Sitronix

2021
Sustainability Report

Sitronix

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About this Report

This year, Sitronix releases its first annual sustainability report following the Taiwan Stock Exchange's "The Reporting and Filing of Sustainability Reports by TWSE Listed Companies", which is also available on Sitronix's website for review by all stakeholders.

Report Preparation Guidelines

This report is prepared based on the core framework of the Global Sustainability Reporting Guidelines issued by the Global Reporting Initiative (GRI) in response to the expectations of stakeholders about the Company's latest sustainability achievements based on three key topics (i.e. environmental, social, and governance), as well as the sustainability concepts proposed by Sitronix management team and the future vision.

Report Scope and Data

The report covers Sitronix's corporate sustainability performance from January 1, 2021, to December 31, 2021.

The financial data herein define the organizational boundaries based on the consolidated financial statements.

The social indicators are based on the operating activities in Taiwan as the scope of this disclosure. Exceptions will be noted in the report.

The scope of the report covers the information from the Headquarters, including Hsinchu and Taipei offices (excluding overseas branches).

The data disclosed herein are based on the results of our statistics and surveys.

Comments and Feedback

Should you have any comments on this report, please contact Sitronix's sustainability contact person at:

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E-mail tom_huang@sitronix.com.tw
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Company website www.sitronix.com.tw

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Message From The Management

Dear Stakeholders:

We are pleased that Sitronix prepares its sustainability report from this year so that you can learn about our continued efforts and long-term commitments to sustainability.

From CSR to ESG

Over the past 10 years, enterprises worldwide have seen the shift from Corporate Social Responsibility (CSR) to Environmental, Social, and Governance (ESG). CSR is a kind of corporate responsibility that implies the concept of sustainability, while ESG proposed later is a consistent and implementable indicator for measuring sustainability. The term ESG was first mentioned at the UN Global Compact in 2004, which called for enterprises to align their operations with 10 universal principles on human rights, labor protection, environmental protection, anti-corruption, and others. This has been gradually adopted by enterprises throughout the world. In 2015, the United Nations General Assembly agreed on a set of 17 specific sustainable development goals named SDGs (Sustainable Development Goals), making corporate sustainability a practice that can be followed.

The Cycle of Sustainable Values

As a fabless chip designer, Sitronix is a global leader in making small and medium-sized display driver chips with a wide range of applications covering all aspects of life. Through releasing our sustainability report and actively pushing ahead with corporate sustainability, we are devoted to putting our resources into matters that are important to our stakeholders, and creating a fair, healthy, peaceful, and safe environment and eco-system for our business operations, to shape a positive cycle of the sustainable values for Sitronix.

The Steady Corporate Growth

In 2021, the semiconductor industry faced the challenges of global digital transformation, strong demands from the remote economy, and supply shortages. In 2021, the annual consolidated revenue of Sitronix reached NT$22.2 billion, an increase of 61.2% over the previous year; its net income after tax was NT$7.07 billion, an increase of 226.8% over the previous year; and earnings per share was NT$50.03. These achievements demonstrated the concerted efforts of our employees to address all challenges. Meanwhile, our display driver chips and smartphone sensor products brought many new prospective customers, and we are developing new products with a bright future ahead.

Integrating Sustainability Resources

This first ESG report is to advise our stakeholders of the Company's integrity in implementing the ESG. Sitronix has established a Corporate Sustainability Committee under the Board of Directors to place sustainability at the core of our operations. We will focus on various ESG issues that are important to our stakeholders, including corporate governance, partnerships, a happy workplace, green sustainability, and social care. We will set long-term goals to develop sustainable products and become a part of the green supply chain to mitigate the impact of climate change and the greenhouse effect on the ecosystem.

Summary

Thank you for your long-term commitment and ongoing support to Sitronix. Sitronix will continue to drive the healthy growth of the company, continue to provide the best products to customers and pay back to our employees and shareholders with excellent performance based on sustainability. Thank you.

Sitronix

Co-Founder, Chairman, and CEO
Vincent Mao

毛靳文

Hsinchu, August 2022

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ESG Achievement of 2021

Sustainability

- The first annual ESG Report was prepared following the latest guidelines of the Global Reporting Initiative (GRI)
- A Corporate Sustainability Committee was established under the Board of Directors
- The Company adopted TCFD Climate Change Financial Risk Guidelines
- The Company met the SASB standard
- The Company was committed to promoting zero capacitor chip design and reducing the use of capacitor components
- Wafer energy efficiency was improved to reduce energy consumption
- New technologies were developed to reduce the number of photo masks with the processing time and cost saved
- Sensor modules were integrated to develop an all-in-one module and reduce the size and power consumption

Awards

In 2020, Chairman Mr. Vincent Mao was awarded the Harvard Business Review

Top 100 CEOs in Taiwan.

Corporate Governance

In 2021, **the Company ranked top 36-50% of listed companies** in the Seventh Annual Corporate Governance Review.

Corporate Operations

The Company's consolidated revenue in 2021 amounted to NT$22.2 billion, an annual increase of more than 61.2%, and its earnings per share was NT$50.03,

both hitting new records.

Selected as a constituent stock

In Q2 2022, the company was selected as a constituent stock of the

"Industrial Elite 30 (INE 30) Index"

by Taiwan Index Plus Corporation, due to its excellent performance in such aspects as long-term operating stability, profitability, financial position, and high dividends.

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1.1 Viewpoints and Commitments

1.1.1 Company Background

Founded in 1998, Sitronix is a Taiwan-based fabless IC design house. As a global leader, we provide a full range of device display IC (DDIC) solutions, specially designed for smart industrial displayers, smartphones and Internet of Things (AIoT), as well as sensors for smart phone solutions.

We give the innovative potential of our internal teams into full play, to develop new applications and motivate internal entrepreneurship. Our subsidiaries have expanded into other high-end applications. For example, Power ICs, optical sensors, MEMS sensors, and capacitive touch controller ICs have made significant achievements in recent years. We also provide touch and sensor IC solutions for smartphones and tablets and have become a major supplier to many international companies.

Sitronix attaches great importance to talent development and customer partnerships and has developed a corporate culture based on pursuing excellence, a customer-oriented approach, honesty, integrity, and teamwork. Since its establishment, Sitronix has been dedicated to product R&D, providing highly reliable products and innovative green technologies for display driver chips, achieving sustainable goals such as lower overall manufacturing costs, zero-capacitor design solutions, and high energy efficiency. The Company has become one of the leading global suppliers of its green technologies and is committed to providing products and services with the highest quality to our global clients and maintaining a leadership position in the industry.

Sitronix was publicly listed on the Taiwan Stock Exchange in 2003 under the stock code 8016. As of the end of 2021, the Company employed 347, headquartered in Hsinchu County, Taiwan, with an R&D center in Taipei and branch offices in Shenzhen and Shanghai to provide instant business and technical support to our clients worldwide.

Sustainability Strategy

Company Products

AIoT Device DDI

Display Driver Chip (DDI)

- Handheld Devices
- Smart Wearable Devices
- Feature Phone

Industrial Display DDI

Display Driver Chip (DDI)

- Automotive Display
- Customized Terminal Display

Automotive DDI

Display Driver Chip (DDI)

- Handheld Mobile Equipment
- Smart Wearable Devices
- Functional Smart Phone

Sensor and System-on-Chip (Soc)

- Optical Sensor Chip
- MEMS Sensor
- System-on-Chip (Soc)
- Power Control Chip

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Membership

MIPI

MIPI stands for Mobile Industry Processor Interface. Specifically, the following terms refer to:

- MIPI Alliance - Organization
- MIPI Members - any company that joins the MIPI Alliance
- MIPI Code - the code used by the MIPI Alliance

The MIPI Alliance is an open membership organization. The MIPI was founded in July 2003 by four companies: Texas Instruments (TI), STMicroelectronics (ST), ARM (UK), and Nokia (Finland). The MIPI Alliance aims to promote the standardization of mobile application processor interfaces.

The MIPI Alliance encourages all companies in the smartphone industry to join the MIPI, including smartphone manufacturers, semiconductor vendors, software vendors, system providers, peripheral equipment manufacturers, intellectual property providers, and other companies.

TOSIA

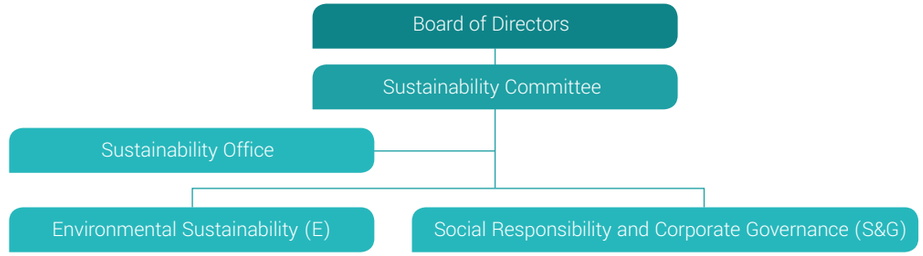
Taiwan Optoelectronic Semiconductor Industry Association (hereinafter referred to as the Association). Taiwan Optoelectronic Semiconductor Industry Association (TOSIA)

The TOSIA is established to bring together industry development consensus, promoting international cooperation among members and promoting industrial prosperity and progress. Combined with the research manpower and material resources of the domestic optoelectronic semiconductor industry and ITRI, it provides effective technology and professional services to enhance the technical level of China's optoelectronic semiconductor industry.

1.1.2 The Entity Responsible for Promoting Corporate Sustainability

In 2022, a Sustainability Committee is established under the Board, with the Chairman of the Board as the convener, to set annual sustainability goals in the economic, environmental, social and corporate governance aspects and to regularly monitor the implementation of the short, medium, and long-term goals for sustainability.

The Sustainability Office works with all departments within the Company to promote annual sustainability goals and commitments, including labor relations, employee care, corporate governance, environmental protection, and social welfare, to achieve many targets, including compliance with government regulations, protection of workplace rights, improvement of workplace health and safety, development of environmentally-friendly products, reduction of environmental impact, social and environmental responsibility, and meeting customer requirements.



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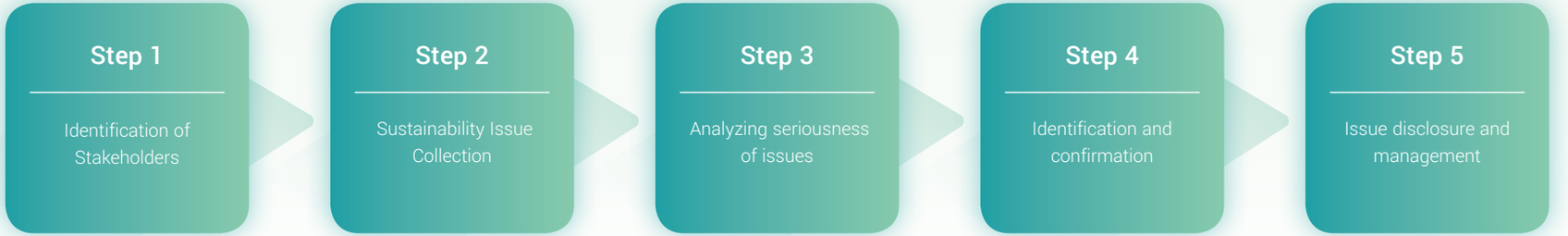
1.2 Identification of Stakeholders and Major Issues

Identification Process



1.2.1 Identification of Stakeholders

"Stakeholders" refer to groups or individuals that may exercise influence over the organization's goals or be affected by the organization. According to the AA1000 Stakeholder Engagement Standards (SES), Sitronix employs the five principles (i.e. dependence, responsibility, influence, diversified perspectives, and tension) in identifying stakeholders. The five major kinds of stakeholders for Sitronix include investors/ shareholders/securities traders, employees, clients, suppliers, and media. Please refer to Exhibits 1-1 and 1-2 for the communications between Sitronix and its stakeholders.

Exhibit 1-1: Interrelationship between Sitronix and Key Stakeholders and Role Significance

Stakeholder	Investor / Shareholder / Securities Trader	Employees	Clients	Suppliers	Media
Significance to Sitronix	• To provide the necessary funds for business development • To focus on the long-term strategy and operating performance of the company • To focus on corporate sustainability, grow with the company, and share the profits	• The most valuable assets and resources of the company • To be the creator of the company's operating performance • To grow with the company	• The target of the company is to provide products and services • The provider of the revenues and profits of the company • The decision-maker of the competitiveness of the company's products • The audience of the company's sustainability image	• To provide resources and services for the company's operations • Partners that create value for our clients • To comply with the company's screening standards • To maintain mutual trust and a long-term cooperative relationship with the company	• To disclose the company's performance in social activities • To communicate the company's industrial image • To communicate the company's new products and industry competitiveness • To meet public expectations • To act as the bridge between the company and the public

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Exhibit 1-2: Communication between Sitronix and Stakeholders

Stakeholder		Topics of Interest	Communication Method	Communication Frequency
Investor / Shareholder/ Securities Brokers	• Individual shareholders • Institutional investors • Credit rating agencies • Financial institutions	• Financial performance and profitability and dividend policy • Prospects, competitive advantages, and future growth potential of the company • Corporate governance/risk management • Information disclosure transparency • Corporate sustainability	• Financial statements, MOPS company website • Investor meeting, investor relations presentation (website) • Annual report of AGM, company website, sustainability report, disclosure of risk management system and reporting channels • Information disclosed on website, annual report of shareholder meeting • Sustainability report, company website	• Regularly • Quarterly • Monthly tracking/annually • Quarterly/irregularly • Annually
Employees	• Full-time employees • Contract employee	• Employee benefits • Talent attraction and retention • Working conditions • Learning and growth • Health and safet	• Employees communicate with each other through internal channels, and members of the Welfare Committee survey employees' opinions • Performance and incentives • Uphold the principle of fairness and non-discrimination, equal employment opportunities are provided to employees • Newcomer education and training, Sitronix class • Encourage employee activities and value the work environment	• Annual review • Every six months • Recruit employees, and start from the entry date. Newcomer camps are held every six months. • Entry date, and annually for existing employees • Annually
Clients	• Existing clients • Potential new clients	• Client relationship management • Product innovation/engineering capabilities • Product price/delivery time • Environmentally-friendly products • Quality management	• Email/telephone • Client satisfaction survey and response • Business project review • Product energy efficiency improvement program • Quality review meeting	• Daily • Annually • Monthly • Monthly/quarterly • Monthly
Suppliers	• Raw material suppliers • Key component suppliers • Foundries • Packaging plant • Test factory	• Compliance with regulations for the purchase of restricted substances • Work environment and hygiene • Price/delivery time • Productivity • Process technologies • Quality management	• Audit questionnaire, contract terms • Audit questionnaire • Contract • Contract with an on-site audit • Engineering meeting • Client-compliant	• Per contract, from time to time • Irregular audit • Per contract, from time to time • According to long-term contracts, regularly • Per project, from time to time • Per event, from time to time
Media	• Industrial economics media • Research institutions	• Operating performance • Product development • Corporate governance • Sustainability • Industry trends	• Financial statements • Press conference • Annual report of the shareholder meeting (AGM), company website • Sustainability report • Themed interview	• Quarterly • Irregularly • Annual update • Annual update • Irregularly

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1.2.2 Identification of Major Issues

Sustainability Issue Collection

In 2021, we identified 27 sustainable issues, on a basis of the GRI Standard indicators, along with the economic, social, and environmental impact on the company's sustainable management, and based on the business experience of our colleagues at various departments and the issues benchmarking against those of our peers.

Significance Matrix Analysis

In the Significance Matrix Analysis of Sitronix in 2021, we adopted matrix cross-analysis and collected 185 questionnaires in terms of the "Attention paid by Stakeholders" and the "Impact on Company's Operations" and the results of the major issues had been analyzed. We had listed 8 major issues as follows, and the number hereafter refers to the cumulative frequency of respondents selected as the most important. Please refer to Exhibit 2 for the value chain and scope of the major issues.

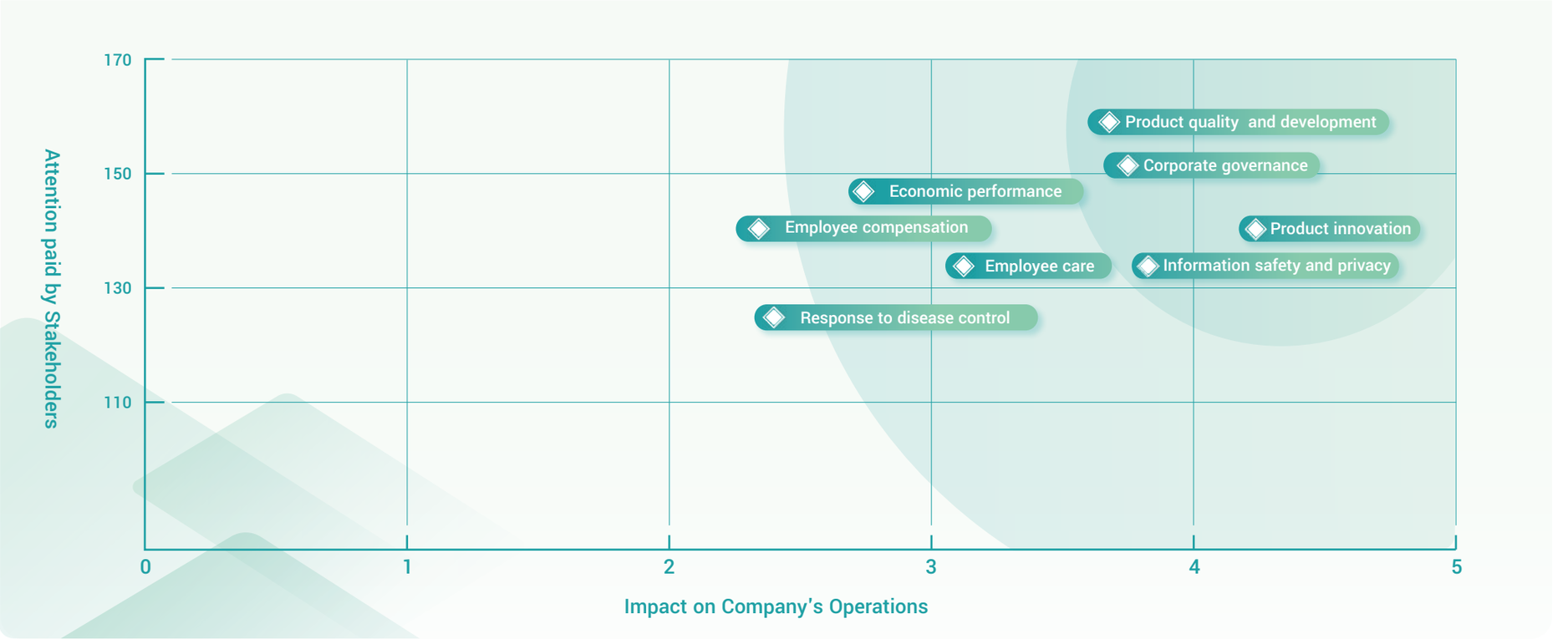

Exhibit 2: Major Issues and Value Chain

Sitronix is a fabless IC design company mainly engaged in developing and selling products, or customizing them to meet clients' needs. Before the final product is completed, the back-end procurement of raw materials, manufacturing, packaging and testing are all done by suppliers.

