-19 epidemic in 2020, it caused a severe shock to the global economy. For the network communications industry, it is also facing multiple risks and impacts. Since 2020, the global shortage of containers has led to high transportation costs. It is expected that the challenges of competition and cooperation in all aspects of future operations will become more severe. In response to this situation, Arcadyan has made arrangements in advance and has successively introduced various response plans to strengthen the resilience of supply chain management and minimize the impact.

For a long time, Arcadyan upholds a sustainable business commitment that takes it from the society and applies it to the society. In 2020, we formed the Corporate Social Responsibility Committee to review Arcadyan's core operating capabilities with senior executives in different fields, formulate corporate social responsibility strategies and development directions, and promote Arcadyan's corporate social responsibility related plans and integrate them as part of Arcadyan culture. And continue to have good interactions with all stakeholders, fulfill corporate social responsibility, and pursue a sustainable future.

While seeking profit and growth, Arcadyan also attaches great importance to the implementation of environmental protection, social responsibility and corporate governance. In view of the accelerating rate of 3C product introduction and innovation, the product life cycle continues to shorten. Arcadyan understands that behind the economic growth of such manufacturing development, a large amount of energy resources have been exhausted. In order to solve the problem of limited supply of energy resources and waste pollution, Arcadyan promoted BS 8001 Circular Economy System in 2020, rethink environmental policies, change design thinking, reduce energy resource consumption, reduce waste emissions, and reduce environmental hazards. In 2021, Arcadyan won BS 8001 Circular Economy business model maturity: Optimizing certification.

In terms of social responsibility, in view of the turbulence in the supply chain caused by the impact of the COVID-19 epidemic, Arcadyan focuses on a sustainable supply chain in 2020. Arcadyan regards sustainable development as an important indicator of its procurement strategy, encourages suppliers to promote corporate social responsibility plans, follows and participates in Sustainable Development Platform (SDP) to enhance suppliers' sustainable development capabilities and reduce Supply risk. To promote customer satisfaction and supply chain competitiveness, and create a win-win supply chain management. JAC (Joint Audit Cooperation) commends suppliers with outstanding performance in the fields of sustainable supply chain development and risk management. Arcadyan was highly praised by the review committee as "supplier development addressing crucial supply chain sustainability areas and delivering significant CSR and monetary benefits for both ARCADYAN and customers.", and are the only company to receive the Outstanding Achievement Practice Award in 2021 JAC Forum.

In terms of corporate governance, in accordance with Arcadyan "Code of Governance Practices" and "Integrity Management Operating Procedures and Behavior Guidelines". Through the supervision, evaluation, resolution and guidance of the board of directors, the implementation of operational transparency. Through risk management measures, integrate and manage potential risks that may affect operations, and implement the responsibilities of business operators.

Looking forward to the future, Arcadyan will implement the achievements and determination of "technological innovation, people-oriented; surpassing oneself and respecting the customer", and show all actions and performance in the annual corporate social responsibility report, continue to work hard towards a sustainable and mutually beneficial future, enhance the positive force of society, and hope to lead Arcadyan to a better milestone.

Chairman

Sustainable Business and Vision

Sustainable Business and Vision

Environment is one of the important projects during Arcadyan operations and growth process. Only when the environment, economy, and society coexist, can Arcadyan have sustainable enterprises. In order to avoid negative impact on the environment and damage the earth's ecological environment, in addition to setting environmental sustainability policies, as of 2019, Arcadyan has also introduced many related certifications such as TL 9000, ISO 9001 quality certification, ISO 14001 environmental certification and ISO 45001 safety and health certification. At the same time, Arcadyan team pays special attention to product green design, has successfully introduced lead-free process, and has completed the control regulations for prohibited substances such as lead, cadmium, mercury and hexavalent chromium, and introduced ISO 14006 product ecological design management system to implement product eco-design and effectively track and control environmental performance by establishing these management systems. Arcadyan expects to conduct an organizational carbon inventory by a third-party verification in 2021, and use 2020 as the base year to monitor the main emission sources and implement various emission reduction measures.

Social Responsibility is the commitment of Arcadyan to believe that enterprises should take it from society, use it in society, and commitment to sustainable operation. Only when enterprises undertake social responsibilities and participate in social welfare activities that can create a better society. Arcadyan hold a "Corporate Social Responsibility Committee" and introduces SA8000 Social Responsibility Management System in CNC China Production Center. Actively respond and plan a number of public welfare activities every year. The implementation activities include: caring for countryside students, after-school teaching, donate, shorten the gap between urban and rural areas; care for vulnerable groups, charity sales, fundraising, sponsorship, and support minority groups; cooperate with public welfare funds, and feedback to the society. By participating in these charity activities, We deeply appreciate the dedication of our colleagues and the execution power of giving back to the society, and show that Arcadyan fulfills its corporate social responsibility commitment.

Employees are the company's greatest asset, and it is the core belief of Arcadyan is people oriented, and provides a healthy and safe workplace environment, a complete career-training program and a competitive salary and welfare system. Arcadyan has introduced ISO 45001 Safety and Health Certification, TOSHMS Taiwan Occupational Safety and Health Management System to ensure that employees work under safely and healthily environment. Arcadyan also cares and communicates to understand the needs of employees, and organizes various activities to promote health for employees to develop their strengths, take into consideration for health, and improve the quality of work and life.

In order to respond to UN Sustainable Development Goals (SDGs) and continue Arcadyan commitment of the company to the environment, society and the economy, Arcadyan will focus on the following key objectives and conscientiously facing the upcoming challenges:

● Actively respond to the 17 goals of UN SDGs and promote economic, social and environmental related policies and activities.

● Pay attention to climate change mitigation and adjustment, continue to promote and implement product eco-design and green design, and use innovative technology to mitigate environmental impacts that caused by climate change and improve product safety.

● Promote corporate social responsibility management processes and organizational performance, strengthen internal corporate governance, revise environmental sustainability policies, and work with external customers to promote corporate social responsibility policies that comply with international norms. Carry on the concept of sustainability into Arcadyan corporate culture.

Arcadyan believe that the principle of sustainable business is commitment. Arcadyan promises that we will be a responsible enterprise based on our existing core competence and competitive advantage. Therefore, Arcadyan take the spirit of 「Technical innovation, people oriented, self-transcendence, customer-oriented」the company's corporate social responsibility policy is formulated as follows:

● Continuous innovation of products and technologies, integration of upstream and downstream supply chain resources, provide customers with all around services.

● Protect human rights and labor rights, establish good labor-management relations, and provide employees with a healthy, safe and friendly working environment.

● Effectively integrate resources and take responsibility for economic, social and environmental impacts.

● Feedback to society with the practical actions of "coexistence, common glory, and common good "to create a better future.

External Initiatives

- As an important member of the global environmental citizenship, Arcadyan actively involved in global environmental initiatives and actions. Since 2009, Arcadyan has participated in CDP (formerly Carbon Disclosure Project) to disclose carbon management questionnaires, carbon reduction results, identification regulations and physical risks, and other carbon management questionnaires to strengthen the policy tools for climate change in response to climate change. Including resource depletion, resource shortages, climate change, sea level rise, etc., to reduce operational risks and costs, and further transform various risks into green recycling economy opportunities to improve the sustainability of business operations.

- Arcadyan follows the Code of Conduct - Responsible Business Alliance (RBA) to implement self-assessment for labor, health & safety, environmental, ethics, management system, etc. and actively obtains international certification. In addition to increasing the trust of customers, employees and suppliers, Arcadyan also fulfill corporate responsibility for the environment, economy and society.

- Arcadyan deeply understand the responsibility and obligation to actively participate in the tasks of SDGs, and selects the following goals related to Arcadyan's operations from the 17 Sustainable Development Goals (SDGs) proposed by the United Nations as a sustainable project.

- Since 2013, Arcadyan has obtained SA8000 (Social Accountability) certification at CNC China production center to show to stakeholders Arcadyan's commitment to social responsibility. AVC Vietnam production center also continues to promote corporate social responsibility related issues and policies, and plans to has certification in 2020. Arcadyan provide employees with continuous improvement of working conditions; establish a healthy workplace, and effective employment communication. For suppliers, strengthen competitiveness, obtain brand orders, improve management capabilities, reduce additional costs, and establish a reliable supply chain and sustainable operation. Arcadyan looking forward to the future society, can help more people and the environment, create less earth burden, and leave a better living environment for future generations.

2020 Key Distinctions and Achievements

2020 Environmental Performance

- 2020 Obtained the National Enterprise Environmental Protection Finalist Award from the Environmental Protection Agency

- Continue participate in the International Carbon Disclosure Project (CDP) climate change survey since 2009, and won the A-Leadership Management Level in 2020. Awarded B Management Level for Water Footprint

- Obtained TUV Green Mark certification. In 2020, a total of four products have passed certification and are designed to be halogen-free products

- The products are 100% compliant with WEEE/ RoHS/ REACH Annex 17 (SVHC)/ POPs/ California Act No. 65

- Comply with the Swedish Taxation Law for electrical and electronic products, and taken tax reductions and exemptions

- More than 50% of product packaging materials use Forest Stewardship Council (FSC) International Certification
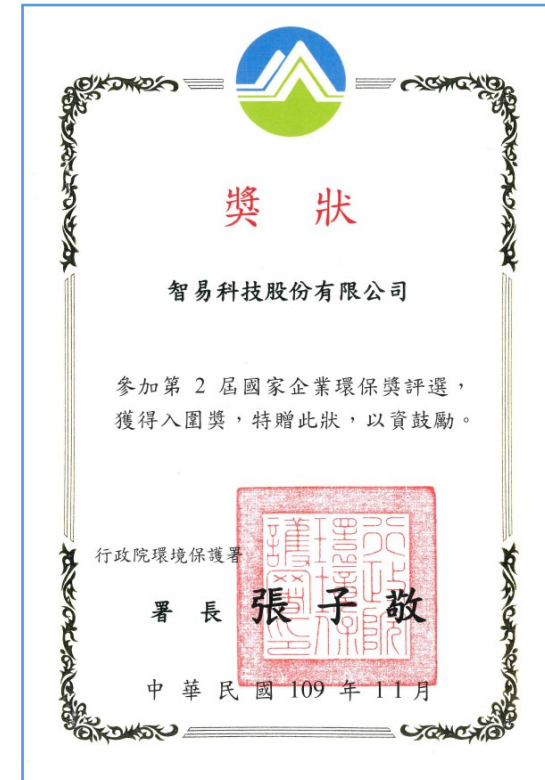
2020 CSR Performance

- AVC Vietnam production center won the Responsible Business Alliance (RBA) audit and silver medal in 2020

- 2020 Joint Audit Co-operation (JAC) CSR Supply Chain Management Best Practice Award

- Swisscom Sustainable Development Program (SDP) Best Practice Award

- Bronze Medal Award of EcoVadis Global Corporate Social Responsibility (CSR) Rating

2020 Sustainability Management System and Certification

Arcadyan builds a quality management system through the core research and development process, follows the ISO 9001 and TL9000 international quality standards, and promises to implement comprehensive quality management. We strictly implements product design, development, manufacturing and after-sales service support to ensure customer satisfaction. Through the quality policy promote the company's core values, business strategies and quality policies

Scope	International Standard	Headquarters (Hsinchu)	CNC China Production Center	AVC Vietnam production center
Quality	ISO 9001:2015 Quality Management System	O	O	O
	TL 9000 Telecommunications Quality Management System	O	O	O
	IATF 16949:2016 Automotive Quality Management System		O	
Environmental	BS 8001:2017 Circular Economy	O		
	ISO 14001:2015 Environmental Management System	O	O	O
	ISO 14006:2011 Environmental management systems (Eco-design)	O		
	IECQ-QC080000:2017 Hazardous Substance Process Management System		O	
	ISO 14064-1:2018 Greenhouse Gas Verification	O	O	
Social	ISO 22301:2012 Business continuity management systems	O	O	
	ISO 27001:2013 Information Security Management System	O	O	
	ISO 27005:2018 Information security risk management	O	O	
	ISO 45001:2018 Occupational Health and Safety Management Systems	O	O	
	SA 8000:2014 Social Accountability 8000 standard		O	
	Responsible Business Alliance (RBA)		O	O

Customer Satisfaction

Effective Economically

Full Participation

Stakeholder Engagement

Stakeholder Communication Form

Arcadyan collects the opinions of all stakeholders, through their feedback and suggestions, understands the issues of concern as an important basis for the sustainable development of Arcadyan. The CSR execution team refers to the relevant information listed by the industry, and lists the stakeholders that may be contacted by the parties in the internal discussion article, and then the team summarizes the **"Shareholders, Customers, Employees, Suppliers, Government Agencies and Non-Government Organizations"** The six types of stakeholders in the company will maintain a smooth communication channel with the stakeholders in accordance with the "Stakeholder Communication Table" in the following table.

Stakeholders		Communication Channels	Frequency	Main Issues of Concern	Corresponding Chapters	Page
Shareholders	Investors Shareholder Bank	Shareholders meeting	Yearly	Operating performance	2020 Consolidated Financial Business Performance	20
		Institutional investors' conference		Business integrity	Integrity Management and Fair Competition	29~30
		Investor hotline and mailbox	Irregularly	Stakeholder communication	2020 Business Prospects	19
		Group of investors discussion			Identification of Materiality Issues	14
Customers	Foreign and domestic customers	Regular communication	Monthly Irregularly	Customer service management	Customer Health and Safety	33
		Discussion conference			Information System Security Risk Management	26
		Email discussion		Technology and Research	Short-term and Long-term Development	38
		Customer audit		Green product	Environmentally Friendly Design	42~43
Employees	Employees, Foreign Employees Part-time worker	Labor-management Communication	Quarterly	Labor/Management Relations	Happy Workplace	57
		Welfare Committee			Labor-management Communication	62
		Performance appraisal	Bi-yearly		Employee Salary and Bonus and Welfare	64
		Education Training	Irregularly	Career development and training	Talent Cultivation and Development	65
		Internal BBS bulletin board		Occupational Safety and Health	Occupational Safety and Health	67
		Internet and Employee Comment Box, Complaint Hotline, Complaint mailbox		Labor practices and human rights	Labor Human Rights	61
Suppliers	Suppliers, contractors, outsourcers, and other partners	Email discussion	Irregularly	Supply Chain management	Sustainable Supply Chain management	34
		supplier assessment and on-site audit		Green product	Environmentally Friendly Design	42~43
Government	City Government, Fire Bureau, Environment Bureau, Police station	Official document Regulations briefing	Irregularly	Energy consumption and management	Energy Management Water Resources Management	50~54
		Seminar		Waste Management	Disposal and Recycling	55~56
		On-site Visits		Occupational Safety and Health	Occupational Safety and Health	67
NGO	Social Welfare Group, Foundations	Email discussion	Irregularly	Local community and charity involvement	Society Care and Public Welfare	72~75
		Event or meeting				

Identification of Materiality Issues

For the main stakeholders, apart from collecting information through various communication channels and feedback mailboxes, Arcadyan also uses questionnaires to understand the issues of concern of the stakeholders every year. The topics are mainly based on the various issues of the GRI Sustainability Reporting Standards (GRI Standards) issued by the Global Reporting Initiative, and a total of 21 issues in response to domestic and foreign trends, issues of common concern in the electronics industry, etc. Compared to 2020, a total of 7 topics have been added:

"Regulatory Compliance", "Grievance mechanisms", "Business Continuity", "Information Security", "Circular Economy", "Water Resources Management", and "Infectious Disease Prevention and Management". The method was sent to all stakeholders to fill in, and 293 valid questionnaires were successfully received.

Statistic Chart of Questionnaires Received
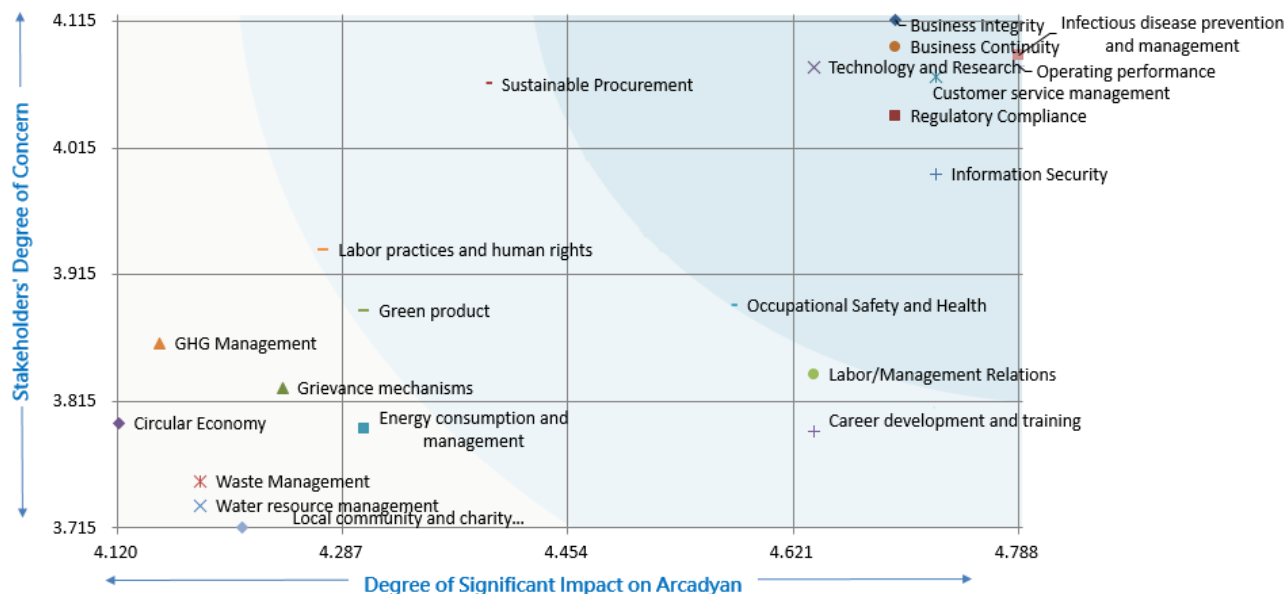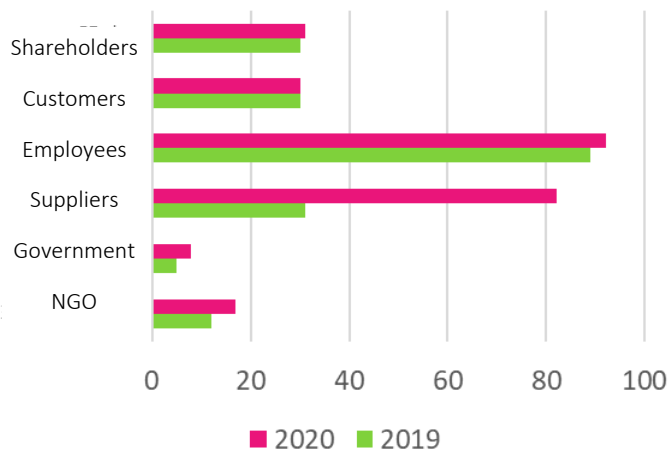
After the statistics are completed, the CSR executive team discusses the weight of each stakeholder's importance to intelligence, multiplying it by the percentage of each stakeholder's concern for each major issue, and calculating stakeholder's total concern for each issue. The degree is used as the "ordinate".

Taking base on company operation of Arcadyan, each major issue's impact on the Economic, Social, and Environmental will be evaluated and the total average will be added as the "abscissa". Draw the XY scatter diagram as above. According to the XY intersection between the high attention of the stakeholders and the high impact on the economic, social, and the environmental, the characteristics of the Arcadyan industry will be compared again. According to the highest degree of concern and highest impact, sort out **"Operational Performance", "Business Integrity", "Grievance mechanisms", "Technology and Research", "Customer Service Management", "Business Continuity", "Information Security", "Supply Chain Management", "Green Products", "Labor/Management Relations", "Talent Cultivation and Training", "Occupational Safety and Health", "Labor practices and human rights", "Infectious Disease Prevention and Management"**, a total of 14 major GRI issues will be exposed. The remaining topics are of low priority, but Some of the related policies, measures and results are also presented in this report.
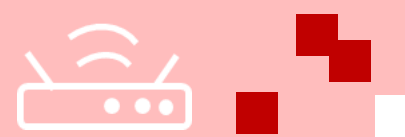
GRI Material Issues for Arcadyan

Type of impact: ●:High impact ○:Normal impact △:Business impact

Material Issues		GRI	Description	Material Description	Impacted Boundary				SDGs	Page
					Supplier	Production Center	Arca-dyan	Cus-tomer		
Economic	Operational Performance	GRI 201: Economic Performance	Financial information in revenue, expenses, economic impact by climate change, indirect economic impacts, etc.	Economic performance is the most concerned topic of all stakeholders. We will disclose information on operating performance and market competitiveness in 2020 to implement sustainable operations.	○	●	●	△	8 DECENT WORK AND ECONOMIC GROWTH	19~20
	Business Integrity	GRI 206: Anti-competitive Behavior	Policy or monitor of business integrity and anti-corruption.	Arcadyan and our stakeholders all value the integrity of corporate governance, rooting in national or international laws, and regulating anti-competitive, anti-trust or monopoly behaviors.	○	●	●	△	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	29~30
	Grievance mechanisms	GRI 307: Environmental Compliance	Compliance with securities, environmental, labor, and product regulations.	Providing environmentally friendly products is Arcadyan's design philosophy, so compliance with international environmental regulations and directives is an issue that Arcadyan attaches great importance to.	●	●	●	△	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	48
	Technology and Research	N/A	Managing research and development of technology innovation, process innovation, and environmental innovation.	Excellent R&D capability is a key factor for Arcadyan to maintain its competitive advantage, which explains its competitive advantage and long-term and short-term business development plan to respond to market demand.	○	●	●	●		30, 38~39
	Customer Service Management	GRI 416: Customer Health Safety	Product safety, customer satisfaction survey and customer management.	Customer satisfaction is the focus of Arcadyan's continuous operation. Only by ensuring the privacy of customer information and product security can there be a sustainable cooperation model.		●	●	●	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	32~33
	Business Continuity	GRI 201: Economic Performance	The company effectively manages the risks that threaten operations and ensures that it can continue to operate in the event of disruptive events	In recent years, the global situation is turbulent and the epidemic continues to spread. Arcadyan has faced various shocks and put forward various sustainable management policies and response.	●	●	●	△	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	24~28
	Information Security	GRI 418: Customer Privacy	The company plans information security risk response measures to control and reduce the threats and impacts caused by information security incidents	Arcadyan attaches importance to and protects the privacy of customer information, and has set up various information security control mechanisms and regular publicity measures both internally and externally to avoid information security incidents.			●	●		26
	Supply Chain Management	GRI 204: Procurement Practices GRI 308: Supplier Environmental Assessment	Supervise and manage the supply chain, and control the raw materials to reduce possible risks. And implement supplier social, environmental assessment and conflict mineral management etc.	Continuously strengthening the management of the supply key and increasing the proportion of local procurement are our key projects.	●	●	●	△	17 PARTNERSHIPS FOR THE GOALS	34~36
Environmental	Green Products	GRI 301: Materials	Developing product for reducing environmental impacts, Safety of products.	The production of environmentally friendly products is the common concern of all customers and employees, among which green products are the focus of attention of the stakeholders of Arcadyan.	●	●	●	△	13 CLIMATE ACTION	40~46
Social	Labor/ Management Relations	GRI 401: Employment	Type of employment, communication with employees, and employee well-being.	Arcadyan focuses on labor and employment, employee welfare, talent cultivation, occupational health and safety, and equal treatment of all Arcadyan employees. Only healthy employees can have a booming industry.		●	●		8 DECENT WORK AND ECONOMIC GROWTH	62~62
	Talent Cultivation and Training	GRI 404: Training and Education	Employee performance management and development, career planning and development, training and education.			●	●		4 QUALITY EDUCATION	65
	Occupational Safety and Health	GRI 403: Occupational Health and Safety	Maintain and train for the employees of the occupation, types of injury occupational diseases, lost days, and number of work-related fatalities.	Arcadyan attaches great importance to the occupational health and safety of its employees. Only healthy employees can have a thriving industry. It also follows relevant laws and regulations as a key project for the selection of new suppliers and annual audits.		●	●		3 GOOD HEALTH AND WELL-BEING	67
	Infectious Disease Prevention and Management	GRI 403: Occupational Health and Safety	The company's response measures to large-scale infectious diseases (such as COVID-19), the overall operation adjustment, to reduce its impact on the company and stakeholders			●	●	△		27~28
	Labor practices and human rights	GRI 406: Non-discrimination	Human right, freedom of association, collective bargaining, non-discrimination, no child labor, etc.	Arcadyan abides by international human rights organizations and labor policies, and must not discriminate, engage in human trafficking, or force laborers for any reason.	○	●	●		10 REDUCED INEQUALITIES / 5 GENDER EQUALITY	61
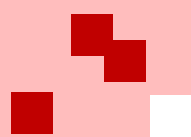
Business Development

Industry Overview and Development

Continuing the industrial trend of 2020, the popularity of 5G will persist. Since 2020, the COVID-19 pandemic has brought much inconvenience to personal lives and business operations. As a result, cloud, remote and virtual applications on the IoT have soared. Under the digital transformation trend, the importance of 5G in terms of high transmission speed and low latency is underscored.

