

ACTER CO., LTD  
Corporate Social Responsibility Report



## Sustainable Actions can realize Changes!

The strong work ethic and pursuit for excellence at work are precious assets that Acter has gained over the years by implementing the core spirit of “integrity and modesty” and establishing a paragon of corporate culture. This is the reason that, confronted by rapid pace of technological changes and market volatility, we have the courage to receive new knowledge while holding an open attitude to accept all types of challenged.

Upon the launch of CSR promotional plan in 2013, we have plunged into materiality issues and information disclosure related to corporate governance, corporate commitment, responsible supply chain, green engineering; and continued to meet the goals of business transformation. In the meantime, we also created social values with our core engineering expertise, such as offering air-conditioning and electromechanical repair services to old school buildings; participating in volunteer house building activities for minority families; and launching young talent cultivation and internship programs through industrial-academic cooperation. All of these not only embody Acter’s spirit of humanistic care, but also enable Acter to stay in our position as an engineering expert while creating a better society with the people.

Change does not suddenly come into place. Nevertheless, we will follow the footprints of time and regard ourselves as a “quality space builder” to create a better society and do our best for our homeland, the earth.







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## About this Report

### Principles

Acter Co., Ltd. (hereinafter referred to as “Acter” or “our Company”) has, since 2013, published yearly Corporate Social Responsibility (CSR) Report in both English and Chinese versions to summarize the CSR progress and performance thereof from the economic, environmental and social aspects. You are also welcomed to visit our official website to download the e-version of our CSR report or understand more about Acter’s efforts in and progress of promoting CSR.

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Acter  
CSR Website



Acter  
FB Fanpage

|   |                          |  |
|---|--------------------------|--|
| Time Frame of Information Disclosure                      |                          | Jan 1, 2018 to December 31, 2018   |
| Scope of Collected Information – Inside the Organization  |                          | The scope of the Report’s contents mainly focuses on Acter and affiliate thereof; parts that are related to Acter’s affiliates are marked in this report.  |
| Scope of Collected Information – Outside the Organization |                          | Competent Authority • Customers • Shareholder/Investors • Suppliers • Communities  |
| Data Quality Management                                   |                          | Financial data – KPMG<br>Quality information - ISO 9001 2015<br>Environmental data - ISO 14001 2015<br>Social information - OHSAS 18001 - 2007   |
| GRI LEVEL   |                          | Core items of GRI Standards  |
| Assurance   |                          | ISAE 3000 / Standard 1 of Statement of Assurance Standards of Republic of China  |
| Information Category                                      | Inside the Organization  | Information disclosed in this Report includes Acter’s actions taken for corporate governance, environmental protection and social participation from January 1 of 2018 to December 31 of 2018; and the performance thereof. The scope of the Report’s contents mainly focuses on Acter and affiliates thereof; parts that are related to Acter’s affiliates are marked in this report. Currently, the Company’s subsidiary “Nova Technology Corp.” issues its CSR report respectively. |
|   | Outside the Organization | The scope of disclosure outside the organization includes the competent authority, customers, shareholders/investors, suppliers and communities.   |
| Review  | Internal Review          | The information and data of this report are collected and summarized by each department, examined by department heads, and then submitted to the CSR promotion group for confirmation. After acquired all necessary information and data, each department head shall have them all reviewed again before submitting them to the Chairman for approval.   |
|   | External Review          | The financial data of this report are based on annual financial statements certified by KPMG and are calculated in New Taiwan Dollar (NTD). Relevant environmental management system (ISO 14001), quality management system (ISO 9001), occupational safety and health management system (OHSAS 18001; CNS 15506) are all certified by an impartial third party. All sustainability relevant data in this report has also been certified by PwC Taiwan.                                |

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Fulfilling our responsibilities as a corporate citizen; treating all stakeholders fairly; and sustainably using Earth's resources have always been the missions of Acter. We are devoted not only to creating a "meaningful mission" for our employees and growing with them, but also planting the seeds of social responsibility to branch out into new leaves and flowers through their strength.

When serving the society, there is no difference between monetary and physical supports as sincerity counts the most. Departed from our core business, Acter has not only autonomously participated in social services along the way, but also led the others to care about and be friendly with the society and further create a harmonious environment together.

A sound corporate constitution and sustainable development come from a complete corporate governance system. Upholding a quality corporate culture and business integrity, we have fully and fairly disclosed information; adhered to win-win symbiosis; shared interests with stakeholders; strengthened teamwork; strategically encouraged all team members; and surrendered part of the profits to unite more partners, who share the same philosophy with us, for a better future.

Over the last forty some years, Acter has always been thankful to the efforts of our partners. For a company like Acter who is heading towards its centennial anniversary, it is even more important to have partners whom we can work shoulder-to-shoulder and step-by-step. Let us to open new roads for our partners; build a paragon for industrial and academic circles; generate benefits for stakeholders; strive for sustainability of the earth; and fulfill our CSR objectives!

Chairman

A handwritten signature in black ink, consisting of stylized Chinese characters.

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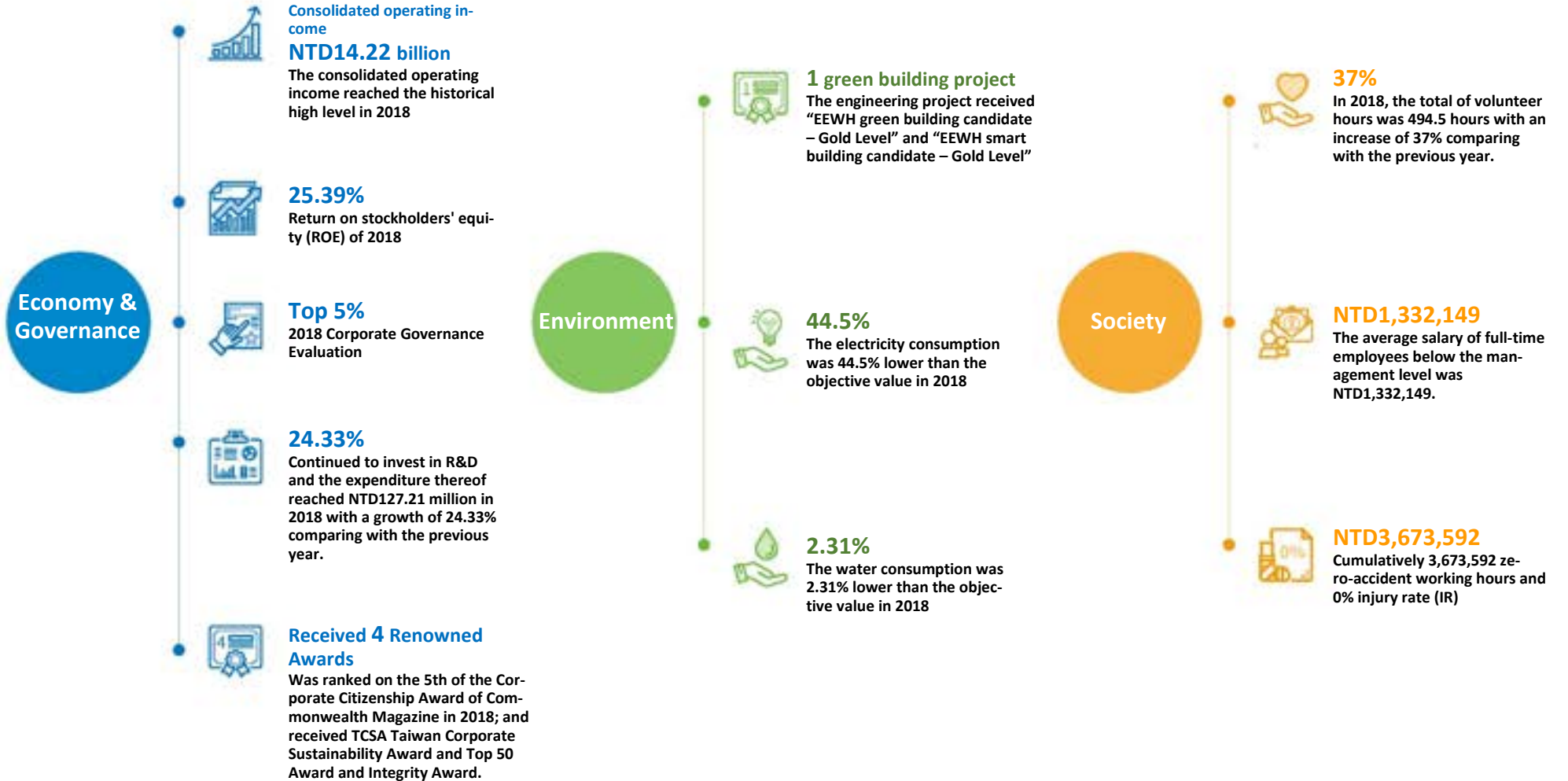
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## ESG Strategy and Prospects

### Environmental Sustainability

Create green economy; provide green engineering services; and develop an economy and environment-friendly solution

### Common Good shared by All Generations

Create a communicative business model; connect local communities, schools, environmental non-governmental organization (NGO) and partners from industrial, academic and government circles to maximize positive social influence.

### Co-creation of Values

Implement corporate governance; integrate internal and external resources; and jointly facilitate the development of industrial chain to enhance the values of the industry.

#### Prospects for Sustainability



#### Environmental Sustainability

#### Long-Term Goals

Provide green engineering capabilities; reduce risks brought by climate changes; and create new opportunities.

#### Strategy Direction

##### Green Engineering

Provide customers low-carbon and energy-saving solutions  
Set low-carbon environment and management policies; and internalize them into the corporate culture, technical innovations and R&D. Identify new business opportunities derived from climate change.

##### Green Procurement Green Procurement

#### Management Index

- Strategic partnership
- Green engineering services
- Resource recycling and utilization
- Energy management



#### Common Good shared by All Generations

Establish a new business model and proactively create social values.

##### Constructing a Friendly Workplace

Emphasize on personnel development and management.  
Build a safe, healthy and friendly workplace. Establish multiple unimpeded communication channels.

##### Constructing a Sharing Business Model

Focus on the target group of social assistance and create new business opportunities with partners.  
Invest social resources and bring the corporate influence into play.

- Build corporate citizen awareness and enhance charity participation rate.
- Technical innovations and trainings for employee development.
- Disabling injury frequency rate
- Emphasize on human rights policy.
- Educational trainings & Employee satisfaction level
- Employee complaint management



#### Co-creation of Values

Continuously enhance Acter's business values; strengthen the corporate structure; facilitate social development and growth of value chain to create and share the values together.

##### Implementing Corporate Governance

Bring the functions of board of directors into play; implement risk management; establish a transparent and integrity-based management system.

##### Becoming Customers' Reliable Partner

Provide quality services; emphasize on customer satisfaction level; set a rigorous information security management mechanism.

##### Constructing a Sustainable Supply Chain

Enhance the depth and extent of supply chain management; enhance the transparency of supply chain; effectively reduce risks.

- Board of Directors Performance Evaluation
- Corporate Governance Evaluation
- Effectiveness of functional committees
- Business integrity system
- Risk governance and management
- Customer satisfaction level survey
- Supplier Sustainability Evaluation
- Supports to suppliers
- Supplier management and audit
- Local procurement management

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## Company Profile

Established in 1979, Acter Group Corporation Limited has been devoted to becoming a “quality space builder”. Today, after unceasing transformation and self-improvement, Acter has become an engineering team whom customers trust. Apart from our service locations in Taiwan, mainland China and South-East Asia, Acter still continues to connect to the world. In 2018, Acter Group’s consolidated operating income reached NTD14.22 billion and the unitary income thereof was about NTD4.23 billion, which have both broken the all-time record. In the meantime, in response to global climate change and future industrial trends, Acter will gradually adjust and expand our environmental and energy-saving engineering services; develop resource regeneration technology and energy management system. It is our plan not only to upgrade the industries and create differential values with designs, but also to proactively CSR to unleash our strength as a corporate citizen and to head towards our goal of promoting global sustainability.

### Acter’s Prospects and Missions

Having our values created based on “integration, expansion and innovations”, we provide quality services to meet customers’ requirements and to create a professional and reliable brand image to reach our goals of having a sustainable development. Apart from focusing on our core business, we will also pursue sustainable development in the future and continuously enhance our abilities. This will help us to, in an industrial environment that can instantly change, grasp first opportunities and head towards sustainability.

#### Business Philosophy

Integrity • Expertise  
Internationalism •  
Sustainability

#### Enterprise Missions

Provide quality  
services  
Satisfy customers’  
needs

#### Future Prospects

A quality space  
builder

#### Corporate Culture

Integrity and  
modesty



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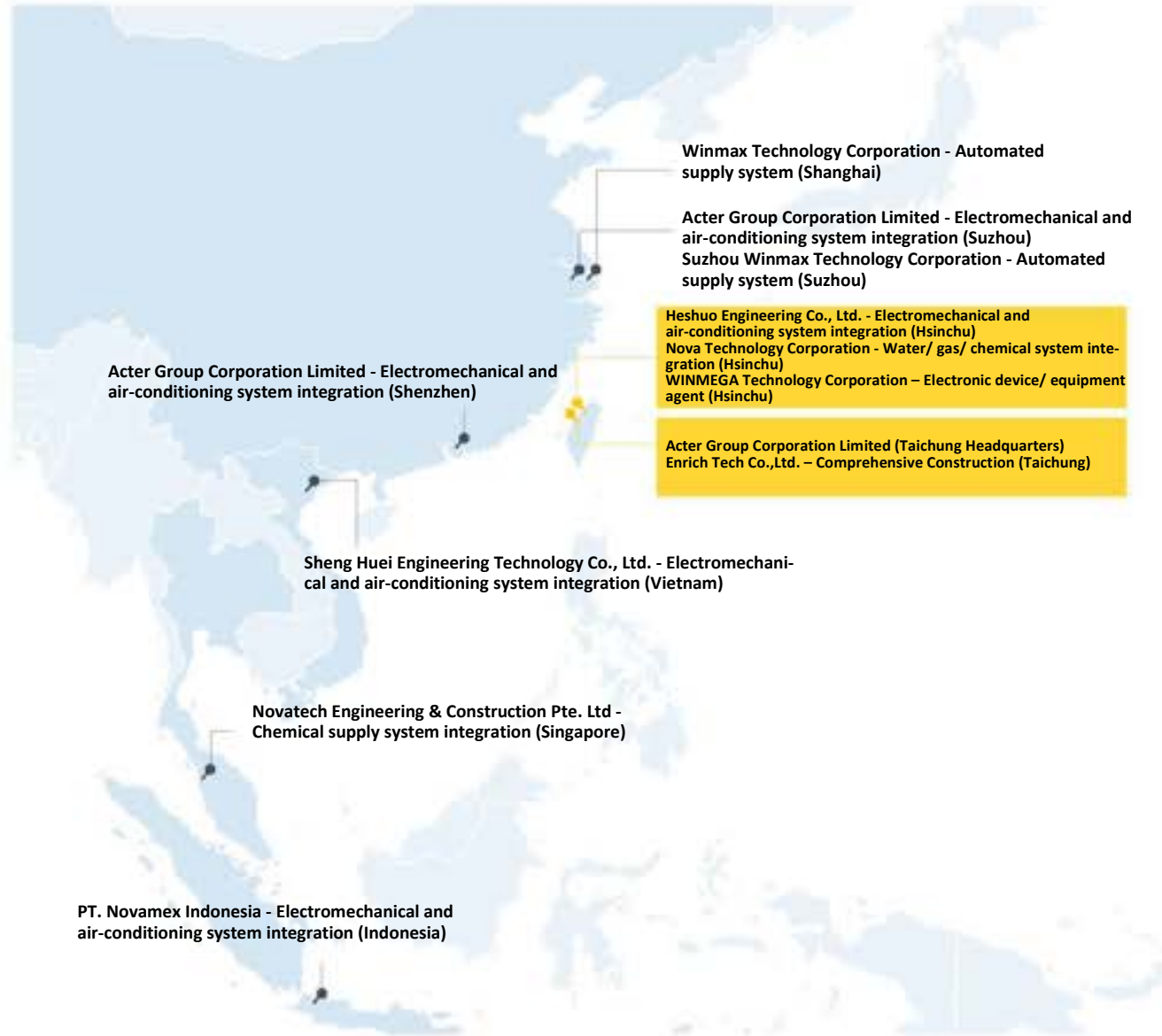
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## Distribution of Operations



5

**Taiwan**  
**5 operation sites**  
 distributed in Taichung and Hsinchu

8

**Greater China**  
**8 operation sites**  
 distributed in Suzhou, Shenzhen, Shanghai, Beijing and Xiamen.

6

**South-East Asia**  
**6 operation sites**  
 distributed in Singapore, Vietnam, Indonesia and Malaysia.

### About Acter

Date of Establishment: 1979  
 Headquarters: Taichung City, Taiwan  
 No. of Affiliates: 19 (4 domestic affiliates and 15 affiliates in overseas; Acter is excluded therefrom).  
 No. of Employees in 2018: 1,070 people  
 Consolidated operating income of 2018: NTD14.22 billion  
 Consolidated net income of 2018: NTD1.27 billion

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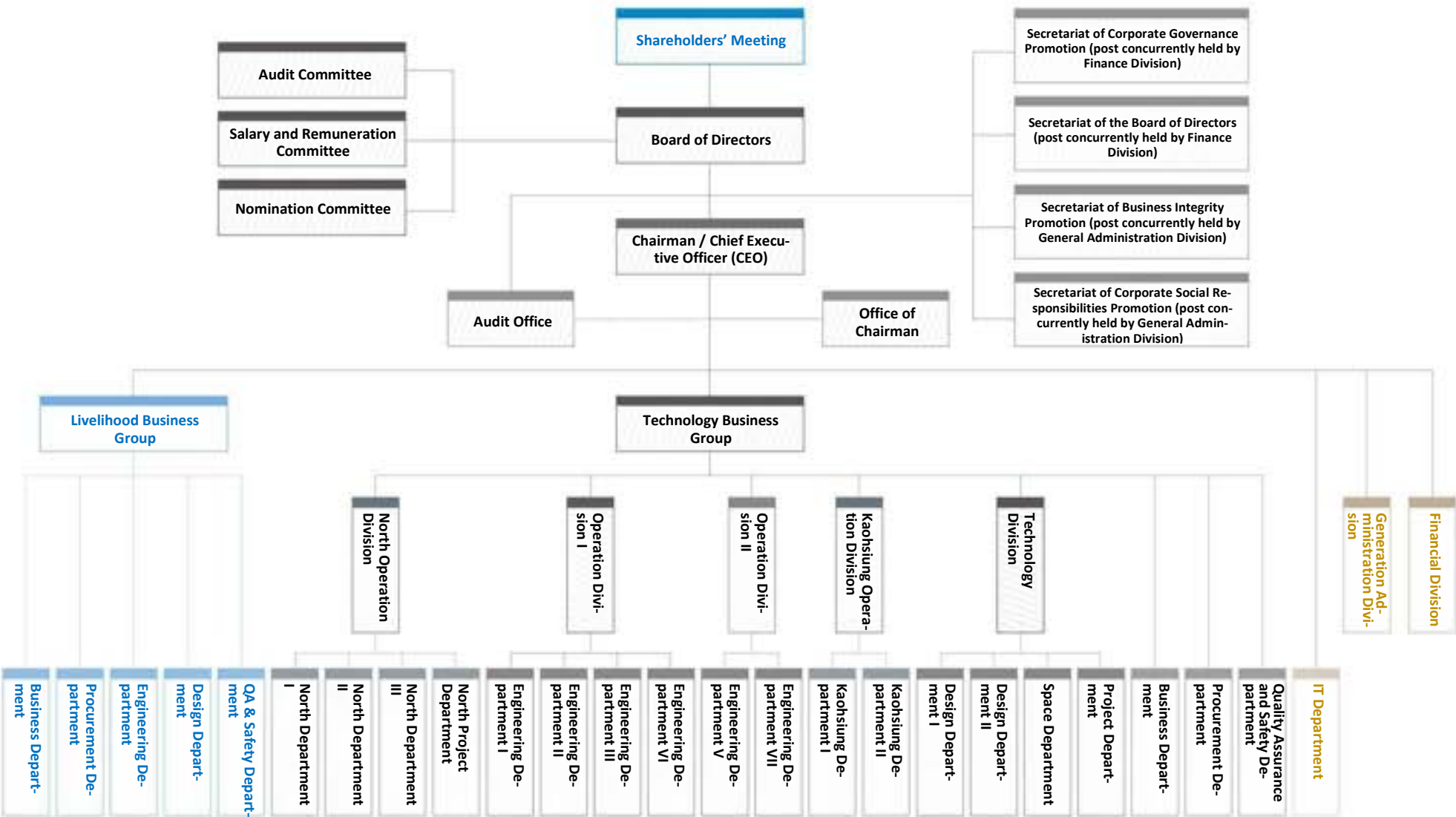
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# Organizational Chart

Organizational Chart of Acter Group Corporation Limited



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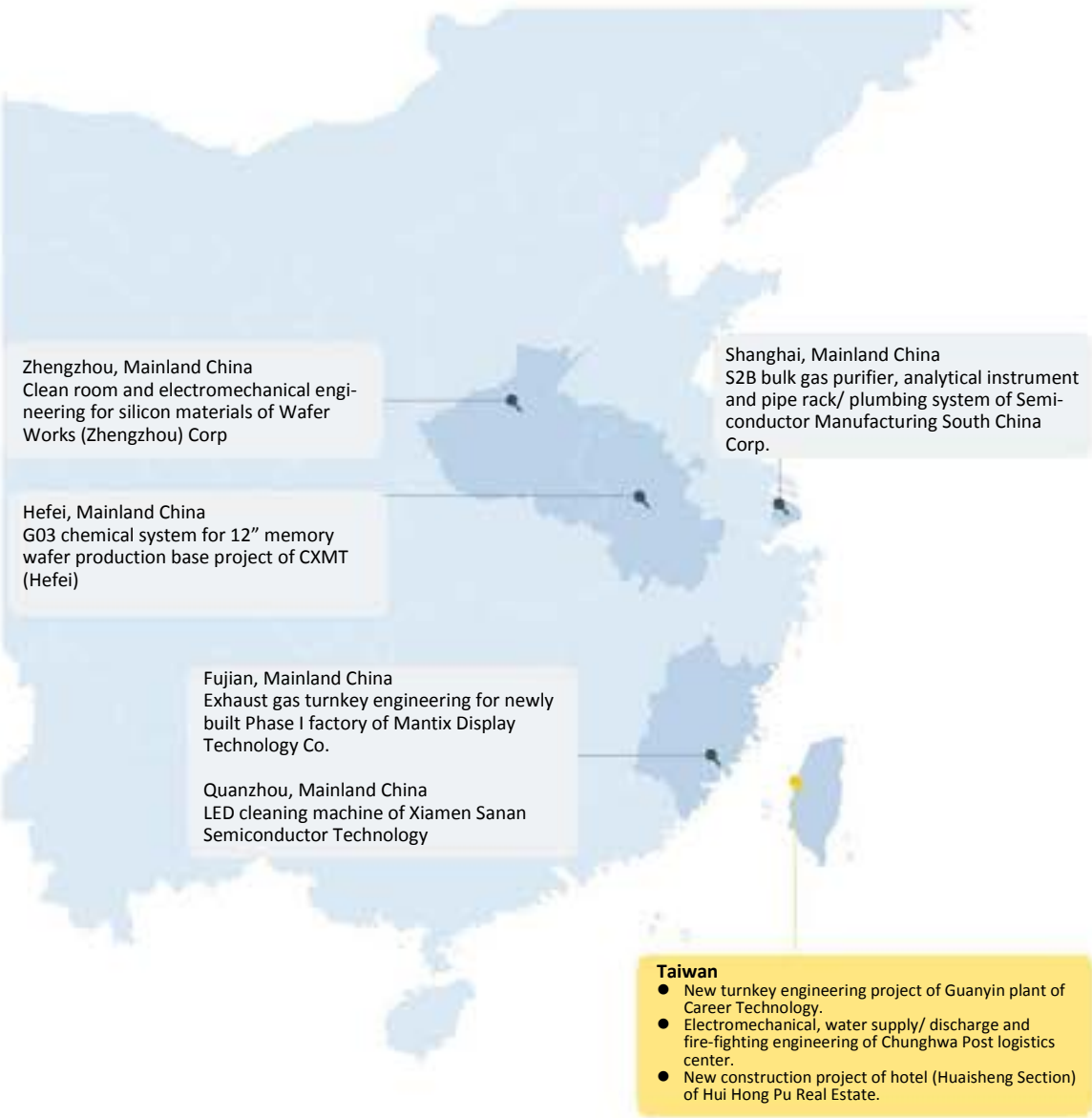
Acter provides professional engineering turnkey services from communicating with customers in regard to their factory building demand; doing a comprehensive design and planning; ensuring precision in procurement; and assuring construction quality. With a high degree of professionalism, we strictly monitor and control each process to ensure that customers’ requirements are met and projects are completed timely. The scope of Acter’s main business and applications thereof are rather diverse, including high-tech production/ clean room integration engineering; electromechanical and air-conditioning system integration engineering; chemical system integration engineering; environmental integration engineering and so on. With our multi-industrial and multi-disciplinary expertise, we have managed to not only enhance our horizontal integration ability to flexibly respond to new market demands, but also, oriented to the objective of becoming a “quality space builder”, stride forward becoming a professional and reliable enterprise with reliable engineering services.

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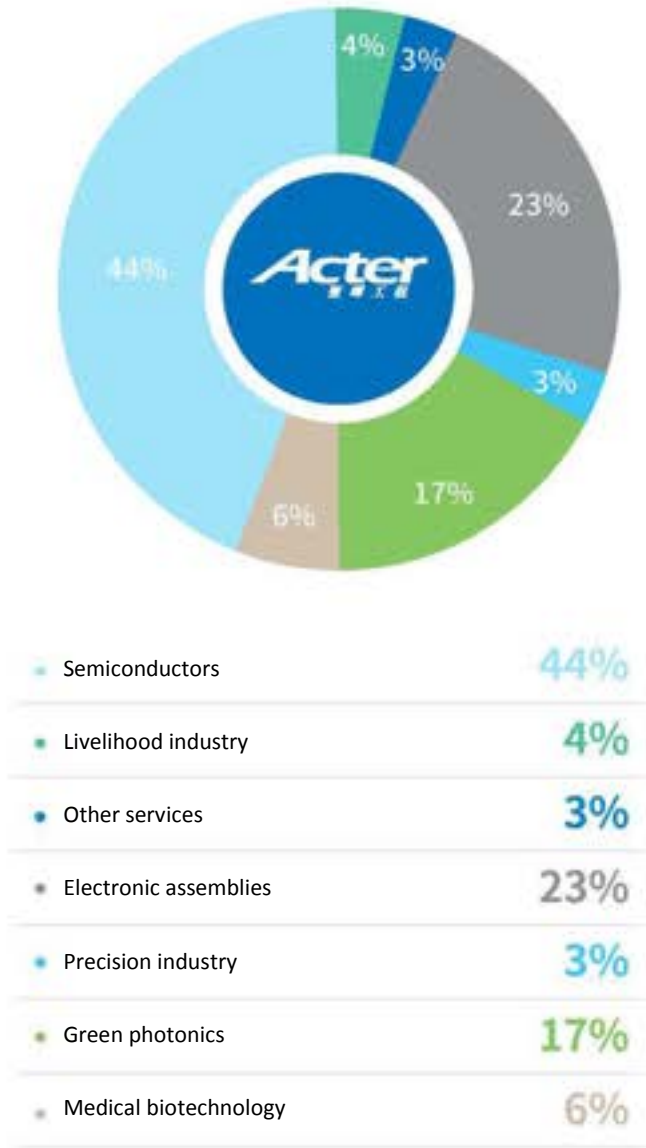
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| High-tech production/ clean room integration engineering   | Electromechanical and air-conditioning system integration engineering  | Chemical system integration engineering   | Environmental integration engineering   |
|--|--|---|---|
| <ul style="list-style-type: none"> <li>Clean room engineering</li> <li>Biomedical engineering</li> <li>Clean Constant temperature and humidity engineering</li> <li>Green energy saving engineering</li> <li>Central monitoring and control system</li> <li>On-site operational services</li> <li>Maintenance engineering</li> </ul> | <ul style="list-style-type: none"> <li>Electromechanical fire-fighting system engineering</li> <li>Air-conditioning ventilation system engineering</li> <li>Production system engineering</li> <li>Utility hook up system engineering</li> <li>Ice-storage system engineering</li> </ul> | <ul style="list-style-type: none"> <li>Chemical supply system</li> <li>Gas supply system</li> <li>Chemical mechanical polishing (CMP) supply system</li> <li>Water, gas and chemical system integration</li> <li>Heating control system</li> <li>Valve manifold box/ panel (VMB/P); waste solvent recycling facilities</li> </ul> | <ul style="list-style-type: none"> <li>Pure water system</li> <li>Waste water processing system</li> <li>Waste liquid recycling system</li> <li>Acid-alkali exhaust system</li> <li>Waste water regeneration, circulation, recycling and reuse</li> </ul> |
|    |   |    |    |

Representative Engineering Performance of 2018



2018 Service Revenue by Industry Share



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## Operational Development Strategy

Challenged by changes of the overall economic environment, all professional techniques and services provided by Acter are related to the industrial development. Depending on the increase or decrease of customers' expansion, consumption or investment demand, Acter shall make careful decisions to prudently and proactively strive for all possibilities.

Following the rapid change of global market, we have integrated our core advantages of "multi-disciplinary, multi-industrial and multi-talent expertise" to continuously control the growth momentum of global industry; to provide customers even more efficient and energy-saving solutions; and to focus on our techniques and construction methods to bring the synergistic effect into play and stride forward to an even smarter and more eco-friendly future.

### Operations Strategy



**Continue to develop existing customers and to provide quality services thereto.**



**Continue to track engineering projects of domestic/foreign investments and other demands.**



**Proactively expand the scope and deployment of overseas business activities, such as activities taken in Myanmar, Vietnam, Indonesia and so on.**



**Carefully select local partners to minimize operating risks.**



**Proactively promote the modularization of large-size equipment to reduce operating costs.**



**Enhance employees' language ability and transnational operations management capabilities**





## Sustainable Management

- CSR Promotion Committee and History
- Communication with Stakeholders and Analysis of Materiality Issues
- United Nation's Sustainable Development Goals (SDGs)

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“Environmental sustainability; seeking the common good generation after generation; and co-creating values” are Acter’s prospects of corporate social responsibility. It is desire to establish a model of sustainability with our experiences and to bring a positive power to the society.

Upon the promulgation of our “Rules Governing CSR Practice”, we have proactively perfected corporate governance; continuously negotiated with stakeholders; promoted sustainable development at all levels; and supported all departments’ sustainable decision-making process. We have also, by setting corporate business objectives, tracking implementation performance and preparing for CSR report, checked and reviewed our implementation performance of all segments to continuously enhance the effectiveness of our sustainable governance ; and head towards the goals of creating sustainable cities on earth and glory in all generations!



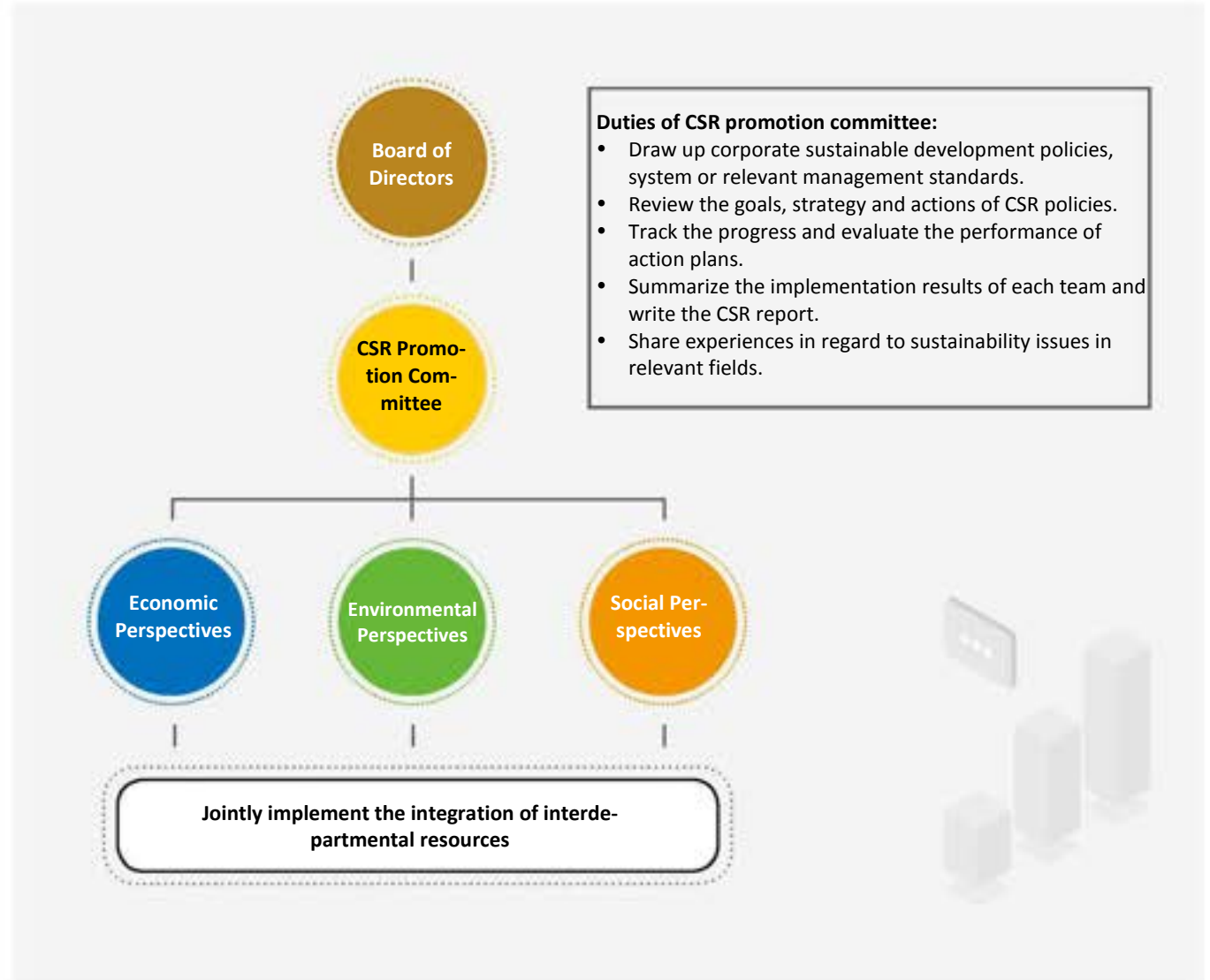
Acter’s CSR Rules Governing CSR Practice



## CSR Promotion Committee and History

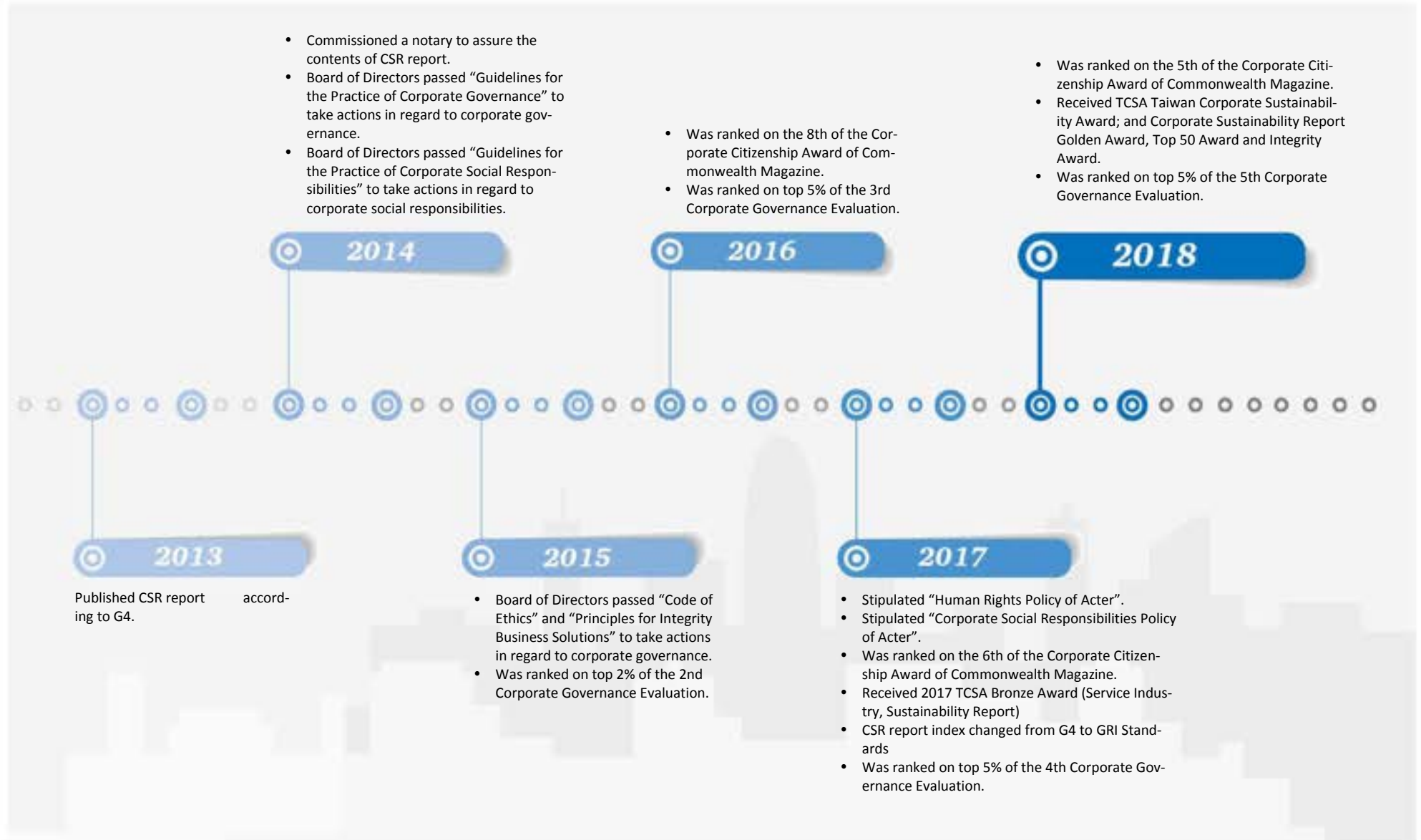
To realize our prospects of sustainable development and fulfill our commitment thereto, Acter's chairperson, who is the ultimate decision-maker, and General Administration Division, whom is appointed to take the position of CSR promotion committee, are in charge of making CSR decisions as well as implementing and promoting the system thereof. Apart from our efforts to understand stakeholders' demand and identify risks and opportunities accompanied with CSR issues, Acter also reports our performance of the year at the Q4 Board of Directors' meeting.

Below CSR promotion committee, there are three teams responsible for relevant affairs related to economy, society and environment. The team members, which are from General Administration Division, Finance Division, Technology Division, procurement departments, Quality Assurance, IT Department, Audit Office and relevant engineering and business departments, jointly conduct CSR affairs and hold regular meetings to discuss annual budget, draw up plans and evaluate performance thereof. With feedback from key partners and stakeholders, the Committee also timely and continuously adjusts its goals and directions of sustainable development. Furthermore, sustainable development elements are also included in important decisions of the organization in order to enhance Acter's business operations; fulfill our corporate social responsibilities; and facilitate the progress of the society, economy and environment. The 2018 CSR implementation results have been reported to the Board of Directors on November 9, 2018 and been disclosed on the Company's website.





## History of Promoting CSR



## Communication with Stakeholders and Analysis of Materiality Issues

Acter has complied with the global standards for sustainability reporting “GRI Standards” and “AA 1000 SES” to continuously optimize and systematize materiality analysis models; and identify and analyze materiality issues in accordance therewith. Relevant results are used not only as an important index for drawing up Acter’s short-, mid- and long-term sustainable development strategy, but also as the basis for disclosing materiality issues in CSR report.

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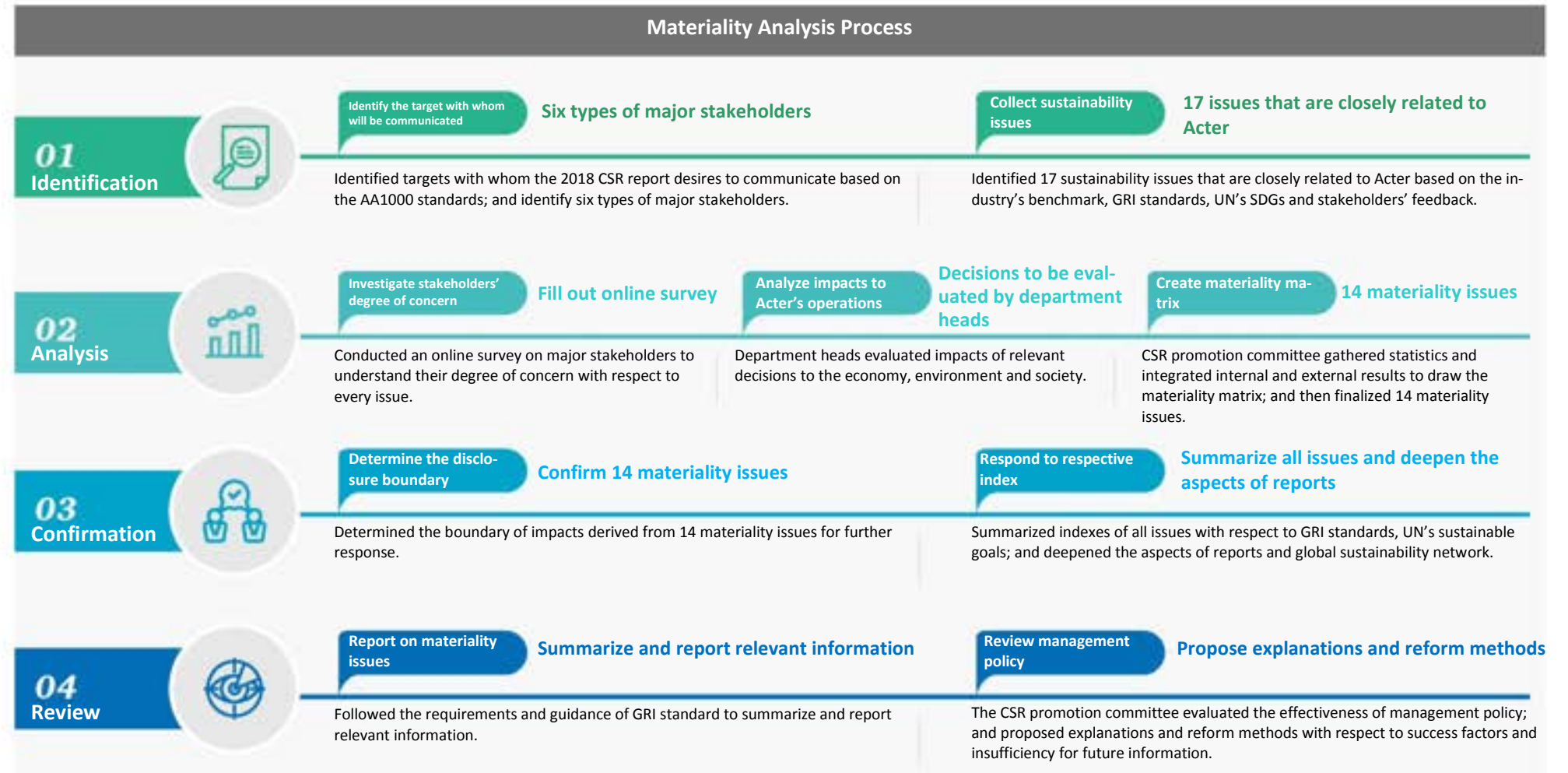
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# Communication with and Identification of Stakeholders

Acter has continuously listened to stakeholders’ feedback through diverse channels and mechanisms; and adopted the five major principles of AA1000 SES-2015 (dependency, responsibility, tension, influence and diverse perspectives) to identify six major categories of stakeholders, including employees, shareholders/ investors, customers, suppliers and government/ competent authority. Relevant communication mechanism and implementation results are as follows:

| Stakeholders   | Issues of Concerns  | Communication Mechanisms   | Communication Frequency | 2018 Implementation Results   |
|--|---|--|-------------------------|---|
| <br>Employees                 | <ul style="list-style-type: none"> <li>• Employments</li> <li>• Occupational health and safety</li> <li>• Education in occupational career development and trainings</li> <li>• Employees’ welfare and salary</li> <li>• Employee diversification and equal opportunities</li> <li>• Maintenance of human rights</li> </ul> | Labor-management coordination meeting  | Quarterly               | Held 4 labor-management coordination meetings   |
|  |   | Occupational safety and health committee   | Quarterly               | Held 4 occupational safety and health committee meetings.   |
|  |   | Staff welfare committee  | Quarterly               | Held 4 staff welfare committee meetings.  |
|  |   | Management and plenary meeting   | At least each quarter   | Held 17 management and plenary meetings, totally participated by 489 people.  |
|  |   | Dedicated telephone line and email address   | At any time             | Received 0 complaint.   |
|  |   | The section of “Announcement” on Acter’s official website                                      | At any time             | 31 important messages were announced in the section dedicated to employees on Acter’s corporate website.  |
|  |   | Employee satisfaction survey   | Yearly                  | An online survey was carried out anonymously: 90.4% of employees are happy with their current conditions. A report was issued in December 2018 for further improvement.   |
| <br>Shareholders/ Investors | <ul style="list-style-type: none"> <li>• Corporate governance</li> <li>• Ethics and integrity</li> <li>• Risk management</li> <li>• Operational and financial performance</li> <li>• Legal compliance</li> <li>• Anti-corruption</li> </ul>   | Shareholders’ meeting  | Yearly                  | Proactively reported the company’s up-to-date business and financial status to shareholders/ investors through the corporate/investment briefing session and Market Observation Post System; and made relevant announcement on Acter’s official website. Held 2 legal person briefing sessions in 2018. |
|  |   | Corporate briefing session   | Yearly                  |   |
|  |   | Investment briefing session  | Irregularly             |   |
|  |   | Publish financial statements   | Instantly               |   |
|  |   | Visit important shareholders   | Yearly                  | Disclosed spokesperson’s contact information on the Company’s website (the section designated for investors) to enable shareholders/ investors to make any question at any time.  |
|  |   | The “Investors” section on Acter’s corporate website and Market Observation Post System (MOPS) | At any time             |   |
|  |   | Telephone, fax and email.  | At any time             |   |

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## Communication with and Identification of Stakeholders

| Stakeholders  | Issues of Concerns  | Communication Mechanisms  | Communication Frequency | 2018 Implementation Results   |
|---|---|---|-------------------------|---|
| <br>Customers                            | <ul style="list-style-type: none"> <li>Customer Services and management</li> <li>Legal compliance</li> </ul>              | Customer satisfaction survey  | Every half year         | Instantly collected customers' feedback and conducted semi-annual customer satisfaction surveys. In 2018, the survey scores for engineering and maintenance units were 88 and 94 respectively (with an average of 91). Acter also carried out a discussion on items with relatively poor performance; proposed improvement strategy; and sustainably tracked performance thereof. |
|   |   | Telephone, fax and email.   | At any time             |   |
|   |   | Customer visit  | At any time             |   |
| <br>Suppliers                            | <ul style="list-style-type: none"> <li>Supplier management</li> <li>Occupational safety and health</li> </ul>             | Visit suppliers   | Every half year         | Visited important suppliers on a quarterly basis to track and understand their current status.  |
|   |   | Daily toolbox meetings  | At any time             | Before launching the operations each day, summoned subcontractors to carry out occupational safety promotions and inspection measures related to the work items; and filled out the record request form accurately.   |
|   |   | Patrol and inspection   | At any time             | Each day, conducted safety and health patrols and inspections during the construction; filled out the record request form accurately; and checked if there was any violation or deficiency.   |
|   |   | The section dedicated to suppliers on Acter's official website                                | At any time             | Established a section dedicated to suppliers to handle relevant affairs.  |
|   |   | Supplier evaluation   | At any time             | Held supplier evaluation on a semi-annual basis; and the results thereof were used to determine suppliers' bidding qualifications. Rewarding measures were also offered to suppliers with excellent performance.  |
|   |   | Telephone, fax and e-mail.  | At any time             | Instantly paid attention to suppliers' implementation status.   |
| <br>Government/<br>Competent Authority | <ul style="list-style-type: none"> <li>Legal compliance</li> <li>Corporate governance</li> <li>Risk management</li> </ul> | Corporate governance evaluation   | Annually                | Was ranked on top 5% of the 5 <sup>th</sup> Corporate Governance Evaluation; and relevant information are published on MOPS and Acter's official website.   |
|   |   | Publish financial statements and important information  | Instantly               |   |
|   |   | Participate in regulation briefing sessions/seminars/ guide events                            | Irregularly             |   |
|   |   | Comply with relevant regulations, terms and conditions  | At any time             |   |
| <br>Community                          | <ul style="list-style-type: none"> <li>Environmental protection</li> <li>Social participation</li> </ul>                  | Implement environmental management; response to energy saving and carbon reduction activities | Annually                | The environmental expenditure of 2018 was totaled NTD133,820. The green procurement of 2018 was totaled NTD87,859,786. In response to the government's energy-saving and carbon-reduction measures, regularly published green life e-news and relevant announcements.   |
|   |   | Engage in social participation and charity campaigns  | Irregularly             | Social participation expenditure of 2018 was totaled NTD 4,878,261 with 93 volunteers who contributed 494.5 hours in total.   |

## Materiality Issue Analysis Matrix

Based on industry benchmarking, GRI standards, UN's SDGs and feedback from stakeholders, Acter has summarized 17 issues related to our operations; and conducted online survey to understand stakeholders' degree of concern and collect feedback therefrom (including opinions from the shareholders, customers, suppliers, employees, government/ competent authority and community citizens). Besides, department heads related to CSR promotion teams also scored impacts of Acter's operational decisions to economy, environment and society. The final statistical results are then drawn in to a X- and Y-axis based matrix for materiality issues; and used to select 14 issues as the major materiality issues disclosed in this report.

