



# 4

## BizLink and the Environment

- 4.1 Environmental Policy and Green Strategy
- 4.2 Response to Climate Change and Global Warming
- 4.3 GHG Reduction
- 4.4 Main Raw Materials Logistics
- 4.5 Water Resources Conservation
- 4.6 Wastewater and Sewage Management

## 4.1 Environmental Policy and Green Strategy

BizLink endeavors to protect the environment through sustainability projects and the development of green design, green factories, monitoring of carbon emissions. Working with our clients and the supply chain, we aim to implement environmental risk control and enhance environmental management performance together.



## 4.1.1 Environmental Management Goals

Rapid technological advancements have caused enormous environmental destruction. With the implementation of environmental economic policies, supervision by the media and the public, the consequences of environmental violations will not be limited to fines, as the corporate image will also be negatively affected, resulting in the loss of intangible capital. We must remain proactive in making adjustments to comply with environmental laws and regulations in a rigorous manner.

BizLink is committed to complying with environmental laws governing our activities, products, and services, as well as to meet our customers' needs in order to achieve or surpass the designated objectives and goals. We will continue to promote environmental management system in order to reduce the Company's environmental impact. Furthermore, we strive to comply with legal requirements by passing the environmental management system audit in an effort to make sure that there are no environmental violations.

BizLink products comply with related international environmental laws such as Waste Electrical and Electronic Equipment Directive, (WEEE), The Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS), Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH) and our clients' demands. We also assist them to obtain environmental labels.

BizLink has formulated various environmental management systems for the consumption of energy and resources and emission of pollution. We continue to make improvement to these systems. As for environmental management and occupational safety and health management, we employ ISO 14001 environmental management system and IECQ QC 080000 hazardous substance process management system to conduct regular internal audits and contractor certification every year in order to evaluate the Company's environmental management related systems. Additionally, we have passed external certification, and we have complied with ISO 14061-1 GHG audit to ensure the effective operation of our environmental management systems and compliance with environmental regulations.

The following important management strategies aim to achieve environmentally friendly goals during the product development, production, use and disposal stages, including low pollution, low energy consumption, and easy recycling etc. This year (2017)'s environmental protection and energy conservation

information disclosure focus on the scope of environmental impact and energy consumption units, collecting data from the Kunshan and Shenzhen sites in China (including factories and offices).

Each quarter, BizLink gathers relevant environmental laws and conducts legal compliance evaluation every 6 months, followed by the implementation of corrective measures. Every year, we rigorously conduct environmental monitoring (waste water and waste gas) to ensure compliance with emission standards as stipulated by the local laws. Furthermore, BizLink regularly organizes related training and activities in order to foster environmental awareness in the Company. In 2017, BizLink did not incur any environmental violation, nor did we receive any fine.

We will continue to promote ISO 14001 environmental management system and carry out annual internal audits. Problems discovered will be rectified immediately, and BizLink also receives internal and external supervision from government agencies, surrounding communities, employees and other stakeholders who have filed complaints about any environmental problem in the production sites. Specific actions include : (1) Establishing a grievance channel so that employees can pass on any environmental problems they have discovered to the promoting committee. The suppliers and clients are able to reflect environmental problems to the corresponding department within the Company, which will forward the information to the management committee for accurate documentation so that suitable solutions can be formulated. In order to ensure a smooth process, comprehensive details of the problem will be documented and archived for future reference. (2) Arranging employees and suppliers to receive related training, so that they can understand the information and pass it onto other employees in their companies. In 2017, BizLink did not incur any environmental complaints.

In the future, we will continue implementing ISO 14001 environmental management system, where environmental laws will be gathered every month in order to assess how new or amended laws can be applied to the Company, as well as the corrective measures to be taken. For the subsequent annual safety production month events, we have included the legal knowledge aspect to promote regulation-related information to our employees, thereby improving their environmental know-how and reinforcing their awareness on legal compliance.



## Raw Material Management

With the changing global environment, production of electronics products, shortening usage and disposal cycle, the related environmental problems have threatened people's health and survival environment. The design and application of green materials in electronics manufacturing technology, as well as the design and R&D of green equipment and process parameters, and the design of recyclable, reusable materials present a major opportunity

and challenge for green manufacturing. BizLink agrees not to use restricted substances and materials, therefore we have meticulously selected materials and suppliers through the green product program. We strive to reduce pollution by adopting eco-friendly technologies, and we continue to improve and prevent pollution via reasonable utilization of raw materials and reduction of resource waste, aiming to decrease material cost and avoid the use of restricted substances and materials.

Raw materials management measures are embodied through product design and manufacturing, where recycled materials are used under the premise that performance will not be impeded.

By investing in recycling technology, we will be able to convert waste materials from electronic products into reusable materials. For high-risk substances, we demand our suppliers to provide relevant testing reports or company inspections in order to ensure that the concentration complies with the clients', legal and documentation requirements. We also collaborate with component suppliers to recycle suitable packaging materials in an effort to minimize resource waste and materials costs. Unrecyclable packaging materials are sorted according to different waste categories. In the future, we will continue to research, re-cycle and re-use renewable materials in order to decrease environmental pollution caused by raw materials waste.