Moreover, the importance of 5G corporate private network which has been frequently mentioned since last year is further heightened. International Data Corporation (IDC) indicated that after 5G service is formally launched, 5G corporate private network shall be the focus of telecom operators in increasing their profitability for the coming years. The IDC analyst indicated that from 2021 onward, corporate private network shall shift from 5G non-standalone (NSA) framework to standalone (SA) framework, so as to fully implement the accelerated development of digital transformation. The development status of Arcadyan Research in 2020 is as follows:

● The developed products are including: Whole Home WiFi (WiFi Mesh Network) solution, 4G/LTE Small Cell integrated SON (Self Organizing Network) features, Indoor and Outdoor LTE Routers/Gateways, 802.11ax and 802.11ac (Single-band, Dual-band and Tri-band) Wireless Routers, 802.11ax and 802.11ac VDSL Routers, Repeaters used to expand WiFi coverage, Android TV OTT/IP STB support Ultra-high resolution (4K) and HDR (High Dynamic Range Imaging), GPON OLT/ONT Fiber products, and DOCSIS 3.1 & 3.0 Cable Modems.

● Keep integrating and optimizing the new functions into the next generation IAD, such as Zigbee, Z-wave, BLE, DECT ULE and NFC, and introducing AI (Artificial Intelligence) algorithm, Intelligent Diagnostic functions, IEEE1905.1 and EasyMeshTM R1/R2 Multi-interfaces Management System.

● Target to accelerate developing 5G CPE (Customer Premise Equipment), 5G Small Cell, MEC switch, Smart Home Gateway plus IOT (Internet of Things) applications, 76GHz-80GHz vehicle-mounted Blind Spot Detection (BSD) Active Warning Radar, AI/Big Data/Cloud computing integration technology.

In the next stage of product planning, we will continue to develop gateways supporting Smart Home and IOT functions, built-in wireless modules for consumer multimedia products (such as Smart TV and home voice assistant), high-level CPE required by ISP providers such as 5G Terminal Equipment and IAD that support fixed mobile convergence and Small-Cell and MEC switches that support 5G O-RAN architecture, high-end Android TV OTT/IP STB with ultra-high resolution (4K) and high dynamic range imaging (HDR), new-generation cable modem routers, and 76GHz-80GHz vehicle-mounted Blind Spot Detection (BSD) Active Warning Radar. Smart CPE with adopted AI computing and big data cloud analysis represents another focus of our R&D efforts.

And Keep expanding the JDM business scale to gain the advantage of a greater economic scale, scaling up the production capacity of the Vietnam manufacturing site, appropriately diversifying the overseas production risk, and enhancing the manufacturing flexibility by above-mentioned multiple manufacturing sites.
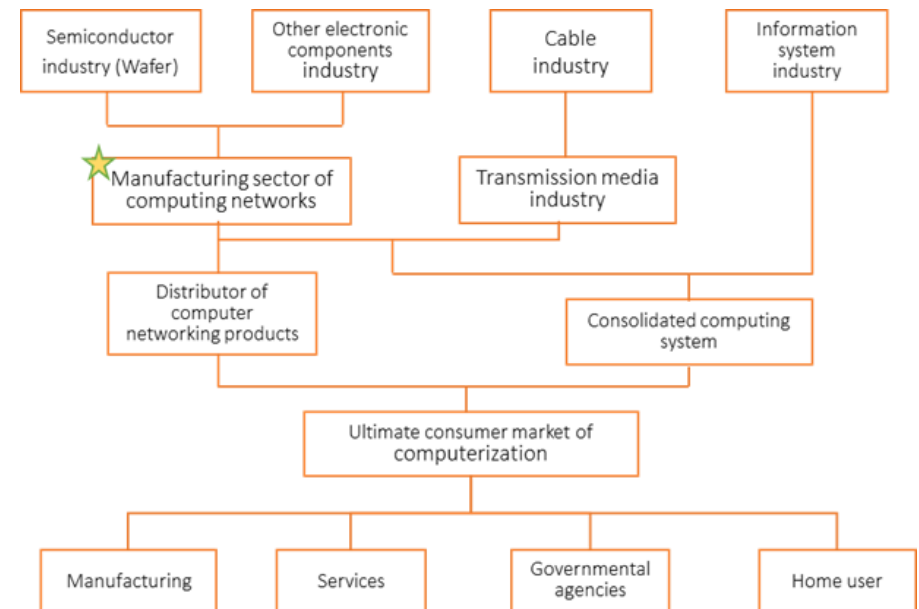
☆: The position of Arcadyan in the production

Company Overview

Established in 2003, Arcadyan incorporates the best of Broadband access, Multimedia and Wireless infrastructure into its expertise. This winning combination creates an innovative approach to broadband access technology development and optimizes audio/video streaming quality.

Arcadyan develops products with the end-user in mind. We are dedicated to pursuing high quality technology development and ensuring consumers get a rich and enjoyable experience from our products. In addition, our development team engages with leading researchers and developers, both in-house and external, to develop best-in-class platforms and implementations for our latest value-added innovations.

Market Scope

Arcadyan provide end-to-end solutions that help our customers differentiate their products in the marketplace. We supply leading-edge solutions designed to enhance the user's experience while allowing customers to achieve fast time-to-market and remain competitive. We add value to the entire product development cycle from creation to fulfillment.

Arcadyan understand our customers' needs for combination solutions, backwards compatibility and standards-based platforms on which to develop. To address these needs and delivers a full line of broadband access and digital home solutions, Arcadyan provides innovative broadband/wireless/multimedia products for specialized design-in requirements as well as add-on products to enhance today's products with wireless convenience.

DSL CPEs   Wireless LAN   FTTx   Set Top Box   Mobile Broadband products

Vision

● Create a better future through networking.

● Become a global leader in broadband access and multimedia terminal products.

Core Values

● **Innovation**
We must actively review our competitive advantages and continue to create new core competitiveness through trans-department integration. We encourage learning from the outside world then making improvements within the organization.

● **Harmony**
We emphasize a "people-centric approach" based on trust and respect for the individual. We all believe in honesty, commitment, coordination, teamwork and efficiency. We work together to use business resources to further our future development. In such an environment, everyone can continue to grow and contribute, leading to a culture of cooperation.

● **Surpass**
Everyone must challenge their own limits and strive to surpass themselves. We must think outside of the box and learn to reject assumptions. We believe that all waste can be reduced and there is always a better way of doing things.

● **Service**
We put customers first and strive to make customers our long-term value partner. We must use top-down engineering as well as continued improvements to meet the needs of internal customers and suppliers to drive competition reforms.

2020 Business Prospects

Facing the uncertainty of the market and economy and trade, Arcadyan's operating policy is:

1. Keep enlarging the existing telecom market share and developing new telecom customers in emerging markets; expanding the product categories of existing telecom customers, from fixed line to optical fiber products; providing the rapid customized products and services to all customers; and supporting the customers to design and develop competitive products by their needs, in order to efficiently make market segmentation for customers.

2. Strengthen the technical capability of software and hardware on Android TV OTT and IP-STB; develop the next generation products, new markets and new customers for Android TV OTT/IP-STB; and optimize the profit on above-mentioned product portfolio.

3. Expansion of the MSO (Multiple System Operator) market share and enhanced market positioning, active development of new customers, expansion of Cable Modem production lines, and increased product penetration rates at the customer end through the provision of value-added services.

4. Proactive development of new product categories such as Smart Home, Internet of Things (IOT), Artificial Intelligence (AI), 76GHz-80GHz vehicle-mounted Blind Spot Detection (BSD) Active Warning Radar; implementation of research on commercially viable applications of derived technologies, initiatives in sync with the development of 5G technology, ongoing development of new-generation 5G CPE products, and deeply commitment to the 5G small-cell market.

5. Cooperate with local technical suppliers in each market segment and country, to penetrate the local telecom markets together.

6. Technical collaborate with the key chipset vendors and front-end suppliers to lead new technology trend and penetrate the product markets together.

7. Keep scaling up the capacity of Vietnam manufacturing site, optimizing and reconciling the capacity between China manufacturing site and Vietnam manufacturing site, in order to diversify and reduce the business risks of overseas manufacturing sites.

Arcadyan professional R&D team combines the company's internal R&D talents and industry experts to jointly develop an advanced platform and fully functional products to provide complete services to customers. Its operating proportions are:

2020 Ratio of operating revenues based on customers' locations

■ Europe ■ Americas ■ Asia and other regions

2020 Revenue distribution

■ Broadband and wireless gateway ■ Wireless LAN products ■ Others

2020 Consolidated Financial Business Performance

The financial performance and profitability analysis of Arcadyan's merger in the past four years is presented in the following chart, and all calculations are based on the new International Financial Reporting Standards (IFRS). For complete financial performance related content, please refer to the content of "6. Financial Overview" of Arcadyan Technology's 109 Annual Report.

Operating Revenue, Cost and Net Income (NT$ million)

Year	Revenue	Cost	Net Income
2017	20,110	17,308	650
2018	26,621	23,465	880
2019	32,898	28,546	1,357
2020	33,765	28,712	1,631
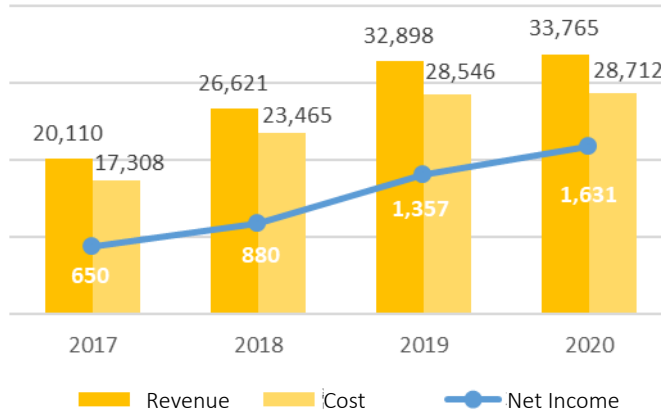
Gross Profit and Net Income Ratio (%)

Year	Gross Profit	Net Income Ratio
2017	13.93%	3.23%
2018	11.86%	3.31%
2019	13.23%	4.12%
2020	14.97%	4.83%
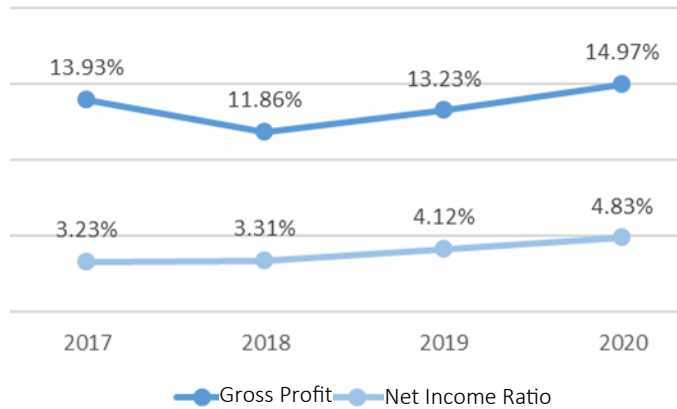
Total Salary_ Individual finance report (NT$ million)

Year	Total Salary
2017	815.66
2018	973.08
2019	1207.647
2020	1381.32
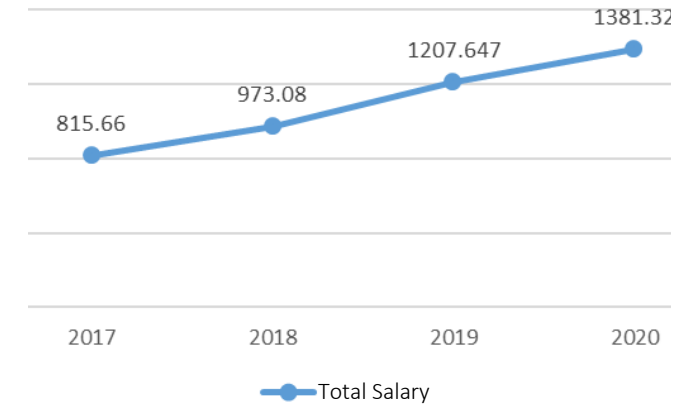
Return on Assets and Return on Equity (%)

Year	Return on Equity	Return on Assets
2017	7.22%	4.29%
2018	9.57%	4.94%
2019	13.04%	5.99%
2020	13.99%	6.14%
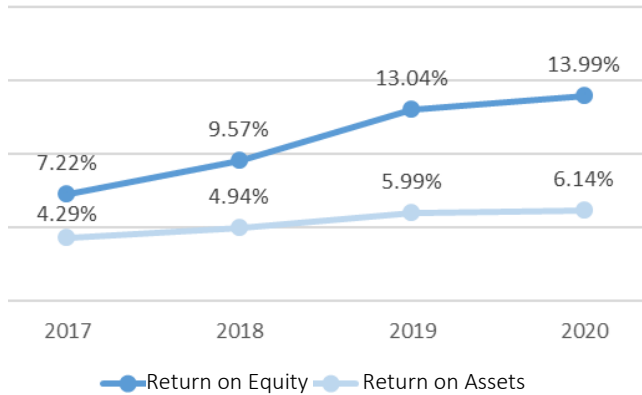
Per-share dividend (NT$ thousand) and EPS (NT$)

Year	Per-share Dividend	EPS
2017	2	3.21
2018	3.5	4.61
2019	4.7	6.85
2020	6.5	8.36
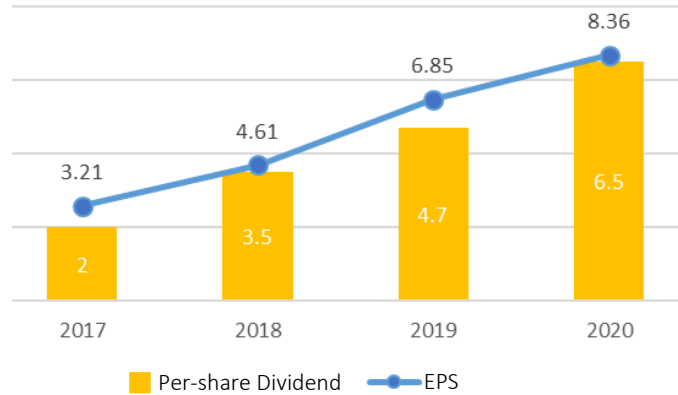
Income tax expense and R&D investment tax credit (NT$ million)

Year	Income tax expense	R&D investment tax credit
2017	137.0	77.5
2018	237.8	49.9
2019	345.8	63.8
2020	707.7	76.9
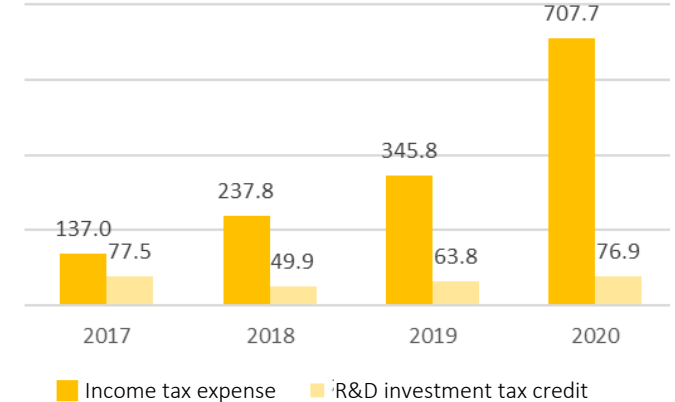
Operating Base and Service Market

Arcadyan products are sold worldwide. Our global positioning allows us to provide complete and rapid services. Arcadyan is headquartered in Hsinchu, Taiwan with R&D centers and technical support centers in Taiwan & China to keep up with new technological developments. We also have branch offices in Europe and the Americas to monitor market demand as well as provide customers with more rapid technical consultations and after-sales service.
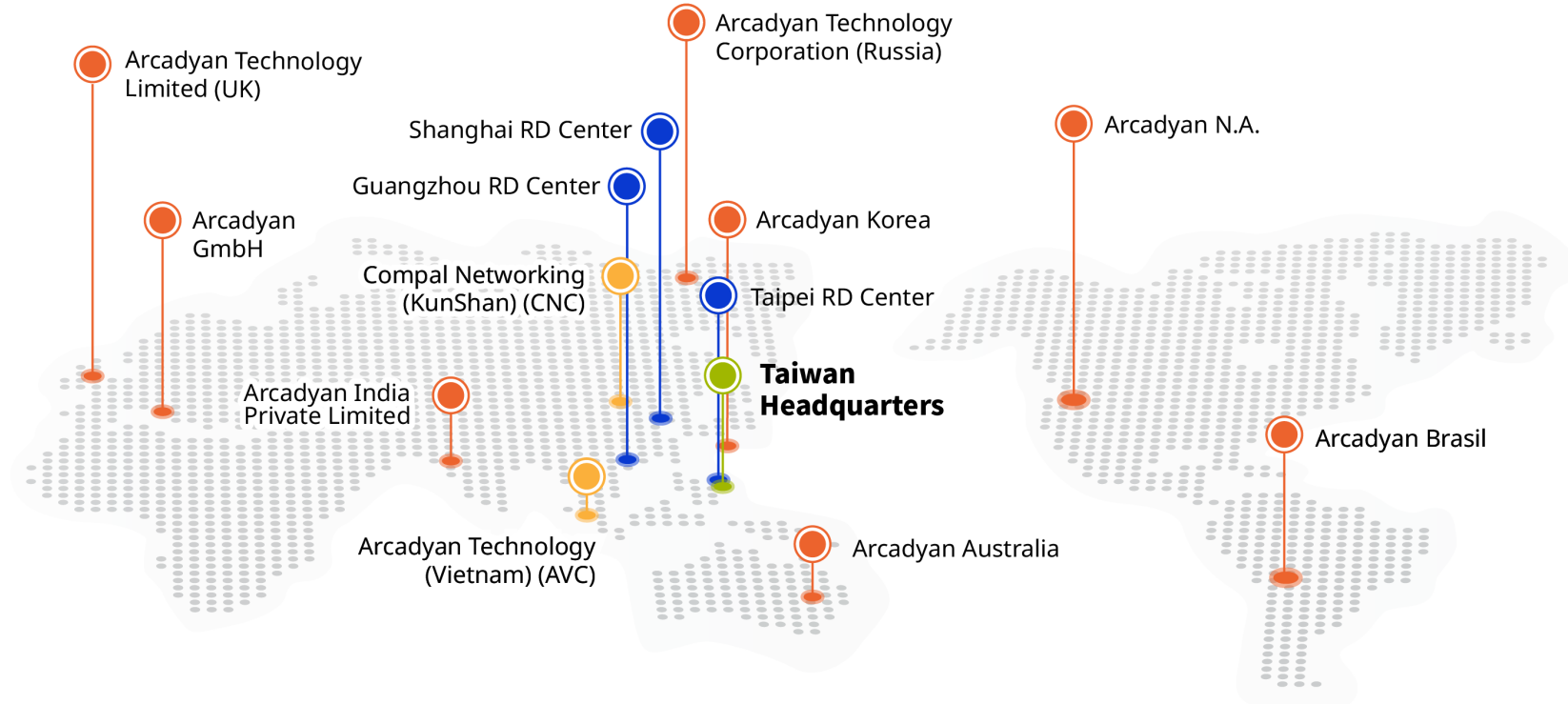
Headquarters	Hsinchu (Taiwan)
R&D Center	Hsinchu, Taipei, Shanghai, Guangdong
Manufacturing Center	CNC China production center (KunShan), AVC Vietnam production center (Yong Phuoc)
Branch Office	Taiwan, UK, Germany, Korea, Australia, America, Brazil, India, Russia

Corporate Governance

Arcadyan concern operational transparency and corporate governance, and in accordance with " Regulations Governing Procedure for Board of Directors Meetings of Public Companies", Arcadyan has set a standard for the Board of Directors and expose the attend status at the public information observatory and disclosed the major resolutions of the board of directors on Arcadyan website. Arcadyan set the "Code of Practice for Corporate Governance" in accordance with the " Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and publish relevant content on Arcadyan website and public information observatory.

