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Sustainability Highlights of FITI Group in 2022

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## About This Report

### **\*** Overview

Since 2018, FITI Group has been actively promoting positive social change and has issued its sustainability report for six consecutive years, making it one of the tangible actions taken by the company to practice sustainable operations. This report not only incorporates various international sustainability standards, such as the Global Reporting Initiative (GRI), the Task Force on Climate-related Financial Disclosures (TCFD) framework, and the Sustainability Accounting Standards Board (SASB), but also heeds stakeholders' expectations and suggestions in daily operations. Through materiality analysis, the company adjusts its sustainable management practices to align with international sustainability standards. As a result, the annual sustainability report has become an important tool for managing ESG practices internally and a way to disclose mid- and long-term strategies, practices, and progress, allowing FITI Group to collaborate with various stakeholders to strive for a sustainable future. In the future, FITI Group will continue issuing sustainability reports, disclosing operational achievements to stakeholders, striving towards its vision of sustainable operations, and continuously making improvements while paying attention to stakeholders' suggestions.

The "2022 FITI Group Sustainability Report" (hereafter referred to as "this report") is authored and edited by the "FITI ESG Committee" of Foxsemicon Integrated Technology Inc. (hereafter referred to as "FITI Group"). The report fully discloses FITI Group's policies, systems, and achievements in corporate governance, employee and community care, and environmental protection, covering material issues and information related to the economic, social, and environmental aspects that stakeholders are concerned about and that impact FITI Group's operational activities.



## **\*** Report Boundary and Scope

The reporting period is between January 1st, 2022 and December 31st, 2022 and discloses the achievements and performance of FITI Group's various corporate sustainability strategies in 2022. The report covers major topics of stakeholders concerns as well as FITI Group's specific performance in terms of economy, environment, society and governance. The Chinese version of the report is expected to be released and published on the official website of FITI Group before August 2023 with the issue frequency being one per year.

The data in this report is compiled and collected by the FITI ESG Committee, which includes departments such as Human Resources, Finance, Facility, Environmental Safety, Accounting, Research and Development, Procurement, Quality Assurance, Sales, Audit, Investor Relations, Information Technology, and Business Management. The cost and accounting information included in the company's annual report have been verified by accountants, and the environmental management and occupational safety and health management systems have been verified by a third-party certification. Greenhouse gas inventory is based on data verified and confirmed according to ISO 14064-1:2018.

The previous edition of the report for the year of 2021 was published in August 2022.

The next edition for the year of 2024 is scheduled to be published in August 2024.

The information in this report has not been revised. • (GRI 2-4)

The report mainly includes the following identified boundaries:

- ◆ Taiwan facilities: FITI, FATI, Frontier and Kainova (hereinafter referred to as Taiwan facilities) (GRI 2-2)
- China facilities: Songjiang Plant (including Foxsemicon Integrated Technology (Shanghai) Inc. and Boding) and Kunshan Plant (Fuyao)

## **\*** Writing Guideline

This report follows the editorial standards of the latest Global Reporting Initiative (GRI) Sustainability Reporting Standards (2021 Edition), with reference to the AA1000 Accountability Principles Standard (APS), which emphasizes materiality, inclusivity, responsiveness, and impact. Additionally, it follows the disclosure standards for the semiconductor industry set forth by the Sustainability Accounting Standards Board (SASB). The content index of the GRI Sustainability Reporting Standards is provided in the appendix.

### **External Assurance** (GRI 2-5)

This report adopts the officially published sustainability reporting standard "GRI Standards" from the Global Reporting Initiative (GRI), with reference to the selected options.

This report has commissioned a third-party institute "SGS Taiwan Ltd." to conduct external assurance. The assurance process aligns with the spirit of the moderate level of assurance as defined in AA1000AS v3 (AccountAbility 1000 Assurance Standard) and confirms compliance with the disclosure requirements of the GRI Standards, 2021 edition. Following the completion of the assurance work, the relevant results have been thoroughly communicated with the governance department. For further details, please refer to the Independent Assurance Statement provided in the appendix of this report.

The "Independent Assurance Statement" is included in the appendix of this report.

### External Initiatives

FITI Group is committed to ensuring that its employees are treated with respect and dignity, working in a safe and environmentally responsible environment, and adhering to ethical practices. As part of this commitment, FITI Group is a member of the Responsible Business Alliance (RBA) and pledges to comply with local labor laws and RBA's international standards, ensuring the implementation of labor rights management.