## 4.2 Response to Climate Change and Global Warming

According to The Global Risk Report 2018 released by The World Economic Forum (WEF), there are 3 major environmental risks : "failures of climate-change mitigation and adaptation" , "extreme weather events" and "natural disasters" , all of them have ranked among the top risks in recent years. In 2018, they are elevated to the top 5 positions among the "most influential" and "most likely to occur" risks. This trend indicates that climate change is now recognized as the greatest global risk, and it will play a vital role in deciding global development over the next decade.

According to The Emissions Gap Report 2016 published by United Nations Environment Programme (UNEP), even if countries around the world "conditionally" implement Nationally determined contributions (NDCs) within 10 years of the signing of The Paris Agreement, the global GHG emissions will increase by 12 billion tons by 2030 (equivalent to 2° C rise in temperature). If the countries implement unconditional NDCs, the gap will be widened to 14 billion tons.

In the Fifth Assessment Report (AR5) published by UN's IPCC, if the increase in global temperature is to be controlled within 2° C by the end of the century, it is imperative to improve energy efficiency immediately in conjunction with voluntary carbon emissions reduction by enterprises in order to facilitate transformations in the energy structure.

According to the Fifth Assessment Report (AR5) published by UN's IPCC (Intergovernmental Panel on Climate Change) in 2016, if the business activity model stays the same, the global carbon budget will be depleted by 2045, causing the global average temperature to spike by 3.7 to 4.8° C in 2100.

Currently, the global average temperature has already risen by 0.8° C and people's lives are threatened by extreme weather conditions. In the future, the climate change is expected to be worsened by twofold. IPCC also warns that we need to take action to reduce carbon emissions immediately in order to curb the global temperature from increasing above 2° C.





BizLink perceives climate change as an important risk so that we should closely monitor global climate change trends and steps taken internationally in response. We consider climate change one of the major corporate risks, thus we conduct analysis and control on an ongoing basis. Senior executives also regularly review these risks and report topics of exceptional nature to the CEO Office, so that preventive measures can be implemented to mitigate their impact on the Company's operations. Climate change risks can be divided into legal requirements, climate change impact, and challenges. These risks must be understood and enterprises must take the necessary corrective measures in advance based on the government's demands.

### Legal Risk Control

EPA officially promulgated "Greenhouse Gas Reduction and Management Act" on June 15, 2015, stipulating 6 GHGs, including CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs and SF as the reduction target in the atmosphere. In 2016, NF<sub>3</sub> became the 7th GHG to be reduced. Earlier, EPA promulgated "GHG Emissions Reporting and Management Regulations" and "Reporting of Stationary GHG Pollution Source" on December 20 and 25, 2012, stating GHG reporting, auditing, validating frequency, date as well as review principle of the authorities, authorization for carrying out audit operations and fines etc. In addition, many countries around the world are developing carbon tax or energy tax, thereby driving up the price of raw materials and energy. These all add up to rising local production costs.

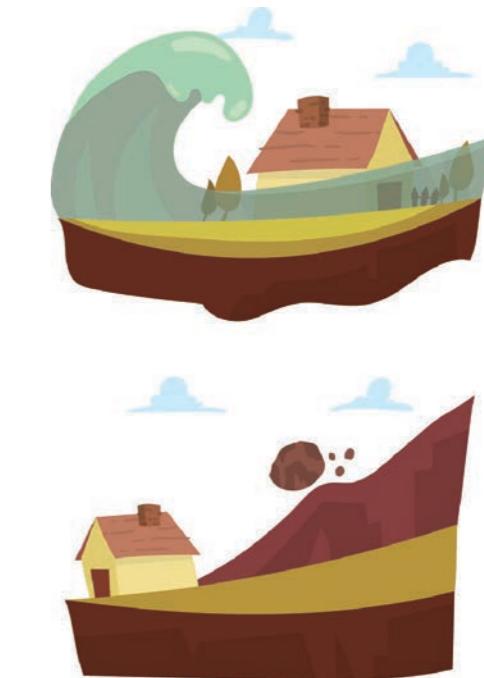
### Overall Impact and Challenge of Climate Change

Climate change is manifested through phenomena such as rising temperatures and changing rainfall patterns, as well as increasing intensity and frequency of extreme weather conditions and rising sea level. Potential impacts and challenges include drought, heat wave, rainstorm, storm tide, debris flow, typhoon, ecological change, land use and cover change, ground subsidence, seawater intrusion, air deterioration and change in water quality.

## Impacts and Challenges in Related Fields

### • Disasters

Climate change induced disasters include floods, slope land disasters, drought. Particularly in Taiwan, the country's geographic characteristics make it far more vulnerable to climate change and disasters than other regions. The greatest impacts and challenges brought by climate change are already frequently occurring disasters in Taiwan, including floods, debris flow, and drought. These are likely to become catastrophic calamities that will incur more serious damages.



### • Damage to critical infrastructure

With increasing temperatures, the weather resistance of buildings and energy-supplying facilities such as oil refineries and power plants will be harshly challenged. In the event of extreme rainfall, floodwater will affect the safety of the facilities, while rising temperature causes the concrete dam to deform and the power generating equipment to exceed its originally designed capacity. As a result, the damaged facility or dam failure will cause serious flood destruction. After the extreme rainfall, the accompanying silt and sediments brought by the flood will affect water supply function in the future. With increased water consumption due to rising temperatures, the water supply pipe network may not be able to provide a steady water supply, or the water supply will be cut off completely. Due to the increased flood volume, rising water level, the build-up of silt and driftwood, flood scouring and wave impact on hydraulic facilities such as riverbanks, jetties, pump stations, and water gates will intensify, resulting in failure caused by damages or submergence, in turn triggering floods or exacerbating the damage of floods.