The analysis results are as follows:



**| Materiality Issues |** 14 out of materiality issues were selected through the identification and analysis process.

| Overall Perspective                     | Economic Perspective                       | Environmental Perspective                 | Social Perspective                               |
|---|--|---|--|
| 1. Corporate governance ✓               | 5. Integrity operations management ✓       | 9. Green engineering services ✓           | 13. Maintenance of employments ✓                 |
| 2. Risk management ✓                    | 6. Operational and financial performance ✓ | 10. Energy management ✓                   | 14. Occupational health and safety ✓             |
| 3. Legal compliance ✓                   | 7. Research, development and innovations ✓ | 11. Water resource and waste management ✓ | 15. Attract and cultivate talents ✓              |
| 4. Supplier sustainability management ✓ | 8. Customer services ✓                     | 12. GHG emissions ✓                       | 16. Diverse and equal employment of talents ✓    |
|   |  |   | 17. Social participation and charity campaigns ✓ |

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The boundary and level of internal and external impacts caused by materiality issues; and their respective GRI standards and chapters in Acter's report.

|  | Materiality Issues                         | Boundaries of Impact     |           |                          |           |                         |                                 |                    | Respective GRI Standards   | Chapter in Acter’s Report  | Respective SDGs |
|--|--|--------------------------|-----------|--------------------------|-----------|-------------------------|---------------------------------|--------------------|--|--|-----------------|
|  |  | Outside the Organization |           | Outside the Organization |           |                         |                                 |                    |  |  |                 |
|  |  | Acter                    | Employees | Suppliers                | Customers | Shareholders/ Investors | Government/ Competent Authority | Social Environment |  |  |                 |
|  | Corporate governance                       |                          |           |                          |           |                         |                                 |                    | GRI102 Highest Governance  | Ch4 Corporate Governance   |                 |
|  | Risk management                            |                          |           |                          |           |                         |                                 |                    | GRI102 Risk Assessment and Management<br>GRI201-2 Response to Climate Change                         | Ch4 Corporate Governance<br>CH8 Environmental Protection                           |                 |
|  | Legal compliance                           |                          |           |                          |           |                         |                                 |                    | GRI307 Environmental Compliance<br>GRI419 Socioeconomic Compliance                                   | Ch4 Corporate Governance<br>CH7 Friendly Workplace<br>CH8 Environmental Protection |                 |
|  | Supplier sustainability management         |                          |           |                          |           |                         |                                 |                    | GRI102 Supply chain<br>GRI308 Supplier Environmental Assessment<br>GRI414 Supplier Social Assessment | CH6 CSR in Supply Chain  |                 |
|  | Integrity operations management            |                          |           |                          |           |                         |                                 |                    | GRI102 Organizational Norms<br>GRI205 Anti-Corruption<br>GRI206 Anti-Competition                     | Ch4 Corporate Governance   |                 |
|  | Operational and financial performance      |                          |           |                          |           |                         |                                 |                    | GRI201 Economic Performance  | Ch4 Corporate Governance   |                 |
|  | Research, development and innovations      |                          |           |                          |           |                         |                                 |                    | GRI203 Indirect Economic Impacts   | CH5 Sustainable Engineering Services   |                 |
|  | Customer services                          |                          |           |                          |           |                         |                                 |                    | GRI416 Customer Health and Safety<br>GRI418 Customer Privacy   | CH5 Sustainable Engineering Services   |                 |
|  | Green engineering services                 |                          |           |                          |           |                         |                                 |                    | GRI302 Provision of Energy-Saving Services   | CH5 Sustainable Engineering Services<br>CH8 Environmental Protection               |                 |
|  | Energy management                          |                          |           |                          |           |                         |                                 |                    | GRI302 Energy Consumption  | CH8 Environmental Protection   |                 |
|  | Maintenance of employments                 |                          |           |                          |           |                         |                                 |                    | GRI401 Employment<br>GRI412 Human Rights Assessment  | Ch7 Friendly Workplace   |                 |
|  | Occupational health and safety             |                          |           |                          |           |                         |                                 |                    | GRI403 Occupational Health and Safety  | Ch7 Friendly Workplace   |                 |
|  | Attract and cultivate talents              |                          |           |                          |           |                         |                                 |                    | GRI401 Employment<br>GRI404 Training and Education   | Ch7 Friendly Workplace<br>Ch9 Social Participation                                 |                 |
|  | Social participation and charity campaigns |                          |           |                          |           |                         |                                 |                    | GRI203 Indirect Economic Impacts<br>GRI413 Local Communities   | Ch9 Social Participation   |                 |



## Short- and Long-Term Goals for Materiality Issues

### Overall Perspective

| Materiality Issues                 | Management Assessment Index   | Goals of 2018  | Achievement   | Goals of 2019  | Mid-Term Goals (2021)  |
|------------------------------------|---|--|---|--|--|
| Corporate governance               | Board of Directors Performance Evaluation                                       | Received "Good" from Board of Directors in internal performance evaluation |  <b>Achieved</b> | Will receive "Good" from Board of Directors in internal performance evaluation | Will receive "Good" from Board of Directors in external performance evaluation |
|                                    | Corporate Governance Evaluation   | Was ranked on top 5% of the 3rd Corporate Governance Evaluation.           |  <b>Achieved</b> | Will be ranked on top 5% of the 3rd Corporate Governance Evaluation.           | Was ranked on top 5% of the 3rd Corporate Governance Evaluation.               |
| Risk management                    | Risk management education and training hours                                    | In average, more than 3 hours per person                                   |  <b>Achieved</b> | In average, more than 3 hours per person                                       | In average, more than 5 hours per person                                       |
| Legal compliance                   | Achievement rate of professional ethics and legal compliance related trainings. | The training achievement rate is above 70%.                                |  <b>Achieved</b> | The training achievement rate is above 70%.                                    | The training achievement rate is above 75%.                                    |
| Supplier sustainability management | New suppliers shall sign the "Letter of Commitment for Sustainability".         | 100% supplier signing rate.  |  <b>Achieved</b> | 100% supplier signing rate.  | 100% supplier signing rate.  |
|                                    | Proportion of Level A suppliers   | Level A suppliers was above 15%  |  <b>Achieved</b> | Level A suppliers will be above 15%  | Level A suppliers will be above 18%  |

### Economic Perspective

| Materiality Issues                    | Management Assessment Index                                 | Goals of 2018  | Achievement   | Goals of 2019  | Mid-Term Goals (2021)                                  |
|---------------------------------------|---|--|---|--|--|
| Integrity operations management       | The achievement rate of integrity operations and trainings. | Training achievement rate is above 70%.                |  <b>Achieved</b> | Training achievement rate is above 70%.                | Training achievement rate is above 70%.                |
|                                       | No violation of business integrity.                         | No violation.  |  <b>Achieved</b> | No violation.  | No violation.  |
| Operational and financial performance | Shareholders' annual return on equity (ROE)                 | Shareholders' annual ROE is above 20%.                 |  <b>Achieved</b> | Shareholders' annual ROE is above 20%.                 | Shareholders' annual ROE is above 22%.                 |
| Research, development and innovations | R&D expenditure and effectiveness                           | R&D expenditure is more than 0.75% of Acter's revenue. |  <b>Achieved</b> | R&D expenditure is more than 0.75% of Acter's revenue. | R&D expenditure is more than 0.78% of Acter's revenue. |
| Customer services                     | Customer satisfaction survey                                | The average satisfaction level is above 85.            |  <b>Achieved</b> | The average satisfaction level is above 85.            | The average satisfaction level is above 88.            |

## Short- and Long-Term Goals for Materiality Issues

### Environmental Perspective

| Materiality Issues         | Management Assessment Index                            | Goals of 2018                                | Achievement | Goals of 2019                                      | Mid-Term Goals (2021)  |
|----------------------------|--|--|-------------|--|--|
| Green engineering services | Disclose at least 1 green engineering achievement.     | Disclose 5 green engineering achievements.   | ✓ Achieved  | Disclose at least 1 green engineering achievement. | Disclose at least 3 green engineering achievements.                            |
|                            | Acquire environmental management relevant certificates | Acquire "ISO14001-2015" certification        | ✓ Achieved  | Launch ISO50001                                    | Compliance with domestic and international environmental management standards. |
| Energy management          | Electricity consumption                                | Lower than 7.73 GJ/ person                   | ✓ Achieved  | Lower than 4.32 GJ/ person                         | Lower than the average of the previous two years                               |
|                            | Water resource consumption                             | Lower than 10,690 l/ person                  | ✓ Achieved  | Lower than 10,69kWh/ person                        | Lower than the average of the previous two years                               |
|                            | GHG emission   | The emission is lower than 126.31 (ton CO2e) | ○ Failed    | The emission is lower than 126.92 (ton CO2e)       | Lower than the average of the previous two years                               |

### Social Perspective

| Materiality Issues                         | Management Assessment Index                      | Goals of 2018  | Achievement | Goals of 2019  | Mid-Term Goals (2021)  |
|--|--|--|-------------|--|--|
| Maintenance of employments                 | No labor dispute                                 | No labor dispute   | ✓ Achieved  | No labor dispute   | No labor dispute   |
|  | Employee satisfaction survey                     | More than 75% of employees are satisfied with their current status | ✓ Achieved  | More than 75% of employees are satisfied with their current status | More than 80% of employees are satisfied with their current status |
| Occupational health and safety             | Major labor safety accident                      | 0 major labor safety accident                                      | ✓ Achieved  | 0 major labor safety accident                                      | 0 major labor safety accident                                      |
|  | Disabling injury frequency rate (DIFR)           | DIFR is lower than 3%  | ✓ Achieved  | DIFR is lower than 3%  | DIFR is lower than 2%  |
| Attract and cultivate talents              | Education and training achievement rate.         | The education and training achievement rate reaches 100%.          | ✓ Achieved  | The education and training achievement rate reaches 100%.          | The education and training achievement rate reaches 100%.          |
|  | Professional skill achievement rate              | Professional skill achievement rate is above 80%.                  | ✓ Achieved  | Professional skill achievement rate is above 80%.                  | Professional skill achievement rate is above 85%.                  |
|  | Industrial-academic cooperation projects.        | Train at least 4 students  | ✓ Achieved  | Train at least 4 students  | Train at least 4 students  |
| Social participation and charity campaigns | Number of hours contributed by volunteer workers | Volunteer workers contribute more than 400 hours.                  | ✓ Achieved  | Volunteer workers contribute more than 400 hours.                  | Volunteer workers contribute more than 450 hours.                  |

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## United Nation's Sustainable Development Goals (SDGs)



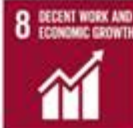





With the objective of deepening the global sustainability network, Acter, as a global citizen, has continuously identified the connection between the prospects of UN's SDGs and Acter's sustainability report. We have followed the steps described in "Business Reporting on the SDGs" to order the priority of our sub-goals, establish corporate goals, create disclosure reports, and evaluate and draw up our operating strategy in response thereto. By adopting specific actions, Acter has been promoting business sustainability, creating engineering values, realizing the society of common good and heading towards a better future with global partners.

### Remarks:

United Nation's Sustainable Development Goals (SDGs): To proactively realize equity and human rights, United Nation (UN) has, in 2015, proposed 17 sustainable development goals and associated 169 targets based on three perspectives, namely "economic growth", "social progress" and "environmental protection", in 2015. SDGs are then adopted by worldwide countries as the standards for developing sustainability in the following 15 years (before 2030).





| 聖輝工程  | SDGs                                    | Acter's Action in response to SDGs  | Acter's SDGs (2021)  | Chapter in Acter's Report  |
|---|---|---|--|--|
|    | Clean Water and Sanitation              | <ol style="list-style-type: none"> <li>1. Implement operational water resource management</li> <li>2. Enhance wastewater treatment technology and investment in R&amp;D.</li> </ol>   | <p>Water consumption is lower than the average of the previous two years.</p> <p>R&amp;D expenditure is more than 0.78% of Acter's revenue.</p>                                      | <p>CH8 Environmental Protection</p> <p>CH5 Sustainable Engineering Services</p>              |
|    | Affordable and Clean Energy             | <ol style="list-style-type: none"> <li>1. Implement operational energy management</li> <li>2. Provide energy-saving/ green production technology and services to the industry.</li> </ol>   | <p>The amount of energy consumption will be lower than the average of the previous two years.</p> <p>Will disclose at least 3 green engineering achievements.</p>                    | <p>CH8 Environmental Protection</p> <p>CH5 Sustainable Engineering Services</p>              |
|    | Decent Work and Economic Growth         | <ol style="list-style-type: none"> <li>1. Facilitate the safety of work environment</li> <li>2. Foster local suppliers.</li> <li>3. Continue to cultivate talents for industrial and academic cooperation.</li> </ol>   | <p>0 major labor safety accident; DIFR will be lower than 2%</p> <p>Level A suppliers are above 18%</p> <p>Train at least 5 students.</p>  | <p>Ch7 Friendly Workplace</p> <p>CH6 CSR in Supply Chain</p> <p>Ch9 Social Participation</p> |
|    | Industry, Innovation and Infrastructure | <ol style="list-style-type: none"> <li>1. Broaden and deepen international industries and connections with the customers; and facilitate enhancement on technology and expertise.</li> <li>2. Continue to invest in innovative research and development.</li> </ol> | <p>The average customer satisfaction level is above 88 according to the survey.</p> <p>R&amp;D expenditure is more than 0.78% of Acter's revenue.</p>                                | <p>CH5 Sustainable Engineering Services</p> <p>CH5 Sustainable Engineering Services</p>      |
|    | Sustainable Cities and Communities      | <ol style="list-style-type: none"> <li>1. Provide civil, environmental protection and energy-saving green engineering technology and services.</li> <li>2. Invest in social participation and public welfare activities.</li> </ol>                                 | <p>Will disclose at least 3 green engineering achievements.</p> <p>Volunteer workers contribute more than 450 hours.</p>   | <p>CH5 Sustainable Engineering Services</p> <p>CH9 Social Participation</p>                  |
|   | Responsible Consumption and Production  | <ol style="list-style-type: none"> <li>1. New suppliers shall sign the "Letter of Commitment for Sustainability".</li> </ol>  | <p>100% supplier signing rate.</p>   | <p>CH6 CSR in Supply Chain</p>   |
|  | Climate Action                          | <ol style="list-style-type: none"> <li>1. Implement climate risk adaptation strategy.</li> <li>2. Improve supply chain climate risk resilience</li> </ol>   | <p>The amount of GHG emission will be lower than the average of the previous two years.</p> <p>The average of risk management education and training hours is 5 hours per person</p> | <p>CH8 Environmental Protection</p> <p>CH4 Corporate Governance</p>                          |
|  | Partnerships for the goals              | <ol style="list-style-type: none"> <li>1. Include sustainability index in internal performance evaluation</li> <li>2. Deepen connections with global sustainability network.</li> </ol>   | <p>Will receive "Good" from Board of Directors in external performance evaluation</p> <p>Compliance with domestic and international environmental management standards.</p>          | <p>CH4 Corporate Governance</p> <p>CH8 Environmental Protection</p>                          |

## Corporate Governance

- Corporate Governance Framework
- Business Integrity
- Risk Management
- Operational Performance

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Upholding the core spirit of “integrity and modesty”, Acter has, for a very long period of time, continuously facilitated the efficiency of board of directors by establishing Nomination Committee, Audit Committee and Salary and Remuneration Committee there below to assist the board of directors in fulfilling its supervisory duties; deepening corporate governance up-down; implementing business integrity; enhancing the Company’s overall competitiveness to ensure stakeholders’ rights and benefits; and creating long-term values for employees, customers, the company and society.

Acter insists on maintaining the transparency of operations, paying attention to corporate sustainable operations. Over the years, we have participated in “Information Disclosure Evaluation of Publicly Listed and OTC Companies” jointly held by TSEC and TPEX; and have, for three consecutive years, received the A++ transparency level. With respect to “Corporate Governance Evaluation” firstly held in 2015, we have been recognized as the top 5% of publicly listed and OTC companies for consecutive years. Besides, Acter also held CSR review meeting on an annual basis, having the Secretariat of Corporate Social Responsibilities Promotion (post concurrently held by General Administration Division) reported the implementation results of the year and future plan to board of directors.

Annual Highlights



ROE  
**25.39%**  
Increased by 4.01% comparing with 2017.



The consolidated income already reached **NTD14.2 billion**  
Increased by 24.33% comparing with 2017.



Received awards for the 5th Corporate Governance Evaluation  
**Was ranked on top 5% of the Evaluation.**



Autonomously established “**Nomination Committee**” to enhance corporate governance and ensure the soundness thereof.



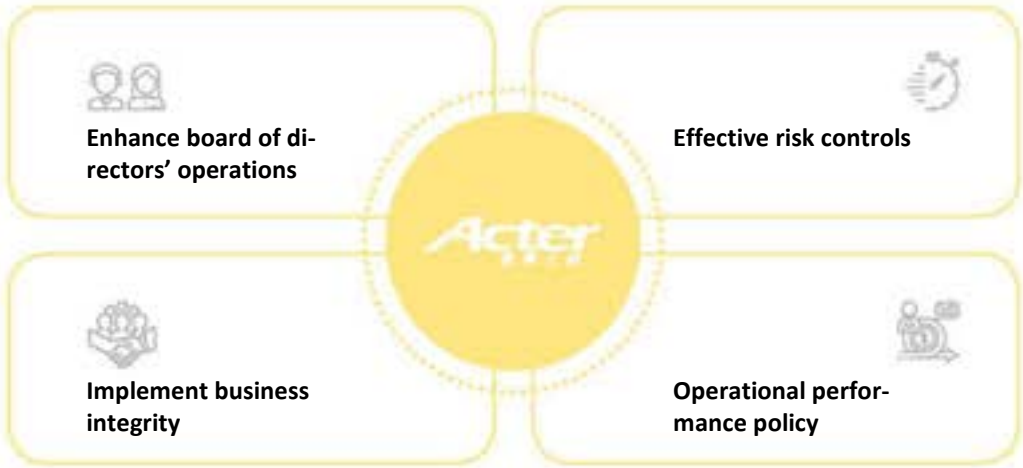
2018  
100% achievement rate for integrity management trainings.

**Awards for 2018**  
Was ranked on top 5% of the 4th Corporate Governance Evaluation.





Aspects of Acter's Corporate Governance













Management Implementation Mechanism

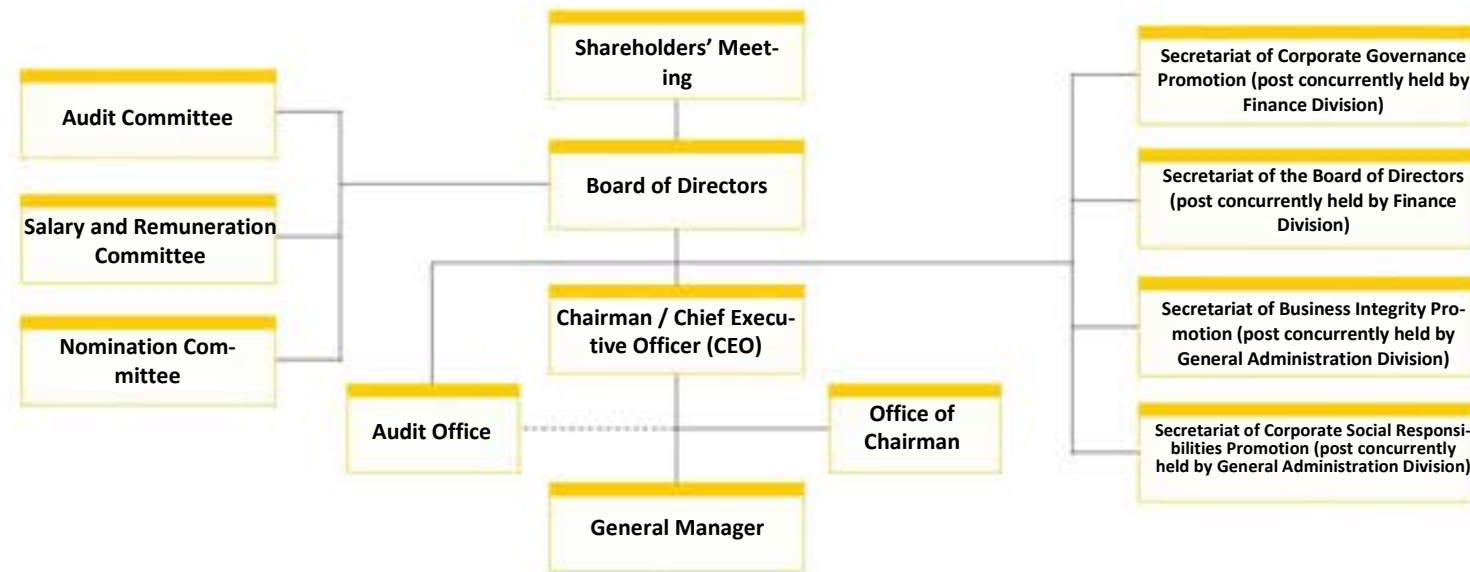
| Responsibilities   | Resources  |
|--|--|
| CSR Promotion Group – Economic aspects   | Board of directors and relevant functional committees, Audit Office, General Manager and Executive Secretariats.                   |
| Complaint Mechanism  | Evaluation Mechanism   |
| Please refer to “Communication with and Identification of Stakeholders” of “Communication with Stakeholders and Analysis of Materiality Issues.” | <ul style="list-style-type: none"><li>Board of directors' performance evaluation</li><li>Corporate governance evaluation</li></ul> |



## 2018 Implementation Results

| Management Policy                      | Implementation Methods   | Goals of 2018   | Evaluation Results of 2018   |
|--|--|---|--|
| Enhance board of directors' operations | Composition and performance evaluation of board of directors   | The internal performance of board of directors was "Good"   |  <b>Achieved</b> <ul style="list-style-type: none"> <li>"Good"</li> </ul>   |
|  |  | Top 5% in corporate governance evaluation   |  <b>Achieved</b> <ul style="list-style-type: none"> <li>Top 5% in corporate governance evaluation</li> </ul>  |
|  |  | The achievement rate for directors' corporate governance in-service training programs was above 90%         |  <b>Achieved</b> <ul style="list-style-type: none"> <li>The in-service training achievement rate was 100%.</li> </ul>   |
|  | Functional Committee   | Established" Nomination Committee" to enhance directors' efficiency.  |  <b>Achieved</b> <ul style="list-style-type: none"> <li>Formed by three of Acter's independent directors (Yang Chien, Yeh Hui-Hsin and Wang Mao-Jung). Yang Chien is the convener and has summoned 1 meeting. The average participation rate was 100%.</li> </ul> |
| Implement business integrity           | Enhanced employees' awareness of code of conducts and law compliance. The training achievement rate was above 70%. | Training achievement rate was above 70%.  |  <b>Achieved</b> <ul style="list-style-type: none"> <li>Integrity and modesty training achievement rate was 100%</li> </ul>   |
|  |  | The Audit Office did find any violation of business integrity or law in the audit.                          |  <b>Achieved</b> <ul style="list-style-type: none"> <li>No violation</li> </ul>   |
|  |  | Established Audit Committee and employees' complaint report mailbox.  |  <b>Achieved</b> <ul style="list-style-type: none"> <li>No complaint</li> </ul>   |
| Effective risk controls                | Risk management trainings..  | Continue to enhance employees' risk management ability and conduct risk management education and trainings. |  <b>Achieved</b> <ul style="list-style-type: none"> <li>Total risk management training hours were 3,140 hours, which has an increase of 58 hours comparing with the previous year.</li> </ul>   |
| Operational performance policy         | Continued to enhance the Company's financial ability and give returns to the shareholders.                         | Annual ROE is above 20%   |  <b>Achieved</b> <ul style="list-style-type: none"> <li>ROE was 25.39% with an increase of 4.01% comparing with 2017.</li> </ul>  |
|  |  | Operating income continues to grow  |  <b>Achieved</b> <ul style="list-style-type: none"> <li>The consolidated net income was 1.049 billion with a growth of 24.56% comparing with the same period of the precedent year.</li> </ul>  |

## Corporate Governance Framework



Board of directors is the highest governance unit of Acter. Every three years, we select seven board directors (one of them resigned on October 1, 2018) in accordance with “Articles of Incorporation” and “Board Directors Selection Procedures”. The board term is three years and each director can be re-elected. Considering the configuration and diversification of board of directors, Acter has selected experts and scholars with financial and industrial background to form the board. The board also includes three independent directors with different professional backgrounds. All board members are provided with professional knowledge, skills, general capacity and different capabilities required for the execution of business. Besides, the Company also continuously arranges multiple in-service education and trainings in accordance with “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies” to enhance board directors’ expertise. To bring their decision-making, leading and supervisory functions into play, all board directors shall do their best to faithfully execute business and fulfill their obligations of being a good manager. Each year, the total of training hours for board directors shall be 42 hours; the total of actual training hours in 2018 was 55 hours with an achievement rate of 100%.

To fulfill its commitment for sustainable development, the board of directors always takes economic environmental and social factors under the consideration when supervising the Company’s performance or making important decisions. In 2018, the board of directors held 8 meetings and the attendance rate (for board directors in person) reached 94.14%. The board of directors has effectively supervised and instructed the Company’s management unit, maintained good and smooth communication, and brought the functions of board of directors into full play.



## Members of Board of Directors

### Jin-Li Liang Chairman

Current position at Acter  
**Acter Co., Ltd.**  
**CEO**

#### Educational and Professional Background

- Executive Master of Business Administration (EMBA) at National Chiao Tung University
- Refrigeration and Air Conditioning Group of Department of Electrical Engineering in National Taipei Institute of Technology (now National Taipei University of Technology)
- Manager of Engineering Department at Gongshan Air Conditioning and Refrigeration Co., Ltd.

Attendance rate in 2018 was 100%

### Dennis Yang Board Director

#### Educational and Professional Background

- Executive Master of Business Administration (EMBA) at Tunghai University
- Refrigeration Group of Department of Electrical Engineering in National Taipei Institute of Technology (now National Taipei University of Technology)

Attendance rate in 2018 was 88%

### Hsin-Ming Kao Board Director

#### Educational and Professional Background

- International Business Management Group of Executive Master of Business Administration (EMBA) in National Taiwan University
- Chief of Electronics Department at Industrial Technology Research Institute

Attendance rate in 2018 was 83%

### Tai-Chen Hu Board Director

Current position at Acter  
**Acter Co., Ltd.**  
**Consultant**

#### Educational and Professional Background

- Executive Master of Business Administration (EMBA) in Tunghai University
- Refrigeration and Air Conditioning Group of Department of Electrical Engineering in National Taipei Institute of Technology (now National Taipei University of Technology)
- Honorary Member of the Phi Tau Phi Scholastic Honor Society of the Republic of China
- Instructor at Department of Electrical Engineering in National Chin-Yi Institute of Technology (now National Chin-Yi University of Technology)
- Executive Director of Taiwan Refrigeration and Air-Conditioning Engineering Association
- Skills Certification Auditor at the Ministry of the Interior for the Refrigeration and Air-Conditioning Renovation Technician
- General Manager at Gongshan Air Conditioning and Refrigeration Co., Ltd..

Attendance rate in 2018 was 100%

### Chyan Yang Independent Director

#### Educational and Professional Background

- Doctorate in Computer Science at Washington University, USA
- Adjunct Professor of the Institute of Business and Management at National Chiao Tung University
- Complaint Deliberation Committee member at Industrial Technology Research Institute

Attendance rate in 2018 was 88%

### Marlon Wang Independent Director

#### Educational and Professional Background

- MSc in Management of Technology, College of Management at National Chiao Tung University
- Person in Charge of Marion Energy Services and Management Consulting Co., Ltd.
- Senior Manager of the Research Center of Industrial Technology Research Institute

Attendance rate in 2018 was 100%

### Hui-Hsin Yeh Independent Director

#### Educational and Professional Background

- Department of Accounting in Tunghai University
- Accountant partner at Ernst & Young (Diwan& Company) Global Limited

Attendance rate in 2018 was 100%

● Above 60 years old

● Male

● Below 60 years old

● Female

# The Board of Directors Diversification Policy

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| Name of Board Director               | Gender | Operational judgement | Accounting and financial analysis ability | Business management ability | Risk handling ability | Knowledge of the industry | Global view | Leadership | Decision-making capability |
|--------------------------------------|--------|-----------------------|---|-----------------------------|-----------------------|---------------------------|-------------|------------|----------------------------|
| Jin-Li Liang<br>Chairman             | Male   | ✓                     | ✓   | ✓                           | ✓                     | ✓                         | ✓           | ✓          | ✓                          |
| Dennis Yan<br>Board Director         | Male   | ✓                     | ✓   | ✓                           | ✓                     | ✓                         | ✓           | ✓          | ✓                          |
| Tai-Chen Hu<br>Board Director        | Male   | ✓                     | ✓   | ✓                           | ✓                     | ✓                         | ✓           | ✓          | ✓                          |
| Hsin-Ming Kao<br>Board Director      | Female | ✓                     | ✓   | ✓                           | ✓                     | ✓                         | ✓           | ✓          | ✓                          |
| Hui-Hsin Yeh<br>Independent Director | Female | ✓                     | ✓   | ✓                           | ✓                     | ✓                         | ✓           | ✓          | ✓                          |
| Marlon Wang<br>Independent Director  | Male   | ✓                     | ✓   | ✓                           | ✓                     | ✓                         | ✓           | ✓          | ✓                          |
| Chyan Yang<br>Independent Director   | Male   | ✓                     | ✓   | ✓                           | ✓                     | ✓                         | ✓           | ✓          | ✓                          |



Articles of Incorporation



Regulations Governing the Board of Directors Evaluation



Standards for Board of Directors Meetings



Board of Directors Selection Procedures



2018 Board of Directors Internal Evaluation Report



## Performance of Board of Directors

To enhance board of directors' functions and implement corporate governance, Acter has stipulated "Regulations Governing the Board of Directors Evaluation" to carry out an internal performance evaluation with respect to the participation in corporate operations; board of directors' decision quality; composition and structure of board of directors; selection of board of directors and in-service training; and internal control. A performance evaluation is also carried out by an external institution on a trial annual basis. The internal evaluation of 2018 was 100, whereas the external evaluation is expected to be implemented upon the expiry of three years (in 2020).

The remuneration of Acter's board directors is paid in accordance with the financial and non-financial indexes as prescribed in "Board of Directors Performance Evaluation Methods". Apart from the industry's standard pay, other conditions such as individual's performance, Acter's operating performance and future risks are also taken into consideration. Besides, the connection between board directors' performance in sustainable development and remuneration paid thereto are also approved and recognized by the Salary and Remuneration Committee and board of directors. That is, Acter's commitments to and implementation of sustainable development as well as their contributions to and performance of ESG are also included in the scope of evaluation.

## Connection between the performance and remuneration





## Functional Committees

Based on the strategy of “enhancing board of directors’ supervisory function”, “creating a sound internal control system”, “ameliorating the management quality”, “applying strict risk management” and “implementing information disclosure”, Acter aims to create a sound corporate governance culture. To ameliorate the decision quality of board of directors and to implement functions of supervision, audit and management, Acter has established “Nomination Committee”, “Audit Committee” and “Salary and Compensations Committee” below the board of directors. The committees are formed by independent directors to effectively implement the independent supervisory and balancing mechanisms. Every proposal shall be reported to board of directors for relevant discussion; Where any board director or its represented corporate stakeholder is involved in the issue, it shall avoid conflict of interest and shall not appoint other board directors to vote on behalf of it.

Although the Company has not yet established “Corporate Governance Committee” and “CSR Committee”, our Finance Division and General Administration Division have concurrently taken charge of relevant operations and are responsible for promoting and carrying out all types of economic, environmental and social issues. The chairman, on the other hand, is the supreme supervisor thereof to report relevant affairs to the board of directors on a regular basis. The implementation results of 2018 have been reported to board of directors on November 9 of the same year.



### Nomination Committee

- ▲ **Duties** Responsible for the planning of board composition and functional committees; review the qualifications of board directors and nominated candidates; review the succession plan of board directors and management personnel.
- ▲ **Status of operations** The committee is formed by three independent directors (Chyan Yang, Hui-Hsin Yeh, and Marlon Wang). Independent Director Chyan Yang is the convener. Held 1 meeting in 2018 with an average attendance rate of 100%.

### Audit Committee

- ▲ **Duties** Responsible for supervising whether the financial statements present fairly the Company's financial position in all material respects; the election (dismissal) of certified public accountant (CPA) and the independence performance thereof; the implementation of the Company's internal control measures; legal compliance; and control the Company's existing or potential risks.
- ▲ **Status of operations** The committee is formed by three independent directors (Hui-Hsin Yeh, Chyan Yang, and Marlon Wang). Independent Director Hui-Hsin Yeh is the convener. Held 7 meetings in 2018 with an average attendance rate of 100%. Already set a mail box designated for Audit Committee, enabling people to directly contact the Committee using e-mail.

### Salary and Remuneration Committee

- ▲ **Duties**
  - Draw up and regularly review the policy, system, standards and structure concerning the performance of board directors and management team, salary and remuneration.
  - Regularly evaluate and decide the salary and remuneration for board directors and management team.
  - The salary and compensations shall be submitted to board of directors for approval. It is also a must to report the Company's overall salary and remuneration standards to committee members.
- ▲ **Status of operations** The Committee is formed by three independent directors (Chyan Yang, Hui-Hsin Yeh and Marlon Wang). Independent Director Chyan Yang is the convener. Held 2 meetings in 2018 with an average attendance rate of 100%.

### Secretariat of Corporate Governance Promotion - Finance Division

- ▲ **Duties**
  - Inform board directors of the development of relevant regulations, with which they shall comply, and arrange relevant training courses.
  - Stipulate and plan adequate corporate system and organizational framework to facilitate the independence of board of directors, corporate transparency and legal compliance.
  - Improve corporate governance relevant information according to the index of the Company's governance evaluation system, ensuring the objectives of corporate governance are reached.
- ▲ **Status of operations** Finance Division shall report implementation results at every board of directors meeting

### Secretariat of Corporate Social Responsibility Promotion - General Administration Division





- ▲ **Duties**
  - Assist to draw up annual plan, projects and activities of CSR.
  - Track and review the performance of implementing annual plan, projects and activities of CSR.
  - Make CSR reports and in charge of relevant media evaluation matters.
- ▲ **Status of operations** The General Administration Division reported its performance and relevant results at the board of directors' meeting held on November 9 of 2018; and continued to implement CSR relevant activities.

## Business Integrity

### Business Integrity Policy

“Honesty, Professionalism, Internationalism, and Sustainability” are Acter’s business principles. To create an honest and ethical corporate culture, we have stipulated “Principles for Business Integrity”, “Code of Conduct” and “Guidelines for Business Integrity Processes and Behaviors”. This is made to specifically regulate the Company’s board directors, managers, employees or any person with actual control ability to comply with legal regulations, and to avoid dishonest behavior. It is our expectation that all staffs involved in the Company’s activities will be honest and responsible for their behavior.

Besides, to enhance employees’ values of integrity, Acter not only announced business activity and business ethics related policies and regulations, but also regularly promote business integrity through trainings and internal meetings. The purpose thereof is to continuously internalize the core values of ethics and integrity, enabling our employees to understand and recognize our actions. In the meantime, General Administration Division is designated to assist the board of directors and management team in stipulating and supervising all business integrity policies and preventive measures; and report relevant affairs to board of directors on a regularly basis. The implementation of relevant policies in 2018 is as follows:

| Type   | Implementation results  |
|--|---|
|  <b>Education and trainings</b>     | Introduced integrity rules in e-learning courses and the employee training rate was 100%.   |
|  <b>Announcement and propaganda</b> | Summarized integrity principles and regulations governing the handling of important internal information; and published the said principles and regulations on the public information platform.   |
|  <b>Communication channels</b>    | Employees can seek advice for any violation, suspected violation, and matters that potentially violate integrity principles and business ethics through various channels; or report any content, information and document that are related to specific fact anonymously or with his or her name. Upon receipt of the report, the Company will carry out an investigation on relevant issues and make improvements sustainably afterwards. No relevant report in 2018. |
|  <b>Regular inspections</b>       | Already drew up penalty and punishment system in regard to integrity management. Not only shall each unit hold a self-evaluation, but also an independent audit will be carried out by the audit unit in order to effectively control and implement relevant works. There is no violation of the laws in 2018.  |



Principles for Business Integrity



Code of Conduct

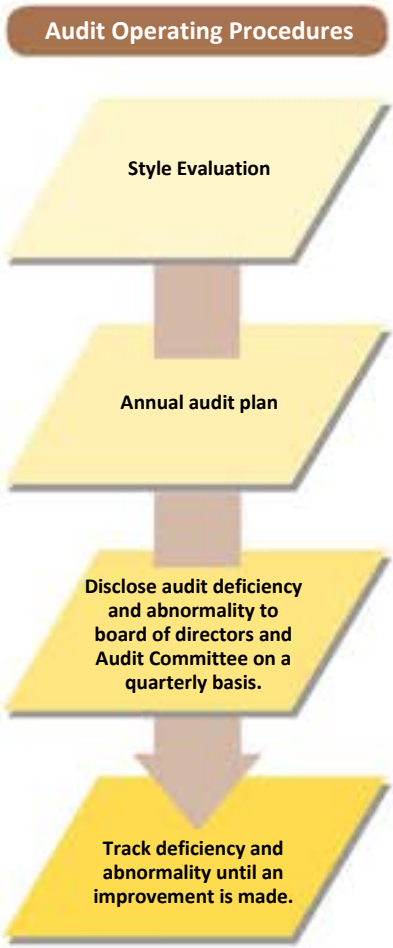


Guidelines for Business Integrity Processes and Behaviors

## Internal Control System

To implement the Company's self-supervision mechanism and respond to trend of the times, Acter has stipulated "Regulations Governing the Self-Assessment of Internal Control System" in accordance with Financial Supervisory Commission's "Regulations Governing Establishment of Internal Control Systems by Public Companies". The purpose is to control management risks, enhance the Company's operational efficiency and effectiveness, ensure the security of assets and maintain shareholders' rights and interests.

The Company's Audit Office, which is under the board of directors, is in charge of planning and implementing the Company and its subsidiaries' audit works. Regarding internal control deficiency and abnormality found during the audit, the Audit Office shall have them recorded into an audit report and report it together with the audit implementations to the Audit Committee and board of directors on a quarterly basis. They shall also continuously track and review the said deficiency, ensuring that relevant units have timely adopted appropriate improvement measures. Through routine and professional audit, the Audit Office understands not only the Company's internal control functions and operations, but also potential risks to assist board of directors and the management level to fulfill their responsibilities and further implement the corporate governance system. In 2018, the Office has completed totally 55 audit reports (including those of the Company's subsidiaries) and implemented 4 audits (including subsidiaries in, for example, Suzhou and Vietnam).



## Ethics Training for Employee

Acter has been promoting legal compliance works by launching sustainable educational trainings. These internal and external trainings enable employees to know about the laws and understand key issues of legal compliance. For example, legal knowledge, confidential information, protection of intellectual property, environmental protection, anti-corruption, contract risk management and so on. The total of training hours in 2018 is as follows:

|   | 2017                 | 2018                  |
|---|----------------------|-----------------------|
| External compliance education and trainings | 27 training sessions | 179 training sessions |
| No. of Participants                         | 40 people            | 236 people            |
| Total training hours                        | 154 hours            | 2,645 hours           |
| Internal compliance education and trainings | 3 training sessions  | 13 training sessions  |
| No. of Participants                         | 226 people           | 338 people            |
| Total training hours                        | 489 hours            | 495 hours             |

Besides, Acter not only requests our employees to comply with ethics rules, but also considers suppliers as an important part that can facilitate Acter's implementation of business ethics. Besides, the stipulation of "Code of Conduct for Suppliers" enables Acter to fully understand suppliers' business integrity and their compliance with CSR policies; and decide whether to cooperate with the suppliers. Besides, through the promotion of occupational safety, relevant trainings and exchange platform, Acter has established an honest and fair partnership to jointly protect customers and shareholders' rights (Please refer to "Responsible Supply Chain" for more information about supplier management).

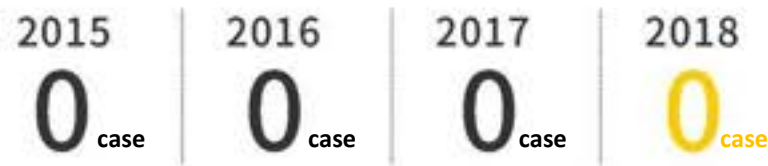


## Complaint and Report Mechanism for Employees and Outsiders

To implement the philosophy of business integrity, Acter strictly prohibits employees to receive any forms of money, bonus or gift for any reason; and requests them to treat all suppliers equally. We have established diverse and complete report systems, enabling our employees to make any report through “Employees’ Feedback and Complaint Box”, “Audit Committee Box”. With respect to complaints related to sexual harassment, we have established “Sexual Harassment Committee” separately. Outsiders, on the other hand, may access Acter’s external website to make any report through the “Audit Committee Box” and “Report of Business Integrity Violation Box”.