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Item	Major issue	Frequency of the most important	Coverage	Corresponding chapter/page	Corresponding GRI	Value chain impact scope			
						R&D (In-house)	Client commission (downstream)	Supplier manufacturing (upstream)	End-use
1	Product quality and development	155	Client satisfaction, problem-solving procedures, and quality management	2.1.2 R&D Innovation 3.1 Supply chain sustainability management - product development project management process 3. Client service and satisfaction	Customization	●	●	●	●
2	Corporate Governance	153	Information disclosure, composition, and operation of the board of directors and auditing	2.2 Ethical Corporate Management 2.2.1 Governance Structure	GRI 419: Compliance with social and economic regulations 2016	●		●	
3	Economic performance	148	Company growth, profitability and dividend payments	2.0 Annual performance highlights	GRI 201: Economic performance 2016	●	●	●	●
4	Employee compensation	140	Gender equality, non-discrimination	2.2.1 Governance structure - compensation committee 5.1 Employee development and training - compensation structure, gender equality payment 5.3 Employee Relations and Communication	GRI 405: employee diversity and equal opportunity	●	●		
5	Product innovation	138	Innovations in products, processes, and society/ environment	3. Innovative product design	Customization	●	●	●	●
6	Employee care	137	Communication between labor and management, salary and benefits, activities for employees' physical and mental well-being, and professional development planning	5.1 Employee Development, Education, and Training 5.2 Occupational Safety and Health 5.3 Employee Relations 5.4.1 Employee Benefits	GRI 401: Employment relations 2016 GRI 404: Training and education 2016	●			
7	Information safety and privacy	134	Information safety permanent organization, information safety policy, software and hardware monitoring structure, regular review	2.3.2 Risk Analysis and Assessment	Customization GRI 418: client privacy	●	●	●	●
8	Response to disease control	132	Disease control policy	2.4.1 Disease Control Strategy 2.3.2 Risk Analysis and Assessment	Customization	●	●	●	

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Annual Performance Highlights

The consolidated revenue reached
NT$22.256 billion
hit a record high

Gross profit margin exceeded
55.5%
hit a record

Attendance of the Board and committee members reached
100%

Ranked
No.1
In global market share for small-and-medium-sized industrial display and IoT display driver ICs

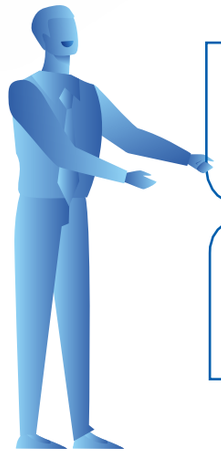
Net income of
NT$7.07 billion
up 2.27 times year-on-year

R&D expense amounted to
NT$2.928 billion
with an annual growth rate of 75%

Elected as a constituent stock of the "Industrial Elite 30
INE 30
Index"

Good Corporate Governance

Sitronix is committed to operating with integrity, emphasizing operating transparency and continuously improving its corporate governance structure. It has established an effective corporate governance structure and implemented practical regulations in accordance with the ROC Company Act, the Securities and Exchange Act and other relevant laws and regulations to implement effective corporate governance, and improve R&D and innovation to fulfill its corporate responsibility for sustainable management and enhance its operating performance to protect the rights and interests of investors and other stakeholders.



Operating performance
Operating results

Corporate governance and legal compliance
Governance structure and operations

R&D innovation
R&D results and intellectual properties

Risk management
Risk identification and response strategies

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2.1 Operating Performance

2.1.1 Financial Performance

Major Issue	Financial performance

Management Guideline

Policy

To continuously decentralize customer bases and market segments, and establish a forward-looking and rapid production and sales response mechanism to seize market opportunities

Commitment

To keep the leading position in display technology in the industry and improve long-term returns for shareholders

Responsibilities

The management team

Resources

To invest NT$2.928 billion in research and development in total, and to make more efforts in exploring brand customers to increase revenue

Complaint mechanism

Investor Relations - Mr. Chou
Tel.: 886-2-2659 1276
ext 2206
Email: jacky_chou@sitronix.com.tw

Specific Actions

To deeply engage in a variety of consumer and commercial end-use products and automotive markets, helping brand customers to provide solutions and improve their performance significantly

Performance Assessment

Deloitte & Touche regularly reviews or audits the financial statements quarterly and reports the results to the Audit Committee and the Board of Directors

Strategic Goals

Goals and Performance for 2021

- The consolidated revenue amounted to NT$22.256 billion in 2021 with a gross margin of 55.5%, both hit new records
- Occupy the largest DDI market share for sensor and AI Internet-related applications
- Growth and technological breakthroughs are made in the smartphone market to meet the demands for products of smartphones at different levels
- Automotive products, increasingly featuring convenience, safety, and environmental protection, are widely used
- Take the No.1 place in global market share for small-and medium-sized industrial display and IoT display driver ICs

Short-term Goals in 1 Year

- To increase revenue and profits
- To maintain a robust balance sheet to meet various R&D needs
- To further explore brand clients and work with partners to commercialize technologies and provide clients with more complete one-stop procurement services

Mid- and Long-term Goals in 1-3 Years

- To increase revenue and gross margin in the long term
- To keep upgrading display panel sizes and resolutions and take the largest market share in sales of all products
- To continue to increase terminal product categories
- To diversify applications and maintain a balanced development of various product lines

Long-term Goals in 3-5 Years

- To continuously explore new business and investment opportunities
- To improve the long-term investment value of the company
- To diversify applications and markets and reduce risks
- To continue to develop high growth + high margin product portfolio
- To continue to expand market penetration
- To continuously research and develop new products, master key technologies and create competitive products in the market

Secondary Goals of SDGs

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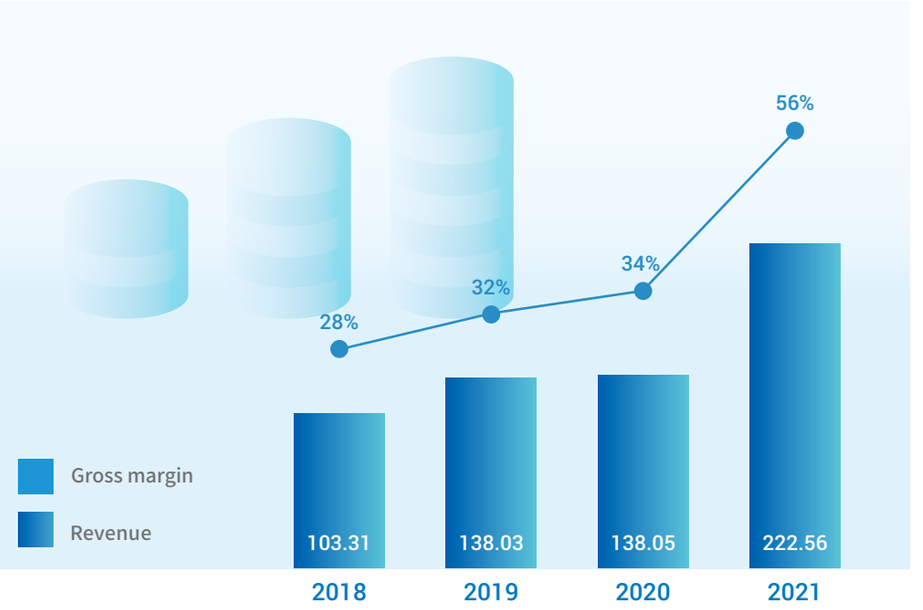
In response to the strong demands for various consumer-end products driven by COVID-19, and to deal with the severe shortage of capacity in the semiconductor supply chain and rising IC prices due to supply shortages, Sitronix has successfully consolidated its leading position in display driver ICs (DDIs) for feature phone and is also committed to expanding its DDI portfolio for smart phones. In addition, the Company will continue to enhance the development of non-cellular DDI products such as automotive and industrial DDIs, touch control, ambient light sensors, distance sensors and MEMS sensors. In terms of product diversification, Sitronix is currently engaged in various DDI markets such as feature phones, smart phones, AI internet of things (AIoT), wearable devices, automotive and industrial applications, as well as non-DDI products such as MCUs, power management ICs, distance sensors, optical sensors, and MEMS sensors. With respect to product differentiation strategy, Sitronix will continue to innovate and develop products such as zero capacitor and low power consumption products, upholding the principle of conducting R&D, and innovation for clients and providing competitive and differentiated products. In 2021, our revenue reached a new record with price and volume increases in all product lines.

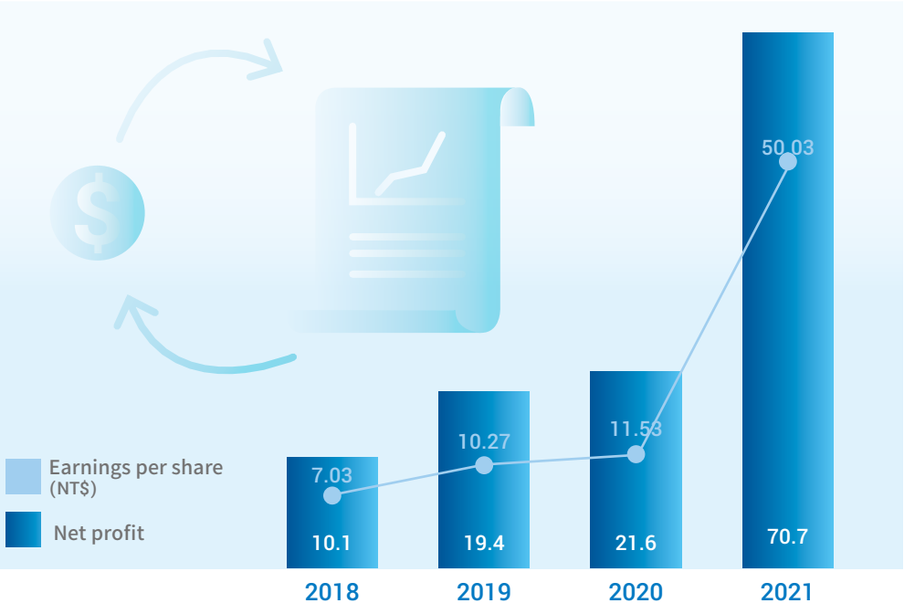
Revenue and Gross Margin

Unit: NT$ 100m



Net Profit and Earnings Per Share

Unit: NT$ 100m



Tax Commitment

- All operations shall be conducted per the relevant tax laws and regulations
- Inter-affiliate transactions are carried out based on conventional trading principles and internationally recognized transfer order standards promulgated by the Organization for Economic Cooperation and Development (OECD)
- To support the government's tax-related policies to encourage business innovation
- To maintain good communication channels with tax authorities
- To analyze the operating environment and use a management mechanism for tax risk assessment
- Tax information disclosure shall comply with the Financial Reporting Standards and related regulations
- Do not use tax havens or engage in tax planning for tax avoidance purposes
- Do not transfer profits generated by the Company to countries with lower tax rates

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2.1.2 R&D Innovation

Major Issue	R&D innovation

Management Guideline

Policy
To combine R&D talents and products, work together with brand clients, invest in forward-thinking technologies, explore new market opportunities, and maintain technology leadership

Commitment
New product design shall be incorporated with the concept of energy saving and carbon reduction, providing customers with products and total solutions with high performance and low power consumption

Responsibilities
R&D & engineering department

Resources
To invest NT$2.928 billion in research and development in total, and to make more efforts in exploring brand customers to increase revenue

Complaint mechanism
To maintain a two-way communication channel between R&D and business divisions/ customers to grasp market trends and consumer needs

Specific Actions
To consolidate the leading position in display driver ICs (DDIs) feature phones and committed to expanding the DDI portfolio for smartphones. To continue to enhance the development of non-cellular DDI products such as automotive and industrial DDIs, touch control, ambient light sensors, distance sensors, and MEMS sensors.

Performance Assessment
The R&D Center shall regularly review R&D results and learn about the market through the business divisions to optimize the resource allocation

Strategic Goals

Goals and Performance for 2021
- To take a lead in developing high-sensitivity slit-type light sensors.
- To develop an HD TFT integrated display driver and capacitive touch chip.
- To launch TFT display driver chip for QSPI interface wearable devices.
- To introduce MCU-based control chips for automotive generator regulators.
- To bring out high-end wearable capacitive touch chips.
- To launch smart meter display driver chip.

Short-term Goals in 1 Year
- To fully promote zero-capacitor technology to the mid-to high-resolution display driver market
- To gradually increase the share of mid-size automotive panel driver ICs in the automotive market.
- To continuously upgrade sensors to stabilize high-end market share

Mid- and Long-term Goals in 1-3 Years
- To continue to decentralize applications and products and maintain a balanced development of various product lines.
- To continue to invest in R&D to widen the gap with competitors through differentiated technology

Long-term Goals in 3-5 Years
- To be the best partner for clients in the field of smart image and display technologies

Secondary Goals of SDGs

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Sitronix is a global leader in small display driver ICs and smart handheld sensor solutions, with consumer-end products covering industrial display, handheld devices (smartphones and tablets), Internet of Things (AIoT) applications, automotive and electrical appliances, medical devices, energy devices, and IC design and sales. We encourage internal entrepreneurship, and our employees could establish subsidiaries by developing new technologies and extending our product lines into handheld and wearable devices such as Power ICs, optical sensors, MEMS sensors, and capacitive touch controller ICs, and building a large customer base for Sitronix with a significant presence in the global market.

In order to drive its growth and maintain its leading position in technologies, Sitronix has been investing in long-term R&D of key technologies and promoting various products to enter new application fields. The R&D expenses were NT$2.928 billion in 2021 and NT$1.677 billion in 2020, or an increase of 57%. The R&D expenses keep growing. In terms of product and technology deployment, Sitronix not only grasps market trends, but also deploys R&D resources in advance to develop innovative, value-added, and differentiated products or solutions that meet the trend of consumer electronics products and satisfy market demands.

New products and services to be developed

1. High-end integrated smart phone display driver and capacitive touch chip (TDDI).
2. Medium-size color automotive display driver chip.
3. AIoT integrated display driver and capacitive touch chip (TDDI).
4. Wearable AMOLED integrated display driver and capacitive touch chip (TDDI).
5. High-end distance and ambient light sensors.
6. Gyroscope sensor.

Intellectual properties

To protect its R&D achievements, Sitronix has proactively filed 24 patent applications both at home and abroad and obtained 44 new domestic and foreign patents. By 2021, the company obtained a total of 505 patents and maintained 405 valid patents.

2.1.3 Dividend Policy

Per its Articles of Association, Sitronix will pay dividends in cash or stock approved by the shareholders' meeting, provided that the percentage of cash dividends shall not be less than 10% of the total dividends. The dividend distribution considers the Company's overall operating capital requirements and financial planning, as well as future investment environment, capital requirements, domestic and international competition, capital budget, the interests of shareholders, balanced dividends, and the Company's long-term financial planning shall also be taken into account. Without special conditions, the Company set no less than 50% of net income after tax as the policy of dividend payout. The cash dividend for 2021 is expected to be distributed in the third quarter of 2022 at NT$32 per share, with a cash payout of around 64%, which is the same as the previous year.

Cash dividends and dividend distribution rate

	2018	2019	2020	2021
Cash dividends (NT$)	5	6.5	7.5	32
Earnings per share EPS	7.03	10.27	11.53	50.03
Dividend payout (%)	71%	63%	65%	64%

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2.2 Ethical Corporate Management

2.2.1 Governance Structure

Major Issue: Corporate governance, regulatory compliance

Management Guideline

Policy

To continuously strengthen the functions of the Board of Directors, establish a sound corporate governance system, and operate the business in compliance with government regulations

Responsibilities

Board of Directors, Audit Committee, Compensation Committee, Finance Division, Intellectual Property/Legal & Compliance Department, and Sustainability Committee

Complaint mechanism

- Intellectual property legal director and audit director
- Report by letter:F11-1, No. 5, Taiyuan 1st Street, Zhubei City, Hsinchu County, Taiwan
- Sitronix, Audit Director

Commitment

To promote the corporate culture of business integrity on a basis of the highest guiding principle of sustainability

Resources

The board of directors shall be established per the Company's Articles of Association with nine directors to ensure board diversity and independence

Specific Actions

The Board of Directors shall discuss important issues of the Company such as operations, internal control, and salary structure adjustment of employees

Performance Assessment

The performance will be assessed internally by the board of directors, functional committees and individual board members once a year, and general performance evaluation shall be conducted by an external independent and professional agency once every three years

The audit team shall perform regular audits of "compliance with laws and regulations" every year, report the results to the Audit Committee and the Board of Directors, and track improvements if any

Strategic Goals

Goals and Performance for 2021

- To rank in the top 36 to 50% of listed companies in the 2021 TWSE Corporate Governance Evaluation
- The attendance rate is 100% for the Board of Directors, the Compensation Committee, and the Audit Committee
- No major violations of social, environmental, and economic laws and regulations shall be found

Short-term Goals in 1 Year

- The attendance rate shall not be less than 90% for the Board of Directors and functional committees
- The corporate governance rating of the Company shall be raised to 21%~35%.
- The Sustainability Committee shall be established to ensure the sustainability of the Company
- No major regulatory violation shall occur

Mid- and Long-term Goals in 1-3 Years

- The corporate governance rating of the Company shall be raised to 6%~20%
- The operation of the board of directors shall be continuously improved by the recommendations of the corporate governance 3.0 blueprint proposed by the competent authorities
- No major regulatory violation shall occur

Long-term Goals in 3-5 Years

- The management mechanism of each functional committee shall be continuously improved to strengthen the corporate governance of the Board of Directors
- No major regulatory violation shall occur

Secondary Goals of SDGs

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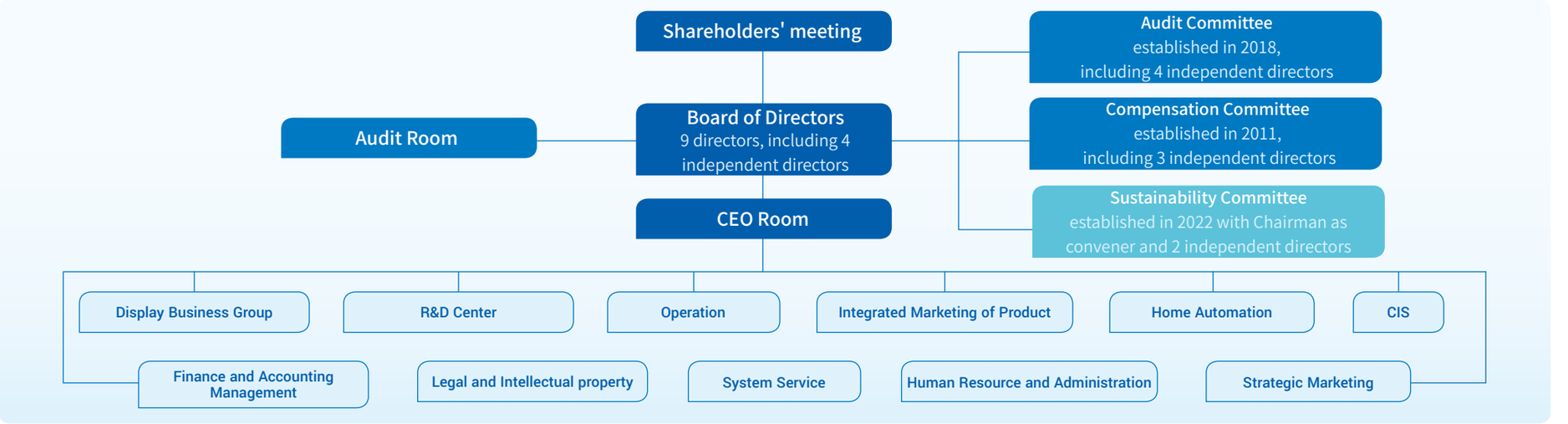
Sitronix has attached great importance to business integrity, financial stability, and viewpoints raised by its stakeholders. The Board of Directors of Sitronix is composed of professionals with the intensive knowledge of management and technology development in the industry. Following the regulations of the competent authorities, the Audit Committee, the Compensation Committee, and the Sustainability Committee have been established to assist the Board of Directors in exercising internal control mechanisms, improving the compensation system, and implementing sustainable development strategies to fulfill its corporate governance responsibilities.