### • Water resources

In the future, the quantity of subsurface runoff (water from the ground surface or underground) is exhibiting an increasing trend that is larger in scale compared to the increase in rainfall, therefore groundwater infiltration is likely to decline. Looking ahead, the wet and dry periods of rivers will become more distinct, with increased water flow during wet period (summer) and decreased water flow during dry period (winter and spring). Due to the increasing difference between wet and dry period, the reservoirs' water supply and flood mitigation ability will be affected, in turn jeopardizing the water supply capacity of the water supply system and reducing the carrying capacity. Temperature and rainfall changes will affect agricultural irrigation pattern. During dry period, when pollutants are discharged into the river, the relatively low flow rate is unable to dilute and cleanse the pollutants, resulting in increased pollution concentration and compromising the self-cleaning and carrying capacity of rivers. During wet period, although the river has greater pollution bearing capacity, the scouring of silt and debris in the flow area during the rainstorm also accelerate riverbed erosion, thereby increasing the concentration of suspended particulate matters and turbidity of the water. Ultimately, there will be an adverse impact on the river ecology which leads to the deterioration of the water supply system.

### • Land use

Excessive pumping of groundwater due to a lack of water resources can lead to problems such as subsidence and soil alkalization, these all present challenges to land use. Rising sea level causes seawater intrusion along the coastal and low-lying areas coupled with loss of life and damages to properties due to typhoons and storm tides. Because of heat island effect, the temperature difference between high-density urban areas and suburbs can be as high as 10°C.

### • Coast

Rising sea level causes erosion of the coastline, coastline recession, loss of coastal habitats and coastline change. Storm tides created by the typhoon increases the frequency of seawater intrusion, resulting in flooding rivers and rising flood levels; the greenhouse effect will have an impact on 30% of all species globally and causing a crisis of extinction. Furthermore, rising seawater temperature and CO<sub>2</sub> concentration will change the saturation of calcium carbonate in the ocean, decrease coral reef calcification, slow down coral reef growth and the disintegration of coral reefs, in turn wreaking havoc on marine ecology.

### • Energy supply and industry

Climate change may potentially increase the likelihood of drought, which in turn incurs additional cost for the manufacturers and the water company. The costs are mainly caused by change in the production schedule, transfer of orders, delayed delivery, water procurement cost, overtime etc. Floods damage factories, machineries, equipment, materials, and products that require additional expenses to restore, rebuild or renewal. The urban heat island effect causes increased AC system installation cost, operating cost and additional investments in energy conservation measures. Prolonged periods of high temperature causes power consumption to spike in summer due to the use of AC systems, in turn, generating more burden on the power grid.

### • Health

Rising temperatures also lengthen and expand the prevalence of arthropod-borne infectious diseases (such as dengue fever, scrub typhus and Japanese encephalitis) in summer. Southeast Asian climate-related Infectious diseases or vectors may also occur (such as malaria or Chikungunya), turning foreign infectious diseases into domestic infectious diseases. With more extreme rainfalls, the chance of drought and floods also increases, while the lack of clean water and the increased likelihood of coming in contact with contaminated water in turn raise the risks of related diseases such as skin infections, chronic water intoxication, hepatitis A, shigellosis, leptospirosis and melioidosis etc.

### Promote Consistent International Climate Infrastructure - Stipulate Carbon Reduction Goals

195 nations from around the world signed The Paris Agreement at the United Nations Climate Change Conference on December 12, 2015, the goal is to control the rise of global average temperature within 2° C of pre-industrial revolution levels. The ultimate target is to achieve 1.5° C. The agreement met the double threshold of "ratification by 55 countries that account for at least 55% of global emissions" in October 2016 and came into effect on November 4, thus taking a step forward in resolving the topic of global climate change. As a global citizen, BizLink strives to save energy, comply with energy laws and make continual improvements. Over the years, we have been dedicated to energy-saving and carbon reduction efforts in order to minimize the impact of our operations on climate change.