### **External Organization Engagement (GRI 2-28)**

FITI Group actively participates in activities organized by relevant industry guilds and associations, responding to feedback and sharing experiences. Our aim is to contribute our efforts to the sustainable development of the industry.



### **\*** Contact Information

Contact Person for inquiries related to the disclosed items in this report: This report is made available on the official website of FITI Group for stakeholders' reference. If you have any questions or suggestions, please feel free to contact us.

Point of Contact: ESG Committee, Foxsemicon Integrated Technology Co., Ltd. (GRI 2-3)

Email: fiti.csr@foxsemicon.com

Phone: 037-580088 Fax: 037-582690

Headquarters Address: No. 16, Kezhong Rd., Zhunan Township, Miaoli County 35053, Taiwan (R.O.C.)

Website: www.foxsemicon.com.tw

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## Letter from the Chairman (GRI 2-22)

Since its establishment in 2001, Foxsemicon has achieved recognition and support from our partners and customers through the collaborative efforts and continuous dedication of all our staff. As the company has grown and developed over the past 22 years, we deeply understand the significance of not only being dedicated to business operations and enhancing the company's value but also fulfilling our role as a responsible corporate citizen and member of society. Therefore, we embrace an attitude of gratitude and reciprocity, adhering to the 17 Sustainable Development Goals proposed by the United Nations in 2016, and are committed to fulfilling our responsibilities as a global corporate citizen.

In recent years, the global pandemic has highlighted the importance of sustainability in economic. environmental, and social dimensions. Upholding our commitment to sustainable business philosophy, Foxsemicon has embarked on a journey of continuous growth and progress. Each milestone of success stands as a testament to our efforts and perseverance. As we navigate the path towards a sustainable lowcarbon transformation, Foxsemicon remains steadfast in facing various challenges, aligning with the United Nations' Sustainable Development Goals, and integrating them with our core competencies. We are determined to implement ESG initiatives, promote sustainable management, and achieve even greater excellence, shining brighter as a competitive and advantaged sustainable enterprise.





### \* Foxsemicon's Outstanding Performance in 2022 \*

- ◆ Achieved record-high consolidated revenue, profit after tax, and earnings per share (EPS).
- ♦ Awarded the "Best Companies to Work for in Asia 2022" by HR Asia
- ♦ Ranked No.1 enterprise with the most carbon reduction in three years in Business Weekly's Top 100 Carbon Competitiveness Award, showcasing FITI's commitment to carbon reduction.
- ♦ Received the "Supplier Excellence Award" from Applied Materials, Inc., the world's largest semiconductor equipment manufacturer in 2022.

### **\*** Corporate Governance

We uphold the philosophy of operating with integrity and actively promote operational transparency. In 2007, we established an independent director mechanism, followed by the establishment of a remuneration committee in 2011 and an audit committee in 2014 to enhance the operation structure of the board of directors. We also voluntarily adopted an electronic voting system in advance to safeguard the rights of shareholders. Since July 2021, we have increased the number of independent directors by one, bringing the total number of directors to seven, with over half of them being independent directors, totaling four.

To strengthen our corporate governance system, we have established and adhered to the principles of "Ethical Corporate Management Best Practice Principle", "Corporate Governance Best Practice Principles" and "Guidelines for the Adoption of Codes of Ethical Conduct" since 2014. We are committed to safeguarding the rights and interests of stakeholders, cultivating customer relationships, and collaborating with the supply chain to create win-win situations and move towards the goal of sustainable governance.

## \* Energy Conservation, Carbon Reduction, and Environmental Protection

We firmly believe that business growth and ecological environment can coexist and prosper together. Guided by this belief, we implement green actions in our daily production operations, making environmental management an integral part of our processes. Our company has implemented a smart monitoring system for various environmental aspects, including water resource protection, wastewater discharge, and greenhouse gas emissions, ensuring comprehensive environmental protection and preservation.

In addition, we advocate the efficient use of resources, the substitution of scarce resources, resource recycling, energy conservation, material saving, and water conservation. These efforts pave the way for multifaceted progress towards sustainable development. We are committed to environmental sustainability because successful environmental work is not just an individual case; it embodies the core value of corporate social responsibility for sustainable development. As such, we uphold our commitment to environmental sustainability, aspiring to become a benchmark for environmental protection and a leader in green manufacturing.