Sitronix Corporate Governance Structure



Governance Structure of the Board of Directors

	Responsibilities	Operation
Board of Directors	• To actively fulfill the responsibility of executive supervision and hold regular meetings every quarter • To assist the management in setting goals to meet corporate objectives • To plan short, medium, and long-term strategies in consideration of shareholders' and stakeholders' expectations • To maintain good communication with the management • To ensure that the powers and functions of the board are exercised under the law, the provisions of the Articles of Association or the resolutions of the shareholders' meeting.	The Board of Directors held 6 meetings in 2021 with 100% attendance of members
Audit Committee	• To oversee the proper presentation of the Company's financial statements • To appoint (dismiss) certified public accountants • To ensure the effectiveness of internal control • To comply with laws, regulations, and potential risk control measures	• To hold a meeting at least once a quarter and communicate fully with the Company's internal audit committee and certified public accountants • The Board of Directors held 4 meetings in 2021 with 100% attendance of members

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	Responsibilities	Operation
Compensation Committee	• To revise and evaluate the Company's overall employee compensation system • To regularly review manager performance evaluation and salary compensation principles • To regularly evaluate the compensation of directors and managers	• To hold at least two meetings per year • The Board of Directors held 4 meetings in 2021 with 100% attendance of members
Sustainability Committee	• To formulate sustainability policies • To develop sustainability plans, including sustainability, integrity, environmental and social objectives, strategies, and implementation plans • To review, track and revise the implementation and effectiveness of sustainability policies, and report to the Board of Directors • To address the concerns of various stakeholders, including shareholders, customers, suppliers, employees, government agencies, non-profit organizations, community, and media, and to oversee communication plans	• The Board of Directors approved the establishment of the Sustainability Committee on August 4, 2022, and appointed the Chairman as the convener and two independent directors as members of the committee. The first meeting was held on Oct 28th, 2022.

Operation of the Board of Directors

Item	Description	Implementation effectiveness in 2021
Board of Directors Election	• Sitronix's Board of Directors is structured in consideration of the Company's business scale, the formation of its major shareholders, and the practical operation needs, and the Board of Directors is authorized to decide on the appropriate number of directors (more than 5 members). • The tenure of the directors is three years and the shareholders will elect a person with the capacity to act as a director. • The Articles of Association sets out a candidate nomination system for the election of directors (including independent directors). • The professional qualifications, restrictions on both shareholding and concurrent positions held, and method of nomination and election of the independent directors shall be following the provisions of the Company Act, the Securities and Exchange Act, and other relevant laws and regulations.	For related information, please refer to the Company's website home page » Investor Relations » Corporate Governance » Bylaws of the Company » Procedures for Election of Directors
Board of Directors Diversity	In the "Procedures for Election of Directors" and the "Code of Corporate Governance Practices", the Company specifies that the election of directors shall take into account the diversity of directorship and set out appropriate diversity guidelines based on its operations, business model, and development needs, with the following specific objectives: 1. The Board of Directors of the Company emphasizes gender equality of its members and shall include at least one female director. 2. The Board of Directors of the Company emphasizes operational determination, management, and crisis management capabilities, and at least 2/3 of its members shall be competent in the relevant areas. 3. The number of directors who are employees of the Company, its parent, child, or sister company shall be less than 1/3 (including this figure) of the total number of directors for supervision. 4. The number of independent directors shall be at least 1/3 of the members of the board for supervision.	• Concerning gender diversity, of the nine directors, four are independent, and one of the independent directors is a woman with a professional accounting qualification (CPA), thus achieving gender diversity among the board members. In terms of age distribution, three directors are aged 51-60, five are aged 61-70 and one director is aged 71-80, which also shows diversity. • For major expertise, one of the independent directors is a qualified accountant who specializes in financial accounting. The remaining three independent directors once served as the chairpersons and general managers in the technology industry, and all of them have business, technology, and operational determination skills, as well as an international vision, which will enhance the Company's corporate governance and planning for the future business strategy. • Of the five non-independent directors, three are employees of the Group, accounting for 22% of the total number of directors. All three employee directors have business judgment, technology, and industry knowledge with operational determination capacity; one director is a corporate director of an information electronics company who can provide cross-industry experience and advice, and has the business judgment, technology, and operational determination experience; and one director possesses extensive industry knowledge and financial expertise. The above composition of directors is conducive to supervising the operation. • Of the nine directors of the current board, four are independent directors, accounting for 44% of the total number of directors, thus achieving the purpose of operational supervision.

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Item	Description	Implementation effectiveness in 2021
Board of Directors Performance Assessment	Following the "Rules for Performance Evaluation of Board of Directors" approved by the Board of Directors, the performance of the Board of Directors, functional committees, and individual Board members shall be evaluated internally once a year, and the performance of the Board of Directors shall be evaluated by an externally professional and independent organization once every three years. The evaluation results shall be reported to the Board of Directors during the first quarter to continuously enhance the effectiveness of the Board of Directors operation.	• In 2021, the board, functional committee, and board members were rated as "Excellent" and internal performance results were reported to the board in the first quarter of 2022. • For the 2022 Plan, an externally independent evaluation agency is authorized to evaluate the performance of the Company's Board of Directors. • For more information on the performance evaluation of the Board of Directors, please refer to the website of the Company under Homepage » Investor Relations » Company Governance » Members of Board of Directors» Implementation and Results of Performance Evaluation of Board of Directors
Remuneration Policy for Directors and Managers	• Following Article 18-1 of the Company's Articles of Association, the Company shall set aside no more than 3% of the Company's profit, if any, for the year as remuneration to directors; and the Company shall not pay any benefits other than the remuneration to be paid to directors and business expenses. • In addition to the "Evaluation Questionnaire for Board Members (Self-evaluation or Peer-evaluation)", the results of the Board of Directors' performance evaluation, the attendance of the Board of Directors' meeting, and the status of the directors' education shall also be used as references for the determination of the remuneration. The remuneration of directors shall be reviewed by the Compensation Committee, submitted to the Board of Directors for resolution, and reported to the shareholder meeting. • The remunerations paid to the general manager and vice general manager shall be determined regarding the industry standards and shall consist of fixed salaries, performance bonuses, employee compensation, and other benefits, of which performance bonuses and employee compensation shall be determined based on operating performance. • The Company shall assess the performance of its managers twice a year. The assessment indicators include the duties held, management effectiveness, and annual target achievement. The amount of remuneration shall also be calculated by taking into account the overall profitability of the Company for the year and shall be submitted to the Compensation Committee for review, which shall be approved by the Board of Directors before implementation. • The Company also takes into account the changes in the global economy, international financial environment, and industry trends when deciding the aforementioned remunerations, and estimates the future development of the Company's business, profitability, and operational risks, to minimize the future risks, and maintain a balance between the sustainable operation and risk control of the Company.	For information on directors' and managers' remunerations, please refer to "Remuneration paid to directors, supervisors, general manager, and deputy general manager in recent years" in the 2021 Annual Report of Shareholders.

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Member of the Board of Directors

Director Name	Title	Gender	Tenure			Professional Competence								Diversified Competence			Employee Status	Group Manager or Not
			<3 years	3-9 years	>9 years	Business Judgment	Accounting and Financial Analysis	Operation Management	Crisis Management	Industry Knowledge	Outlook on International Market	Leadership Ability	Decision-making Ability	Industry or Technology	Risk Management	Legal, Financial, or Accounting		
Vincent Mao	Chairman of the Board	Male			●	●		●	●	●	●	●	●	●	●		●	
Lin, Wen-Bin	Director	Male			●	●		●	●	●	●	●	●	●	●			
Cheng, I-Hsi	Director	Male			●	●		●	●	●	●	●	●	●	●		●	●
Silicon Power Computer & Communications Inc. Representative: Chen, Hui-Min	Legal Person Director	Male		●		●		●	●	●	●	●	●	●	●			
Lee, Sheng-Shu	Director	Male		●		●		●	●	●	●	●	●	●	●		●	●
Dai, Cheng-Chieh	Independent Director	Male			●	●		●	●	●	●	●	●	●	●			
Lin, Yu-Nu	Independent Director	Female		●		●	●	●	●		●	●	●		●	●		
Lo, Jui-Hsiang	Independent Director	Male	●			●		●	●	●	●	●	●	●	●			
Hsu, Ching-Jung	Independent Director	Male	●			●	●	●	●		●	●	●		●	●		

Report of the Board of Directors on Important Issues in 2021

Adjusting employee compensation structure:

To facilitate the recruitment and retention of talent, the Company has adjusted the fixed salary structure for new and existing employees starting from December 2021 to maintain the Company's long-term competitiveness.

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2.2.2 Ethics and Integrity

Sitronix upholds the value strategy of honesty, stability, and decency, and abides by the concepts of business conduct and ethical regulations. The management team and all employees of the Company follow the "Procedures for Handling Material Internal Information" and the "Code of Conduct for Integrity", and comply with the "Procedures and Guidelines for Operation Integrity" and "Fraud Reporting Rules" added to the "Code of Conduct for Integrity" as the standards in business operation. In addition to the "Procedures for Handling Material Internal Information" and "Code of Conduct for Integrity" courses that new employees are required to complete, we also provide annual training on "Prohibition of Insider Trading" to strengthen the awareness of corporate ethics.

Sitronix has placed the above-mentioned courses and teaching materials in its internal learning system, and all the trainees, including regular employees and contractual employees, have completed the courses in July 2021. Should you have questions about the contents of the Code of Conduct for Integrity, please contact the Human Resources and Legal Affairs Department for consultation.

Course	Trainees in 2021	Training completion rate in 2021
Procedures and Guidelines for Operation Integrity	45	100%
Procedures for Handling Material Internal Information	45	100%
Prohibition of Insider Trading	37	100%

Anti-corruption Measures

We have a zero-tolerance policy for corrupt practices and strictly prohibit bribery offering and acceptance, illegal political contributions, improper charitable donations or sponsorships, and the offering or acceptance of unreasonable gifts, hospitality, or other improper benefits as specified in our Code of Conduct for Integrity. Employees shall recuse themselves when conflicts of interest arise in performing their duties. In addition to the principle of honesty and fairness in the selection of trading partners, any transfer of Company resources or benefits to family and friends of employees is prohibited. The Company shall regularly audit and assess its suppliers and require them not to engage in any illegal business practices and not to provide bribes or improper benefits to the Company's employees. The Company may terminate or cancel the contract with any supplier with a high risk of dishonest behaviors and will notify the judicial authorities in serious cases.

The provisions of the "Code of Conduct for Integrity" have been strengthened to prevent business activities with higher risks of dishonest conduct within the scope of business, which covers the conduct in Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".

Internal Management Measures

Sitronix adopts an integrity policy in its operation and management, under which both internal management and external business activities are subject to contract management, such as employment contracts and commercial contracts with clients and suppliers. The Human Resources and Administration Department is responsible for formulating and overseeing the implementation of the Company's Ethical Corporate Management policies and prevention programs, as well as reporting regularly to the Board of Directors on the status of implementation. The last report was submitted on November 4, 2021.

In addition, to prevent conflicts of interest, the Company has established the "Code of Conduct for Integrity" to regulate the business implementation and enforcement. Whistleblowers can report illicit actions to the dedicated department through the independent reporting e-mail on the Company's website.In 2021, Sitronix did not find any employee corruption incidents or other major breaches of integrity in its operations.

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Complaint and Reporting Channels Complaint and Reporting Channels

In terms of complaint and reporting mechanism, Sitronix has set up internal and external complaint channels by the "Procedures and Guidelines for Operation Integrity" and the "Fraud Reporting Rules", and provided a complaint e-mail. The head of the Human Resources and Administration Department is responsible for receiving and dealing with reports on integrity violations. In the event of any major case, an investigation team will be established to investigate the facts and report the case to the procuratorial and police organs depending on its significance; if the case is substantiated, the Company will gather relevant internal departments to review the internal control system and operating procedures to propose improvements and prevent similar behaviors. Meanwhile, the Company will implement the principle of confidentiality, with the identity of the whistleblower and the report to be protected, as well as rewards and penalties determined in line with the actual circumstances. In 2021, Sitronix's dedicated whistleblower e-mail did not receive any report.

Reporting channels	Contact e-mail	Receiving unit
Internal: Employee reporting e-mail	report@sitronix.com.tw	Human Resources and Administration Department
External: Stakeholder reporting e-mail	jacky_chou@sitronix.com.tww	Strategic Marketing Department

2.2.3 Regulatory Compliance

Sitronix and its subsidiaries shall follow the internal rules and regulations established for the listed companies and update them per the regulatory amendments by the competent authorities to ensure that the operations of the Company align with the law and to prevent any fines imposed on the Company in violation of laws. In terms of intellectual properties and legal affairs, the Company has established a dedicated department to provide legal advice and assistance to various operating departments. The audit team will also perform regular audits of "compliance with laws and regulations" every year, report the results to the Audit Committee and the Board of Directors, and track improvements if any. Sitronix was not subject to significant fines and non-monetary penalties for violations of social, economic, and environmental laws or regulations in 2021.

Business Secrets

Sitronix's intellectual properties and protection measures are handled by its Intellectual Property Department, as the most important assets of the Company. The Intellectual Property Department will assist the internal R&D staff to turn their R&D achievements into IP rights and promote internal intellectual property management, continuously accumulating the Company's intellectual property rights to increase the competitiveness for the Company and its clients. The confidential regulations are also specified in the employee handbook and employment contracts:

1. **Employees are obligated to keep the Company secrets confidential**
2. **Employees shall not disclose the Company's secrets during their employment or after their departure**
3. **Any employee who has disclosed company secrets will be investigated by the Company and the Company will claim for compensation by the laws**

In addition, Article 5, the Prevention Scope, of the Code of Conduct for Integrity is specified for business activities with high risks of dishonest behaviors, indicating: employees shall not infringe on trade secrets, trademarks, patents, copyrights, and other intellectual property rights of the Company. All of the above regulations and measures are designed for ensuring the complete protection and promotion of business secrets. In 2021, no infringement of trade secrets was found in Sitronix.

In terms of suppliers, the supplier must sign a processing contract to be a qualified supplier of Sitronix, and the contract shall stipulate that the supplier shall be responsible for protecting Sitronix's confidential information and trade secrets. In 2021, no supplier of Sitronix was found in breach of any signed processing contract.

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2.3 Risk Management

Major Issue	Risk Management
Management Guideline	**Policy** To improve the Company's risk management mechanism for regular assessment and review **Commitment** To reduce the negative impact of emergencies on the Company, respond to potential crises in a timely and appropriate manner, and pursue sustainable business operations **Responsibilities** • Chairman and Chief Executive Officer's Office • Sustainability Committee • Intellectual Property and Legal Affairs Department • Related Departments **Resources** • Chairman and Chief Executive • Sustainability Committee **Complaint mechanism** ◆ Sustainability Office - Mr. Huang ◆ Email: tom_huang@sitronix.com.tw **Specific Actions** To improve the Company's risk To establish a Sustainability Committee to facilitate the Board of Directors to oversee the Company's risk management response strategy and to prepare for the introduction of quantitative tools for climate change risk management **Performance Assessment** • To establish Sustainability Committee • Execution of the risk management regulations amended by the competent authorities • To maintain transparency in information disclosure
Strategic Goals	**Goals and Performance for 2021** • The Company initiates the announcement on the COVID-19 emergency response and dynamically adjusts the epidemic prevention measures, to ensure the normal operation of the Company during the epidemic period • No major information security event has occurred **Short-term Goals in 1 Year** • To establish the Sustainability Committee to strengthen the control over major risks • To develop quantitative tools for climate change risk management to facilitate continuous monitoring **Mid- and Long-term Goals in 1-3 Years** • Each department shall conduct risk analysis and identification, evaluation, and response to the medium and long-term internal and external changes to reduce corporate risks and achieve corporate goals • To set up a risk management task force to identify and control significant risks **Long-term Goals in 3-5 Years** • To pursue sustainable operation of our business **Secondary Goals of SDGs** 13.3

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2.3.1 Risk Management Organization and Mechanism

Business organizations are often exposed to many potential and unpredictable risks in the course of their operations. To guide and monitor the Company's operations, the Board of Directors of Sitronix has established the Sustainability Committee in 2022 to incorporate the identification of operational risks, organizing notifications, and developing risk management strategies into daily management. The Board of Directors is also informed of risk responses and actions addressed to both internal and external stakeholders on an annual basis.

The Audit Committee is responsible for internally controlling system and financial risks, and assisting the Board of Directors in overseeing the proper presentation of the Company's financial statements, the appointment (dismissal) of certified public accountants, the effectiveness of internal control operations, compliance with laws and regulations, and the implementation of potential risk control measures. The Audit Committee shall hold a meeting at least once a quarter and communicate fully with the Company's internal audit committee and certified public accountants.

Sitronix's management team shall identify and handle the potential risks affecting the sustainability of the Company through weekly and monthly operational meetings, and formulate relevant strategies and countermeasures to transfer, mitigate and avoid such risks, minimizing them and seeking the possibility of transforming them into operational opportunities. Through effective risk control, we will strive to continuously create economic, environmental, and social values for our clients, shareholders, employees, and stakeholders, including the communities in which we operate.

2.3.2 Risk Analysis and Assessment

Risk	Risks/Opportunities/Expected Benefits	Risk Impact	Measure
Changes in interest rates and exchange rates	• The operations are funded by our capital, and no bank loans are required. For hedging exchange rate risks, a small number of bank loans may be borrowed. • Both imports and sales are conducted mainly in U.S. dollars, which automatically hedges some of the exchange rate risks. • Forward foreign exchange contracts and U.S. dollar borrowings are used to reduce the risk of exchange rate fluctuations. • The Company did not see any significant impact on profit or loss due to inflation.	• Rising interest rates increase borrowing costs • Foreign exchange risk • Changes in the exchange rate of the US dollar against the Taiwan dollar • Inflation increases the outsourced manufacturing costs	• Keep an eye on exchange rate fluctuations and trends of global interest rates and exchange rates. • Adjust foreign currency positions promptly to reduce the impact of exchange rate changes. • Choose appropriate and lower-cost foreign exchange hedging instruments following the corporate regulations to hedge exchange rate risks.
Supply and sales of products are concentrated	• It is easy to improve customer relationship stickiness • Maintaining good relationships with suppliers shall be prioritized over increasing production capacity and increasing yields	• The material supply and product sales are concentrated on only a few suppliers and clients, and the risks related to sales prices and supply costs can hardly be distributed, which may lead to significant fluctuation in the profits of the Company. • The bargaining ability of the Company for material supply and product sales is limited.	• In terms of supply, we have diversified our sources to a number of foundries such as TSMC, UMC and VIS, and have maintained stable relationships with several packaging and testing companies to reduce the cost and quality risks associated with over-concentration of supply. • In terms of sales, the Company's products are used in a variety of applications and are mainly sold to distributors and system module manufacturers in two modes. Different sales agents will be used according to sales areas and conditions. For products sold through agents, the Company has application engineers to directly support final-end clients with product technical services. • There is no risk of over-concentration of sales in terms of end-user diversification.
Information Security and COVID-19 Outbreak	• Resources are inputted to pro-actively improve information security • Flexible work hours are scheduled in response to COVID-19	• Working from home increases the risk related to information security • Working at home is not suitable for all work situations and may reduce work efficiency • Disruption of the operating system may result in business losses and affect the goodwill of the Company • The supply chain disruption may cause a decrease in production capacity, affecting the Company's shipment schedules	• The Information Security Committee shall direct the Information Security Response Center and the Information Security Implementation Team, which are responsible for the management, planning and implementation of measures for information security. • To strengthen internal information security capabilities • To make plans for working at home in line with information security requirements • To monitor information security in real-time to reduce information security risks • To strengthen employee awareness of information security through educational training and promotional announcements • To plan supply chain capacity deployment and contingency operations • Improve security inventory, and increase secondary suppliers

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2.3.3 Information Security Management

Information Security Organization Management

To fulfill the information security responsibility of the Company's information security management system and implement the information security policy, the Company has established a management framework and a senior management team to implement the information security policies, allocate resources, and coordinate the implementation of organization-wide security measures: the Information Security Committee is convened by the R&D director, with the Information Security Response Center and the Information Security Executive Team, which are responsible for the management, planning, supervision and promotion of measures for information security. The Information Security Committee meets regularly each year to review matters related to the Company's information security management and the implementation of information security policies, and to report the results of its work to the Board of Directors. In 2021, Sitronix neither found any major information and communication security events nor suffered any property damage that would affect its operations or goodwill.