## BizLink's Post-Paris Agreement Low Carbon Strategy and Deployment

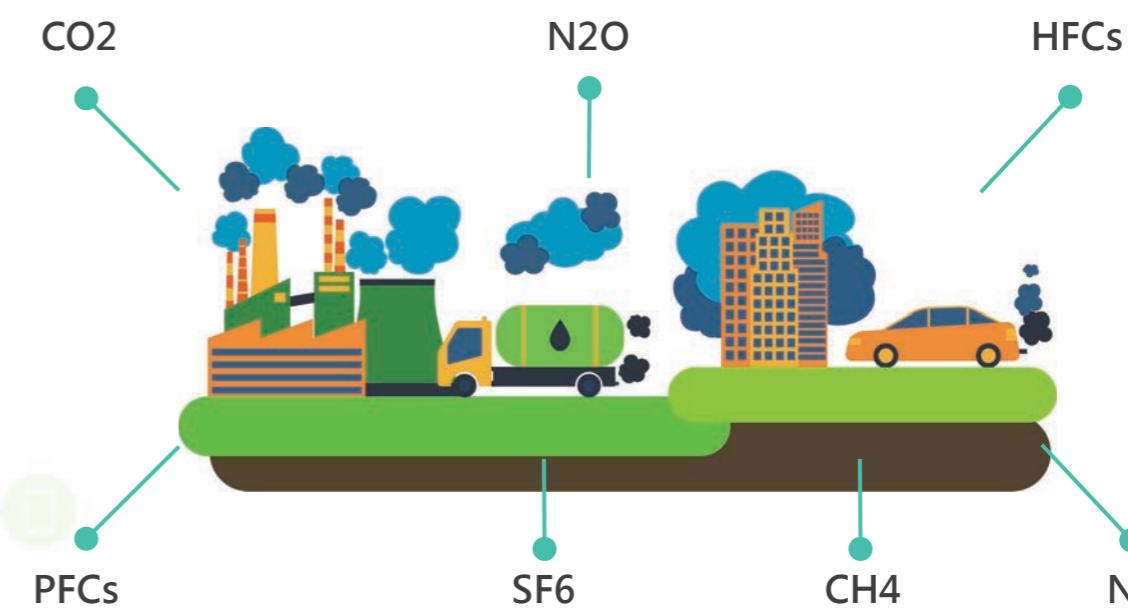
Since the signing of Kyoto Protocol in 1997, potential climate change and impact caused by excessive GHG emissions have been clearly defined. UNFCCC passed The Paris Agreement at COP21 in 2015, which will officially come into effect in 2020. BizLink appreciates and understands that GHG emissions is the main cause of global climate change, resulting in environmental and ecological impact that will in turn affect mankind's survival. In order to materialize the ideal of corporate sustainability and fulfill our corporate social responsibilities, BizLink is committed to GHG audit and control in an effort to mitigate global warming. The aim is to achieve energy conservation and maintain the sustainable development of the global ecological environment. BizLink agrees to conduct Emissions audit for energy requirements in the controlled areas. Moreover, we will actively launch GHG emission reduction/improvement measures and plans based on the audit outcome in order to decrease the Company's impact on the environment and climate due to GHG emission induced global warming. We will strive to implement the philosophy of sustainable development.



## 4.3 GHG Reduction

### 4.3.1 Emissions Audit

BizLink has adopted ISO 14064-1 standards since 2015 to conduct annual emissions audit, and the GHG report containing emissions results from the previous year is also published. In 2017, the audit focuses on 7 main categories of GHG emissions at 3 major production locations :

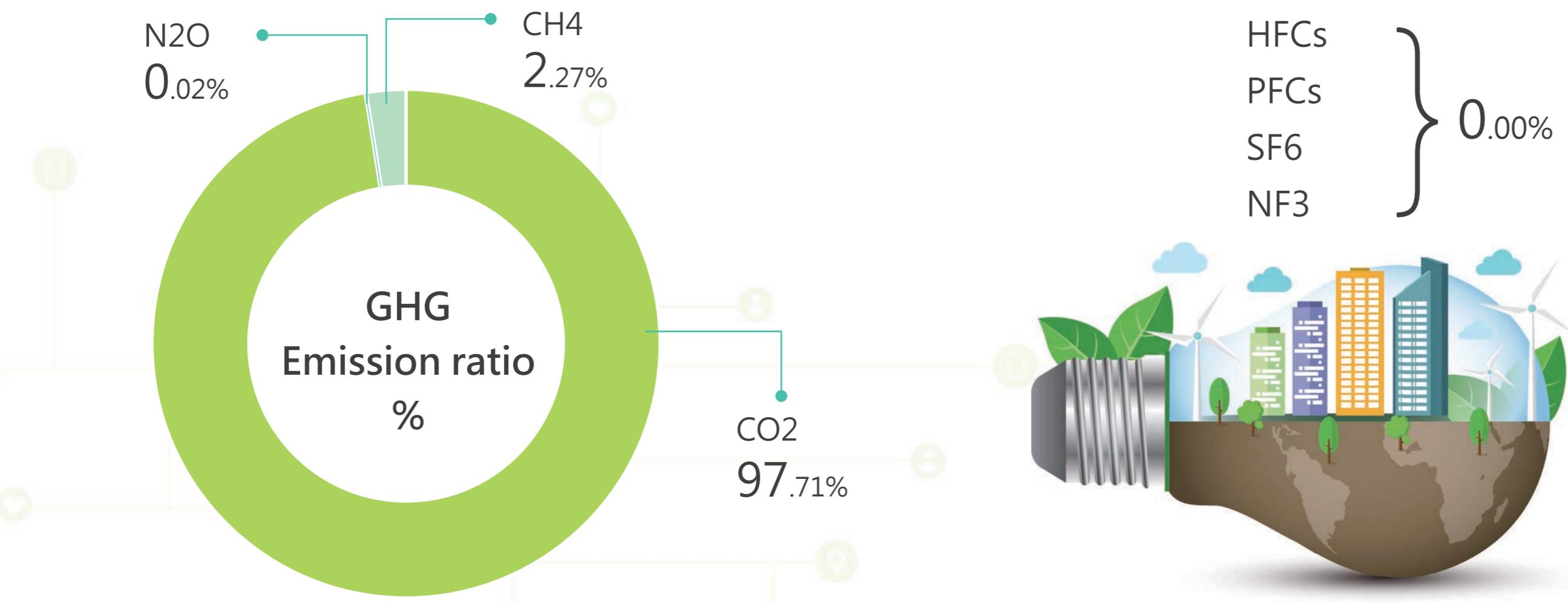


Most of the emissions are attributed to externally procured electricity (90-95%). The period covered by the most recent report is 2017, with total GHG emissions of 13,693.6 carbon dioxide equivalent tons (CO<sub>2</sub>e). The audit results reveal that most emissions are attributed to scope 2 external source of power supply (approximately 96% or above), therefore the primary mission of carbon reduction is to conserve electricity.