In order to establish an effective corporate governance structure, strengthen the supervision of the board of directors, protect the interests of shareholders, and implement the principle of good faith management, Arcadyan develop various systems and methods, implement the spirit of corporate governance, to improve operational performance and practice Arcadyan sustainable operation of enterprises.

```
Shareholders' Meeting
        |
Board of Directors
        |
Remuneration Committee        Internal Audit Division
        |
Audit Committee
        |
President Office
        |
Sales & Marketing Center      Finance Center
New Business Center           HR & Management Division
Operation Management          Software R&D Center
Manufacturing Center          Hardware R&D Center
        |
Corporate Social Responsibility Committee
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Board of Directors

Title	Name	Academic Credentials
Director	Compal Electronics Inc.	Not applicable
Chairman	Compal Electronics Inc. Representative: Chen Jui-Tsung	Bachelor of Electrical Engineering, National Cheng Kung University Vice Chairman and CSO of Compal Electronics Inc.
Director	Compal Electronics Inc. Representative: Wong Chung-Pin	Master in Management Science, National Chiao Tung University Director and CEO of Compal Electronics Inc.
Director	Compal Electronics Inc. Representative: Peng Sheng-Hua	Master in Electrical Engineering, National Taiwan University Director and Executive Vice President of Compal Electronics Inc.
Director	Compal Electronics Inc. Representative: Liu Chung-Pao	EMBA, National Chiao Tung University Vice President of Arcadyan Technology Corporation
Director	Tseng Chao-Peng	MBA, Oklahoma State University President of Arcadyan Technology Corporation
Independent Director	Lee Ying-Jen	PhD in Electrical Engineering, National Taiwan University Chairman of Litemax Electronics Inc. .
Independent Director	Wen Ching-Jang	PhD in Electrical Engineering, National Taiwan University Chairman of New E Materials Co., Ltd.
Independent Director	Yang Wen-An	Master of Commerce, National Taiwan University Chairman of Der Ben Financial Consulting Co., Ltd.
Director	Wei Je-He	PhD in Electrical Engineering, University of Washington Honorary Professor of National Chiao Tung University

Board of Directors structure

The board of directors is Arcadyan's highest governance center and the major business decision-making. Its responsibilities include appointing and supervising Arcadyan's management, supervising business performance, preventing conflicts of interest, ensuring that Arcadyan follows various laws and regulations, and protect shareholders' rights and interests.

Arcadyan selects three independent directors at the shareholders' meeting and these three independent directors form a Remuneration Committee to assist in the assessment and approval of directors and managers' remuneration. To combine the distribution of remuneration with the performance of individuals and company operations to achieve the rationality of remuneration and attract outstanding talents.

Arcadyan independent audit committee is composed of three independent directors. They meet at least once per quarter, with the main purpose of supervision of the following matters: Appropriate opinions on Arcadyan's financial statements, selection and dismissal of accountants, effective implementation of internal control, compliance with relevant laws and regulations, control of Arcadyan existence or potential risks, etc. There were five Board meetings during 2020, average attendance rate is 86.67%.

Audit Committee

Arcadyan's shareholders meeting will select three independent directors, and the three independent directors will form an audit committee, which will meet at least once a quarter. There were five Audit Committee meetings during 2020, average attendance rate is 93.33%. Its main functions are:

1. Appropriate expression of Arcadyan's financial statements.
2. Accountant selection, dismissal and performance evaluation.
3. Effective implementation of Arcadyan internal control.
4. Arcadyan follows relevant laws and regulations.
5. Control the existence or potential risks of Arcadyan.
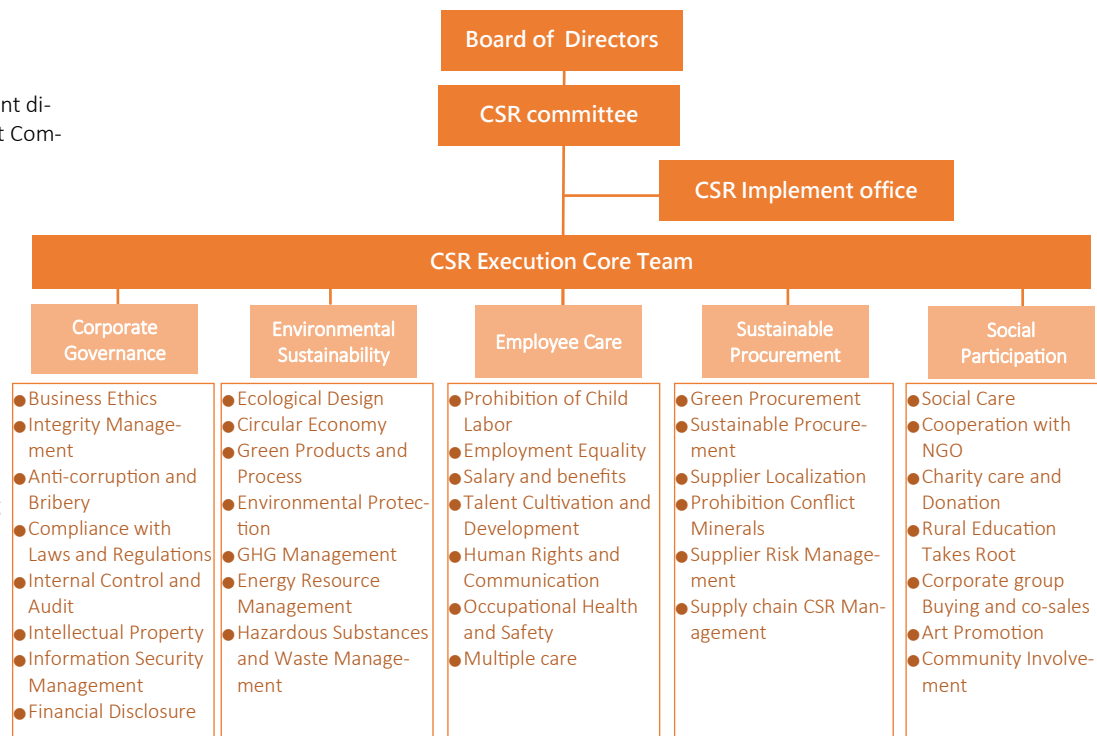
Remuneration Committee

The Remuneration Committee meets at least twice a year to assist in assessing and verifying the remuneration levels of directors and managers. The salary payment considers the performance of individuals and companies, to achieve the rationality of salary distribution and attracts outstanding talents. to achieve the rationality of salary distribution and attract outstanding talents. There were four Remuneration Committee meetings during 2020, average attendance rate is 91.67%. Its main functions are:

1. Establish and regularly review policies, systems, standards and structures for performance evaluation.
2. Regularly evaluate and determine the remuneration of directors and managers.

Corporate Social Responsibility Committee

In order to implement the implementation of corporate social responsibility (CSR), Arcadyan led the CSR committee to formulate sustainability goals, develop CSR strategies, guidelines and implementation of related measures, and set up a dedicated department: corporate social responsibility implementation office and CSR execution core team, from top to bottom, to jointly implement Arcadyan's corporate social responsibility.

The committee members are appointed by the chairman of the top executives of relevant dept., including finance, R&D, production center, procurement, HR, quality, green implementation team, IT, and auditing dept.. Among them, the general manager serves as the chairman to regularly participate in the meeting and supervise the promotion of various measures, expound policies and statements externally, define goals and directions internally, integrate resources, review various measures and plans, and supervise the effectiveness of promotion.

Board of Directors
CSR committee
CSR Implement office
CSR Execution Core Team

Corporate Governance	Environmental Sustainability	Employee Care	Sustainable Procurement	Social Participation
● Business Ethics ● Integrity Management ● Anti-corruption and Bribery ● Compliance with Laws and Regulations ● Internal Control and Audit ● Intellectual Property ● Information Security Management ● Financial Disclosure	● Ecological Design ● Circular Economy ● Green Products and Process ● Environmental Protection ● GHG Management ● Energy Resource Management ● Hazardous Substances and Waste Management	● Prohibition of Child Labor ● Employment Equality ● Salary and benefits ● Talent Cultivation and Development ● Human Rights and Communication ● Occupational Health and Safety ● Multiple care	● Green Procurement ● Sustainable Procurement ● Supplier Localization ● Prohibition Conflict Minerals ● Supplier Risk Management ● Supply chain CSR Management	● Social Care ● Cooperation with NGO ● Charity care and Donation ● Rural Education Takes Root ● Corporate group Buying and co-sales ● Art Promotion ● Community Involvement

Business Risk Management

Arcadyan faces variety risks, such as regulations, operational competition, natural disasters, etc. That is Arcadyan's responsibility to transform the challenges to sustain operations. The purpose of risk management is to identify risk factors that adversely affect operations in advance, and then properly assess and treat risks, to convert, reduce, and prevent the losses. Arcadyan also responds to changes in internal and external environments, detects and warns risks in time, enabling all colleagues to implement risk management within the scope of business.

For the prevention of operational shocks, Arcadyan has set up an operation management committee, with the general manager as the representative of business continuity operation management. The members are procurement, finance, IT, legal affairs, R&D, and quality departments to participate together. Regular meetings are held every year; systematic analysis methods are used. Identify the risks that may affect operations in various economic, environmental and social aspects. Use prevention, response, management, and continuity of operations plans to reduce or eliminate possible losses including life, environment, property, and goodwill.

Arcadyan and CNC china production center obtained ISO 22301 Business Continuity Management System in 2012 to develop an analysis and risk assessment process, and assessed risk based on PPTISSFT (personnel, location, technology, information, stakeholder groups, suppliers, finance and transportation) of key activities every year. To assess the frequency and likelihood of risk, and set recovery priorities, IMP (accident management plan), BCP (business continuity plan), and BCP to effectively manage any unexpected events that may cause the interruption of Arcadyan's operation.

Strategies and Opportunities in Response to Operational Risks

Considerations	Risk Type	Impact	Response strategy	Opportunity
Social	Integrity and ethics	Affect the rights of stakeholders and cause operating losses for the company.	* Drafting the internal management guidelines of "Treatment of Violation of Integrity ". * An independent reporting mailbox (ethics@arcadyan.com) is set up as a complaint channel for reporting dishonesty or misconduct. * Strengthen employees' awareness of regulations and ethics, and cooperate with the internal audit system.	Demonstrate business integrity and anti-corruption policies, improve corporate governance capabilities, ensure the rights of stakeholders, and exert corporate social responsibility influence.
	Fair Competition			
	Misuse of child labor	Violation of legal requirements will cause occupational safety and health hazards or incidents, reduce employees' centripetal force on the company, and cause brain drain.	* Formulate a "Human Rights Policy" to strengthen internal management and review mechanisms to avoid violating local laws and regulations. * Formulate the "Code of Practice for Corporate Social Responsibility" to protect human rights and freedom of association and negotiate with the committee. * Set up an internal complaint and report mailbox (hr_hq@arcadyan.com) to review any illegality anonymously, and guarantee no retaliation to ensure that employees' complaints are handled properly. * According to the risk classification of the working environment, continuous improvement measures are formulated to reduce the risks of safety and health in the working environment. * Regularly conduct health checks for all employees, and set up health centers, hire professional nursing staff, on-site physicians, and contract medical institutions to check the health of each employee. * There is a labor-management committee, which regularly convenes labor-management meetings to collect opinions from employees and establish good communication channels.	Create a healthy workplace and prevent potential occupational injuries and risks, ensure the health and rights of employees, enhance the centripetal force of employees, and enable employees to grow steadily.
	Work over-time			
	Employee health			
	Labor-employment relationship			

Strategies and Opportunities in Response to Operational Risks

Considerations	Risk Type	Impact	Response strategy	Opportunity
Environmental	Environmental compliance	* When laws and regulations or specifications change, leading to R&D technological changes and increased costs. * Violation of environmental protection laws and regulations, resulting in operating losses and affecting corporate image	* Strengthen the company's management review and supervision mechanism * Pay attention to global environmental regulations, strengthen supply chain management, and update relevant information regularly for publicity.	Grasp laws and market development trends, design and develop high-efficiency, low-energy consumption, and apply the concept of circular economy to environmentally friendly products.
	Climate change		* Follow the trend of global climate change topics, actively participate in global environmental initiatives and actions, and disclosure carbon emission inventory verification and carbon reduction effects.	
	green product		* Obtained ISO 14006 product ecological design certification * Implement the product design concept "Material selection with low toxicity", "Energy-saving design" and "Easy disassembly, recycling and less packaging" and obtain BS 8001 circular economy certification to achieve the goal of environmental friendliness.	
Economic	Supply chain management risks	If the supplier has a hazard risk, which results in the inability to provide services or materials, the company's operations are interrupted, and the customer's delivery date cannot be met.	* Conduct supplier risk analysis, regularly evaluate supplier performance, and schedule audit plans. * Formulate environmentally hazardous chemical substances management guidelines, conduct hazardous substance monitoring and conflict mineral investigations. *Suppliers are required to sign a CSR Commitment, and the production center will conduct supplier CSR audits every year. * Introduce the QC 080000 hazardous substance management process in the production center, and actively develop halogen-free products to maintain the health and safety of customers.	Maintain an effective two-way communication channel, grasp the situation of suppliers, implement supply chain management and improve response capabilities, improve supply chain flexibility, and reduce operational risks.
	Information security risk	If a hacker invades or leaks important information such as customer documents and R&D secrets, it will affect the company's operations and cause losses to the company's operations.	* Obtained ISO 27001 information security management system certification, regularly perform risk assessments of information systems, and formulate response measures and plans for information system backup, encryption functions, and dedicated management. * Regularly check internal information security risks, consider their threats, weaknesses and impacts, and improve network attack protection and response capabilities.	Establish complete information security incident management procedures to reduce or eliminate the threats and impacts that security incidents may bring, and enhance the trust of supply chain partners.
	Infectious disease prevention and management	If the epidemic situation of infectious diseases is not effectively controlled, it will cause risks such as factory shutdown and supply chain interruption, which will affect company operations or employees' rights to work.	* Develop a Business Continuity Plan (BCP) for infectious diseases, including measures such as human resources, supply chain, manufacturing, customer service and communication, and working from home drills. * Continue to expand the new factory AVC Vietnam production center, showing a high degree of resilience, relying on diversified locations and flexible scheduling production mode to reduce the impact of the epidemic.	The impact of the epidemic has benefited from the demand for bandwidth and hardware equipment upgrades brought about by changes in lifestyles such as remote work and online teaching, which drove the company's sales performance.

Information System Risk Management

Based on the importance of information security for current industry, Arcadyan strengthened related operations in 2012 in accordance with international standards to meet the requirements relevant regulations, contracts, customers and suppliers, and obtained ISO 27001 and ISO 27001 information security and risk management system. All department perform relevant operations in accordance with the "Information Security, everyone is Responsible" security policy, management procedures, operational guidelines and specifications to perform internal and external audits. Relevant risks of various information assets, through risk assessment and in accordance with various risk characteristics, implement appropriate control measures to reduce or transfer risks, achieve risk management purposes, ensure the confidentiality of intelligence related business information, and prevent the leakage and loss of Arcadyan sensitive information and personal data. The security insurance is also being evaluated as an option for future risk managements. There are no major violations of customer privacy and other major information security incidents in Arcadyan's plants in 2020.

Information security management mechanism

In order to ensure the confidentiality, integrity, and availability of all information, Arcadyan follows the ISO/IEC 27001:2013 version of the standard to establish internal control documents, conduct internal and external audits every year, evaluate the risk level of each process database, and scan for system weaknesses and risks. Update the inventory of information assets, and implement related operational impact analysis, disaster recovery drills, user account permissions review, firewall settings review, information security promotion and education training, penetration testing, management review meetings, and occasional social tool drills and other control mechanisms. Arcadyan headquarters conducts social email drills for all colleagues on a quarterly basis, and strengthens awareness training for employees who violate information security regulations. A total of 17 colleagues will participate in the 2020 on-site information security awareness training.

Information Security Risk Management Measures		Hsinchu Headquarter	CNC China Production Center	AVC Vietnam Production Center
Information Security Awareness Training	Arcadyan headquarters conducts malicious email drills every quarter to strengthen awareness training for employees who violate information security regulations. In addition to routine information security awareness training, CNC China Production Center also conducts IT information security education seminars for new employees to enhance employees' awareness of information security.	O	O	
Security Information Disseminate	Publish various information security announcements from time to time, as well as various information security news sharing such as anti-fraud, phishing, hacking, information vulnerabilities, ransomware attacks, and fake links. There will be 54 news post on BBS in 2020.	O	O	O
Audit to prevent information security risk	Arcadyan headquarters and overseas production centers regularly conduct ISO 27001 internal audits twice a year, and ISO 27001 external audits once a year.	O	O	O*
Confidential Information Management	Arcadyan introduces the Deep Discovery Inspector (DDI), which monitors all physical, virtual, horizontal and vertical network traffic in 360 degrees to improve detection capabilities, and targets attacks, advanced threats, and all possible ransomware viruses Risk, analysis of threat source intelligence, early detection of unknown malicious attacks, and assessment of current threat detection capabilities, and continuous improvement of monitoring procedures.	O	O	O
Third Party Due Diligence	When communicating information with external personnel according to management procedures, external vendors or related personnel are required to sign an information security confidentiality agreement (NDA).	O	O	
Information Security Appeals and Reports	Arcadyan has an information security report mailbox (ethics@arcadyan.com), which provides stakeholders to communicate with information security-related issues.	O		

Note: AVC Vietnam Production Center will begin to build ISO 27001 and ISO 27005 related information systems in 2020, and plans to obtain external certification in 2021.
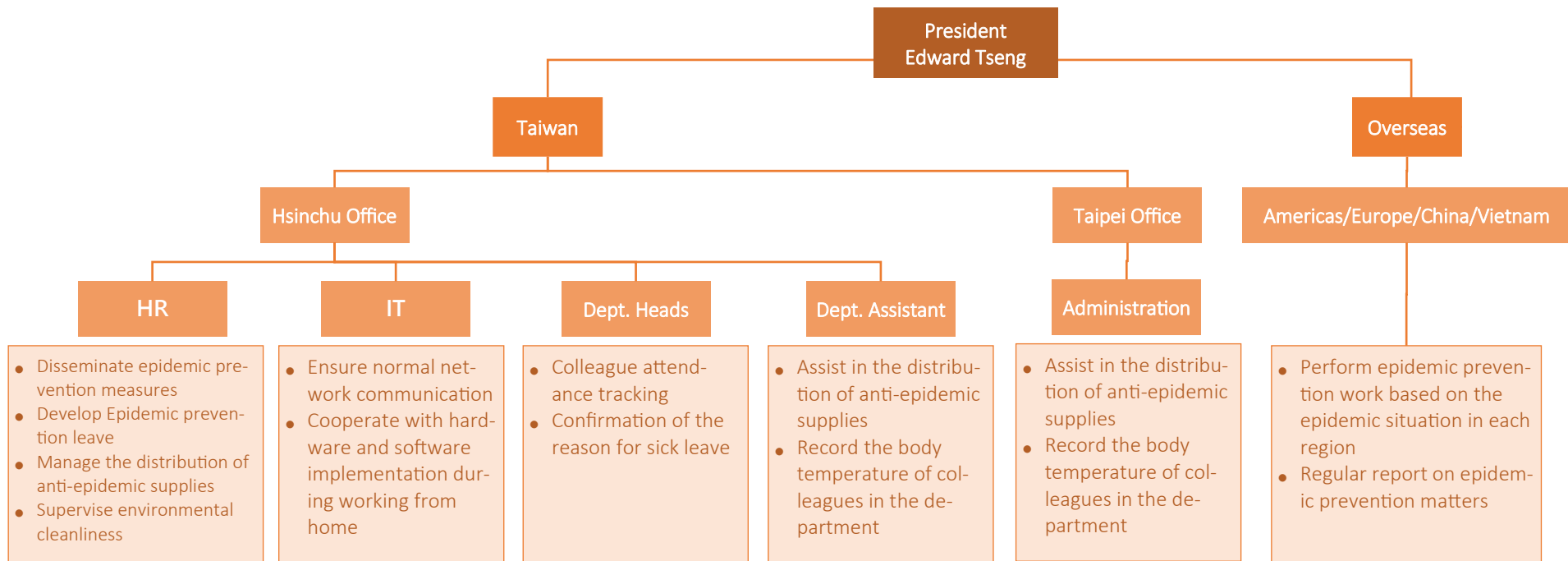
Infectious Diseases and COVID-19 Response Measures

Although medical science and technology are advancing with each passing day, the health threats facing human beings are becoming more and more serious. Whether it was the SARS epidemic that caused a panic in Taiwan in 2002, or the avian flu that has been heard by everyone around the world, the outbreak of severe acute respiratory syndrome coronavirus 2 (SARS) in Wuhan, mainland China since December 2019 -CoV-2) caused severe special infectious pneumonia (COVID-19), and even spread to all of China and many countries around the world, triggering a global pandemic. In order to reduce the possible threats caused by large-scale infectious diseases to enterprises, Arcadyan has formulated a plan to respond to infectious diseases so our operations can effectively when infectious diseases are raging, and reduce the impact of personnel infections, property losses, production interruptions or environmental losses.

Arcadyan initiated the "epidemic response mechanism" through the continuous operation management team. Since February, the top executives of each plant will serve as the convener, organize emergency response teams, and master the health management of each plant personnel, the management of epidemic prevention materials, and supply chain delivery through routine meetings. Periodic deployment and manufacturing production scheduling enable the company to restore the company's normal operating mode in the shortest possible time. The CNC production center in China resumed work on February 14 as scheduled. The AVC Vietnam production center did not have a large-scale shutdown due to local control. Only a few employees asked for leave due to traffic problems, while the Taiwan headquarters was operating normally under the principle of prioritizing epidemic prevention. Although the overall production capacity is affected by the epidemic, through response management and communication measures with the supply chain, the impact of the epidemic on the Arcadyan's operations can be effectively controlled.

Responsibilities of Epidemic Prevention Team

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                    President
                    Edward Tseng
                   /            \
              Taiwan            Overseas
             /      \              |
      Hsinchu Office  Taipei Office   Americas/Europe/China/Vietnam
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HR	IT	Dept. Heads	Dept. Assistant	Administration	Americas/Europe/China/Vietnam
• Disseminate epidemic prevention measures • Develop Epidemic prevention leave • Manage the distribution of anti-epidemic supplies • Supervise environmental cleanliness	• Ensure normal network communication • Cooperate with hardware and software implementation during working from home	• Colleague attendance tracking • Confirmation of the reason for sick leave	• Assist in the distribution of anti-epidemic supplies • Record the body temperature of colleagues in the department	• Assist in the distribution of anti-epidemic supplies • Record the body temperature of colleagues in the department	• Perform epidemic prevention work based on the epidemic situation in each region • Regular report on epidemic prevention matters

Anti-epidemic Measures

As the epidemic hits all parts of the world, the country's customs, lockdown, and quarantine measures have disrupted the stable life. The focus of Arcadyan's supply chain in China was particularly severe in the early stages of the epidemic. In order to grasp the status of suppliers and ensure a supply chain keeps going, Arcadyan headquarters regularly holds meetings every morning to update the status of suppliers' resumption of work, confirm the status of factory materials and vendor-side material inventories, to arrange production plans after resumption of work. And when the CNC production center in China is completely shut down and cannot be produced, we planned to transfer the production demand to the AVC Vietnam production center, and establish a process technology sharing platform for the sharing, discussion and resolution of abnormal AVC production conditions to reduce production problems and operational impact.

- Visitor Investigation and Access Control
- Adjust the Dining area to Avoid Crowds
- Suspend Visits by Travel Customers
- Monitor Body Temperature and Health Status
- Flexible Working from Home
- Full Pay for Epidemic Prevention and Care Leave

Group	Main Measures	Detail
HR	• Drafting of epidemic prevention measures for all employees of the company (including subsidiaries) • Disseminate information about epidemic prevention measures and investigations • Mechanisms for "working from home" and "epidemic leave"	• Coordinate and manage all contingency matters to ensure the implementation of various contingency tasks. • Establish management policies for employees to travel overseas, ask for leave or extend sick leave during the pandemic (follow government regulations). • Epidemic notification of all dept. and investigation and compilation of employee health data tracking
General Affairs	• Responsible for the provision of materials required in the epidemic prevention plan • Travel assistance and control during epidemic prevention • Strengthen the cleaning and disinfection of the office environment • Adjust employee dining methods based on the epidemic • Build a temporary meeting space	• When the epidemic prevention mechanism is activated, assist the department assistant to temperature measurement and recording data of colleagues. • Grasp the trends and flight information of overseas business travelers. • Prepare anti-epidemic supplies on business trips for the protection of travelers. • Check and order sufficient anti-epidemic supplies (masks, ear thermometers, Alcohol) • Carry out office disinfection operations, strengthen daily cleaning, and strengthen key disinfection including elevator buttons and public telephones. • Alcohol disinfectant is placed at the switchboard counter, visitor area and all restrooms for colleagues to use.
Factory Affairs	• Installation of epidemic prevention equipment in office area • Space construction in line with epidemic prevention measures	• Control the operation of elevators, assist in the access control management of entrances and exits, and safety gates • Add or change public areas in response to epidemic prevention measures
IT	• Responsible for smooth communication and network in the factory • Build related software and hardware facilities for "working from home"	• When the epidemic prevention mechanism is activated, ensure the normal operation of the network and communication facilities • Internet and telephone loading assessment and proposed response plan • Assist in providing and installing related operating systems and software • When employees are isolated at home or working at home, enable remote office mode

Contents   Stakeholder
Engagement   Business
Development   Sustainable
Partnership   R&D
Innovation   Environmental
Protection   Happy
Workplace   Society Care
and Public Welfare   Appendixes

Integrity Management and Compliance with Regulations