In the face of increasingly severe climate change and its impacts, FITI is dedicated to fostering business resilience and taking action in energy conservation, carbon reduction, water resource management, and waste management. We continue to utilize intelligent monitoring systems on our premises, achieving an average annual electricity saving rate of 1.84% from 2015 to 2022. We also adhere to the ISO14064-1 carbon reduction standard and quantification requirements. Furthermore, we promote waste and wastewater treatment, water conservation, and waste reduction measures, achieving a recycle rate of over 85% in 2022.

In response to the global net-zero trend, since 2017, our Taiwan facility has independently completed the greenhouse gas inventory and verification according to ISO14064-1 annually. We continuously carry out greenhouse gas management and reduction in line with national policies, with a long-term goal of achieving net-zero emissions by 2050, thereby embodying the core value of environmental sustainability.





## **\* Employee Care**

Employees are the most valuable assets of a company. Ensuring that each employee can work without worries and fully utilize their abilities is a long-term goal for our company's development. We provide stable salaries, establish generous welfare systems, and create high-quality working environments with an emphasis on the innovation of talent cultivation and development systems. We actively promote training programs and certification systems for frontline supervisors to establish management capabilities through employee training, motivating and assisting employees in enhancing their skills and professional knowledge.

The company places great importance on the physical and mental health of employees. We provide high-standard health check-ups on a regular basis and have established an in-house fitness center, offering a variety of exercise classes and equipment to enable employees to maintain a healthy body and mind for a fulfilling family life. During the COVID-19 pandemic, the company implemented a work schedule to stagger employee shifts and conducted universal screening and PCR testing for all employees to ensure a safe working environment. To us, employees are not just talents in individual departments but an essential part of the entire team. Our goal is not only to maintain the job stability of employees but also to be committed to the improvement of employee growth, development and happiness.



### Social Care

Adhering to the philosophy of taking from society and giving back to society, our company upholds a long-standing spirit of caring for society and continuously giving back to the local community. We regularly show concern and donate essential supplies to local disadvantaged social welfare organizations. In 2016, we took proactive action and established the "FITI Volunteer Club." With the strong support of senior executives and all employees, FITI actively participates in various charitable activities. Every quarter, we engage in practical actions such as beach cleaning, fulfilling the dreams of the underprivileged, and participating in local charity events, to promote the concept of caring for the vulnerable and helping others, thus giving back to society.

We firmly believe that love and kindness can accumulate and grow, and every act of giving is able to make the world a better place. Therefore, through the realization of the concept of "FITI Volunteer Club", we hope to continuously bring strength and change to society, making it more harmonious and the world a better place.

## Summary

In the face of the challenges of ESG sustainable development in the future, especially the goal of "net-zero emissions by 2050," looking ahead, FITI will uphold the business philosophy of "Excellent Quality, Dedicated Technology", "Instant Flexibility, Value Creation" and "Win-win Cooperation, Sustainable Development." We will continue to optimize high-end equipment research and development, manufacturing, and the provision of key components, commit ourselves to digital management, streamline internal processes, and enhance overall efficiency. We will continuously strengthen employee training in professional skills, create a quality working environment, continually improve corporate governance, and strive to protect the rights and interests of stakeholders.

While attracting more outstanding talents, we will continue to create better performance to give back to employees, shareholders and stakeholders, and at the same time emphasize energy conservation, environmental protection and social responsibility. In the aspect of promoting corporate social responsibility, FITI still has a lot to promote and develop. We sincerely look forward to the guidance and feedback from all partners, which serve as the driving force behind FITI's continuous improvement. Thank you!



## O About FITI Group

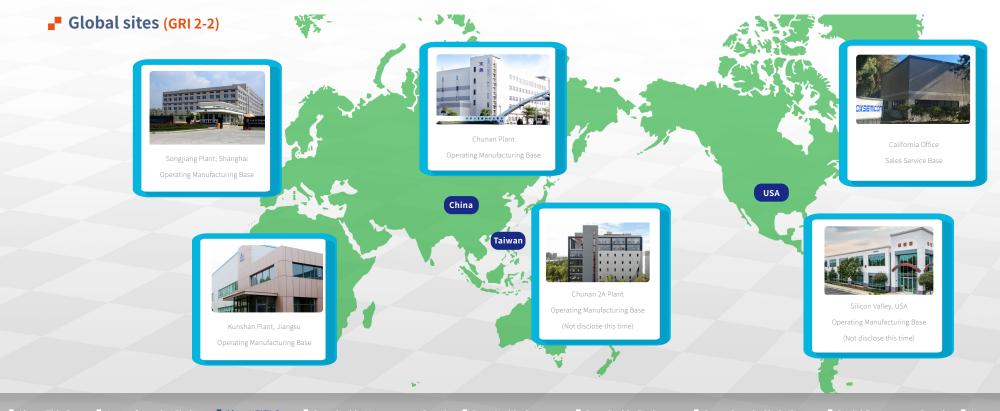
## 1 Company Background and Introduction (GRI 2-1)