BizLink's GHG emissions target is to reduce GHG emissions density (GHG emissions/revenue) by 2% every year.



Greenhouse gas (GHG) Emission	CO2	N2O	HFCs	PFCs	SF6	CH4	NF3	Total	Scope 1	Scope 2
Total	13,380.45	2.37	0.00	0.00	0.00	310.79	0.00	13,693.61	449.90	13,243.71

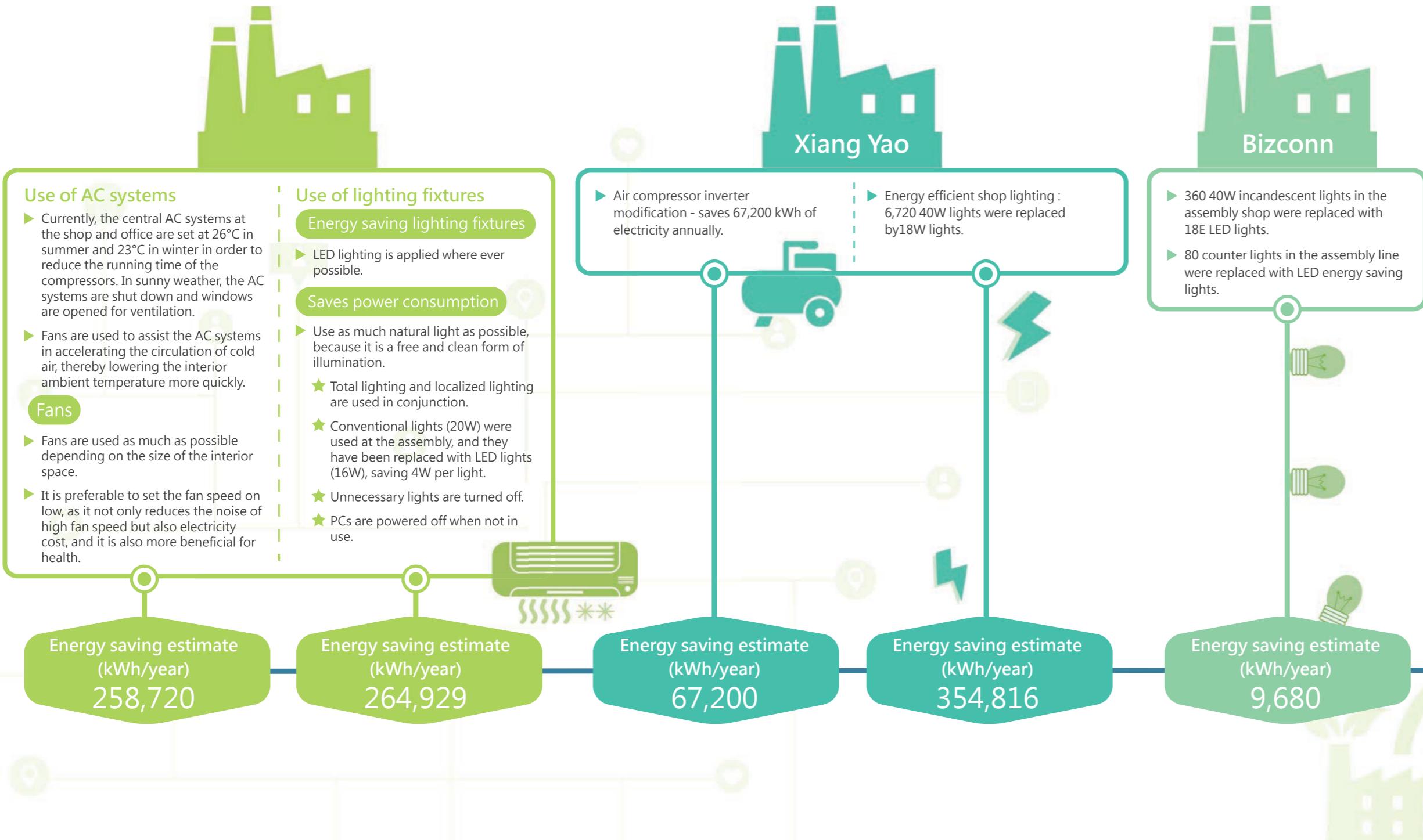


[Note 1] Direct GHG emissions (scope 1) include the burning of fuel by stationary equipment, emissions from manufacturing, transportation, fugitive emissions (such as firefighting facilities or refrigerant emissions etc.) Total direct emissions is 449.9 tons CO2e/year, accounting for about 3.29% of total emissions.