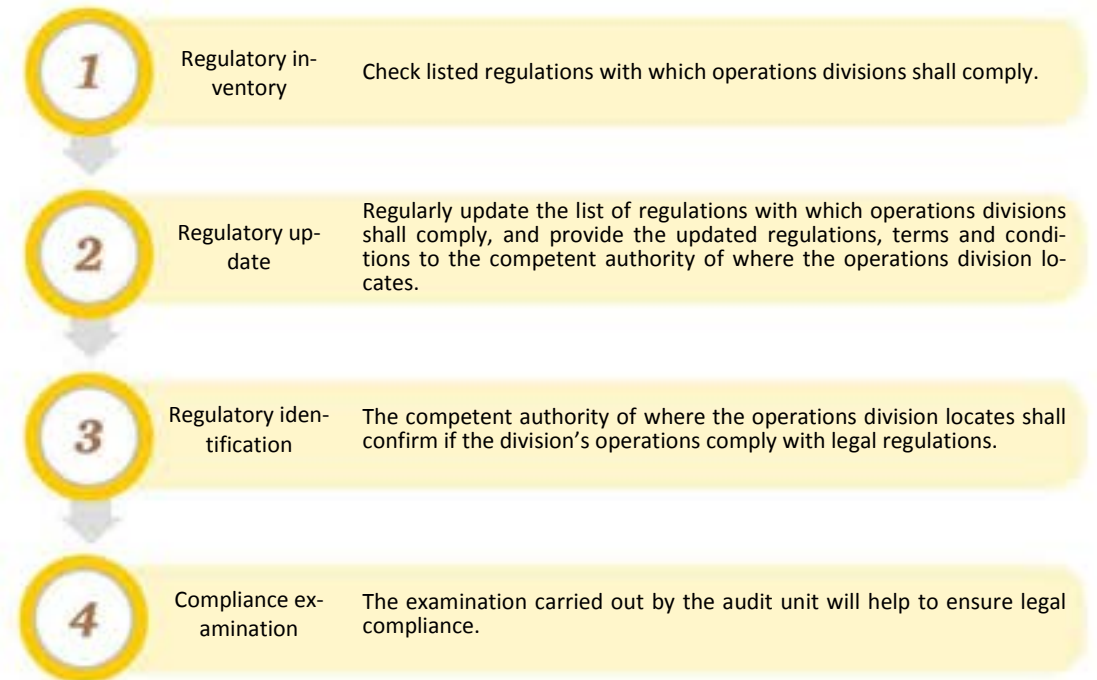
Acter not only accepts anonymous reports, but also has the “whistleblower protection system” to protect reporters, who made a report with good intention or participated in any investigation, from being revenged. Concerning reported matters and acts that are suspected to violate business integrity, Acter will, upholding the attitude of not harming the incident nor indulging the offender, conduct a conscientious and careful investigation. For those whose guilt has been proved, Acter will impose a severe punishment thereon, such as “termination of employment” or “termination of business activities” and adopt appropriate legal act if necessary.

Statistics on Complaints / Reports



## Local Legal Compliance

Acter provides engineering and technical services based on the principles of integrity. We follow and comply with the requirements of the competent authority and local regulations. In the meantime, we also constructed a good legal compliance system and framework, having relevant units and divisions to carry out an evaluation. This enables Acter to control relevant works and management rules, ensuring their compliance with up-to-date regulations. In 2018, Acter received no penalty from violating economic (anti-corruption, anti-money laundering, anti-competition), social (labor) and environmental (environmental protection) regulations. Procedures governing legal compliance are as follows:



## Risk Management Organization

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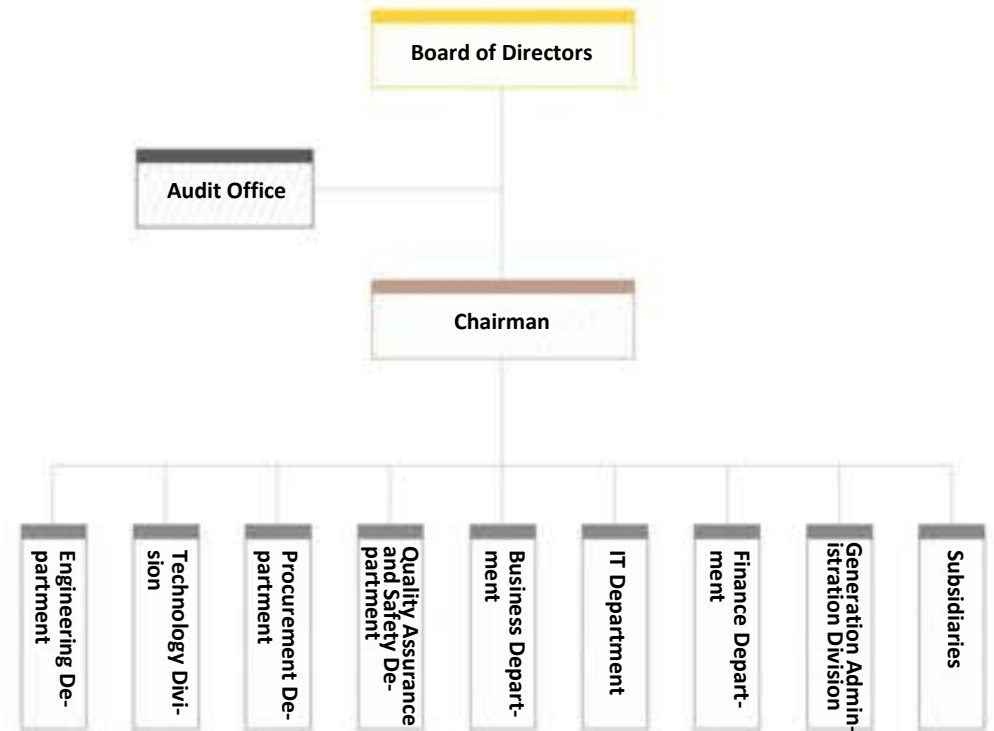
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Acter has carried out risk management relying on the organization's existing departments: Apart from the board of director, which is known as the supreme governance unit, Acter also established the inter-departmental "Risk Management Unit" to joint identify all types of risks that can possible impact our operations and adopt appropriate response measures based on the evaluation results. This can effectively reduce the Company's operating risks.



## Functions and Responsibilities of Risk Management Units



Board of Directors

- Ensure risk management policy and regulations are effectively implemented, and reliable for the ultimate responsibilities of risk control.
- Approve and release risk management policy and regulations.
- Decide the approval level of all types of risk management regulations.
- Supervise the implementation of overall risk management system, ensuring the risk management processes operate effectively.



Quality Assurance and Safety Department

- Establish and maintain environmental and construction safety and hygiene.



Chairman

- Implement risk management regulations and policy approved under the resolution of board of directors.



Business Department

- Control possible changes to the Company's business activities in the future.



Audit Office

- Concentrate on internal works of major risks defined by the risk management unit, and audit the Company's risk management processes.
- Ensure the internal control system is effectively implemented and track improvements made to deficiency; have relevant progress reported to board of directors or the audit committee timely.
- With regard to risk management and interior control, assist to define the risks, evaluate and educate employees.



Information Technology (IT) Department

- Develop, install and manage all types of information systems.
- Maintain information security and control the use of software.



Engineering Department

- Implement budget control
- Track customers' orders.
- Evaluate unrecognized risks
- Control the balance.
- Control the engineering progress.



Financial Division

- Financial analysis and planning; evaluation of financial risks.
- The unit that allocates funds; supervise and evaluate customers' credibility.
- Track and manage receivables.
- Implement and handle report and announcement relevant operations.



Technology Division

- Clarify questionable parts of design drawing.



General Administration Division

- Allocate manpower and respond to activities thereof.
- Implement and handle all types of insurance operations.
- Track and handle the progress of litigation.



Procurement Department

- Control the supply channel of key channels; track and manage the orders.
- Supply chain management.



Subsidiaries

- Follow the Company's "Regulations Governing Risk Management" to evaluate and monitor risks, and report the risk management status of the chairman of parent company.



Risk Management Policy

Enterprise may suffer a number of potential risks during the operations thereof. To implement risk management, effectively reduce/prevent operating risks, Acter has stipulated “Regulations Governing Risk Management”, with which our risk management is implemented in accordance together with relevant policies. Besides, “Rules Governing the Organization of Salary and Remuneration Committee” already specified that the Committee shall not guide board directors and managers to engage in behaviors that can induce risks when exercising the authority thereof; and that the risk management performance of departments, divisions and managers shall be included as one of the performance evaluation indexes. The said index shall then be used to evaluate a party’s salary and remuneration; rationality of future risks associated therewith; and its connection and influence related to the performance of Acter’s short- and long-term operations.

|                        | 2017        | 2018        |
|------------------------|-------------|-------------|
| No. of trainees        | 929 people  | 574 people  |
| Total training hours   | 3,082 hours | 3,140 hours |
| Average training hours | 3.32 hours  | 5.47 hours  |

Risk Management Procedures

Risk management units shall conduct risk evaluation procedures at least once a year to effectively control potential risks and ensure the implementation of risk control. Where any of Acter’s employees discover any major risk incident that can impact the Company’s rights and benefits, it is a must to immediately report it to the department head and let the risk management unit to report it to the chairman. The chairman shall, if necessary, summon a meeting to review response measures therefor in order to timely prevent or reduce potential impacts to the Company.



## Risk Management Strategy

To effectively identify risks and propose response strategy accordingly, Acter has divided major risks that can cause challenges to us during the operations into financial risks, market risks, environmental risks and legal risks. Besides, following the changes of global environment, we also include climate change and other new emerging risks within the scope of our control; and continuously enhance our existing risk management mechanism to turn risks into opportunities (Please refer to the section of “Environmental Protection” with respect to the details of climate change risk evaluation).

| Risk Source                              | Descriptions on Risk Source  | Response Strategy  |
|--|--|--|
| <b>Market Risk</b>                       | The economic slow-down and economic distress have resulted in a decrease in willingness for investment or fluctuation of raw materials, affecting the Company’s profitability. | <ul style="list-style-type: none"> <li>Proactively expand the overseas market to increase business revenue and profitability.</li> <li>Innovate technology and satisfy customers’ demand to increase the opportunity of winning the bid.</li> <li>Enter the new market to develop potential customers.</li> <li>Continuously monitor the price trend and adopt respective hedging measures. When making a bid, it is a must to take the price increase risk into consideration to minimize risks of price fluctuations.</li> </ul> |
| <b>Safety and Health Risk Management</b> | Losses caused by hazards in the work environment and construction site.  | <ul style="list-style-type: none"> <li>Identify the risk level in accordance with the occurrence rate, frequency of employees’ operations and level of severity. Besides, according to the level or risks, request relevant departments to set control measures.</li> </ul>  |
| <b>Legal Risks</b>                       | Risks derived from engineering contract or relevant intellectual property rights.  | <ul style="list-style-type: none"> <li>Review contractual items; provide internal legal advisory services; handle legal disputes and litigation; and provide relevant education and trainings to reduce or prevent risks.</li> </ul>   |
| <b>Financial Risks</b>                   | Impact to the Company’s income due to change of the interest rate or exchange rate.  | <ul style="list-style-type: none"> <li>Adopt rigorous controls to establish proper taxation plan; and credit risk and financial risk prediction model to minimize possible risks.</li> <li>Regularly evaluate market capital and banks’ interest rates to adopt hedging measures with respect to the change of exchange rate.</li> </ul>   |
| <b>Information Security Risks</b>        | Confidentiality and integrity of corporate information.  | Establish rigorous information security system; control and protect network information safety; provide the management team to quickly and effectively provide information with transparency. This will help to reduce information safety risks.   |
| <b>Management of Subsidiaries’ Risks</b> | Impact to the Company’s business targets due to risks of its subsidiaries.   | Take risk factors under considerations when making important decisions. In the meantime, establish an appropriate risk bearing mechanism. Apart from complying with regulations of the competent authority, all subsidiaries shall also stipulate regulations governing risk management and management abnormality.  |
| <b>Climate Change Risks</b>              | Please refer to the section of “Environmental Protection”  | Please refer to the section of “Environmental Protection”  |

Corporate sustainability shall be built on good financial performance in order to maintain the growth of operating income, maintain profitability at a good level and create higher economic values for stakeholders such as shareholders and employees. By continuously investing in technological development and enhancing customer satisfaction level, it is our expectations of further increasing our revenue and market share with a good performance in business operations.

Acter is benefited from continuous expansion and development of high-technology (ex. semiconductors and green optoelectronics). This has facilitated the development of our up-stream, down-stream and surrounding industries; and created a good sales environment for Acter with good performance in revenue. Our consolidated income of 2018 was NTD14.22 billion, which has broken the history record with a growth of 24.33% comparing with the same period of last year. With respect to the profitability, our net income was NTD1.049 billion in the year with a growth of 24.56% comparing with the same period of last year (Please refer to Acter's 2018 Annual Report for detailed information about our business performance).

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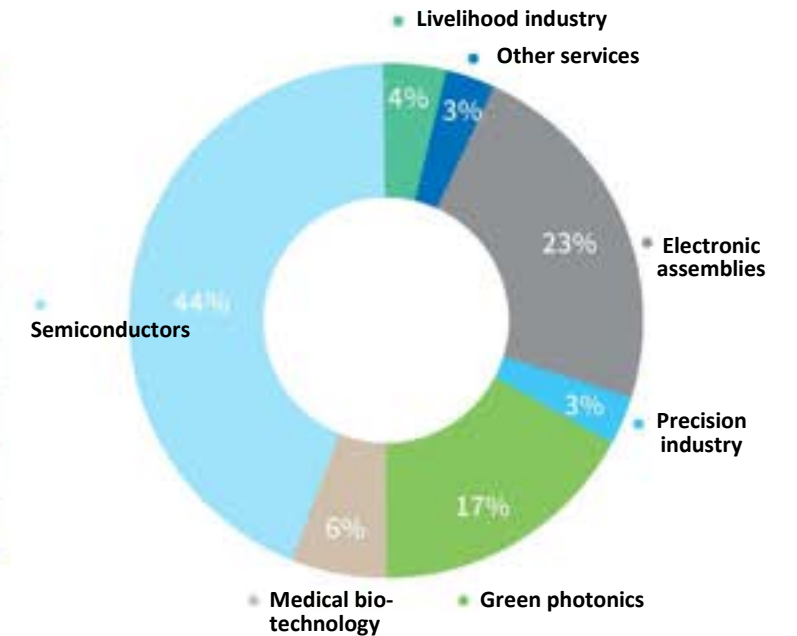
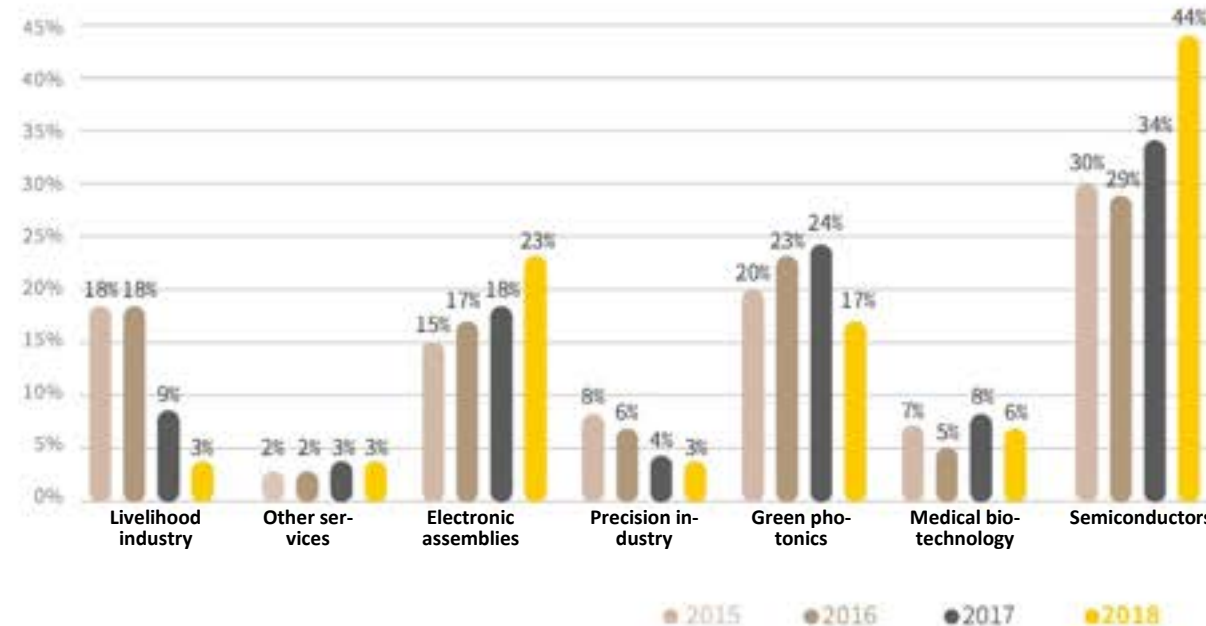
## Friendly Workplace

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## Appendix

## 2018 Engineering Revenue by Industry Share





## Shareholders' Structure

2018.03.31

|                | Government Organizations | Financial Organizations | Other Corporations | Individuals | Foreign Organizations and Outsiders | Total      |
|----------------|--------------------------|-------------------------|--------------------|-------------|-------------------------------------|------------|
| No. of People  | 0                        | 0                       | 66                 | 6,659       | 108                                 | 6,833      |
| No. of Shares  | 0                        | 0                       | 6,856,967          | 37,525,445  | 9,820,330                           | 54,202,742 |
| Shareholding % | 0.00%                    | 0.00%                   | 12.65              | 69.24%      | 18.11%                              | 100.00%    |

## Financial Performance

| Financial Information         | 2015   | 2016   | 2017   | 2018   |
|-------------------------------|--------|--------|--------|--------|
| Ratio of Debt to Total Assets | 62.57% | 61.94% | 59.62% | 54.31% |
| Return on Assets (ROA)        | 5.54%  | 5.34%  | 9.68%  | 10.96% |
| Return on Equity (ROE)        | 15.12% | 14.40% | 24.41% | 25.39% |
| EPS (Earning Per Share)       | 9.02   | 9.45   | 15.76  | 19.52% |

## Individual Financial Information

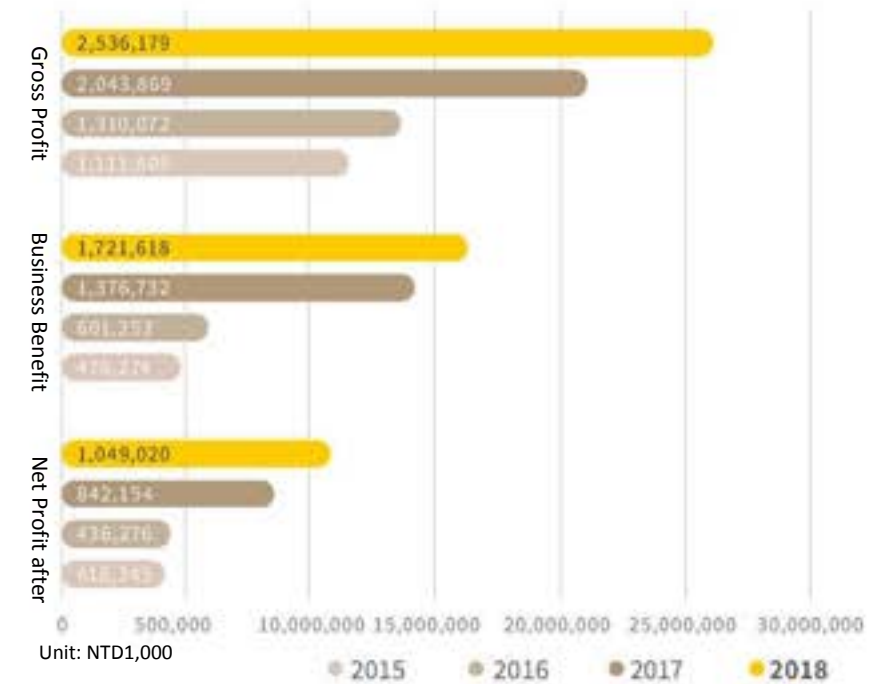
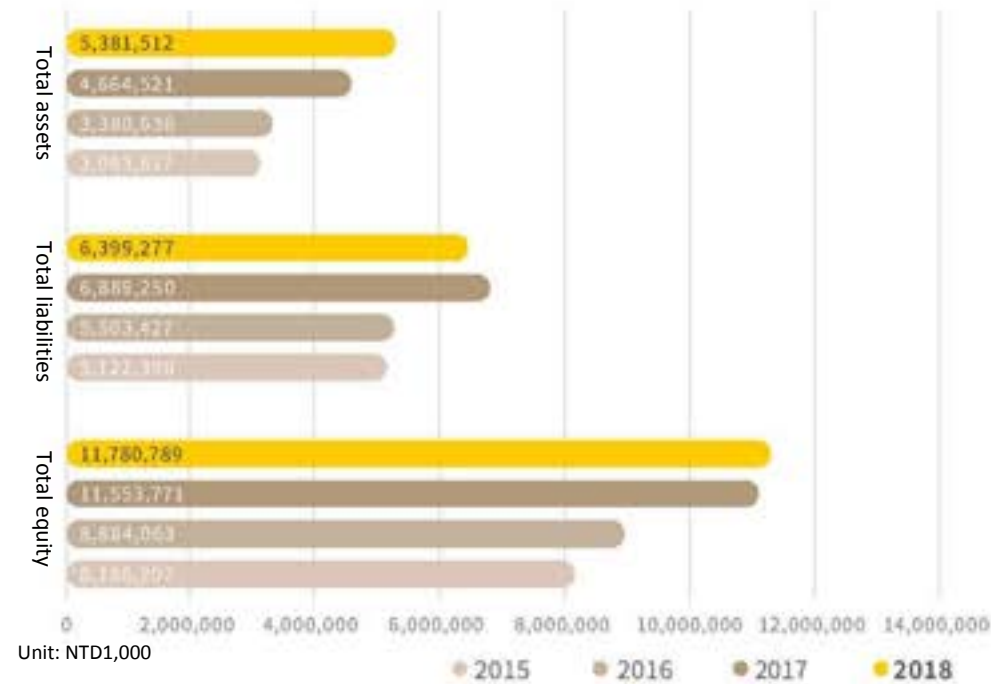
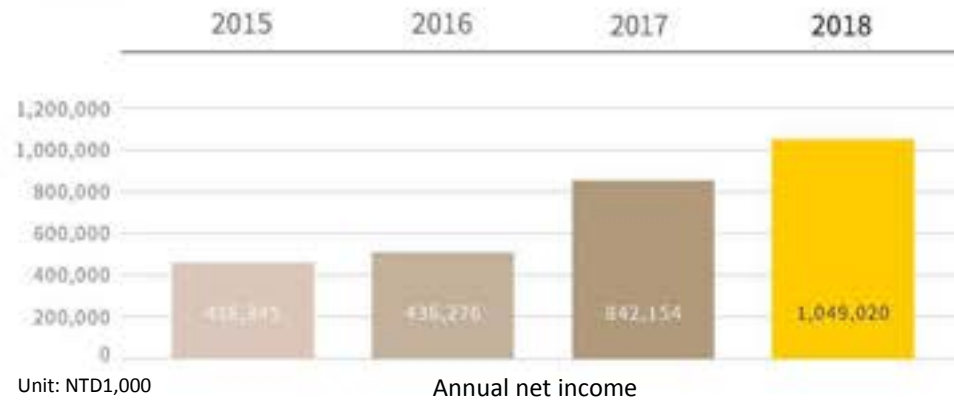
Unit: NTD1,000

|                                     | Items / Year  | 2015      | 2016      | 2017      | 2018          |
|-------------------------------------|---|-----------|-----------|-----------|---------------|
| Production of direct economic value | Engineering revenue   | 3,818,436 | 3,368,183 | 3,854,220 | 4,224,940     |
|                                     | Other operating revenue   | 10,393    | 4,487     | 12,016    | 9,925         |
| Allocation of direct economic value | Operating cost  | 3,527,690 | 3,122,910 | 3,511,541 | 3,778,787     |
|                                     | Employees' salary and welfare   | 423,572   | 407,536   | 451,708   | 488,348       |
|                                     | Amount paid to the founders (dividend)                                  | 93,232    | 284,014   | 377,895   | 612,986 (註 1) |
|                                     | Amount paid to the government (income revenue / excluding deferred tax) | 20,088    | 71,734    | 48,401    | 67,814        |
|                                     | Community Investment (Note 2)   | 2,886     | 2,499     | 4,607     | 4,878         |

Note 1: Dividends include only cash dividends without stock dividend.

Note 2: Social investments include charity donation, external initiatives, industrial-academic cooperation, scholarships and so on. Please refer to the section of "Social Participation".

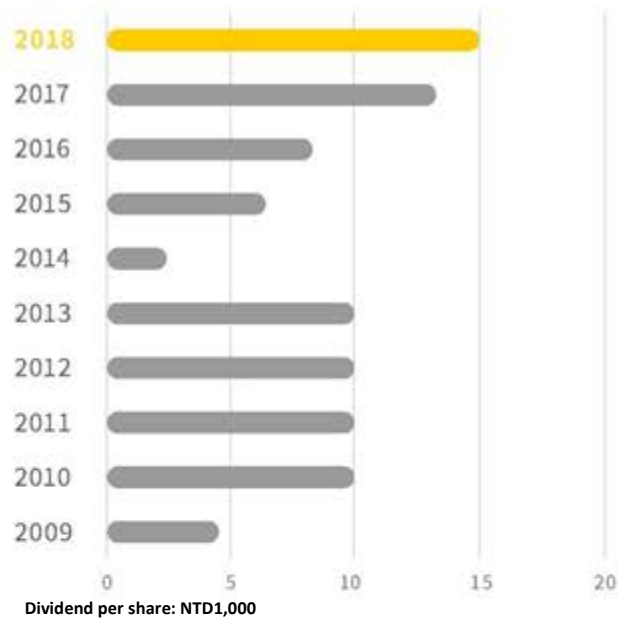
## Acter Group's Financial Information



## Dividend Policy

Acter's return to shareholders policy is drawn up in accordance with its Articles of Incorporations. Any surplus of the year shall be distributed with undistributed surplus of the previous year. The board of directors shall, depend on the fund status and economic development of the year, distribute dividends to shareholders. Acter has been distributing cash dividends to shareholders starting since 2009. In 2018, Acter has distributed NTD15 to each shareholder as cash dividend.

Information on Acter's stock dividend over the last 10 years



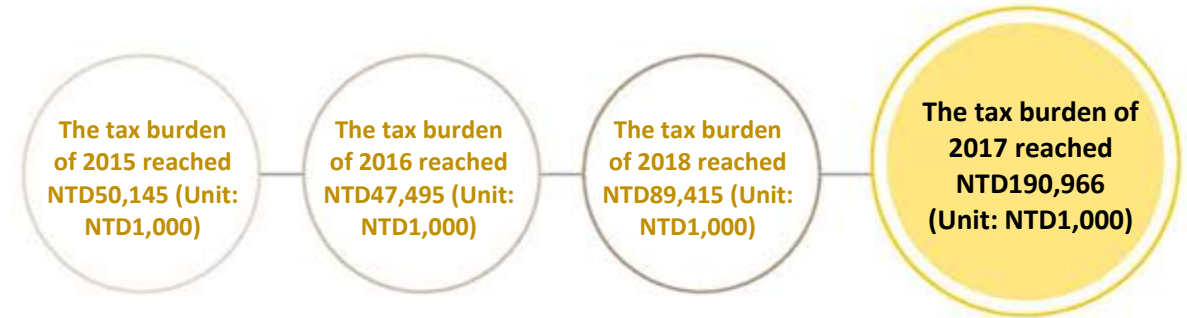
## Taxation Policy

Acter supports and complies with the government taxation regulations. Upholding the principles of integrity, Acter has not only made great effort to maintain information transparency and sustainable development, but also comply with the government's taxation system each year to fulfill its social responsibilities as a taxpayer. We commit:

1. Comply with all requirements of taxation and tax disclosure standards and keep all information on the financial report transparent.
2. All business activities are conducted in accordance with taxation laws.
3. Keep a respecting and trusting relationship with taxation agencies and, whenever necessary, communicate in regard to taxation issues.

The taxes that Acter (individual) paid to the government are mainly the income tax.

The details of the said taxes over the last three years are as follows:





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# 04

## Sustainable Engineering Services

- Main Services
- Research, Development and Innovations
- Green Engineering
- Quality Management System
- Customer Services and Management



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Engineering system integration service is the core business of Acter. This is the reason that, challenged by climate change and industrial transformation, we are aware of our important role in maintaining environmental sustainability. However, this is also a growth opportunity for Acter as “how to provide industry a solution for green/energy-saving production and environmental pollution reduction” has long been one of our goals.

With our great dedication to the research and development of innovative green technology, Acter not only provides customers energy-saving and green eco-friendly economical engineering solutions from the technology end, but also integrates our professional skills, knowledge and experiences to, through cooperation with our subcontractors, build “high value, low power consumption and low pollution” quality spaces. We also continuously track customers’ satisfaction level to perfect our service quality effectively. We commit more effort to bring customers more general ideas of green sustainability and responsible services in the future in order to head towards prospects of sustainability!

Highlights of the Year



1 new construction work  
received the

**EEWH green building candidate  
certificate**

Smart Building, Gold Level



Achieved the high  
score of 91

**Customer Satisfaction Level  
achieved 91**

100% tracking and improvement compliance rate



R&D expenditure is totaled  
NTD127.21 million

**Grew by 24.33% over last year**

Obtained 8 new utility model patents  
27 new unique or innovative construction methods



## Service Management Policy

### R&D and Innovations

R&D patent applications; academic cooperation; participation in industrial/academic associations.

### Green Engineering Services

Green Engineering and Technology

Provide customers energy-saving and green eco-friendly economical engineering solutions from the technology end.

Quality Management System

Engineering management system; engineering applications management; supplier management; and customer services.

### Customer Review Mechanism

Customer satisfaction survey (twice each year)

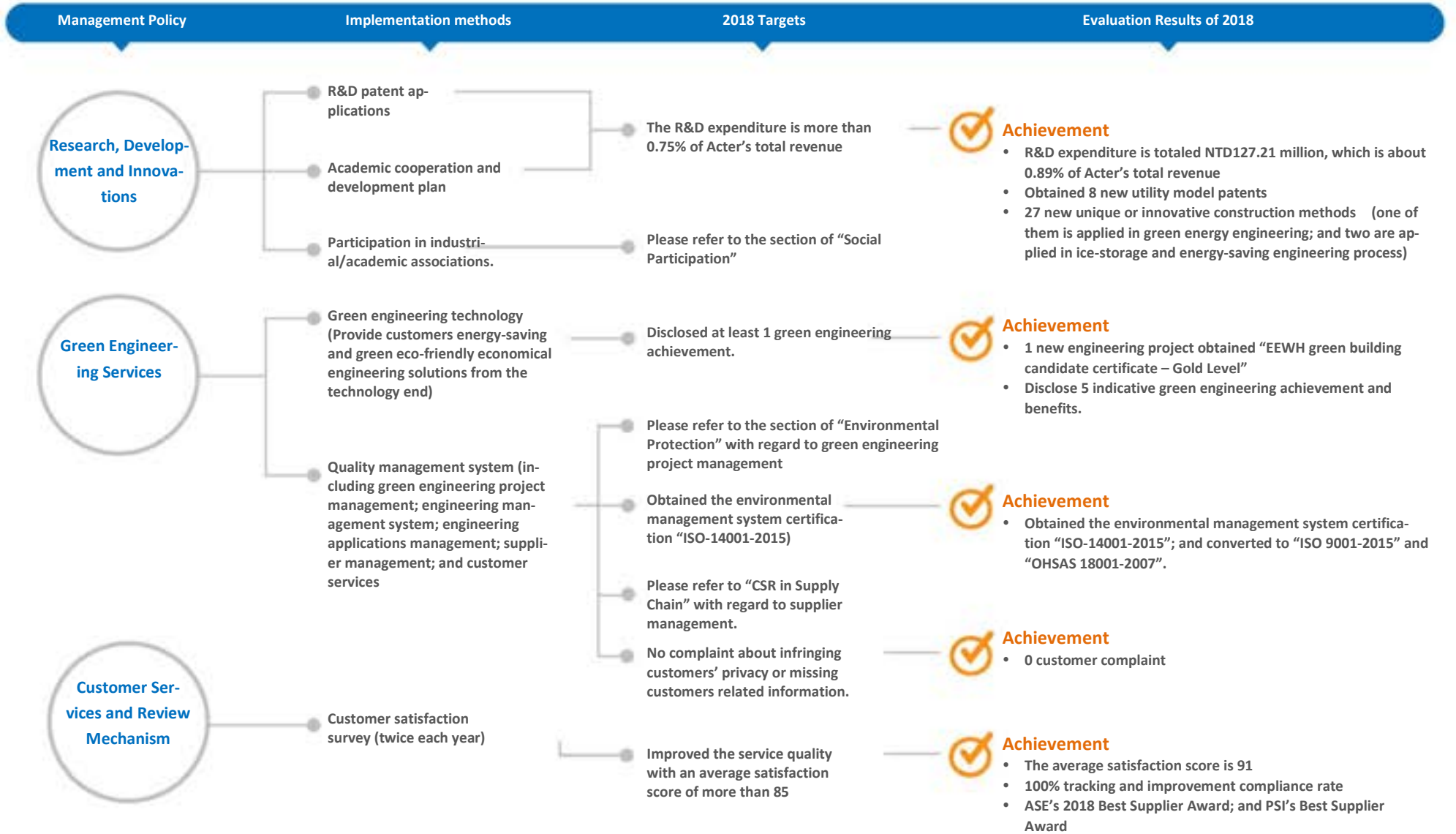


## Management Implementation Mechanism

| Responsibilities  | Resources  |
|---|--|
| CSR promotion committee – economic perspective  | Personnel and annual budgets of Technology Division, Business Department, Procurement Department, Quality Assurance, Safety Department and all engineering departments.  |
| Complaint Mechanism   | Evaluation Mechanism   |
| Please refer to “Stakeholder Identification and Materiality Evaluation” – Communication channels and mechanisms | <ul style="list-style-type: none"><li>• Performance assessment of departments</li><li>• Hold customer satisfaction survey twice each year; review items with unfavorable performance in order to provide improvement strategy therefor and continuously track the performance thereof.</li></ul> |



## Implementation Results of 2018



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Main Services

Characterized by the offering of “professional turn-key engineering services”, Acter strictly monitors and controls each process – from negotiating with customers for their factory building demand, doing a comprehensive design planning, ensuring precise procurement to assuring the construction quality – to meet customers’ requirements and complete projects timely with our high degree of professionalism. The scope of our service applications comprises mainly people’s livelihood and technology, and are categorized as “high-tech production/ clean room integration engineering”, “electromechanical air-conditioning system integration engineering”, “chemical system integration engineering” and “environmental engineering integration engineering” services. Besides, through a multi-industrial and multi-disciplinary development, we have continuously enhanced our horizontal integration capability and flexibly responded to new market demands in order to fulfill our responsibilities by offering high-quality services to customers.

Remarks:

Professional turn-key engineering services (or known as EPC, referring to “engineering, procurement and construction”): Following the increasing complexity and scale of engineering services, the constructions and overall functions of many large factories are now undertaken or taken care by EPC suppliers to largely reduce the communication and construction costs; and to quickly and effectively respond to customers’ demands.

Four Main Services

High-tech production/ clean room integration engineering

Acter provides high-technology industry (ex. semiconductors, electronic assembly, bio-medical and green photovoltaic industry) production and clean room system integration turn-key services. That is, from design planning, engineering management to warranty/ maintenance, provide customers effective energy-saving solutions, proactively respond to their factory building requirements and optimize their system efficiency accordingly.



Electromechanical air-conditioning system integration engineering

Acter has long been developing in the field of electromechanical air-conditioning and technology integration. With our one-station integration services, we provide customers with livelihood and technology demand quality and energy-saving space planning solutions. With our abundant experiences and excellent reputation accumulated through engineering projects over the years, we are one of few professional engineering companies that provide electromechanical engineering services.



Chemical system integration engineering

Acter provides an integrated service for the planning, design, construction, installation, test and monitoring of chemical supply system. Besides, we also provide safe and high-quality chemical engineering services by continuously developing technology related to, for example, gas valve box/ disk, solvent recycling equipment, heating control system, central monitoring system and toxic gas detection system.



Environmental engineering integration engineering

Acter is specialized in the water processing and wastewater treatment turn-key engineering for general industrial and high-technology factories. With respect to water required for production and the discharge of wastewater, acid, alkaline and waste gas, we also provide customers pipeline planning and pollution prevention / treatment solutions to put the eco-friendly green engineering into practice. In the future, we will expand to the field of wastewater reclamation for a circular economy.



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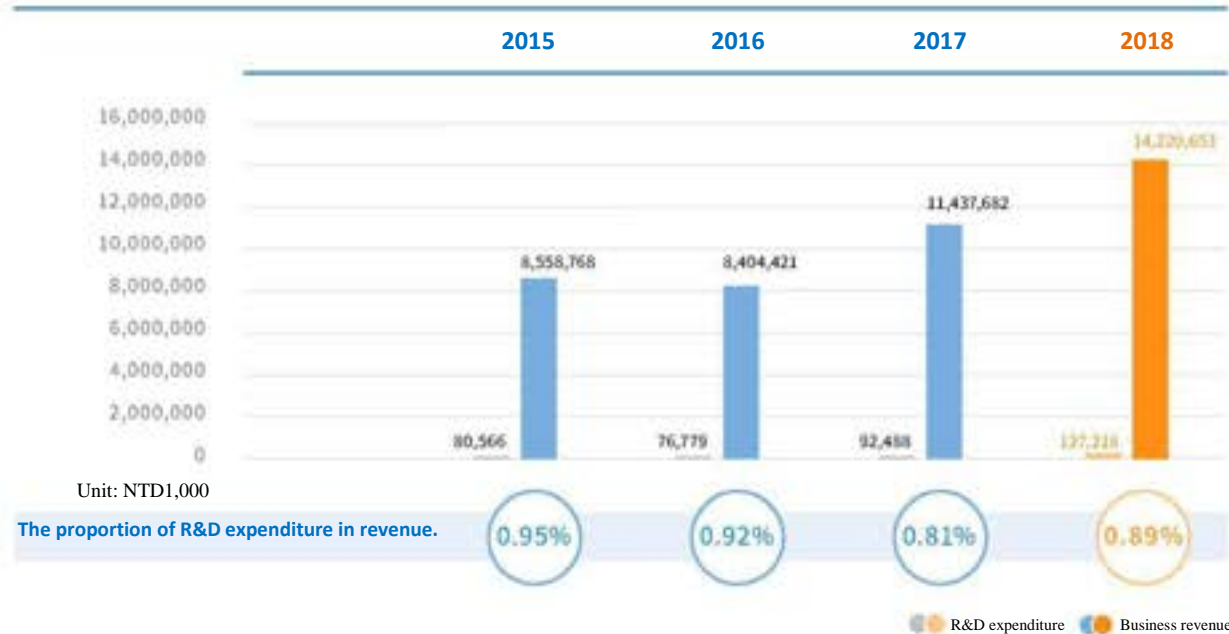


Research, Development and Innovations

Acter has long devoted to the introduction, research and development of all types of green engineering technologies. Challenged by trends and changes of the industry, we have continuously ameliorated our capabilities by adopting international standard operations and systems; integrating industry chain to develop special / innovative construction methods; allocating a specific proportion of revenue to research and development each year. Besides, we have maintained a close relationship with industrial and academic associations and experts from relevant fields for exchanges in technology; and integrated academic resources to jointly launch experimental programs with respect to an effective reduction in environmental pollution derived from production. In order to fulfill our visions for sustainability, we have adopted a multi-approach to create value engineering.

In 2018, we have totally invested NTD127.21 million, counting 0.89% of our annual revenue, in research and development; and newly obtained 8 utility model patents and 27 unique / innovative construction methods (where one of them is applied in green energy engineering; and two are applied in ice-storage and energy-saving engineering process).

Acter's Investment in R&D Over the Years



Research, Development and Innovations Achievement in 2018

**Achievement** The R&D expenditure is more than 0.75% of Acter's total revenue  
R&D expenditure is totaled NTD127.21 million with a growth of 24.33% comparing with the previous year

**Achievement** New utility model patents  
Obtained 8 new utility model patents

**Achievement** Developed unique or innovative construction methods  
Developed 27 new unique or innovative construction methods, where one of them is applied in green energy engineering; and two are applied in ice-storage and energy-saving engineering process.



## List of New Patents obtained in 2018

| Obtained 8 new utility model patents |   |
|--------------------------------------|---|
| Patent Type                          | Patent Name   |
| New utility patent(s)                | A type of chemical mechanical planarization mixture and supply equipment.   |
|                                      | A type of triaxial fully automated mechanical arm.  |
|                                      | A type of NMP waste gas recycling system.   |
|                                      | A type of high-precision channel based anti-electromagnetic interference device.  |
|                                      | A type of pumping solution drum opener.   |
|                                      | A type of organic solution purge tank.  |
|                                      | A type of humid exhaust processing device.  |
|                                      | A type of fully automated humidity control equipment that allows synchronization of four separate silicon wafer carriers. |

## List of Newly Developed Unique or Innovative Construction Methods

| 27 new unique or innovative construction methods   |   |
|--|---|
| One of them is applied in green energy engineering; and two are applied in ice-storage and energy-saving engineering process |   |
| Category   | Unique or innovative construction methods   |
| Green power engineering  | An integrated power supply method for solar energy.   |
| Ice-storage and energy-saving engineering  | Use raft-based ice-storage system to transfer peak loads.   |
|  | Store ice water in the fire cistern reduce the used space and contractual capacity.   |
| Supertall building   | The ultra-cold air system can reduce the area covered by pipelines.<br>A 42-floor building for multiple uses.                       |
| Unique engineering   | Integration technology for hospitals with SARS negative pressure isolation equipment.   |
|  | Bio-chemical laboratory of the Ministry.  |
|  | The integration engineering technology for the import of Tobacco factory.   |
| Biochemical engineering  | Electromechanical integration engineering technology for weaving and dyeing factory   |
|  | An integrated technology for the first H1N1 vaccine plant.  |
|  | An integrated engineering technology for clean rooms of CGMP factory.   |
|  | An integrated construction method for factories specialized in the production of Cordyceps sinensis.                                |
|  | An integrated energy-saving electromechanical technology for biochemical equipment factories.                                       |
|  | An integrated engineering technology for GTP clean room.  |
|  | Transnational output of integrated electromechanical technology for food/ cGMP factories.   |
| Clean room turn-key engineering  | An integrated energy-saving electromechanical technology for poultry holding areas and poultry processing factories.                |
|  | An integrated technology that freely switch a place into a positive or negative pressure environment depending on product features. |
|  | An innovative construction method for the first mass production factory of PDP.   |
|  | An innovative construction method for Japanese polarizer manufacturers.   |
|  | An innovative construction method for TFT manufacturers.  |
|  | A unique construction method for the 6" silicon wafer fab turn-key service under the cooperation with SONY (Japan).                 |
|  | An innovative construction method for Taiwan's second largest assembly house.   |
|  | An innovative construction method for the whole-plant electromechanical integration of module factory.                              |
|  | An innovative construction method for FPCB factories.   |
|  | An innovative construction method for the output components of a Japanese factory.  |
|  | An innovative construction method for electromechanical integration of PEC manufacturers.   |
|  | An innovative construction method for the microenvironment of semiconductor device washing factory.                                 |

## Future R&D and Investment Items

|  |   |
|--|---|
| 1 Development in Technology Patents                                      | Our Company and subsidiaries sustainably obtain patents related to engineering constructions; new material applications and changes; and chemical equipment, supply system, software and writings.  |
| 2 Academic Research and Cooperation                                      | Cooperate with foreign companies and domestic universities / colleges / institutions; and develop distillation technology as the core technology for realizing high precision and reclamation of chemicals.   |
| 3 Development in Energy Saving and Environmental Protection Technologies | Our Company and subsidiaries have been continuously studying energy-saving and environmental protection relevant engineering technology and products; and established units devoted thereto in order to, with integrated engineering and improvement services, assist customers in effectively using resources, reducing production costs and enhancing industrial competitiveness.                             |
| 4 Biotechnology Industry Research  | Innovative research and development for biopharmaceutical projects are implemented primarily under the SIA (System Impact Assessment) standards to set clear targets for the qualifications thereof; and to conduct internationally recognized assessments.   |
| 5 Production Demand and Rationalization Research                         | Conduct an in-depth study on customers' industrial production processes and communicate with customers effectively in order to provide the optimal production environment and with the most efficient construction methods.   |
| 6 Talent Cultivation and Industrial-Academic Cooperation                 | Started to cooperate with National Taipei University of Technology, National Taiwan University of Science and Technology, National Chin-Yi University of Technology and Feng Chia University since 2006 by signing off-campus internship contract and conducting industrial-academic alliance and cooperation. It is Acter's expectation to make a breakthrough in innovations by launching joint R&D projects. |

## Future R&D and Investment Items

Unit: NTD1,000

| Project  | Current progress                                    | Further investment to research and development | Completion of mass production | Descriptions   | Key success factors for future development  |
|--|---|--|-------------------------------|--|---|
| Practical and new patent                               | The Company continues to apply for relevant patents | 247,103  | October 2020                  | Optimize construction process and enhance/improve equipment functionality.   | Personnel involve in research<br>The management level gives encouragement and supports. |
| Development of sterile hydrophilic eliminator          | Experiments are in progress                         | 754  | Not applicable                | Cooperate with National Taipei University of Technology (NTUT) to develop the water wash mechanism therefor. The current objectives are to provide a solution for molecular contamination of precision semiconductors in regard to its impact to products; and bacterial damages to operating personnel. | Benefits of antibacterial materials.  |
| Talent cultivation and industrial-academic cooperation | In progress   | 80   | December 2019                 | Conduct not only in-service trainings to enhance employees' occupational capabilities, but also joint research and development with the academic circle for innovations.   | Combine academic and practical works.<br>Technological applications and inheritance.    |

SIA (System Impact Assessment) Standard Operations

Modern biopharmaceutical factories must comply with PIC/S GMP standards. GEP (Good Engineering Practice) is the basis of PIC/S GMP, whereas SIA is the core operation of GEP. The primary research and development targets of Acter's engineering departments are standard operations of SIA(System Impact Assessment) and CCA(Critical Component Assessment). That is, to further develop biopharmaceutical project related system into quality and fully automated production standards (GAMP) in order to comply

with international trends and standards. In the future, Acter will also proactively establish GAMP standard operations for air-conditioning system, pure-water system, distilled water system, pure steam system, compressed air system, compartment system, electricity system, fire-fighting system, water discharge system and automated control system in order to efficiently, economically and fulfill biopharmaceutical industry's demand for the approval of automated control system.

Remarks

## Green Engineering technology

To enhance our “competitive advantages in green technology” has been one of the objectives of Acter’s core business. Acter not only customizes our services based on the characteristics and demands of customers’ industry, but also integrates our expertise in different domains, such as architecture, electromechanical, air-conditioning, fire-fighting, instrument control, pipeline and engineering management, to provide customers economical and workable environmental protection and energy-saving solutions. Besides, Acter also timely apply green technology in projects to create differentiated and value engineering services; and to increase customers’ added industrial values.

The MOXA Bade factory newly built by Acter not only received the honor of “EEWH green building candidate certificate – Gold Level”, but also won a number of technology achievements in green engineering technology and received benefits thereof.