Information Security Organizational Structure and Job Responsibilities

Information Security Committee: The R&D director shall act as the convener of the committee, and the Information Security Response Center and the Information Security Implementation Team are set under the committee and are responsible for the implementation of resolutions related to the information security management system.

Information Security Implementation Team: The team is composed of the personnel assigned by the convener of the Information Security Committee that is responsible for planning and implementing various information security works.

Information Security Response Center: The Center is responsible for responding to unexpected information security events with corresponding solutions, as well as tracking collection and event identification. The "Risk Improvement Plan" shall be prepared, controlled, and tracked continuously until the improvement.

Information Security Policies and Specific Management

The Company builds its capacity in zero dead-zone protection in the following three aspects, to improve the security and stability of the Company's information operations, provide reliable information services, including the necessary security controls when using the network and information systems, and prevent the improper use, leakage, tampering, and destruction of the Company's information and data that may increase operational risks and hazards, as well as enhancing the awareness of employees' information security:

Personnel Management

1 Identity Authorization Management

Access to the information system by users is only allowed to execute the Company's business, and in case of violating information security regulations, the relevant personnel will be reminded to follow the regulations. All authorization will be canceled if employees take leaves (resign) from the work. The users shall abide by the relevant confidentiality regulations of the Company and shall not disclose confidential information during or after their employment.

2 Information Systems Management Staff

Security classification for individual users is provided to control access to data in line with the authorization of the user's actual duties. The creation, termination, and deletion of user accounts in the information system must be approved by the responsible departmental head.

3 Network Users

Users are prohibited from disclosing their login IDs and passwords to others; impersonating the login IDs and passwords of other legitimate users; accessing unauthorized files or privileges on the Internet; or spreading pornographic text, pictures, images, or audio over the Internet.

4 Network System Administrator

The network system administrator is responsible for the formulation and implementation of network security policies and the setup and operation of network management tools to ensure the security and integrity of the system hosts and data within each host. Any breach of network security shall be reported by the network system administrator to his or her executive, but he or she shall not add, delete, or modify audit data files to avoid difficulties in tracking and inquiring when a security violation occurs.

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Software and Data Management

1 Software Maintenance

A dedicated employee is assigned to maintain the normal operation of the information system. The updates, upgrades, additions, and deletions of the information system shall be approved by the responsible department and the process of control record changes shall be properly kept. Software installation must be requested and carried out by information personnel and recorded for investigation purposes.

2 Data Storage Management

According to the applicability of laws and regulations and each type of data, the corresponding period of disclosure or destruction shall be defined. If the volume of data files and materials is too large and has to be outsourced, it should be notified to the responsible department for approval in advance. If information files shall be shared with external third parties to perform their tasks, they must ensure that the security of the corresponding organization meets the security level of the accessed data.

3 Information Flow Control Measures

The legality of the information flow in the system will be monitored by the information system to prevent illegal information transmission and ensure the security of the information flow.

4 Internal Data Transmission

The user authorization and data security levels within the system shall remain consistent when the data is transferred. The information system administrator will develop the protection method for data transmission according to the corresponding authorization principle to ensure the consistency of information security level when data is transferred among independent subsystems within the Group.

5 Data Protection System

Backup	Through regular scheduling or manual operation, we can restore the data for use when the original data are damaged by software or hardware failure, to reduce data corruption resulting in data reproduction and operation delay, and ensure the sustainability of our operation.
Redundancy	Through hardware software technology, specified data shall be copied to ensure that another copy of the data is available to keep the system operation uninterrupted when the original data is corrupted.

Physical and Network Management

1 Computer Equipment Protection

The hardware equipment of the information system shall be placed in a suitable place, and the computer room shall be protected and maintained by the personnel assigned by the information department. Monitoring systems or access control devices shall be added to critical hardware and equipment and server rooms to protect equipment and restrict access personnel. If a stable power supply and voltage are required, voltage stabilization equipment or an uninterruptible power supply system shall be provided promptly.

2 Network Connection Operation

The external connection of the information system is subject to proper control and audit, including the installation of a firewall on the network to protect the internal system and data. Remote workers logging into the intranet system via the remote network must be authenticated before they access any data.

3 Management of the Login Password of the Network

The user login code and password must comply with the complexity requirement. The login password shall be changed periodically to improve security.

After reaching the specified number of failed login attempts, the user account will be suspended and recorded in the audit file; if the user account is not used within a specified period, such account will be suspended from use.

4 Data Transfer Encryption

The information system shall be provided with an encryption mechanism.

5 Software Input Control

Illegal software is prohibited from using and anti-virus software shall be installed to prevent computer viruses. Users should notify the network administrator of any virus intrusion so that action can be taken to prevent the virus from spreading. Virus-infected devices should be disconnected immediately until the virus is removed by the network administrator before re-connection.

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2.4 Response to COVID-19

2.4.1 Disease Control Strategy

COVID-19 has spread around the world since 2020, with a significant impact on the lives of our employees and business operations. After the outbreak of COVID-19, the Company immediately assigned its Human Resources and Administration Department to preside over the emergency measures in line with the changes of the epidemic situation and implement the following control plans.

Health care

- **Coverage of Self-Health Declaration**

1. In addition to the existing "travel history", "contact history" and "medical history," the "vaccination" and "potential exposure risk" surveys have been added for new employees so that the relevant departments can immediately learn about the health status of our employees, proactively provide employee care, and conduct the necessary environmental cleaning.
2. The shift schedule is announced in response to the pandemic development and the contact with confirmed COVID cases according to laws: to avoid spreading panic among people caused by false information.

- **Office Environment**

1. The alcohol disinfectant and body temperature metering are widely provided for colleagues to use anytime, to prevent disease and protect the health of all employees at all times.
2. Disinfection: Since May, we have disinfected the office once a week, with regular alcohol wiping of common areas and facilities during working hours to maintain the safety of the office environment.

- **Reducing Crowding according to Policies**

1. In response to the epidemic, employees are advised to stagger their meal time in the recreational area to reduce the risks of disease spreading.
2. The annual dinner party is held by departments, instead of a company-wide meeting, to reduce the number of people gathering.
3. Publicity of the vaccination policy: According to the information of the Central Epidemic Command Center, we encourage our employees to administer the vaccine and we provide vaccination subsidies and vaccination leave for our employees accordingly.

Travel control

- **Business Travel**

1. Suspension of domestic business trips: The announcement is made to suspend all business trips when the epidemic situation is severe.
2. To comfort the employees working overseas who cannot return to Taiwan, such employees will be reimbursed double their air tickets for the current year. The Company may also adjust its business according to the epidemic situation.
3. If any return airline ticket is not used due to the epidemic, its cost will be included in the salary paid to the employees.

Operation adjustment

- **Telelink**

The load capacity and functionality of remotely connected office information systems are improved to promote the efficiency of working at home.

- **Working at Home**

During the period from mid-May to early August when COVID cases surged, the working-at-home policy was fully implemented to prevent infection due to gathering or commuting.

- **Expanding Internal Cloud Meeting Room**

Employees are encouraged to use remote meeting facilities.

- **Building Online Epidemic Control Group**

During the severe epidemic, the Company set up an online epidemic control group to advise employees of the latest emergency epidemic prevention information at any time

Visitor management

- **Setting Up Infrared Thermal Imaging Camera**

Infrared thermal imaging cameras are set up at the entrance of each office building to monitor the temperature of all incoming and outgoing people. Since the outbreak of the pandemic, all visitors to the Company are required to complete hand sanitization, temperature measurement, and the health declaration before entering the office building to screen high-risk persons.

- **Temporary suspension of visiting office buildings during the period of COVID cases surged**

To avoid external risks affecting the Company's epidemic control work, any necessary visitors shall go through the epidemic survey by the visited departments. The release is only allowed upon the approval of the departmental head and applied to the administration department

- **Encouraging employees to communicate using telephone/video meetings**

Reducing the risks caused by unnecessary contact

- **Assigning independent visitor meeting areas outside office buildings**

Eliminate or reduce the possibility of risks caused by external contact

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3.1 Supply Chain Sustainability Management

As a global leader in making semiconductor display chips, miniature optical sensors, and sensing devices, Sitronix is dedicated to IC design and layout. After the IC design is taped out, the IC is manufactured by professional foundries and then sent to professional packaging and testing factories for post-process cutting, testing, and packaging. All players alongside the supply chain need to work in partnership with each other featuring a professional division of tasks in the production of IC products. Sitronix's procurement could be mainly divided into production-related procurement (such as semiconductor manufacturing, packaging, and testing) and general procurement (hardware equipment, parts, consumables, and testing services), while production-related suppliers exert a more significant impact on our operations. Sitronix's procurement department selects suppliers depending on the allocation of annual procurement budgets, product services, and cooperation history, and strengthens cooperation with production suppliers with long-term relationships and key production technologies.

Production volume of suppliers under service contracts

Unit: NT$ 1,000/1000 PCS

Major Product / Year	2020			2021		
	Production capacity (Note 2)	Output	Product Value	Production capacity (Note 2)	Output	Product Value
Integrated circuit design products	N/A	1,901,786	8,767,300	N/A	1,918,609	10,099,878
Other	N/A	-	255,069	N/A	-	336,616
Total (Note 1)	N/A	1,901,786	9,022,369	N/A	1,918,609	10,436,494

Note 1: The total number of Sitronix Group includes those of its parent company and subsidiaries.
Note 2: Sitronix and its subsidiaries have commissioned semiconductor manufacturers to produce, test, and pack the products for shipment, so it is not applicable.

Strategic Goals

Goals and Performance for 2021

- To require suppliers to purchase non-conflict raw materials and achieve 100% of compliance with mineral materials
- To systematically check the quality of 90% of the supplied products
- To ensure 100% of the materials comply with RoHS, Halogen Free and REACH requirements
- 100% suppliers obtain ISO14001 environmental management system certification

Short-term Goals in 1 Year

- Suppliers are required to assess annual sustainability risks by themselves and release the Sitronix Supplier Code of Conduct
- To continuously require suppliers to purchase non-conflict raw materials and achieve 100% of compliance with mineral materials
- To systematically check the quality of 90% of supplied products
- To ensure 100% of the materials comply with RoHS, Halogen Free and REACH requirements continuously
- To continuously require suppliers to maintain ISO14001 environmental management system certification and its validity

Mid-term Goals in 1-3 Years

- To continuously improve supplier sustainable management procedures and sustainable risk assessment
- To systematically check the quality of 90% of the supplied products
- To continuously pay attention to international environmental issues, and work with suppliers to set energy-saving and carbon-reduction targets to meet customers' environmental needs
- To comply with RoHS, Halogen Free and REACH requirements continuously

Long-term Goals in 3-5 Years

- To build sustainable business models with the supply chain to continuously improve the economic and social environment
- To respond to global environmental issues and improve resource efficiency in business management

Secondary Goals of SDGs

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Supplier Management System	Execution method	Assessment mechanism
New supplier review	New suppliers are evaluated in terms of delivery, quality, cost, process capability, and occupational safety system. The new domestic and foreign suppliers approved by the Company are required to maintain quality systems and occupational safety systems and carry out on-site audits, including environmentally friendly products, environmental safety, and social responsibility. If the audit results do not meet the requirements, all issues identified in the audit shall be corrected and improved within 3 months, and the evaluation team shall implement the quality system and on-site audits again; if the revalidation still fails, the new supplier will be disqualified.	All new suppliers shall be assessed (100%)
Supplier management	Supplier process management, hazardous material management, and continuous improvement programs shall be implemented to ensure the stable quality of supplier products and to maintain the high-quality requirements of Sitronix products	All suppliers shall be qualified in the quarterly evaluation and annual audit (100%)
Quarterly evaluation/ annual audit	Quarterly evaluation and audit mechanisms shall be used to confirm the implementation of the requirements of suppliers and to raise the awareness of self-management and quality improvement	
Experiencesharing/ knowledge exchange	Growing with supply chain partners is one of the most important goals for Sitronix, to improve capacity and quality through experience sharing and knowledge exchange	Supplier quality meeting (monthly)
Participating in supplier activities	To invite suppliers to have transparent and open communication, announce quality policies and sustainable performance management objectives, and thank suppliers for their efforts and dedication	To participate in supply chain exchange forums, jointly develop and promote sustainability management goals

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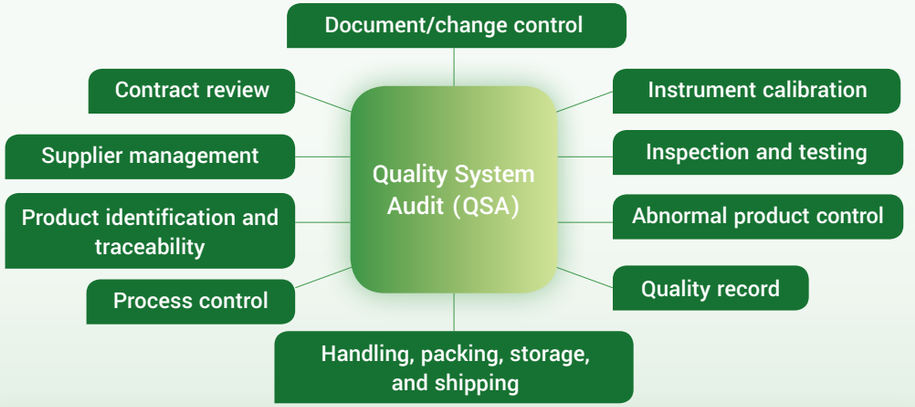
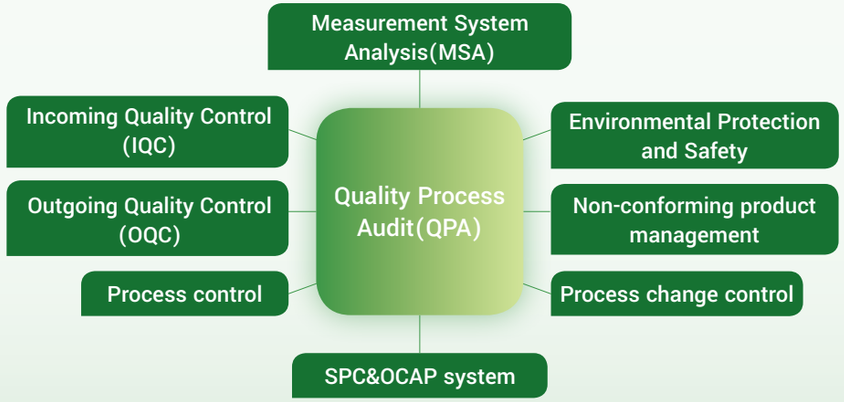
Quality System Audit (QSA)



Quality Management System

- Training
- Internal audit
- Quality process confirmation

Quality Process Audit (QPA)



Process change control

- Critical project control
- Inspection control
- Process parameter control
- Equipment/machine/ tool management
- Material management

Supplier Audits and Coaching

We value our suppliers' business ethics, labor rights protection, working environment, and labor safety and hygiene, and regularly audit the materials used by our suppliers and their yields.

Sitronix has established management procedures for its suppliers, covering "engineering changes, outsourcing, product identification and traceability, process control, inspection and testing, product handling, packaging, storage and delivery, quality records, environmentally friendly products, environment, safety, and social responsibility", to keep track of suppliers' management in all aspects. The Company will carry out annual and irregular audits and evaluations and will specify a certain time for suppliers to correct their deficiencies.

In 2021, no suppliers were listed as non-compliant due to social responsibility issues and disputes.

Supplier Audit Items

- Sustainability policy and risk management
- Business ethics
- Information security
- Quality system and supply chain management
- Quality, service, delivery, cost, technology

- Occupational health and safety management system
- Labor rights
- Social participation
- Human rights management

- Environmental management system
- Environmentally friendly product evaluation(Material confirmation)

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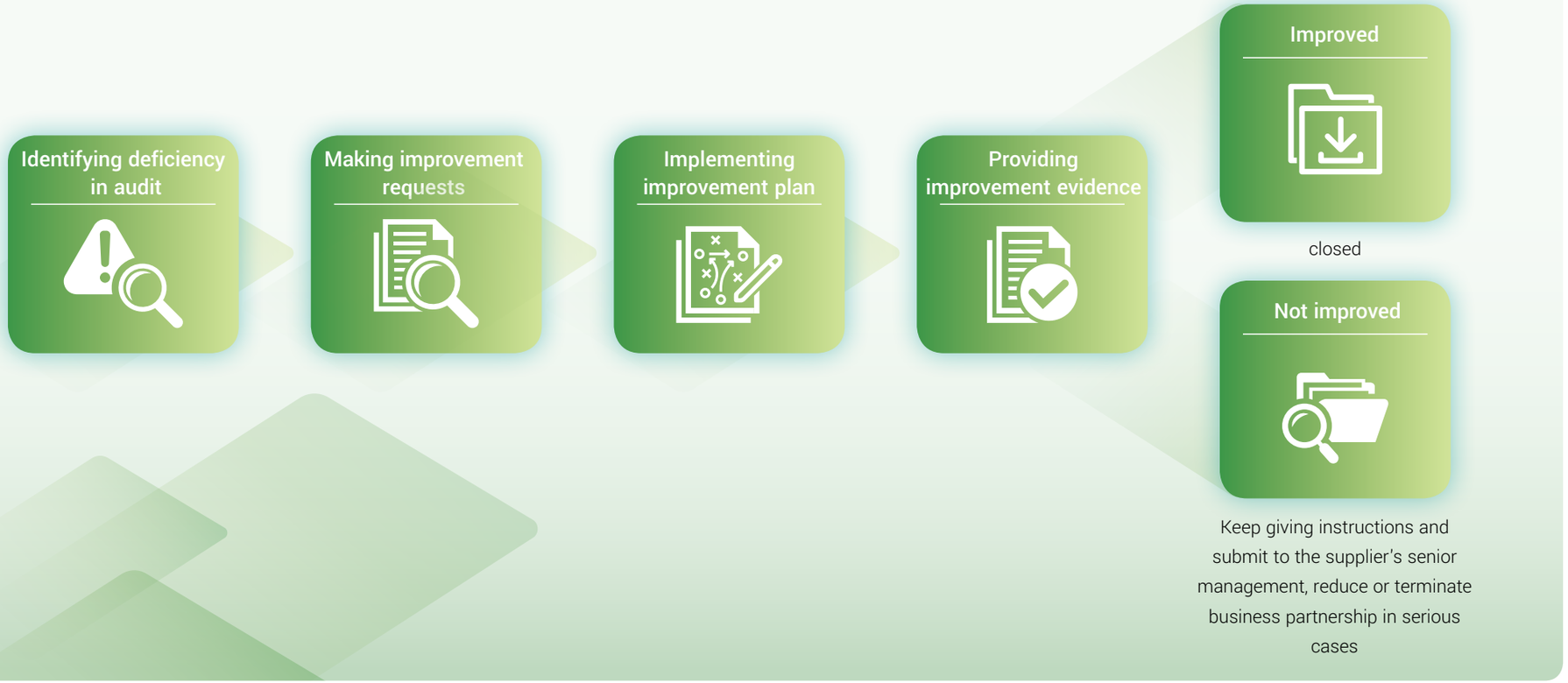
Deficiency improvement process for supplier audit



Green procurement of suppliers: Hazardous substance control

Sitronix has established a procurement management system that complies with international environmental regulations, international hazardous material management requirements, and high customer standards, and has selected its suppliers and foundry partners based thereon.

Key suppliers are required to pass ISO 14001 environmental management system certification and comply with the Company's latest hazardous substance management regulations, which are regularly reviewed and updated, and in line with the latest semiconductor-related environmental issues and practices. Geopolitical factors and COVID-19 have disrupted the supply chain in recent years, and thus the Company has introduced multiple suppliers to diversify its risks.