[Note 2] Energy indirect GHG emissions (scope 2) include externally purchased power. The energy indirect emissions is 13243.71 tons CO2e/year, accounting for about 96.71% of total emissions.

[Note 3] The scope of the statistics includes main production locations : Kunshan , Xiang Yao and Bizconn sites.

## Implementation of Various Energy-saving Measures



### 4.3.2 Energy Saving Measures

BizLink appreciates the importance of energy management in the Company's competitiveness, faced with rising energy costs in the future, it is essential to find ways to decrease the energy burden in order to respond to future challenges. In 2017, we will continue monitoring power consumption conditions and the performance of energy-saving projects in the factories; BizLink will also share our experience in energy conservation and make adequate improvements.

Energy-saving measures implemented include 6 major categories : AC system, pressurized air system, production, management, green lighting and other. In total, 955,345kWh of power was saved in 2017, equivalent to mitigating carbon emissions by 811.54 tons.

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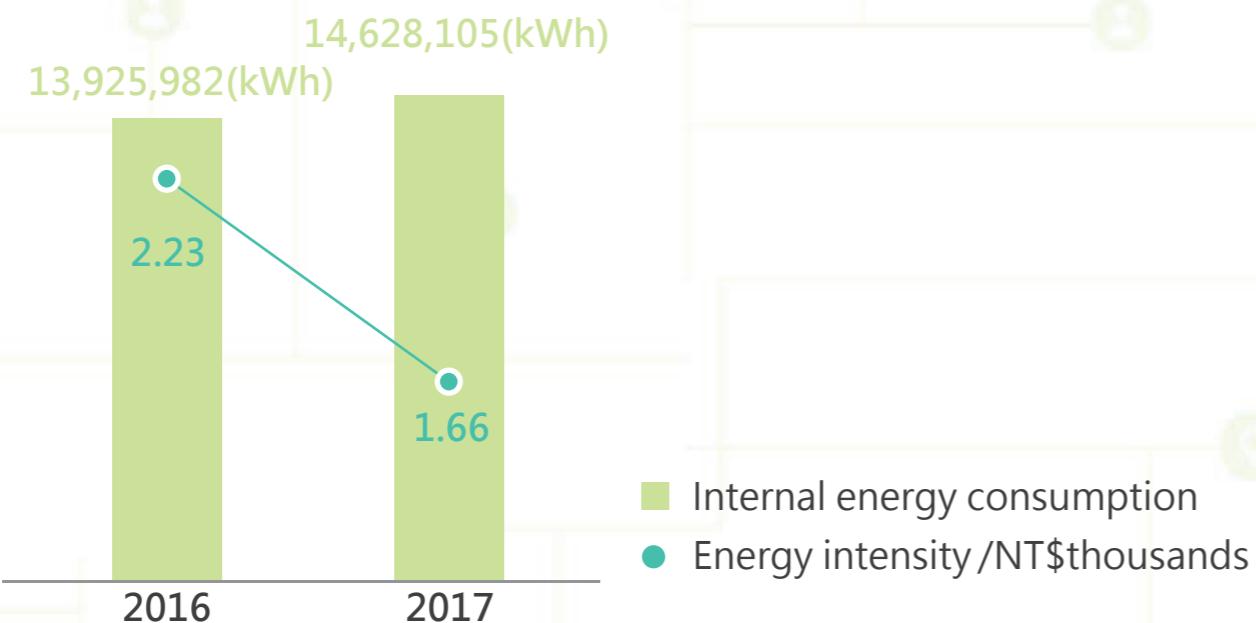


### 4.3.3 Direct and Indirect Energy Consumption

As a global citizen, BizLink endeavors to purchase energy-efficient equipment to improve energy efficiency, and we are dedicated to saving all forms of energy and complying with energy regulations in order to achieve energy conservation and carbon reduction. We aim to minimize the impact of our operations on climate change, and we have stipulated the goal of decreasing overall energy intensity by 10% by 2025 in comparison with 2017.

BizLink's main production sites consume predominantly indirect electrical energy. In 2017, total energy consumption amounted to 14,628,105 kWh, and the energy density was decreased by approximately 25% compared to the previous year (2016). This is attributed to pro-active energy-saving measures implemented at the main production sites.

#### Total Energy Consumption in 2017



[Note 1] The scope of the statistics includes main production locations : Kunshan, Xiang Yao and Bizconn sites.

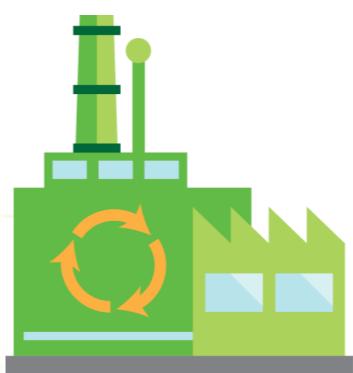
[Note 2] Energy consumption statistics are calculated based on the electricity bill from the power company.

[Note 3] Energy intensity = annual kWh/unit revenue

### 4.4 Main Raw Materials Logistics

With the changing global environment, production of electronics products, shortening usage and disposal cycle, the related environmental problems have threatened people's health and survival environment. The design and application of green materials in electronics manufacturing technology, as well as the design and R&D of green equipment and process parameters, and the design of recyclable, reusable materials present a major opportunity and challenge for green manufacturing.