Arcadyan follows the law and strictly prohibits bribery, corruption, and collusion. For customers and suppliers, apart from complying with the Code of Conduct-Responsible Business Alliance (RBA), it also actively cooperates with customers' CSR requirements, and commitments to anti-corruption ethical standards. In addition to establishing an internal control system and an internal audit division dedicated to implementation, the internal audit division is responsible for overseeing the implementation of various policies and regularly reporting to the board of directors. In accordance with the " Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies ", the "Ethical Corporate Management Best Practice Principles" and "Business Integrity Procedures and Behaviors" have been adopted by the board of directors. Improper charitable donations or sponsorships, prohibition of unreasonable gifts, entertainment or other improper interests, prohibition of infringement of intellectual property rights, prohibition of unfair competition, prevention of products or services from harming interested parties. In addition, implement guidelines for enforcement and punishment and appeal systems for violations. In addition to strengthening the promotion of new employees, and actually implementing the business operations, the content is reviewed regularly and updated.

Arcadyan disclosing the "Enforcement of Corporate Integrity Management" and "Handling of Violations of Integrity" on the company's website, the company also conducts education, training and publicity when new employees arrive. In 2020, internal and external education and training on integrity management issues (including courses related to integrity management regulations and compliance, accounting systems and internal control) will be conducted for internal control and audit dept. and executive department personnel. The number of trainees is 3 and the number of course hours a total of 39 hours.

Arcadyan plans to join the integrity management audit plan in the internal control and audit in 2021. The top three high-risk items identified through risk are: the sales cycle, the procurement cycle, and payment cycle. The Audit Office draws up and implements internal audit plans and due diligence, and verifies that there are no incidents that violate ethics and cause loss of operation.

Employee Code of Conduct

In order for employees to fully understand the importance of integrity, it is stated in the "Employee Code of Conduct" that they should strictly abide by the company's business ethics policy when engaging in daily work and business. and avoid dealing with agents, suppliers, customers or clients involved in dishonest behavior. Other business partners are engaged in business transactions, and if they are found to have dishonest behaviors in their business contacts or cooperation partners, they should immediately stop their business dealings with them and list them as objects of refusal to implement the company's integrity management policy and main-

tain the company's reputation. Obtain the respect and trust of customers, suppliers and other people from all walks of life.

Arcadyan will dismiss or dismiss employees in accordance with relevant laws and regulations or in accordance with the company's personnel methods for serious violations of integrity by company personnel. The main content of business ethics policy is:

● Employees should avoid any conflicts or possible effects between personal and company interests.

● For the suppliers, customers, and other personnel related to Arcadyan's business, must keep the highest standards of business ethics, and must not accept or give any gifts that affect business relationships and judgments. Any form of bribery is prohibited.

● Employees shall not disclose any Arcadyan confidential business information or intellectual property to any other person, manufacturer or company without authorization during employment and resignation term.

Violation of integrity and ethics complaints and reports

Arcadyan strictly stipulates that colleagues are not allowed to accept any bribes, and has an independent whistleblowing and complaint mailbox ETHICS@ARCADYAN.COM on its official website, which serves as a complaint channel for interested parties. The Audit Office is responsible for supervising the risks of business activities and integrity behavior within the business scope, placing a mutual supervision and checking mechanism, and assisting the board of directors and management to check and assess whether the preventive measures established by integrity management are effectively operating. Regularly evaluate the compliance status of relevant business processes, and prepare reports to report to the board of directors on a regular basis.

Case Type	Appeal Channel	Number of Reports	Number of Accepted	Number of Cases Closed
Improper acceptance of gifts and entertainment, Bribery, conflict of interest	Ethics complaint mailbox	0	0	0
	CSR mailbox	0	0	0
	Report directly to the supervisor	0	0	0

Fair Competition

Arcadyan seeks to surpass our competitors fairly and honestly. Conduct business activities in accordance with corporate governance standards, conduct business activities in accordance with relevant competition laws, and must not fix prices, manipulate bids, limit output and quotas, or share or divide markets by allocating customers, suppliers, operating areas, or business types.

The company seeks a competitive advantage through outstanding performance rather than unethical or illegal business practices. The theft of patent information, processing of confidential information on transactions obtained without the owner's consent, or inducing current or past employees of other companies to disclose such information are prohibited. Every employee and staff try their best to respect and treat the rights of the company's customers, suppliers, competitors and employees fairly. No employee may obtain unreasonable benefits from others through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or other illegal transactions. In 2020, Arcadyan has not been involved in anti-competitive behavior, anti-trust and monopoly lawsuits, or any closed legal actions.

Competitive Advantage

Outstanding R&D team

Due to the outstanding capability of the R&D team and researchers with tremendous experience in the network communication, the Company has been designated by many international wafer makers as one of the Early Access Partners to take part in wafers development. As such, the Company is much earlier in obtaining the information of future products than its counterparts in the industry, allowing it to engage in product development sooner and thus gaining competitive advantages in launching new products.

Deeply cultivation in the industry

Product technology accompanying by the growing customer demand in functionality, such as Carrier Wi-Fi, VDSL products, PON, IPTV and 802.11x solution is the focus and the Company thinks that the future of ISP market is promising and thus to build a direct collaboration business model with ISP in the future, even though the market development is time consuming, the Company insists on investing R&D resources to accumulate product development experience, so as to strengthen R&D capability in the integration of product technology .

Product customization

With the support of the experience and capability of the R&D team, for the Access Technology, the Company has a mature R&D capability which allows it to develop software application and provide customers with high speed and strong functionality customized product design. The contribution of customized software application to customers includes:

i. Assisting customers to create market segmentation of products effectively.

ii. Providing customers with quick customized product services.

iii. Assisting customers in developing competitive products successfully.

iv. Collaborating with wafer makes in development and leading position of the Company in product technology and functions.

v. Reducing the customers' investment in customer service with user friendly interface.

Sustainable Partnership

Sustainable Partners

Arcadyan is committed to establishing, maintaining and strengthening a long-term and mutually beneficial relationship with each important key member of the operation, and establishing a good communication and mutual trust foundation to build a strong supply and sales chain.

● Customers: "Customer satisfaction" is the core value of Arcadyan. Arcadyan takes innovative R&D and continuous progress as its mission. Through every opportunity of contact to continue to learn and respond quickly and immediately. All employees full participation, grow together with customers in a positive and cautious manner, and become a key partner of customers

● Suppliers: Suppliers are important partners of Arcadyan's sustainable supply chain. Through supplier conferences, training and publicity courses, signing of commitments and evaluation questionnaires, strengthen the management and interaction of suppliers, implement the sustainable procurement policy, and enhance the competitiveness of the overall supply chain.

Customer Satisfaction

Arcadyan attaches great importance to the interactive relationship with customers. In addition to communicating with customers via email or telephone, Arcadyan conducts customer satisfaction surveys every year to review the performance of the four major aspects of "technical capability", "product quality", "response service" and "on-time delivery" with customers. Customer satisfaction is an important basis for Arcadyan to continuously improve its products and services. Based on customer evaluation records and audit results, improvement plans are formulated through the quality management system, and the improvement of customer evaluation scores is set as the performance indicator of each relevant department, and customer satisfaction is continuously tracked to provide perfect product quality. The results of satisfaction surveys in the past four years have reached above 80%. Arcadyan will uphold the attitude of continuous improvement, and correctly and quickly propose response methods and overall solutions in response to customer problems and feedback.

In 2019, Arcadyan won the Quality Supplier Award from British Telecom and Japanese Buffalo Telecom. We will continue to provide customers with high-standard and innovative quality and services to become the best partner of customers.

Customer Satisfaction in Recent Years

In 2020, affected by COVID-19 epidemic, the demand for shipping and air transportation has increased, the epidemic has also affected the attendance of port operators, the processing speed of terminal shipments has been significantly slowed down, and prolonged container detention stay at the terminal has caused serious port congestion and lack of containers, leading to delays in logistics and supply chain delivery, which affect the performance of the customer satisfaction survey at the end of 2020 in terms of on-time delivery.

Year	2017	2018	2019	2020
Average Satisfaction Score	89	88	87	85
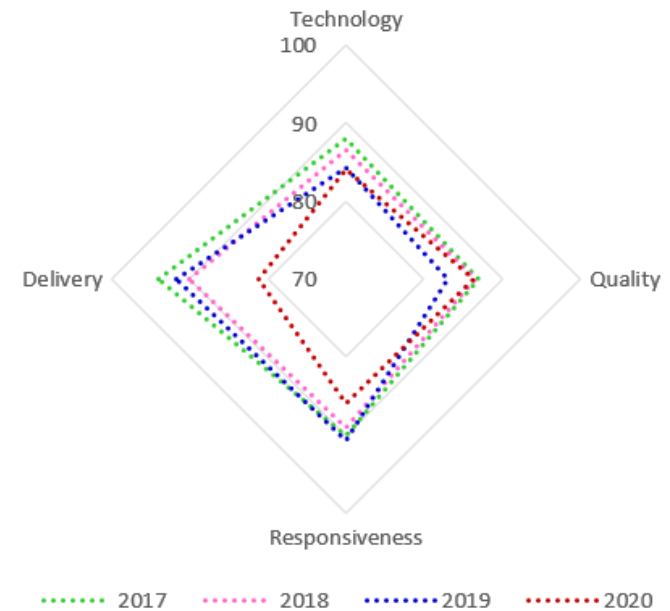
Customer Health and Safety

Product safety is very important to consumers, Arcadyan makes every effort to avoid the products provided that may cause harm to the safety, health and environment of customers. In accordance with the consumer protection laws of various countries, the manufacturer and the seller jointly bear joint and several liability for consumers. In order to provide products with a balance between health, safety and high quality, the procurement of raw materials is in compliance with the management criteria of Arcadyan "Control Standards for Arcadyan Environment Hazardous Chemical Substances ". In response to the European Union's Chemical Regulations (Registration, Evaluation and Authorization of Chemicals, REACH), Restriction of Hazardous Substances (RoHS) and other international component recognition standards, CNC China production center introduced QC080000 Hazardous Substance Management process which must comply with various safety regulations from the request for quotation (RFQ) stage to the design and mass production stages. The mass-produced products 100% pass the requirements of IEC 62368 and comply with the Restriction of Hazardous Substances (RoHS) directives, and all comply with relevant chemical requirements and safety regulations. Arcadyan's goal of customer health and safety not only meets customer needs, maintains customer health and safety, but also actively develops low-halogen products and builds a healthier production capacity.

In order to ensure the safety of Arcadyan's products under normal use and prevent the materials and parts from violating safety regulations, through IEC 62368 certification standard, Arcadyan conducts testing before the design stage. After performing internal safety testing, a third-party verification test is performed to ensure that 100% mass-produced products pass the safety certification. RMA department regularly analyzes the product repair report, which records product problems, root causes, impacts and solutions, as a reference for subsequent product design or repair. Since the establishment until 2020, Arcadyan has not violated any major product and service health and safety regulations.

Customer privacy

Arcadyan conducts ISO 27001 information Security Management System to monitor operation documents are not leaked, ensuring the integrity of customer documents and data, and assisting all departments to manage and reduce various threats and risks related to information. Arcadyan also established "Visitor Appointment Application System" in August 2019 to systematically monitor to improve visitor management efficiency and maintain information security. Arcadyan has established strict protection measures in every operation process to fulfill the responsibility of protecting customer privacy, and operated in accordance with the policies and plans of Arcadyan "Information Security Committee". In 2020, Arcadyan did not have any complaints about infringement or leakage of customer privacy.

Member of the Public Association

● Broadband Forum

● Digital Content Protection LLC

● Digital Transmission Licensing Administrator, LLC (DTLA)

● HDMI Licensing Administrator, Inc.

● Open Connectivity Foundation (OCF)

● Purple Foundation

● SD Association

● The Bluetooth Special Interest Group (SIG)

● Wi-Fi Alliance

● O-RAN Alliance

● RDK Management LLC

● Taiwan Industrial Technology Research Institute Innovation Association

● 5G Industry Innovation and Development Alliance-Electronic and Electrical Machinery Association

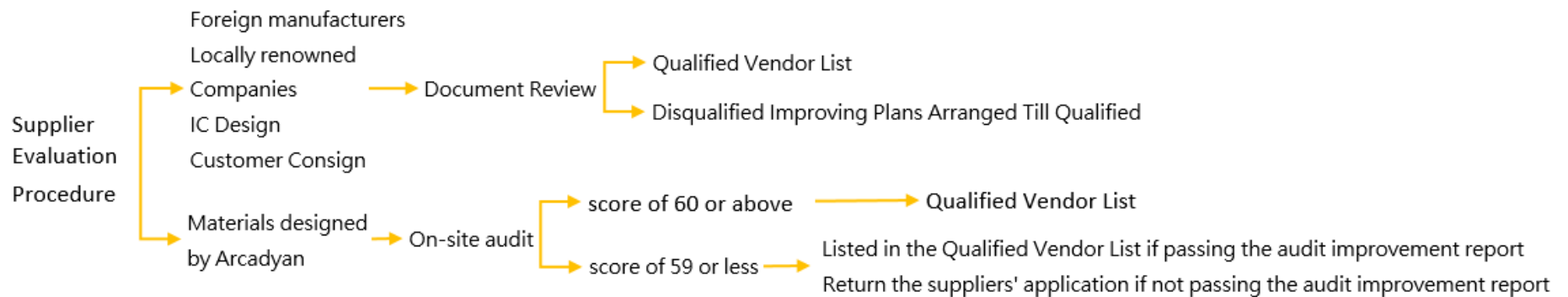● High-tech Industry Salary Management Association

Sustainable Supply Chain Management

In order to enhance Arcadyan's business development and market competitiveness, Arcadyan conducts effective management based on the quality, price, delivery, service, environmental and social responsibility performance of suppliers, develops the most appropriate procurement policy, and conducts jointly operate a responsible supply chain with suppliers. Arcadyan also reviews supplier performance quarterly, conducts supplier risk assessment annually, and performs on-site audits for mid- to high-risk suppliers. Arcadyan regards supplier management as one of the key actions to implement social responsibility. In addition to continuously requiring suppliers to improve their comprehensive performance such as quality, delivery, service and price, Arcadyan also directly incorporate the green product instructions required by customers into the supplier's incoming inspection procedures and audit operations, promote source management, and implement a continuous improvement cycle . In 2020, we will collect green parts list and material test reports for key customers' suppliers (a total of 388), and conduct supplier environmental performance evaluation, with a response rate of 100%.

Arcadyan continues to promote corporate social responsibility plans, and also participates in customers' supplier sustainable development plans, counsels suppliers to participate in and follows the Sustainable Development Platform (SDP). Besides encourages suppliers to meet delivery requirements, improve quality, and increase their competitive advantages, Arcadyan also counsel partners to invest in improving and strengthening their management of employee care, environmental protection, public safety and environmental health, and work closely together to create excellent and competitive products and create a win-win supply chain management. In order to lead the suppliers to grow together, Arcadyan revised supply chain management specifications and management measures at the end of 2020, including new supplier evaluation, supplier management, supplier audit and supplier counseling, so as to guide suppliers to become a green supply chain and reduce supply chain risks. Suppliers are also required to sign a new version of the 『Commitment of Supplier for Corporate Social Responsibility』, which includes "organizational governance", "labor rights", "occupational health and safety", "environmental protection", "management system", "ethics", "Appeal mechanism" key themes and standards, set a target response rate of over 90% in 2021 to improve the sustainability of the supply chain.

New Supplier Assessment

Arcadyan Purchasing Department requires suppliers to fill in the "Supplier Evaluation Form" and provide relevant supporting documents; the evaluation content includes quality, environment, engineering technology, CSR, etc. In 2020, a total of 18 new supplier evaluations be completed, and the proportion of meeting standards reach 100%. New suppliers are also required to sign "Commitment of Supplier for Corporate Social Responsibility" and comply with "Arcadyan Supplier Code of Conduct". If the audit result meets the assessment score standard, the supplier can be listed as a Qualified Vendor List (QVL).

Supplier Evaluation Procedure:

- Foreign manufacturers / Locally renowned Companies / IC Design / Customer Consign → Document Review →
  - Qualified Vendor List
  - Disqualified Improving Plans Arranged Till Qualified
- Materials designed by Arcadyan → On-site audit →
  - score of 60 or above → Qualified Vendor List
  - score of 59 or less → Listed in the Qualified Vendor List if passing the audit improvement report / Return the suppliers' application if not passing the audit improvement report

Supplier Audit

Arcadyan conducts on-site audits on key suppliers every year to help them provide better quality products. The audit aspect includes: product shipment quality, handling of environmental substances abnormal issue, prohibited substances detection methods and regulatory compliance, internal environmental protection audit plans, information transmission and promotion of environmental substances, and maintenance of testing equipment

. And confirm whether to obtain ISO 9001 quality management / ISO 14001 environmental management / ISO 45001 safety and health management system certification, etc. For suppliers whose audit results do not meet the required standards, in addition to giving clear improvement goals and time limits, Arcadyan also review and formulate improvement plans with suppliers, and provide appropriate assistance, counseling and training.

In addition to arranging regular quality audits of suppliers, Arcadyan requires supplier partners to bear the responsibilities of environmental protection, labor rights, occupational health and safety, management systems, ethics, and appeals aspects, and requires suppliers to sign the "**Commitment of Supplier for Corporate Social Responsibility**" so that suppliers can understand Arcadyan's corporate social responsibility philosophy and arrange for supplier CSR on-site audits.

Arcadyan started to perform CSR audit in 2017, the high-risk suppliers are selected based on the total transaction volume, and are included in the annual CSR audit plan. The production center follows "Environmental Management", "Health and Safety", "Child Labor and Underage Labor", "Forced Labor and Prison Labor", "Freedom of Association", "Discrimination", "Appeal", "Penalty Measures", " "Working Hours", "Wages and Compensation", "Business Ethics" and "Suppliers CSR Management" to perform audits, of which both "Environmental Management" and "Health and Safety" account for 50% of the weight, and the other 10 aspects account for the other 50%. In addition, The supplier is also required to sign a declaration of Non-use Conflict Minerals.

In 2020, due to the impact of the lockdown policy of major cities in various regions due to the epidemic, a total of 27 supplier audits were completed, including 24 documents reviews and 3 suppliers on-site audit and counseling.

In response to customer requirements, Arcadyan cooperate third-party investigation agency in 2020 to conduct an anonymous employee voice survey for key suppliers' tier2 Suppliers. The survey covers the working environment, wages, working hours, supervisor management, discrimination and harassment, and grievance mechanisms. Arcadyan will continue to expand the corporate social responsibility audit to the second-tier manufacturers of key suppliers, so as to improve the sustainable management of the supply chain.

Proportion of supplier CSR audit review items

- Child Labor & Juvenile Worker
- Forced Labor & Prison Labor
- Freedom of Association
- Discrimination
- Appeal & Complaint
- Disciplinary Practice
- Working Hours
- Wages and Compensation
- Business Ethics
- Suppliers CSR Management

CSR Audit Weight

Environmental Management

Health and Safety

Counseling Suppliers

Document Review or On-site Audit

Sign the CSR Commitment

Supplier Counseling

Arcadyan establishes a **Green Product Information Platform** to jointly manage the material composition and characteristics of each material with our supplier partners, and grasp customer needs and international standards. This green information platform provides new versions of green environmental protection procedures and announcements to enable suppliers to comply with the latest regulations. At the same time, suppliers can inquire about the upload and update status of green documents, and keep the latest compliance status.

Arcadyan also convenes supplier conferences irregularly to promote the use of the green product information platform and related cooperation matters with suppliers. In addition, it also communicates new environmental and social issues currently facing the industry and communicates with supply chain partners. In 2020, CNC China Production Center has assisted 27 suppliers to complete the improvement of corporate social responsibility related issues. The main improvement items are "Health and Safety", "Environment", "Working Hours and Overtime" . Suppliers with such problems that need to be improved account for about 78% of the total

Arcadyan joined JAC (Joint Audit Co-operation) supplier counseling program since 2016. To follow the customer's goal and requirements for sustainable development, and assisted in counseling suppliers to conduct sustainable audits and improvements. In the online forum of 10th JAC, the agenda focuses on under the challenges of Science Based Target initiative (SBTi) and forced labor, in-depth discussions on topics such as ecological design, zero waste, energy and resource utilization, recycling, maintenance and renovation, and best use of materials.

JAC affirmed Arcadyan's supply chain management and guidance in 2020, Arcadyan was highly praised by the review committee as "supplier development addressing crucial supply chain sustainability areas and delivering significant CSR and monetary benefits for both ARCADYAN and customers.", is the only one company to won the Outstanding Achievement Practice Award in 2021 JAC Forum.

Arcadyan Provide customers with the services that include innovative products and technologies, and integrated upstream and downstream supply chain resources, take responsibility for economic, social and environmental impacts. Provide better sustainable circulation for the industry and the earth.

Supply Chain Localization

Taiwan headquarters, China and Vietnam production centers are important operating bases of Arcadyan. In order to pursue production and supply efficiency and improve the local economy, it has continued to develop local procurement over the years. There are hundreds of related important components, including power supplies, electronic components, electromechanical components (printed circuit boards, etc.), mechanical components, are mostly from Taiwan and China. With the increasing application and demand of products, most suppliers continue to expand their production capacity or factories in other regions. In order to reduce the energy consumption and environmental pollution caused by the transportation of raw materials and products, in addition to improving the effective use of packaging materials and space, using recyclable packaging materials, Arcadyan actively develops local suppliers to reduce redundant transportation costs and carbon emissions.

Arcadyan upholds the supply chain localization Spirit, through the procurement management process, continue to develop new local suppliers. In 2020, the proportion of local purchases from CNC China production center reached 94.12%. Since AVC Vietnam production center started mass production at the end of 2019, the initial supply chain establishment is not yet complete, and the proportion of AVC local procurement amount is 20.03%, and the plan is to increase its local procurement ratio to 30% in 2021.

Year	CNC China Production Center	AVC Vietnam Production Center
2019	85.93%	12.76%
2020	94.12%	20.03%
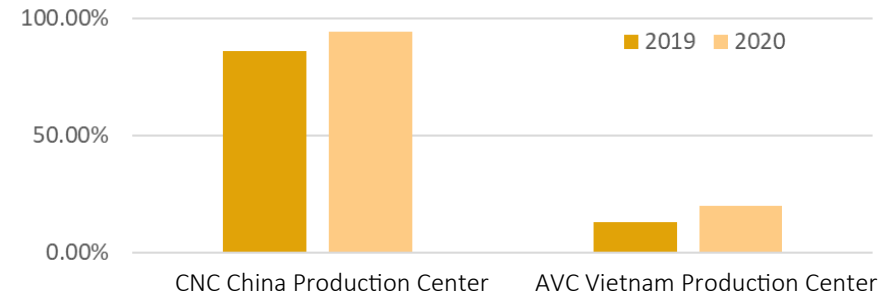
Research and Design Innovation

Short-term and Long-term Development

With the diversification of network services and the development of multimedia applications such as video on demand, the global consumer demand for higher bandwidth continues to increase. With the active deployment of China Netcom equipment manufacturers, low-cost entry into existing markets, and high-cost enhance research and development technology, and also fact that the key raw materials of the product are currently showing a sharp rise, the price trend is still full of uncertain variables, and it is expected that the challenges of competing with it in the future will become more severe. Therefore, Arcadyan will continue to improve its technical capabilities, improve cost competitiveness, enhance the advantages of Time to Market, and actively develop, cultivate, and maintain mutual trust and mutually beneficial partnerships with telecommunications customers to continue to increase its market share.

Aspect	Short-term Development	Long-term Development