Also, we participate in the suppliers' conferences and educational training organized by our customers to learn about their requirements and ensure the effective operation of the hazardous material system. In terms of environmentally friendly products and certifications, environmentally friendly products with high quality shall be designed, developed, and manufactured that meet the expectations. In addition to requiring key suppliers to pass ISO 14001 environmental management system certification, we also keep an eye on international environmental issues through regular audits and updates and actively participate in suppliers' conferences and educational training held by our clients to learn about their requirements and ensure the effective operation of our hazardous material system.

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3.1.1 Green products

All of Sitronix's business departments are committed to saving resources, improving energy efficiency, saving energy and reducing carbon emissions, reducing environmental toxicity, making assembly and disassembly easier, recycling material resources easily, implementing the green design in all aspects of the product life-cycle, and achieving concrete results in the environmental economy.

Design Achievements for Green Products

Product Type	Key points for environmentally friendly design
Zerocap	• Zerocap, or the zero capacitance solution, is a unique display driver technology developed by Sitronix, which is especially suitable for mobile and wearable products with a compact size. • Zerocap solution can replace the capacitive and resistive components on the FPC board of the display module, and transform it into a display module that does not require external capacitive and resistive components. • This may help module manufacturers to reduce one SMD (surface-mount devices) process, which not only reduces the overall module cost but also speeds up the production and prevents the risk of shortage of capacitive resistive components.
Driving Technology	Sitronix has developed a series of VCOM common electrode grounded circuit architectures. This technology can replace the DC voltage-aligned VCOM architecture, which not only improves the display quality and reduces display flicker, but also increases the driving voltage range and enhances the reliability and durability of the product.
Advanced Color Management Algorithms	To present better display effects, Sitronix continues to develop and optimize various technologies related to image enhancement, image sharpness, digital color gradation, sunlight readability, and CABC power saving based on its existing digital image processing technologies, to meet the demand of customers for high-end display products.
Image Compression	Image compression technology plays an important role in enhancing the competitiveness of display products, such as reducing IC chip size and system power consumption. Sitronix has developed a series of image compression technologies on a basis of the industry-academia collaboration model to enhance product integration and improve image compression quality.
Unique Power Management Structures	Through in-depth research on display driver principles, Sitronix has abandoned the traditional power supply architecture and developed its proprietary technology. The new patented power supply architecture not only provides huge power output but also completely removes external capacitive components and reduces the overall module production cost, helping module manufacturers to increase the profitability of their products.

Product development project management process

To provide the best products that meet customers' expectations, Sitronix has established a comprehensive project management process in its quality management system, recording the evolution of project development ideas, data, technologies, and problems to ensure that customer needs are fully met and valuable experience is preserved. Sitronix attaches importance to the protection of confidential information and has taken management measures for information classification and protection, authorization and authentication of data access, information security policies and education and training, and information security audits.

Chip design and development data and experience are valuable assets and our commitment to customers, shareholders, and employees. Sitronix has established management procedures to control trade secrets and confidential information and has offered employee education and training to protect the interests of our stakeholders.

Customer needs	Design development	Progress control	SoP
• Discuss with customers to confirm their needs • Prepare promotional materials • Incorporate customer comments and convert the comments to actual specifications	• Confirm SoP schedule and estimate purchase volume • Start design development • Check the resources and supports needed for the development	• Regularly check project progress • Solve important problems • Keep track of market conditions (including competitors and prices)	• Collect customer's estimated purchase quantities and provide shipment plans and prices • Focus on market quality performance and customer's voice • Stabilize shipment and make continuous improvement

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3.2 Customer Service and Satisfaction

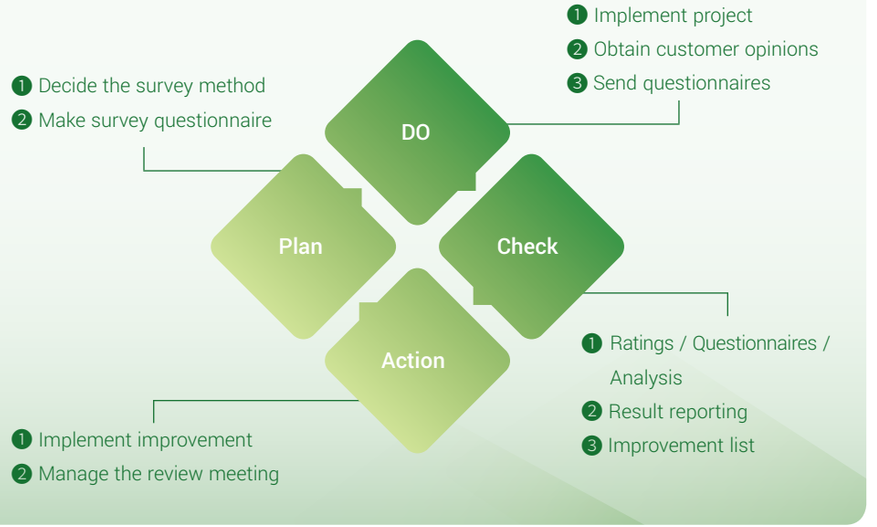
In product development, design support, product marketing, and SoP support, we follow the requirements of the ISO 9001 quality management system and conduct process-oriented monitoring and evaluation to meet the needs and expectations of our customers. We also attach importance to the protection of customers' secrets and information. We could maximize the interests of both parties only by thinking from the customer's point of view, taking the customer's needs as the guide, and helping the customer solve their problems. Sitronix will carry out annual customer satisfaction surveys with its major customers, covering seven major items: product quality, order delivery, technical support, product features, service attitude, and business capability. In terms of implementation, the total satisfaction score of the 2021 customer survey was 96.6.

Total Customer Satisfaction Survey Results

Total Customer Satisfaction / Year	2019	2020	2021
Satisfaction (100 in total)	94.67	96.5	96.6

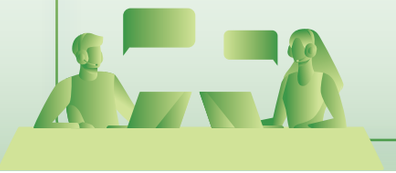
Based on customer-first services, Sitronix listens to customers' feedback and transforms their opinions into feasible improvement plans through internal discussions with relevant departments to ensure that their opinions can be implemented.

Customer Satisfaction Cycle



Customer Complaint Handling Process

Customer Feedback	Improvement Program	Improvement Action
Reduce the time required to deal with quality problems Reduce impact on customers	Speed of handling quality abnormality	1. To strengthen the analysis ability of on-site employees, improve their customer communication skills, accelerate the analysis of abnormal products and introduce short-term countermeasures to reduce impacts on customers 2. To introduce the Continuous Improvement Process (CIP) to reduce the incidence of quality problems and improve the quality of IC products
Customer feedback on abnormal products	Exploration of root causes of quality incidents Implementation of countermeasures	1. To strengthen the exploration of root causes and prevent problems from occurring again 2. To use product shipment test cards to control product design improvements 3. To discuss and improve production processes of outsourcing factories to ensure product quality 4. To improve countermeasures to promote and confirm effects
	Improvement of product inspection ability	1. To strengthen product testing ability to improve the product testability 2. To learn about the product use environment and improve the product detectability



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4.1 Response to Climate Change and Global Warming

- According to the 2018 Global Risks Report released by the World Economic Forum (WEF), three major crises are related to environmental issues: "failure of climate-change mitigation and adaptation", "extreme weather events" and "natural disasters", which have been ranked top among the "most impactful" and "most likely" crises in recent years, indicating that climate change is not only the most globally recognized risk, but also a key trend that will determine global development in the next decade.
- According to the Fifth Climate Report (AR5) of the United Nations Intergovernmental Panel on Climate Change (IPCC), to restrict global warming within 1.5°C by the end of the century, immediate improvements in energy efficiency, coupled with autonomous corporate carbon reduction, are required to bring about changes in the energy structure. The Fifth Assessment Report for 2020 states that if business activity patterns remain unchanged, the global carbon budget will be expected to be used up by 2045, resulting in a global average temperature increase of 3.7 to 4.8 degrees Celsius by 2100.
- The Paris Climate Accord, adopted by 195 countries at the United Nations Climate Summit in 2015, aims to limit the global average temperature increase to 2 degrees Celsius above the pre-industrial levels, and to work toward the target of 1.5 degrees. The agreement met the "double threshold" (i.e. ratification by 55 countries that account for at least 55% of global emissions) in October 2020 and entered into force on November 4, taking a further step forward in addressing global climate change. As a global citizen, Sitronix is committed to energy conservation, compliance with energy regulations, and continuous improvement. Over the years, Sitronix has been committed to energy conservation and carbon reduction, striving to minimize the impact of its operations on climate change.

The IPCC released in August 2021, the global average temperature had risen by 1.1 degrees Celsius, people were threatened by extreme weather events, and the future weather changes would be even worse than the current situation. The IPCC also warned that action must be taken immediately to reduce greenhouse gas emissions to prevent the global average temperature from rising above 1.5°C.

Sitronix has recognized climate change as an important risk and will keep on analyzing and controlling climate change. The management team would regularly review and closely monitor global climate changes and international responses, and plan for possible risks to mitigate the impact on its business operations.

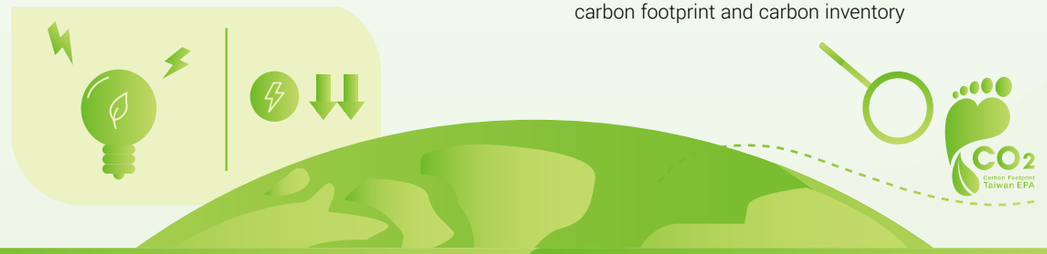
Strategic Goals

Goals and Performance for 2021

- To identify climate risks and opportunities faced by Sitronix based on the Task Force on Climate-related Financial Disclosures (TCFD) and develop corresponding management policies
- To promote a greenhouse gas reduction program and improve the overall energy-saving rate to 3%

Short-term Goals in 1 Year

- To use climate change risk management tools to facilitate quantitative financial impact assessment
- To continue to promote the greenhouse gas (GHG) reduction program and ensure that the overall energy saving rate (energy consumption density) is better than that of the previous year. The energy saving target for 2022 is 3%.
- To set energy-saving and carbon reduction targets jointly with the supply chain and roll out carbon management programs: such as carbon footprint and carbon inventory



Mid-term Goals in 1-3 Years

- To keep increasing the income from energy-saving products to 5% of the total income
- To reduce greenhouse gas emissions by 5% by 2025

Long-term Goals in 3-5 Years

- To incorporate the green gas inventory into Scope 3 of ISO14064-1
- To reduce greenhouse gas emissions by 5% by 2030

Secondary Goals of SDGs

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4.1.1 Core framework and related issues of Task Force on Climate-related Financial Disclosures (TCFD)

Sitronix identifies and evaluates the potential impacts and effects of climate change based on its operational activities, service provision, and environmental interactions, and takes into account the norms of international initiatives related to sustainability and climate change as well as China's environmental sustainability laws and regulations, to take countermeasures and make management policies.

In the face of increasing climate change, extreme weather conditions may have a serious impact on our business operations and financial position. Following TCFD, Sitronix performs climate change risk and opportunity identification, considers internal and external environmental changes to identify potential impacts and possible risks and opportunities on our operations and finances, and formulates management policies accordingly.

Core Structure of Task Force on Climate-Related Financial Disclosures TCFD

Sustainable Governance

Responsible department	The Sustainability Committee shoulders the main responsibility of corporate sustainability initiatives, with the convener and members collecting issues from all aspects to develop med- and long-term sustainability goals. The Sustainability Committee coordinates the corporate resources, identifies climate issues related to the corporate operation, and drafts corresponding countermeasures and final goals.
Regular tracking	The Board of Directors regularly receives reports from the Sustainability Committee on the implementation of major ESG issues. The Board of Directors provides strategic feasibility or other recommendations on the reports, and also tracks the progress of implementation, and urges the Committee to evaluate and adjust planning matters.

Strategy

Risk analysis	Climate risk management tools are developed to analyze the potential financial impact of major climate risks, facilitate the estimation and prediction of climate risks, and develop contingency and preventive measures to strengthen the climate resilience of the Company.
Design R&D	We are dedicated to the design and development of display chips for smart devices, providing customers with the best solutions while taking into account the trend of sustainability and developing innovative products in line with the principles of energy saving and carbon reduction.
Energy-saving facilities	We have made plans to continue to replace old equipment and purchase energy-saving facilities to improve energy use efficiency.

Risk Management

Risk Assessment	The Sustainability Committee assesses the Company's potential risks through a risk identification process, discusses major climate risk issues and corresponding risk management measures, and regularly reviews and tracks them.
Assessment tracking	We review annually changes in policies, regulations, technologies, markets, and goodwill with transformational risks and opportunities, strengthen the regular review of physical risks, transformation risks, and opportunities, and assessment results through climate risk management tools, and continuously revise them.

Indicators and Objectives

Reducing energy consumption	The main products in all series will reduce energy by 3-8% compared to the previous year.
Water and power saving	We set internal water and electricity saving targets every year, regularly track the achievement of the targets, and actively respond to the risks associated with climate change.
International certification	We facilitate our suppliers to obtain many ISO international certifications, including those related to carbon emissions and disclosure, water footprint, and energy management, and work with them to achieve corporate sustainability goals.
Renewable energies	Renewable energies are expected to account for 5% of the annual power consumption by 2030.

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4.2 Environmental Policy and Green Strategy

Sitronix recognizes its responsibility for environmental protection. Through sustainable projects and continuous development of green design and carbon emission control measures, Sitronix cooperates with its customers and the supply chain to control environmental risks and jointly improve environmental management performance.

4.2.1 Greenhouse gas management

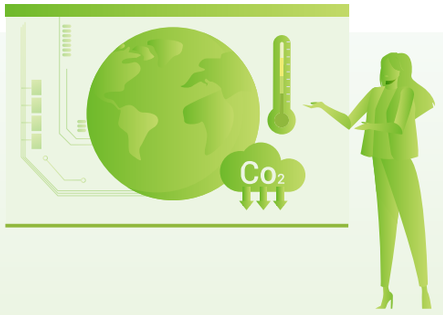
Following the ISO 14064-1 greenhouse gas management system, Sitronix continuously conducts greenhouse gas emission inventory and management, and actively promotes greenhouse gas emission reduction measures based on the inventory results. Through continuous improvement plans and activities, Sitronix has reduced the environmental and climate impacts of global warming caused by greenhouse gas emissions and fulfilled its corporate social responsibilities.

Greenhouse Gas Inventory Methods	
Organizational boundaries	Referring to ISO 14064-1 and the EPA's gas inventory and registration guidelines, we define organizational boundaries with operational control and partly with financial control.
Inventory types	Seven greenhouse gases as defined by IS014064-1, including carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF_6), nitrogen trifluoride (NF_3), etc.
Inventory methodology and base year	The greenhouse gas emissions in 2021 were calculated based on the baseline in 2020 for inventory and calculation
Calculation method	The calculation was mainly based on the emission coefficient, which was calculated as follows: Activity Data X Emission Coefficient X Global Warming Potential (GWP) = CO_2 Equivalent 1. Since data sources of greenhouse gases are different, the units shall be converted into metric tons or the weight or volume units equivalent to metric tons and the sources shall be recorded 2. The calculation method of the greenhouse gas inventory form released by the competent authority of green-house gases shall be used and the coefficients specified in the latest "EPA greenhouse gas emission factor man-agement sheet (version 6.0.4)" shall be used for the calculation of greenhouse gas emissions 3. After selecting the emission coefficient, the calculated values were then converted to CO_2e (carbon dioxide equivalent) in metric tons/year according to the Global Warming Potential (GWP) values of various greenhouse gases in the 4th Assessment Report published by IPCC in 2007.

Greenhouse Gas Inventory Results

Year	Degree	Carbon emissions equivalent (kg CO_2e/year)	Carbon reduction ratio
2020	1,911,653	1,001,370	-
2021	1,926,997	977,503	-2.38%

*Inventory scope: Hsinchu and Taipei offices



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4.2.2 Water resource management

Sitronix has determined the risk to water resources through WRI Aqueduct: Currently, Sitronix's offices in Hsinchu and Taipei, Taiwan are not located in high-water stress areas. There are no independent water meters for the offices in Hsinchu and Taipei, and the water consumption and costs are divided equally among the tenants of the buildings. In 2021, only the water consumption data of the Hsinchu office were available but not that of the Taipei office. Thus, only data from the Hsinchu office are disclosed. To facilitate water resource management, the Company will disclose water consumption and annual water conservation targets after the two offices have been equipped with independent water meters.

The Hsinchu office was supplied with water from a tap water plant and consumed 3,764.42 metric tons(approximately 3,764 kiloliters) of water in 2021, a decrease of 1% over the previous year, mainly due to the impact of the COVID-19 and working-at-home policy from May to August in 2021. Sitronix's wastewater is mainly domestic wastewater, which is discharged to natural water bodies after treatment in a wastewater treatment plant per local regulations.

Water Consumption of Hsinchu Office

Year	Water consumption (kiloliter)	Water consumption (kiloliter)	Water saving ratio
2020	3,764.42	3,764.42	-
2021	3,724.85	3,724.85	1%

4.3 Green Operations

Energy Saving Product Design: Zerocap

芯零携 zerocap

IC products and active & passive components in the semiconductor industry are important components of various terminal electronic products and are widely used in computers, communications, consumer electronics, industrial electronics, and other applications. According to the EU FP7 research framework project (LCA to go scheme), in extreme cases, semiconductor chips account for about one-third of the carbon footprint of electronic products, with a significant impact on global warming. Sitronix could sell more than 1.5 billion IC products every year. From the perspective of sustainability and environmental protection, our customers could use Zerocap to eliminate the need for externally passive components (capacitors) in FPCs, which can save billions of ceramic capacitive components every year, significantly reducing carbon emissions and contributing to the sustainability of the Earth.

Zerocap is a green product, reducing capacitive components and driving green revenue

Year	2017	2018	2019	2020	2021
Revenue (NT$ 100M)	94.3	103.3	138	138	222.6

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Waste management

Sitronix is a fabless IC designer, and its driver wafers are manufactured by professional foundries and packing houses. Therefore, its waste management mainly focuses on the waste generated by outsourced manufacturing. The defective products generated during the manufacturing process are handed over to professional processing factories for recycling through special procedures to realize a circular economy. Such processing reduces the consumption of raw materials and global resources.

Quantity and weight of waste outsourced for disposal by the year

Year	2019	2020	2021
Gold (Au) recovered through outsourced disposal Final weight (g)	11,322	13,077	13,500
Other related wastes Quantity (PCS)	247	315	247

Green Life Procurement

Sitronix is committed to protecting the environment, implementing projects related to energy saving and carbon reduction in all offices, giving priority to the purchase of environmentally friendly products, and implementing plastic reduction policies to reduce the burden on the environment and achieve the commitment to environmental protection. The achievements we made in 2021 are as follows.

Green Life Procurement	Purchasing Certificated Green Paper	Replacing Lamps with High Energy Consumption	Using Devices related to Environmental Protection and Timing
Achievements	• PEFC-certified papers are used for all office businesses, and 705 packs of various paper sheets were purchased in 2021 (500 sheets/pack) • Paper towels used in toilets and pantries are FSC-certified products.	• High-efficiency lamps with better energy-saving performance are used and all lamps are replaced by energy-saving LED products gradually • Lights in offices are turned off for 1 hour during launch time and turned off when employees leave the office.	After work, air-conditioners are turned off, and only turn on air-conditioners and lights in only required areas.