BizLink agrees not to use restricted substances and materials, therefore we have meticulously selected materials and suppliers through the green product program. We strive to reduce pollution by adopting eco-friendly technologies, and we continue to improve and prevent pollution via reasonable utilization of raw materials and reduction of resource waste, aiming to decrease material cost and avoid the use of restricted substances and materials.



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Suitable packaging materials are recycled and re-used in order to minimize resource waste and material cost. Unrecyclable packaging materials are sorted according to different waste categories. In the future, we will continue to research, re-cycle and re-use renewable materials in order to decrease environmental pollution caused by raw materials waste.



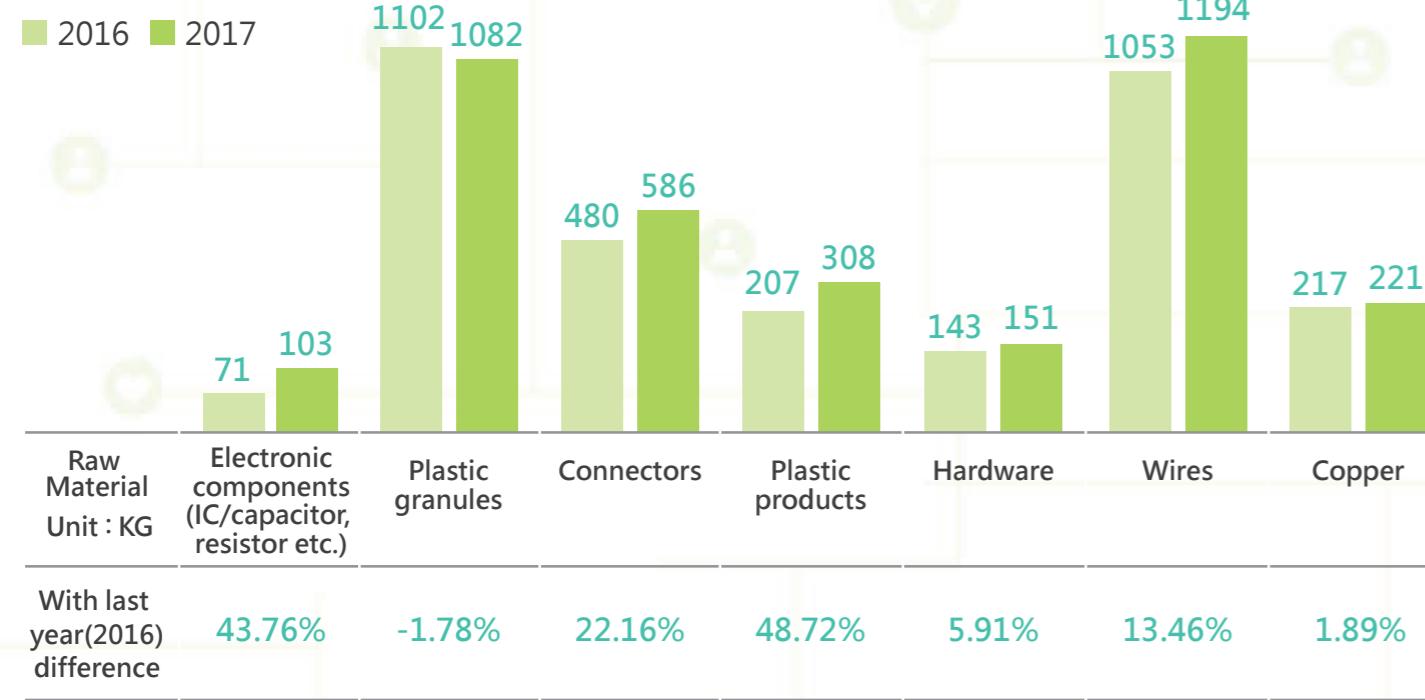


## Raw Materials Procurement Conditions

Besides having a direct influence on operational performance, the use of raw materials is also closely related to the topic of environmental resource consumption. Since there are only limited resources on Earth, BizLink regularly monitors the consumption of raw materials to assess efficiency, hoping to increase the efficiency of raw materials consumption and decrease the quantity of materials needed for product delivery. Raw materials used by BizLink for production include 7 major categories : electronic components (IC/capacitor, resistor etc.), plastic granules, connectors, plastic products, hardware, wiring, copper.

In 2017, our total procurement quantity amounted to roughly 3,646 tons, 19.16% more than last year. This is attributed to a growth in overall sales.