Research and Development Strategy	● By means of technology integration and providing customization of products, grasping the market vibration and customer needs to increase market share. ● In addition to lowering costs, applying the technological know-how the Company has accumulated to develop new product lines, shorten development time, introducing them to the market and increasing product quality and popularity.	● Combining the market demands, providing a complete product pipeline to customers, accumulating experience and technology integration capability in communication design, developing the wide range and depth of product lines, and other high-end products so as to satisfy customer and market needs. ● Continuing to improve the R&D process and efficiency, strengthening the R&D and core technology capabilities.
Marketing Strategy	● Strengthening relationship with existing customers and actively developing new markets, expanding sales locations to building a complete marketing channels, providing professional consultation, maintenance and technical support for various products.	● Training professional marketing talents for the long term, developing long term relationship with customers, and grasping the market vibration and changes of network communication market and product development in a timely manner. ● Actively seeking development collaboration or strategic alliance with international brand name companies to expand international markets.
Production Strategy	● Acquiring production location that will raise cost advantage and increase the competitiveness of products. ● Increasing production efficiency to control budgets and costs. ● Strengthen the supply chain management capability and keep informed of the delivery of materials.	● Maintaining long term cooperation relationship with upstream suppliers to collaborate in development, so as to lower costs, and develop high quality and competitive products. ● Expanding production capacity and diversifying production bases to mitigate risk posed by single production base.
Operational and Financial Planning Strategy	● Actively expanding business, increasing operating revenue, accumulating operating capital, and expanding the scale of operation. ● Increasing management efficiency, motivating the potential of Employees, strengthening internal organization.	● Using financial instruments from both domestic and foreign market to diversify financial risks. ● Strengthening worldwide business philosophy and management capabilities, actively training international talents and aim toward building a global enterprise.

Currently, Arcadyan is doing well in the telecom market. Although it takes time to develop new business in the telecom market, the entry barriers for our competitors are also high. Therefore, we will keep focusing on the new business development in the telecom market, developing our self-own software codebases, and establishing a reliable Triple Play Enable software platform. In addition, Android TV OTT and IP STB have become our key product lines to develop. From the view of the business side, we will continue to explore new markets and new customers; from the view of technology side, enhance the integration between software, hardware, and whole system. Moreover, with the advent of the 5G era, Arcadyan has been following the latest 3GPP standards and actively developing 5G Small Cells, integrating fixed and mobile networks, and building our self-own technology for the 5G cross-domain ecosystem. This will make us to respond to the latest market demands immediately and cut in new customers quickly. In the future, we will dig out the market demands deeply, stay with the development trend of Triple Play closely, and integrate above technology into the applications of smart handheld devices. We are also targeting at the fields of Smart Home, IOT, IOV, AI analysis and cloud computing, and further invest in the developments of 5G/4G, IAD, IP STB/Android TV OTT, GPON and V2V (Vehicle to Vehicle) applications to provide the total solutions to all customers.

Technology and R&D

Excellent R&D capability is a key factor for Arcadyan to maintain its competitive advantage. To strengthen the technical capabilities of Arcadyan R&D team, R&D manpower has increased by nearly 30% in the past two years to help accelerate development timeliness, improve R&D quality, and enable Arcadyan to develop more diversified products:

Software development is Arcadyan's core strength. Using a development-based software platform allows complex products to be converted into simple models and a quick response to market demand. Our own proprietary application software supports Triple-play, firewall functions, DLNA devices, remote management, Auto Provision and IPv6. We have established a strong sales record in the telecom market.

Hardware antenna is a key component used for transmitting and receiving electromagnetic energy in wireless transmission systems. As a leader in wireless networking products, Arcadyan places a strong emphasis on antenna design and development. We have established a dedicated department for developing products that offer high quality and transmission performance. Arcadyan has now secured many local and overseas patents on antenna design, including different antenna designs, radio frequency output control methods, testing systems for wireless devices and test methodology.

To ensure the quality and functionality of our products, all Arcadyan products must undergo a strict testing procedure before mass production. These include:

Engineering Verification Test	Design Verification Test
● Thermal and 4corner test	● Regulatory test
● Functional test	● Reliability test
● Power measurement	● 3rd party certification
● Signal quality test	
● Conformance test	
● Interoperability test	

Yearly Major Result

● Developed DOCSIS 3.1 cable modem home gateway. (2019)

● Developed Android TV set-top box with smart speaker function. (2019)

● Developed 10GPON BOSA on-board IAD. (2019)

● Developed 5G indoor home gateway. (2019)

● Successfully deployed Cloud Optimized Management System. (2019)

● Successfully developed Wi-Fi 6 broadband products. (2020)

● Successfully developed XGSPON fiber optic broadband products. (2020)
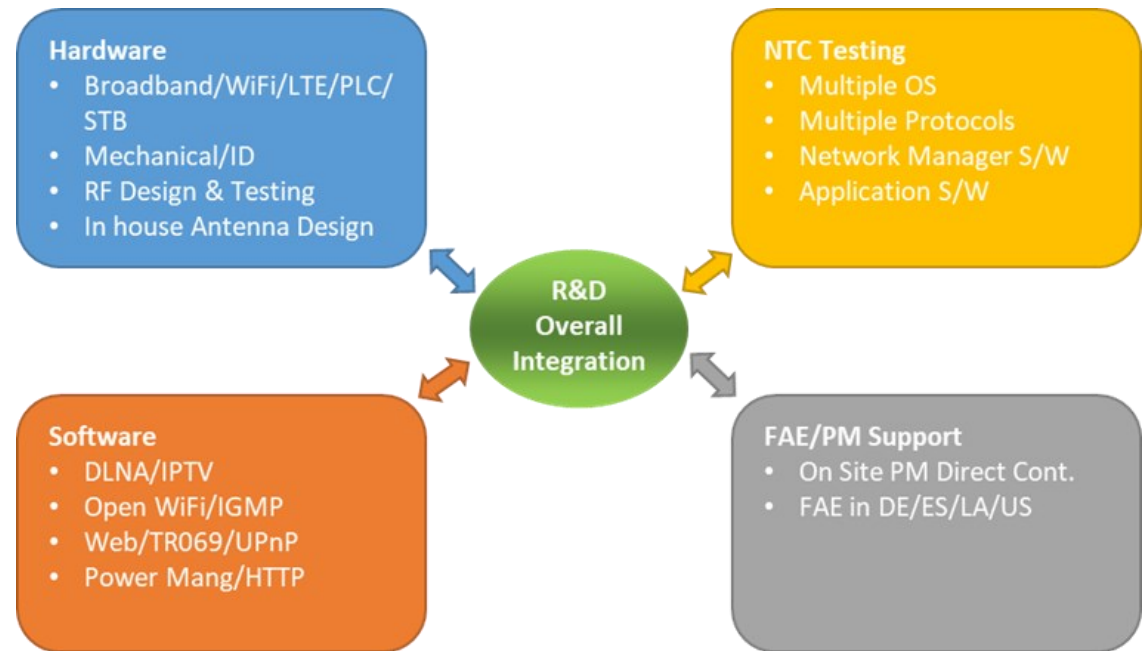
Green Product

The green design thinking of Arcadyan products is based on the "Product Life Cycle (PLC) to consider the environmental impacts of various life cycle stages such as raw material procurement, manufacturing, packaging and transportation, consumer use to disposal and recycling. Therefore, at the beginning of product design, in addition to focusing on customer needs, functionality, energy-saving and low-carbon design, complying with national sales regional regulations, such as the EU's Eco-Desi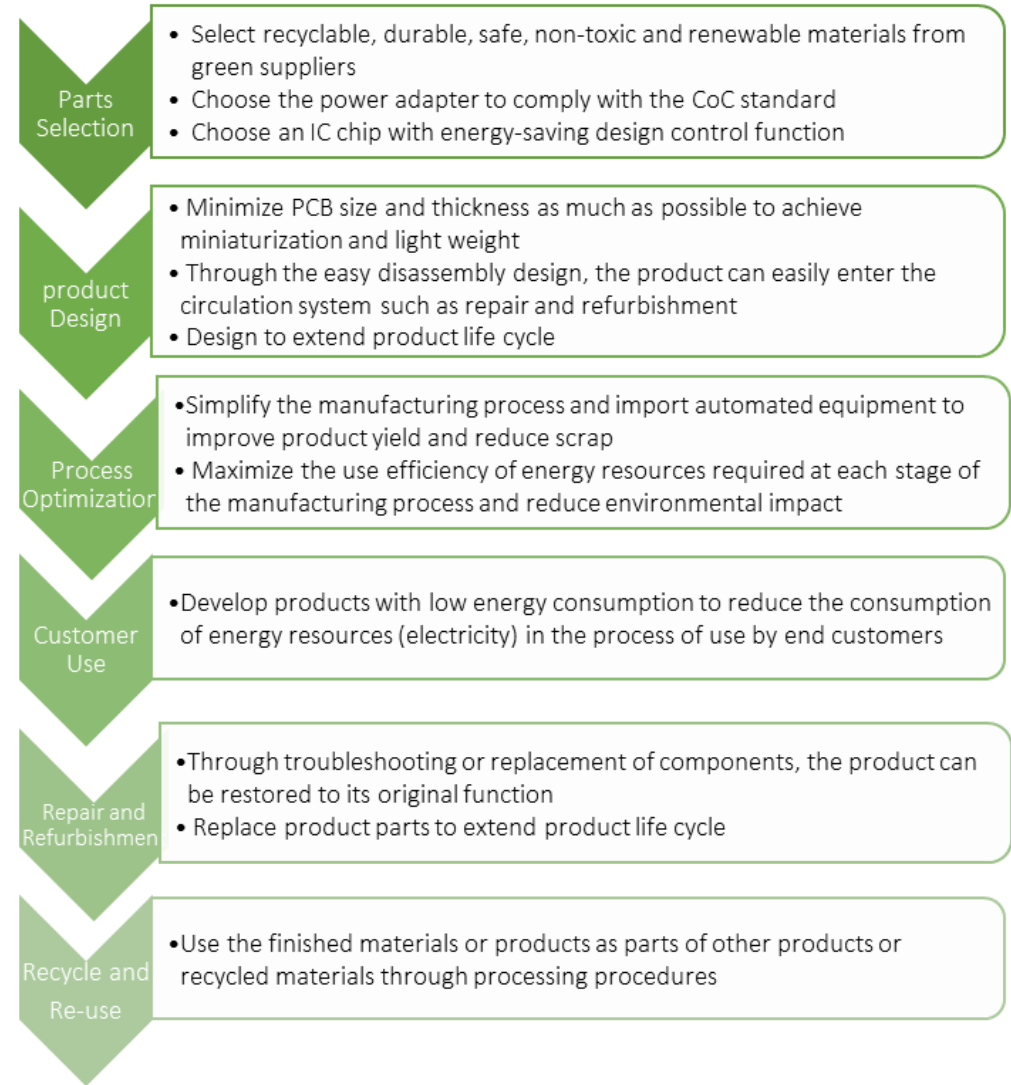gn Requirements for Energy-relative Products, Arcadyan also strengthened the core direction of the product design of the green concept is "material selection with low toxicity", "power saving and low energy consumption", "easy to disassemble and easy to recycle", and "extend product life." At the same time, in accordance with international trends and the needs of stakeholders and customers, carried out environmentally friendly design to achieve the best Eco-effectiveness.

Since 2015, Arcadyan has implemented product life cycle data collection for carbon inventory and ISO 14006 product ecological design system. The main content includes four parts: purpose and scope definition, life cycle investigation and analysis, life cycle impact assessment and life cycle interpretation. Besides to complete understanding of the implementation of product environmental impact assessment, the environmental information disclosure report is also a necessary reference document for external verification. In 2020, following the ISO 14006 product ecological design specification and introducing it into IAD product design, compared with the previous generation series products, it has reduced carbon emissions by about 43 $KgCO_2e$, accounting for about 17% of the total. In addition, it has also successfully obtained the TUV green label and carbon footprint certification.

Arcadyan ensures that related activities, products and services comply with environmental and energy laws and regulations, reduce the impact of operations on the environment, and achieve the goal of sustainable development, and implement green product-related plans in 2020:

●   Practice BS 80001 circular economy guiding principles to develop new products.

●   Plan to obtain third-party verification of ISO 14067 product carbon footprint for 3 product projects in 2021

●   Plan to obtain TUV Green mark certification for 4 product projects in 2021

Parts Selection
- Select recyclable, durable, safe, non-toxic and renewable materials from green suppliers
- Choose the power adapter to comply with the CoC standard
- Choose an IC chip with energy-saving design control function

product Design
- Minimize PCB size and thickness as much as possible to achieve miniaturization and light weight
- Through the easy disassembly design, the product can easily enter the circulation system such as repair and refurbishment
- Design to extend product life cycle

Process Optimization
- Simplify the manufacturing process and import automated equipment to improve product yield and reduce scrap
- Maximize the use efficiency of energy resources required at each stage of the manufacturing process and reduce environmental impact

Customer Use
- Develop products with low energy consumption to reduce the consumption of energy resources (electricity) in the process of use by end customers

Repair and Refurbishment
- Through troubleshooting or replacement of components, the product can be restored to its original function
- Replace product parts to extend product life cycle

Recycle and Re-use
- Use the finished materials or products as parts of other products or recycled materials through processing procedures

BS 8001 Circular Economy Introduction

As the global population continues to grow and the earth's energy continues to deplete, Arcadyan has been taking into account the development of the company, and has also been committed to achieving the important goal of emission reduction in recent years. In addition to focusing on resource reuse and carbon cycle reduction, Arcadyan is thinking about how to make effective use of energy and resources in the product development process with the goal of moving towards the vision of zero waste and zero emission of resource recycling.

Arcadyan launched BS 8001 circular economy training in mid-2020. The Taiwan Industry Foundation plans a half-year training course for Arcadyan's business model and product characteristics, and launches eight cycle promotion stages based on the six principles of compliance. In the material selection stage, assess whether recycled metals can be applied to existing materials, and consider how to use the recycling system to process recycled materials when components are unusable. In the product development process, it is considered to maximize the value of products and resources, and to extend the product life cycle as the primary consideration; Post-Consumer Recycled (PCR) materials are also used in the product casing and packaging design. In addition, through design optimization, the use of parts is reduced, and product performance is improved, reducing energy consumption during use, and saving energy resources during the product life cycle. It also provides product maintenance and refurbishment services through the contract with the customer, complete inspection of the product and replacement of parts, so that the product can be restored to a good state of almost new product to extend the product life cycle.

arcadyan
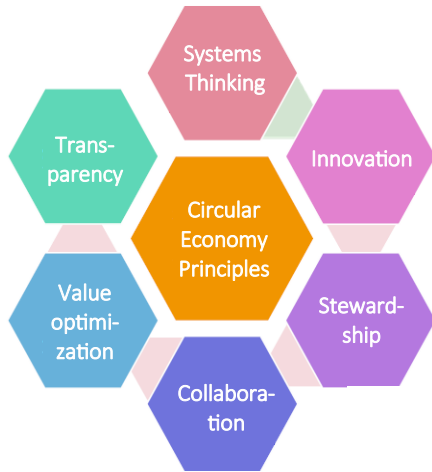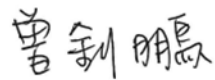
智易　循環經濟願景

智易成立於 2003 年，為國內第一家整合寬頻、多媒體、無線以及網際網路通訊協定之專業、智慧型網路終端設備公司。專注於研發用戶端設備之接取／路由產品，並結合語音及多媒體等技術，提供整合性數位家庭、行動寬頻、無線影音產品與多媒體閘道器等解決方案。

由於終端 3C 產品推陳出新速度加劇，換機頻率日漸提升，產品生命週期持續縮短。智易了解在這樣製造業發展之經濟榮景背後，造成能資源大量耗盡。因產品生命週期結束產生的電子廢料快速增加，且由於多數廢料不易自行分解，也導致環境汙染與資源浪費問題日漸嚴重。為解決能資源有限供應及廢棄物汙染問題，智易將導入循環經濟體系，降低能資源損耗，減少廢棄物質排放，降低環境危害，同時也有利提高企業競爭力。以循環經濟思維，制定智易環境政策，改變設計思維，使產品售出後能持續再使用、修復、或是翻新，達產品使用率最大化。

隨著全球人口不斷增長、地球能源不斷耗竭，智易近年來在兼顧企業發展同時，更致力於達成排放減量化的重要目標。除了著重於資源再利用與降低碳循環外，智易在產品研發過程，思考如何讓能資源有效利用，最終目的是邁向**資源循環零廢棄及零排放**的願景。

總經理：

Risks and Opportunities of Climate Change

Regularly assess the potential risks and opportunities of climate change to Arcadyan now and in the future, and take measures to respond to climate-related issues. The current potential risk is the increase in the cost of raw materials, and the changes made to slow climate change will create opportunities for the company. Arcadyan is committed to all employees participating in green design and pollution prevention to establish an environment that meets safety and health reduction. It considers carbon emissions from the design and transportation side, continues to promote and implement product ecological design, and uses innovative technology to slow down the environmental impact caused by climate change, and improve product safety.

Introduce Post-Consumer Recycled Plastic

Eco-design policy is the core of Arcadyan's initiative. Avoid using materials that may have a positive impact on the environment, using high-recyclable plastics is our goal of continuous improvement and optimization. In order to promote the use of waste plastics and effectively implement post-consumer recycling (PCR), Arcadyan recycles the discarded plastic housings and remakes them into new raw materials for use in products. Since 2015, 65% ~ 99% PCR recycled plastic has been introduced into plastic parts. In order to ensure that the recycled plastic made of ABS or ABS + PC does not affect the structural strength, the general locking design is replaced by a clip-on design. Fewer screws reduce the difficulty of material recycling in the final product. In 2020, about 9.8% of the models introduced renewable plastics. Arcadyan will continue to promote the recycling of waste, estimated that the model use of recycled plastics in 2021 will more than 20%.


Plastic parts of end-of-life products → Remade into new plastic

Environmentally Friendly Thermal Design

In natural convection environment, the air duct of the heat dissipation structure module gradually shrinks with the evolution of the miniaturization of electronic equipment, so the heat dissipation performance becomes more critical. Arcadyan improves the heat convection structure to promote the heat exchange between the cold and heat convection to reducing the product temperature. Through optimized structural design, energy consumption is reduced by about 6% compared with the previous generation series products. Not only can the heat dissipation performance be improved, but also the service life of the product can be prolonged.
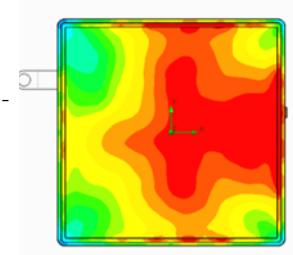
Environmentally Friendly Packaging Design

Arcadyan continues to reduce packaging materials as its goal. To optimize the design of packaging for each model during the research and development process, and changes the stacking method to increase the percentage of space used, thereby achieving the goal of reducing the carbon footprint. At the same time, Arcadyan uses recycled paper or Forest Stewardship Council (FSC) cardboard packaging on the inner packaging of the product, and is printed with plant-based inks to reduce the burden on the environment. Biodegradable materials are used in the inner structure, such as industrial starch, plant fiber and paper foam. Low-carbon production can be directly recycled or used as composting material, with low pollution and no harmful residues. For the products shipped by Arcadyan in 2020, the average proportion of recycled paper used in each product is more than 55%.

Environmentally Friendly Design

In the early stage of product design, Arcadyan discusses with customers about various possibilities for environmentally friendly design. In addition to international environmental protection regulations and customer requirements, in the R&D and design stage, energy saving, material reduction, easy disassembly and recycling of products, reduction of waste, and continuity Product life, etc. are included in design considerations, and it is estimated that the introduction of environmentally friendly design targets will reduce carbon emissions by about 5.7kg/CO_2 per product on average:

Environmentally Friendly Design Concept
● Use easy-to-disassemble jigs during repair process to reduce the proportion of case breakage
● Print the product manual on the outer box of the package to reduce paper materials
● Use replaceable foot pads, easy to repair and refurbish, extend product usability
● Use paper cable ties to fix the accessories, easy to recycle and disassemble, and achieve environmental friendliness
● The product label and the chassis are designed with a single material, which reduces the manufacturing process and materials and is easy to recycle

Label sticker

Etching on the Surface of Housing

Environmental Sustainability Training Course

Arcadyan attaches great importance to product sustainability and regularly organizes training courses related to green products. Incorporate green design concepts and technologies in the product development and design stages to enhance environmentally friendly product design capabilities. A total of 8 physical and online courses related to green products has be held in 2020, and a total of about 200 people have participated in the following courses:

Green Product Course	Hours
Green label for network equipment	2 Hours
The relationship between science & technology and environmental pollution	4 Hours
Legal explanation and RoHS /REACH(Annex17)/SVHC/ POP's/ EU SCIP application	2 Hours
Product carbon footprint: opening the door to a circular economy	3 Hours
Introduction to BS 8001 Circular Economy	2 Hours
BS 8001 Circular Economy Series Courses (5 lessons in total)	18 Hours
Environmental label description	2 Hours
European Environmental Hazardous Substances Regulations	3 Hours

Circular Economy Concept Training

Management of Prohibited Substances in Raw Materials

In order to provide environmentally friendly products, Arcadyan systematically manages through GP Data Application Form from the design and development stage to ensure that all products comply with relevant international regulations, directives and customer needs. Take "Green Parts Material Substance Declaration Checking List" to conduct part composition investigation. In response to customer environmental protection standards updates, global environmental protection laws and regulations, and requirements for green product management systems, CNC China production center introduced QC080000 Hazardous Substance Management Systems to meet customer needs and maintain customer health and safety. It actively develops halogen-free products and promises to use non-conflict minerals. Source part. Arcadyan has been actively registering the SCIP database since 2020, fully Submitting Very High Concern (SVHC) of REACH Substances, and fulfilling its obligation to communicate with customer. For other management policies, please refer to the following instructions

Waste Electrical and Electronic Equipment Directive (WEEE)

In the design stage, Arcadyan considers customer needs, waste reduction, resource reuse, applies environmentally friendly materials and low-polluting alternative materials, and introduces a design model that reduces the use of natural resources and increases recycling. The following is the design of Arcadyan in the product design stage, which is based on the concept of Waste Electrical and Electronic Equipment Directive (WEEE):

Waste Electrical and Electronic Equipment Directive
Prohibit or reduce the use of hazardous chemical substances in compliance with RoHS standards
Try to use a single type of plastic material
Actively develop and introduce recycled plastics and biodegradable plastics into electronic products
The product plastic needs to be compatible with the chemical surface treatment materials in order to achieve the purpose of recyclability
The product is designed to be easy to disassemble and recycle
The modular design of the product makes the main parts easy to replace and upgrade to extend the life of the product

Restriction of Hazardous Substances Directive (RoHS)

In 2015, the European Union issued a directive (EU) 2015/863 in the official gazette, officially listed 4 phosphonates (DEHP, BBP, DBP, DiBP) into the control list. As the harmful effects of waste electronic and electrical products on the environment are increasing, all Arcadyan's products are 100% compliant with the limits required by RoHS (2011/65/EU) directive, and there is no return due to violations of hazardous substances restriction directives.

In response to the new regulations on the limit amount of plasticizers DEHP, BBP, DBP, and DIBP in 2019, and the four new phosphates (commonly found in plasticizers, dyes, pigments, paints, adhesives and lubricants), Arcadyan requires suppliers to include the above-mentioned applications in their electronic products as considerations in the risk assessment of homogeneous components.

Taiwan RoHS

Taiwan's awareness of green environmental protection has increased. In response to the current international emphasis on product quality and safety, Bureau of Standards Metrology and Inspection (BSMI) has officially included the six RoHS-listed toxic substances in the product verification registration management. It is required that the products to be listed for inspection must meet the requirements of CNS 15663 Section 5 "Indication of Containment" before the specified date, and the content of restricted substances should be indicated on the product body, package, label or manual. Arcadyan officially passed BSMI certification in 2018 and obtained Taiwan Commodity Safety Mark. According to the status of each product to provides "Declaration of Restricted Substance Containment Status" for the purpose of applying for the BSMI certificate.

Halogen-Free

Halogens may produce highly toxic dioxin after being burned and discarded. The European Union has included the control of brominated flame retardants (PBB, PBDEs) in the Restriction of Hazardous Substances (RoHS). In the face of international organizations' advocacy of "halogen-free parts and processes" and customers' more active environmental requirements, Arcadyan upholds the design of reducing environmental impact and reducing human hazards, and clearly defines halogen-free in the relevant regulations on the management of environmentally-related controlled substances in parts and raw materials. The chlorine and bromine content in products are restricted and controlled, and the production capacity of halogen-free products will be gradually established. In recent years, as major brand customers are moving towards a completely halogen-free environmental protection specification, Arcadyan will continue to develop environmentally friendly products and accelerate the replacement of halogen-containing materials according to market trends. The history of Arcadyan promoting halogen-free products is as follows: :

2010
- Started formal mass production for the first time in 2010, checked non-halogen products and replaced environmentally friendly materials

2017
- Check non-halogen products and replace them with environmentally friendly materials (import two projects)
- Comply with Swedish taxation law for electrical products, with tax reduction and exemption

2018
- Check non-halogen products and replace them with environmentally friendly materials (import four projects)
- Comply with Swedish taxation law for electrical products, with tax reduction and exemption

2019
- Check non-halogen products and replace them with environmentally friendly materials (import two projects)
- Comply with Swedish taxation law for electrical products, with tax reduction and exemption

2020
- Check non-halogen products and replace them with environmentally friendly materials (import five projects)
- Comply with Swedish taxation law for electrical products, with tax reduction and exemption

TUV Green Mark

Energy efficiency labels are widely used in the EU market and are considered to an authoritative evidence of energy consumption levels. The green product mark indicates the overall environmental benefits of the product. The voluntary environmental labeling program's certification standards are based on product lifecycle considerations and convey verifiable and accurate information about the product's environment. Through the certification of green product mark, to provide consumers with clear guidelines for environmentally friendly products and reducing environmental impact.
Arcadyan sells Deutsche Telekom products applied for TUV Green Mark of TÜV Rheinland in 2018, obtained the green label and carbon footprint certificate to implement energy efficiency test to meet the requirements of the regulations for low-energy products, and meets the entry regulations of European countries. Product testing and certification in compliance with relevant energy regulations not only ensures that goods enter the target market, but also enhances consumer trust.

Prohibition of Conflict Minerals

In accordance with the Conflict Minerals Reporting Template (CMRT), Arcadyan has started to manage non-conflict minerals parts since 2010, and issued to hundreds of suppliers of electronic and mechanical materials related to the electronics industry worldwide. Statement policy. The supplier conducts an information survey of conflict minerals on the materials sent, and makes a commitment to the materials. In 2020, the completion rate of non-conflict mineral surveys reached 99%, ensuring that the materials meet the requirements of conflict-free metals in the Democratic Republic of Congo.

If the result of the investigation is that the material uses conflict minerals in Congo (DRC) and its surroundings, the supplier shall be required to provide signature declaration, immediately stop purchasing and using conflict minerals in Congo (DRC) and its surroundings, and formulate corresponding improvements, Preventive measures to meet the requirements of the conflict-free mineral policy. On top of that, we have also included cobalt in our Non-Use of Conflict Minerals control list and commenced our due diligence on the use of cobalt in 2019 in the hopes that our suppliers will work together with us and push for collaborating refiners to curb mining operations involving inhuman treatment.
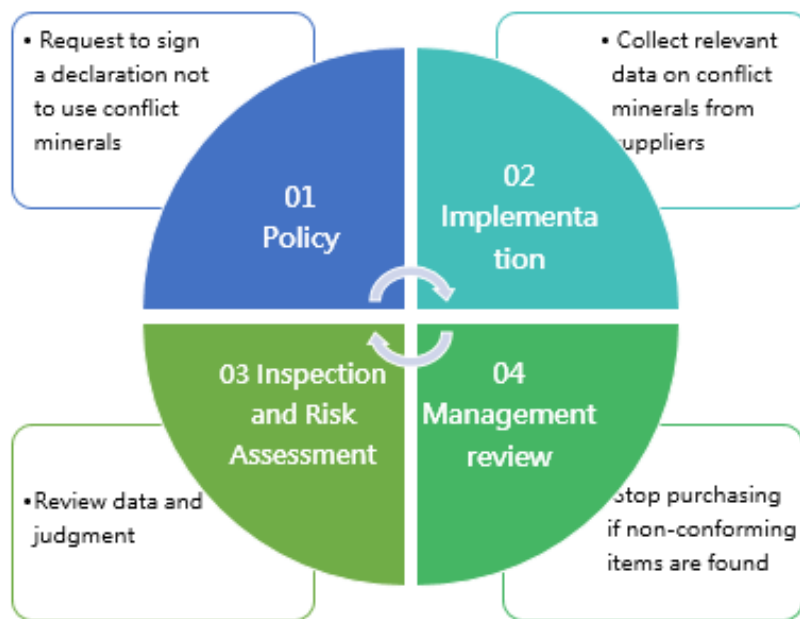
Mineral Category	Content
Au	Gold-containing metals (including derived metals), minerals, ores and concentrates
Sn	Stannum metals (including derived metals), minerals, ores and concentrates containing tin (cassiterite and other tin ore)
W	Tungsten metals (including derived metals), minerals, ores and concentrates containing tungsten (tungsten and other tungsten ore)
Ta	Tantalum metals (including derivative metals), minerals, ores and concentrates containing niobium or tantalum (coltanite, coltanite, tantalite, columbite, pyrochlore and other tantalum-niobium)

- Request to sign a declaration not to use conflict minerals

01 Policy

02 Implementation