FITI Group (Foxsemicon Integrated Technology Inc.-stock symbol 3413) was established in April 2001. The company's headquarters is located in Chunan Base, Hsinchu Science Park, Taiwan, with manufacturing facilities in Kunshan, Jiangsu, and Songjiang, Shanghai, China. Additionally, it has offices and customer service centers in California and Texas, USA.

FITI Group is a company that specializes in the research and development of high-performance materials and the design and manufacturing of highly integrated technological system products using precision machining, advanced assembly, cutting-edge optomechatronics integration, and automation as its core technologies. Its main products include semiconductor equipment, automation systems, and medical device equipment.

To effectively manage the quality, environmental safety and health issues related to the company's production, sales, and services, as well as the involvement of employees and stakeholders, FITI Group has established management systems based on international standards such as ISO 9001, ISO 14001, ISO 45001, and the national standard CNS 45001. These systems enable the systematic management of the company's activities and continuous improvement, ensuring compliance with the declared management policies and expected performance.

FITI Group is committed to continuous innovation and execution, practicing green technology, and contributing to the sustainable development of human well-being, life, and health. It aims to become the best strategic partner and business development community in the global advanced semiconductor, medical, and new energy equipment industries, by creating a comprehensive research, development, and manufacturing service platform.



## 2 Sustainability Vision and Mission

FITI Group adheres to the beliefs of integrity, customer orientation, innovation, research and development, and commitment to responsibility. We provide core products in the high-end advanced equipment field, including industries such as semiconductor, optoelectronics, display panels, energy, medical, and environmental technologies. Our core technologies focus on innovative designs and manufacturing in optics, mechanics, electronics, and software. With our competitive advantages in high vacuum, high cleanliness, high vertical integration, and strict process control, along with R&D in equipment, assembly and testing of system equipment, we continuously develop next-generation nano-process semiconductor process equipment, medical imaging systems, intelligent automation equipment, and comprehensive service solutions for inspection systems.

### **(Vision)**

With continuous innovation and execution, we will practice green technology and provide sustainable development for human well-being and health.

### [Mission]

We aim to create a comprehensive R&D and manufacturing service platform, becoming the best strategic partner and business development community for the world's advanced semiconductor, medical and new energy equipment.

### Core Value



### Humanism and Commitment

FITI emphasizes talents and commitments, implementing the people-oriented values and beliefs of mutual trust, and becoming a sustainable enterprise.



### Integrity and Accountability

Integrity and accountability are the foundation of FITI's foothold in order to win the trust of customers, shareholders, employees, suppliers and business partners.



### Innovation and Professionalism

In the face of continuous and rapid changes in the market, FITI has become a professional service provider with innovative thinking and cutting-edge technology.