## Raw Material Purchase Volume



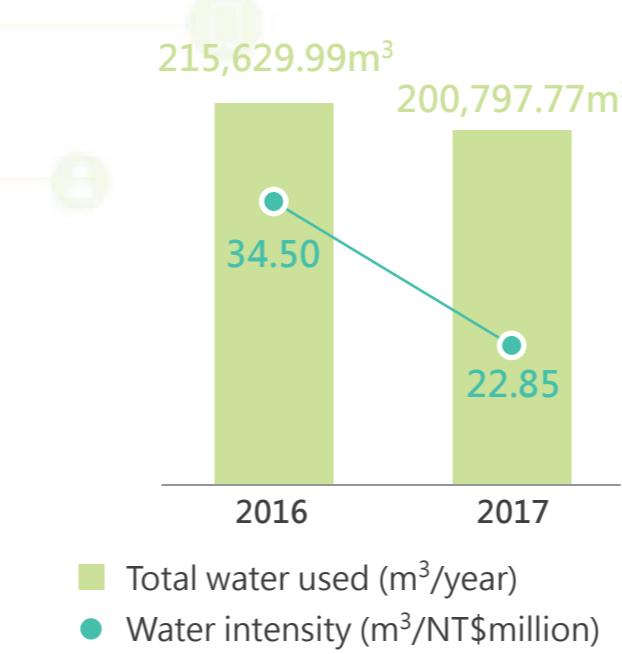
[Note] The scope of the statistics for product materials usage includes main production locations : Kunshan, Xiang Yao(Shenzhen) and Bizconn sites.

## 4.5 Water Resources Conservation

Under the influence of global climate change, water resource has become another important agenda. In terms of management, all of the Company's 15 production locations have passed ISO 14001 management certification, and we will continue to promote water resource conservation measures. Due to the industry characteristics, the Company's manufacturing sites mainly engage in dry assembly processes, so generally speaking, we do not have any production processes that incur high water consumption. Main water consuming facilities in the sites include circulating water for AC systems, air compressors, and employees' water usage.

During the environmental assessment stage of building each manufacturing site, we have taken into consideration the construction site planned by the local government (avoid constructing in environmentally sensitive areas), areas with more copious supply of water (such as East China and South China) in order to prevent any impact on local ecology and water resources. During the operational stage, 100% of the sites' water is domestic water (tap water), we do not extract water from rivers, lakes, groundwater or the ocean, therefore there is no significant impact on the water source and community water usage.

### Total Water Used in 2017

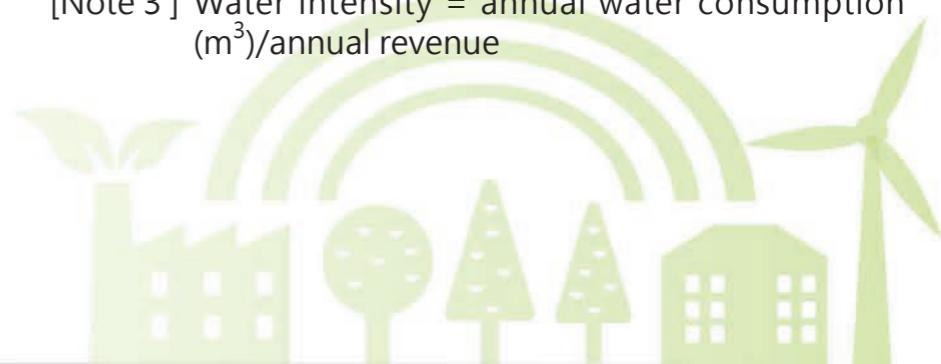


According to the Company's management information system, in 2017 our water consumption amounted to 200,797.77 m<sup>3</sup>, equivalent to water intensity of 22.85 m<sup>3</sup>/ NT\$1 million, a reduction of 33.76% from 2016.

[Note 1] The scope of the statistics for product material usage includes main production locations : Kunshan, Xiang Yao and Bizconn sites.

[Note 2] Total water consumption = surface water + groundwater + rainwater + waste water generated by other organizations + tap water

[Note 3] Water intensity = annual water consumption (m<sup>3</sup>)/annual revenue



## 4.6 Waste Water and Sewage Management

With economic development comes a lack of freshwater resources. Water is the source of life, but excessive consumption coupled with exacerbating pollution, usable water resources are becoming scarcer. Mitigating the impact of waste water on the environment and managing waste water discharge are not only crucial for the Company's performance but also for human survival.

BizLink has rigorously complied with local policies, regulations and customers' requirements in discharging waste water. Furthermore, we have applied for related pollution discharge permits in order to achieve the goal of zero pollution leakage, zero environmental complaints and voiding fines. We are committed to green development and will continue to improve and prevent pollution. No leakages occurred in 2017.

BizLink operates wire and harness assembly sites, therefore no water is needed during production. General domestic water is consumed at various sites, all waste water (sewage), including production-related water or domestic water is discharged to the sewerage system, therefore no water bodies or nearby habitats are affected, in turn preserving their characteristics, area, conservation status, and biodiversity. Primary waste water and sewage treatment mechanisms include :



### Separation Control

- Rainwater and sewage are separated in order to channel rainwater into the rainwater pipe network, thereby preventing water build-up and contamination.
- The waste acid in the waste acid storage pool inside the laboratory is collected separately from rainwater.

### Ongoing Monitoring

- Waste water and sewage discharge management statistics are compiled every month.
- The results of waste water and sewage inspection conducted every year complies with the standards stipulated by the local authorities.

### Management and Control

- No contaminants may be discharged into the rainwater pipes.
- No chemicals, oils, solid wastes or other contaminants may be stored near the rainwater pipes.
- During torrential rain, various units will reinforce control on chemicals and inspect the chemical warehouse regularly. If a problem is discovered, it should be reported to the management department immediately in order to establish a quarantine zone and resolve the problem at once.
- The septic tank is cleaned every quarter to prevent clogging and overflowing, ensuring unobstructed discharging of effluent.