- Collect relevant data on conflict minerals from suppliers

03 Inspection and Risk Assessment

04 Management review

- Review data and judgment

- Stop purchasing if non-conforming items are found

Green Product
TÜVRheinland® CERTIFIED
www.tuv.com
ID 0100000000

Environmental Protection

Environmental Protection Management Policy

Arcadyan commits the business principle of respect for life, deeply recognizes the limited resources of the earth and the importance of sustainable development, declares the implementation of environmental, safety and health management system, and integrates it into the entire management system. In business activities, Arcadyan understands the interrelationship between the manufacturing process, products and the environment, and promises to continuous improvement, to establish a safe, healthy and safe environment to achieve the goal of sustainable development. Therefore, in order to effectively and continuously promote and manage, Arcadyan formulates environmental safety and health policies, upholds the highest standards, safely operates equipment and protects the environment, employees, customers and the people in the community. Safety, health, and environmental protection are an inseparable part of the development of Arcadyan business. We will continue to do our best to meet the expectations of the community and to strengthen business operations:

● Comply with environmental safety and health regulations and effectively implement the environmental safety and health management system.

● All employees participate in product ecological design and pollution prevention to establish a safe, health and safe environment, and are committed to continuous improvement of sustainability.

● Continue to promote resource recycling and industrial waste reduction, and reduce the impact of carbon emissions in the supply chain.

● Strengthen employee education, supplier and contractor management, environmental safety and health training.

● Automatically check, eliminate unsafe actions and the environment, take the initiative to prevent occupational accidents and avoid accidents

● Health management to maintain employee health, safety and zero disasters.

Energy Resource Management

Arcadyan formulates energy saving and carbon reduction, greenhouse gas reduction, water reduction and other waste management policies: Including the Carbon Disclosure Program (CDP) to strengthen the company's ability to respond to climate change, including carbon emissions inventory, carbon reduction effectiveness, and identification of laws and entities risks, and further transform various risks into green circular economy business opportunities to improve the sustainability of business operations:

● Greenhouse gas and energy management: Each factory plant takes KPI (Key Performance Index) to track energy management every month, proposes improvement measures and plans, and takes PDCA methods to formulate long-term and short-term reduction targets for greenhouse gas, energy (electricity), water resources, and hazardous waste, and review the status of achievement monthly, and then propose improvement measures and plans.

● Water resources management: Since Arcadyan is not a water-consuming industry, most of it uses water for employees' daily life, so it mainly focuses on infrastructure maintenance and improvement, and the promotion of employees' living habits.

● Waste management: Develop an online sign-off system to reduce the use of paper and reduce the use of waste materials due to manual negligence, etc. All colleagues in the factory plant have received professional and rigorous training in environmental safety and health aspect, and there has been no major pollutant incident in the past years

In 2020, Arcadyan has no cases of violation of environmental protection regulations or major leaks, major environmental-related litigation cases(amount exceeding NT$2 million or litigation related to product transactions).

Resource Reduction Target

Arcadyan headquarters and CNC China production center plan to obtain ISO 14064 greenhouse gas third-party certification in 2021, according 2020 GHG emissions as the baseline year, set annual emission reduction target, and monitor the scope 1 and scope 2 greenhouse gas emissions.
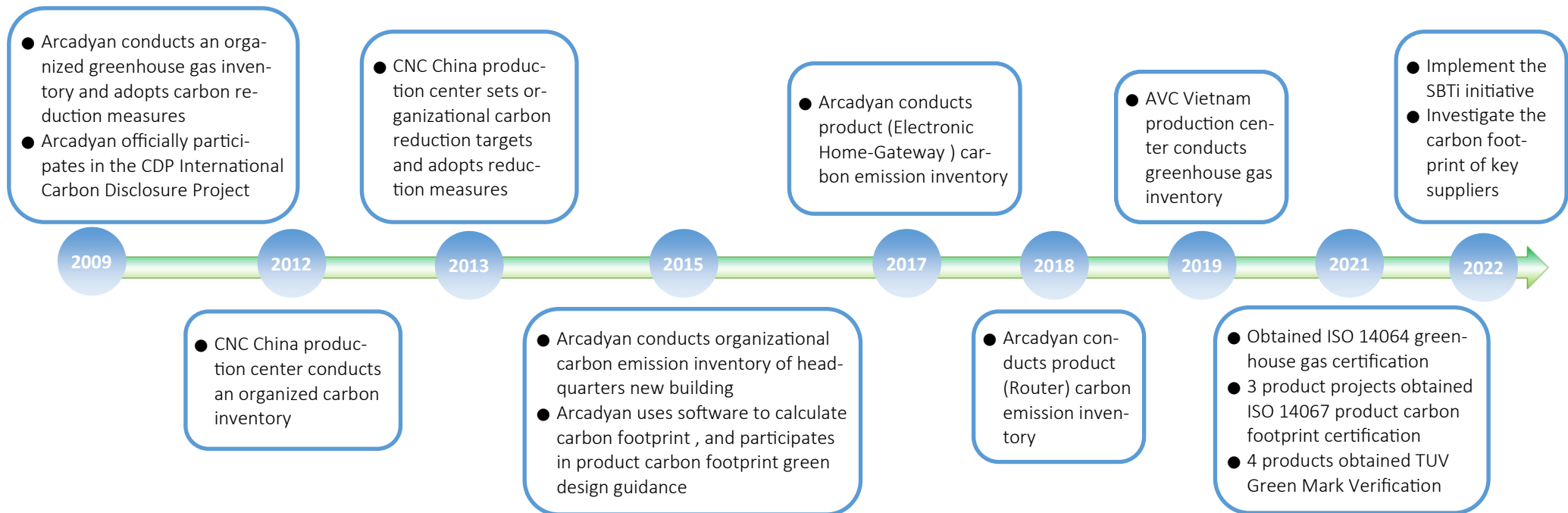
Cate.	Target
Greenhouse Gas	Greenhouse gas intensity reduced by 1% compared to the previous year
Energy Consumption	Energy intensity decreased by 1% from the previous year
Water Consumption	per capita decreased by 1% compared with the previous year
Waste Recycling	The waste recycling rate has increased by 3% compared to the previous year

Greenhouse Gas (GHG) Management

Arcadyan always cares about global environmental changes, including related agreements actively promoted by various countries, such as the Kyoto Protocol, the United Nations Framework Convention on Climate Change (UNFCCC), the Paris Agreement, and Product energy-saving requirements of United Nations treaties and other regulations. Arcadyan has been actively participating in the Carbon Disclosure Project (CDP*) since 2009 to reduce operating risks and costs, and to further transform various risks into green circular economy business opportunities to improve corporate management continuity.

It is planned to obtain third-party verification of ISO 14064 greenhouse gas inventory by the Hsinchu headquarters and CNC China production center in 2021, set the 2020 greenhouse gas equivalent as the baseline year, and formulate a greenhouse gas emission reduction plan. At the same time, it plans to implement the Science-based Reduction Target Initiative (SBTi) in 2022 to conduct product carbon footprint surveys for key suppliers. The process of greenhouse gas related management measures is shown in the figure below:

2009
- Arcadyan conducts an organized greenhouse gas inventory and adopts carbon reduction measures
- Arcadyan officially participates in the CDP International Carbon Disclosure Project

2012
- CNC China production center conducts an organized carbon inventory

2013
- CNC China production center sets organizational carbon reduction targets and adopts reduction measures

2015
- Arcadyan conducts organizational carbon emission inventory of headquarters new building
- Arcadyan uses software to calculate carbon footprint, and participates in product carbon footprint green design guidance

2017
- Arcadyan conducts product (Electronic Home-Gateway) carbon emission inventory

2018
- Arcadyan conducts product (Router) carbon emission inventory

2019
- AVC Vietnam production center conducts greenhouse gas inventory

2021
- Obtained ISO 14064 greenhouse gas certification
- 3 product projects obtained ISO 14067 product carbon footprint certification
- 4 products obtained TUV Green Mark Verification

2022
- Implement the SBTi initiative
- Investigate the carbon footprint of key suppliers

*Carbon Disclosure Project (CDP): Emphasize the management and response of enterprises to climate change, and to strengthen the ability of enterprises to respond to climate change policy tools, including carbon emission inventory verification, carbon reduction effectiveness, and identification of regulations and physical risks. Various risks include resource depletion, Resource shortage, climate change, sea level rise, etc.

Greenhouse Gas (GHG) Inventory

Arcadyan reviews the greenhouse gas management objectives annually. CNC China production center has set a greenhouse gas management target of 10% reduction of CO_2 emissions and 7% of electricity consumption by 2022 based on 2017. Taking into account the expansion of the production scale of China production center in recent years, the shipment volume of the CNC China production center in 2020 increased by about 40% compared with 2017, and then converted to the unit product carbon emissions for comparison. The carbon emission per unit product in 2020 has reduced by about 17% compared to 2017, which has reached the set target.

Arcadyan headquarters and CNC China production center are planning to obtain ISO 14064-1:2018 greenhouse gas inventory report by third party in 2021. Although the AVC Vietnam production center has not conducted external verification, it is calculated in accordance with ISO 14064-1:2018 standard. The total greenhouse gas emissions of Arcadyan global plant are 24650.8469(Ton CO_2e). Arcadyan aims to continuously reduce energy usage and increase energy efficiency, thereby reducing greenhouse gas emissions.

Site	Category 1	Category 2
ARC Headquarters	227.3727	1429.1010
CNC China Production Center	1010.7415	16147.4937
AVC Vietnam Production Center	902.5240	4933.6140
Total（Ton CO_2e）	24650.8469	

Reduction of Energy Consumption of IT Infrastructure

Arcadyan headquarters has 6 energy-saving physical hosts, equipped with about 75 virtual hosts. The computer room is layout in a dual-channel heating and cooling manner. On average, every 10 virtual hosts save about 66,190 kilowatts of energy per year (annual server & cooling energy usage). The impact on the environment can reduce 200 trees and reduce carbon emissions by 40,261 kg.

Improvement of Energy Efficiency through Equipment Upgrades

CNC production center in China uses a new type 1 energy-saving refrigeration equipment, which has a high-efficiency refrigeration capacity compared to older equipment, which can reduce the annual electricity consumption by about 40%. The AVC Vietnam Production Center planned to use energy-saving lamps and frequency conversion equipment in the whole plant when the plant was built, in order to achieve the energy-saving goal of using low-energy-consumption equipment targets.

NEW Refrigeration Equipment

NEW Refrigeration Equipment

Whole Plant uses Energy-saving Lamps

Frequency Conversion air compressor

Energy Use in 2020

The energy used by Arcadyan headquarters and overseas production centers is mainly outsourced power. CNC China production center takes 2017 as the base year and has set a management goal of reducing power consumption by 7% by 2022. Taking into account the expansion of the production scale of China production center in recent years, the shipment volume of the CNC China production center in 2020 increased by about 40% compared with 2017, and then converted to the unit product energy consumption for comparison. Compared with 2017, the energy consumption per unit product in 2020 has reached the set target. The main energy consumption of the headquarters and overseas production centers in the past two years is shown in the following table:

Category Site	Energy Use (KWH)	
	2019	2020
Arcadyan Headquarters	2,578,475	2,807,664
CNC China Production Center	17,725,470	19,237,500
AVC Vietnam Production Center	5,250,292	8,721,255

Energy Saving Measures

Promoting green offices to reduce carbon emissions is an important environmental protection mission of Arcadyan. The main green measures implemented include the use of LED lighting and the installation of water-cooled air conditioning systems to save energy. By improving the efficiency and reliability of equipment, indirect emissions and pollution can be managed more effectively. Arcadyan has added various environmental protection and energy-saving measures to daily operations, such as regularly cleaning the air-conditioning filters, installing high-efficiency filters in the full-heat air conditioning exchange system, and regularly monitoring energy consumption emissions. The energy-saving improvement plan of CNC China production center has been implemented since 2015. In addition to the control of lighting and air-conditioning equipment, it has also replaced old equipment with frequency conversion systems, and posted energy-saving slogans to enhance colleagues' environmental awareness. AVC Vietnam Production Center started production in the mid of 2019, following CNC China production center model, and maximizing the use of energy resources in the planning of various software and hardware facilities.

Arcadyan Headquarters (Hsinchu) Energy Saving Measures

Category	Energy Saving Measures
Energy-saving lighting	● All electronic lighting equipment is automatically turned off after the employee leaves the office ● Install sensors in public places such as stairs to reduce lighting energy consumption ● The parking is equipped with light sensors to turn off the lighting when the daylight is sufficient ● 95% of office buildings use high-efficiency LED lights to reduce electricity consumption and carbon emissions
Air conditioning energy saving	● Use curtains to reduce direct sunlight and the impact on indoor air temperature ● Install Intelligent Building Energy Management System (iBEMS) to monitor and improve the performance coefficient of the energy system

CNC China Production Center Energy Saving Project

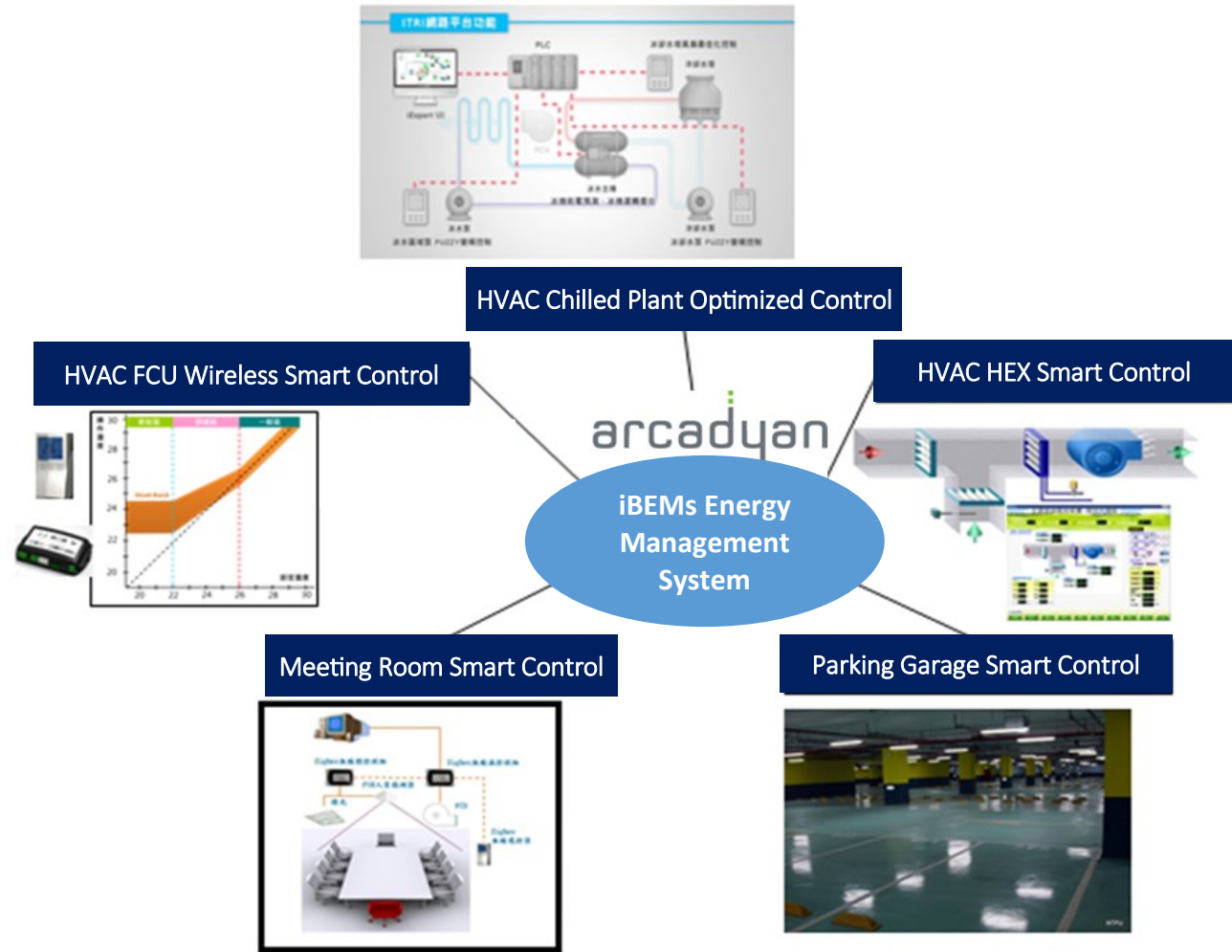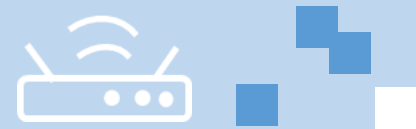| Category	Project Items
Energy Saving in Production	Add automated production line
Air Conditioning Engine Modification	1. To replace the original high energy consumption unit to new low energy consumption (level 1) unit 2. The temperature setting is not lower than 26℃ in summer; not higher than 22℃ in winter
Lighting Modification	1. Replace 28W lamps with 12W LED energy-saving lamps 2. Installation time control and sensing controller
Air Compressor Modification	Replace the original high-energy-consuming frequency machine with two-stage compression frequency conversion energy-saving unit
Humidifier Modification	Replace the original high-energy-consumption electrode humidifier with a low-energy-consumption and energy-saving humidifier
Frequency conversion System	Replace old equipment with high-efficiency production equipment
Intelligent Auto Dispatch	Adopt intelligent automatic dispatching system, and promote the use of more stairs and less elevators

Intelligent Building Energy Management System

Arcadyan headquarters introduces iBEMS smart building energy management system, with the goal of energy management and energy saving, real-time collection of facility operation information and energy consumption data in the plant, and fully quantified and comprehensive energy management using AIoT (AI & IoT) technology. This system assists administration department to monitor the achievement of real-time energy consumption and energy-saving targets. And through analysis and control to achieve energy optimization and reduce energy waste, so as to realize all-round energy saving improvement.

Green Procurement of Arcadyan Headquarters

Category	Qty	Amount (NTD)
Recycling products	-	10,000
Information Products	467 units	8,090,650

HVAC Chilled Plant Optimized Control

HVAC FCU Wireless Smart Control

HVAC HEX Smart Control

arcadyan

iBEMs Energy Management System

Meeting Room Smart Control

Parking Garage Smart Control

iBEMS Intelligent Building Energy Management System

Energy-Saving Measures _Regular Maintenance of Equipment

Energy-Saving Measures_ Equipment Regular Inspection

Whole Plant LED Replacement

Maintenance of Air-Conditioner

Air Conditioner Regular Inspection

Regular Inspection of Electrical Equipment

Clean the Air Conditioner Filter
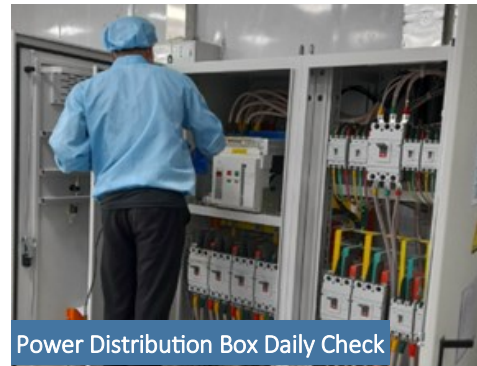
Power Distribution Box Daily Check
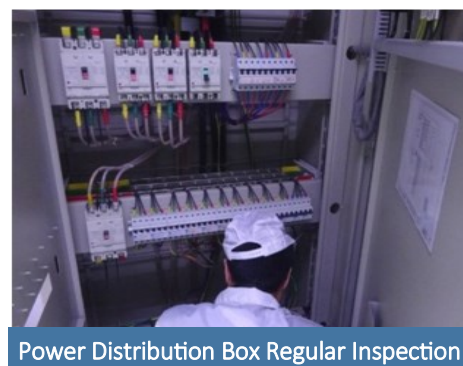
Power Distribution Box Regular Inspection

Intelligent Temperature monitor

Air Conditioner Filter Replacement

Clean the Air Conditioner Filter

Oxygen supply Regular Inspection

Inspection of Air Conditioning Equipment

Water Resources Management

Water resources are a necessary resource in modern society and the most precious element of life on the earth. In response to climate change, Arcadyan uses tap water sources for water in all plants and implements comprehensive water resources management to achieve the objective of water conservation. Wastewater discharge management is to plan treatment facilities based on the type of wastewater, such as kitchen wastewater grease separation, to reduce the impact on the environment and make wastewater discharge better than local discharge standards.

The production center is an assembly factory, and only domestic water is discharged during the process, and no factory wastewater. The discharged domestic wastewater is directly discharged to the local sewer system, and the destination of the discharge is the sewer management system, and the domestic wastewater discharge permit has been obtained and the third party has passed the test. No sewage will directly affect the water quality and land, and regular monitoring.

Water Saving Measures

Arcadyan headquarters is a research and development office building. Water resources are only used for general domestic water, no process water, and the sewage generated is included in the sewage sewer management system set up by the government. So most of the planning for saving water resources is based on infrastructure improvement, such as the use of water-saving equipment, rainwater recycling systems, automatic irrigation systems for plants and other water-saving devices. CNC and AVC production center factories fully implement water resources management, gradually use water-saving facilities and promote the living habits of employees, hoping to achieve the goal of water conservation.

Renovation of Water-Saving Equipment

Regular Inspection of Domestic Water

Rainwater recycling system

Automatic Irrigation System for Plants

Arcadyan Capita Water Consumption Per Month in 2020

(tons/person)

Legend: 2019, 2020

- ARC: 2.45
- CNC: 1.71
- AVC: 1.29
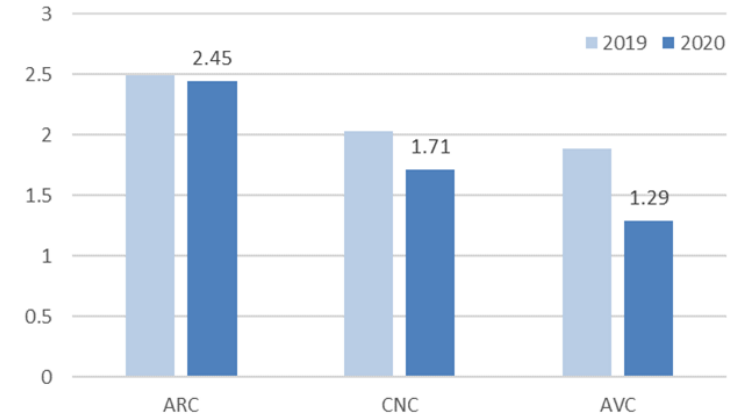
Permit for Discharge of Urban Sewage into the Drainage System

城镇污水排入排水管网许可证

仁宝网路资讯（昆山）有限公司   （生活污水   ）
仁宝网路资讯（昆山）有限公司

根据《城镇排水与污水处理条例》（中华人民共和国国务院令第641号）以及《城镇污水排入排水管网许可管理办法》（中华人民共和国住房和城乡建设部令第21号）的规定，经审查，准予在许可范围内（详见副本）向城镇排水设施排放污水。

特发此证。

有效期：自   2016 年   05 月   13 日
        至   2021 年   05 月   13 日

发证单位（章）

许可证编号：苏   （EM）字第   F2011041302 号   16 年   05 月   13 日
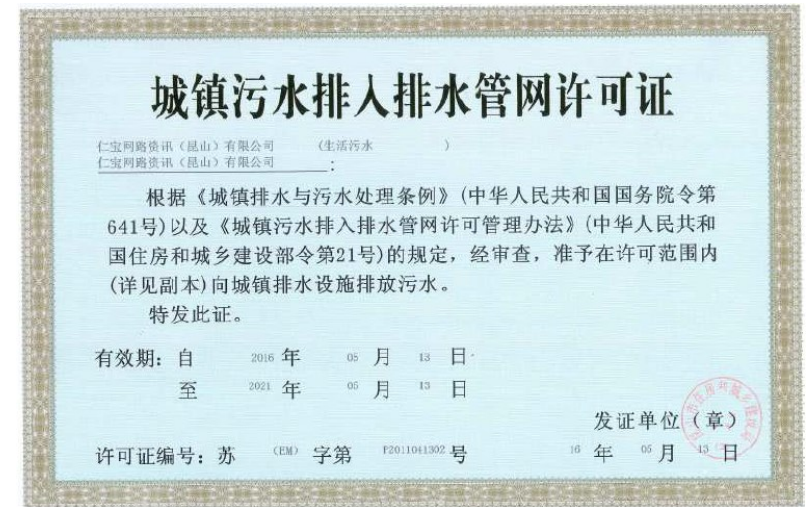
Disposal and Recycling

In order to prevent pollution incidents, Arcadyan manages and disposes of waste from the source, thereby achieving the goal of waste reduction. In 2021, due to the need to use disposable tableware during the epidemic period, increasing the amount of general waste, the waste recycle rate of Arcadyan each plants reached 77.35%. The following explains the implementation status of waste management at Hsinchu headquarters and each production center:
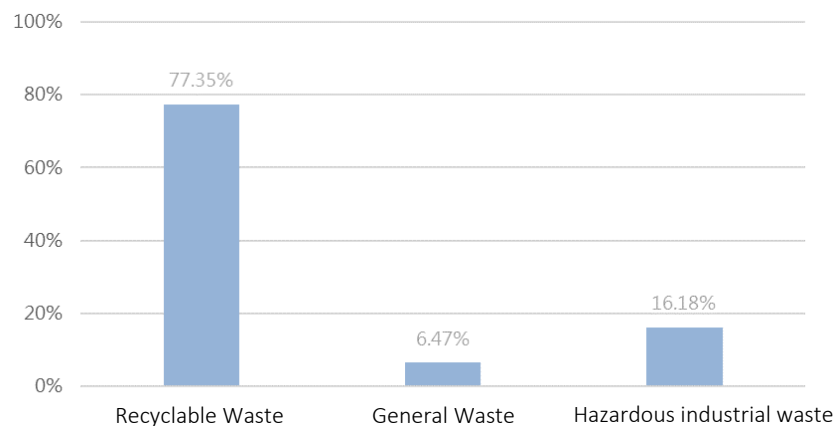
Arcadyan headquarters' garbage includes general waste, recyclable waste and hazardous industrial waste; general waste is general combustible domestic waste, and resource recycling waste includes paper, general plastic, defective product plastic case, metal, glass, etc. In the waste removal and treatment part, set up a waste storage area that meets the requirements for classification, waste reduction, recycling, reuse, and incineration. The process outsourcing legal vendors handle in accordance with regulations. In addition to the establishment of an internal waste audit management operation, the headquarters waste data will be checked annually by the third-party audit company TÜV Rheinland (TUV) since 2019.

Site	General waste (Tons)	Recyclable Waste (Tons)	Hazardous Industrial Waste (Tons)	Recovery Rate
Headquarters	27.900	8.260	0.722	22.40%

Percentage of Arcadyan Overall Waste

China and Vietnam production centers the waste generated by classified and processed, and then recycled or incinerated by professional and qualified environmental protection manufacturers according to the category. The factory has only a small amount of hazardous industrial waste, which is mainly derived from the cleaning agent used to clean the steel plate/reflow furnace, the alcohol used for wiping, and the waste liquid of cleaning fixtures, waste lamps and PCB board edges, etc. which are handed over to the local qualified recycling and processing vendor for legal disposal. In addition, the source of exhaust gas emissions from the factory process is the soldering process. The exhaust gas is discharged from the exhaust pipe through the adsorption of activated carbon filters. The administrative department conducts monthly inspections and maintenance of exhaust equipment, and air pollutant monitoring twice a year to ensure that the air pollution monitoring data meets the environmental protection requirements of the local government. As of the end of 2020, there have been no major pollutants such as oil, fuel leaks, waste, chemical substances, etc., that have affected the soil or water surface in the past years. There is also no import or export of hazardous waste and any violation of environmental protection laws and regulations.

Production Center	General waste (Tons)	Recyclable Waste (Tons)	Hazardous Industrial Waste (Tons)	Recycle Rate
China Production Center	11.276	321.8	144.044	67.45%
Vietnam Production Center	23.212	416.102	11.303	92.34%

Waste Recycle Rate of Each Site in 2020
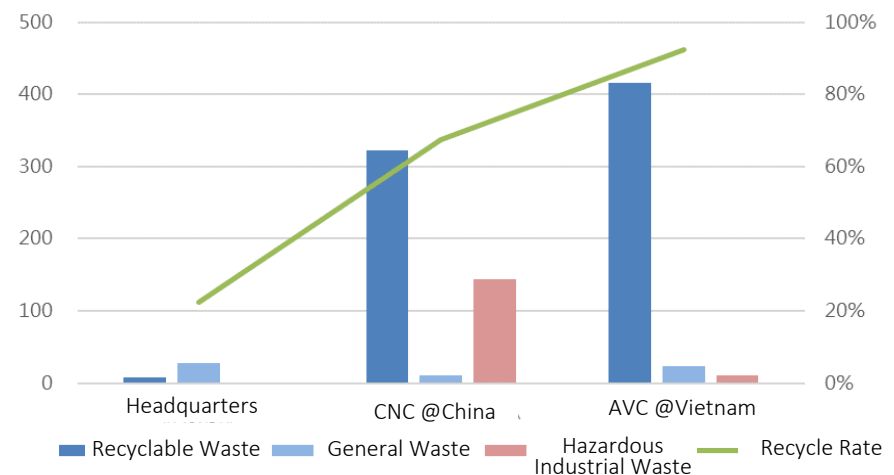
Waste Reduction

Arcadyan understands the importance of waste separation and recycling at the source, and sets up recycling bins inside to encourage separation and recycling, and proposes a reduction plan. The number of garbage recycling bins in the factory area has been increased from 8 sites to 18 sites, increasing the employees' willingness to protect the environment and centralized recycling. Continuously carry out waste sorting, disposal and recycling, reduce resource consumption, energy saving and environmental protection, and regularly conduct environmental protection, energy conservation and other employee education and training to strengthen employees' awareness of environmental protection.

Arcadyan Waste Reduction Measures
The restaurant does not use disposable tableware.
Develop online sign-off system to reduce paper usage
Conduct automated processes to improve accuracy
Reduce the loss of waste materials due to manual negligence, and fully implement it

Refurbishment of Accessories in RMA Process

In the recycling process of product return (Return Merchandise Authorization, RMA), Arcadyan adopts refurbishment and reuse of packaging materials and accessories. By restructuring or repairing, the used products can be restored to good condition. This method will extend the life cycle of products and accessories. Based on design experience and recycling industry recommendations, Arcadyan takes 5 aspects to evaluate the product's recyclability until the end of its life, and maximize its recyclability.

Five aspects of assessing recyclability
1. Material type
2. Product design assembly/disassembly method
3. Recycling process in accordance with the WEEE directive
4. Dismantling in accordance with the WEEE directive
5. Check the assembly of parts easy to separate

Repair and Refurbishment

With the progress of the times, the life cycle of consumer electronic products is getting shorter and shorter. While innovations are stimulating consumption, the increasing number of waste electronic products has gradually become a burden on the environment. Arcadyan not only recycles the discarded plastic housings of institutions into new raw materials. In 2020, more than 8,000 products were refurbished by RMA (Return Merchandise Authorization) department. The defective products will be repaired or reassembled to restore the products to good condition and extend the life of the products.

In 2020, RMA cooperated with plastic recycling vendor to recycle nearly 24 pallet plastic parts and scrap products, saving about 3,758kg of plastic material, accounting for about 45% of RMA plastic material usage, equivalent to 30,471kg CO_2e carbon emissions.

RMA Inventory and Classification

PCB Recycling

Happy Workplace

Employee Profile

As of the end of December 2020, the total number of employees in our R&D HQ in Taiwan (including expatriates), plants in China and Vietnam came to 3,398 (718 in Taiwan, 1,376 in China and 1,304 in Vietnam. Male employees make up 50.26% of Arcadyan's total employees around the world, with the remaining 49.74% being female employees.

There are a total of 718 employees in Arcadyan Hsinchu headquarters, Taipei office and overseas staff. R&D personnel accounted for more than 60% of the company's employees. Male and female of Arcadyan employees accounted for 73.07% and 26.93%; management positions males accounted for 80.63%, and females accounted for 19.37%. The discrepancy is attributed to job nature rather than gender discrimination.

The total number of employees in CNC China production center is 1,376, of which 55.09% are males and 44.91% are females.
The total number of employees in the AVC Vietnam production center is 1,304, of which 32.42% are males and 67.58% are females.

Employee Ratio at Each Plant
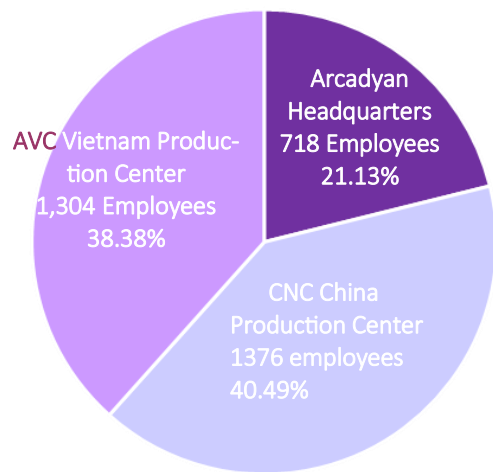
Localization of Supervisors

Arcadyan has set up production centers in China and Vietnam, and dispatched Taiwanese supervisors above the manager level to impart management experience, and strive to cultivate local talents, hoping to have a positive impact on the local area. The proportion of local supervisors in the 2020 CNC China production center is 86.25%, and AVC Vietnam produces The center is 83.33%.

Site	Managers	Local Managers*	Percent
Headquarters (Hsinchu)	160	158	98.75%
CNC China production center	80	69	86.25%
AVC Vietnam production center	12	10	83.33%

*Note: Local managers refer to local personnel with positions above section chief

Percentage of Local Supervisors in Each Plant
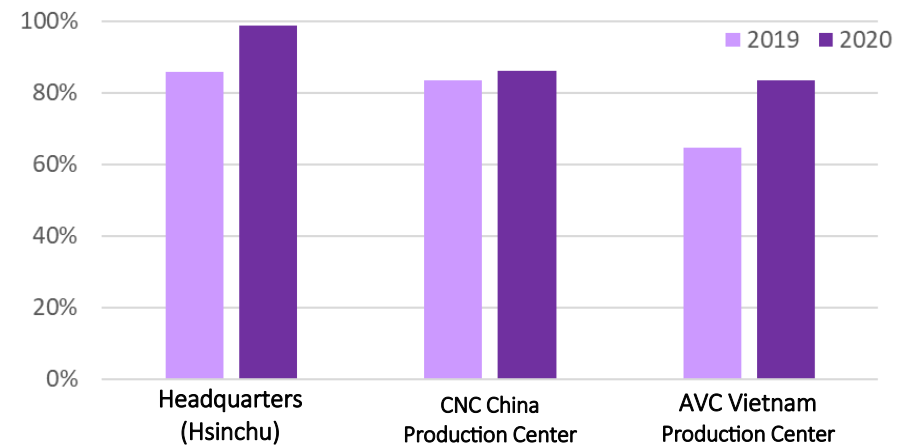
Ratio by Age

	Male						Female					
	Under 30 years old (inclusive)		31-50 years old		above 51 years old (inclusive)		Under 30 years old (inclusive)		31-50 years old		above 51 years old (inclusive)	
Headquarters (Hsinchu)	86	1.80%	383	8.00%	67	1.40%	34	0.71%	130	2.72%	18	0.38%
CNC China Production Center	441	12.98%	312	9.18%	5	0.15%	284	8.36%	322	9.48%	12	0.35%
AVC Vietnam Production Center	308	6.44%	106	2.21%	0	0.00%	506	10.57%	383	8.00%	1	0.02%

Structure and Distribution

	Male						Female					
	Direct employees	Indirect Employees		Temporary*	Total for the gender	Gender ratio of local employees	Direct employees	Indirect Employees		Temporary*	Total for the gender	Gender ratio of local employees
		Manager*	Staff					Manager*	Staff			
Headquarters (Hsinchu)	-	129	407	4	540	73.07%	-	31	151	17	199	26.93%
CNC China Production Center	472	44	242	0	758	55.09%	482	25	111	0	618	44.91%
AVC Vietnam Production Center	308	5	102	12	427	32.42%	813	5	72	0	890	67.58%
Total	780	178	751	16	1725	50.26%	1295	61	334	17	1707	49.74%

Note1: Direct employees are defined as operators, indirect employees are defined as employees other than operators, and supervisors are those who hold positions above section chief.

Note2: The temporary of Arcadyan headquarters arranges employment according to the demand of low and peak seasons, and the annual average number is disclosed in this report.

Recruitment and Turnover