* Statistics scope: Hsinchu and Taipei offices

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5.1 Employee Development, Education, and Training

Sitronix attaches great importance to the training and development of talents, and lists talent development as an important management indicator, to enable employees to grow with the Company. We have developed professional courses or management-related courses for newly recruited employees in line with work requirements. In addition to internal training, we subsidize external training opportunities for our employees to exchange their experience and make improvements. Sitronix also awards employees to apply for patents and encourages innovation in their professional fields. In addition, a variety of life talks are organized to help our employees to relieve their stress, and a variety of training programs have been delivered to allow them to develop physically, mentally, and spiritually.

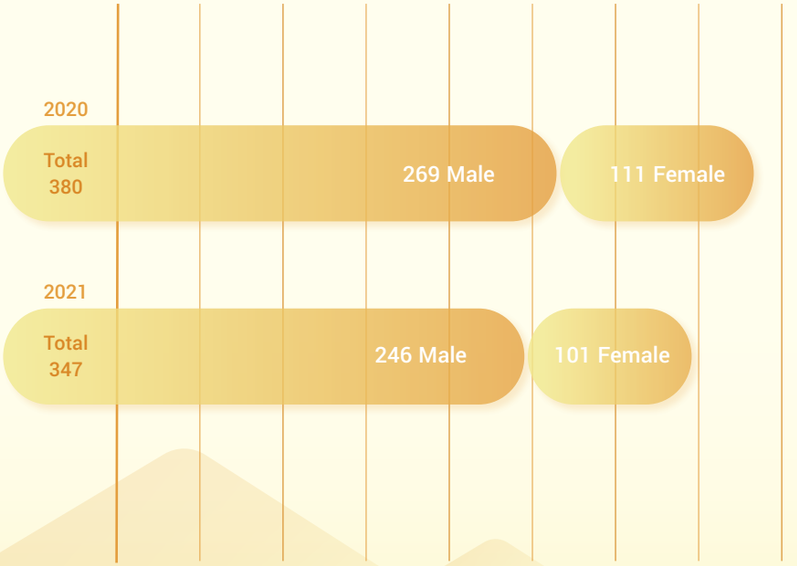
5.1.1 Talent layout and recruitment

In addition to recruiting talents through our official website, human resource bank, and recruitment activities, we also encourage our internal colleagues to recommend outstanding talents. To optimize our workforce structure, we emphasize the recruitment rate, report-for-duty rate, development, and retention of recruits in addition to induction and departure indicators. We also enhance the retention rate of new recruits and continue to attract talents to join us through a systematic training program, counselor system, and employee care mechanism after their induction.

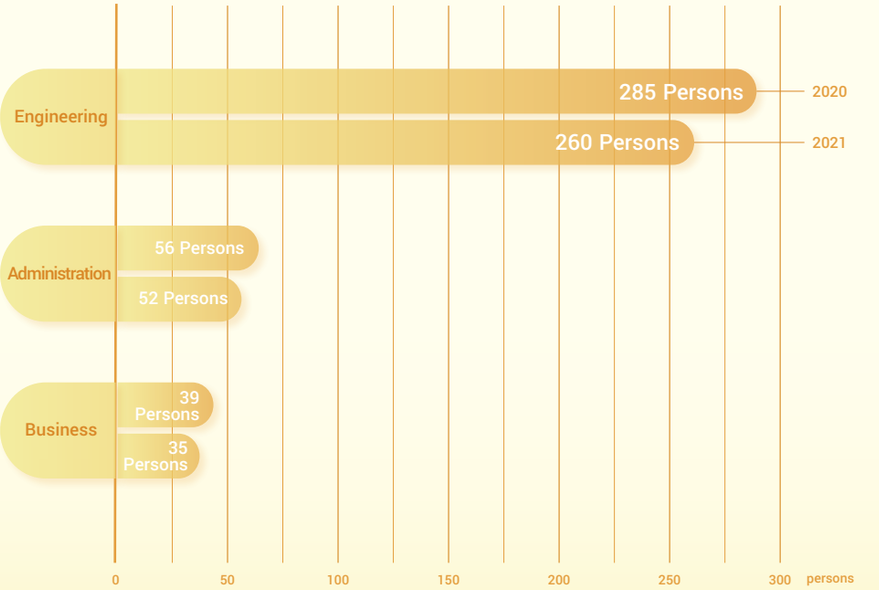
By the end of 2021, Sitronix had 347 employees (including dispatched employees), of which 71% were male and 29% were female, with no expatriate employees. As of February 2021, the Company had one foreign employee.

All employees are entitled to enjoy the rights and benefits specified by the law from the first day of their employment. The breakdown of employees by gender and type of employment is as follows:

Gender Ratio (persons)



Diversified jobs (persons)



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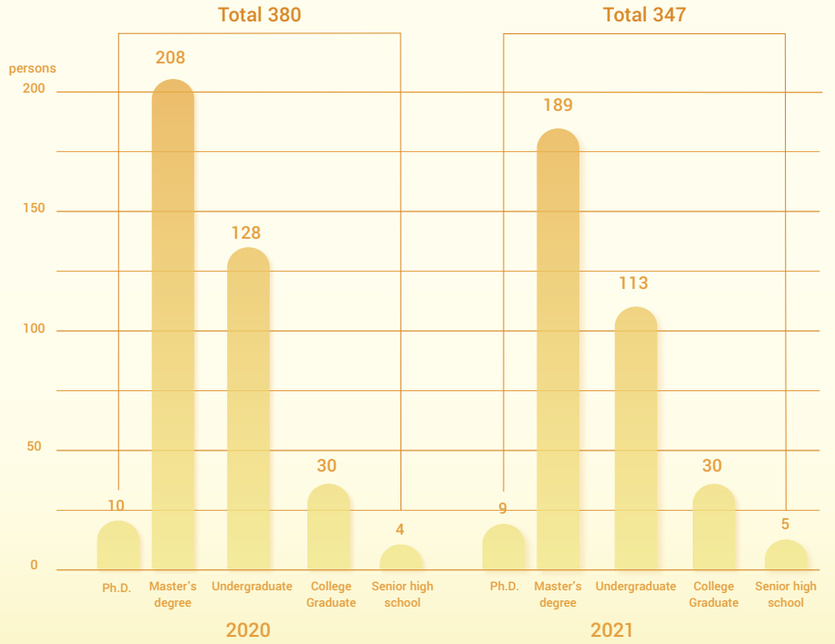
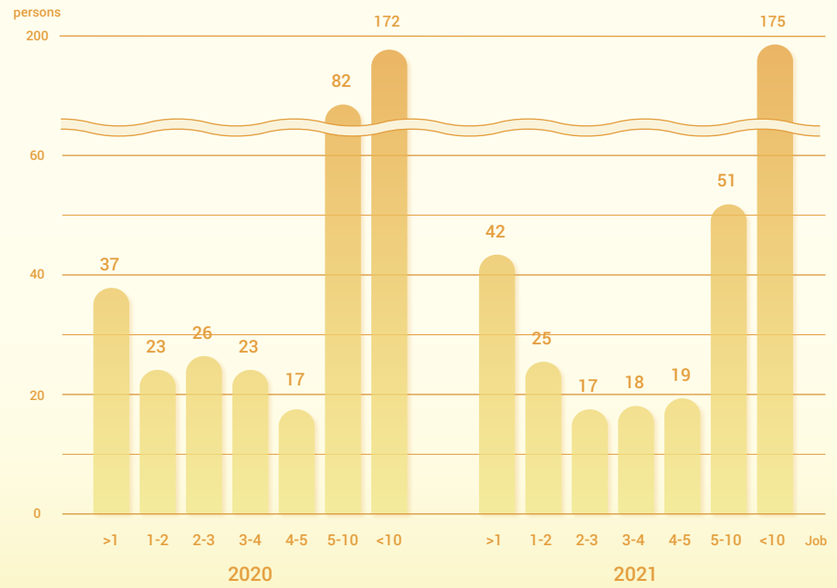
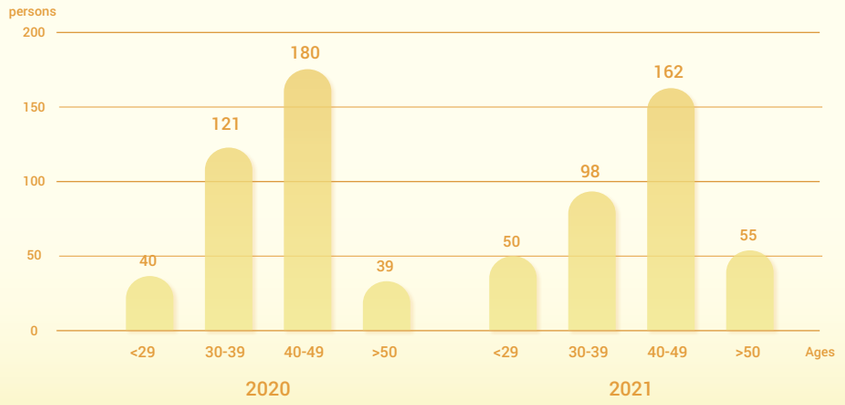
Education Ratio (persons)



Service period ratio (persons)



Age (persons)



Vulnerable group ratio

Note: Calculation method:
(Number of people with physical and mental disabilities / Number of people working in the current year) x 100%

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Recruits ratio

Age	Recruits	Female		Male	
		Number of recruits	Recruits ratio	Number of recruits	Recruits ratio
< 30	14	4	8.89%	10	22.22%
30-49	29	12	26.67%	17	37.78%
> 50	2	1	2.22%	1	2.22%
Total	45	17	37.78%	28	62.22%

Payroll Structure

Strategic Goals

Goals and Performance for 2021

According to the average and median salaries of full-time employees not holding executive positions with the listed companies in 2021 released by the Securities and Exchange Commission in 2022, these two figures of Sitronix were NT$4,263 thousand and NT$3,885 thousand, respectively. The Company ranks fourth highest among listed companies and above the average level.

Short-term Goals in 1 Year

To maintain a competitive compensation and benefits system with reference to the industry standards

Mid-term Goals in 1-3 Years

To establish a function-oriented appraisal system to strengthen performance-based pay and retain outstanding talents

Long-term Goals in 3-5 Years

To improve employee satisfaction by considering internal and external equity in various aspects such as compensation, benefits, functions, and career development.

Corresponding SDGs

8.5

Equal Pay for Both Genders

The compensation system for Sitronix employees is designed based on job categories and performance, and there is no difference in this aspect based on gender and location. Therefore, the starting salaries for inexperienced employees are the same for both men and women in all job categories. Performance appraisals are conducted every six months during employment, and salary adjustments are made annually based on performance.

The retention rate of recruits in the last 3 years (2019-2021)

Retention rate/year	2019	2020	2021
Retention rate (%) (Note)	100%	88.64%	95.65%

Note: Calculation method: [(Number of recruits in the year - number of recruits resigned in the year) / Total number of recruits in the year] x 100%

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Employee Training

Sitronix encourages employees to achieve long-term development and grow with the Company, thus shaping the corporate culture of pursuing excellence. In terms of daily operations and learning blueprint, Sitronix develops employees with capacities in such areas as core technologies, leadership, and market trends. We have made talent turnover an important management indicator so that employees can grow with the Company in an open and trustworthy environment.

Complete Education and Training Framework

Sitronix values the common growth of employees and the Company and creates an environment for employees to keep learning and growing. We have established a comprehensive education and training framework based on on-the-job training and personal development programs, with new employee training, professional training, tiered management, and leadership training, self-development, and internal instructor training as the five main lines to help employees demonstrate the core values of Sitronix and achieve the Company's vision and strategy. The staged training goals are listed below:

Strategic Goals

Goals and Performance for 2021

- To complete pre-employment training program for new employees and training for recruits
- To provide external professional skill training for staff (440 hours)
- To complete the on-the-job training required by the law (411 persons/times)

Short-term Goals in 1 Year

- To align employee personal development plans with corporate goals.
- To confirm work milestones and tasks jointly by executives and colleagues.

Mid-term Goals in 1-3 Years

- To evaluate the competencies required for jobs, plan and schedule training courses, and implement training programs.

Long-term Goals in 3-5 Years

- To review training effectiveness and adjust training contents, and effectively transform learning results into practices.

Corresponding SDGs

8.b

Complete Education and Training Framework

Based on on-the-job training and personal development programs, we help employees understand the core values of Sitronix and achieve the Company's vision and strategy through five main axes: new employee training, professional training, tiered management, and leadership training, self-development, and internal instructor training.

System	Description
New employee training	To help new employees learn about Sitronix and build up a sense of identity with the Company
Professional training	To provide different stages of training courses to meet the professional needs of each department, aiming to enhance the professional knowledge and skills of each position, including research and development, manufacturing, business, materials, marketing, finance, and accounting.
Tiered management and leadership training	To build cultural consensus and management skills through such training as company-wide general knowledge training, and new executive, mid-level, and senior executive training.
Self-development	To help employees learn quickly and systematically, Sitronix plans courses in relevant management or professional fields according to job requirements and provides subsidies for employees to pursue continuous improvement through external learning. Sitronix also awards employees to apply for patents and encourages innovation in their professional fields.
Internal instructor training	Employees who have met the following criteria are eligible to serve as instructors to train employees for sharing internal experience. Qualifications for instructor selection: 1. Those who have excellent expertise and competence in a specific field or area of work, or those who have years of experience in the business and can meet the needs of the course. 2. Ability to teach and instruct, articulate clearly, and answer questions raised by trainees. 3. Enthusiasm for training and coaching employees.

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Training and Development Paths for Management Functions

Management function training	Senior executives	Strategic leadership training	Operations management capability	Advanced professional development	Chief engineer	Professional/functional training
	Middle-level executives	Organizational leadership training	General knowledge training Personal performance training	Advanced skill development	Senior engineer (manager)	
	Junior executives	Direct leadership training	Customized training for personal performance	Professional engineering skills	Engineer (manager)	
Recruits training						

Training Development System

Sitronix attaches importance to the diversified development of its employees, and we arrange various learning and support programs to help our employees grow and pursue professional and career success. The Company's training development system includes:

Formal learning

The Company provides various professional courses, and through the internal instructor training program, employees could serve as instructors to provide training courses related to the introduction of the Company's product lines, design and development, market technology trends, and manufacturing processes. Through such knowledge exchange, we have facilitated communication among different departments, such as R&D, manufacturing, and marketing, to help employees familiarize the Company's operation mode and mechanism, enhance the efficiency of horizontal communication within the Company, and align the work of each department with the Company's goals. Through the relevant courses, we can deepen employees' understanding of the duties and jobs of other departments, help them understand each other's difficulties, unite employees, and foster cooperation, to create an opportunity for all departments to work together to increase the value of production. We have also converted our classroom courses into online courses, which allow employees to access them anytime and anywhere to gain the expertise required for their jobs.

Informal learning

we help employees to grasp their job situation and effectively achieve work goals with professional skills required for individual work, through professional guidance and job rotation at the workplace; the Company also fully supports employees to learn new technologies, and understand the latest products and market trends. The training departments can help employees learn the latest industry trends, and regularly provide information on the latest courses and seminars provided by various organizations. Employees can attend technical seminars and exhibitions according to their demands. Our diverse learning channels enable our employees to keep up with the latest technologies and industry trends.

Recruits training

For recruits, Sitronix has developed a series of comprehensive education and training programs, including online learning for new employees on their first day of employment, annual Sitronix BaseCamp, a new employee counselor system, and systematic introductory courses in the IC design field. Through a comprehensive training program, we can help our employees to learn and grow step by step, and develop all the abilities they need for their work.

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Training Development System

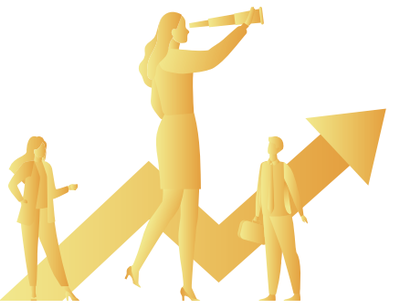
			Formal Learning	Informal Learning: OJT On-site Job Training	Informal Learning: SD Self-development	Regulatory compliance Training
Senior Executives (Director) Junior Executives (Chief, Manager)	Management position	• Operating ability • Leadership • Core management ability • Basic management skills	Management training; In-house professional courses; Internal online learning	Job Rotation; Professional Guidance	External Professional Courses/Seminars; M-Toolbox Executive Management Community	Training on Regulatory compliance for management executives
Project manager at all levels for Professional engineering/business/ administration	Professional position	• Personal management ablity • Professional skills	Personal management training	Work meeting	Internal Online Learning; Corporate Knowledge Base	General Staff Training; Professional Training for newcomers
Newcomers at all levels	• Corporate culture education • Work condition description • Necessary skills for work development • Team/department work delivery • Establishing social network		Sitronix BASE CAMP Newcomer Camp	**Mentor** system (w/HR)	**Approach** Introduction to IC Design System	Basic training for newcomers
			Approach Online learing for newcomers			

Internship Program

Through summer and winter internships and the R&D alternative service system, we have established partnerships with key schools in the industry, so that students can experience the workplace early and develop their future career plans. The Company also provides scholarships for students who have passed the evaluation and accepted the pre-employment during the internship. In terms of implementation, a total of one replacement and pre-candidate was recruited in 2021. Sitronix expects further company-school cooperation with the continuous growth of its performance, and to build the talent pool for its R&D team in pursuit of new heights.

Company-School Cooperation

The Company-School Cooperation program is one of the cradles for Sitronix to recruit new talents. To strengthen the company-school cooperation and to enhance the effectiveness of such cooperation, Sitronix continues to establish long-term relationships with industry-academia alliance centers at schools, such as the SoC System Chip Center of National Taiwan University, and actively participates in seminars and scholarships sponsored by the universities. We are actively expanding our company-school cooperation resources and cooperating with universities to promote company-school cooperative research, talent development, and recruitment activities to maintain long-term good partnerships.



2021 Company-School Cooperation Program

1. National Yang Ming Chiao Tung University: Tips for designing ADCs with high resolutions, small size, and low power consumption: Scholarship sponsorship: NT$1,000,000/ in 3 tranches
2. SoC Center of National Taiwan University: Scholarship: NT$ 500,000/year
3. Industry Sponsored Doctoral Fellowship: NT$288,000/year

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5.2 Healthy Workplace

Major Issue	Occupational Safety and Health

Management Guideline

Policy

To comply with ISO 45001 occupational safety and health management system and protect the workplace health and safety of employees

Commitment

To develop relevant management systems and education training programs, promote various health promotion programs, and enhance employee health

Responsibilities

Labor Occupational Safety and Health Committee, Administrative Services Department, and all employees

Resources

To organize relevant educational training courses and provide such courses through health management systems and health promotion activities

Complaint mechanism

- Complaint e-mail / Employee-employer meeting
- Labor Safety, Health, and Environment Committee
- Employee Benefits Committee
- Unlawful Aggression Complaint Committee
- Complaint and Reporting Channels

Specific Action

- In 2021, 411 employees participated in 9 training sessions related to environmental safety and health
- We continue to implement health care programs such as abnormal workload-triggered disease prevention management programs, employee assistance programs, and clinical nurse consultation services

Performance Assessment

According to ISO45001 Health and Safety Management System and Taiwan Occupational Safety and Health Management System (TOSHM), the PDCA management process is used for long-term tracking to build a healthy workplace

Occupational Safety and Health of the Company

The Company received the Sports Enterprise Certification from the Sports Administration, Ministry of Education in 2019, and the Healthy Workplace Certification from the Health Promotion Administration in 2020 to actively promote regular exercise habits among employees. The Company provides a good working environment and encourages employees to care about personal health, organizes internal activities to attract employee participation to maintain their exercise habits, and then participates in community and external sports events.

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Occupational Accident Handling

According to the occupational hazard and incapacity determination by the Occupational Safety and Health Administration of the Ministry of Labor, after excluding the traffic accidents that occurred outside the Company, only one occupational hazard case was found in 2021 in Sitronix.Subsequently, we have strengthened the evaluation of environmental protection facilities and prevented the recurrence of similar incidents through internal education.