## Green Engineering Project Management Processes

Based on the idea of “enhancing energy efficiency; reducing resource waste; protecting earth and environment; and building a safe work place”, we have adopted green engineering technology concepts to effectively increase energy and resource utilization rate; and reduce costs and expenditure at the design planning end. In the meantime, we are also doing our best to prevent impacts to our environment during the operations of products; provide customers the best and most eco-friendly and energy-saving solutions; assist customers in maximizing climate change reduction and co-existing with our environment; and contribute to environmental protection during our factory building and engineering mission(s).

On the other hand, to precisely control our budget and minimize resource wastes, we have been continuously optimizing engineering processes and adopting smart management to timely control resource consumptions and adjust actual demands. (Please refer to the section of “Environmental Protection” for more detailed information about green engineering project management)



### STEP.1 – Negotiating with customers for their factory building demand

- Make professional energy-saving and value engineering suggestions based on customers demand while offering customers a number of choices.
- Fully communicate with customers in regard to their demand to avoid over-design.

### STEP.2 – Doing a comprehensive design planning

- Take “high values, low energy consumption and low pollution” into consideration to offer customers energy-saving equipment and eco-friendly materials for their selection; and provide efficiency analysis.
- Use 3D Model Review mapping to reduce pipeline conflicts, precise calculate the quantity and reduce resource waste.

### STEP.3 – Green procurement

- Establish standard operating procedures and specifications; timely upgrade the progress and enhance procurement performance.
- Enhance supply chain green management.

### STEP.4 – Smart management

- Develop 3D design technology and piping modularization; and enhance design and planning capabilities.
- Apply standardized PLM project management for symmetrical messages and instant transmission thereof.
- Establish SIA and CCA standard operations to develop quality and fully automated production standards (GAMP).

## Green Engineering Technology and Achievement of 2018









### Disclosed at least 1 green engineering achievement

#### Achievement

- A new construction project received “EEWH green building candidate certificate – Gold Level”
- Disclosed 5 indicative green engineering achievements and benefits



## Green Engineering Technology Applications

| Green Engineering Technology  | Methods   | Methods or Effectiveness of Actual Application Methods  |
|---|---|---|
|  <b>Wastewater treatment</b>                                     | Electrolysis technology for copper-containing wastewater  | Round bar electrolyte can increase the system's mass transfer and balance the distribution of electric force lines. Closed electrolyte can reduce the amount of acid gas spreading in the environment.  |
|   | Fluidized-bed crystallization technology for phosphorus-containing wastewater   | Reduce phosphorus of the water; crystallize phosphorus crystals to ferrous phosphate, which is the raw material of other production.  |
|   | Distillation recovery technology for organics in the water  | Recycle minor organics in the recovered wastewater to lower the loading of wastewater treatment. The recycled organics are purified as a new resource.  |
|  <b>Noise prevention and control</b>                             | Fluidized-bed crystallization technology for fluorine-containing wastewater   | Recover fluoride ion in the recovered wastewater to reduce the amount of sludge generated from the process. Produce calcium fluoride through the crystallization process and have them used as the additive for steelmaking furnace.  |
|   | Set pre-construction and construction noise prevention and control plans; adopt low-noise construction methods and equipment; install noise insulation equipment; implement site management works.                                | Maintain the construction environment and tranquility of the surrounding areas to effectively minimize damages of noises to human body.   |
|   |   |   |
|  <b>Save energy using electrical technology</b>                  | Adopt high-efficiency electric equipment, such as high-efficiency transformer, high-efficiency motor and high-efficiency LED lighting.  | Can enhance the overall power-use efficiency and reduce loss of electricity. Not only can the Company save energy and resources, but also it will be able to reduce the emission of greenhouse gas and environmental pollution.   |
|  <b>Save energy and water during the production process</b>     | Adopt energy-saving inverter optimization control, waste heat recovery and reuse, air conditioning cooling water recovery and reuse measures, and hygiene appliances with water-saving label to save power and water consumption. | Can enhance the power-use efficiency and environmental pollution resulted from the discharge of waste heat. The water recovery and water saving devices can reduce the use of water resources.  |
|  <b>Pipeline prefabrication, installation and applications</b> | Draw a precise construction plan in advance to increase the off-site prefabrication and installation ratio and examine the quality thereof with higher standards.   | Optimize the arrangement of pipelines; enhance construction quality and efficiency; reduce construction cost and risks.   |
|  <b>Waste heat recovery system</b>                             | Well use the heat exchange principles to recover the heat of high-temperature wastewater discharged during the production, and have it used in the air conditioning and ventilation systems.                                      | Save energy and reduce wastes.  |
|  <b>For 3D drawing</b>   | Use the BIM (Building Information Modeling) technology to enhance the Company's technical capability in space management in order to solve problems related to the construction of engineering pipelines.                         | Can increase the construction accuracy and further reduce the loss and waste of engineering materials, and the waste of construction manpower and materials resulted from repeatedly repairing and renovating the pipelines. This will help not only to increase the engineering quality but also shorten the timeline. |
|  <b>Information platform</b>                                   | Establish one information sharing platform.   | Symmetric information can help to immediately review the implementation of engineering project, which can facilitate the management of actual engineering projects.   |

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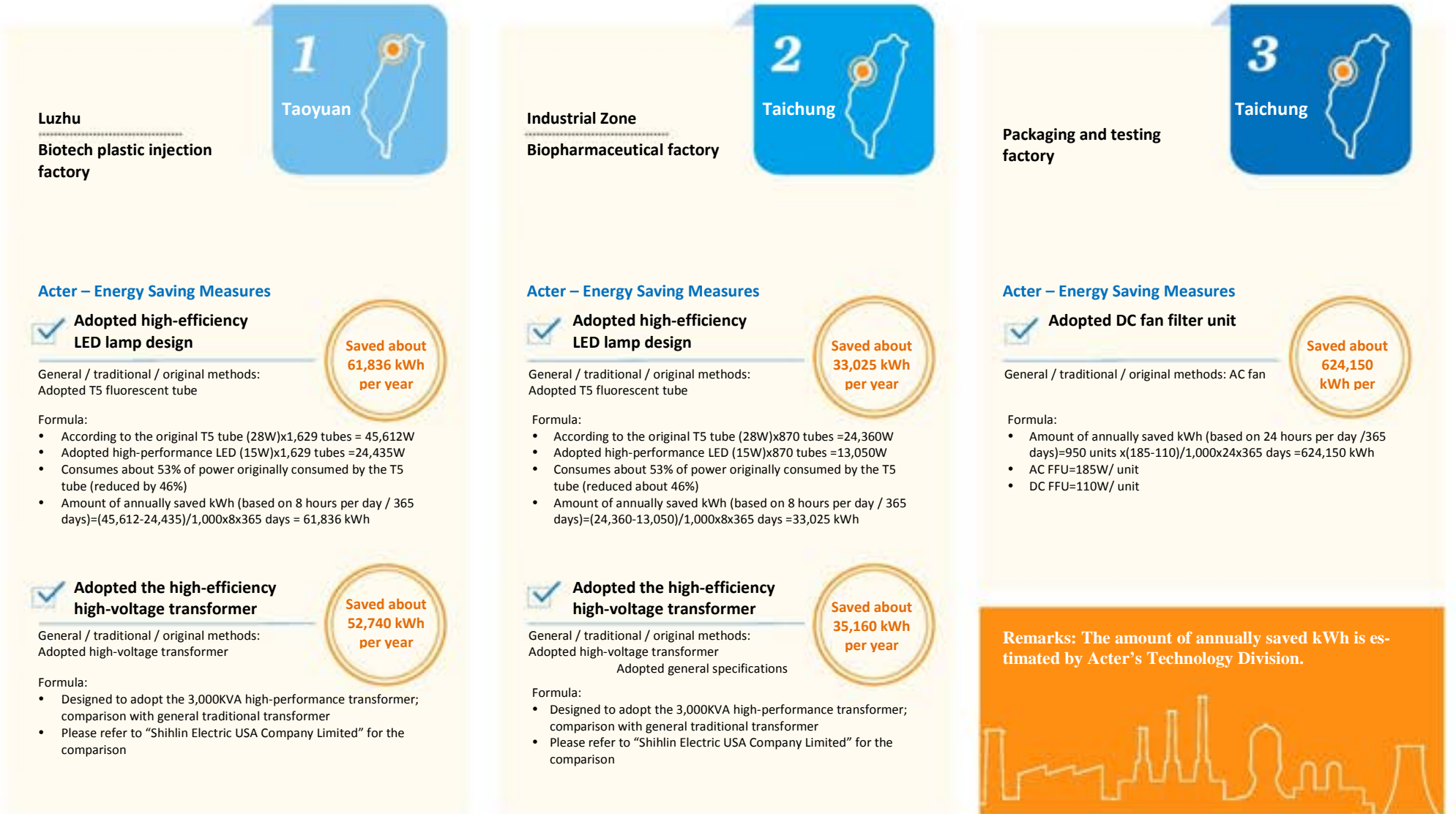
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### Construction of new electronic factory

4

Taoyuan



#### Acter – Energy Saving Measures

✓ The temperature difference in ice and cooling water supplied / reclaimed by the water chiller is  $\Delta 8^{\circ}\text{C}$  and  $\Delta 6^{\circ}\text{C}$

General / traditional / original methods:  
The temperature difference in ice and cooling water supplied / reclaimed by the water chiller is  $\Delta 5^{\circ}\text{C} / \Delta 5^{\circ}\text{C}$

Formula:

- The ice water  $\Delta 5^{\circ}\text{C}$  and cooling water  $\Delta 5^{\circ}\text{C}$  of water chiller = 0.57kW/RT
- Ice water  $\Delta 8^{\circ}\text{C}$  and cooling water  $\Delta 6^{\circ}\text{C}$  of water chiller = 0.66kW
- Ice water pump = 144LPM/kW
- Cooling water pump = 167LPM/kW
- Utilization rate = 0.6
- Amount of annually saved kWh (based on 24 days per day / 365 days) =  $((40,000 - 25,000) \text{LPM} \div 144 \text{LPM/kW}) + (48,000 - 40,000) \text{LPM} \div 167 \text{LPM/kW} - 4,000 \text{RT} \times (0.66 - 0.57) \times 24 \times 365 \text{ days} \times 0.6 = -1092,875 \text{ kWh}$

Saved about  
1,092,875  
kWh per year

### Construction of new biotech factory

5

Taipei



#### Acter – Energy Saving Measures

✓ Filter collected dust and exhaust and then re-cycle them to the air handling unit

General / traditional / original methods: Filter collected dust and exhaust and then eliminate them

Formula:

- Chiller volume = 98kW + 33kW, totally 262kW for 2 units
- Power consumed by the chiller + pump =  $(35.8 + 11.7) + (7.5 + 3.7)$ , totally 117kW for two units
- kW/kW ratio =  $117 / 262 = 0.45$
- Energy consumed by dust recycling fan each year (based on 24 hours per day x 365 days) =  $2.2 \times 24 \times 365 = 19,272 \text{ kWh}$
- Amount of kWh annually saved through the dust recycling: Shall be calculated hour by hour throughout the year. When the external temperature and humidity are lower than indoor exposure conditions, then there is no dust recycling benefit
- Dust recycling amount: 187,150kW
- Amount of annually saved kWh =  $187,150 \text{ kW} \times 0.45 = 84,218 \text{ kWh}$
- Amount of annually saved kWh =  $84,218 \text{ kWh} - 19,272 \text{ kWh}$  (power consumed by fan) = 64,946 kWh

Saved about  
64,946 kWh  
per year

Remarks: The amount of annually saved kWh is estimated by Acter's Technology Division.



## Prospects of Green Engineering

Acter not only makes continuous investments in the development of green technology, but also uses the technology in factory construction projects. It is expected that the results of these construction projects will be applied in more eco-friendly projects to reduce impacts to our environment during the operations of products and will, through the commercialization process, boost the company's growth.

### Performance Highlight of 2018

Assist customers in obtaining EEWB green building candidate certificate – Gold Level





With the objective of providing customers optimum engineering technology integration services, Acter believes that, only by constructing a space that has its quality guaranteed and meets customers' requirements, we will assist customers in obtaining preemptive market opportunities and increasing their competitiveness. We have therefore set explicit quality policy and objectives, under which our work instruction document and management manual are made; standardize and institutionalize our operating procedures; and verify the accuracy of our management mechanism. Besides, having our engineering project experiences accumulated over the years, we have continuously optimized project procedures with big data in order to comply with up-to-date international quality standards, meet EHS regulatory requirements and enhance the quality of our engineering services to reach customers' satisfaction.

Acter has passed the quality management system certification of ISO 9001 in 1999; obtained the environmental management system certification "ISO-14001-2015"; and converted to "ISO 9001-2015" and "OHSAS 18001-2007". Today, we are still sustainably ameliorating our quality management system.



## 2018 Quality Management System Performance

obtained the environmental management system certification "ISO-14001-2015"

### Achievement

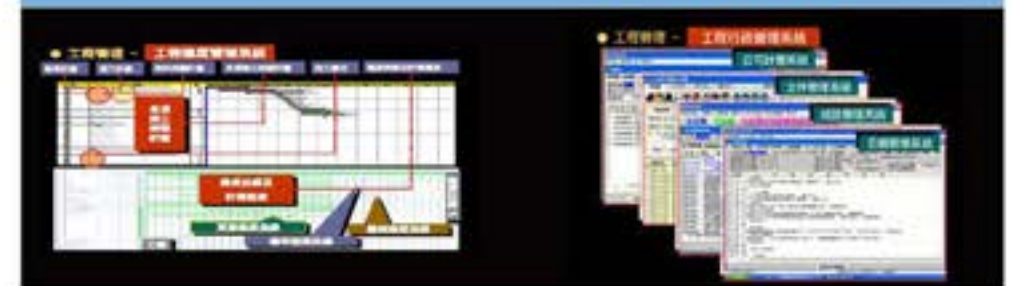
- Obtained the environmental management system certification "ISO-14001-2015; and converted to "ISO 9001-2015" and "OHSAS 18001-2007".

Received no complaint from the customers

### Achievement

- 0 customer complaint

Use ERP system to manage quality.



### Remarks:

For employees of Acter, quality is our responsibility and the fundamental of implementing our jobs and services.

To enhance our quality and efficiency at work, Acter has been comprehensively promoting "implementation of operating standards" and "improvements on proposals"; and listed "quality management capabilities" in our performance assessment index. We hope that public awarding or rewarding will encourage our employees to become better and enhance their problem-solving skills and innovations. In this way, not only Acter will be able to maintain our competitive advantages, but also customers satisfaction will be fulfilled.

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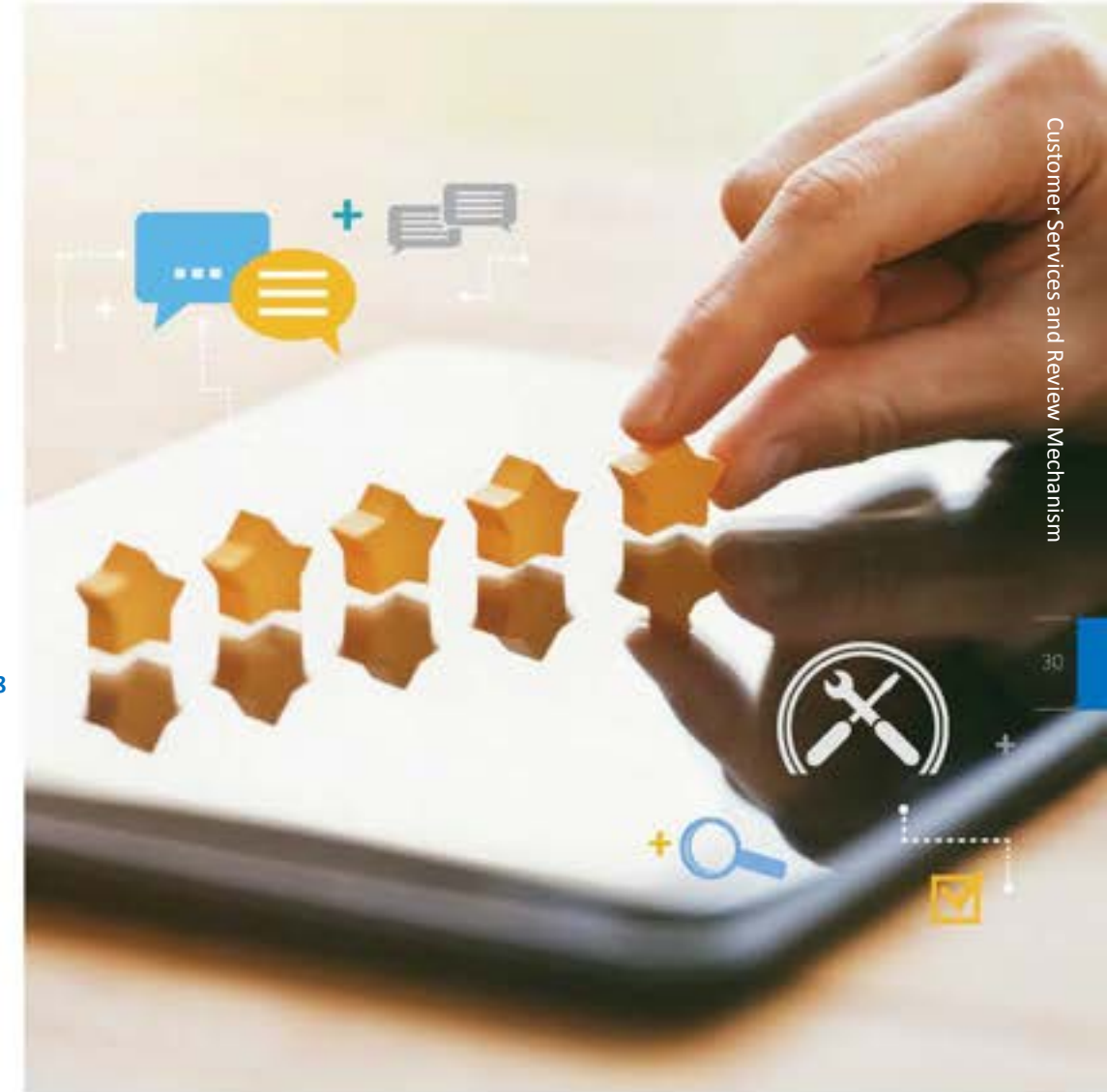


Oriented on our mission of being a “quality space builder”, Acter aims to pursue total customer satisfaction and enhance customers’ values. Apart from communicating and interacting with our customers in ordinary days, we also carry out customer satisfaction survey convened by General Manager interdepartmentally in May and November each year according to “Procedures Governing Customer Satisfaction Level and Sustainable Operational Improvement”. With respect to customer complaints or scores behind the standard, we not only analyze and review the case, but also propose a solution, improvement strategy and preventive measures while continuously tracking the improvement status to ensure the compliance of our service quality in customers’ trust and expectations.

The customer satisfaction survey has five major facets: Professional skills; engineering quality / progress; EHS management; level of cooperation, communication and coordination; and administration, with a total score of 100. Acter’s average customer satisfaction scores for 2018 are: 88 for the Engineering Department and 94 for the Maintenance Department; the average of all departments is 91. Besides, with respect to customers whose scores gave to Acter were lower than our standards in 2017, the statistical data indicates an improvement. In the same time, Acter continued to receive customers’ awards as the best supplier.

### Acter’s Performance in Customer Services and Evaluation Mechanism for 2018

| Customer Satisfaction Survey (twice a year) |   |
|---|---|
| Achievement                                 | <ul style="list-style-type: none"> <li>The average satisfaction score is 91</li> <li>100% tracking and improvement compliance rate</li> <li>ASE’s 2018 Best Supplier Award; and PSI’s 2018 Best Supplier Award</li> </ul> |





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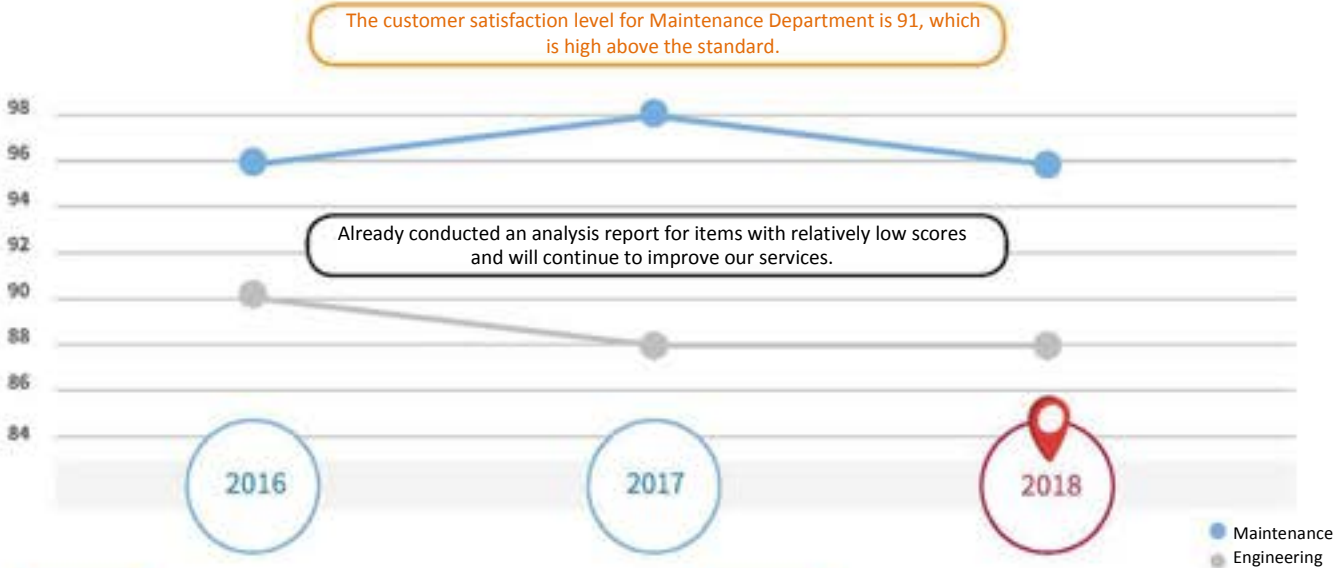
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For many years, Acter has listed customer services as one of material issues due to our value to customer satisfaction level. It is also our expectation that we will further ameliorate our service quality next year; and ensure the compliance of our engineering services in customers' trust and expectations.

The results of 2018 customer satisfaction survey indicates that the average of customers' satisfaction level towards our engineering department is at the same level despite the slight decrease in "level of cooperation, communication and coordination". To satisfy customers' needs and become an engineering service team trusted thereby, Acter therefore conducted an analysis report and proposed improvement strategy therefor; provided respective and appropriate information to customers according to their operating model; and interacted with our customers with "professional ideas and simple words"

As for our Maintenance Department, the total of customer satisfaction level thereof has slightly decreased by 2 points. However, it is still above the standard score and has obviously increased (from 6 to 16) comparing with the results of 2017 survey where the customers' score was lower than the standard. This shows an obvious performance in our proposed improvement strategy. Next year, we will continue to review "engineering quality / progress", "EHS management" and "administration" as the overall satisfaction levels thereof is relatively low. We will continue to enhance workplace management and conduct regular meetings with our customers with better communicate with them and shorten the bridge the cognitive gap therebetween.





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Acter has been devoted to protecting customers' confidentiality to ensure their rights and interests. To prevent customers confidential data from leaking, Acter has not only complied with personal information protection relevant regulations, but also set strict management mechanisms and measures, such as the stipulation of "Obligation of Confidentiality"; and holding irregular educational trainings and promotions to enhance employees' awareness towards information security and abilities in classifying and handling confidential information.

Besides, our Business Department also reviews respective control points annually to give the optimum protection of customers' confidential information. In 2018, Act received no complaint from the customers in regard to customer privacy and maintenance of customer data, showing a good performance in implementing relevant measures and mechanisms.

we also hired external information security companies to implement external information security inspections for all of Acter's inspections to minimize operational risks.



**Acter's mechanism of protecting customers' privacy and confidential data**

Internal Mechanism(s): The IT Department has strictly regulated the installation of relevant operating systems and set rigorous information security inspection measures (ex. code security scan, system penetration test and other automated inspections for scanning).

External Mechanism(s): Hired external information security companies to implement external information security inspections for all of Acter's systems to minimize operational risks caused by human errors.



**Enhance customers' awareness towards information security**

Employees' awareness for information security is the most important line of defense in regard to information protection. We have therefore adopted some measures to enhance employees' awareness information security, such as carrying out relevant trainings and having our IT Department distributing relevant EDMs on an irregularly basis.

We also set relevant regulations and handling measures; and requested business personnel to protect customers' information.



**Legal regulations**

Sign the non-disclosure agreement with our customers; accept legal regulations and reviews thereof.

Information on relevant communicating channels are also provided on Acter's official website, enabling our customers to immediately contact with us: <http://www.acter.com.tw/zh-tw/2018-07-06-03-34-56>

## Recognition towards Our Customers Services and Honors

Acter insists on walking hand-in-hand with our customers. Not only are we doing our very best to satisfy customers' demand by continuously communicating with them, but also we have built our brand value and competitiveness advantages with innovative technology and high-quality services. This is the reason that we are a reliable partner of our customers. Apart from serving existing customers, we have been continuously developed new markets, industries and customers inside and outside the country, and satisfied customers needs for interdisciplinary integrated system engineering services.

"Satisfying customers' needs and enhancing customers values" are our commitments to customers. We have managed all of our engineering projects on the principles of "quality and safety first"; been continuously improved our service quality to ensure the rights and benefits of customers; and established long-term partnerships with our customers and supply chain partners for mutual benefits and optimizing our competitiveness advantages. Acter Group will continue to grow and reach the peaks in the future.



2018

Acter's comprehensive performance in customer service management has been recognized by our customers



2018 Best Supplier Award from ASE



2018 Best Supplier Award from PSI



2018 Certificate of Merit from Charming Food



2018 Certificate of Merit from Daxin



2018 Certificate of Merit from Sunder Biotech



2018 Certificate of Merit from Chimei Hospital



## CSR in Supply Chain

- Supply Chain Sustainable Management
- The Growing with Suppliers Plan
- Green/ Local Procurement

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The industry of “turnkey engineering services” requires extremely high level of expertise, where every highly complicated and professional engineering project requires a strong and integrated “supply chain team”. Confronted by customers’ demand, Acter has adopted a flexible and effective adaptive adjustment operation mode and integrated with our subcontractors. This enables us to complete a project within a prescribed time and ensure that our materials/ equipment supply, construction standards and specification meet customers’ requirements, creating a win-win-win situation for not only Acter, but also our customers and suppliers.

Acter’s strategy to optimize the efficiency of our industrial value chain is on based on three aspects - “Supply Chain Sustainable Management”, “The Growing with Suppliers Plan” and “Green/ Local Procurement”. We do not only review the sustainability performance of each industrial chain segment to enhance our supply chain management, but also we have been even more proactive in pushing forward the industry’s sustainable development by promoting “Suppliers Fostering Plan”; offering educational trainings and an exchange platform; and inviting suppliers to, together with Acter, doing our best to promote corporate social responsibility, create engineering values and embody the notations of common good and sustainability in future.



Highlights of the Year




**100% achievement rate**  
All new suppliers have signed the “Letter of Commitment for Corporate Sustainability”.



**At a 2.4 times growth**  
Increased the proportion of Level A suppliers to 51%

**At a 2.4 times growth comparing with last year**



**0 supplier**  
The number of mid- to high-risk suppliers is 0



**Policy and Annual Performance Evaluation**



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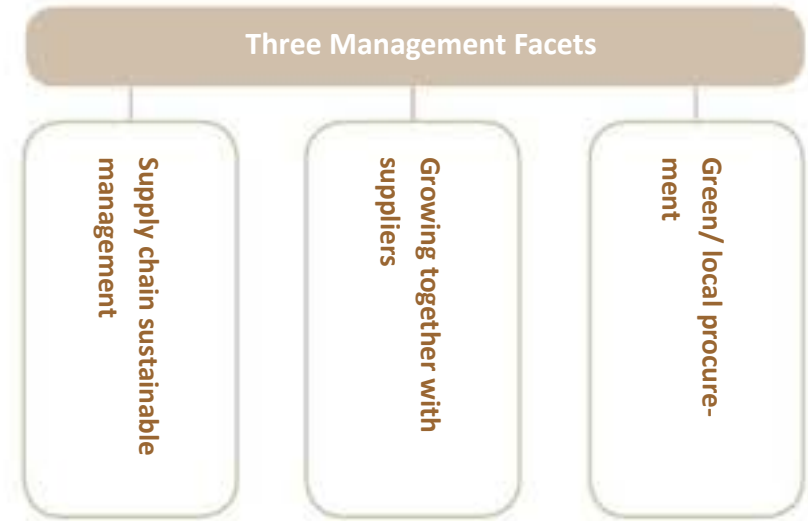
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The Three Management Facets of Acter’s Responsible Supply Chain

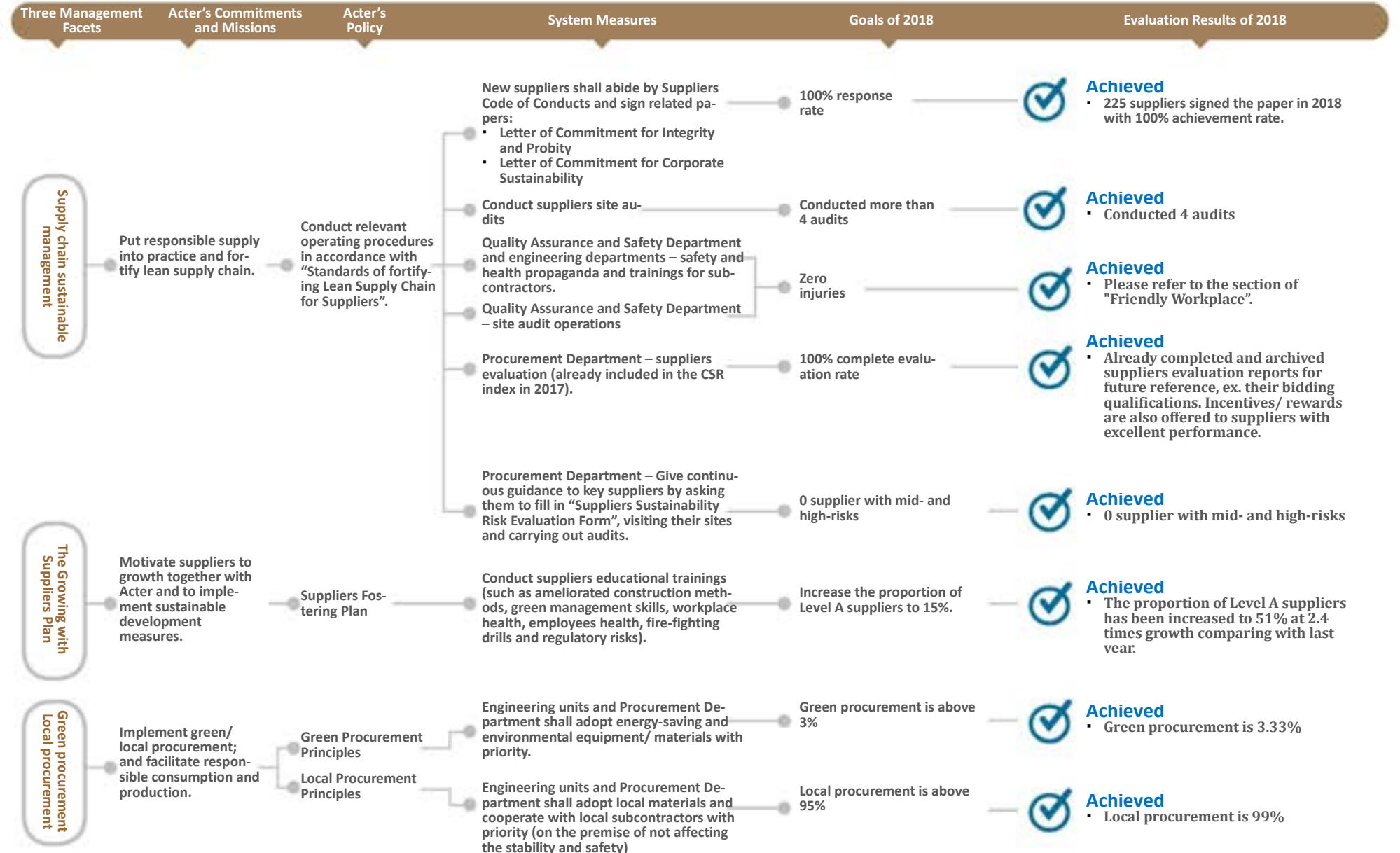


Management Implementation Mechanisms

| Responsibilities   | Resources   |
|--|---|
| CSR Promotion Group – Economic aspects   | Manpower: Supply management shall be implemented by Technology Division, Procurement Department, Quality Assurance and Safety Department and engineering departments. |
| Complaint Mechanism  | Evaluation Mechanism  |
| Please refer to “Communication with and Identification of Stakeholders” of “Communication with Stakeholders and Analysis of Materiality Issues | Hold two supplier evaluations each year<br>Hold suppliers site audits on an irregular basis.  |



## 2018 Implementation Results



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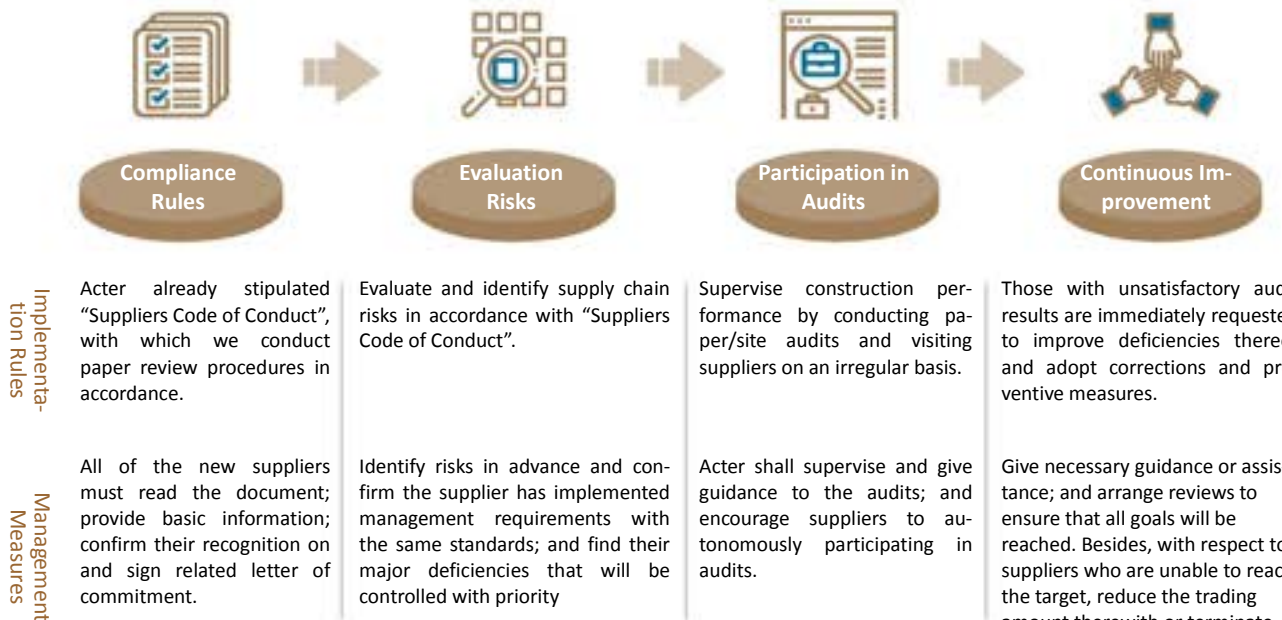
Social Participation

Appendix

## Supply Chain Sustainable Management

Acter provides customers diverse and one-stop professional turnkey engineering services. Starting from the customer end, our Technology Division firstly implement feasibility analysis and design planning to transform engineering demands into engineering drawings (including design and construction plans). The said information is then given to Procurement Department and engineering departments to offer customers procurement, construction, testing and other professional services; and to cooperate and collaborate with external subcontractors for joint construction. Our product and service quality is also strictly controlled during the implementation (ex. the supply of materials and equipment; construction standards and specifications; and construction schedule) until customers have completed the acceptance works. The said services and processes have completed an integrated industrial value chain.

Based on “Suppliers Code of Conduct” stipulated by our Company, we have implemented our supply chain management according to the four major policies, including “Compliance Rules”, “Evaluation Risks”, “Participation in Audits” and “Continuous Improvements”. The purposes therefor are to enhance information transparency and supply chain risk management; enhance suppliers’ performance in sustainability; and enhance the supply chain tenacity to reach our objectives of having “excellence in quality, risk control and implementation of sustainability”. By proactively cooperating with subcontractors and integrating our capabilities of offering technical services, we have managed to enhance the overall supply chain from environmental, social and governance aspects; and build a solid partnership to create a win-win-win situation.



## Performance of Supply Chain Sustainable Management in 2018

New suppliers shall sign the “Letter of Commitment for Integrity and Probity” and “Letter of CSR Commitment”

Achieved

255 suppliers have signed the document in 2018 with 100% achievement rate.

Conduct more than 4 audits

Achieved

4 audits

100% suppliers evaluation rate

Achieved

Already completed evaluation reports; and the results thereof have been archived and used to evaluate suppliers’ bidding qualifications in the future. Incentives/ rewards are also offered to suppliers with excellent performance.

Evaluation on key suppliers’ sustainability risks

Achieved

0 supplier with mid- and high-risks



## An Overview of Supply Chain Structure

Acter’s suppliers are all over the world in Taiwan, Europe, the United States, North-East Asia and the mainland of China. Up to the end of 2018, Acter Engineering has 4,739 suppliers around the world. To effectively manage and timely control the supply chain status, we have classified our suppliers into subcontractors and material and equipment suppliers; and graded them according to their attributes. Besides, through operating procedures, we have defined suppliers whose annual cumulative trading amount is over NTD10 million as “key suppliers”; and implemented annual suppliers evaluation for more effective management.

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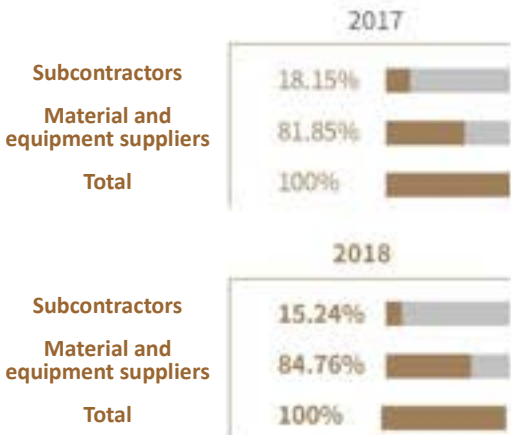
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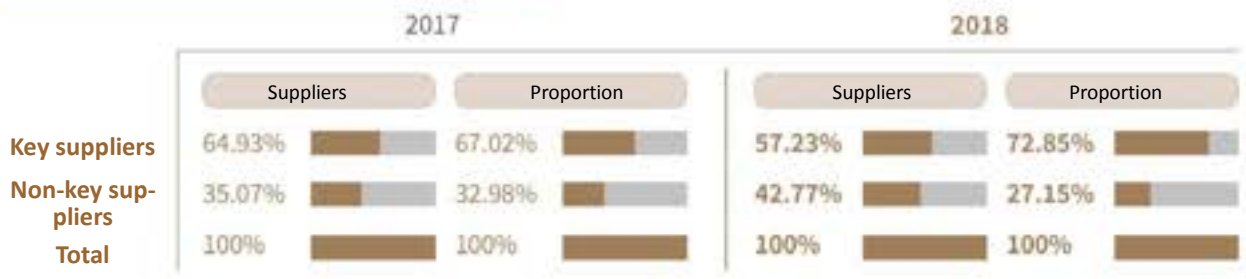
### 2017-2018 Classification of Suppliers



### 2017-2018 Region of Suppliers



### 2017-2018 Proportion of Key and Non-Key Suppliers



Remarks: Suppliers whose cumulative trading amount of the year is over NTD 10 million are defined as “key suppliers”.

## Suppliers Code of Conduct

Acter has stipulated “Suppliers Code of Conduct” to implement international human right, labor standards as well as environmental and anti-corruption advocacy. The said code of conduct is applicable to Acter’s suppliers, subcontractors and subsidiaries. All of our new partners are requested not only to read the said document entirely, recognize it and sign relevant commitment, but also encouraged to deliver the standards to suppliers of next stage in order to enhance the sustainable development of the entire supply chain.

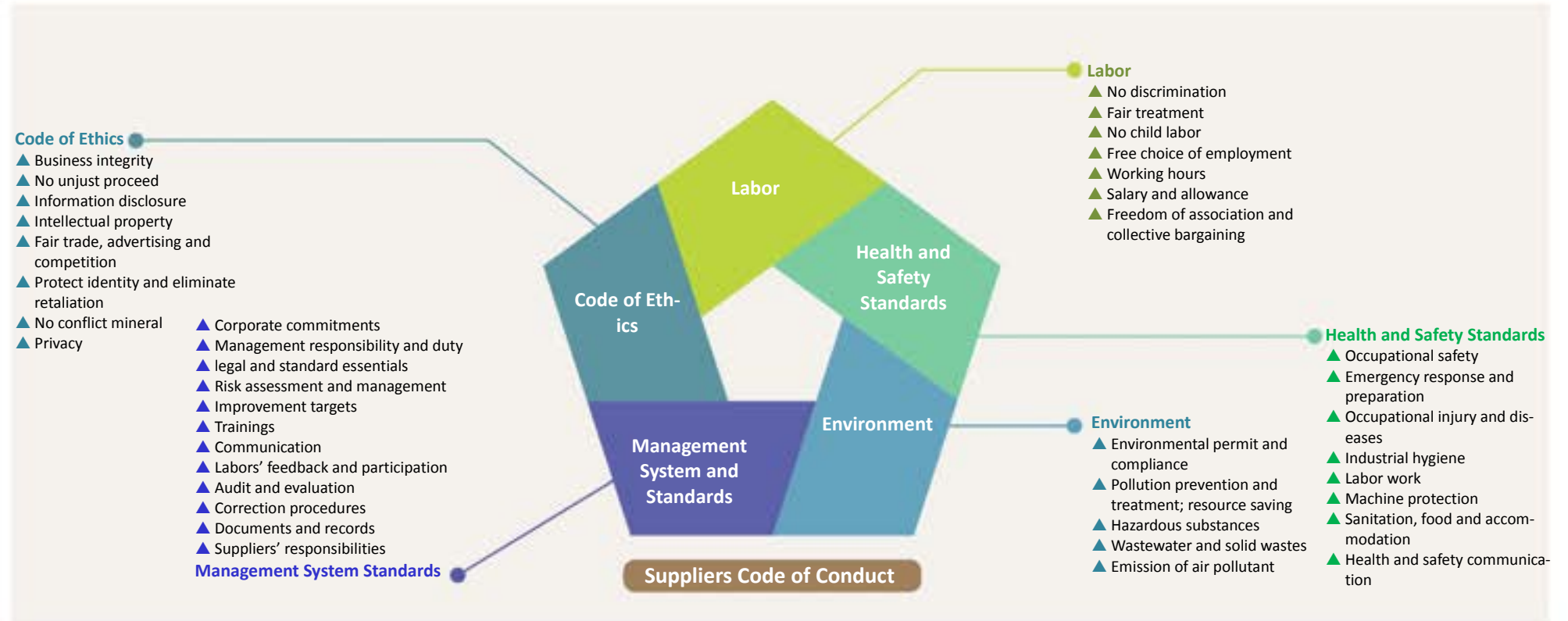
Besides, to continuously enhance supply chain sustainability, Acter has requested all of our new supply chain partners to sign “Letter of Commitment for Corporate Sustainability” in 2018. About 255 new supply chain partners have signed the said Letter with Acter.



Acter's Suppliers Code of Conduct



Letter of Commitment for Corporate Sustainability



## Suppliers Risk Assessment

Each year, Acter's Procurement Department, Quality Assurance and Safety Department and engineering departments regularly jointly assess key suppliers or key suppliers whom were assessed as level C key suppliers in accordance with "Procedures Governing Procurement and Materials" and "Suppliers Evaluation Form". The evaluation items thereof include material and construction quality, delivery and construction period achievement rate, price advantage, expertise, customer service collaboration and financial capacity. In 2017, Acter further included "corporate social responsibility" into one of the assessment indexes. For suppliers whose total score is less than 60 (including 60), Acter will terminate partnership therewith; for suppliers with an excellent performance (where the total score is 80 or above), Acter offers them the priority right to match. In 2018, the suppliers evaluation rate reached 100% and in formation in regard to suppliers evaluation is as follows:

Comparison of Suppliers Evaluation Results of 2017 and 2018

|                                     | 2017 | 2018 |
|-------------------------------------|------|------|
| No. of key suppliers                | 81   | 82   |
| No. of suppliers traded in the year | 941  | 994  |
| Proportion to the evaluation        | 9%   | 8%   |
| Average score                       | 75.5 | 79.6 |

### Remarks:

Acter also pays great attention to business integrity. Those who violate Code of Ethics will be immediately put on the prohibited list and will not purchase therefrom. As of the end of 2018, no supplier has its partnership with Acter terminated due to violation of business integrity or other major rules.