Arcadyan is the first professional and intelligent network terminal equipment company to integrate broadband, multimedia, wireless and internet communication protocols. The excellent research and development capability is a competitive advantage. To ensure that we can maintain our competitive advantage in the environment of rapid technological and specification changes, we formulate the business policy and development strategy for the next year at the end of each year, and formulates the annual employment plan based on our strategy. Human Resources department publicly releases job vacancies through various recruitment channels, and recruits talents in accordance with government regulations. The recruitment process adheres to the principles of openness, transparency and merit-based admissions, and recruits suitable talents in a fair and just operation mode. In order to promote the flow of talents within the organization, while respecting the career development of employees and taking into account the company's business needs, provide diversified opportunities such as expatriate, internal transfer, and overseas professional technology transfer, and encourage employees to learn new knowledge and skills through cross-cultural and cross-field learning, and plan for diversified career development.

In 2020, due to the fact that employees in CNC China production center cannot return to work during the epidemic , the turnover rate is higher than in previous years. In In addition to advocating that employees stay in the local for Chinese New Year, Human Resources department also gave out bonuses to reduce personnel turnover. Arcadyan will continue to enhance employee salaries and bene-fits, improve the working environment, and create a workplace environment that enables employees to achieve self-realization and continuous growth, so as to reduce the turnover rate.

New Recruitment Rate

	Male						Female					
	Under 30 years old (inclusive)		31-50 years old		above 51 years old (inclusive)		Under 30 years old (inclusive)		31-50 years old		above 51 years old (inclusive)	
Headquarters (Hsinchu)	29	4.04%	50	6.96%	3	0.42%	18	2.51%	8	1.11%	0	0.00%
CNC China Production Center	823	59.81%	445	32.34%	7	0.51%	681	49.49%	318	23.11%	12	0.87%
AVC Vietnam Production Center	322	24.69%	79	6.06%	0	0.00%	693	53.14%	332	25.46%	0	0.00%

Employee Turnover Rate

	Male						Female					
	Under 30 years old (inclusive)		31-50 years old		above 51 years old (inclusive)		Under 30 years old (inclusive)		31-50 years old		above 51 years old (inclusive)	
Headquarters (Hsinchu)	10	1.39%	21	2.92%	4	0.56%	5	0.70%	11	1.53%	0	0.00%
CNC China Production Center	574	41.72%	206	14.97%	0	0.00%	327	23.76%	171	12.43%	1	0.07%
AVC Vietnam Production Center	203	15.57%	39	2.99%	0	0.00%	475	36.43%	181	13.88%	0	0.00%

Labor Human Rights

Arcadyan headquarters and overseas production centers recruit employees solely based on personal character, ability, and match with the duties assigned. Under no circumstances would the company allow different treatment for race, ethnicity, social status, lineage, religion, disability, gender, sexual preference, family attachment, marital status, political association, age or any other forms of discrimination.

Through risk assessment, overseas production centers are areas with high human rights risks, overseas production centers have established procedures such as "Use Child Labor and Minors Labor Control Procedure", "Freedom of association and collective bargain rights control procedure", "Prohibition of discrimination and punitive measures management procedure", "Banned Forced Labor control Procedure", etc.

Ensure that employees do not work or serve under any retaliation or threat, or as debt-paying work or services. Employees have the right to freely choose to resign, and they can resign in accordance with local laws and regulations to notify the company and complete all resignation procedures.

In 2020, in Arcadyan headquarters and overseas production centers, there were no cases of illegally appointing child labor or underage labor, and there were no cases related to penalties under the Labor Standards Law.

Prohibition of Forced Labor

Arcadyan formulates human rights policies in compliance with local regulations and the essence of international norms such as "International Labor Office Tripartite Declaration of Principles ", " UN Universal Declaration of Human Rights", "UN Global Compact" to prevent any act that infringe or violate human rights . Arcadyan also complies with "UK Modern Slavery Act 2015" strictly prohibits forced labor, guarantees the personal freedom of employees, and respects all rights of employees, including freedom of employment, freedom of resignation, freedom of overtime and freedom of movement. It is forbidden to use any form of forced labor, including contracted labor and bonded labor. It is also forbidden to seize employee ID cards, passports or work permits, and to ensure that employees do not work or serve under any retaliation or threat, or as debt repayment work or service. Employees have the right to freely choose to resign, follow the laws and regulations to inform the company to terminate the employment relationship. Arcadyan conducts regular reviews of internal audits and internal controls to check that there is no violation of relevant forced labor.

In 2019, Arcadyan revised "Supplier Corporate Social Responsibility Commitment" to require suppliers to follow and to provide evidence of policies, management and related practices that do not involve slavery or human trafficking during supplier audits. CNC China production center takes "Working Hour Early Warning System" to systematically monitor working hours, automatically notifying supervisors and employees who have worked overtime or working for too long consecutive days, and reminding supervisors to take the initiative to care for employees' work conditions.

Arcadyan maintain smooth labor-management communication channels and harmonious relationship, through labor-management meetings to review the resignation and organizational change system processes to avoid labor disputes, and promises to notify employees at least four weeks in advance of major changes in operations. If employees are subjected to any threats, abuse, exploitation, or compulsive behavior in the workplace, they can appeal any illegality anonymously through the appeal mailbox (hr_hq@arcadyan.com).

Discrimination, Harassment Prevention and Treatment

Arcadyan prohibits all forms of discrimination and adopts the principles of fairness and equality in matters such as recruitment, remuneration, welfare, training, promotion, dismissal or retirement. Moreover, do not discriminate on the differences of employees' race, social class, nationality, religion, disability, or gender.

Arcadyan formulated "Complaint and Disciplinary Measures for Sexual Harassment Prevention Measures in the Workplace" in accordance with the Gender Work Equality Act, prohibits any form of sexual harassment, including posture, language, and physical contact, and establishes dedicated sexual harassment complaint mailbox, telephone line and fax on the internal website. If employees find any discrimination or harassment, they can directly report to Human Resources department. Personnel with non-conflict of interest will be arranged to find out the facts in a confidential manner, and timely corrective actions will be taken to ensure the privacy of the parties. Arcadyan adopts non-retaliation guarantee measures to ensure that employee complaints are properly handled.

In response to sexual harassment punishment, Arcadyan adopts tracking and supervision methods. If the victim has counseling or medical needs, Arcadyan will assist in referral to professional counseling or medical institutions, and ensure that the disciplinary or handling measures are effectively implemented to avoid the same incident or retaliation. In 2020, there were no complaints of discrimination or harassment in Arcadyan.

Appeal/ Report Channel	
Mail	hr_hq@arcadyan.com
Hot Line	03-5727000 #14499
Fax.	03-5727969

Employment of People with Disabilities

In response to the government's policy of promoting employment of people with disabilities, Arcadyan has hired 6 people with disabilities at the Hsinchu headquarters in 2020, including 2 mild, 2 moderate and 2 severe. In addition to hiring the disabled, it also cooperates with the competent authority to match the disabled to provide employment opportunities for visually impaired masseurs, in compliance with the regulations that the number of people who should be employed by private institutions.

Arcadyan barrier-free facilities
●   Set up barrier-free ramp access
●   Barrier-free toilets and washrooms
●   Set up barrier-free parking spaces on the first floor
●   Braille buttons and voice prompts for drinking fountains
●   Braille sign buttons and voice system guidance for elevators

Labor-Management Communication

Through a diversified and smooth communication, Arcadyan creates a positive labor-employment relationship, accepts employees' suggestions and actively handles them. For matters that affect the rights and interests of employees, Arcadyan not only follows laws and regulations to formulate policies, but also takes into consideration the rights and interests of employees. Arcadyan's employees can maintain a good labor-employment relationship through a multi-channel communication mechanism.

Communication Type	Communication Content
Labor-Management Meeting	Provide channels for the expression of opinions and communication between employers and managements
BBS Electronic Bulletin System	A platform for internal major information announcements, employees can also express their opinions through the internal BBS bulletin board system
HR Mailbox	Provide external contacts and exchange of employee's questions and opinions

Labor-management Meeting

Arcadyan attaches great importance to employee welfare and care. It has established a labor-management committee to establish a two-way communication channel. The proportion of labor-management representatives meets the requirements of the local regulations of each plant. The labor representative is elected by employees for a term of four years. Regular labor-management meetings are held every quarter to collect opinions from employees, and continue to communicate and improve labor-management issues. In addition, labor and management can also communicate opinions through the system platform and e-mail to maintain a good relationship. Arcadyan's labor-management relationship has always been harmonious, and there is no loss due to labor disputes, and no loss caused by labor disputes.

Site	Meeting Frequency	Number of Labor Representatives	Number of Management Representatives
Arcadyan Headquarters	Once per Quarter	5	5
China Production Center	Once a Year	15	5
Vietnam Production Center	Once a Year	6	5

Topics of Labor-management Meetings

Topic Category	Discussion Content
Overview of the Number of Employees	Number of employees in the quarter, changes, turnover rate
Overview of Operations	Business overview, production plan, market conditions
Employee Health and Safety	Employee health inspection, environmental lighting and other facilities, epidemic-related prevention measures
Working Conditions	Club activities, fitness equipment setup and purchase
Welfare Committee Measures	Welfare measures, financial status of the Welfare Committee
Training and Career Development	Training courses, subscriptions to books, newspapers and periodicals
Discrimination and Harassment Appeals and Reports	Overview and progress for the handling of reports of discrimination and harassment

Labor rights

Salary and Bonus

Arcadyan has established a reasonable salary and related management systems to ensure that the company's salary and remuneration comply with relevant regulations and maintain industrial market standards. In addition to the fixed monthly salary, various bonuses such as regular year-end bonuses, annual bonuses, patent bonuses, and project bonuses are set up. The annual salary adjustment plan is determined according to the company's operating profit and the individual performance of the employees. The salary of all employees in CNC' China production center and AVC Vietnam production center is higher than the minimum salary stipulated by local laws and regulations.

Average annual salary of non-supervisor employees at Arcadyan headquarters (Unit: NT$ thousand)	
2018	1,481
2019	1,630
2020	**1,747**

Retirement Regulations

Arcadyan has established employee retirement policies. According to the regulations, the employee's service years are calculated in accordance with local Labor Standards Law, and the maximum is limited to a base of 45. The calculation and payment of employee pensions are handled in accordance with relevant regulations. The labor pension regulations were implemented on July 1, 2005. Employees are free to choose between the old and the new system. Arcadyan pays 6% of employees' wages to the individual pension account of the Labor Insurance Bureau every month in accordance with relevant regulations.

Childbirth Incentive

In response to the government's birth incentive policy and to drive up birth rate in Taiwan, Arcadyan has been offering a subsidy of NT$66,000 for every child that employees of the Hsinchu Headquarters have given birth to since 2011. Arcadyan has paid out NT$17.5 million in subsidies for a total of 266 newborn babies between 2011 and 2020. In addition, we have signed a contract with relevant nursery/daycare centers to provide discounted prices to lighten the burden on employees.

Unpaid Parental Leave

The childbirth plan for our employees in Taiwan has been created by the "Act of Gender Equality in Employment" and the "Measures for Implementing Unpaid Parental Leave for Raising Children." Employees who complete six months of service are entitled to apply for unpaid parental leave for every child under the age of three. The maximum duration of unpaid parental leave cannot exceed 2 years. At the end of the parental leave, we will reinstate the employee back to their original unit or related units and provide the said employees with courses on the required skills to re-acclimatize and prepare them for the job. Although no relevant regulations on unpaid parental leave exist at our overseas plants, our employees may still apply for parental leave.

2020 Employees on Unpaid Parental Leave	Headquarters		CNC China Production Center		AVC Vietnam Production Center	
	Male	Female	Male	Female	Male	Female
No. of employees qualified to apply for unpaid parental leave in 2020	43	6	15	18	56	67
No. of employees who actually applied for unpaid parental leave in 2020	1	1	15	18	56	67
No. of employees expected to be reinstated in 2020 (A)	2	2	15	18	56	32
No. of employees actually reinstated in 2020 (B)	2	0	13	11	56	30
No. of employees having worked for 1 year after their reinstatement in 2019 (C)	1	2	-	-	-	-
No. of employees actually reinstated after their unpaid parental leave in 2019 (D)	1	2	-	-	-	-
Reinstatement rate for 2020 (E) = (B)/(A)*100%	100%	0.00%	86.67%	61.11%	100.00%	93.75%
Retention rate for 2020 (F) = (C)/(D)*100%	100%	100%	-	-	-	-

Employee Welfare

Arcadyan established Employee Welfare Committee in accordance with government laws. In addition to providing various subsidies for employees' marriage, funeral, illness and child-birth, it also regularly organizes various clubs and tourism activities, birthdays, evening parties, etc., to promote the physical and mental health of employees and promote employees interactive. The above welfare measures have been well feedback from employees over the years.

Arcadyan also provides comprehensive personal protection for employees. In addition to sick insurance for employees as required by labor laws and regulations, it also provides group insurance for employees and their parents, spouses, children that superior to other companies, including life insurance, accident insurance, cancer insurance, and medical insurance.

Arcadyan Club Activities

Category	Clubs
Balls	Table Tennis club, Badminton club, Basketball club, Softball club
Fitness	Yoga club, Dance club, Qigong club
Arts	Painting Club, Hand Football Club, Patchwork Club

智易福委會

Arcadyan established "Employee Welfare Committee" to allocate welfare funds in accordance with the law, regularly organize welfare committee meetings and handle employee welfare activities to support the diversified development of club activities. Welfare plans include birthday gifts, annual festival gifts, employee health promotion and leisure activities, domestic and foreign travel, wedding and funeral subsidies, hospitalization allowance for employees and their families, and year-end banquet and lucky draw event.

Diversified Welfare Measures

Employees are Arcadyan's greatest asset. We are committed to providing comprehensive employee welfare measures and building a friendly workplace to promote the best balance between employees' lives and work:

| Arcadyan Welfare Measures |
|---|
| Employees have Annual Leave under the Labor Standards Act, and 5 days of paid sick leave are provided to employees each year superior to the Labor Standards Act. |
| Organize domestic and foreign employee tours, provide travel subsidies, and enhance emotional exchanges between colleagues and parent-child harmony |
| Held the year-end banquet to appreciate employee |
| Free company uniform (summer/Polo shirt, winter/coat) |
| Childbirth gift of NT$66,000 per child |
| Provide employees with free parking spaces for cars and scooter to meet their parking needs |
| Set up staff restaurants and coffee bars to cater for colleagues' dietary needs |
| Set up a comfortable activity center and various equipment for employees to stretch their muscles and bones and exercise |
| Set up a nursing room for female employees to breastfeed |
| Attach importance to the resting environment and create elegant public spaces to allow employees to relax during breaks |
| Cooperate with non-profit organizations to held regular visually impaired massage activities |
| Book various gift voucher |
| Organize family day activities to enhance parent-child relationship (Cancelled due to epidemic in 2020) |

Talent Cultivation and Development

Arcadyan focuses on employee development and is committed to talent cultivation. Arcadyan actively encourages employees to participate in various training courses and self-learning. In addition to formulating annual training budgets and cooperating with professional institutions to handle professional courses, Arcadyan also plans in accordance with Arcadyan's operating strategy, functional structure and requirements to plan annual courses, continue to study technology and knowledge, and innovative thinking to assist the team to maintain technological leadership. During the training process, employees of different ages can smooth communicate to break the stereotypes and prejudices of age, and establish a more tacit cooperation team.

Based on the concept of talent cultivation, various courses are offered in accordance with Arcadyan's core values of "innovation, harmony, transcendence, and service" to encourage employees to actively participate, continue to study research and development knowledge, and innovative thinking to help Arcadyan to maintain its technological leadership. In the past three years, a total of about 250 courses have been offered for professional courses, and more than 320 courses have been offered for all courses. Arcadyan is committed to continuously cultivating all kinds of talents and their competitiveness. In addition to professional courses in research and development, there are courses in information skills, engineering, regulations, patents, and financial accounting.

Course Category	Course Content
Professional Technical Courses	Cooperate with schools and professional institutions to handle professional courses, continue to study R&D knowledge, innovate thinking, and help R&D teams to maintain technological leadership. Invite expert speakers to enhance the ability to develop, apply new technologies and solve problems.
Leadership Management Course	Conduct leadership management courses, develop leadership and expand vision. Introduce new and old generation exchange sharing courses to take care of new employees.
Co-communication Course	Through project management or team communication courses to help R&D and project managers to communicate and cooperate with each other, and enhance daily project operations and improve problem-solving effectiveness.

Cumulative Number of Training Courses Over the Years (Headquarters)
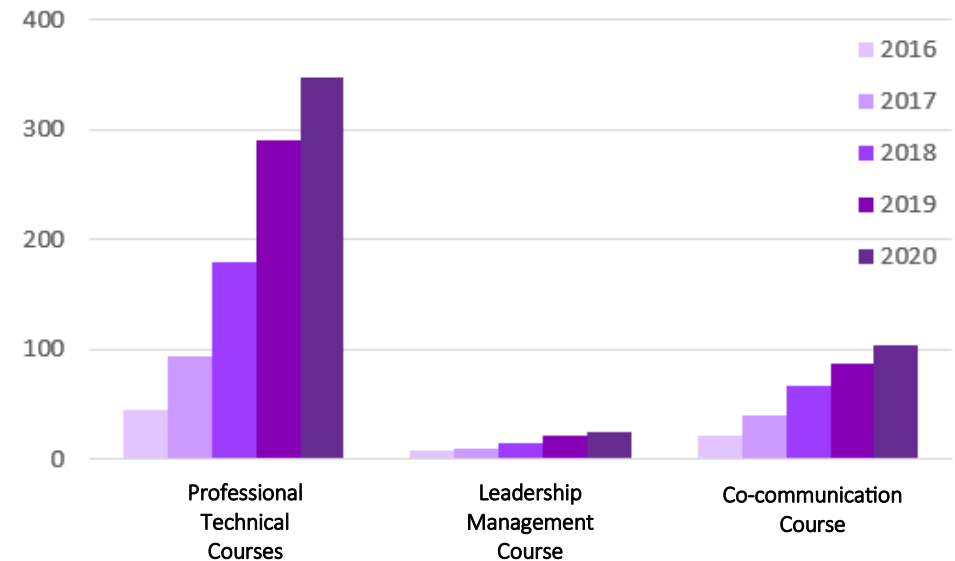
Knowledge Sharing Platform

In 2020, a total of 1,088 people participated in physical or online courses at Arcadyan headquarters, and courses were offered through internal and external training. The total training hours exceeded 2,890 hours. At the same time, through the introduction of new IT technology and the sharing of professional experience of internal lecturers, Arcadyan has successfully established a knowledge sharing platform (Arcadyan Content Sharing System, CSS), where employees can view teaching materials and course audiovisual files within the company's domain, and share departmental professional information. Integrating Arcadyan's resources by CSS not only allows employees to quickly obtain the information they need, but also encourages the department to establish a knowledge management mechanism and encourage employees to learn by themselves at any time.

2020 Average hours of Education and Training per Employee

Education and Training		Direct Employees		Indirect Employees			
				Supervisors		General Staff	
		Male	Female	Male	Female	Male	Female
Arcadyan Headquarters	Number of People	-	-	129	31	407	151
	Training Hours	-	-	619	155	1245	448
	Hours per Employee	-	-	4.80	5.00	3.06	2.97
CNC China Production Center	Number of People	1194	1148	44	25	242	111
	Training Hours	26472	13260	1980	1125	11232	5544
	Hours per Employee	22.17	11.55	45.00	45.00	46.41	49.95
AVC Vietnam Production Center	Number of People	308	813	5	5	102	72
	Training Hours	18038	40842	280	160	5067	1877
	Hours per Employee	58.56	50.24	56.00	32.00	49.68	26.07

(Note: In the above table, direct employees are defined as on-site workers, indirect employees are defined as employees other than operators, and supervisors are those whose positions above the section manager level.)

Performance Appraisal System

Arcadyan provides electronic performance appraisal system for employee and supervisor to evaluate the past half-year work assignment results and effectiveness, and assist in setting work and project targets for the next half year, ensure that personal work goals are consistent with those of the department and company. The proportion of participation in regular performance appraisal is over 90% in 2019 (Except the supervisor at or above vice president and the newcomer who has on board for less than 3 months on the date of assessment). Overseas production centers also perform performance evaluations at least twice a year. In view of the promotion and development of high-performance employees in the performance appraisal results, according to the functions (jobs) needs to provide leadership management courses, develop cross-team communication and cooperation; improve problem-solving performance and other capabilities for the preparation for job promotion or professional development.

2020 Performance Evaluation in Hsinchu Headquarters

Performance Evaluation	Direct Employees		Indirect Employees			
			Manager		Staff	
	Male	Female	Male	Female	Male	Female
Persons of Appraisal	-	-	289	59	734	292
Persons of Performance Evaluation	-	-	273	57	699	276
Proportion (%)	-	-	94.5%	96.6%	95.2%	94.5%

(Note: The statistics in the above table do not include supervisors above the deputy general manager level, and colleagues who have been on the job for less than three months)

Occupational Health and Safety

Healthy employees can improve the work quality and efficiency; promote the company's sustainable development. It is the Arcadyan's responsibility to provide a healthy environment, create a healthy workplace and promote health management. We hope to create a healthy workplace and prevent potential occupational injuries and risks through the attitudes and actions of employees' self-management, and demonstrate the concept of caring and emphasizing the health of employees

To protect the occupational safety of employees at work, we have not only established the Environmental Safety and Health Policy base on ISO 45001, but also established relevant procedures and documents of the "Occupational Safety and Health Management" at each plant site in order to rigorously control details of each workplace. At the beginning of design all facilities in Arcadyan office environment, the protection of employee safety is the first consideration to ensure that employees can get the complete protection at work. Each entrance and exit has an access control system. The toilet is equipped with an emergency pressure buckle. Each floor has an AED (Automatic External Defibrillator). The main entrance and exit also have security to be guarded 24 hours a day to maintain a safe office environment. In addition, various fire-fighting equipment (such as fire alarms or fire extinguishers, etc.) are regularly maintained according to its prescribed time and kept in the best state.

Occupational Safety Committee

Arcadyan's plants are established with the Occupational Safety Committee, and meetings are convened according to the occupational safety and health management system (ISO 45001) to discuss occupational safety-related matters, in order to facilitate the communications and consultations among internal departments and all levels of the company as well as among external related units and groups, as well as to ensure the working environmental safety of employees. We explicitly specify the responsibilities of the managerial representatives and participating members according to the management of the "Quality, Environment Health/ Safety and Eco Design Manual", and through the procedures of "Consultation and Communication Management Procedures". Employee representatives shall participate in the development and review of safety and health policies and relevant procedures. The 2020 Occupational Safety Committee convened 4 quarterly meetings to track various safety and health implementation goals and plans and conduct effectiveness reviews.

Occupational Hazard Identification and Risk Assessment

Arcadyan emphasizes the employees' working environment safety and health. The hazard identification and risk assessment scope include all health and safety hazards expected to affect the plant's internal and external environments, including routine and non-routine activities, all personnel (including contractors and visitors) entering the plant site and outsourced contractors at the workplace. In addition, the managerial representative is responsible for review the assessment task force and supervise the hazard identification, risk assessment operation approval, and after verification, the promotion taskforce and the supervisor then perform works for details of the risk identification.