Environmental safety education and training status

Training name	Number of sessions	Number of participants	Training dates
Self-defense firefighting team training	2	73	5/6, 10/27
Hazardous chemical labeling and general knowledge rules	1	110	6/10
Preventive measures against workplace abuse	1	396	7/5
General Safety and Health Education In-Service Training: Occupational Safety and Health Committee Members	1	11	4/13
General Safety and Health Education In-Service Training: All Employees	1	373	10/1
In-service training for first-aid personnel	2	2	8/25, 11/9
Occupational Safety and Health Executive Education Training Course for Class A Jobs	1	1	8/10
Course for Organic Solvents Operation Executive	2	2	2/3, 11/1
Training Course for Lead Operation Executive	2	2	3/22, 7/18

Annual physical examination is organized for employees

We provide a subsidy of NT$3,000/person per year for employees to accept the physical examination, offer several examinations beyond those standards specified in regulations, and arrange for medical personnel to visit the Company for health examinations, so employees are not required to visit the hospital. Employees who are unable to participate in the Company's health examinations due to work can also choose to go to the hospital for health examinations, and their family members can also share the health examination program at their own expense.

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5.3 Employee Relations and Communication

Sitronix's human rights policy is described as follows:

Diversity, Inclusion, and Equal Opportunity	
Human rights commitment	1. There shall be no discrimination in the recruitment, employment, promotion, compensation, or benefits of personnel based on race, language, blood type, religion, party affiliation, nationality, gender, age, marriage, physical appearance, or other factors. 2. The mentally or physically disabled shall be employed for jobs without special duty requirements, and such disabled employees shall not be treated differently based on the above factors. 3. In terms of personnel management, we uphold the principle of using employees based on their skills, instead of personal characteristics.
Management/ governance rules	To develop the "Selection and Appointment Measures" and "Management Measures for Job Rank and Promotion" to fulfill the aforementioned equality commitmentsTo develop the "Selection and Appointment Measures" and "Management Measures for Job Rank and Promotion" to fulfill the aforementioned equality commitments
Improvement measures	1. To review the working conditions and regulations at any time per governmental regulations and changes in the social environment 2. If a violation of the "Human Rights Policy" is found, we will take necessary measures with related executives and give back the rights to employees

Guarantee of Basic Salary	
Human rights commitment	1. To ensure the economic well-being of our employees, all employees are paid by and better than the basic wage level stipulated by local laws and regulations, and are covered by social insurance under the regulations. 2. To take care of employees and provide group insurance and related benefits and bonuses in addition to those specified in laws and regulations.
Management/ governance rules	1. Formulate "Payroll Practice Guidelines" to ensure that all employees' salaries are higher than the basic salaries stipulated by the law. 2. recruits shall sign an offer letter and return it to the Company before the reporting date, which shall state the salary, to ensure that the mutually agreed terms of employment are following the laws 3. For monthly salary, item details and calculation methods shall be provided to ensure that the payroll complies with the laws.
Improvement measures	To review the payroll regulations based on the industry standards every year to ensure the payroll level is competitive in the market

Reasonable Working Hours	
Human rights commitment	To ensure work-life balance for our employees, Sitronix offers weekly working hours in compliance with the laws and has developed a leave system that is better than the basic labor law.
Management/ governance rules	There is an attendance access control system to actively remind the employees of abnormal working hours.
Improvement measures	The reminder function can be actively set in the attendance access control system and is regularly reviewed and controlled.

Prohibition of Child Labor	
Human rights commitment	To comply with local laws related to minimum working age and regulations and not employ children for work.
Management/ governance rules	1. The recruitment form shall provide age information, and interviews will not be arranged for those under 16. 2. Newly recruits must submit their identification documents on the day of reporting to work to confirm that they have reached the age of 16 before they can be employed.
Improvement measures	To regularly review government regulations to comply with corporate social responsibility and ethical norms.

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Health and Safe Workplace

Human rights commitment	1. To ensure the health of our employees, Sitronix provides free and comprehensive health examinations for them every year. Our employees could make appointments with doctors after health examinations for advice based on the examination results. 2. The Company is liable for providing a safe working environment for its employees. Sitronix has assigned an occupational safety and health business manager, first aid personnel, and a fire protection team following the law to continuously promote a safe working environment and prevent occupational disasters. 3. To protect the legal rights of employees, Sitronix has set up an employee complaint e-mail and a dedicated sexual harassment complaint e-mail to protect all employees from workplace violence and sexual harassment.
Management/ governance rules	The "Labor Health Management Procedures", "Fire Protection Plan", "Employee Grievance Handling Measures", and "Sexual Harassment Prevention Measures, Grievance and Disciplinary Measures" are established and managed by the relevant authorized departments.
Improvement measures	Per government regulations, we have carried out personnel education and training, workplace inspections, and internal/external audits to review company-wide environmental, safety, and health practices to ensure a safe work environment.

Freedom of Association

Human rights commitment	1. To establish the Employee Welfare Committee (Welfare Committee) and select employee representative members following the laws to ensure the rights and interests of employees 2. To encourage employees to set up clubs and participate in proper leisure activities for socialization and physical and mental health.
Management/ governance rules	1. To hold regular welfare committee meetings, and plan employee welfare activities with welfare committee members. 2. To hold regular activities following the "Regulations on Managing Associations". Sitronix will provide subsidies for the activities to enable the smooth operation of employee clubs.
Improvement measures	The responsible departments shall review the establishment of associations and regularly supervise the organization of activities and reimbursement of funds, and correct any violations of employee rights and interests or other illegal matters.

Performance Appraisal

Comprehensive Performance Management System

To ensure that employees' work objectives align with their executives' expectations and executives understand the difficulties that employees encounter and the resources they need, Sitronix has developed an interim employee performance appraisal system to regularly review employees' performance and results. Each employee, regardless of gender and age, is required to participate in the current year's performance appraisal.

Design	Key Points of Appraisal
Employees are classified according to their development areas in the company at each stage: 1. Probationary appraisal: To appraise new employees when the probationary period expires or when their duties are changed. 2. Annual appraisal: Two appraisals shall be carried out in the middle and at the end of a year. 3. Special appraisal: For temporary major merits and demerits or promotions.	• Past work review: Executives and employees jointly evaluate the achievement of past goals and the need to improve work attitudes and abilities in their current duties. • Future goal setting: Values and abilities for future work development

Achievements in 2021

Except for employees who have worked for less than three months, 100% of all regular employees shall participate in the performance appraisal

Long-Service Employees

Employees are the Company's most valuable asset, especially in the technology industry, which is based on R&D and innovation. Sitronix gives long-service awards to employees on their 15th and 25th anniversaries of service as a token of appreciation for their dedication and contribution to the Company.

Promotion of Preventive Measures against Workplace Abuse

ISO45001 requires planning a digital course on "Preventive Measures against Workplace Abuse". In terms of implementation, 396 employees read it in 2021, with a 100% completion rate of the course for all employees.

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5.4 Sitronix Life

	2020	2021
Number of Employees Supported by Welfare Committee	351	377
Amount of Subsidies Provided by Welfare Committee	2,797,354	3,013,256
Number of Employees Supported by the Company	401	398
Amount of Subsidies Provided by the Company	2,999,762	2,911,386

5.4.1 Employee benefits

Salaries and benefits with high competitiveness

- A Year-end bonus of salaries of two months
- Employee dividends and profit sharings
- KPI project bonus system

Generous leave system

- Two-day week off
- Flexible leave system
- Leave calculation superior to the basic labor law
- Engagement leave for employees
- Marriage leave, prenatal examination leave, accompanying prenatal examination leave, paternity leave, maternity leave, and funeral leave are provided by the laws

Humanized management, and a friendly and comfortable working environment

- Fitness room is built
- Free use of massage chairs
- Open bar and employee relaxation area
- Game table for stress relief
- Electric toilet seat

Focus on employee health and livelihood protection

- Annual health examinations, on-site medical care*
- Encourage the establishment of societies and provide financial assistance
- High contributions to life, accident, medical, cancer, critical illness, and disability insurance
- Allow employees to add themselves and close relatives into insurance at preferential rates on their own expense

Benefits and subsidies

- Travel subsidy
- Motor vehicle parking subsidy for employees
- Gift coupons for Labor Day / Dragon Boat Festival / Mid-Autumn Festival / Spring Festival
- Birthday gift coupons for employees
- Wedding and funeral subsidies
- Gym grants
- Movie tickets
- Special shop offers

A guaranteed pension system

- In accordance with the Labor Pension Act, a monthly pension of 6% of wages is deposited in a personal account for employees
- Employees may make voluntary contributions to their pensions at 6% of their monthly salaries
- For those who are eligible for retirement under the Labor Standards Act, the Company shall contribute 2% of the total monthly salary to the special account of the supervisory committee of workers' retirement reserve fund.

Various socializing activities

- Mother's Day activities
- Engineer's Day activities
- Christmas party
- Step counting contest
- Health promotion activities
- Summer Solstice Watermelon Festival / Winter Solstice Dumpling Festival
- Family Day: "Turning Happiness Studio" was hired in 2018 to provide lovely shaped balloons
- Irregular activities include: family days, parent-child work days, spring festival activities, and various ball games

Free afternoon snacks every day

- Afternoon snacks every day

Note: In 2021, the Company received a government subsidy of NT$12,000 for medical care.

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Social Life

Sitronix employees not only work hard but also enjoy their personal lives. The Company continues to organize various sports activities, such as running, cycling, trekking, and fitness, which can always attract our colleagues to go outdoors together to enjoy the sunshine, wind, and beauty of nature. In addition, the Company also organizes dinners from time to time to deepen the relationship between departments.

Many of our employees are excellent photographers from their unique perspectives. Through the staff photo exhibition held from time to time, they can share their travel visions and document their moods with their photographic works. The photos taken by our employees are hung on the walls of the office corridors to share the work, family, and life stories of our employees and deepen their friendships.

Sitronix hopes to continue to promote the concept of exercise and personal health to maintain the physical and mental balance of our employees. Every year, the Company holds competitive health promotion activities for our employees, and as a result, it has been awarded the "Sports Enterprise Certificate" by the Ministry of Education's Sports Administration in 2017 and 2019, and the "Healthy Workplace Certificate" by the Health Promotion Administration in 2020.

Year-end Banquet

Take Kids To Work Day

Outdoor Activity: Basketball

Family Day

Family Day

Indoor Activity: Mahjong

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6.1 Charitable Donation

In addition to the continuous growth of its business performance, Sitronix also pays attention to the needs of society and continues to implement its charitable activities. All employees are encouraged to contribute to society through company-sponsored or self-initiated activities. In addition to passing on our belief in sustainable management, we also assist society. We will continue to carry out these activities for the good of the community.

Charitable Items	Activities
2009 Typhoon Morakot One-Day Donation	Nearly 200 employees donated a day's income to help with disaster relief
Since 2015, the annual Christmas wish donation campaign for children in nursery schools has been held	In 2021, 3 nursery schools received our donation, and 69 children's Christmas wishes were fulfilled
2018 T-shirt charity sales	NT$500,000 was raised for World Vision to help children from disadvantaged families in schooling
2018 Blood Donation	255 bags of blood were collected
The Company hires visually impaired friends from time to time to provide employees with massage services	
Occasional donations of computers	2021 "Green Recycling" and "ASUS Foundation" recycling donation status

Unit: Set	Green Recycling	ASUS Foundation
Desktop	3	41
Server		6
Display	14	6
Laptop	2	15
Tablet		2
Network product		16
Others	3	18

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Global Reporting Initiative (GRI) Index

GRI Standard	Disclosure Item		Report Chapter		Note
General Disclosure					
GRI 102 General Disclosure					
1.Organization Overview	102-1	Organization Name	1.1.1 Company Background	05	
	102-2	Events, Brands, Products & Services	1.1.1 Company Background	05	
	102-3	Head Office Location	1.1.1 Company Background	05	
	102-4	Operating Locations	1.1.1 Company Background	05	
	102-5	Ownership and Legal Form	1.1.1 Company Background	05	
	102-6	Markets Served	2.1.1 Financial Performance	13	
	102-7	Organization Scale	1.1.1 Company Background	05	
	102-8	Information on Employees and Other Workers	5.1 Employee Development, Education, and Training	43	
	102-9	Supply Chain	3.1 Supply Chain Sustainability Management	30	
	102-10	Major changes in Organization and Supply Chain	4.1 Response to Climate Change and Global Warming 2.3.1 Risk Management Organization and Mechanism 3.2 Customer Service and Satisfaction	37 25 35	
	102-11	Early Warning Principles or Guidelines	2.2 Ethical Corporate Management 4.2 Environmental Policy and Green Strategy	17 39	
	102-12	External Initiatives	4.1 Response to Climate Change and Global Warming	05	
	102-13	Membership of the Association	1.1.1 Company Background	06	

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GRI Standard	Disclosure Item		Report Chapter	Page	Note
2.Strategy	102-14	Statement of the Decision Maker	Message from the Management	02	
	102-15	Key Impacts, Risks, and Opportunities	Message from the Management 1.2.2 Identification of Major Issues 3.1 Supply Chain Sustainability Management 4.2 Environmental Policy and Green Strategy 4.3 Green Operations	02 09 30 39 40	
3.Ethics and Integrity	102-16	Values, Principles, Standards, and Codes of Conduct	Message from the Management 2.2 Ethical Corporate Management 2.3 Risk Management 2.4 Response to COVID-19 4.2 Environmental Policy and Green Strategy	02 17 24 28 39	
	102-17	Ethics-related proposals and mechanisms of concern	2.2 Ethical Corporate Management	17	
4.Governance	102-18	Governance Structure	2.2 Ethical Corporate Management	17	
	102-19	Delegation of Rights and Responsibilities	1.1.2 Corporate Sustainability Promotion Unit 2.2 Ethical Corporate Management	06 17	
	102-20	Senior management's responsibility for economic, environmental, and social issues	1.1.2 Corporate Sustainability Promotion Unit 2.2 Ethical Corporate Management	06 17	
	102-21	Consult with stakeholders on economic, environmental, and social issues	1.2.1 Identification of Stakeholders 1.2.2 Identification of Major Issues 2.2.1 Governance Structure 2.3 Risk Management 2.2.2 Ethics and Integrity 5.2 Healthy Workplace 5.3 Employee Relations and Communication	07 09 17 24 22 49 51	

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GRI Standard	Disclosure Item		Report Chapter	Page	Note
4.Governance	102-22	Composition of the relationship between the supreme governance unit and its employees	2.2.1 Governance Structure 2.3.1 Risk Management Organization and Mechanism 2.3.3 Information Security Management	17 25 26	
	102-23	Chairman of the Supreme Governance Unit	2.2.1 Governance Structure	17	
	102-24	Nomination and Selection of Members of the Supreme Governance Unit	2.2 Ethical Corporate Management	17	
	102-25	Conflict of Interest	2.2.1 Governance Structure 2.3.1 Ethics and Integrity	17 25	
	102-26	The role of the supreme governance unit in establishing purpose, values, and strategy	1.1 CSR Perspectives and Commitments 2.2 Ethical Corporate Management	05 17	
	102-27	Group Intelligence of the Supreme Governance Unit	2.2 Ethical Corporate Management	17	
	102-28	Performance Measurement of Supreme Governance Unit	2.2 Ethical Corporate Management	17	
	102-29	Identifying and managing economic, environmental, and social impacts	Message from the operator 2.2 Ethical Corporate Management	02 17	
	102-30	Effectiveness of risk management process	2.2 Ethical Corporate Management 2.3 Risk Management	17 24	
	102-31	Inspection of economic, environmental, and social issues	2.2 Ethical Corporate Management 2.3 Risk Management	17 24	
	102-32	Role of Supreme Governance Unit in Sustainability Reporting	1.1.2 The Entity Responsible for Promoting Corporate Sustainability	06	
	102-33	Communication on Key Events	1.1.2 Corporate Sustainability Promotion Unit 2.2 Ethical Corporate Management	06 17	
	102-34	The nature and the total number of key events	1.1.2 The Entity Responsible for Promoting Corporate Sustainability 2.2.1 Governance Structure	06 17	
	102-35	Remuneration Policy	2.2 Ethical Corporate Management	17	
	102-36	The process of compensation decision	2.2 Ethical Corporate Management	17	
	102-37	Participation of Stakeholders	1.1 CSR Viewpoints and Commitments 1.2 Identification of Stakeholders and Major Issues	05 07	

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GRI Standard	Disclosure Item		Report Chapter	Page	Note
5.Stakeholders Communication	102-40	Stakeholder Groups	1.2.1 Identification of Stakeholders 1.2.2 Identification of Major Issues	07 09	
	102-41	Group Agreements	5.3 Employee Relations Note: Sitronix does not currently have a collective bargaining agreement	51	
	102-42	Identification and Selection of Stakeholders	1.2.1 Identification of Stakeholders 1.2.2 Identification of Major Issues	07 09	
	102-43	Guidelines for Communicating with Stakeholders	1.2.1 Identification of Stakeholders 1.2.2 Identification of Major Issues	07 09	
	102-44	Key themes and concerns raised	1.2.1 Identification of Stakeholders 1.2.2 Identification of Major Issues 3.2 Customer Service and Satisfaction	07 09 35	
6.Practice Report	102-45	Entities included in the consolidated financial statements	About Sitronix Sustainability Report 2.2 Ethical Corporate Management	01 17	
	102-46	Definition of the content and subject boundaries of the report	About Sitronix Sustainability Report 1.2 Stakeholder Identification	01 07	
	102-47	Table of Major Issues	1.2.1 Identification of Stakeholders 1.2.2 Identification of Major Issues	07 09	
	102-48	Information Re-editing	-	-	The first year of the report was issued, and all information is newly edited
	102-49	Report Changes	Note: None		
	102-50	Reporting Period	About Sitronix Sustainability Report	01	
	102-51	Date of the previous report	About Sitronix Sustainability Report	01	
	102-52	Reporting Cycle	About Sitronix Sustainability Report	01	
	102-53	Contact a person who can answer questions about the report	About Sitronix Sustainability Report	01	
	102-54	Declaration of compliance with GRI guidelines	About Sitronix Sustainability Report	01	
	102-55	GRI Content Index	Global Sustainability Reporting Indicators GRI Standards Comparison Table	58	
	102-56	External Assurance/Confirmation	-	-	For the 2021 Annual Report, the third-party AA1000 medium assurance could be obtained by the end of 2022

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GRI Standard	Disclosure Item		Report Chapter	Page	Note
Major Issues					
GRI 103 Management Guideline	103-1	Explanation of major issues and their boundaries	Report Introduction		
	103-2 103-3	Management approach and its elements Evaluation of management principles (The topics defined by 1.2.2 Major Issues Identification are presented in the corresponding chapters)	1.1.1 Company Background 2.1 Business Performance 2.2 Ethical Corporate Management 3.1 Supply Chain Sustainability Management 3.2 Customer Service and Satisfaction 4.1 Response to Climate Change and Global Warming 4.3 Green Operations 5.1 Employee Development, Education, and Training 5.2 Healthy Workplace 5.3 Employee Relations and Communication 6.1 Public Contribution	05 13 17 30 35 37 40 43 50 51 56	
GRI 201 Economic Performance	201-1	Direct economic value generated and distributed by the organization	2.1 Business Performance 5.4 Sitronix Life 6.1 Public Contribution	13 53 56	
	201-2	The financial impact of climate change and other risks and opportunities	Message from the operator 2.2.3 Regulatory Compliance 2.2 Ethical Corporate Management 2.3 Risk Management 2.3.1 Risk Management Organization and Mechanism 2.3.2 Risk Analysis and Assessment 4.1 Response to Climate Change and Global Warming 4.3 Reduction of Greenhouse Gas	02 23 17 24 25 25 37 40	
	201-3	Obligations of Developing Benefit Plans and Other Retirement Plans	5.4.1 Employee benefits	53	See page 158 of the Company's annual report for details
	201-4	Benefits from Government	5.4.1 Notes to Employee Benefits	53	See page 157 of the Company's annual report for the total amount including the subsidiaries of the company