2017-2018 Suppliers Evaluation Scores by Items




| Items   | 2017  | 2018  | Total                |
|---|-------|-------|----------------------|
| Material and construction quality                 | 15.5  | 16.6  | 20                   |
| Delivery and construction period achievement rate | 15.7  | 16.6  | 20                   |
| Price advantage                                   | 7.2   | 7.6   | 10                   |
| Expertise   | 15.3  | 15.2  | 20                   |
| Customer service collaboration                    | 22.3  | 24.3  | 30                   |
| Financial capability                              | (0.5) | (0.7) | Demerit point system |
| Corporate social responsibilities                 | 0     | 0     | Demerit point system |
| Total   | 75.5  | 79.6  | 100                  |





## Management of Sustainability Risk Assessment

Acter has, based on relevant sustainable supply chain management regulations, requested key suppliers (whose cumulative procurement amount of the year is above NTD10 million) to fill in “Sustainability Risk Evaluation Form”. The results thereof enable Acter not only to understand suppliers’ management of sustainability issues and their performance management capabilities from the aspects of environment, society and corporate governance; but also to classify suppliers as high-, medium- and low-risk suppliers according to the probability of sustainable threats accompanied therewith and impacts to their operations. With respect to high-risk suppliers, Acter further visits and audit the factories thereof to, through site visits, understand causes of high risks, provide suggestions on improvement measures and continuously track improvement status. The evaluation items and results are as follows:

| Aspects  | Investigation details                                | Supply Chain Action Plan  |
|--|--|---|
|  <div>Economic aspect</div>       | Enhancement on quality and professional skills       | Continue to enhance expertise   |
|  | Sustainability management policy and organization    | Implement management policy   |
|  | Risk management                                      | Enhance risk management   |
|  | Business plan  | Continue to carry on the business plan                                      |
|  <div>Environmental aspect</div> | Waste management                                     | Pollution prevention and treatment  |
|  | Water resource management                            | Water saving  |
|  | Climate change risks                                 | Identify climate change risks   |
|  | Greenhouse Gas (GHG) discharge and carbon management | Waste and carbon reduction  |
|  <div>Social aspect</div>       | Occupational safety and hygiene                      | Implement environmental safety education and prevention/treatment measures. |
|  | Labors’ rights and interests                         | Value labors’ rights and interests without any violation.                   |
|  | Labor policy   | Comply with legal regulations without any violation.                        |
|  | Code of Ethics                                       | Value Code of Ethics  |

2018 Sustainability Risk Assessment of Key Suppliers

| Items                         | 2017 | 2018 |
|-------------------------------|------|------|
| Key Suppliers with High Risks | 0    | 0    |
| High Risk Ratio               | 0    | 0    |

### Preparation for Visits to and Audit of Suppliers

To reduce suppliers sustainability risks and implement management thereof, Acter will, with respect to high-risk suppliers identified from the “Sustainability Risk Evaluation Form”, visit and audit their sites. The audit items include code of ethics, management system, environmental safety, labor and human rights, which are selected to help the suppliers to understand the importance of these criteria. Acter will also give suggestions thereto on improvement measures and continuously track suppliers’ status to ensure they have 100% corrected deficiency. Although no high-risk supplier was found for site visit, we have visited suppliers’ site for 4 times; and continuously interacted our subcontractors to understand if their product quality and labor environment comply with relevant rules.

In the future, Acter will continuously request new and key suppliers to sign “Letter of Commitment for Corporate Sustainability” and “Suppliers Sustainability Risk Evaluation Form” respectively to control supply chain sustainability risks; counsel them and assist them in building requisite capabilities; and invite them to join Acter’s development strategy. Besides, Acter will manage all suppliers’ information through our procurement system with an expectation that Acter and suppliers will create new opportunities together.

## Growing with Suppliers

Suppliers are important partners for Acter with respect to our realization of sustainable development. Not only are we a supervisor and counselor during the construction process, but also we offer education and training programs, toolbox meetings and a CSR exchange platform to our suppliers through the “Suppliers Fostering Plan”. It is our vision to, when striding forward to the internationalization, proactively counsel our suppliers to enhance their internationalization capability and become a qualified supplier of our overseas customers. It is our expectation to continuously facilitate shared growth and common good of supply chain.

In 2018, Acter managed to increase the proportion of Class A suppliers to 51% at 2.4 times growth comparing with last year. Besides, Acter has been counseling key suppliers to fill in “Sustainability Risk Evaluation Form” (zero mid- to high-risk supplier) to continuously facilitate the sustainable development of industrial supply chain.

### Performance of the “Growing with Suppliers” Plan in 2018

#### Suppliers Fostering Plan

##### Achieved

- Foster Class A suppliers with percentage of 15%.

#### Zero mid- to high-risk supplier

##### Achieved

- Zero mid- to high-risk supplier







Self-propelled car education and training programs

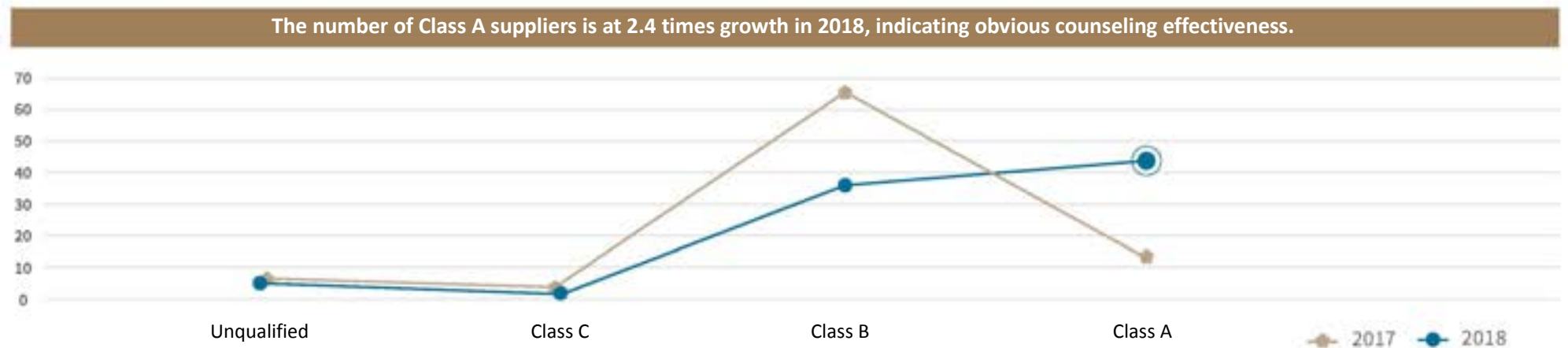


Occupational injury prevention and treatment propaganda

## Growing with Suppliers – Implementation Policy

| Policy   | Specific Actions  |
|--|---|
|  <b>Assist suppliers in enhancing their response capability</b> | <ul style="list-style-type: none"> <li>Assist in offering resources and prevent supply chain equipment from being affected by the environment as it can cause supply break down. This can help to enhance suppliers' response capability.</li> <li>Provide education and training programs to enhance suppliers' expertise, which will be used thereby to confront challenges of the industry or new technology.</li> <li>Enhance suppliers' response capability through experience sharing.</li> </ul> |
|  <b>Implement occupational safety and health</b>                | <ul style="list-style-type: none"> <li>Provide trainings and programs to build suppliers' awareness of environmental safety inspection.</li> <li>Implement occupational safety inspection.</li> </ul>   |
|  <b>Ameliorate quality</b>                                      | <ul style="list-style-type: none"> <li>Provide trainings/ programs or share Acter's experiences to enhance suppliers' expertise.</li> <li>Implement quality checks.</li> </ul>  |
|  <b>Enhance suppliers' CSR awareness</b>                        | <ul style="list-style-type: none"> <li>Share CSR implementation results with suppliers while requesting suppliers to abide by Acter's policy to optimize benefits of CSR.</li> </ul>  |

## Results of Fostering Suppliers in 2018





## Green/ Local Procurement

Oriented to the facilitation of green sustainability, Acter provides customers green design and planning; and continue to increase the proportion of green procurement. That is, products with environmental protection labels; or products that have been recognized by Environmental Protection Administration (EPA) as renewable, recyclable, low-pollution or energy saving. In the context of not affecting stability, safety and procurement fairness, we have always given priority to the use of local materials and commissioned local subcontractors to conduct engineering projects to support local development and develop local economy when selecting partners.

In 2018, Acter joined the “Green Procurement Program for Private Enterprises and Groups” launched by EPA and Taichung City Environmental Protection Bureau; and signed a Letter of Intent therefor to demonstrate its achievement in CSR. In 2018, the total of green procurement was NTD87,859,786 (about 3%), which has reached the expected target, in 2018; and the total of local procurement was NTD3,177,338 (about 99%).

### Performance of Green/ Local Procurement in 2018

#### Green procurement is above 3%

##### Achieved

- The total of green procurement was NTD87,859,786 with a proportion of 3%

#### Local procurement is above 95%

##### Achieved

- The total of local procurement was NTD3,177,338,000 with a proportion of 99%

### Green Procurement

Acter’s requirements for green energy products comply not only with all types of standards and the energy-saving design, but also with the 3R principle: “Reduce”, “recycle” and “reuse”. We have been cooperating with upstream and downstream suppliers to continuously increase our implementation of green procurement.

#### Green Procurement Principles



Procure and use materials, equipment and devices with the green building material label and/or environmental protection label at priority.



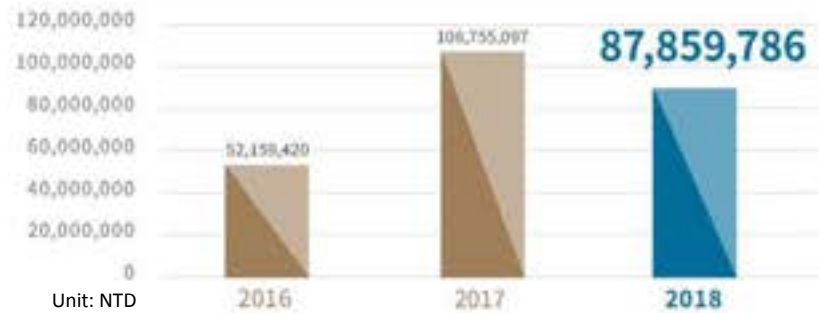
Procure renewable, recyclable, low-pollution and energy-saving products.



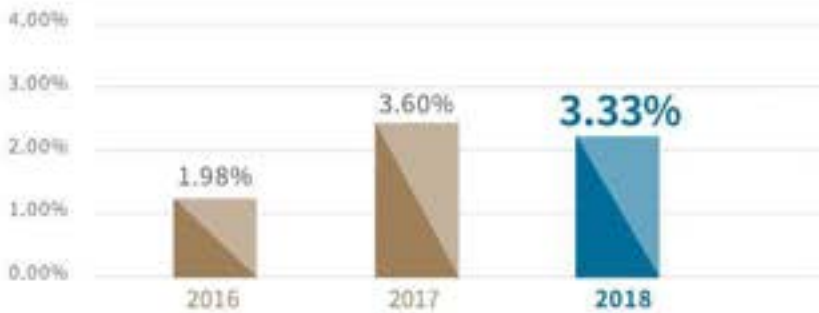
Refuse to accept overpacked or high-energy consumption machines and equipment, or machines and equipment that can harm our living environment.



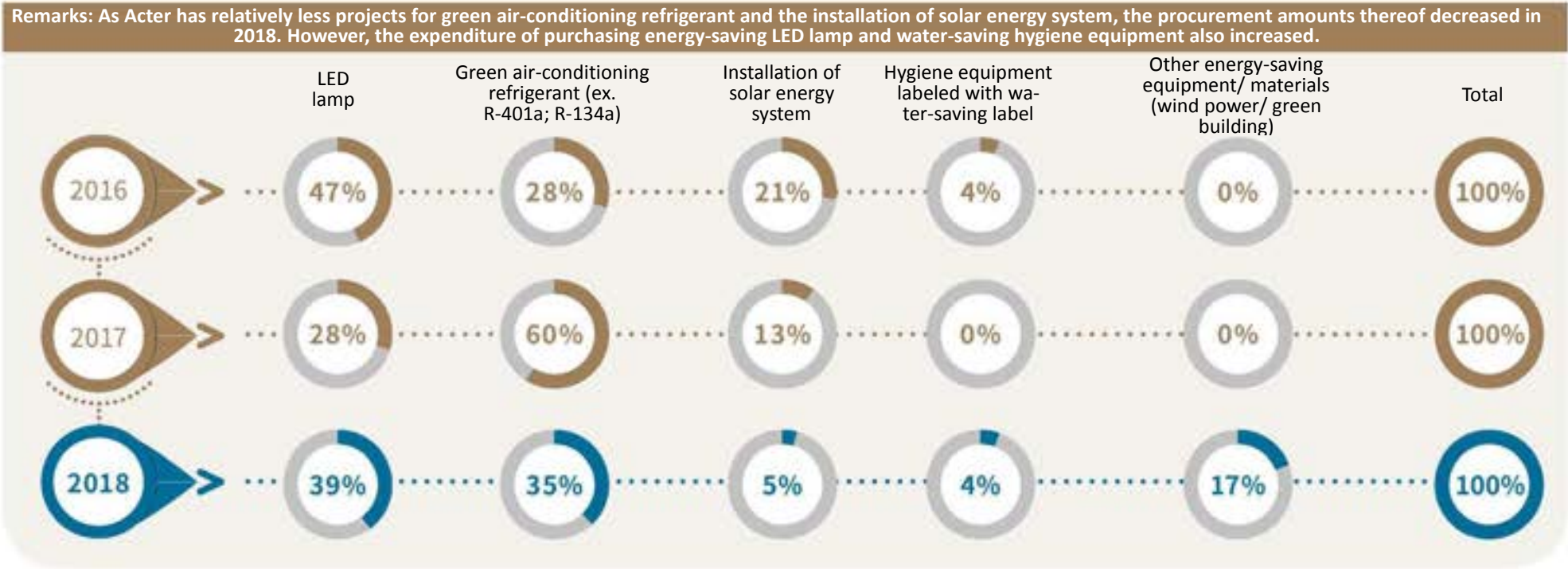
2016-2018 Total of Green Procurement Amount



2016-2018 Proportion of Green Procurement



Proportion of Green Procurement between 2016 and 2018



## Local procurement

Acter believes that, as a responsible company, we shall proactively foster relevant industries, promote local economic activities and create local work opportunities. Therefore, in the context of not affecting stability, safety and procurement fairness, we have always given priority to the use of local materials and commissioned local subcontractors to conduct engineering projects to support local development and develop local economy when selecting partners. In 2018, the procurement amount of accepted materials and goods from Acter’s Class A suppliers in Taiwan was NTD3,177,338,000. The total pre-tax procurement amount of accepted materials and goods in the region was NTD3,205,747,000. The percentage of local procurement was 99%.

In response to the globe’s boycott of conflict minerals, Acter commits not to use conflict minerals, not to accept minerals collected from Congo and its surrounding countries in Central Africa. In the meantime, Acter also requests suppliers to ensure that all of their supplied products do not use “conflict minerals” from Congo and its surrounding areas or regions.



Remarks: Whether a subsidiary is listed as an important operating center depends on their subcontracting amount of the year. In 2018, Heshou, Winmax Shanghai, Suzhou Winmax and Acter Suzhou are considered as important operating centers as their representative bidding amount for engineering projects of the year has reached a fairly high level

### Acter Headquarters’ Proportion of Local Procurement over the Last Three Years





## Friendly Workplace

- Talent Attraction and Retention
- Talent Management and Development
- Occupational Safety and Health Facilitation and Management
- Employees' Rights and Interests
- Employees' Welfare Policy

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“Talents are the foundations of corporate success.”

For Acter, employees are the most important assets. With the integrity-, expertise-, internationalism- and sustainability-oriented business philosophy, we put the right person in the right place and, upholding the spirits of making our best effort and sharing the glory, proactively create a friendly workplace to attract talents who agree with our philosophy. Only with everyone’s effort, we are able to provide customers high-quality engineering and technical services; and have a sustainable corporate development.

Our implementation of friendly workplace is based on “Talent Attraction and Retention”, “Talent Management and Development”, “Occupational Safety and Health Facilitation and Management”, “Employees’ Rights and Interests” and “Employees’ Welfare Policy”. By establishing a management system that is better than legal regulations, Acter offers our employees competitive remuneration, explicit promotion system, education and training programs and career development plan. All of these enable our employees to play to their strengths in the right position; growth strong together with Acter; and share with us the good of sustainability, making all of us a winner!



▲ Acter has friendly workplace (Photo: Business Today)

### Highlights of the year





## Acter's Five Major Implementation Aspects of Friendly Workplace



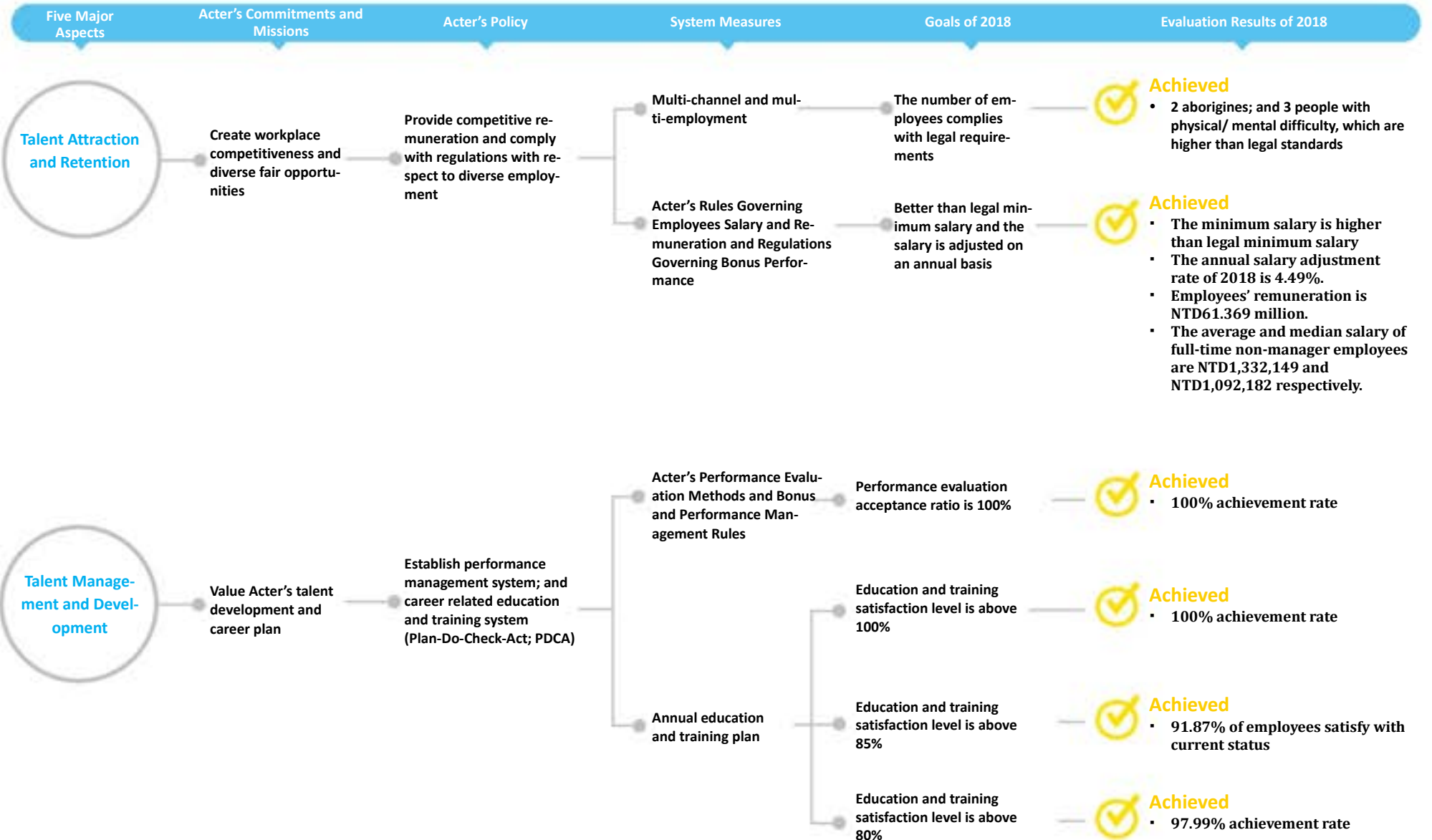
## Management Implementation Mechanism

| Responsibilities  | Resources   |
|---|---|
| CSR Promotion Group – Social aspects  | Manpower: Department/ division supervisors, Quality Assurance and Safety Department, and human resource/ education and training teams<br>Budget: Education and training programs, welfare etc.  |
| Complaint Mechanism   | Evaluation Mechanism  |
| Please refer to "Communication with and Identification of Stakeholders" of "Communication with Stakeholders and Analysis of Materiality Issues" | <ul style="list-style-type: none"><li>Performance evaluation on Quality Assurance and Safety Department and human resource/ education and training teams</li><li>Annual employee satisfaction survey, employee complaint mechanism etc.</li></ul> |





## 2018 Implementation Results



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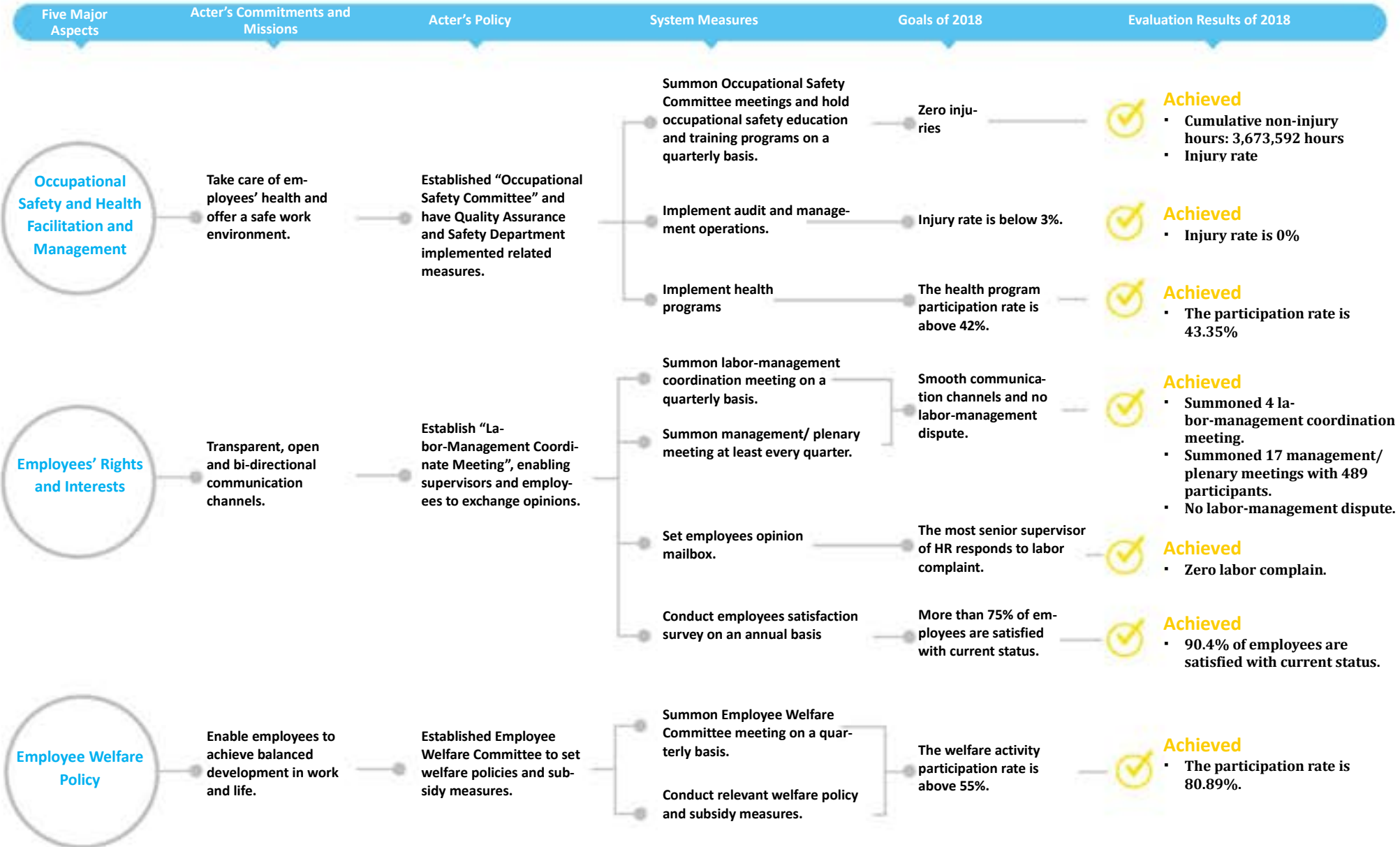
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## Talent Attraction and Retention

Acter believes that “talents are the foundations of corporate success”.

To attract talents, we not only offer competitive salary standards and a complete welfare system, but also, through diverse channels, recruit and employ talents to form a high-quality engineering and technical service team and become a quality space builder whom trusted by our customers.



## Talent Attraction and Retention Implementation Results of 2018.

### Regulations Governing Salary and Remuneration System

Achieved

- The minimum salary is higher than legal minimum salary
- The annual salary adjustment rate of 2018 is 4.49%.
- Employee remuneration approved by the board of directors is NTD61,369,000.
- The average and median salary of full-time non-manager employees are NTD1,332,149 and NTD1,092,182 respectively.

### Diverse Gender / Identity/ Local Employment

Achieved

- The number of employees is higher than legal requirements.
- The proportion of female supervisors is 19.11%.

## Acter's Talent Attraction Strategy

1

Competitive salary and remuneration system

- Salary is higher than the industry's standards.
- Provide abundant performance bonus and bonus.

2

Sound corporate system

Transparent and integrated management system

3

Complete education and training programs

Complete education and training programs

4

Welfare system and subsidies

Diverse group activities and welfare system .

5

Acter's brand image

Maintenance of Acter's corporate culture and brand image.



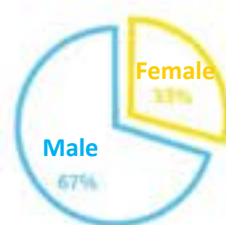
## Diverse Talents with Promotion and Employment Equity

Acter's recruitment policy is based on human rights equality with full compliance with Labor Standards Act related regulations. Besides, Acter never hires labor child and strictly prohibit occupational discrimination. The promotion system thereof makes no difference on employees' gender, age, ethnic group, political inclination and religious faith. For Acter, employees who are capable and qualified for the position have the same rights and opportunities. Besides, to better protect employees work rights and interests, Acter does not employ dispatch manpower and is doing our best to minimize the employment of contractors

In 2018, Acter has 246 employees, including 166 male and 80 female employees (employees of the Acter group and other affiliated companies are excluded) with a percentage of 2.1: 1 (the proportion of male employees is higher because Acter's primary works are construction site supervision, construction and management). It is also important to note that the proportion of Acter's female manager is 19.11%. In the future, Acter will continue to implement gender friendly policy to facilitate gender equity in work place. The analysis of data collected before December 31, 2018 is as follows:

Employment Type of 2018

| Employment Type      | Gender | Acter |
|----------------------|--------|-------|
| Official Employee(s) | Male   | 165   |
|                      | Female | 80    |
| Contract worker(s)   | Male   | 1     |
|                      | Female | 0     |
| Total                |        | 246   |



Acter totally employed 246 people

Ratio of male to female

166 male | 80 females

Ratio of male to female managers

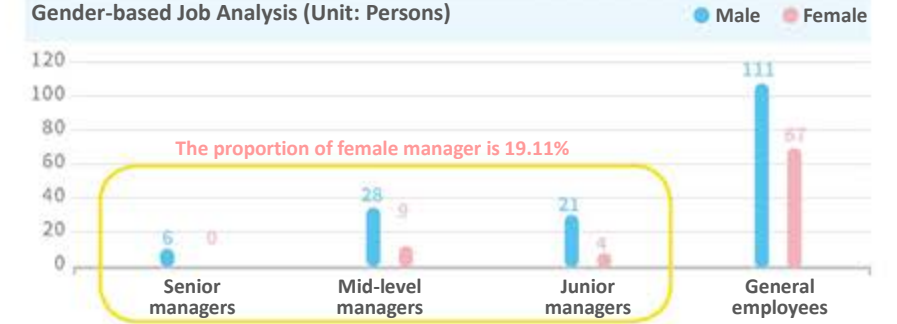
## Equal Promotion and Employment Opportunities for Diverse Talents

Summary of Employee Composition for 2018

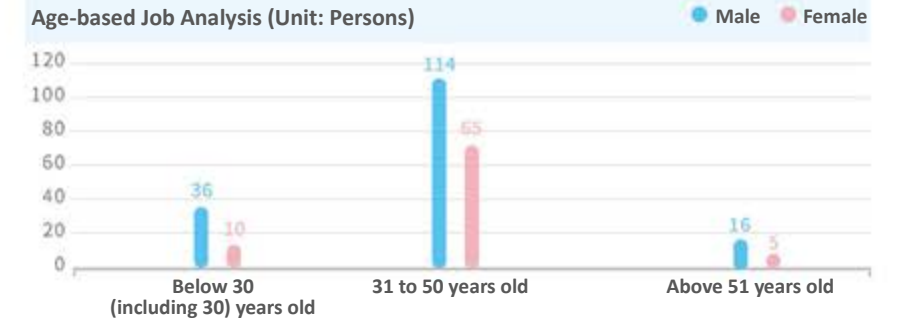
| Type                   | Sub-group                    | Male          |                | Female        |                | Subtotal of employees | Proportion of total employees |
|------------------------|------------------------------|---------------|----------------|---------------|----------------|-----------------------|-------------------------------|
|                        |                              | No. of people | Percentage (%) | No. of people | Percentage (%) |                       |                               |
| Age                    | Less than 30 years old       | 36            | 78.26%         | 10            | 21.74%         | 46                    | 18.70%                        |
|                        | 30 to 50 years old           | 114           | 63.69%         | 65            | 36.31%         | 179                   | 72.76%                        |
|                        | Above 50 years               | 16            | 76.19%         | 5             | 23.81%         | 21                    | 8.54%                         |
| Job type               | Engineering                  | 109           | 77.86%         | 31            | 22.14%         | 140                   | 56.91%                        |
|                        | Administration               | 57            | 53.77%         | 49            | 46.23%         | 106                   | 43.09%                        |
| Management             | Senior manager               | 6             | 100.00%        | 0             | 0.00%          | 6                     | 2.44%                         |
|                        | Mid-level manager            | 28            | 75.68%         | 9             | 24.32%         | 37                    | 15.04%                        |
|                        | Junior manager               | 21            | 84.00%         | 4             | 16.00%         | 25                    | 10.16%                        |
| Educational background | PhD                          | 0             | 0.00%          | 0             | 0.00%          | 0                     | 0.00%                         |
|                        | MSc                          | 23            | 63.89%         | 13            | 36.11%         | 36                    | 14.63%                        |
|                        | Bachelor                     | 94            | 67.63%         | 45            | 32.37%         | 139                   | 56.50%                        |
|                        | College                      | 35            | 67.31%         | 17            | 32.69%         | 52                    | 21.14%                        |
|                        | Senior high school and below | 14            | 73.68%         | 5             | 26.32%         | 19                    | 7.72%                         |
| Seniority              | Less than 1 year             | 24            | 82.76%         | 5             | 17.24%         | 29                    | 11.79%                        |
|                        | 1 to 3 years                 | 20            | 60.61%         | 13            | 39.39%         | 33                    | 13.41%                        |
|                        | 3 to 5 years                 | 38            | 71.70%         | 15            | 28.30%         | 53                    | 21.54%                        |
|                        | 5 to 10 years                | 43            | 64.18%         | 24            | 35.82%         | 67                    | 27.24%                        |
|                        | 10 to 20 years               | 36            | 65.45%         | 19            | 34.55%         | 55                    | 22.36%                        |
|                        | More than 20 years           | 5             | 55.56%         | 4             | 44.44%         | 9                     | 3.66%                         |

With respect to human resource related decisions, such as job promotions and performance evaluations, we have abided by equal standards. With full implementation of a just and fair promotion system, we never discriminate anyone due to his or her gender or other factors.

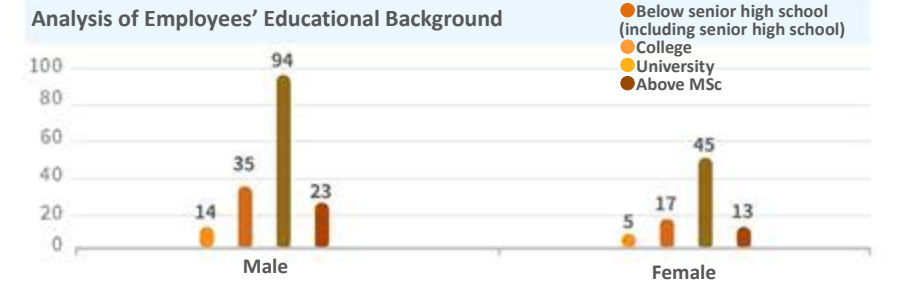
Gender-based Job Analysis (Unit: Persons)



Age-based Job Analysis (Unit: Persons)



Analysis of Employees' Educational Background



## Equal Promotion and Employment Opportunities for Diverse Talents

### Statistics on New and Resigned Employees of 2018

| Descriptions   |                                   | Number of Employees newly hired by Acter in 2018 |                             | Number of employees left Acter in 2018 |                                  |
|--|-----------------------------------|--|-----------------------------|--|----------------------------------|
|  |                                   | No. of employees                                 | Proportion to new employees | No. of employees                       | Proportion to resigned employees |
| Gender   | Male                              | 26   | 83.87%                      | 31                                     | 86.11%                           |
|  | Female                            | 5  | 16.13%                      | 5                                      | 13.89%                           |
| Age  | Below 30 years old (including 30) | 16   | 51.61%                      | 9                                      | 25.00%                           |
|  | 31 to 50 years old (including 50) | 14   | 45.16%                      | 22                                     | 61.11%                           |
|  | Above 51 years old                | 1  | 3.23%                       | 5                                      | 13.89%                           |
| Total of employees   |                                   | 31   |                             | 36                                     |                                  |
| Proportion of newly / resigned employees<br>(No. of employees resigned or newly hired in the year; the population is based on the data of December 31, 2018) |                                   | 13%  |                             | 15%                                    |                                  |

Note: Summer interns are excluded from the number of new and resigned employees.

In 2018, the new employment rate and resignation rate are 13% and 15% respective. The resignation rate of the year is relatively lower than that of 2017, which was 18.41%. This indicates that Acter's corporate culture and welfare measures are gradually recognized and affirmed by our employees. We will continue to maintain the record to make more employees being proud of themselves as a member of Acter family.

According to the analysis of data of above table, most of resigned personnel is aged between 31 and 50. Personnel of this age group is the backbone of Acter and is full power of action and execution. After discussed with them, most of them explained that they had to leave Acter due to family issues or desire for taking different challenges. In the future, we will continue to take care for our employees and, through semi-annual interviews, understand employees' thinking and difficulty. We will also encourage them or provide strategy thereto with an expectation that talents with excellent performance will continue to stay in the Company. Besides, upon receipt of an application for resignation, not only department head will interview the applicant, but also our human resource unit will take the initiative to understand the reasons of their leaving and provide analytical data and improvement strategy afterwards in order to retain ideal talents.

With respect to new employment, we not only routinely recruit talents, but also systematically cultivate talents to On the other hand, in regard to new improvement, we not only routinely recruit talents, but also systematically cultivate talents through a number of industrial-academic cooperation. This enables talents to use and apply their knowledge at work while facilitating sustainable talent development of Acter:

1

### Internship

To facilitate the employment of youth and increase the competitiveness thereof after the graduation, Acter started to promote summer internships starting from 2010. Each year, Acter recruits 4 to 8 summer interns from major colleges or universities to cultivate ideal potential talents and assist young people in connecting theories and practice.

2

### Governmental, Industrial and Academic Cooperation

To fortify the connection between the industry and students' academic circle; and to cultivate Acter's future talents, Acter and National Chin-Yi University of Technology cooperated to hold the dual-track flagship program. Up to the end of 2018, the said program has been opened two times and totally cultivated 11 students, where one of them officially became Acter's full-time employee in 2018.



### Employment of Aborigines and People with Physical/ Mental Difficulty in 2018

To facilitate the notion of diverse workplace, Acter not only offers employees sponsors bonus, but also re-cruits aborigines and people with physical/mental difficulty through diverse channels; and abides by the law of not hiring child labor. In 2018, Acter employed 3 people with physical/ mental difficulty and 2 aborigines. Not only are the numbers higher than legal requirement, but also its presents 2% of the Company’s total of employees.

| Diverse Employment Analysis             | Number of employees (legal requirements) | The number of employees hired by Acter | Percentage of the Compa-ny’s workforce |
|---|--|--|--|
| Aborigines                              | 2  | 2                                      | 1%                                     |
| People with physical/ mental difficulty | 2  | 3                                      | 1%                                     |
| Total                                   | 4  | 5                                      | 2%                                     |

### Local Employment of 2018

Acter Group’s operating centers are all over Taiwan, mainland China and South-East Asia. We believe that it is a must to understand the culture, lifestyle and regulations of the region in order to create develop local market and create the service value. In order to increase local employment opportunities and localize work-force, we hire local people to provide professional engineering services. This policy can not only facilitate local employment rate, but also increase the Company’s overall competitiveness and make Acter and local community both winners.

| Descriptions                          | Acter | Heshou | Acter Su-zhou | Winmax Shanghai | Suzhou Winmax |
|---------------------------------------|-------|--------|---------------|-----------------|---------------|
| Percentage of local senior management | 100%  | 100%   | 35.29%        | 69%             | 100%          |

Remarks:

- Whether a subsidiary is listed as an important operating center depends on their subcontracting amount of the year.  
In 2018, Heshou, Winmax Shanghai, Suzhou Winmax and Acter Suzhou are considered as important operating centers as their representative bidding amount for engineering projects of the year has reached a fairly high level
- Local senior management refers to supervisors above the manager level.



## Acter's Salary and Remuneration Management System

In order to attract and keep talents, we share our profit and surplus with employees by providing them competitive salary and remuneration. That is, employees' expertise and job duty are connected to the Company's operations as well as departmental and individual performance in order to have their efforts at work are fairly and reasonably returned thereto in forms of remuneration. In 2018, Acter has increased employees' salary by 4.49% and employees' remuneration was totaled NTD61,369,000. As for full-time non-manager employees, their "average salary" and "median salary" were NTD1,332,149 and NTD1,092,182 respectively, which are higher than the market standards.

Besides, the ratio of female and male employees' average salary was 1:1.25, where male employees' average minimum salary is higher than female employees. The reason that male employees' average minimum salary is higher than that of female employees is that male and female employees have different tasks and seniority in the Company. Even more, more male employees serve as a manager at Acter. In other words, their salaries are not distributed according to their gender, but to their job duties. In the future, while having their salaries approved based on the principle, we will continue to enhance female employees expertise and management skills in order to serve in a relatively more important position and have their salary standards adjusted accordingly.

Legal minimum salary of Major Operating Centers in 2018

| Descriptions  | Acter   | Heshou  | Acter Suzhou | Winmax Shanghai | Suzhou Winmax |
|---|---------|---------|--------------|-----------------|---------------|
| Male<br>Multiple of the region's legal minimum salary   | 1: 1.33 | 1: 1.36 | 1: 1.29      | 1: 1.40         | 1: 1.78       |
| Female<br>Multiple of the region's legal minimum salary | 1: 1.14 | 1: 1.18 | 1: 1.53      | 1: 1.30         | 1: 1.80       |

### Remarks.

Whether a subsidiary is listed as an important operating center depends on their subcontracting amount of the year. In 2018, Heshou, Winmax Shanghai, Suzhou Winmax and Acter Suzhou are considered as important operating centers as their representative bidding amount for engineering projects of the year has reached a fairly high level.

## Execution of Salary and Remuneration in 2018



### Salary

To maintain the Company's overall competitiveness in terms of salary and compensations, and to provide employees reasonable salary and compensations, Acter regularly reviews the market's standard salary, economic trend and employee's individual performance. The salary of Acter's fundamental employees, regardless man or woman, is better than the country's basic salary. In the meantime, to assist employees in having a good retirement plan and sufficient funding therefor, the Company pays a pension of 6% of employees each month.



### Remuneration

Acter's salary and compensation system not only values justice and fairness, but also takes the implementation of corporate sustainable development strategy and commitments and the overall performance of the individual, department and Company into consideration. To thank employees for their contribution and to encourage them, Acter not only commits to give employees the salary that is better than the region's basic salary, but also, by setting open and specific management regulations, guarantees that all employees have just and fair salary and compensations according to educational and professional background.

The salary average had an increase of 4.49% in 2018.



The amount of employee compensations approved by the board of directors was NTD61,369,000 in 2018 to encourage employees continue to make contributions to the Company.



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### Appendix

To let employees to receive explicit feedback from the work, Acter has stipulated and implemented performance management rules. Performance management is not only about tracking work results and give feedback thereto, but also about important management measures of implementing organizational culture and adjusting employees' behaviors. Acter not only carries out communications in the middle and at the end of each year, but also, to let employees understand the Company's expectations and offer them an opportunity for making improvements, guide managers to give instructions and feedback to their subordinates with respect to their work performance and behavior.

Assessment and development are two faces of a mirror. Each employee's performance record is an important reference for evolving their career development, where every employee are promoted or relocated to different position according to the abilities and preparations. That is, to provide employees a platform that can facilitate their growth and development while putting them in the right position to bring their talent into full play.

### Implementation Results of Career Development and Educational/ Training Programs of 2018






## Performance Evaluation

Acter has established a just and objective employee performance evaluation system that is integrated with our corporate development; and implemented it in a performance-based salary and remuneration system. In the meantime, the system is also integrated with our talent development system to enhance individual and corporate competitiveness.

The performance evaluation system enables us not only to manage employees' production and dig out the potentials thereof, but also to understand their deficiency at work in order to help them to make improvements and increase efficiency. With respect to employees whose performance is rather unsatisfactory and who are behind their targets, supervisors thereof shall take the initiative to discuss the causes; communicate with them; make appropriate adjustments or support; and set improvement plan and schedule together with them. During the process, supervisors must provide assistance thereto to increase their work efficiency and timely give them appropriate feedback. In the meantime, human resource unit shall arrange appropriate programs thereto in order to reach improvement targets.

To enable employees to control their level of contribution and performance at work even more precisely, we also established the performance interview mechanism in order to provide employees a reference for their goals at work, individual growth and career development. Besides, we have created a training blueprint for different job functions; and offer employees individual development plan, enabling them to better communicate with their supervisors in regard to their career development. We also nominate employees for promotions and evaluate their performance accordingly, enabling employees with excellent performance and great potential to get promoted.


STEP  
01



**Set Performance Targets**

n the beginning of each year (January), a series of annual work plans are launched from up to down (operations divisions, departments and individuals) according to the organization's strategic targets. The objectives of management above the deputy general director level are directly tracked and managed by the Group's headquarters, whereas other employees shall carry out a bi-directional communication with their supervisors to set performance targets and relevant implementation plan.

STEP  
02



**Review Mid-Year Targets**

Target/ progress review in the middle of each year (June to July)

STEP  
03



**Year-End Review & Examination**

At the end of each year (November to December), Acter carries out year-end examination according to the said work plan. The evaluation results are then used as a reference for future promotion, rewards, punishment and talent fostering.

The ratio and number of employees who have accepted the evaluation in 2018 are as follows:

| Performance evaluation acceptance ratio (%)                    |        |        |        |
|--|--------|--------|--------|
| Position   | Gender | Male   | Female |
| Senior management (supervisors above the deputy manager level) |        | 1.69%  | 0.00%  |
| Mid-level management (supervisors above the manager level)     |        | 11.02% | 3.81%  |
| Junior management (supervisors above the section chief level)  |        | 8.47%  | 1.69%  |
| General employees  |        | 45.34% | 27.97% |
| Subtotal   |        | 66.53% | 33.47% |
| Total  |        | 100%   |        |

| Number of employees who have taken performance assessment      |        |      |        |
|--|--------|------|--------|
| Position   | Gender | Male | Female |
| Senior management (supervisors above the deputy manager level) |        | 4    | 0      |
| Mid-level management (supervisors above the manager level)     |        | 26   | 9      |
| Junior management (supervisors above the section chief level)  |        | 20   | 4      |
| General employees  |        | 107  | 66     |
| Subtotal   |        | 157  | 79     |
| Total  |        | 236  |        |

|  |
|--|
| Remarks:   |
| 1. Employees whose seniority is less than 3 months are exempt from the evaluation; 2. Chairman’s performance shall be evaluated by the board of directors. |

## Talent Cultivation

In view of rapid progress of technology, Acter encourages employees to, according to corporate growth targets and requirements for individual performance, continuously implement multi-learning and apply learning results in the workplace. This enables not only employees to ameliorate work efficiency, but also the Company to enhance our competitiveness and head towards business sustainability, which are our long-term talent development goals.

Corporate growth is closely connected to employees' learning and development. Our employee development and cultivation plans are implemented by "setting up the goals, establishing a plan and review the results". Apart from customize individual development plan for each of our employees, we have been investing resources to foster employees' management skills and offer them online courses for continuous learning and growth. With respect to the cultivation of management capability, we have been fortifying management's leadership and holding irregular consensus meetings to carry out communication and exchange opinions with respect to Acter's future development and strategy. The purposes thereof are to establish a consensus for corporate development strategy and to receive new leadership ideas concepts through the inspiration of external lecturers.

When drawing up individual development plans for employees who serve in a key position, it is important not only to enhance their knowledge, skills and attitude, but also to let them know their strengths and weakness in order to increase their competitiveness using a multi-development approach. This will make both Acter and our employees the winners as their career will not be limited and Acter will be able to develop a sustainable work environment.

In 2017, Acter launched the E-learning online platform to offer our employees flexible learning that is bounded by times and distance. By integrating substantial and online learning resources, we also managed to fortify our talent education and training programs with an expectation that employees will, through continuous self-learning process, form a good habit of life-time learning. This will enable them to confront the challenges of career and retirement plans with confidence. In 2018, the total of requisite training hours is 2,016 hours for the entire company and the total of actual training hours is 4,643 hours with a 100% achievement rate. The total of education and training expenditure thereof is NTD422,410.