Every year or when necessary, the committee conducts hazard identification and risk assessment based on the "Safety and Health Hazard Identification and Risk Assessment Form", as the basis for policy formulation and hazard treatment. Regular management review meetings are held to discuss, modify and approve the newly identified risks, and to revise the identified risks and the content that needs to be modified. The risk level standards and control are revised every year in accordance with the needs of Arcadyan. The high-risk item identified by Arcadyan headquarters in 2020 is a traffic accident. In order to avoid traffic accidents when employees commute to work, Arcadyan continue to hold traffic safety promotion and education, promote the concept of "defensive driving" and strengthen the traffic command at the surrounding intersections, improve the traffic safety knowledge of employees and reduce the traffic blind spots in the factory. CNC China production center and AVC Vietnam production center follow local regulations, ISO 45001 certification and other requirements to carry out environmental safety risk assessment and various management procedures. List the relevant risks through the above risk assessment process and strictly control the high and moderate risk factors to achieve the goal of safety and zero disasters.

Environment Inspection

To provide a safe workplace and community for our staff and residents, each plant is staffed with a unit responsible for routine inspection and maintenance, as well as identifying the hazardous factors in the work environment. For example, traffic and electricity safety measures, security measures, drinking water tests, emergency lighting, smoke detectors, fire hydrant equipment, lightning protection inspection. Arcadyan headquarters conducts lighting operation environment and carbon dioxide (CO_2) operation environment measurement twice a year. The results of implementation in 2020 are in compliance with regulatory standards.

First Aid Training

Since 2015, Arcadyan has promoted first-aid skills and conducted first-aid training courses, through training to strengthen the application of related first-aid methods such as cardiopulmonary resuscitation (CPR) and Automated External Defibrillator (AED) in daily life, to achieve the purpose of saving oneself and others. A total of 6 Automated External Defibrillators (AEDs) have been set up on each floor of Arcadyan headquarters building. In order promote the use of Automated External Defibrillator (AED) and first aid skills, the training courses are held every three years, and are divided into explanation and practical operation.

Occupational Safety Education and Training

Employees understand the safety of the plants and possible hazards through safety education and training courses, and following the "Emergency Preparedness and Response Procedures" to help employees understand the disaster level and response, escape routes and other matters in the plant. Arcadyan also cooperates with the fire brigade to handle firefighting training, and regularly conducts disaster prevention knowledge dissemination to employees every year. The content includes correct handling methods such as fires, wind disasters, floods, and earthquakes, so that employees can establish a concept of disaster prevention in daily life. Arcadyan headquarters hold four training courses for new employees in 2020. The training courses includes environmental safety and health introduction and electrostatic protection. There is also a semi-annual fire fighting education training and drill course. In addition to emergency response key notifications, it also combines physical operations. Arcadyan complies with legal requirements: the number of workers is more than 50, and each shift has at least one emergency worker. Arcadyan headquarters sets up 14 first-aid person according to the ratio, and arranges three-hour on-the-job education and training courses every three years.

Fire drills in each production center are held in accordance with the frequency and hours specified by local regulations. CNC China Production Center conducted a total of 64 personnel safety and health education and training in 2020, and conduct escape drills every quarter. AVC Vietnam Production Center conducted a total of 206 hours of safety and health education and training in 2020. The courses cover various safety management courses, chemical use, radiation safety and first aid training, and a total of 1,313 people completed the training. It also conducted 2,275 people fire escape drills every six months.

Health care

Employees are Arcadyan's most valuable asset. The health of employees is the key to the company's success and sustainable development. It is Arcadyan's goal to provide all employees with a healthy and comfortable working environment. Arcadyan set up health centers, hired professional nursing staff, on-site physicians and special medical institutions, and worked hard in the three directions of "health education", "health promotion" and "health management" to ensure the health of each employee.

Care Category	Care Content
Health Education	● New recruit health training ● First aid training ● Health and epidemic prevention
Health Promotion	● Comfortable nursing room. ● Pap smear ● Special health lecture. ● Visually impaired massage ● Colorectal cancer screening. ● Weight loss activity ● Breast ultrasound examination ● Aerobic exercise
Health Management	● New recruit health examination ● Health examination abnormality management / tracking ● On job employee health examination ● Serving meal staff health examination

Maternity Protection

Arcadyan set up dedicated nursing room and provide related equipment and consumables, such as bottle sterilizer, refrigerator, locker and comfortable breastfeeding chair, so that has a safe and comfortable nursing environment.

Health Examination

Arcadyan holds on-site health examination every year, and health check items and frequency are better than regulatory requirements. According to health examination result and "Health Grading Management", on-site doctor selects the employees who need care and tracking. for the. And arranged for D and E-level employees in annual health checkup list, so that employees have the best Healthy body. In addition to taking care of employees with more serious health classifications, Arcadyan also based on the "Prevention of Health Disorders Resulting from Abnormal Workload ", "Maternal Health Protection Plan", "Human Harm Prevention Plan" and " Prevention of Illegal Infringement when Performing Duties". The four major guidelines for labor health protection, including the prevention of violations, set relevant management standards to create a friendly workplace and reduce the risk of occupational hazards.

The CNC China Production Center conducts regular health checks for employees with special duties (PCB side cutting, soldering operations, chemical management, etc.) to avoid the risk of occupational injuries in the working environment.

Health Management Classification

Level	Manage Content
A	No abnormalities, regular health check and follow-up every year.
B	Minor abnormalities, independent health management by colleagues, regular follow-up physical examination every year.
C	If the result of the health check is abnormal, the follow-up of the re-examination must be completed within 6 months, and the doctor or nurse practitioner will evaluate and suggest to reduce the risk of disease.
D	The result of the health check is obviously abnormal, and it needs to be rechecked in the relevant department within one month and listed as a personal management for continuous tracking.
E	The results of the health examination are severely abnormal, and are listed as individual management objects, and need to go to the medical institution for reexamination and follow-up treatment.
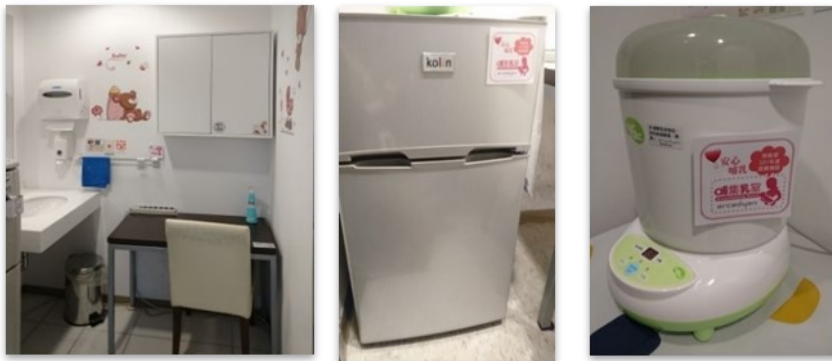
Occupational Accident

A healthy body and mind is the most important asset. Arcadyan hopes that all employees can work in a safe and health environment. Arcadyan complies with environmental, safety and health regulations and management systems, implements it in all workplaces, and establishes a safety management system, regularly organizes disaster prevention and fire drills, advocates environmental safety training, and provides a leisure place for employees to relax after work, so as to enhance employees' physical and mental satisfaction, reduce work-related accidents, absenteeism and other risks, so that employees can work and live healthy with peace of mind.

Arcadyan aims to achieve a zero-injury work environment, and hopes to minimize the risk of occupational accidents. In 2020, there was no major work-related accidents at Arcadyan headquarters, CNC China production center and AVC Vietnam production center. Absence from work is mainly due to sick leave and personal leave. In addition to complying with the Occupational Safety and Health Act, Arcadyan conducts many exercises. Through education and training, employees continue to practice repeatedly to increase their proficiency so that they can quickly respond and deal with accidents and minimize the harm.

Occupational Disaster Work Injury Data

Item	Arcadyan Headquarters		CNC China Production Center		AVC Vietnam Production Center	
	Male	Female	Male	Female	Male	Female
Disabling Injury Frequency Rate（FR）[1]	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Disabling Injury Severity Rate（SR）[2]	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Disabling injury Index [3]	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Occupational Disease Rate（ODR）[4]	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Loss day Rate（LDR）[5]	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Absence Rate（AR）[6]	1.22%	1.53%	2.46%	2.82%	3.13%	3.65%
Death Due to Official Duties	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Calculation Equation:

1. Disabling Injury Frequency Rate = Number of employees with disability injuries *1,000,000/ Total number of working hours

2. Disabling Injury Severity Rate = Days of employees with disability injuries *1,000,000/ Total number of working hours

3. Disabling injury Index = Disabling Injury Frequency Rate * Disabling Injury Severity Rate /1,000

4. Occupational Disease Rate = (Total number of employees with occupational diseases / Total number of working hours) *200,000

5. Loss Day Rate = (Number of loss days due to disability injuries/ Total number of working hours)*200,000

6. Absentee Rate = Number of absent days of employees / Total number of calendar working days*100%

7. On number of Deaths Due to Official Duties: Excluding commute traffic accidents

2020 Arcadyan Health Promotion Activities

Pap Smear Test

Anti-epidemic (mask) Supplies

Weight Loss Activity

Visually Impaired Massage

Office Yoga

Society Care and Public Welfare Participation

Cooperation with Hsu Chauing Social Welfare & Charity Foundation

Arcadyan have been cooperating with Hsu Chauing Social Welfare & Charity Foundation for 7 years. Hsu Chauing Social Welfare & Charity Foundation was founded in 1989, the main purpose is to carry forward the Compal Group chairman Mr. Hsu Chauing's concept of caring for the disadvantaged and helping others with kindness, and hopes to have a clearer plan and direction to give back to the society. Arcadyan upholds the chairman's service philosophy of "Take From society and Give Back To Society", and is committed to practicing various welfare and services, and supporting the foundation's various charity activities.

In recent years, Arcadyan employees have participated in various charity activities organized by Hsu Chauing Foundation, such as Children's Day Dream Come Realization and Soaring Activity, year-end employee donations projects. It is the 5th year that Arcadyan participated in the long-term support of the "Dream Realization and Soaring Project" in 2020, this project is funded by employee from Compal Group to children from economically disadvantaged countries with development potential. It is hoped that through the care and encouragement every month, care about the growth of children, so that this group of students will have the motivation to study hard, improve their abilities, and achieve the goal of out poverty. At the beginning, 32 employees joined in 2016, and by 2020, a total of 58 employees donated to help 70 students in the project.

In September 2020, Arcadyan, Hsu Chauing Foundation and Shakeng Elementary School in Hengshan township, Hsinchu County jointly organized the "One Sand One World-Hsu Chauing Foundation Art Photography Achievement Exhibition". The three-week exhibition allowed employees to appreciate the children's works and stories, observe the beauty around life through the children's delicate perspective, and see the beautiful environment of Hengshan township.

One Sand One World- Hsu Chauing Foundation Art Photography Achievement Published

2020 Social Participation in Public Welfare Activities Project

Arcadyan established "Corporate Social Responsibility Committee" to cooperate with social welfare groups to promote various social welfare activities. The committee draws up relevant plans every year and holds various lectures and experience activities to assist colleagues in implementing corporate social responsibility in their daily lives. Whether community participation, social contribution, social service, social welfare, consumer rights or other social responsibility activities, Arcadyan proactively responds to a number of public welfare activities every year, through the planning and execution of "Corporate Social Responsibility Committee", participate in activities to give back to the society and fulfill corporate social responsibilities.

Name	Detail Activity	
Long-term Concern	Through long-term attention and input, Arcadyan hopes to provide stable support to public welfare organizations and to exert greater effects on the promotion of social welfare. Since 2010, Arcadyan has been a long-term donation of social welfare organizations including Huashan Social Welfare Foundation, Taiwan Fund for Children and Families, Ai-Heng Training Center for Mental Retardation, Eden Social Welfare Foundation, Spinal Cord Injury Foundation, World Peace Council, Huaguang Intelligent Development Center and other groups.	
A loving, Double Charity	In order to make Arcadyan and employees' donations make greater benefits, Arcadyan promotes a loving, dual charity that both Public Interest Groups can get help.	● Purchase the *Children Are Us Foundation* and SAINT JOSEPH SOCIAL WELFARE FOUNDATION cake gift box and transfer to the disadvantaged children in the hometown. ● Donate charity clubs to flea market activities, and transfer income to charity groups. ● Purchase rice from remote tribes and transfer it to *Huaguang Intelligent Development Center*. ● Provide summer short-term job for children of the *Taiwan Fund for Children and Families (TFCF).*
Move Your Fingers to Do Charity	E-commerce is not only a business act, but also the spirit and effect of public welfare. Arcadyan often achieves the goal of social care and public welfare through group purchases of employees.	● 193 people subscribed to *Children Are Us Foundation* Festival cake to send love to the rural area. ● 78 people subscribed to World Peace Moon cake to send love to the rural area. ● 56 people participated in Kuen Tai Cultural and Educational Foundation Dream Realization Project ● 18 people participated in the group purchase of handmade soaps by public welfare organizations. ● 30 people participated in the Mid-Autumn Festival gift box group purchase from Huashan Foundation and remote tribes ● 125 people participated in the group purchase of World Peace Council products
From Zero to Charity	Since the promotion of the "from zero to charity" public welfare donation program in 2015, colleagues can easily do public welfare by keeping a small amount of money to increase the willingness to participate in charitable donations.	● From zero to one: From nothing to something, let colleagues have channels to participate in charity donations. ● Accumulate less and make more: Use small money for charity, so that colleagues have a way to participate in charity donations. ● Lump sum payment: from small change to whole number, making it easier for colleagues to participate in charity donations.
		● 32 people participated in the 11th Dream Realization and Soaring Project of *Hsu Chauing Social Welfare & Charity Foundation*. ● Donated cash vouchers to the Hsu Chauing Foundation, Children Are Us Foundation, and Hsinchu Public Welfare Group ● 95 people participated in the SAINT JOSEPH SOCIAL WELFARE FOUNDATION's year-end donations and donated resources such as home care services for the disabled, rehabilitation aids and teaching equipment. ● 91 people participated in the World Peace Conference's year-end donations to give disadvantaged children winter vacation meals and food boxes. ● 106 people participated in the Andrew Charity Association's year-end donations, giving food boxes, emergency relief and disaster assistance to disadvantaged families.

2020 Annual results

● Total Arcadyan company donations NT$1,259,667 & Total employee donations NT$1,032,712 (Total NT$2,292,379)

● 833 people participated in charitable event & 2,315 persons receive the donation

Taiping Elementary School	After school care plan subsidy: after-school care plan Sponsor the cost of sports course equipment
Nanhe Elementary School	After-school care plan
Huashan Social Welfare Foundation	New Year's dishes donation, Dragon Boat Festival Gift Box, and Moon Festival gift boxes
Visually impaired institution	Hold a visually impaired massage activities
Children Are Us Foundation	Order Mother's Day and Moon Festival cakes and make a present of vulnerable children. Workplace Observation Program of persons with disabilities ID(Intelligent Disable) Life Aesthetics Project/ Fundraising Ukulele Course Funds
World Peace Council	Poor Children's Dream Realization Project and Cultural Activities/ Happy New Year plan for the hungry children/ Group purchase Regularly purchase rice from the kitchen of the ministry of indigenous peoples and donate it to disadvantaged families of the World Peace Council
Hsinchu Life Education Care Association	Sponsored summer camps series of activities Sponsor the material fees for life aesthetics courses; Donate cash coupons
Eden Social Welfare Foundation	Slow flying angel (Slow Children) support project
World Vision Foundation	Domestic child support/ Student assistance activities/ Summer work
Hsu Chauing Social Welfare Foundation	Dream Realization and Soaring Project, One Sand One World- Hsu Chauing Foundation Art Photography Achievement Published
Taiwan People's Food Bank Association	Donate offering of resume business and Hungry Ghost Festival worship
Ai-Heng Training Center for Mental Retardation	Public welfare second-hand market/ Sponsor the fundraising dinner
Hsinchu Fund for Children and Families	Warm winter garden party / Donating summer training courses for disadvantaged children/ Sponsoring high school career planning/ College students working in Arcadyan during summer vacation
Spinal Cord Injury Foundation	Medical interviewer training program
Republic of China Resource Interconnection Association	Sponsor Loving Family Puzzle Charity Activities/ Parent-child Concert Activities for Disadvantaged Families
Science Park Huizhu Growth Society	Sponsor the public market activities and donate the money directly to Atayal Academy
Huaguang Intelligent Development Center	Purchase rice from remote tribes and make a present of Huaguang Intelligent Development Center
Kuen Tai Cultural and Educational Foundation	Donated tablets as a gift for the graduation of Chiayi's rural elementary school
Andrew Charity Association	Food bank project- Donate to disadvantaged children plan
Taiwan Yixin Baby Community Association	Sponsored dinner expenses for after-school tutoring students in rural areas

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Assurance Statement

On

ARCADYAN TECHNOLOGY CORP. Social Responsibility Report of 2020

AFNOR GROUP was established in 1926. We are the National Standardization Body of France, a permanent council member in ISO and one of the leading certification bodies in the world. This verification work was carried out by AFNOR ASIA LTD., a subsidiary of AFNOR GROUP. All the members of the verification team have professional backgrounds and have accepted AA1000 AS, AFAQ 26000, ISO 9001, ISO 14001, ISO 14064, ISO 45001, ISO 50001, and other sustainability-related international standard trainings. All assigned verifiers have been approved as the lead auditors or verifiers. AFNOR Group hereby provides a summary of ARCADYAN TECHNOLOGY Social Responsibility Report of 2020 (hereinafter referred to as "the Report") but was not involved in any way in its preparation.

AFNOR Group and ARCADYAN TECHNOLOGY CORP. (hereinafter referred to as "ARCADYAN TECHNOLOGY") are independent entities. AFNOR ASIA LTD., was commissioned by ARCADYAN TECHNOLOGYSCIENTIFIC to conduct the assessment and assure the Corporate Social Responsibility Report of 2020 was in accordance with AA1000 Assurance Standard (v3) and the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards).

SCOPE

The corporate social responsibility report announced by ARCADYAN TECHNOLOGY CORP. covers the social, environmental and economic performance and activities of the head office and its subsidiaries, including the Taiwan headquarters, the production center in China, and the production center in Vietnam. AFNOR Asia is responsible for:

1. Evaluating the accordance of the Report with the Type 1 of AA1000 Assurance Standard (v3) based on the AA1000 Accountability Principles (2018). The reliability verification of the revealed sustainability performance information and data was not included. The verification scopes include sustainability issues, response mechanism, performance information, management systems of information, and the processes of materiality evaluation and stakeholder participation.
2. Evaluating the appropriate option of the Report and its disclosure of materiality topics by GRI Standards.

REFERENCES

- AA1000 Accountability Principles (2018) and AA1000 Assurance Standard (v3).
- GRI Standards (2016&2018).

METHODOLOGY

- The inclusivity, materiality, responsiveness, and impact in the Report were assessed according to the principles of management process against AA1000 Assurance Standard (v3).
- The contents and the level of disclosure of the Report were in accordance with GRI Standards core option and review the report's general standard disclosure requirements and specific subject disclosures (including management policies and projects) that meet the Standards.
- The mechanism of communication and response to the interest of stakeholders was verified through discussion and interview with the management team, however, the assessment team did not make any direct contact with external stakeholders.
- The qualitative and quantitative information produced, collected, and disclosed by the Report was reviewed through a validated sampling plan.
- All of documents, data and information that are related to the preparation of the Report has been reviewed and verified by the assessment team via discussions with responsible individuals in ARCADYAN TECHNOLOGY.

- A total of 11 employees, representatives from different departments and different management levels having participated in the sustainability management and preparation of the Report were respectively interviewed.
- The findings of internal audits and the effectiveness of CSR policy have been reviewed.
- All the supporting material and evidence which were used for the preparation of the Report were reviewed for adequacy and integrity.

CONCLUSION

◆ AA1000 Accountability Principles and AA1000 Assurance Standard

Inclusivity

ARCADYAN TECHNOLOGY continues to implement an extensive stakeholder engagement program aimed at identifying and understanding stakeholders' interests and informational needs, which broadly includes issues from all parties. The impartial report sets out the economic, social, and environmental message adequately to support planning and achieving targets. Future reports could be improved by the following recommendations:

- It is recommended to establish a systematic identification mechanism for stakeholder. Such as third-party agencies, local communities…, etc. can be considered to ensure that stakeholders fully and objectively participate in and formulate strategies, plans, actions and performance, and respond to stakeholder issues and the impact on stakeholders in the future.

Materiality

ARCADYAN TECHNOLOGY has made their sustainability management information public available to enable the stakeholders to assess the management and performance of the company. ARCADYAN TECHNOLOGY also develops and implements a decision-making mechanism to consider all critical issues from different stakeholders. Future reports could be improved by the following recommendations :

- Should fully understand the sustainability background and important issues related to organization itself, and be able to balance and soundly understand why these matters are important.

Responsiveness

ARCADYAN TECHNOLOGY has developed and implemented the responding mechanism for stakeholders' interests to clearly declare the ethical policies and to communicate with interested parties. ARCADYAN TECHNOLOGY has responded the ethical expectations and opinions from the stakeholders. Future reports could be improved by the following recommendations:

- Respond to materiality issues in a comprehensive and balanced manner.

Impact

ARCADYAN TECHNOLOGY has developed and implemented processes to understand, measure, evaluate and manage the impact of the organization and to provide the necessary capabilities and resources. ARCADYAN TECHNOLOGY is also committed to a comprehensive and balanced disclosure of the organization's impact measurement and assessment of stakeholders and themselves. Future reports could be improved by the following recommendations:

- Strengthen the continuous collecting and organizing of Vietnam bases and disclose relevant information of each operation base, strengthen the management policy to disclose the content, and more fully present the sustainability context and related sustainability performance.

◆ Global Reporting Initiative Sustainability Reporting Standards

ARCADYAN TECHNOLOGY has provided a self-declaration which followed the principles of defining report content and quality

arcadyan

Broadband • Multimedia • Wireless

Arcadyan Technology Corporation

www.arcadyan.com

No.8, Sec. 2, Guangfu Rd.,

Hsinchu City 30071, Taiwan, R.O.C.

Tel +886 3 572 7000

Fax +886 3 572 7180