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GRI Standard	Disclosure Item		Report Chapter	Page	Note
GRI 202 Market Status	202-1	The ratio of standard salary to the local minimum salary for grassroots staff by gender	5.1.1 Talent layout and recruitment	43	
	202-2	Percentage of residents in senior management	5.3 Employee Relations	51	
GRI 204 Procurement Practices	204-1	Percentage of procurement spending for local suppliers	3.1 Supply Chain Sustainability Management	30	
GRI 205 Anti-Corruption	205-1	Operating sites that have been assessed for corruption risk	2.2 Ethical Corporate Management	17	
	205-2	Communication and training on anti-corruption policies and procedures	2.2 Ethical Corporate Management	17	
	205-3	Confirmed corruption incidents and actions taken	2.2 Ethical Corporate Management	17	
GRI 206 Anti-Competition Behavior	206-1	Legal actions against anti-competition, antitrust and monopoly practices		-	Note: None
GRI 302 Energy	302-1	Energy consumption within the organization	4.3 Green Operations	40	
	302-2	Energy consumption outside the organization	-	-	No statistics are available on the amount of energy consumed outside the organization
	302-3	Energy Intensity	4.3 Green Operations	40	
	302-4	Reduction of Energy Consumption	4.2 Environmental Policy and Green Strategy 4.3 Green Operations	39 40	
	302-5	Reduction of energy demand for products and services	4.3 Green Operations	40	
GRI 303 Water	303-1	Water consumption by source	4.2.2 Water resource management	40	Tap water planned by local authorities with a unified source
	303-2	Water sources significantly affected by water extraction	Note: no influence		

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GRI Standard	Disclosure Item		Report Chapter	Page	Note
GRI 305 Emissions	305-1	Direct (Scope I) greenhouse gas emissionsgreenhouse gas emissions	4.2.1 Greenhouse gas management	39	
	305-2	Energy indirect (Scope II) greenhouse gas emissions	4.2.1 Greenhouse gas management	39	
GRI 306 Waste water and waste	306-2	Total weight of waste by type and disposal method	4.3 Green Operations	40	
	306-4	Waste transportation	4.3 Green Operations	40	
GRI 308 Supplier Environmental Assessment	308-1	New suppliers selected based on environmental standards	3.1 Supply Chain Sustainability Management	30	
	308-2	The negative impact of the supply chain on the environment and the actions taken	3.1 Supply Chain Sustainability Management	30	
GRI 401 Employee-Employer Relationships	401-1	New Employees and Former Employees	5.3 Employee Relations and Communication	51	
	401-2	Benefits provided to full-time employees (excluding temporary or part-time employees)	5.4 Sitronix Life	53	
	401-3	Parental leave	5.3 Employee Relations and Communication	51	
GRI 402 Employee/Employer Relationships	402-1	The minimum notice period for changes in operations	5.3 Employee Relations and Communication	51	
GRI 403 Occupational Safety and Health	403-1	Representatives of workers in the official safety and health committee assigned by employers and employees	5.2 Healthy Workplace	49	
GRI 404 Training and Education	404-1	The average number of hours of training per employee per year	5.1.1 Talent layout and recruitment	43	
GRI 405 employee diversity and equal opportunity	405-1	Diversity of governance unit and employees	5.1.1 Talent layout and recruitment	43	
	405-2	The ratio of women to men's base salary plus remuneration	5.1.1 Talent layout and recruitment	43	
GRI 406 Non-discrimination	406-1	Incidents of discrimination and actions taken by the organization for the improvement	5.3 Employee Relations and Communication	51	
GRI 414 Supplier Social Assessment	414-1	New suppliers selected based on social standards	3.1 Supply Chain Sustainability Management	30	
	414-2	The negative impact of the supply chain on society and the actions taken	3.1 Supply Chain Sustainability Management	30	

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Sustainable Development Goals (SDGs) Index

The UN Sustainable Development Goals (SDGs) were introduced by the United Nations in 2015 to set sustainable goals for People, the Planet, Prosperity, Peace, and Partnership through planned actions. SDGs could only be achieved through innovative products and technologies from companies and in partnership with governments, the United Nations, multinational organizations, and multiple stakeholders.

In response to this global trend, Sitronix has assessed the risks and opportunities of its business activities to SDGs based on its core competencies. We review our sustainable development path from the operational, product, supply chain, and social perspectives to create maximum synergy, continuously innovate and develop energy-efficient products in production, improve energy and resource efficiency in operations, and promote environmental protection and public welfare activities for society.

Sitronix's sustainability goals are aligned with the United Nations' Sustainable Development Goals (SDGs), and are integrated into the medium- and long-term development strategy to achieve global sustainability.

United Nations Sustainable Development Goals SDGs		Corresponding Chapter	Page
Goal 1	Poverty	-	-
Goal 2	Zero Hunger	-	-
Goal 3	Good Health and Well-Being	-	-
Goal 4	Quality Education	-	-
Goal 5	Gender Equality	5.1 Employee Development, Education and Training 5.2 Healthy Workplace 5.3 Employee Relations and Communication	43 49 51
Goal 6	Clean Water and Sanitation	4.2.2 Water resource management	40
Goal 7	Affordable and Clean Energy	4.3 Green Operations	40
Goal 8	Decent Work and Economic Growth3.	2.1.1 Financial Performance 3.1 Supply Chain Sustainability Management 5.1 Employee Development, Education and Training	13 30 43

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United Nations Sustainable Development Goals SDGs		Corresponding Chapter	Page
Goal 9	Industry, Innovation and Infrastructure	2.1.2 R&D Innovation 4.3 Green Operations	15 40
Goal 10	Reduced Inequalities	-	-
Goal 11	Sustainable Cities and Communities	6.1 Charitable Donation	56
Goal 12	Responsible Consumption and Production	2.1.1 Financial Performance 3.1 Supply Chain Sustainability Management 4.3 Green Operations	13 30 40
Goal 13	Climate Action	2.3 Risk Management 4.1.1 Core framework and related issues of Task Force on Climate-related Financial Disclosures (TCFD)	19 38
Goal 14	Life Below Water	-	-
Goal 15	Life on Land	-	-
Goal 16	Peace, Justice and Strong Institutions	2.1.1 Financial Performance 2.3 Risk Management	13 24
Goal 17	Partnerships for the Goals	3.1 Supply Chain Sustainability Management 3.2 Customer Service and Satisfaction	30 35

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Sustainability Accounting Standards Board (SASB): Technology & Communications / Semiconductor

SASB Sustainability Industry Classification System (SICS): Technology & Communications / Semiconductor

Comparison of Sustainability Disclosure Issues and Accounting Indicators

Disclosure Issue	Indicator No.	Indicator Description	Measurement Unit	Disclosure Chapter	Page
Greenhouse gas emissions	TC-SC-110a.1	The total emission of Scope I greenhouse gases The total emission of perfluorocarbons	Quantification	4.2 Environmental Policy and Green Strategy The company does not emit perfluorocarbons	39
	TC-SC-110a.2	Management of emissions in Scope 1, reduction targets and analysis of target execution and formulation of short and long-term strategies or plans	Quantification	4.2 Environmental Policy and Green Strategy	39
Energy Management	TC-SC-130a.1	Total Energy Consumption Grid Power Usage Ratio Renewable Energy Usage Ratio	Quantification	4.2 Environmental Policy and Green Strategy	39
Water Resource Management	TC-SC-140a.1	Total water-taking amount Total water consumption Percentage of operating locations in areas with "high" or "very high" water shortage and the total water taking amount and total water consumption	Quantification	4.2.2 Water resource management	40
Waste management	TC-SC-150a.1	Hazardous waste generated during the manufacturing process and the percentage of recycling	Quantification	4.3 Green Operations	40
Occupational Safety and Health	TC-SC-320a.1	To describe how to assess, monitor, and reduce employee exposure to hazardous work environments	Qualitative	5.2 Healthy Workplace 5.3 Employee Relations and Communication	49 51
	TC-SC-320a.2	Monetary loss due to violations of laws related to employee health and safety	Qualitative	No such incident in 2021	
Personnel Management	TC-SC-330a.1	Disclosure of (1) foreign employees; (2) percentage of dispatched employees	Quantification	5.1 Employee Development, Education, and Training	43
Product Lifecycle Management	TC-SC-410a.1	Percentage of annual revenue from products meeting IEC 62474 declarable controlled substances	Quantification	N/A	
	TC-SC-410a.2	Total system stage energy efficiency of processors, including (1) servers, (2) desktops, and (3) laptops	Quantification	N/A	
Raw Material Management	TC-SC-440a.1	Describe the risk management associated with the use of critical materials	Qualitative	3.1 Supply Chain Sustainability Management	30
Intellectual property rights and competitive behaviors	TC-SC-520a.1	Monetary losses caused by violations of laws related to anti-competition	Qualitative	No such incident in 2021	
Production capacity under contract	TC-SC-000.A	Production capacity of own plants and that of production plants under service contracts	Quantification	3.1 Supply Chain Sustainability Management; see P.75 of the annual report of Sitronix in 2021	30
Production capacity owned by the company	TC-SC-000.B	Percentage of the output of own plants	Quantification	N/A. Sitronix is a fabless chip designer with no production line, and the value of the indicator is 0	

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Task Force on Climate-related Financial Disclosures (TCFD)

Sustainable Governance

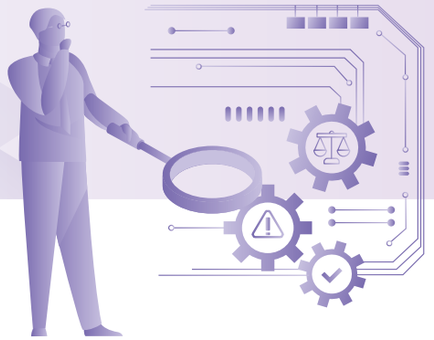
Responsible department	The Sustainability Committee shoulders the main responsibility of corporate sustainability initiatives, with the convener and members collecting issues from all aspects to develop med- and long-term sustainability goals. The Sustainability Committee coordinates the corporate resources, identifies climate issues related to the corporate operation, and drafts corresponding countermeasures and final goals.
Regular tracking	The Board of Directors regularly receives reports from the Sustainability Committee on the implementation of major ESG issues. The Board of Directors provides strategic feasibility or other recommendations on the reports, and also tracks the progress of implementation, and urges the Committee to evaluate and adjust planning matters.

Strategy

Risk analysis	Climate risk management tools are developed to analyze the potential financial impact of major climate risks, facilitate the estimation and prediction of climate risks, and develop contingency and preventive measures to strengthen the climate resilience of the Company.
Design R&D	We are dedicated to the design and development of display chips for smart devices, providing customers with the best solutions while taking into account the trend of sustainability and developing innovative products in line with the principles of energy saving and carbon reduction.
Energy-saving facilities	We have made plans to continue to replace old equipment and purchase energy-saving facilities to improve energy use efficiency.

Risk Management

Risk Assessment	The Sustainability Committee assesses the Company's potential risks through a risk identification process, discusses major climate risk issues and corresponding risk management measures, and regularly reviews and tracks them.
Assessment tracking	We review annually changes in policies, regulations, technologies, markets, and goodwill concerning transformational risks and opportunities, strengthen the regular review of physical risks, transformation risks, and opportunities, and assessment results through climate risk management tools, and continuously revise them.



Indicators and Objectives

Reducing energy consumption	The main products in all series will reduce energy by 3-8% compared to the previous year.
Water and power saving	We set internal water and electricity saving targets every year, regularly track the achievement of the targets, and actively respond to the risks associated with climate change.
International certification	We facilitate our suppliers to obtain a number of ISO international certifications, including those related to carbon emissions and disclosure, water footprint, and energy management, and work with them to achieve corporate sustainability goals.
Renewable energies	Renewable energies are expected to account for 5% of the annual power consumption by 2030.

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Third Party Assurance

TÜV NORD

Assurance Statement

TUV NORD Taiwan Co., Ltd. ("TUV NORD") has been commissioned by the management of Sitronix Technology Corporation ("the Company") to carry out an **independent assurance** of Sitronix 2021 Sustainability Report for the fiscal year 2021 ("Sustainability Report"). TUV NORD Taiwan Co., Ltd. **Sustainability Assurance** Statement is based on AccountAbility AA1000 Assurance Standard v3 and the Global Sustainability Standard Board (GSSB) Reporting Standards GRI Standards.

The Company is responsible for the collection, analysis, aggregation and presentation of information within the Report. TUV NORD's responsibility in performing this work (assurance of the report) is in accordance with terms of reference agreed in the scope of engagement with the Company. The management of the Company are the intended users of this statement.

The assurance engagement is based on the assumption that the data and information provided to in the Company's Sustainability report is complete and true. The reported financial data and information are based on data from the Company's Annual Report and Accounts, which are subject to a separate independent audit process. Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

Nature and Scope the Assurance

TUV NORD has developed a set of protocols for the Assurance of Sustainability Reporting based on our professional experience, international assurance best practice, AA1000 Assurance Standard v3 and the Global Sustainability Reporting Standards (GRI Standards 2016), include the text, and data in accompanying tables, contained in this report.

The assurance of the Sustainability Report for the fiscal year 2021 related to the HQ address: 11F-1, No.5, Taiyuan 1st St., Zhubei City, Hsinchu County, Taiwan and Taipei office address: 6F., No. 608, Ruiguang Rd., Neihu Dist., Taipei City, Taiwan.
The content of the report includes the following:
1) Reporting of economic, environmental, and social indicators; the year of activities covered in the Sustainability Report is 01.2021 to 12.2021;
2) Information related to the Company's issues, responses, performance data, case studies and underlying systems to manage Sustainability related data and information;
3) Information related to the Company's adherence to inclusivity, materiality and responsiveness and stakeholder engagements;
4) The report is "in accordance" with the GRI Standards – CORE option.

Assurance Methodology
TUV NORD is a licensed global assurance provider of Sustainability services, with quality, environmental, social and sustainability assurance specialists working all over the world.

Our assurance engagement was planned and carried out in accordance with the GRI Standards and the TUV NORD Sustainability Assurance Protocol for AA1000 Assurance Standard v3 and the Global Sustainability Reporting Standards (GRI Standards 2016). Assessment of the company's adherence to inclusivity, materiality and responsiveness and stakeholder engagements was based on AA1000 Assurance Standard v3 and the GRI Standards 2016.

Our assurance involved the following activities:
* Gather objective evidence on the performance indicators as mentioned in the report.
* Review any issues raised by external parties that could be relevant to the Company's policies.
* Review of expectations of local and national regulations; international standards and those of general concern both in the public eye and/or raised by expert opinion.
* Documentation; record review and evaluation of the report contents against the GRI Standards application requirements.
* Discussion with managers and relevant staff on the Company's approach to stakeholder engagement.
* Interviews with relevant staffs involved in sustainability management, gathering information and report preparation.
* Review key organizational developments.
* Review of internal and external audits findings.
* Review of supporting evidence based on the information made in the report.
* Sampling method used to ensure the correctness of the data

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TÜV NORD

Opinion Statement
The Company's Sustainability Report provides an appropriate view of the Company's Sustainability programs and performances during fiscal year 2021.

The economic, social and environment performance indicators as mentioned in the Sustainability Report are represented appropriately. The Sustainability development performance indicators disclosed in the report demonstrate the Company's efforts recognized by its Top Management and stakeholders.

The report also presents the company's performance in the wider context of sustainability, In accordance with the AA1000 Assurance Standard v3 and GRI Standards 2016, the recommendations are as follows:

Inclusiveness

The Sustainability Development Committee reference to GRI standards 2016 decided 8 material topics through 185 valid questionnaires from 6 identified stakeholders in Economic, Environment and Social aspect to be disclosure which was from 185 valid questionnaires from the identified stakeholders. To respond to their reasonable expectations and interests, to strengthen the depth and breadth of engaged stakeholders for further report is expected.

Responsiveness

The company refers GRI Standards to identify the significant economic, environmental, and social impacts. For report responsiveness, the performance achievement on mid-term vs long-term quantitative goals could more address in the further report.

Materiality
The report has not only clear described the relationship between sustainability and organizational strategy as well as the context in which disclosures are made. To reflect the materiality, the topics covered in the report is expected to consider both the results of stakeholder engagement processes and broad-based societal expectations.

Impact
The material topics identified based on the two dimensions of this reporting principle, also the aspect and boundaries assessed on economic, environmental, and social impacts. The Company describes how economic, environmental, and social topics related to its long-term strategy, risks, opportunities, and goals, including in its value chain in welcome to follow GRI standards to declare in the further report.

Reliability and accuracy of performance information:
In accordance to Type I, Moderate level of assurance requirements, it can be concluded that the contents mentioned in the Sustainability Report is reliable. The Company has a robust management system for obtaining objective evidences and data for the reporting in the Company's Sustainability Report.

Statement of Independence and Competence
TUV NORD Group is the world's leader in inspection, testing and verification, operating in more than 70 countries throughout the world and providing services which includes management systems and product certification; quality, environmental, social and ethical auditing and training; environmental; social responsibility and sustainability report assurance.

TUV NORD Taiwan Co., Ltd., affirms its' independence from the Company and confirms that there are no conflicts of interest with the organization or any of its subsidiaries and stakeholders when performing the assurance of the Sustainability Report. TUV NORD Taiwan Co., Ltd. was not involved in any manner with the said Company, when the latter was preparing the Sustainability report.

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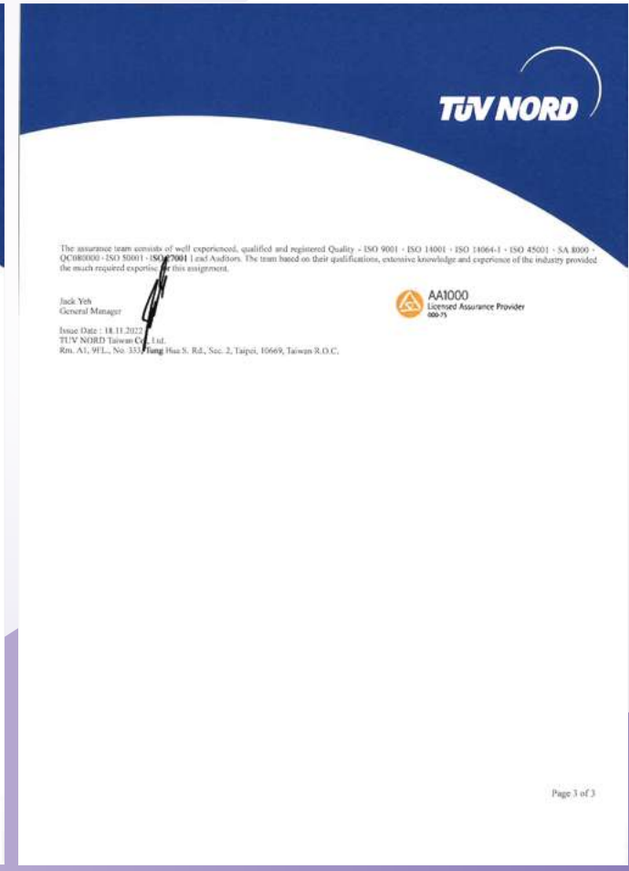

TÜV NORD

The assurance team consists of well experienced, qualified and registered Quality - ISO 9001 - ISO 14001 - ISO 14064-1 - ISO 45001 - SA 8000 - QC080000 - ISO 50001 - ISO/IEC 27001 Lead Auditors. The team based on their qualifications, extensive knowledge and experience of the industry provided the much required expertise for this assignment.

Jack Yeh
General Manager

AA1000
Licensed Assurance Provider
0000-75

Issue Date : 18.11.2022
TUV NORD Taiwan Co., Ltd.
Rm. A1, 9FL., No. 333, Fang Hua S. Rd., Sec. 2, Taipei, 10669, Taiwan R.O.C.

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Sitronix

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