### | Statistics on Acter's Education and Training Sessions |

| Descriptions / Type                      |   | Education and training expenditure (unit: NTD) |         | Descriptions / Type  |        | Average Training Hours (unit: hr) |      |
|--|---|--|---------|--|--------|-----------------------------------|------|
|  |   | 2017   | 2018    |  |        | 2017                              | 2018 |
| Internal education and training sessions | Male  | 46,872   | 16,000  | Average training hours of senior management (supervisors above the deputy manager level)   | Male   | 11                                | 11   |
|  | Female  | 24,374   | 7,000   |  | Female | -                                 | -    |
| External education and training sessions | Male  | 145,972  | 299,010 | Average training hours of junior management (supervisors above the manager level)          | Male   | 11                                | 16   |
|  | Female  | 168,088  | 100,400 |  | Female | 6                                 | 13   |
| Total amount                             |   | 385,306  | 422,410 | Average training hours of mid-level management (supervisors above the section chief level) | Male   | 14                                | 17   |
| Internal training session                | Education and training sessions (unit: session) |  | 2017    |  | 2018   | Female                            | 8    |
|  | External training sessions                      | 35   |         | 91   |        | Male                              | 15   |
| Total training sessions                  |   | 139  | 270     | Average training hours of general employees  | Female | 11                                | 17   |

### | Statistics on Acter Group's Education and Training Programs |

The employee training expenditure of Acter Group was NTD2,114,572 in 2018. As the number of people is relatively low in South-East Asia comparing with that of Taiwan and mainland China, the total of training hours thereof is relatively low. The average number of trainees and training hours of 2018 are summarized below according to employees' job level and gender;

| Descriptions   |        | Acter | Subsidiaries in Taiwan | Mainland China | South-East Asia | Expenditure |
|--|--------|-------|------------------------|----------------|-----------------|-------------|
| Average training hours of senior management (supervisors above the deputy manager level)   | Male   | 11    | 5                      | 3              | 0               | 2,114,572   |
|  | Female | -     | -                      | 0              | 0               |             |
| Average training hours of junior management (supervisors above the manager level)          | Male   | 16    | 4                      | 20             | 9               |             |
|  | Female | 13    | 13                     | 8              | 0               |             |
| Average training hours of mid-level management (supervisors above the section chief level) | Male   | 17    | 5                      | 16             | 7               |             |
|  | Female | 14    | 9                      | 7              | 0               |             |
| Average training hours of general employees  | Male   | 23    | 6                      | 18             | 19              |             |
|  | Female | 17    | 13                     | 13             | 7               |             |

Remarks: Statistics above includes training hours of terminated employees in 2018.

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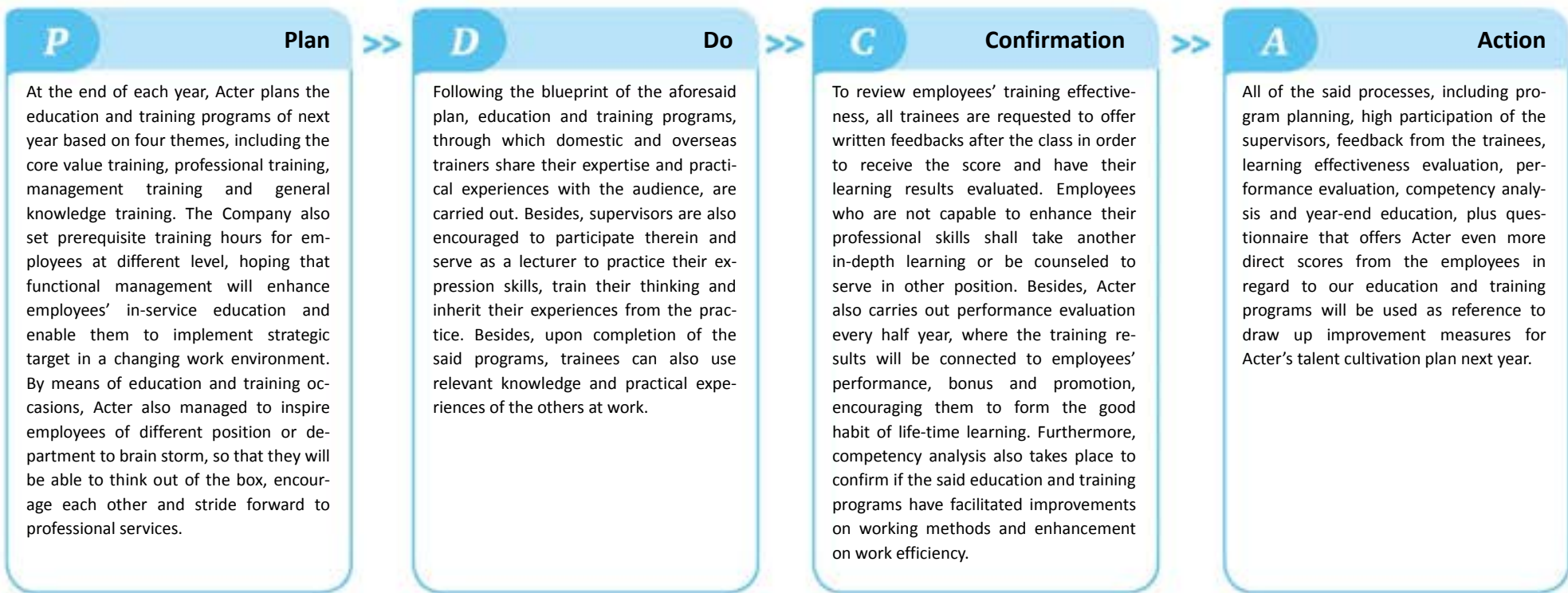
Environmental Protection

Social Participation

Appendix

To facilitate employee growth and development, we have set the development direction for our employees with respect to “learning development” and “personnel development”. Besides, the PDCA (Plan/ Do/ Confirm/ Action) operating mode is also adopted to make continuous improvements, enabling employees to better their management and professional skills according to their expertise and characteristics.

Acter also ensures transparent job vacancies; respects employees’ willingness for changing job duties; and encourages employees to make arrangements and plan their career according to the organization’s development. Besides, with respect to Acter’s promotion system, employees’ “potential” is also considered as an important criterion therefor.





Talent Cultivation

| Direction of Talent Development |   |  |  |
|---------------------------------|---|--|--|
| Aspect                          | Targets   | Contents   |  |
| Learning Development            | Learnings can promote rapid growth of employees and further satisfy the organization's demand for growth. | Cultural inheritance<br>Establish consistent values shared by all employees and promote their recognition to corporate culture.<br>Management capabilities<br>Enhance the management capabilities of supervisors at all levels, enabling them to learn to guide and build up a team. | Talent cultivation<br>Proactively cultivate talents and maintain the high quality and strength thereof.<br>Learning system and resources<br>Establish multiple learning channels and methods, encourage self-learning among employees and encourage them to share and inherit knowledge. |
| Personnel Development           | Develop potentials<br>Create a work environment that can facilitate sustainable growth                    | Promotion index<br>List personnel's "potential" as an important criteria of job promotion  | Complete personnel development framework<br>Establish diverse and complete personnel development framework; provide employees an ideal development environment that can bring their strength into full place.  |

| Index                    | Descriptions   | 2017    | 2018    |
|--------------------------|--|---------|---------|
| Cost index               | Education and training expenditure                                 | 385,306 | 422,410 |
|                          | Average training cost per employee                                 | 1,391   | 1,717   |
|                          | Average cost per male employee                                     | 999     | 1,898   |
|                          | Average cost per female employee                                   | 2,291   | 1,343   |
| Target oriented index    | Achievement rate of individual plan                                | 84.75%  | 85.00%  |
|                          | Achievement rate of professional skills                            | 97.26%  | 97.99%  |
|                          | Education and training achievement rate                            | 100%    | 100%%   |
|                          | Education and training satisfaction rate                           | 83.48%  | 91.87%  |
| Human capital index      | Employee engagement ROI (revenue / total salary and compensations) | 13.32   | 10.63   |
|                          | Employee productivity (revenue / number of employees) Unit: 1,000  | 14,722  | 17,215  |
| Career development index | Proportion of personnel with key position                          | 100%    | 100%    |
|                          | Proportion of personnel participated in performance evaluation     | 83.76%  | 100%    |



## Occupational Safety and Health Facilitation and Management

Acter provides a safe, healthy and friendly work environment. In order to build a good work environment, effectively prevent occupational hazards, ensure employees' safety at workplace and protect employees' physical and mental health, Acter has been carrying out relevant trainings on a regular basis. By enhancing employees' evaluation and response ability, Acter has managed to lower injury risks thereof. As for subcontractors' safety measures, we formally requested subcontractors to adopt proper health checks and educational trainings, and to comply with Acter's safety and health regulations before entering the construction site.



### Implementation Results of Occupational Safety and Health Management in 2018

#### Effectiveness of Occupational Safety and Health Management

Achieved

- Cumulative non-injury hours: 3,673,592 hours
- 0% injury rate

#### Health program participation rate is above 42%

Achieved

- 43.35%



Occupational Safety and Health Facilitation and Management

▲ Emergency disaster response training and teaching carried out by Quality Assurance and Safety Department.



## Occupational Safety Management

### | Management Procedures |

In response to our management target of “zero accident”, Acter has not only set relevant management regulations and procedures in accordance with OHSAS 18001 and local regulations, but also regularly reviewed internal management regulations, emergency response procedures and environmental/ safety SOP to assure legal compliance. Besides, Acter also implemented patrol inspection to effectively prevent accidents and further protect employee and subcontractors’ health and safety.

|   |   |
|---|---|
|    | Stipulated management regulations and operating procedures according to the management requirements of OHSAS 18001.   |
|    | Implement the identification of safety risks at work place according to “Hazard Identification and Risk Assessment Management Procedures”. The risks are graded according to severity, probability and exposure rate, and then degraded to low-risks by proposing high-risk factors and improvement measures. |
|  | Carry out irregular inspections on working and fire-fighting equipment at workplace according to Environmental Safety Supervision and Measurement Procedures.   |
|  | Propose improvement measures for abnormality or efficiency, and ensure the said abnormality or efficiency is fixed within the prescribed deadline. Post health and safety relevant information in noticeable areas at workplace.  |

### | Management Organization |

Acter has established “Occupational Safety Committee”, which holds a meeting every quarter and has a term of office of two years. Led by Acter’s general director as the chairperson, the Committee has ten members, including five labor representatives (1/2 more than the committee). The committee members are responsible for deliberating, coordinating and planning safety and health relevant regulations to effectively prevent occupation disasters and protect employees’ health and safety.

| Occupational Safety Committee                          | 2017   | 2018   |
|--|--|--|
| Number of employer representatives                     | 7 people   | 5 people   |
| Number of labor representatives                        | 5 people   | 5 people   |
| Proportion of employer representatives                 | 42%  | 50%  |
| Proportion of employer representative in workforce (%) | 2% of Acter’s workforce (277 employees in total) | 2% of Acter’s workforce (246 employees in total) |

### | Emergency Response Measures |

Acter has stipulated “Emergency Response Management Procedures” to set emergency handling and response measures before the accident. In case of any accident, the said measures will minimize casualties, environmental pollution and impact to protect the factory. We fully understand that, only with “insistence on the quality, zero injury rate”, customers’ needs for the space will then be satisfied and we will be able to become customers’ business partners, making all of us a winner.

### | Supplier Safety and Health Management |

Acter values subcontractors’ safety and health management. We have been devoted to providing on-site employees and subcontractors appropriate protective equipment and safety/health educational trainings.

To comply with safety and environmental regulations and fulfill the emergency response needs of each construction site, Acter continuously provides employees and subcontractors safety and health trainings, including:

| Acter’s Employees  |
|--|
| <ul style="list-style-type: none"> <li>Safety and health education and trainings for new employees.</li> <li>Regular safety and health trainings for work safety personnel.</li> <li>Fire-fighting trainings.</li> <li>Emergency personnel trainings.</li> <li>Irregular work safety and health propagation every month.</li> </ul>  |
| Subcontractors   |
| <ul style="list-style-type: none"> <li>Safety and health education and trainings for new contractors.</li> <li>General safety and health education and trainings.</li> <li>Daily toolbox safety and health propagation.</li> <li>Personal protective equipment (PPE) wearing trainings.</li> <li>Emergency response trainings.</li> <li>Disciplinary trainings for high-risk operations.</li> <li>Trainings for organic solvent operations.</li> </ul> |



## Occupational Safety Management

### | Audit Operations |

The engineering units are in charge of subcontractors' safety and health management respectively, whereas the Quality Assurance and Safety Department is responsible for audit operations with details summarized below:

#### 1 Notification of Entrance Hazard

Notify hazards related to the entire projects before entering the site. Provide hazard factor and relevant information to subcontractors for their information.

#### 2 Toolbox Meeting

Notify subcontractors of the hazards related to appointed jobs before launching the works every day.

#### 3 Daily Patrol Records

Implement safety and health patrol activities during the constructions; fill out and keep "Daily Petrol Record" every day.

#### 4 Alcohol Testing and Control

During the daily toolbox meeting, check if all personnel are in a good status and if they have been drinking. In case of finding any abnormality, it is a must to demand the person to stop working. In case of finding any personnel bringing or drinking alcoholic beverage, it is a must to demand the person to leave the construction site and to impose penalty thereon.

### | Statistics on Occupational Hazards |

To fulfill the quality policy objectives of "do things right the first time, do things well afterwards", Acter has implemented constructions control with correct work procedures. From November 1 of 2011 to April 30 of 2018, the Company has accumulated 3,673,592 non-injury hours and received a certificate therefor from Occupational Safety and Health Administration, Ministry of Labor. This proves Acter's effort on and contributions to occupational safety.

Most of occupational injuries occurred in 2018 were traffic accidents when employees traveled between the office and home. The absent rates therefor were 0.36% for male employees and 0.92% for female employees. The following improvement measures are to irregularly promote traffic safety relevant information to reduce the said traffic accident. The statistics of relevant occupational injuries are as follows:



**2018**  
Totally accumulated  
3,673,592 non-injury  
hours.

Statistics on Acter's occupational injuries over the last three years

| Items                            | 2016  | 2017  | 2018  | 計算方法   |
|----------------------------------|-------|-------|-------|--|
| Absence (male)                   | 0.29% | 0.19% | 0.36% | Annual absent days (male): sick leave + occupational injury leave<br>(annual absent days / annual attendance rate)*100%                      |
| Absence (female)                 | 0.94% | 1.06% | 0.92% | Annual absent days (female): sick leave + occupational injury leave<br>(annual absent days / annual attendance rate)*100%                    |
| Injury rate                      | 0     | 0     | 0     | Excluding minor injury (injury that can be handled by first-aid)<br>No. of occupational injuries by case X 200,000 / total person-work hours |
| Occupational disease rate        | 0     | 0     | 0     | No. of occupational injuries by case X 200,000 / total person-work hours   |
| Ratio of lost days               | 0     | 0     | 0     | Total lost days X 200,000 / total person-work hours<br>Lost days shall be calculated from the day after the accident (calendar day)          |
| Death                            | 0     | 0     | 0     |  |
| Disabling frequency rate (FR)    | 0     | 0     | 0     | No. of persons suffered from disabling injury *1,000,000/ total person-work hours  |
| Disabling severity rate (SR)     | 0     | 0     | 0     | Total lost days of persons suffered from disabling injury *1,000,000/ total person-work hours  |
| Fatal and serious injuries (FSI) | 0     | 0     | 0     | vFR*SR/1,000   |

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Occupational Health Facilitation and Management

Quality Assurance and Safety Department is appointed to plan, implement and supervise safety management relevant regulations, education, training and internal/external communication. Apart from promulgating disaster prevention and management regulations related to emergency response and labor/subcontractor safety and health, the Company also holds self-check and disaster prevention required safety and health education and drills in order to enhance employees' awareness and response ability for workplace hazards, assuring emergency response plan and operations will be implemented effectively. Acter also clears factors that can affect employees' health or safety at workplace on a regular basis; arranges cleaning/sterilizing abilities; inspects and patrols work environment, providing employees a safe and comfortable workplace.



Provide a Fresh Office Environment



Cigarette-Free Healthy Workplace



Labor Health Service Website



Provide Health Information



Weight-Losing Programs



Health Checks



## Occupational Health Facilitation and Management

### | Provide a Fresh Office Environment |

Carbon dioxide is an important indicator for indoor air quality (IAQ), indoor personnel density and ventilatory efficiency. To provide employees a comfortable and safe work environment, Quality Assurance and Safety Department implements the monitoring of work environment in accordance with Article 17 of Enforcement Rules of the Occupational Safety and Health Act. Each year, it invites external experts to test the indoor CO2 density of headquarters in March and September by setting 30 testing points inside the office (the location of personnel as the testing points and the partitions as the measurement location). With the use of professional CO2 detectors, the department is managed to understand if the work environment complies with legal regulations. If not, an improvement plan is required. For the year of 2018, the CO2 detection results at the workplace (the headquarter office) is within the acceptance standard. Relevant details are as follows:

| Date of Detection | Values       | Achievement Rate | Remarks                                |
|-------------------|--------------|------------------|--|
| 2018/3/2          | 488-1,148ppm | Achieved         | Within the tolerance standard 5,000ppm |
| 2018/9/6          | 688-1,006ppm | Achieved         | Within the tolerance standard 5,000ppm |

### | Cigarette-Free Healthy Workplace |

To enhance employees' health and working environment, Acter has been devoted to promoting and implement cigarette-free measures to create a cigarette-free workplace; continuously cooperated with the policy of central government to promote health facilitation activities.

### | Labor Health Service Website |

Since 2015, Acter has been irregularly promoted the labor health service network by cooperating with Taichung Veterans General Hospital, where occupational medicine physicians and occupational safety management specialists have been promoted the Company's labor health services and maternal health protection plan. The said services and plan emphasize on maternal protection, health consultations and health guidance to implement safety and health works and prevent the happening of occupational diseases. Besides, to comply with "Occupational Safety and Health Act" and "Regulations of the Labor Health Protection", the Company has hired occupational medical personnel starting from 2016 to conduct occupational disaster and injury related prevention and treatment works; health consultations; first aid and emergency response measures; health education; health facilitation and guidance works.



### | Provide Health Information |

Acter also irregularly sends internal e-mails and posts bulletin to promote health facilitation information. In 2018, the Company has not only propagated 60 health messages, but also purchased health relevant books and placed them in the Company's reading zone with an expectation of enhancing and enriching employees' health knowledge.

### | Health Checks |

To remind employees to pay attention to their health status, Acter not only regularly releases health information, but also provides free health checks to employees who have been working at Acter for more than one year. For employees who have health abnormality, Acter's occupational medical staffs will note them down and remind them to track their health status at hospital for preventing relevant diseases. The health check data over the years are as follows:

| Items / Year                                       | 2016    | 2017    | 2018    |
|--|---------|---------|---------|
| Number of employees who receive free health checks | 191     | 202     | 203     |
| Number of employees who had health checks          | 121     | 92      | 88      |
| Health check acceptance rate                       | 63.35%  | 45.55%  | 43.35%  |
| Amount invested in health checks                   | 483,000 | 331,000 | 374,000 |



To protect employees' rights and interests, and to provide a friendly working environment, we have established diverse communication channels and ensure that the communication mechanism is impeded. In this way, we will be able to assist employees in solving problems related to individual's rights and interests, or unfair treatment; or immediately handle their opinions or complaint to build a workplace without communication barrier.

### Human Rights Policy

Acter complies with the government's human rights regulations and stipulated "Code of Conduct" in accordance with "Labor Standards Act", "Act of Gender Equality in Employment" and international initiatives, such as human rights and spirit as prescribed in "International Bill of Human Rights" and "International Labor Standards", to protect employees legal rights and interests and to threat and respect our employees and interns.

In 2017, Acter further stipulated and promulgated "Acter's Human Rights Policy", which was announced on Acter's internal website. The Policy is also reviewed on an annual basis to ensure the equality of employment conditions, salary, trainings and promotion opportunities. All employees can express their opinions through corporate mailbox and the responsible department will reply accordingly; no discrimination was reported in 2018.



Scan the QR CODE to check Acter's Human Rights Policy


### Implementation Results of Employees Rights and Benefits in 2018

|  |          |   |
|--|----------|---|
| No labor dispute   | Achieved | Zero labor management dispute   |
| Solve all labor complaint (100%)                         | Achieved | Zero labor complaint  |
| Continuously check the suitability of human right system | Achieved | 89.3% of employees accepted trainings related to employees rights and benefits. |


### | Human Rights Rules and Specific Measures |

| Rules Contents   | Countermeasures and Specific Measures  |
|--|--|
| Provide a safe and healthy work environment                | <ul style="list-style-type: none"> <li>Oriented to the management target of "zero accident" and stipulated the conscientious "Safety and Health Work Rules"</li> <li>Stipulated "Regulations Governing Sexual Harassment Prevention and Response in Workplace" to maintain gender equality in employment, provide employees a workplace with no sexual harassment, and protect victims' rights and interests.</li> <li>Promote sustainable improvement projects</li> <li>Promote health facilitation activities and offer employee counseling services to encourage employees autonomously participate in relevant activities and implement the notion of healthy life.</li> </ul> |
| Ensure the equality of work opportunities                  | <ul style="list-style-type: none"> <li>Comply with local government's labor related act, where the employment or promotion of an employee shall not be differentiated because of the person's ethnic group, social class, thinking, political party, gender, sexual orientation or age.</li> </ul>   |
| No child labor   | <ul style="list-style-type: none"> <li>The human resource unit carefully checks applicants' age and candidates' personal information</li> </ul>  |
| Assist employees in maintaining physical and mental health | <ul style="list-style-type: none"> <li>Irregularly provide health information and continuously track and pay attention to those with abnormal health check results.</li> <li>Promote diverse activities (ex. family day and clubs) to implement the healthy life plan, helping the employees to balance their life and work.</li> <li>Implement infant day care measures, helping employees to solve relevant problems and be able to concentrate at work.</li> </ul>  |


| Human Rights Protection Trainings and Measures |




**Promote relevant Legal Compliance during the New Employee Orientation**  
The program contents shall include prohibitions of forced labor and child labor; anti-discrimination; anti-harassment; promotion of work management; protection of human treatment; and provision of a health and safe environment.



**Establish Online Anti-Sexual Harassment Class**  
Understand the concepts and prevention of sexual harassment; and the methods of handling sexual harassment.



**Promote Workplace Bullying Prevention Measures**  
Assist employees in understanding workplace bullying and how to prevent such act in order to create a friendly workplace without workplace bullying.



**Occupational Safety related Trainings**  
Fire-fighting trainings; emergency response programs; first-aid trainings; and general safety and health education and training programs.

| Training Hours for Human Rights related Trainings |

| Type                           | No. of trainees | Proportion of trains (%) | Total hours (hour) |
|--------------------------------|-----------------|--------------------------|--------------------|
| Employees' rights and benefits | 217             | 89.3%                    | 2,752              |

| Human Rights Evaluation and Mitigation Measures |

| Human right issues | Target  | Evaluation/ Communication Channels   | Mitigation Measures  |
|--------------------|---|--|--|
| Safety             | Plenary employees                                       | <ul style="list-style-type: none"> <li>Employees' opinion platform</li> <li>Complaint hotline</li> <li>The happening of occupational disease and hazard</li> </ul> | <ul style="list-style-type: none"> <li>Promote and explain regulation, safety and health related information in new employee orientation.</li> <li>Declare prohibition of workplace violence and promote preventive measures therefor.</li> <li>Make an announcement to remind employees to pay attention to traffics during the rush hours.</li> </ul>  |
| Working hours      | Plenary employees                                       | <ul style="list-style-type: none"> <li>Employees' opinion platform</li> <li>Complaint hotline</li> <li>Employees satisfaction survey</li> </ul>                    | <ul style="list-style-type: none"> <li>Automatically manage employees' overtime working issues using the work management system.</li> <li>Monthly abnormality report</li> </ul>  |
| Sexual harassment  | Female employees  | <ul style="list-style-type: none"> <li>Complaint hotline</li> </ul>  | <ul style="list-style-type: none"> <li>Promote and explain sexual harassment related information in new employee orientation.</li> <li>Prohibit and handle sexual harassment in workplace.</li> </ul>  |
| Privacy            | Customers<br>Supply chain partners<br>plenary employees | <ul style="list-style-type: none"> <li>Suppliers/ owners' meeting</li> <li>Suppliers' self-evaluation</li> <li>Site visits and audits</li> </ul>                   | <ul style="list-style-type: none"> <li>Sign letter of commitment for employees' personal data protection.</li> <li>Promote and explain personal data protection, intellectual property rights and regulation related information in new employee orientation.</li> <li>Strictly abide by customers' terms and conditions and NDA commitments.</li> </ul> |
| La-bor-man-agement | Plenary employees                                       | <ul style="list-style-type: none"> <li>Labor-management meeting</li> <li>Employees' opinion platform</li> </ul>  | <ul style="list-style-type: none"> <li>Comply with relevant regulations to reduce dispute.</li> <li>Labor-management meeting and promotions</li> </ul>   |







In response to major operational changes derived from the Company's business and management development (new project or project close-out), employee transfer or job rotation, the said employees will be offered with a period of time for handing over the duty, accommodating to the new environment and preparing for the new position in accordance with "Personnel Transfer Rules".

## Communication Channels

Acter has been dedicated to providing employees transparent, open, rapid and confidential bi-directional communication channels. This not only allows our employees to freely communicate with our Company, but also creates a work environment with high degree of participation. Through labor-management coordination meetings, employees' satisfaction surveys, seminars between the supervisors and employees and some other communication channels, our employees are able to reflect all types of problems in the workplace to our Company and will receive a solution accordingly, making Acter an even better workplace.



### | Employees Opinions Channels |

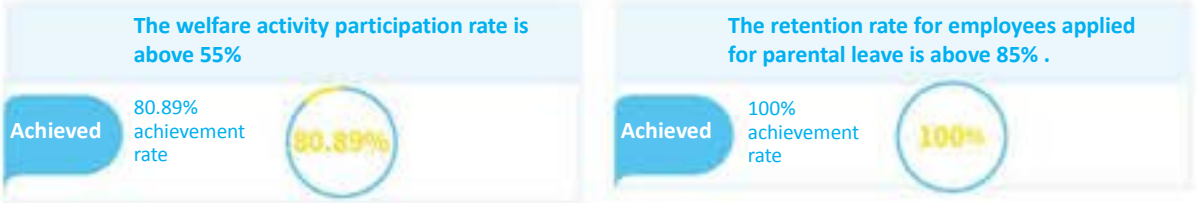
| Opinions channels  | Frequency | Actions  |
|--|-----------|--|
|  Notification by e-mail           | Irregular | Upon receipt of the message, the most senior supervisor of the HR unit will timely respond and handle the complaint one-by-one. No receipt of any email from the employees in 2018.  |
|  Internal corporate platform      | Irregular | Upon receipt of the message, the most senior supervisor of the HR unit will timely respond and handle the complaint one-by-one. No receipt of any request from the employees in 2018.  |
|  Employees' opinions mailbox      | Irregular | Upon receipt of the message, the most senior supervisor of the HR unit will immediately handle the complaint. No receipt of any email from the employees in 2018.  |
|  Employees' seminar              | Quarterly | The seminar enables Acter to share with our employees our business performance and to carry out a bi-directional exchange of opinions. The seminar will also help to build a common language and reach consensus between our employees and supervisors. In 2018, Acter totally held 8 supervisors meeting (118 people); 1 plenary meeting (236 people); and 8 supervisors meeting for leaders of technology business group (135 people), totally participated by 489 people. |
|  Employees' satisfaction survey | Annually  | With respect to items with which our employees are not satisfy with and opinions thereof, the Company will carry out an internal review and draw up improvement measures. In 2018, our employees' satisfaction level has reached 90.43%.   |
|  Labor-management meeting       | Quarterly | The meeting takes place to explain employees' health, environmental safety and welfare related affairs to labor's representatives; and the meeting minutes will be announced to all employees.   |



Employees Welfare Policy

High-quality employee welfare is the key factor to retain our employees. Oriented to “health facilitation”, “family caring” and “life and social development”, Acter provides a range of comprehensive benefits and employee/family caring programs to our employees to fulfill their demands with relevant resources and assistance. Upon the establishment of Employee Welfare Committee in 2005, relevant welfare activities are jointly organized by Acter and the Committee. In 2018, the total welfare expenditure is NTD5,071,918.

Implementation Results of Welfare Policy in 2018



Acter’s Employee Welfare System

| Items                      | Descriptions  | Items  | Descriptions   |
|----------------------------|---|--|--|
| Complete Vacation System   | According to Labor Standards Act.   | Pension  | In compliance with the pension allocation system as regulated by local government.   |
| Group Insurance            | Provide life insurance, accidental injury insurance, medical insurance and travel insurance for business trips. The said insurances are all covered by the Company in full amount.  | Education and Training Programs                                    | According to employees’ job functions and demand, provide internal and external education and training programs related to employees’ expertise, health and safety.  |
| Parental Leave without Pay | Upon taking the job for a half year, each employee whose spouse is also employed may apply for unpaid parental leave before each child reaches 3 years old. The said period shall not exceed 2 years and shall be terminated before the child reaches 3 years old.<br>An employee who needs to raise more than two children shall have the parental leave calculated altogether. The longest period shall be limited to 2 years, which shall be calculated based on the youngest child’s age. | Bonus  | Bonus/ cash gifts for three major Chinese festivals, birthday, marriage, funeral and birth-giving.   |
| Ordinary Leave without Pay | An employee may apply for an ordinary unpaid leave due to sickness, training or other reasons approved by the Company.  | Emergency Allowance  | Emergency allowance for accident caused hospitalization.   |
| Shareholding               | Issuing new restricted employee shares.   | Scholarship for Employees’ Children with Extraordinary Performance | Encourage employees’ children who have extraordinary academic performance; give them positive encouragement with an expectation that they will bring good returns to the society after entering the workforce. |
| Company Trip               | Domestic and overseas company trips are planned each year to let employees relax and refill with energy.  | Incentives / Bonus   | Personal performance bonus, year-end bonus, project incentives and proposal reward.  |
| Health Check               | Provide free health checks and pay attention to every employee’s health status.   | Diverse Activities   | Family day, club and social gathering activities; year-end party.  |

Welfare expenditure of 2018 is as follow:

| Employees Welfare Expenditure             |  | 2017              |                | 2018              |                |
|---|--|-------------------|----------------|-------------------|----------------|
|   |  | No. of Applicants | Applied Amount | No. of Applicants | Applied Amount |
| Expenditure of Employee Welfare Committee | Trips, birthday parties, sports/ entertainment facilities and activities     | All employees     | 3,538,959      | All employees     | 4,345,705      |
|   | Scholarships for Employees' Children with Extraordinary Academic Performance | 5                 | 30,000         | 7                 | 28,000         |
|   | Bonus/ cash gifts for birth-giving   | 17                | 85,000         | 13                | 65,000         |
|   | Bonus/ cash gifts for marriage   | 7                 | 118,750        | 9                 | 170,100        |
|   | Bonus/ cash gifts for funeral  | 6                 | 170,850        | 3                 | 89,113         |
|   | Emergency allowance for hospitalization                                      | 2                 | 10,000         | /                 | /              |
|   | Free health-checks   | 92                | 331,000        | 88                | 374,000        |
| Total                                     |  |                   | 4,284,559      |                   | 5,071,918      |

Gender Equality and Parental Leave Measures

Employees are important partners of Acter. Acter guarantees that employees who are currently having parental leaves will go back to the same or equivalent position after the parental leave without damaging their career development. Furthermore, Acter has specified regulations governing prenatal visits, birth leave, family care leave, paternity leave and parental leave in "Code of Conduct" according to Act of Gender Equality in Employment. Upon taking the job for a year, employee whose spouse is also employed may apply for unpaid parental leave before each child reaches 3 years old. Besides, Acter also signed a contract with quality childcare institute(s) to provide budget infant care services to its employee. The statistics of parental leaves of 2018 are as follows:

| Statistics of Parental Leave / Reinstatement (Acter's Headquarters)                                     | 2017  |        |       | 2018  |        |       |
|---|-------|--------|-------|-------|--------|-------|
|   | Male  | Female | Total | Male  | Female | Total |
| Number of people who are qualified to apply for parental leave.   | 40    | 19     | 59    | 46    | 18     | 64    |
| Number of people who applied for parental leave in the year.  | 0     | 2      | 2     | 0     | 2      | 2     |
| Number of people who are expected to apply for reinstatement in the year                                | 0     | 2      | 2     | 0     | 1      | 1     |
| Number of people who are reinstated after the parental leave in the year.                               | 0     | 1      | 1     | 0     | 1      | 1     |
| Number of people who were reinstated in the previous year and continued to work for more than one year. | 0     | 1      | 1     | 0     | 0      | -     |
| Application rate of parental leave (%)  | 0.00% | 10.53% | 3.39% | 0.00% | 11.11% | 3.13% |
| Application rate of reinstatement (%)   | 0%    | 50%    | 50%   | 0%    | 100%   | 100%  |
| Retention rate after parental leave (%)   | 0%    | 50%    | 50%   | 0%    | 100%   | 100%  |

Remarks: Employee who decided not to return to the company made the decision due to concerns of their family.

## Acter's Employee Welfare System

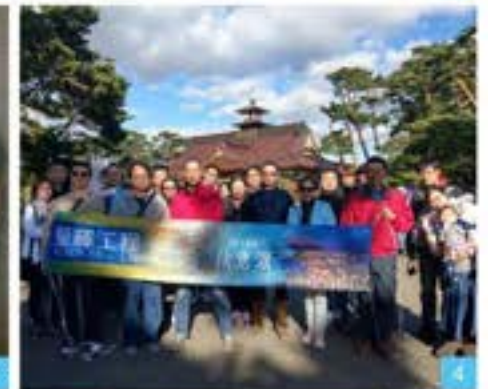
### Pension Management in Taiwan

In accordance with the provisions of "Labor Standards Act," Acter has set and established employee retirement regulations that conform with the provisions, and pensions are appropriated and paid to the Company's employees according to statutory standards. The retirement fund that the Company appropriates in accordance with the Labor Standards Act is planned and managed by Labor Pension Fund Supervisory Committee, Council of Labor Affairs, and Executives. The amount of pension appropriated each year is calculated by professional actuaries to make sure that the appropriated amount is enough to safeguard the future welfare of the Company's employees. On December 31, 2012, the balance in the reserve account for labor retirement at the Bank of Taiwan was NTD7,302,000, and the pension liabilities that shall be paid individually were NTD20,229,000, so the Company has actively communicated with the actuaries to make sure that pension amount appropriated each year is sufficient to pay the retired employees in the future. The determined appropriation plan of the Company is based on the provisions of "Labor Pension Act," which is the contribution rate of 6% of the monthly wage of the labor, and is appropriated to individual labor pension accounts of the Bureau of Labor Insurance. The Company implements the compliance of related laws and regulations to safeguard the employees' rights and benefits regarding labor pension.

### Company Trips and Family Day

In order to let employees balance work and leisure time while achieving LOHAS (life of health and sustainable), the Company provides employees a set amount of travel subsidy. The Employee Welfare Committee is responsible for selecting excellent travel agencies to plan out domestic and overseas company trips. After all the information is collected, the employees then vote for the travel location. Employees are also encouraged to bring their family to the trips to pull their distance closer not only with their colleagues, but also their family. More importantly, company trips can enhance employees' recognition towards the Company. Apart from irregular plenary activities, the Company also encourages employees to hold various health activities (Yoga, ball games and mountain climbing) and establish clubs. In 2018, the Employee Welfare Committee totally held 30 domestic and overseas trips (including trips formed by employees themselves and trips for Acter's Family Day) including Turkey; Okayama, Japan; Hokkaido, Japan; Lijiang, China; Hong Kong; and Alishan, Taiwan.

- |                           |   |
|---------------------------|---|
| 1. Trip to Lijiang, China | 2. Trip to Turkey   |
| 3. Trip to Okayama, Japan | 4. Trip to Hokkaido, Japan  |
| 5. Trip to Hong Kong      | 6. Acter's Family Day to Alishan, Taiwan (two days and one night) |





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# 07

## Environmental Protection

- ERA and Response Strategy
- Green Engineering Project Management
- Energy Operations Management
- Water Resource and Waste Management
- Greenhouse Gas Inventory



Climate change, energy shortage, resource exhaustion, and environmental and ecological issues are challenged by contemporary international community. “How to effectively respond to survival and development issues, propose solutions and have them implemented in daily operations and actions” are not only risks and responsibilities to be borne by corporate citizens, but also a potential opportunity that can facilitate corporate sustainability.

As a corporate citizen, we will definitely not stay out of the way. Oriented to our prospects for sustainable engineering and goals of industrial transformation, we have continuously collected and analyzed environmental issues related international trends and issues of the industry’s concerns; reviewed risks and opportunities hidden therein; turned our prospects towards sustainable engineering into practice; continuously implemented environmental protection related actions and performance; and facilitated our daily operations for the compliance with sustainable environmental practices. In this way, we will be able to face incoming challenges of global sustainability in 2030!



Highlights of the Year



Acquired 3 version conversion certifications

Acquired “ISO 14001-2015”, “ISO 9001-2015” and “OHSAS 18001-2007” version conversion certifications of Environment Management System.



Environmental Compliance  
Zero record  
Zero penalty

Maintained our record of having no environmental violation penalty

0 record; 0 penalty.



Reduced more than 1% of water usage

Reduction in average water use

A reduction of more than 1% in tap water usage, water use intensity and average water use amount.



## Environmental Protection Management Policy

### Sustainable Environmental Policy

Environmental Risk Assessment and Response Strategy

### Green Engineering Project

- Green Design
- Green Procurement
- Green Engineering Methods
- Environment Management
- Recycling and Reuse

### Daily Operations Management

- Energy Management
- Water Resource and Waste Management
- Source Emission Analysis
- Routine Propaganda Measures

## Management Implementation Mechanisms

| Responsibilities   | Resources  |
|--|--|
| CSR Promotion Committee– Environmental aspect  | Quality Assurance and Safety Department and general affairs team of General Administration Division are the primary implementation units, whereas employees of other departments and engineering departments work in collaboration therewith.              |
| Complaint Mechanism  | Evaluation Mechanisms  |
| Please refer to “Stakeholder Communication and Crucial Issue Analysis” – Communication channels and identification | <ul style="list-style-type: none"> <li>• Annual performance evaluation conducted by the Quality Assurance and Safety Department and general affairs team.</li> <li>• Review the performance and reports at the annual CSR case-closing meeting.</li> </ul> |





## 2018 Implementation Results

| Management Policy | Implementation Methods | Goals of 2018 | Evaluation Results of 2018 |
|-------------------|------------------------|---------------|----------------------------|
|-------------------|------------------------|---------------|----------------------------|

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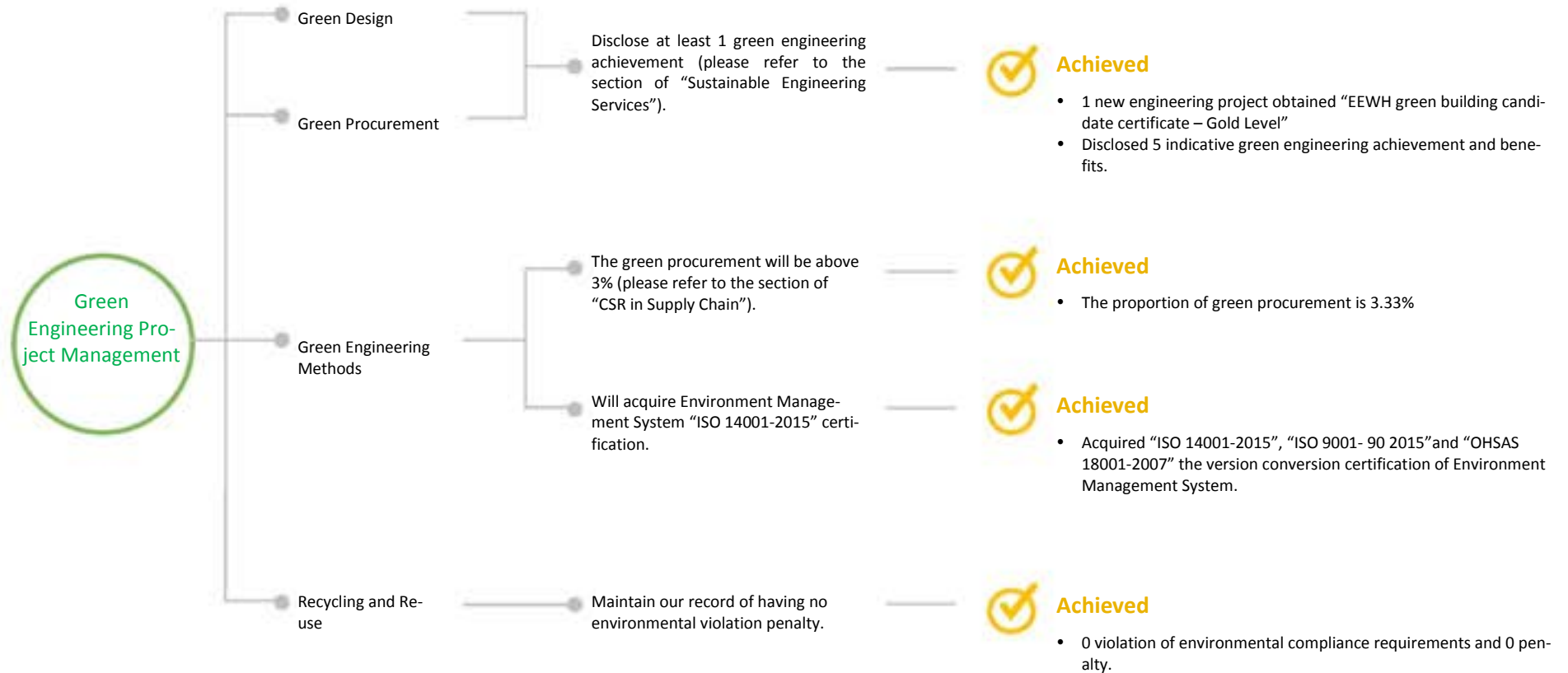
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## 2018 Implementation Results

| Management Policy   | Implementation Methods   | Goals of 2018  | Evaluation Results of 2018  |
|---|--|--|---|
| <b>Daily Management</b><br><b>Friendly Environment</b><br><b>Management</b> | <b>Energy Management</b><br>(general affairs team regularly reviews energy used in operations for further improvements)  | The headquarters' electricity use amount and performance will be less than the average of the previous two years. That is, less than 7.73 GJ/person in 2018.<br><br>The energy use amount and performance of public vehicles (including private vehicles for public use) will be less than the average of the previous two years; that is, less than 94 GJ/person in 2018. | <b>Achieved</b><br>Reduced to 4.29 GJ/person with a reduction of 44.5% in 2018.<br><br><b>Failed</b><br>Was about 7.59 GJ/ person in 2018. The primary reason is that ACT's revenue reached historically high level in 2018 with an increase in project quantity and construction sites, resulting in an increase in the energy consumed by public vehicles comparing with 2017. In the future, we will continue to carry out relevant supervision and analysis works; and will encourage employees to take car-sharing or public transportation tool into consideration in order to effectively reduce energy consumption. |
|   | <b>Water Resources and Wastes</b><br>(general affairs team makes regular inventories of water resources and wastes; and effectively management them to reduce environmental carrying capacity).                          | The headquarters' average water use amount will be less than the average the previous two years. That is, less than 10.82 GJ/person in 2018.<br><br>The headquarters will make an inventory of waste and implement optimization control measures.  | <b>Achieved</b><br>Was about 10.57 GJ/person with a reduction of 2.31% in 2018.<br><br><b>Achieved</b><br>Completed inventory works for 2018 and relevant analyzes; already proposed improvement solutions.   |
|   | <b>Source Emission Analysis</b><br>(Quality Assurance and Safety Department makes regular inventories of headquarters' greenhouse gas emission; and makes continuous improvements through monitoring).                   | Continue to autonomously make GHG emission inventories with an expectation that the value will be less than the average of the previous two years. That is, less than 172.30 tons in 2018.   | <b>Failed</b><br>194.57 tons in 2018.<br>The primary reason is that ACT's revenue reached historically high level in 2018, resulting in an increase in the GHG emission of Scopes 2 and 3. In the future, we will continue to supervise employees to enhance their energy-saving and carbon-reduction measures in daily operations; and will carry out a propaganda on car-sharing and using public transportation. Besides, the GHG emission assurance is expected to be taken place in 2019 to enhance Acter's management efficiency.   |
|   | <b>Routine Propaganda Measures</b><br>(Quality Assurance and Safety Department conducts irregular environmental propaganda; and General Administration Division distributes "Environmental Protection EDM" each quarter. | Continue to promote optimization measures and channels.  | <b>Achieved</b> <ul style="list-style-type: none"> <li>Quality Assurance and Safety Department posted eco-friendly and healthy life information.</li> <li>Published "Environmental Protection EDM" each quarter. Also, responded to energy-saving and carbon reduction propaganda held by Bureau of Energy, Ministry of Economic Affairs; Taiwan Green Productivity Foundation; and Environmental Protection Administration, Executive Yuan.</li> </ul>   |



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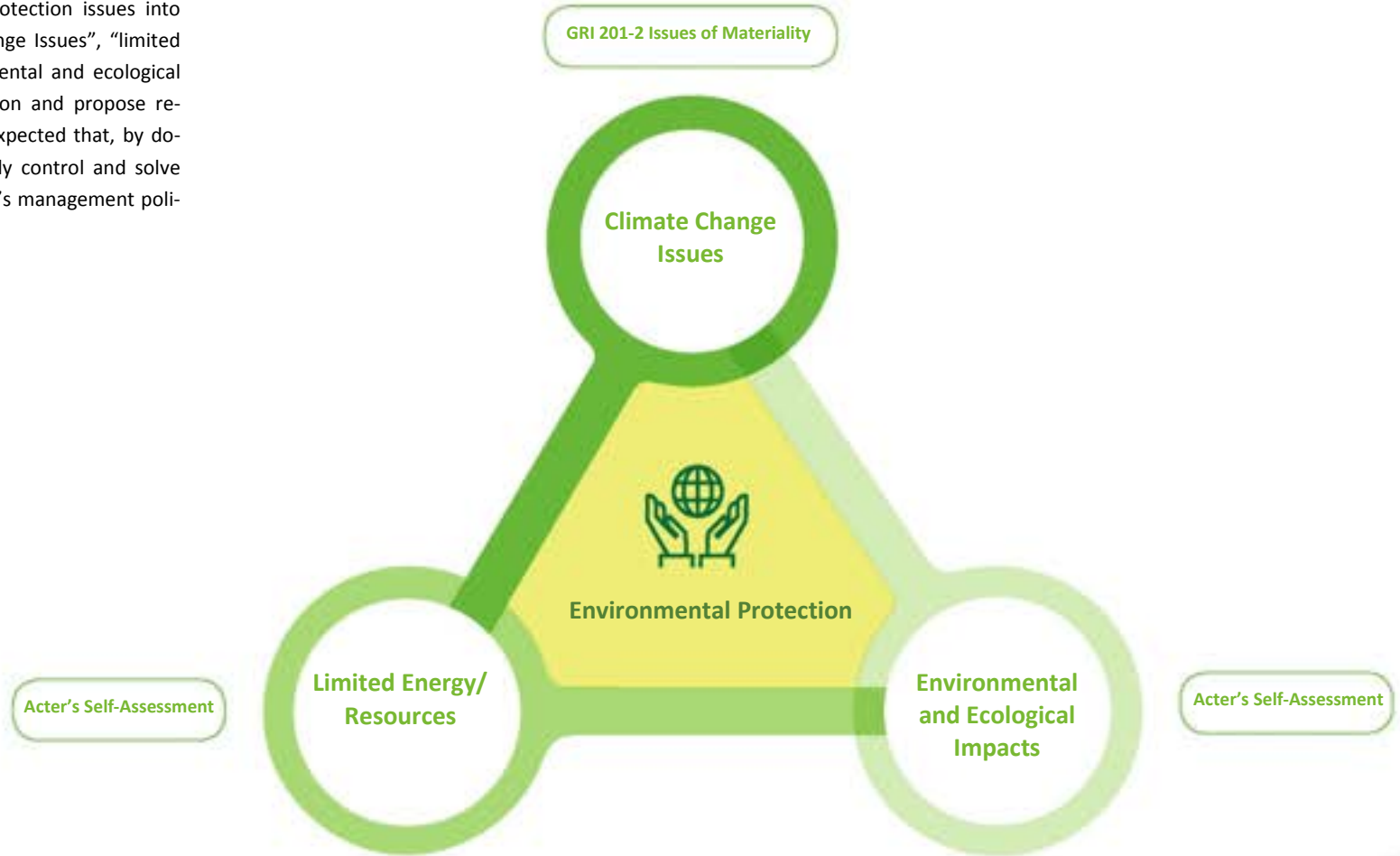
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## Environmental Risk Assessment and Response Strategy

We have divided environmental protection issues into three levels, including “climate change Issues”, “limited energy / resources” and “environmental and ecological impacts”, to carry out risk evaluation and propose respective responding strategy. It is expected that, by doing to, we will be able to effectively control and solve issues of different levels using Acter’s management policy.



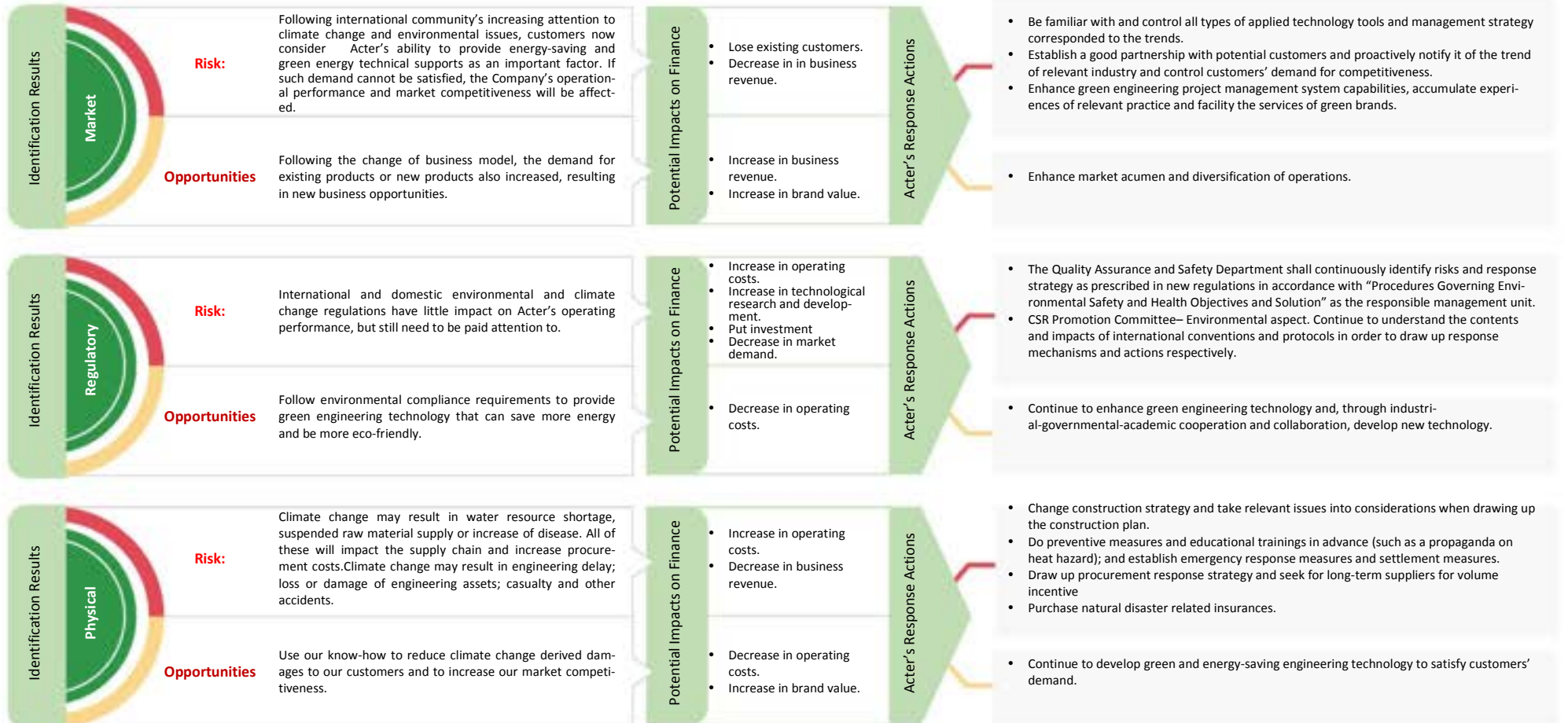


## Climate Change – Risk Assessment and Response Measures

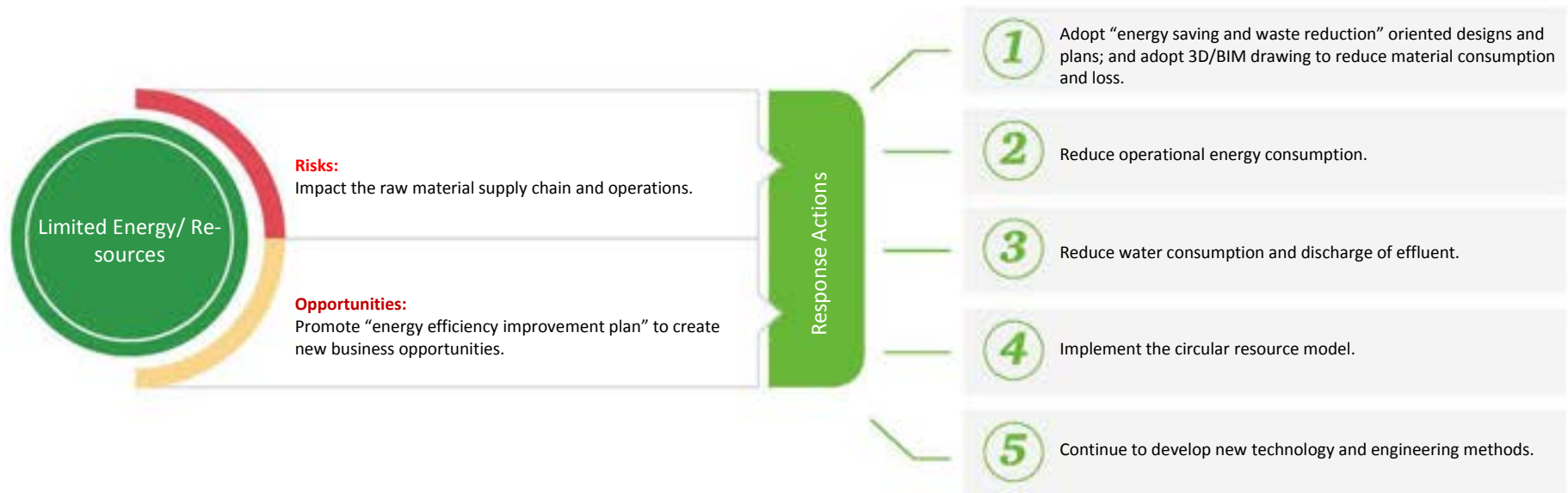
Climate change is an important challenge faced by the international community. According to “Global Warming of 1.5° C” published by the world’s authoritative climate science body “Intergovernmental Panel on Climate Change” (IPCC) on October 2018, the world’s average temperature must be maintained below 1.5°C in 2030 to prevent the rise of sea level, climate change impact, sharp decline in food availability and ecological catastrophe (Note. The world’s average temperature already reached 1° C in May 2019; and Taiwan’s average temperature increased about 1.4° C).

This year, Acter continued to include “climate change response strategy” in issues of materiality. By collecting and analyzing climate change investigations and reports; advanced countries’ climate policy, development and evaluation; and industry’s evaluation and response measures, we identified and categorized have not only potential risks opportunities (including market, regulatory and physical layers), but also potential impacts derived from relevant issues to our finance in order to propose response management measures respectively. The identification and analysis results are as follows:

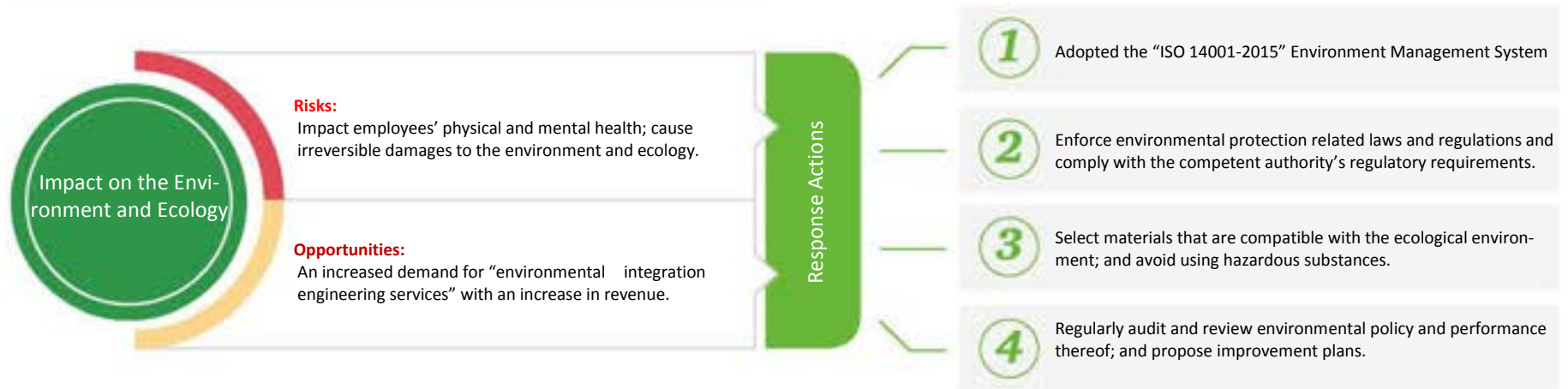
### | Major Risks and Opportunities of Climate Change |



## Climate Change – Risk Assessment and Response Measures



## Climate Change – Risk Assessment and Response Measures



## Green Engineering Project Management

Acter has integrated our know-how in various fields of engineering industry and, using our core technology, proactively developed green engineering project management system to facilitate the sustainable development of the industry while enhancing our employees' competitiveness (please refer to the section of "Sustainable Engineering Services"). With respect to external environmental impact assessment and green industrial trends, we have conducted a series of analyses and control measures; and developed green engineering technology. Besides, from communicating with our customers for their actual demand, proposing a plan and/or design, making a simulation or mapping, adopting smart management to integrating supply chain, we are always doing our best to ensure environmental compliance; implement green procurement; promote Environment Management System; and minimize impacts on our environment and ecology to full our corporate social responsibilities and missions.



### 2018 Green Engineering Project Management Performance

**Disclosed at least 1 green engineering achievement (please refer to the section of "Sustainable Engineering Services").**

**Achieved**

- 1 new engineering project obtained "EEWH green building candidate certificate – Gold Level".
- Disclose 5 indicative green engineering achievement and benefits.

**The green procurement is above 3% (please refer to the section of "CSR in Supply Chain").**

**Achieved**

- The proportion of green procurement is 3.33%.

**Acquired Environment Management System "ISO 14001-2015" certification.**

**Achieved**

- Acquired "ISO 14001-2015", "ISO 9001-2015" and "OHSAS 18001-2007" version conversion certifications of Environment Management System.

**Maintained our record of having no environmental violation penalty.**

**Achieved**

- 0 violation of environmental compliance requirements and 0 penalty.

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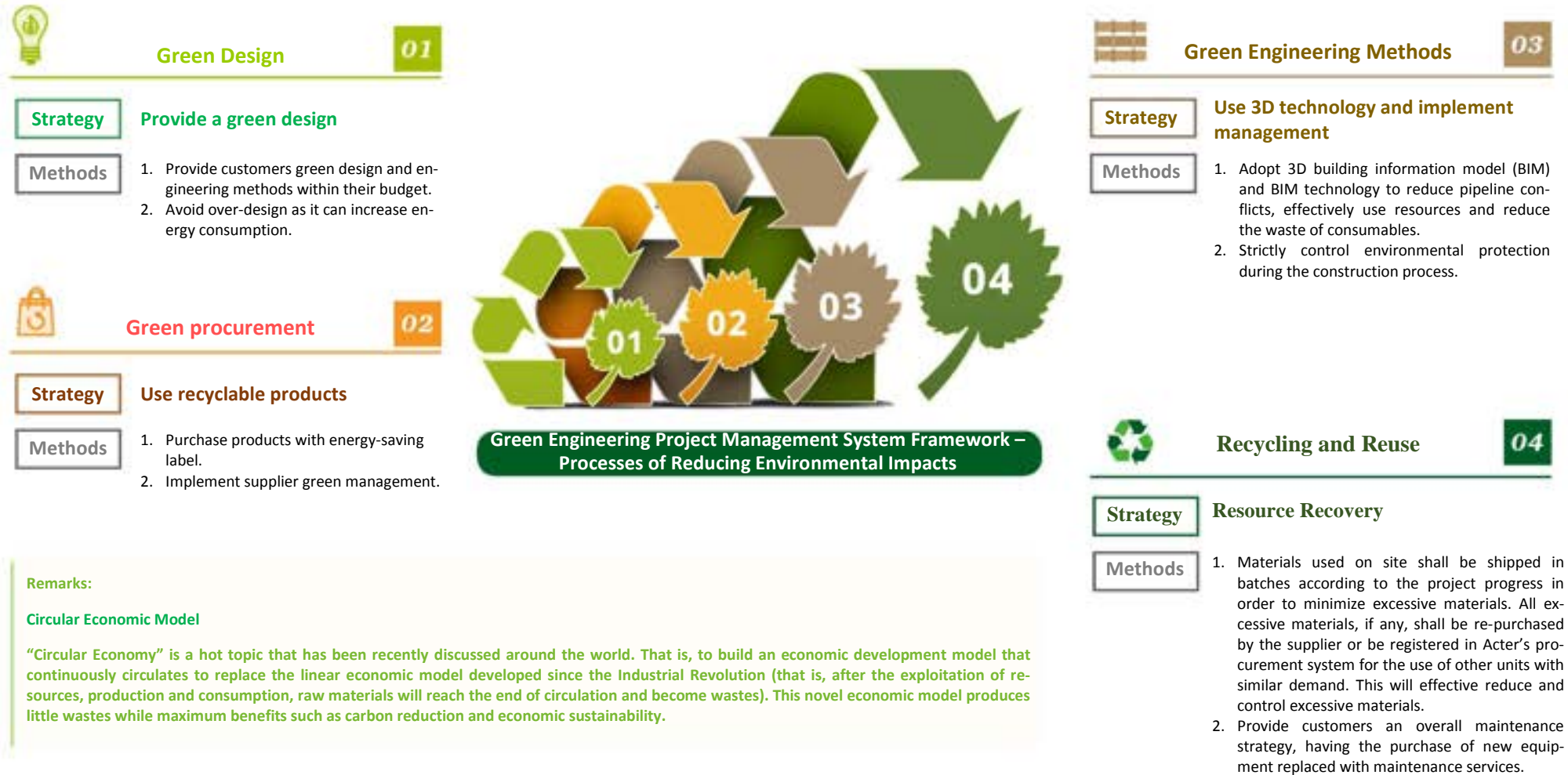
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## 2018 Green Engineering Project Management Performance

Acter has been proactively promoting “Green Engineering Project Management System Framework” and has taken “circular economic model” into consideration to effectively use resources, implement energy-saving and carbon reduction measures, and mitigate impacts on our environment. In the meantime, in response to the government’s recent “5+2” industry policy, we have been pursuing new economic model for sustainability, such as circular economy, green energy technology, smart machine and so on, with an expectation that we will become a “quality space builder” and inject momentum into economic growth. Acter’s “Green Engineering Project Management System Framework” is described as follows:



Oriented to “zero occupational accident, zero disaster and zero environmental impact”, we aim to provide employees a safe and perfect work environment as our commitment and fulfillment of responsibilities for environmental protection. Our Quality Assurance and Safety Department is designated to be in charge of relevant management works, such as continuously adopting ISO Environment Management System; complying with the competent authority’s environmental regulatory requirements; holding quarterly self-checks and proposing improvement plans in accordance with “EHS Goals and Project Management Procedures”; properly promoting disaster prevention and occupational safety standards through educational trainings and daily toolbox meetings with the site. The purposes thereof are to prevent accidents beforehand and to effectively minimize the risks. Acter has also stipulated “Emergency Response Management Procedures”, with which to be complied to respond to occupational accident. This will help to minimize injury of our employees and impacts on the environment; and further ensure the safety and security of our employees’ work environment.

In 2018, Acter already received acquired “ISO 14001- 2015”, “ISO 9001-2015” and “OHSAS 18001- 2007” the version conversion certification of Environment Management System; and did not have any major occupational accident. Besides, as Acter did not violate environmental laws or reg-

## EHS Management Measures

01



### 100% safe

Provide a safe workplace to have zero occupational accident.

03



### Establishment of Risk and Management Mechanism

Identify potential risk factors and treatment risks; prevent occupational injury and environmental pollution; and continue to enhance overall EHS performance.

05



### Plenary implementation

Encourage employees to participate in EHS trainings to enhance their EHS knowledge and ability.

02



### Environmental protection and sustainability

Promote energy-saving and carbon-reduction measures; and reduce pollution to facilitate environmental protection and sustainable development

04



### Compliance with regulations

Identify laws, regulations and contracts; supervise and implement plans to meet EHS requirements.

06



### Continuous improvements

Continuously review and improve all types of EHS activities; enhance the applicability and effectiveness of EHS management system.

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## EHS Management



Pass the certification  
of AFNOR ASIA  
Comply with international  
standards of Environment  
Management System



Noise prevention measures



Photos of fire-fighting drills



Daily toolbox meetings

### Remarks:

Construction noise management is one of the key segments of environmental safety. During the constructions, noises and vibrations can be created depending on project scale and used construction machines and tools. Acter therefore adopts the following preventive measures on the promise of not affecting construction quality and personnel's health and safety.

1. Use low frequency noise construction machines, equipment, vehicles and so on.
2. Adjust construction engineering methods; or complete high-noise operations in the factory and then move them to the construction site. Where high frequency noises cannot be eliminated, adopt sound insulation and seismic isolation measures accordingly.
3. Avoid to perform operations in the early morning or at night.

## Legal Compliance and Environmental Expenditure

Acter mainly provides engineering design, supervision and management related technology integration services. According to our government's "Stationary Pollution Source Installation and Operating Permit Management Regulations", Acter does not need to acquire pollution installation, operations and discharge permits due to the attributes of our industry. However, Acter still values pollution prevention and treatment works; and has been devoted to all types of pollution prevention and mitigation works to mitigate impacts on our environment.

Besides, according to "The Guide of Industrial Environment Accounting" promulgated by Environmental Protection Administration (EPA) of Executive Yuan, environmental expenditure is defined as "expenses of all types of activities made to protect the environment; and this type of industrial environmental protection costs can be divided into equipment investment or operating expenses." To reach the objectives of energy saving, carbon reduction and sustainable development, Acter not only allocates a certain amount of budget for carrying out environmental certifications and tests each year, but also continuously asks for professional evaluators' advises to enhance our management efficiency. In 2018, our environmental costs were made for operations with a total of NTD133,820. Relevant details are as follows:

### Statistics of 2018 Environmental Expenditure

| Investment Category                                      | Content  | Number of Cases | Expenditure |
|--|--|-----------------|-------------|
| Environmental Certification (Review, including renewals) | ISO1400:2015 and OHSAS 18000                   | 1               | 125,000     |
| Environmental Test                                       | Detect the CO2 density of Acter's headquarters | 2               | 8,820       |
| Total  |  |                 | 133,820     |



Energy Operations  
Management

Acter has long been promoting and implementing environmental and energy saving measures. To reach our energy-saving goals and achieve a new milestone, we have launched a number of energy-saving plans in construction processes and daily operations. For example, we make regular inventories and reviews to understand our energy use status; enhanced our energy use efficiency through regular maintenance works; purchased energy-saving products that have energy-saving, water-saving and Energy Star labels; and been proactively promoting energy-saving concepts through department heads.



Energy Use Performance

The historical high revenue of Acter in 2018 implies not only an increase in project volume and construction sites, but also more travelling between construction sites for management affairs. This is the reason that the gasoline volume thereof increased in the year comparing with 2017. In the future, we will continue to encourage our employees to deepen energy-saving measures or to use public transportation tools. Furthermore, although the energy consumption slightly increased by 0.16%, electricity use intensity (electricity per capita amount) actually reduced about 1.15%. In the future, to maximize our efforts in energy saving, we will continue to enhance our energy management to regularly promote internal energy-saving measures and the good habit of saving energy among our employees. We also plan to adopt the ISO 50001 energy management system in 2019 to enhance the efficiency of energy management.

| Energy Consumption  |                               |                |                    |          |          |                            |            |
|---|-------------------------------|----------------|--------------------|----------|----------|----------------------------|------------|
| Scope   | Energy Type                   | Unit           | Annual Performance |          |          | Annual Performance of 2018 | 2019 Goals |
|   |                               |                | 2016               | 2017     | 2018     |                            |            |
| Headquarters Building                                       | Electricity                   | kW             | 225,664            | 88,091   | 88,233   | ✔ Achieved                 | 317.44     |
|   |                               | Gigajoule (GJ) | 812.39             | 317.18   | 317.70   |                            |            |
|   | Electricity per capita amount | GJ/ capita     | 11.12              | 4.34     | 4.29     | ✔ Achieved                 | 4.32       |
| Public Vehicles (including private vehicles for public use) | Gasoline                      | liter          | 69,060             | 48,719   | 57,172   | ✔ Achieved                 | 1729.04    |
|   |                               | Gigajoule (GJ) | 2,258.26           | 1,591.02 | 1,867.07 |                            |            |
|   | Gasoline per capita amount    | GJ/ capita     | 8.15               | 5.74     | 7.59     | ○ Failed                   | 6.66       |
| Remarks   |                               |                |                    |          |          |                            |            |

- As the energy consumption is close to standard value, the annual goal is amended to “do not exceed the average of the previous two years”.
- The heat content value and conversion factors are based on Bureau of Energy’s “Heat Contents of Energy Products” updated on June 20 2018 (gasoline heat value is at 7,800kCal/L; and the electricity heat value is at 860kCal/kWh).
- Energy intensity = total energy used by public vehicles (GJ)/ total of Acter’s employees in 2018 (246 people), total electricity consumption (GJ)/ total of Acter’s employees at the headquarters in 2018 ( 74 people)

## Energy-Saving Measures in Daily Operations

Acter has adopted multiple energy-saving management measures in daily operations to effectively facilitate energy use efficiency:



### Power

- Select products with green mark, energy-saving label and high EER value.
- All computers shall be switched off in non-working hours. All extension cords shall be turned off or plugged off.
- Printers shall be set in the energy-saving mode.
- Printers without fax function shall be switched off or to the energy-saving mode.
- Water dispensers shall be switched to the energy-saving mode.



### Lighting

- Adopted T5 lamps and the zone control measures; lights in areas without the need for lighting shall be turned off.
- During the working hours, lights that are not in use or are unnecessary shall be turned off or be partially turned on.
- All lights shall be turned off during the lunch break.
- Employee who leaves his or her office work area at last shall turn off the lights.
- Employee who works overtime during the holidays shall turn on the lights of only his or her work area.
- Review the lighting needs and enhance lighting performance.



### Air-Conditioning

- The air-conditioning's temperature shall be set between 26 and 28 degrees in the office.
- When the clock strikes 17:30PM (the get-off work time), the air-conditioning system of the entire area shall be turned off; employee who needs to work overtime can turn on the air-conditioning system in his/her work area.
- The doors and windows of the air-conditioning areas shall be closed and be isolated with the outside air to reduce cold air leakage or prevent hot air intrusion.
- Installed curtains to reduce the direct light from the sun and minimize the use of air-conditioning system.
- Made regular announcements to remind employees the good habit of saving energy and to establish an energy-saving corporate culture.

## 2018 Water Resource and Waste Management Performance


To protect water resources and to maintain corporate sustainability, Acter's headquarters started to make a self-inventory of water resources since 2017. Our headquarters is located in a commercial building and the water thereof is directly supplied by Taiwan Water Corporation without any underground water or water from other sources. As the supplied water is only for the use of our employees and visitors, our water source makes no obvious impact on the environment. The used water, on the other hand, is discharged to the sewage treatment plant through the sewers and then to the rivers and ocean. To enhance the management of water resource and reduce the consumption thereof, not only are Acter's faucets equipped with an auto-sensing device, but also we have made water-saving slogan to remind our employees to cherish water resource. In 2018, Acter succeeded in reducing tap water consumption, water use intensity and average water use by more than 1% comparing with 2017.

On the other hand, Acter's headquarters started to gather statistics on the waste recycling amount in September 2017 to review the number of wastes and set the waste reduction target to avoid waste and creating environmental pollution. In 2018, the Company has totally recycled 1,208 kg of wastes. In the future, we will continue to enhance our efforts in resource recycling to protect our environment.

## 2018 Water Resource and Waste Management Performance

|                 |  |
|-----------------|--|
| <b>Achieved</b> | <b>The headquarters succeeded in reducing all water resource items by 1%.</b><br>Succeeded in reducing tap water consumption, water use intensity and average water use by more than 1%. |
| <b>Achieved</b> | <b>Continued to make an inventory of waste.</b><br>Completed inventory works of 2018 and the analysis thereof; proposed improvement plans.   |

## Daily Water Resource Management Measures and Performance

| Scope                     | Energy Type            | Unit                    | Annual Performance |       |       | Annual Performance of 2018   | 2019 Goals |
|---------------------------|------------------------|-------------------------|--------------------|-------|-------|--|------------|
|                           |                        |                         | 2016               | 2017  | 2018  |  |            |
| The headquarters building | tap water consumption, | 1,000 l                 | -                  | 1,421 | 1,406 |  Achieved | 1,413      |
|                           | water use intensity    | 1,000 l / Ping          | -                  | 790   | 782   |  Achieved | 786        |
|                           | average water          | 1,000 l / No. of people | -                  | 10.82 | 10.57 |  Achieved | 10.69      |

### Remarks

- As the water consumption is close to standard value, the annual goal is amended to "do not exceed the average of the previous two years".
- As the use of water resources in each construction site shall refer to the respective engineering contract, water resources are therefore allocated differently and shall be shared by parallel subcontractors or be all paid by the customer. Therefore, due to difficulty in calculation, water resources of each construction sites are not disclosed.

## Waste-Saving Measures in Daily Operations



Purchase items with the water-saving label.



Irregularly promote water conservation measures.




Use auto-sensing device to reduce water consumption.



## Daily Waste Management Measures and Performance

As Acter's core business is to provide engineering technology integration services, it does not produce hazardous wastes. In response to environmental protection, Acter has promoted the recycling of general wastes. The handling methods thereof are as follows:

|                      |  |   |
|----------------------|--|---|
| General Garbage      | Domestic garbage and other wastes that cannot be recycled will be collected by certified company commissioned by the building's management committee for incineration or landfill. |  |
| Recyclable Resources | Waste paper, plastics, glasses and iron/ aluminum can will be recycled by certified company commissioned by the building's management committee for reuse.                         |   |
| Kitchen Waste        | Will be recycled by certified company commissioned by the building's management committee for compost.   |   |

| Waste Recycling Amount List of Acter's Headquarters |  |  |
|---|--|--|
|   | From September 2017 to December 2017   | 2019   |
| Kitchen Waste                                       | 188  | 619  |
| Recyclable Waste                                    | 193  | 589  |
| General Garbage                                     | Excluded from the statistics as they were sent to the building's garbage zone by employees themselves. | Excluded from the statistics as they were sent to the building's garbage zone by employees themselves. |
| Total (kg)  | 381  | 1,208  |
| Recycling volume per capita (kg / person)           | 5  | 16   |

Remarks:

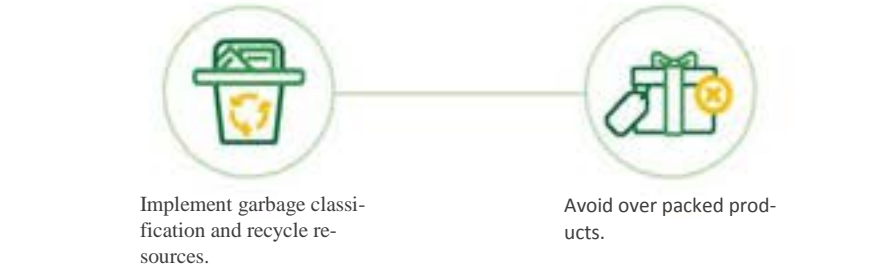
As the use of recycled resources in each construction site shall refer to the respective engineering contract, the said resources are therefore recycled differently and not disclosed in the statistics.

## Daily Waste Management Measures and Performance

### | Energy-Saving Measures for Daily Operations and Materials – Paper Saving |



### | Energy-Saving Measures for Daily Operations and Materials – Others |



## Greenhouse Gas Inventory

Acter launched greenhouse gas inventory starting from 2017 to review the emission of greenhouse gases, including CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub> and NF<sub>3</sub>. It is our expectation to move from the greenhouse gas inventory to reduce the emission and then to neutralize carbon. The boundary for greenhouse gas inventory is Acter Co., Ltd. (headquarters: 19F, No.201, Sec. 2,

Wenxin Rd., Xitun Dist., Taichung City). As Acter is within the engineering service industry, an identification of “indirect emission source” was carried out based on the requirements of ISO/CNS 14064-1. The scopes and the total of the top seven gas emission is as follows:

| Total emission of the top 7 gases of 2019 |  |       |  |                 |                  |      |      |                 |                 |        |                             |
|---|--|-------|--|-----------------|------------------|------|------|-----------------|-----------------|--------|-----------------------------|
| Type of Emission Source                   | Emission source                                      | Scope | Greenhouse Gas Emission (tonnes CO <sub>2</sub> e/ year) |                 |                  |      |      |                 |                 |        | Proportion of the total (%) |
|   |  |       | CO <sub>2</sub>  | CH <sub>4</sub> | N <sub>2</sub> O | HFCs | PFCs | SF <sub>6</sub> | NF <sub>3</sub> | Total  |                             |
| Fixed Emission Source                     | External Procurement of Electricity                  | 2     | 48.88  | 0.00            | 0.00             | 0.00 | 0.00 | 0.00            | 0.00            | 48.88  | 25.12                       |
| Mobile Emission Source                    | Gasoline (including public vehicles for private use) | 3     | 129.39   | 1.17            | 4.45             | 0.00 | 0.00 | 0.00            | 0.00            | 135.00 | 69.38                       |
| Fugitive Emission Source                  | Sceptic Tank   | 3     | 0.00   | 5.80            | 0.00             | 0.00 | 0.00 | 0.00            | 0.00            | 5.80   | 2.98                        |
|   | With refrigerant and solvent spray                   | 3     | 0.00   | 0.00            | 0.00             | 4.89 | 0.00 | 0.00            | 0.00            | 4.89   | 2.51                        |
| Total                                     |  |       | 178.27   | 6.97            | 4.45             | 4.89 | 0.00 | 0.00            | 0.00            | 194.57 | 100                         |
| Proportion of the total (%)               |  |       | 91.62  | 3.58            | 2.29             | 2.51 | 0.00 | 0.00            | 0.00            | 100.00 |                             |

Remarks:

The scopes of greenhouse gas (GHG) emissions are defined as follows:

Scope 1: Direct GHG emissions, which are primarily from assets / equipment (emission source) possessed or controlled by the report unit.

Scope 2: Energy indirect GHG emissions, which are primarily from outsourced electricity, heat, steams or other fossil fuels. The Scope 2 GHG emission is calculated based on GHG generated from imported/ out-sourced electricity, heat or steams.

Scope 3: Other indirect GHG emissions, which are indirect emissions as well. That is, apart from outsourced electricity, steams and heat, GHG emissions generated from other people’s assets and equipment, including those that are related to any of Acter’s business activity.

## Source Emission Analysis of Greenhouse Gas Inventory

| Type    | Forms of Emission  | Emission Amount (ton CO2e) |              | Proportion |              |
|---------|--|----------------------------|--------------|------------|--------------|
| Scope 2 | Electricity Input  | 48.88                      |              | 25.12%     |              |
| Scope 3 | Mobile combustion source (including public vehicles for private use) | 135.00                     | Total 145.69 | 92.66%     | Total 74.88% |
|         | Fugitive emission sources of greenhouse gases                        | 10.69                      |              | 7.34%      |              |
| Total   |  | 194.57                     |              | 100%       |              |

### Remarks:

1. The calculation is based on the emission factor announced by the Bureau of Energy, which was 0.554kgCO2e/degree, in 2017.
2. The calculation is based on the GWP value of "GHG Emission Factor Management Table" (Version 6.0.3) published by EPA.
3. With respect to source emission analysis, the data thereof are summarized based on the "operational control approach".

## Comparison of the Carbon Emission of 2017 and 2018



### Remarks:

The historically high revenue of Acter in 2018 implies not only increased project volumes, but also the needs for overtime working. This is the reason that our Scope 2 and 3 GHG emissions have increased comparing with previous years. In the future, we will continue to supervise employees to enhance their energy-saving and carbon-reduction measures in daily operations; and will carry out a propaganda on car-sharing and using public transportation. Besides, the GHG emission assurance is expected to be taken place in 2019 to enhance Acter's management efficiency.

## Carbon Reduction Measures in Daily Operations



Recycle toner cartridges, waste containers and batteries



Lease printers with low-pollution and energy-saving labels.



Use renewable papers



Purchase low-pollution toner cartridges



Encourage employees to take public transportation



Set video conference equipment to reduce transportation and time costs



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**Social Participation**

Appendix

# 08

## Social Participation

- Industrial-Academic Cooperation
- Social Development
- Promotion of Arts and Humanities
- Friendly Environment and Public Advocacy



“Use whatever we get from the society in the society” has long been our intention that remains unchanged over the years. In recent years, we have, by strategically combining corporate core competence and social welfare, proactively participated in all types of social welfare activities. To deepen the influence of Acter’s social participation from a long-term perspective, we have enhanced our partnerships with local communities, schools, environmental protection NGOs and players from industrial, governmental and academic circles through various projects and programs. For example, Acter offers volunteer services for social welfare activities, sponsors arts and humanities programs; and supports friendly environment and advocacy activities, enabling us to further create values for the public and environmental ecology. In the future we will continue to connect with players from diverse fields to expand our social influence and bring positive changes to the society.

Acter has been engaging in social participation from the five aspects of “industrial-academic cooperation”, “social services”, “arts and humanities”, “friendly environment” and “public advocacy”. It is our aspiration that, by cooperating with different sizes of groups, we will be able to promote social responsibilities in the thinking of corporate organization from upside down and embody the spirit of “integrity and modesty” for humanistic care!



### Highlights of the Year



Increased by  
5.87%

Invested NTD4,878,261 in  
social participation.  
Increased by 5.87%  
comparing with 2017.



Participation of  
93 volunteers

Hours contributed by the  
volunteers increased by 37%  
Totally 494.5 hours in 2018  
And the number of  
volunteers increased to 93



Integration with  
professional skills

Completed house building  
and repair works  
Integrated air-conditioning  
and electrical engineering  
expertise



The  
government's

industrial-academic cooperation  
program  
Graduation of the “Dual Training  
Flagship Program”  
Totally invested about NTD15 million  
and trained 7 students between  
September 2014 and June 2018.



Five Major Aspects of Social Participation



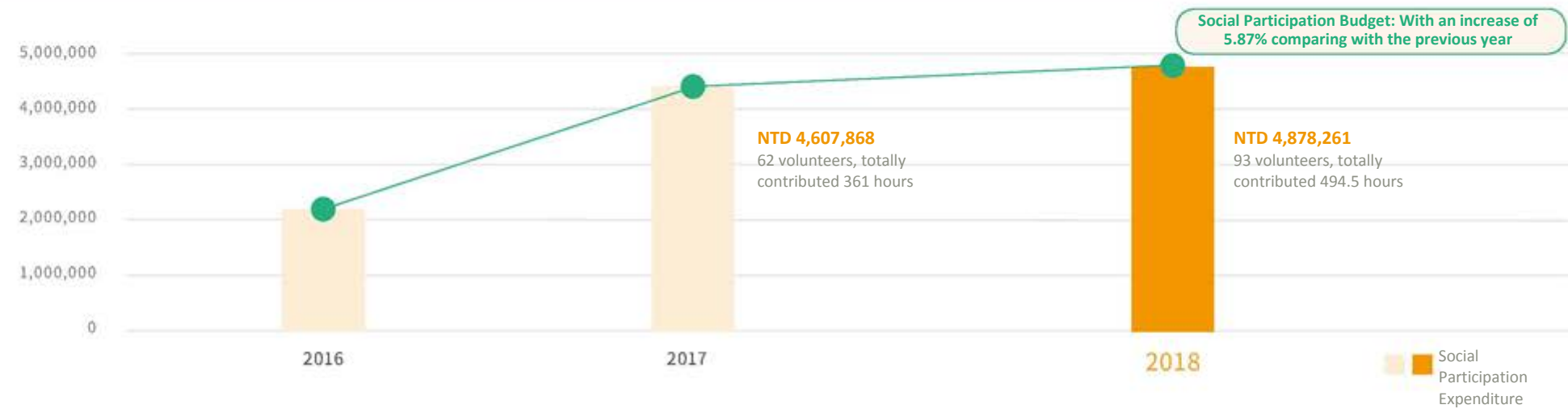
Management Implementation Mechanism

| Responsibilities   | Resources   |
|--|---|
| CSR Promotion Group – Social aspects   | Cash: Annual social participation budget<br>Objects: Donation of second-hand resources<br>Manpower: Acter’s volunteer team<br>Knowledge: Acter’s FB fanpage |
| Complaint Mechanism  | Evaluation Mechanism  |
| Please refer to “Communication with and Identification of Stakeholders” of “Communication with Stakeholders and Analysis of Materiality Issues | Review and report the results at annual CSR case-closing meetings.  |

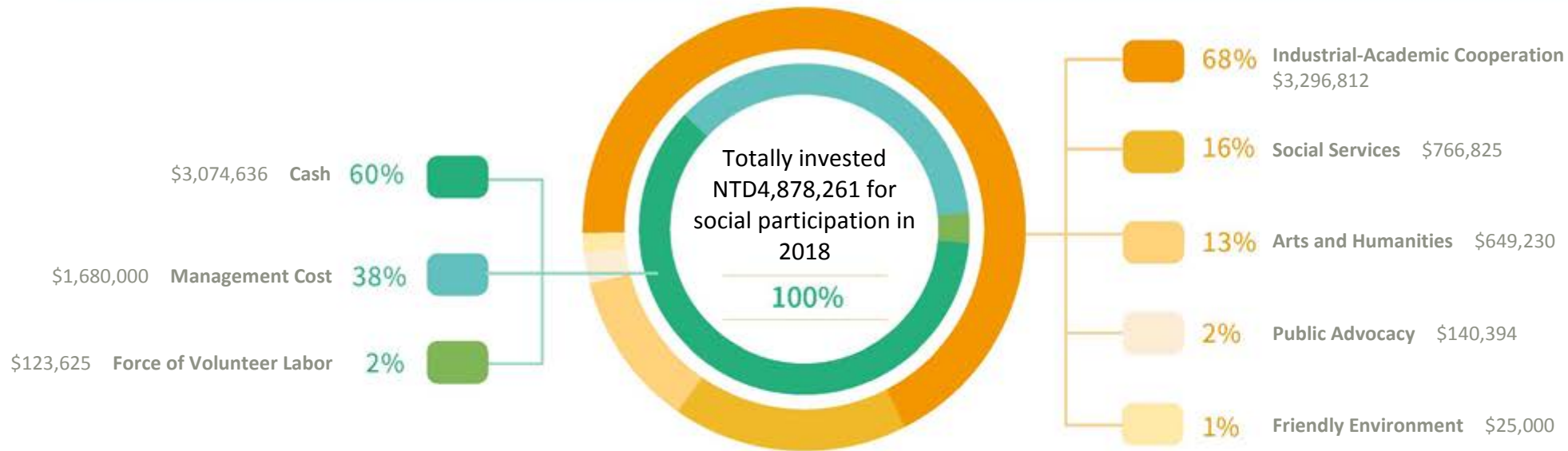




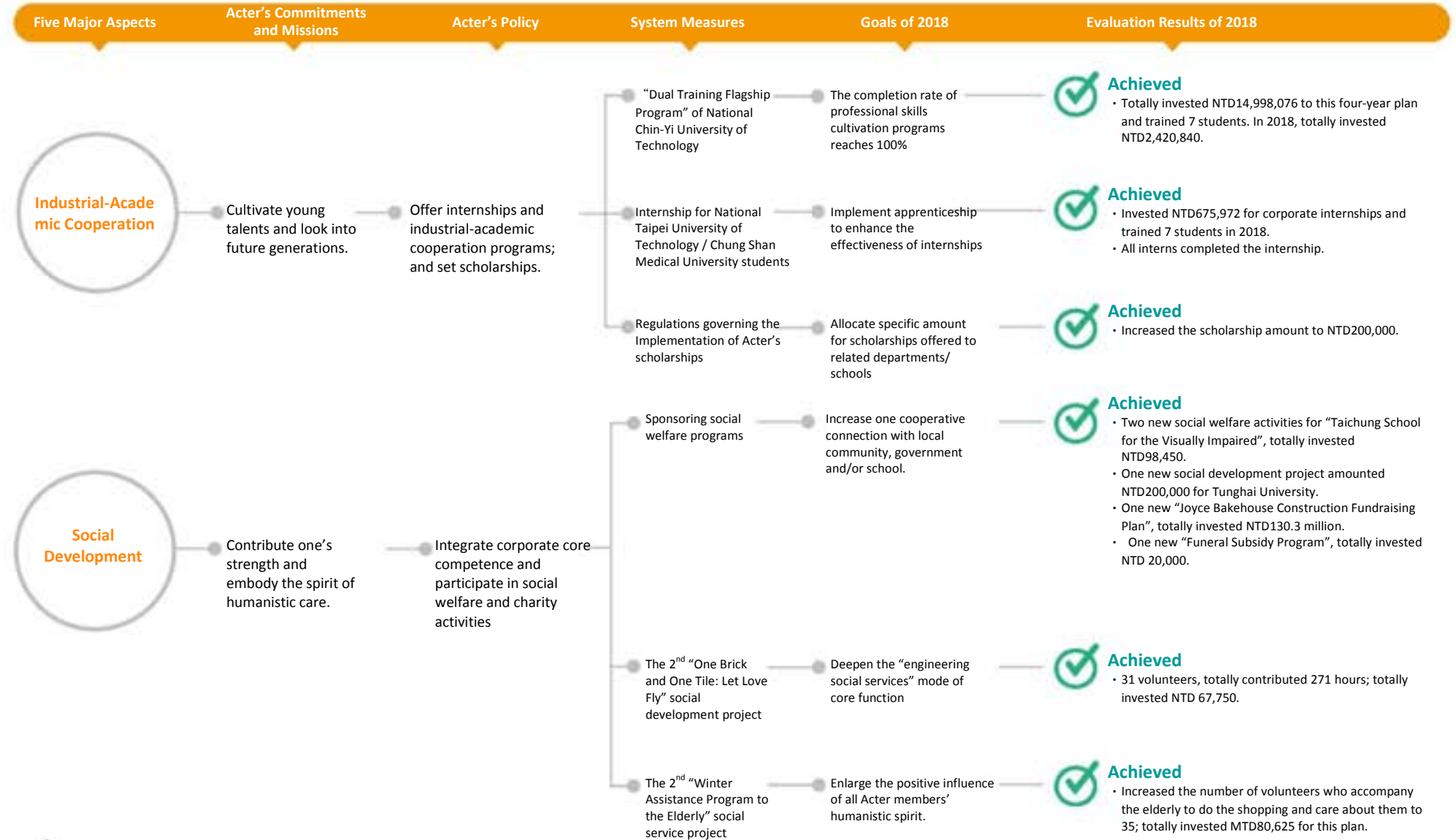
### Social Participation Expenditure and Contributions of the Volunteers



### Proportion of the Nature of Activity and Investment Methods



## Acter's Social Participation Implementation Results of 2018



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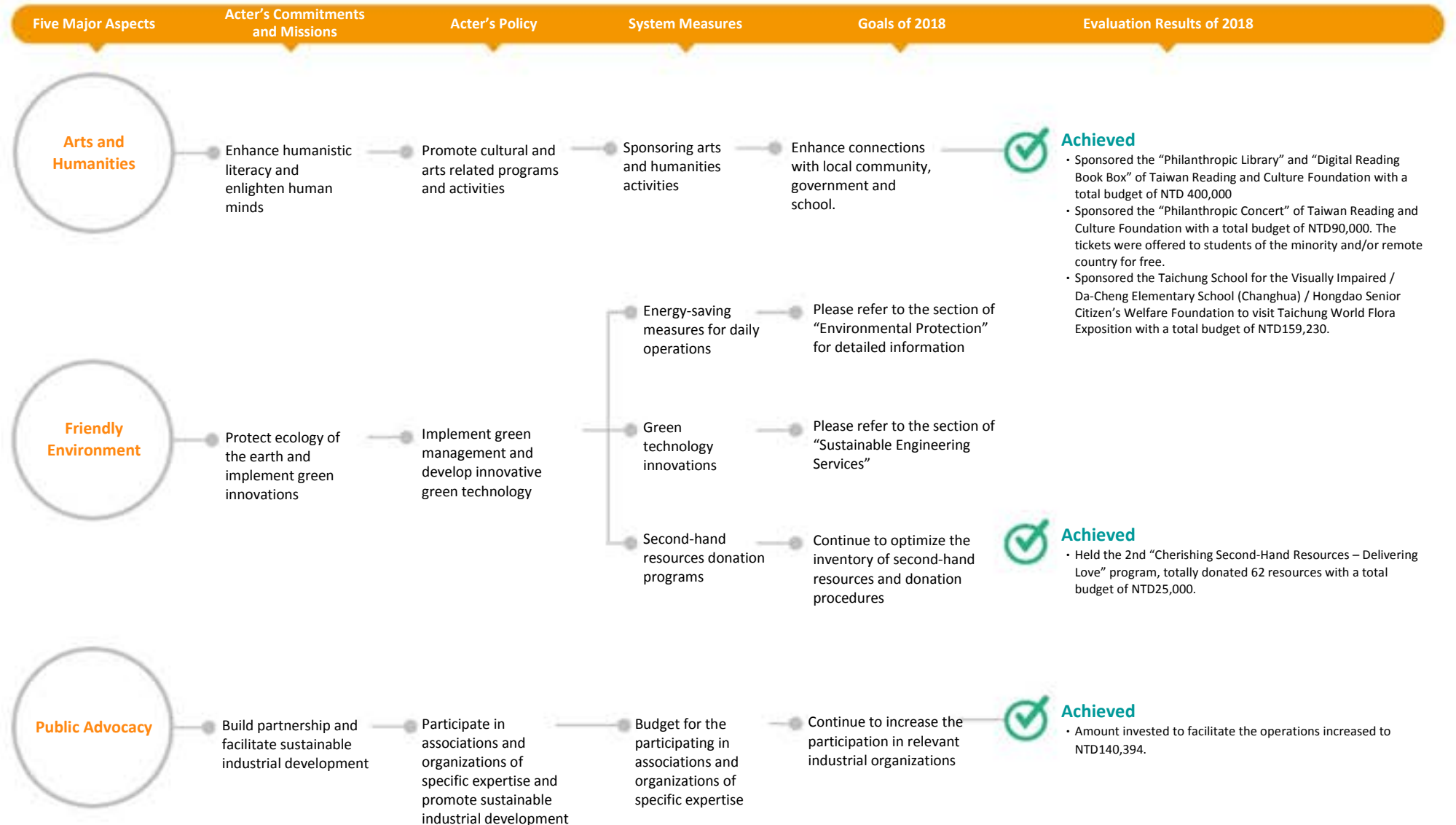
### Friendly Workplace

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## Acter's Social Participation Results of 2018



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## Industrial-Academic Cooperation

“The young generation is how a country and society will look like twenty years later.” In the rapidly changing technology environment, the only way to promote industrial development and reach the goals of sustainable development is to be innovative and follow the progress of time. Acter therefore pays great attention to the cultivation of young talents and has been cooperating with competent education authority and schools to carry out a number of industrial-academic educational cooperation projections, including “corporate internships”, “cooperative education”, “academic research and cooperation” and establishment of scholarships”. By combining energy and resources of the industry and school, Acter has, under the apprenticeship, offered young students the first-line engineering experiences in the workplace in order to make our next generation more competitive. In 2018, amount invested for industrial-academic cooperation was NTD3,296,812 and 14 students were trained. Besides, the scholarship also increased to NTD200,000, assisting young people in better developing their career.

### Performance of Industrial-Academic Cooperation in 2018

|          |   |
|----------|---|
| Achieved | <p><b>The government’s industrial-academic cooperation program – Completion of the “Dual Training Flagship Program”</b></p> <ul style="list-style-type: none"> <li>• Totally invested NTD14,998,076 to this four-year plan and trained 7 students, where one of them already joined Acter.</li> </ul> |
| Achieved | <p><b>Acter’s Corporate internship</b></p> <ul style="list-style-type: none"> <li>• The total of corporate internship budget of 2018 is NTD 675,972</li> <li>• Trained 7 students</li> <li>• Enhanced communications with new instructors to increase the intern satisfaction level.</li> </ul>       |
| Achieved | <p><b>Regulations Governing the Implementation of Acter’s Scholarship</b></p> <ul style="list-style-type: none"> <li>• The total of scholarships increased to NTD200,000.</li> </ul>  |



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### | Academic Research Cooperation |

Acter has long been cooperating with National Chin-Yi University of Technology and National Taipei University of Technology for "industrial technology upgrade projects". That is, by combining practical experiences offered by Acter and theoretical foundation learned from the school, students are managed to develop innovative design concepts and maximize energy-saving effectiveness to reduce engineering wastage while assisting customers in enhancing their production efficiency.



### | Government's Industrial-Academic Cooperation |

Acter has, since September 2014, collaborated with Workforce Development Agency (Ministry of Foreign Affairs) and National Chin-Yi University of Technology to hold the four-year "Dual Training Flagship Program", offering youths the opportunity of learning theoretical foundation and simultaneously accumulating their experiences in workplace. This diversified dual training scheme enables students not only to satisfy their desires for schooling and employment, but also to reduce their employment and economic pressures. Besides, equally oriented to theories and practice, young people are trained to have all professional technical abilities required to confront industrial challenges and be connected to the circle of the industry. In June 2018, the "Dual Training Flagship Program" came to the end. The amount contributed to this plan was totaled NTD2,420,840 with a cumulative budget of NTD14,998,076. 7 interns have completed this program (100% training completion rate) and one of them has officially become Acter's employee.



### | Establishment of Scholarship |



To assist students in schooling with an ease, Acter offers scholarships to National Taipei University of Technology each year to remove students' economic pressure. In 2018, the total of scholarships increased to NTD200,000 to further facilitate students' learning at school.

### | Corporate Internship |



Acter offers a number of corporate interns each year. Acter also established a stable partnership with relevant departments and schools to offer young people who are interested in engineering the opportunities of joining "summer internship", "semester-based internship" and "academic year-based internship". These options enable students not only to obtain credits from the internship, but also to advance their schedule of inspecting and learning from the workplace, enhance their knowledge about the industry and apply class-room theories in engineering projects. In 2018, 7 students joined Acter's corporate internship programs. Acter not only allocated NTD675,872 for the budget thereof, but also offers bonus to interns with excellent performance.



Certificate of Appreciation from Chung Shan Medical University



Certificate of Appreciation from National Taipei University of Technology

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“I hope that I will become great occupational safety and health personnel like the seniors of Acter”



Written by/ Lin Yun-Min (Department of Occupational Safety and Health, Chung Shan Medical University)

After my parents divorced during my early childhood, I was then hand-reared by my grandparents with their very best effort. My grandfather had strong shoulders, which were used to carry tens of kilograms of material. After these materials are transformed into kitchen counters with electric drill and welding tool, he then used his shoulders again to carry them to the customers. Slowly, year by year, my grandfather’s shoulders gradually suffer from occupational injury. A question market therefore arose from my heart: If I am capable to deal with such injury, will I be able to help more people from occupational injury? This is the reason that I decided to walk into the field of occupational safety and health. After knowing about every company’s basic information, I noticed that Acter’s corporate policy was rather complete and that Acter paid great attention to safety and health. I therefore chose Acter as I believed that I would be able to have a full picture on all information and experiences that are in compliance with laws.

During this two-month internship at Acter, my supervisor and senior colleagues were very nice to me. Whenever I had doubts or questions, they always, with their greatest patience, did their very best to guide me and encourage me. After being through from different construction sites, I repeatedly asked myself if I was working the job I was destined for? Nevertheless, seeing how my senior colleagues optimize their efforts in this field, not only admire I their spirit, but also my desire of pursuing occupational safety and health has been proclaimed: I want to glow in this field and will firmly continue my journey. Even if there are thistles and thorns ahead, I know that, like me, there are many people who are doing their best for maintaining occupational safety and health is this society. This is the reason that I have the motivation and faith to stride forward. I hope that I will become excellent occupational safety and health personnel like senior colleagues whom I have met at Acter

“I was very lucky to choose Acter: The time that I spent at Acter is truly a precious experience of my university life”



Written by/ Chang Chih-Hsiang (Department of Energy and Refrigerating Air-Conditioning Engineering, National Taipei University of Technology)

After arriving in Acter, I feel like being re-educated. Some easy jobs, such as lifting the objects, cutting the materials and distributing pipelines and cables, have become difficult. As the matter of fact, what I’ve learned from school about theoretical calculations are different from practical works. The typical example is the construction-site interpersonal interaction, which is rather frequent. For example, engineers, customers and construction workers must have a good understanding on each other in order to facilitate all works. Unfortunately, this is the part to which I paid less attention in ordinary days. What I believed was that, by doing good calculations, I would be able to respond to work needs. The fact was that, when I reached the site, I was challenged to make clear statement, so that people could fully understand what I attempt to say.

Luckily, during this two-month internship, I had many times and opportunities to do try and error while getting to know the workplace and having an in-depth learning. This is the reason that, at the end of the internship, not only have I obtained more professional knowledge, but also I am better interact with more people. This substantial internship enables me to experience the particularity of engineering industry from many aspects. Also, I was able to witness advanced engineering thinking and technology; and participate in the process of creating a high-precision building from nothing. All of these have given me a sense of accomplishment and makes me feel that I was very lucky to choose Acter in the very beginning. The times that I spent at Acter is truly a precious experience of my university life!



## Social Development

Acter has realized our core professional competence in social welfare and environmental protection, such as offering old or school building maintenance services and construction services to families of minority groups; and implementing industrial-academic cooperation, such as young talent cultivation and internship programs. Our efforts have not only substantially facilitated the life caring and career development of young people and people from the minority groups, but also effectively implemented the core spirit of corporate citizen.

Acter launched “Corporate Volunteer Rules” in 2017 to offer employees paid volunteer leaves, transportation allowance, insurance, complete volunteer trainings and so on. Besides, we also encourage our employees to participate in relevant programs with our customers or suppliers, hoping that our employees will put “returns to the society” into practice and turn it into our corporate culture. In 2018, Acter totally invested NTD766,825 in social development; and 93 volunteers who have contributed 494.5 hours in total have participated in relevant programs.

### 2018 Performance of Social Development and Social Services

#### 2018 Social Participation Plan Sponsorship of Social Welfare Activities

Achieved

- Two new social welfare activities for “Taichung School for the Visually Impaired”
- One community development project for “Tunghai University”
- New “Joyce Bakehouse Construction Fundraising Plan”
- New “Funeral Subsidy Program”

#### The 2<sup>nd</sup> “One Brick and One Tile: Let Love Fly” Social Development Project

Achieved

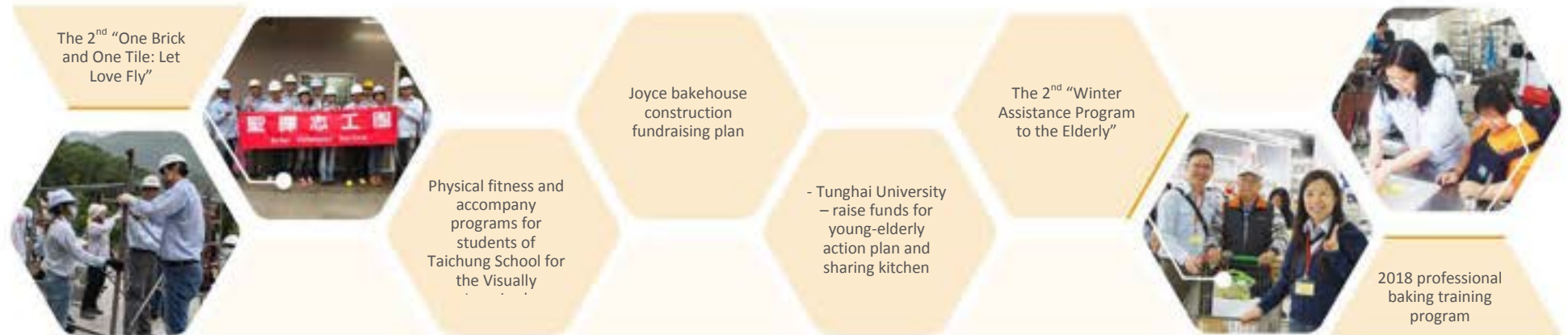
- The 2<sup>nd</sup> “One Brick and One Tile: Let Love Fly” project, which was participated by 31 volunteers who contributed 271 hours in total

#### The 2<sup>nd</sup> “Winter Assistance Program to the Elderly” Social Service Project

Achieved

- Increased the number of volunteers who accompany the elderly to do the shopping and care about them to 35

### An Overview of the 2018 Projects/ Programs



## Report on Highlight Projects

### The “2018 Baking Training Program” and “After-School Physical Fitness Class Project” of Taichung School for the Visually Impaired

Acter’s headquarters is located in Taichung City. To accompany local communities and optimize benefits of invested resources, we have specially cooperated with Taichung School for the Visually Impaired this year to hold “2018 Baking Training Program” and “After-School Physical Fitness Class Project”. We believe that, behind every child with physical or mental difficulty, a family is standing there behind to support him/her with the greatest effort, hoping that he/she will be able to take care of himself/herself and live independently in order to overcome the future challenges. Acter has not only offered a budget totaled NTD98,450 to the said programs, but also invited our employees to serve as a volunteer to accompany visually impaired students to take the baking and physical fitness trainings, helping them to develop a skill.



Photo of Acter’s volunteers and students

#### • 2018 Baking Training Program

To offer children the opportunity of developing a skill on which they are capable to live, Acter and Taichung School for the Visually Impaired has cooperated to hold baking training program, helping the children to increase their confidence and durability during the training. Accompanied by our volunteers, 5 minority group students who have participated in the program all passed the baking class skills test; and 3 of them even received baking license. Besides, to create a virtue cycle, we also purchased the breads of this training to students of Da-Cheng Elementary School (Changhua) who live in remote countries. This enables not only Acter to deliver our love to another village and the children to feel the warmth and love of big brothers and sisters.



Certificate of Appreciation from Taichung School for the Visually Impaired



Philanthropic bread



Photo of the children who were happy to receive the breads



Photo of the volunteers and students

#### • After-school physical fitness class project for visually impaired students

Visually impaired students are often challenged in learning due to visual impairment thereof. Besides, as they mostly engage in indoor static activities, they also have difficulty with respect to the balance of physical activities and functions. Therefore, physical fitness trainings and cultivate the strength thereof are necessary and important trainings for visually impaired students. After knowing these needs of visually impaired children, Acter immediately expressed our willingness to sponsor physical fitness training projects and invited our volunteer to, through sharing activities, participate in this activity to assisting these children doing exercises.



Certificate of Appreciation from Taichung School for the Visually Impaired



Photo of the volunteers and students



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# Report on Highlight Projects

## The 2<sup>nd</sup> “One Brick and One Tile: Let Love Fly” Social Development Project

Acter continues to use our engineering expertise to build shelters for disadvantaged families. In 2018, our volunteers spent two weeks of holidays in Fazhi Village of Renai Township in Nantou County for charity construction works. From steel structure, outside wall, waterproof roof, water and electricity pipeline engineering, indoor partition to indoor decoration, we have completed a home of three rooms and one living room, enabling the owner to immediately move in with only some simple clothing. During the construction works, Acter’s volunteers worked together and brought their engineering expertise into play. At the home handover ceremony, all people were fully touched, and demonstrated their corporate spirit and implemented a common-good perspective.



Group photo of the handover ceremony

From November 10 to 17,  
2018 – The process of creating a house

1

Preparation works: Levelling – concrete foundation – toolbox meeting





2

Unload the tools and get ready to work



Ready and go!

3

Installation of steel framework




4

Roof engineering



5

Partition engineering



6

Iron window structure



7

Assembly of system furniture



8

Internal partitions



9

Placement of furniture



10



The construction is completed!



## Report on Highlight Projects

### The second “Winter Assistance Program to the Elderly” Social Service Project

As it is said that we shall “love others' elderly as you would love your own”, Acter held the second “Shopping with the Elderly” activity to care about elderly living alone in the community. Acter not only contributed NTD80,625 for sponsoring this activity, but also summoned 35 volunteers to shop with 30 elderly who live alone in the community. These insignificant assistances and accompany enable the elderly people to have go out and interact with the society. For Acter’s volunteers, it is also a happy and precious memory.

#### Remarks

Analysis of Social Return on Investment (SROI)

Acter hopes that the social welfare results can be used to calculate social return on investment (SROI) through monetization. As this will help us to further understand the social influence of social welfare projects, we have therefore calculated SROI based on the costs and remuneration of this “shopping with the elderly” activity:

Cost (NTD80,625) (expenditure that consists of the money for shopping and other costs)

Received remuneration (NTD95,000) (the shopping budget for the elderly 30,000; one week of happiness of the elderly and workers; and enhanced corporate image)

SROI  $95,000/80,625 =$  The investment of NTD1 will create NTD1.17 of benefits.

We will continue to ameliorate our analysis mode and will expand the application thereof to other social welfare activities to promote the project results to stakeholders.

#### 2018 Certificate of Appreciation from Hongdao Senior Citizen's Welfare Foundation



Welcoming the elderly to enter the shopping site



Photo of the shopping activity



Group photo of the volunteers and elderly people

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## Promotion of Arts and Humanities

Acter pays great attention to the education quality of next generation; and believes that arts and culture can give spiritual inspirations to human and enhance humanistic literacy of the entire society. Therefore, we have been promoting arts and humanities programs. Not only benefit our internal employees from tickets of arts and humanities events, but also, with respect to social participation, we have been cooperating with private groups to set up book boxes and sponsor quality art and humanities event for local minority students and children living in remote countries. All of these enable the children to have the opportunity of experiencing quality art and humanities events and diversifying their learning. In 2018, Acter totally invested NTD649,230 to relevant events and sponsored 219 Taichung World Flora Exposition tickets for students of Taichung School for the Visually Impaired and Da-Cheng Elementary School (Changhua); and elderly of Hondao Senior Citizen's Welfare Foundation.

### 2018 Performance of Promoting Arts and Humanities

#### Achieved

#### 2018 Social Participation Plan – Sponsorship of Arts and Humanities Activities

- Sponsored the “Philanthropic Library” and “Digital Reading Book Box” of Taiwan Reading and Culture Foundation with a total budget of NTD 400,000 .
- Sponsored the “Philanthropic Concert” of Taiwan Reading and Culture Foundation with a total budget of NTD90,000. The tickets were offered to students of the minority and/or remote country for free.
- Sponsored the Taichung School for the Visually Impaired / Da-Cheng Elementary School (Changhua) / Hondao Senior Citizen's Welfare Foundation to visit Taichung World Flora Exposition with a total budget of NTD159,230.





## Arts and Humanities Promotion Plan

### Philanthropic Library and Digital Reading Book Box

Acter has been promoting the “book reading and donation” program together with our customers since 2012; and promote the “philanthropic library” projects with schools to offer quality books to and share relevant resources with our children to offer them an opportunity of changing the future. In 2018, Acter donated NTD200,000 (about 20 boxes of books or 700 books) to “philanthropic library” project held by Taiwan Reading and Culture Foundation. These books can be read by 2,100 people (if the average of circulation is 3).

Besides, following the arrival of electronization, Acter has additional sponsored NTD200,000 for the establishment of “digital reading book box” to offer 10 tablets and chargers to support teachers’ teaching. According to the foundation’s statistics, over 90% of teachers expressed that tablet-based teaching can increase students’ interest in learning while enhancing their self-learning capability and offering them more opportunities to extend their reading.



A teacher is using digital tablet for teaching (photo taken at Lufeng Elementary School, Taichung City)





## Arts and Humanities Promotion Plan

### Philanthropic Concert

Acter has long been promoting excellent arts and humanities events, hoping that more people – particularly minority group children and children living in remote areas – will be able to enjoy excellent performance and works. In 2018, Acter has sponsored the “Philanthropic Concert” of Taiwan Reading and Culture Foundation with a total budget of NTD90,000 and the tickets were offered to the said children to enjoy this splendid musical feast. Besides, Acter also purchased additional 75 tickets and offered them to Acter’s employees. The performance received positive feedbacks from our employees. All participants were moved and gave affirmation to Acter’s determination of supporting quality art and humanities events; and creating a diverse and abundant education environment for and good memories of the children



Guidance before the concert

### Free visits to Taichung World Flora Exposition

In response to the government policy, Acter sponsored Taichung World Flora Exposition by purchasing 219 ticket and offering them to Taichung School for the Visually Impaired, Da-Cheng Elementary School (Changhua) and Hondao Senior Citizen’s Welfare Foundation. With respect to Da-Cheng Elementary School (Changhua), the students not only received free ticket of Taichung World Flora Exposition, but also had their journey fully sponsored (bus, food and so on), enabling children living in remote areas experience the beauty of Taichung City. Besides, we also offer 256 free ticket to our employees, offering them the opportunity of supporting local event and listening to the blossom.



Photo of Taichung School for the Visually Impaired students



Group photo of Da-Cheng Elementary School (Changhua) visiting Taichung World Flora Exposition

### Acter's Friendly Environment Action Plan

In response to climate change; energy-saving and carbon reduction measures; and policy of cherishing resources of earth, Acter has incorporated green management in corporate management to promote daily eco-friendly actions from ourselves. For example, we regularly releases “eco-friendly EDM” to promote measures such as turning of unnecessary lights; setting the air-conditioning temperature at 26 to 28 degrees; sharing transportation tools during the business trip. We believe that, by having a good habit in living, we will be able to protect our environment (please refer to the section of “Environmental Protection”).

Besides, we also make regular inventory on second-hand resources of the office; and let General Administration Division of CSR promotion group to hold the “Cherishing Second-Hand Resources – Delivering Love” event. This event enables employees to freely share “unnecessary but usable” objects in the office and to donate these resources to groups with relevant demands, helping to facilitate effect use of resources.

With respect to our expertise in engineering, we have also been proactive in offering customers economical and accessible energy-saving and eco-friendly solutions to minimize wastage and, oriented to solutions with maximized efficiency and minimal impacts to the environment, adopt green engineering management technology, BIM (3D information model), energy-saving/eco-friendly equipment and materials and so on. All of these can effectively reduce wastes of consumables and help customers to save engineering costs. Besides, we have been developing innovative green technology and, by integrating the resources of National Taipei University of Technology, develop technologies that can minimize semiconductor micro molecule that can harm the human body and environment; and further fulfill our CSR responsibilities and missions (please refer to the section of “Sustainable Engineering Services”).

#### Make regular inventory on second-hand resources of the office



Certificate of Appreciation from Hsinchu Diocese for Youth at Risk Services

#### Energy-Saving and Environmental Protection Solutions





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We have been devoted to promoting core business and sustainable development related public advocacy (with respect to environmental, social and economic aspects). The scope of the said public advocacy includes industrial-economic development; technical innovation development; climate change and sustainable development; supply chain; and human rights and social participation. By building partnerships with related associations and organizations of our expertise, we have managed to facilitate the industry's sustainable development. In 2018, Acter has participated in 10 external cooperation agencies and invested NTD140,394 in facilitating organizational development and operations.

Acter's partners participated in public advocacy in 2018





## Annexes

- Third-Party Assurance Items and Certificates
- Index of GRI Standards

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## An Overview of Assurance Items

| Items | Objectives   | Reporting Standards  | Page  |
|-------|--|--|-------|
| 1     | In 2018, the survey scores for engineering and maintenance units were 88 and 94 respectively.  | The scoring was based on “Procedures Governing Customer Satisfaction Level and Sustainable Operational Improvement”, where the total score was 100. The score received from all cases carried by engineering and maintenance units were divided by the number of cases carried thereby respectively to receive their respective average survey scores of 2018. | P.63  |
| 2     | In 2018, the procurement amount of accepted materials and goods from Acter’s Class A suppliers in Taiwan was NTD3,177,338,000. The total pre-tax procurement amount of accepted materials and goods in the region was NTD3,205,747,000. The percentage of local procurement was 99%. | The procurement amount of Acter’s Class A suppliers in Taiwan; and the percentage thereof in total procurement amount of accepted materials and goods in 2018.   | P.80  |
| 3     | Please refer to the expenditure of “Statistics of 2018 Environmental Expenditure” on page 119.   | The expenditure is in compliance with that prescribed in “The Guide of Industrial Environment Accounting” promulgated by Environmental Protection Administration, Executive Yuan in 2018; and is recognized in the environmental protection expenditure recognized in 2018.  | P.119 |
| 4     | Please refer to the statistics on number of employees of “Statistics on New and Resigned Employees of 2018” on page 89.  | The average training hours of employees at all levels equal to the total training hours of official employees at all levels (including those who resigned in 2018) for 2018 was divided by the number of employees who still serve at Acter on December 31, 2018.  | P.89  |
| 5     | Please refer to the average training hours of employees at all levels in 2018 as described in “Statistics on Acter’s Education and Training Sessions” of page 94.  | The average training hours of employees at all levels equal to the total training hours of official employees at all levels (including those who resigned in 2018) for 2018 was divided by the number of employees who still serve at Acter on December 31, 2018.  | P.94  |

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## Index of GRI Standards

| GRI 102: General Disclosures |   |   |       |                                  |         |
|------------------------------|---|---|-------|----------------------------------|---------|
| Index                        | Name  | Chapter   | Page  | Description of Omission          | SDGs    |
| 102-1                        | Name of the organization  | About Acter - Company Profile                                   | 9     |                                  |         |
| 102-2                        | Activities, brands, products, and services                                    |   | 12    |                                  |         |
| 102-3                        | Location of headquarters  |   | 10    |                                  |         |
| 102-4                        | Location of operations  |   | 10    |                                  |         |
| 102-5                        | Ownership and legal form  |   | 10    |                                  |         |
| 102-6                        | Markets served  |   | 13    |                                  |         |
| 102-7                        | Scale of the organization   |   | 10    |                                  |         |
| 102-8                        | Information on employees and other workers                                    | Friendly Workplace - Talent Management and Development          | 87-90 |                                  | SDGs 8  |
| 102-9                        | Supply chain  | Responsible Supply Chain - Supply Chain Sustainable Management  | 71-75 |                                  | SDGs 12 |
| 102-10                       | Significant changes to the organization and its supply chain                  | Corporate Governance - Risk Management                          | 40-43 | Not applicable (no major change) |         |
| 102-11                       | Precautionary Principle or approach   |   |       |                                  |         |
| 102-12                       | External initiatives  | Social Participation - Friendly Environment and Public Advocacy | 143   |                                  |         |
| 102-13                       | Membership of associations  |   | 143   |                                  |         |
| 102-14                       | Statement from senior decision-maker  | Introduction - Words from the Management                        | 5     |                                  |         |
| 102-15                       | Key impacts, risks, and opportunities   | Corporate Governance - Risk Management                          | 43    |                                  |         |
| 102-16                       | Values, principles, standards, and norms of behavior                          | Corporate Governance - Business Integrity                       | 37    |                                  | SDGs16  |
| 102-17                       | Mechanisms for advice and concerns about ethics                               |   | 38-39 |                                  |         |
| 102-18                       | Governance structure  | Corporate Governance - Corporate Governance Framework           | 32    |                                  |         |
| 102-19                       | Delegating authority  |   | 32    |                                  |         |
| 102-20                       | Executive-level responsibility for economic, environmental, and social topics | Sustainable Management - CSR Promotion Group and History        | 35    |                                  |         |

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| GRI 102: General Disclosures |  |   |          |   |                  |
|------------------------------|--|---|----------|---|------------------|
| Index                        | Name   | Chapter   | Page     | Description of Omission   | SDGs             |
| 102-21                       | Consulting stakeholders on economic, environmental, and social topics    | Sustainable Management - Communication with Stakeholders and Analysis of Materiality Issues | 20-21    |   | SDGs 16          |
| 102-22                       | Composition of the highest governance body and its committees            | Corporate Governance - Corporate Governance Framework                                       | 32,36    |   | SDGs16<br>SDGs 5 |
| 102-23                       | Chair of the highest governance body                                     | Corporate Governance - Corporate Governance Framework                                       | 33       |   | SDGs 16          |
| 102-24                       | Nominating and selecting the highest governance body                     | Corporate Governance - Corporate Governance Framework                                       | 36       |   | SDGs16<br>SDGs 5 |
| 102-25                       | Conflicts of interest  | Corporate Governance - Business Integrity   | 37-38    |   | SDGs16<br>SDGs 5 |
| 102-26                       | Role of highest governance body in setting purpose, values, and strategy | Corporate Governance - Corporate Governance Framework                                       | 32       |   |                  |
| 102-27                       | Collective knowledge of highest governance body                          |   | 33-34    |   |                  |
| 102-28                       | Evaluating the highest governance body's performance                     |   | 35       |   |                  |
| 102-29                       | Identifying and managing economic, environmental, and social impacts     | Sustainable Management - Communication with Stakeholders and Analysis of Materiality Issues | 19,22-23 |   |                  |
| 102-30                       | Effectiveness of risk management processes                               | Corporate Governance - Risk Management  | 42       |   | SDGs 16          |
| 102-31                       | Review of economic, environmental, and social topics                     | Sustainable Management - Communication with Stakeholders and Analysis of Materiality Issues | 23-25    |   |                  |
| 102-32                       | Highest governance body's role in sustainability reporting               | Sustainable Management - CSR Promotion Group and History                                    | 17       |   |                  |
| 102-33                       | Communicating critical concerns  | Sustainable Management - Communication with Stakeholders and Analysis of Materiality Issues | 20-21    |   |                  |
| 102-34                       | Nature and total number of critical concerns                             | Sustainable Management - Communication with Stakeholders and Analysis of Materiality Issues | 22       |   |                  |
| 102-35                       | Remuneration policies  | Friendly Workplace - Talent Management and Development                                      | 35       |   |                  |
| 102-36                       | Process for determining remuneration                                     | Sustainable Management - Communication with Stakeholders and Analysis of Materiality Issues | 93       |   |                  |
| 102-37                       | Stakeholders' involvement in remuneration                                | Corporate Governance - Corporate Governance Framework                                       | 20-21    |   |                  |
| 102-38                       | Annual total compensation ratio  |   |          | Information is to be integrated and can therefore not be currently disclosed. Disclosure is considered in the future. |                  |
| 102-39                       | Percentage increase in annual total compensation ratio                   |   |          | Information is to be integrated and can therefore not be currently disclosed. Disclosure is considered in the future. |                  |
| 102-40                       | List of stakeholder groups   | Sustainable Management - Communication with Stakeholders and Analysis of Materiality Issues | 20-21    |   |                  |

| GRI 102: General Disclosures |  |   |       |                         |      |
|------------------------------|--|---|-------|-------------------------|------|
| Index                        | Name   | Chapter   | Page  | Description of Omission | SDGs |
| 102-41                       | Collective bargaining agreements                           | Friendly Workplace - Occupational Safety and Health Facilitation and Management             | 98    |                         |      |
|                              |  | Friendly Workplace - Employees' Rights and Interests  | 102   |                         |      |
| 102-42                       | Identifying and selecting stakeholders                     | Sustainable Management - Communication with Stakeholders and Analysis of Materiality Issues | 19    |                         |      |
| 102-43                       | Approach to stakeholder engagement                         |   | 20-21 |                         |      |
| 102-44                       | Key topics and concerns raised                             |   | 20-21 |                         |      |
| 102-45                       | Entities included in the consolidated financial statements | Corporate Governance - Operational Performance  | 44    |                         |      |
| 102-46                       | Defining report content and topic Boundaries               | Introduction - About this Report  | 4     |                         |      |
| 102-47                       | List of material topics                                    | Sustainable Management - Communication with Stakeholders and Analysis of Materiality Issues | 23-25 |                         |      |
| 102-48                       | Restatements of information                                |   |       | No significant change   |      |
| 102-49                       | Changes in reporting                                       |   |       | No significant change   |      |
| 102-50                       | Reporting period   | Introduction - About this Report  | 4     |                         |      |
| 102-51                       | Date of most recent report                                 |   | 4     |                         |      |
| 102-52                       | Reporting cycle  |   | 4     |                         |      |
| 102-53                       | Contact point for questions regarding the report           |   | 4     |                         |      |
| 102-54                       | Claims of reporting in accordance with the GRI Standards   |   | 4     |                         |      |
| 102-55                       | GRI content index  | Introduction - About this Report  | 147   |                         |      |
| 102-56                       | External assurance   | Annexes - Index of GRI Standards  | 145   |                         |      |

| GRI 103: Management-Approach |  |   |       |                         |      |
|------------------------------|--|---|-------|-------------------------|------|
| Index                        | Name   | Chapter   | Page  | Description of Omission | SDGs |
| 103-1                        | Explanation of the material topic and its Boundary | Sustainable Management - Communication with Stakeholders and Analysis of Materiality Issues | 23    |                         |      |
| 103-2                        | The management approach and its components         |   | 24-25 |                         |      |
| 103-3                        | Evaluation of the management approach              |   | 24-25 |                         |      |



| GRI 200: Economic Series             |            |   |  |         |  |                   |
|--------------------------------------|------------|---|--|---------|--|-------------------|
| ●Material Issues                     |            |   |  |         |  |                   |
| Series                               | Disclosure | Descriptions  | Chapter  | Page    | Description of Omission  | SDGs              |
| ● GRI 201: Economic Performance      | 201-1      | Direct economic value generated and distributed                                 | Corporate Governance - Operational Performance                                 | 44-47   |  | SDGs 8            |
|                                      | 201-2      | Financial implications and other risks and opportunities due to climate change  | Environmental Protection - Environmental Risk Assessment and Response Strategy | 114     |  | SDGs 13           |
|                                      | 201-3      | Defined benefit plan obligations and other retirement plans                     | Friendly Workplace - Employees' Welfare Policy                                 | 107     |  | SDGs 8            |
|                                      | 201-4      | Financial assistance received from government                                   |  |         | Not applicable (no financial assistance from the government in 2017) |                   |
| GRI 202: Market Presence             | 202-1      | Ratios of standard entry level wage by gender compared to local minimum wage    | Friendly Workplace - Talent Management and Development                         | 91      |  | SDGs 5<br>SDGs 10 |
|                                      | 202-2      | Proportion of senior management hired from the local community                  |  | 90      |  | SDGs 10           |
| ● GRI 203: Indirect Economic Impacts | 203-1      | Infrastructure investments and services supported                               | Sustainable Engineering Services - Research, Development and Innovations       | 53-55   |  | SDGs 9            |
|                                      |            |   | Social Participation - Social Development                                      | 135-138 |  | SDGs 11           |
|                                      | 203-2      | Significant indirect economic impacts   | Social Participation - Social Development                                      | 135-138 |  | SDGs 11           |
| GRI 204: Procurement Practices       | 204-1      | Proportion of spending on local suppliers                                       | Responsible Supply Chain - Green/ Local Procurement                            | 80      |  | SDGs 10           |
| ● GRI 205: Anti-Corruption           | 205-1      | Operations assessed for risks related to corruption                             | Corporate Governance - Business Integrity                                      | 38-39   |  | SDGs 16           |
|                                      | 205-2      | Communication and training about anti-corruption policies and procedures        |  | 37-39   |  |                   |
|                                      | 205-3      | Confirmed incidents of corruption and actions taken                             |  | 39      | No such incident in 2018   |                   |
| ● GRI 206: Anti-Competitive Behavior | 206-1      | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | Responsible Supply Chain - Supply Chain Sustainable Management                 | 74      |  | SDGs 16           |

| GRI 300: Environmental Series |            |   |  |         |   |                |
|-------------------------------|------------|---|--|---------|---|----------------|
| ●Material Issues              |            |   |  |         |   |                |
| Series                        | Disclosure | Descriptions  | Chapter  | Page    | Description of Omission   | SDGs           |
| GRI 301:<br>Materials         | 301-1      | Materials used by weight or volume  |  |         | Acter is not a manufacturer and therefore uses little raw materials.      |                |
|                               | 301-2      | Recycled input materials used   |  |         | Acter is not a manufacturer and therefore uses little raw materials.      |                |
|                               | 301-3      | Reclaimed products and their packaging materials  |  |         | Acter is not a manufacturer and therefore uses little raw materials.      |                |
| ●GRI 302:<br>Energy           | 302-1      | Energy consumption within the organization  | Environmental Protection - Energy Operations Management        | 120     |   | SDGs 7 SDGs 13 |
|                               | 302-2      | Energy consumption outside of the organization  |  |         | Not applicable (difficulty in statistics due to business confidentiality) |                |
|                               | 302-3      | Energy intensity  | Environmental Protection - Energy Operations Management        | 12      |   | SDGs 7 SDGs 13 |
|                               | 302-4      | Reduction of energy consumption   |  | 120-121 |   |                |
|                               | 302-5      | Reductions in energy requirements of products and services  |  | 120-121 |   |                |
| GRI 303:<br>Water             | 303-1      | Water withdrawal by source  | Environmental Protection - Water Resource and Waste Management | 122     |   | SDGs 6         |
|                               | 303-2      | Water sources significantly affected by withdrawal of water   |  |         | Not applicable (no affected water source)                                 |                |
|                               | 303-3      | Water recycled and reused   |  |         | Not applicable (no water recycle and reuse)                               |                |
| GRI 304:<br>Biodiversity      | 304-1      | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas |  |         | Not applicable  |                |
|                               | 304-2      | Significant impacts of activities, products, and services on biodiversity   |  |         | Not applicable  |                |
|                               | 304-3      | Habitats protected or restored  |  |         | Not applicable  |                |
|                               | 304-4      | IUCN Red List species and national conservation list species with habitats in areas affected by operations                                |  |         | Not applicable  |                |

| GRI 300: Environmental Series                    |            |  |  |          |   | ●Material Issues |
|--|------------|--|--|----------|---|------------------|
| Series   | Disclosure | Descriptions   | Chapter  | Page     | Description of Omission                           | SDGs             |
| GRI 305:<br>Emission                             | 305-1      | Direct (Scope 1) GHG emissions   | Environmental Protection - Energy<br>Operations Management         |          | Not applicable<br>(non-manufacturing<br>industry) | SDGs 13          |
|  | 305-2      | Energy indirect (Scope 2) GHG emissions  |  | 124-125  |   |                  |
|  | 305-3      | Other indirect (Scope 3) GHG emissions   |  | 124-125  |   |                  |
|  | 305-4      | GHG emissions intensity  |  | 124-125  |   |                  |
|  | 305-5      | Reduction of GHG emission  |  | 124-125  |   |                  |
|  | 305-6      | Emissions of ozone-depleting substances (ODS)                                      |  |          | Not applicable<br>(non-manufacturing<br>industry) |                  |
|  | 305-7      | Nitrogen oxides (NOX), sulfur oxides (SOX), and other<br>significant air emissions |  |          | Not applicable<br>(non-manufacturing<br>industry) |                  |
| GRI 306<br>Effluents and Waste                   | 306-1      | Water discharge by quality and destination   |  |          | Not applicable<br>(non-manufacturing<br>industry) |                  |
|  | 306-2      | Waste by type and disposal method  |  |          | Not applicable<br>(non-manufacturing<br>industry) |                  |
|  | 306-3      | Significant spills   |  |          | Not applicable<br>(non-manufacturing<br>industry) |                  |
|  | 306-4      | Transport of hazardous waste   |  |          | Not applicable<br>(non-manufacturing<br>industry) |                  |
|  | 306-5      | Water bodies affected by water discharges and/or runoff                            |  |          | Not applicable<br>(non-manufacturing<br>industry) |                  |
| ●GRI 307:<br>Environmental Compliance            | 307-1      | Non-compliance with environmental laws and regulations                             | Environmental Protection - Green<br>Engineering Project Management | 116-118  |   | SDGs 16          |
| GRI 308:<br>Supplier Environmental<br>Assessment | 308-1      | New suppliers that were screened using environmental<br>criteria                   | Environmental Protection - Green<br>Engineering Project Management | 71,73-75 |   | SDGs 12          |



| GRI 400: Social Series                                    |            |   |   |         |                         |                             |
|---|------------|---|---|---------|-------------------------|-----------------------------|
| ●Material Issues  |            |   |   |         |                         |                             |
| Series  | Disclosure | Descriptions  | Chapter   | Page    | Description of Omission | SDGs                        |
| ●GRI 401: Employment                                      | 401-1      | New employee hires and employee turnover  | Friendly Workplace - Talent Management and Development                          | 89      |                         | SDGs 3<br>SDGs 8            |
|   | 401-2      | Benefits provided to full-time employees that are not provided to temporary or part-time employees                            | Friendly Workplace - Employees' Welfare Policy                                  | 105-107 |                         |                             |
|   | 401-3      | Parental leave  |   | 106     |                         |                             |
| ●GRI 402: Labor/Management Relations                      | 402-1      | Minimum notice periods regarding operational changes  | Friendly Workplace - Employees' Rights and Interests                            | 104     |                         | SDGs 16                     |
| ●GRI 403: Occupational Health and Safety                  | 403-1      | Workers representation in formal joint management-worker health and safety committees   | Friendly Workplace - Occupational Safety and Health Facilitation and Management | 98      |                         | SDGs 3                      |
|   | 403-2      | Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities | Friendly Workplace - Occupational Safety and Health Facilitation and Management | 99      |                         |                             |
|   | 403-3      | Workers with high incidence or high risk of diseases related to their occupation  |   | 99-101  |                         |                             |
|   | 403-4      | Health and safety topics covered in formal agreements with trade unions   |   | 100-101 |                         |                             |
| ●GRI 404: Training and Education                          | 404-1      | Average hours of training per year per employee   | Friendly Workplace - Talent Management and Development                          | 94      |                         | SDGs 8                      |
|   | 404-2      | Programs for upgrading employee skills and transition assistance programs   |   | 95-96   |                         |                             |
|   | 404-3      | Percentage of employees receiving regular performance and career development reviews  |   | 93      |                         |                             |
| GRI 405: Diversity and Equal Opportunity                  | 405-1      | Diversity of governance bodies and employees  | Friendly Workplace - Talent Management and Development                          | 89-90   |                         | SDGs 5<br>SDGs 8<br>SDGs 10 |
|   | 405-2      | Ratio of basic salary and remuneration of women to men  |   | 91      |                         |                             |
| GRI 406: Non-discrimination                               | 406-1      | Incidents of discrimination and corrective actions taken  | Friendly Workplace - Employees' Rights and Interests                            | 102-103 |                         |                             |
| GRI 407: Freedom of Association and Collective Bargaining | 407-1      | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk                | Responsible Supply Chain - Supply Chain Sustainable Management                  | 75      |                         | SDGs 10<br>SDGs 16          |

## About this Report

## Words from the Chairman

## ESG Performance in 2018

## ESG Strategy and Prospects

## About Acter

## Sustainable Management

## Corporate Governance

## Sustainable Engineering Services

## CSR in Supply Chain

## Friendly Workplace

## Environmental Protection

## Social Participation

## Appendix

## GRI 400: Social Series

●Material Issues

| Series                                | Disclosure | Descriptions   | Chapter  | Page      | Description of Omission  | SDGs               |
|---------------------------------------|------------|--|--|-----------|--|--------------------|
| GRI 408: Child Labor                  | 408-1      | Operations and suppliers at significant risk for incidents of child labor  | Responsible Supply Chain - Supply Chain Sustainable Management                 | 75        |  |                    |
| GRI 409: Forced or Compulsory Labor   | 409-1      | Operations and suppliers at significant risk for incidents of forced or compulsory labor                         |  | 75        |  |                    |
| GRI 410: Security Practices           | 410-1      | Security personnel trained in human rights policies or procedures  |  |           | Not applicable (commercial building; managed by the management committee)                    |                    |
| GRI 411: Rights of Indigenous Peoples | 411-1      | Incidents of violations involving rights of indigenous peoples   |  |           | Not applicable (no infringement in 2017)   |                    |
| ●GRI 412: Human Rights Assessment     | 412-1      | Operations that have been subject to human rights reviews or impact assessments                                  | Friendly Workplace - Employees' Rights and Interests                           | 102       |  | SDGs 10<br>SDGs 16 |
|                                       | 412-2      | Employee training on human rights policies or procedures   |  | 103       |  |                    |
|                                       | 412-3      | Significant investment agreements and contracts that include human rights clauses or that underwent human rights |  | 102       |  |                    |
| ●GRI 413: Local Communities           | 413-1      | Operations with local community engagement, impact assessments, and development programs                         | Social Participation - Social Development                                      | 135-138   |  | SDGs 11            |
|                                       | 413-2      | Operations with significant actual and potential negative impacts on local communities                           | Environmental Protection - Environmental Risk Assessment and Response Strategy | 115       |  |                    |
| ●GRI 414: Supplier Social Assessment  | 414-1      | New suppliers that were screened using social criteria   | Responsible Supply Chain - Supply Chain Sustainable Management                 | 73        |  | SDGs 8<br>SDGs 16  |
|                                       | 414-2      | Negative social impacts in the supply chain and actions taken  |  | 71, 73-75 |  |                    |
| GRI 415: Public Policy                | 415-1      | Political contributions  |  |           | Not applicable (no contribution to political parties, politicians and relevant institutions) |                    |
| GRI 416: Customer Health and Safety   | 416-1      | Assessment of the health and safety impacts of product and service categories                                    | Responsible Supply Chain - Supply Chain Sustainable Management                 | 61        |  | SDGs 12            |
|                                       | 416-2      | Incidents of non-compliance concerning the health and safety impacts of products and services                    |  |           | Not applicable (no such incident in 2018)  |                    |
| GRI 417: Marketing and Labeling       | 417-1      | Requirements for product and service information and labeling  |  |           | Not applicable (non-manufacturing industry)  |                    |
|                                       | 417-2      | Incidents of non-compliance concerning product and service information and labeling                              |  |           | Not applicable (non-manufacturing industry)  |                    |
|                                       | 417-3      | Incidents of non-compliance concerning marketing communications  |  |           | No such incident in 2018   |                    |
| ●GRI 418: Customer Privacy            | 418-1      | Substantiated complaints regarding concerning breaches of customer privacy and losses of customer data           | Sustainable Engineering Services - Customer Services and Management            | 65        | No such incident in 2018   |                    |
| ●GRI 419: Socioeconomic Compliance    | 419-1      | Non-compliance with laws and regulations in the social and economic area   | Corporate Governance - Business Integrity                                      | 39        | No such incident in 2018   | SDGs 16            |

2018

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