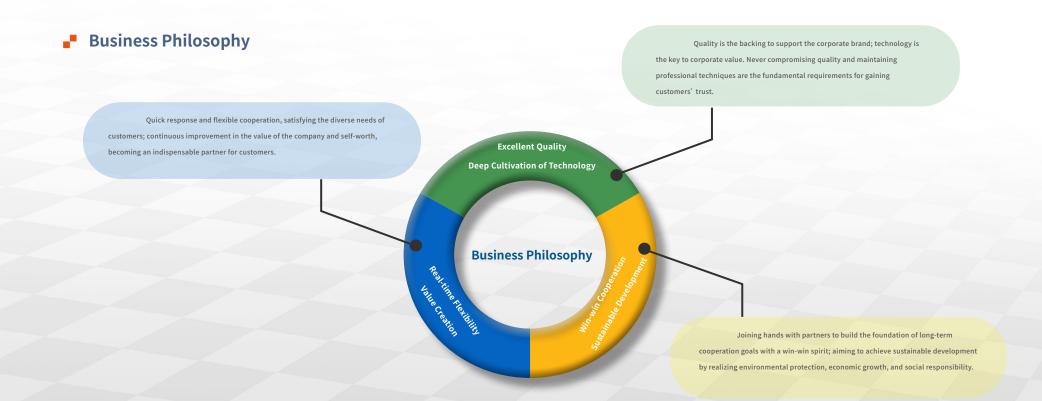
### Core Competency

Foxsemicon Integrated Technology Inc. takes semiconductor equipment manufacturing capabilities as the foundation; Mechanical, Optical, Electrical, and Software technologies as the pillar; and builds a leading edge in R&D and manufacturing of high-end equipment.

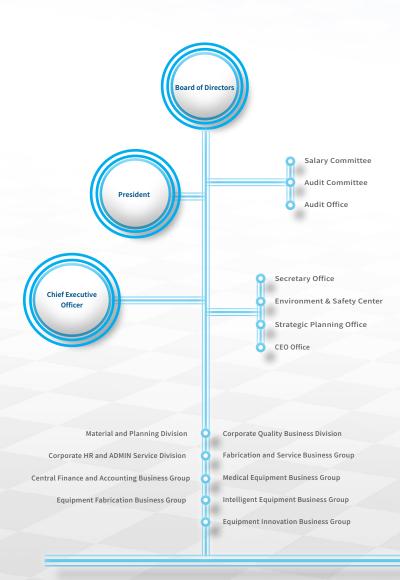
- ♦ Industry-leading & vertically-integrated manufacturing capabilities for semiconductor equipment.
- Semiconductor factory automation and high cleanliness equipment technology.
- ♦ Well-established engineering design, manufacturing, quality and supply chain management systems.
- ◆ Cross-field R&D and integration capacities including optical, mechanical, electronic control, software, manufacturing process.

♦ Possessing key manufacturing technology and obtaining special process certification.

Whole plant automation system integration and output technical capabilities.



## **3** Corporate Governance and Organizational Structure (GRI 2-9) (Executive Team)





Liu, Young-Way
Chairman of FITI Grou

**Bachelor of Electrophysics, National Chiao Tung University** 

Masters of Electrical Engineering and Computer Science, University of Southern California

Hon Hai Precision Industry Co., Ltd. (Chairman/CEO)

Fu Tai International Investment Co., Ltd. (Director)

Shanghai Ketai Century Technology Co., Ltd (Director)

Foxtron Vehicle Technologies Co., Ltd. (Chairman)



Kevin Chiu resident/CEO of FITI Group

Univerity of Nevada, Las Vegas (Electrical Engineering)

Foxsemicon Integrated Technology (Shanghai) Inc. (Chairman/President)

Foxsemicon Integrated Technology Inc. (President/CEO)

Fox Automaion Technology Inc. (Director)

ZAP Surgical Systems, Inc. (Director)



### Company History



2022/12

Foxsemicon Receives Supplier Excellence Award from Applied Materials.

2022/12

FITI won the "No. 1 Enterprise with the Most Carbon Reduction in Three Years"

in Business Weekly's Top 100 Carbon Competitiveness Award.

2022/10

Foxsemicon Integrated Technology Inc. (Fiti) Chunan 2A Site Grand Opening.

2022/0

Foxsemicon is awarded the HR Asia Best Companies to Work in Asia.

2022/04

Foxsemicon Receives Applied Materials 2022 Supplier Excellence Award.



2021/11

Kainova officially moved in Chunan Science Park.

2021/0

FITI was ranked 27th in the semiconductor manufacturing industry by the Commonwealth Magazine.

2021/03

Awarded the Excellence Award of Excellent Business Organizations for Promoting Work Equality in the Workplace from the Hsinchu Science Park Bureau, National Science and Technology Council in March 2021.

2021/02

FITI officially incorporated medical equipment industry.



2020/09

FITI won the SGS CSR Elite Awards in 2020.

2020/07

Awarded the Best in Class Performance in the 2020 Supplier Excellence Award by Applied Materials, Inc.

2020/03

Awarded the Best in Class Performance in the 2019 Supplier Excellence Award by the world's

largest semiconductor equipment manufacturer.



2018/11

Awarded the Best in Class Performance in the 2018 Supplier Excellence Award by the world's largest semiconductor equipment manufacturer.

2018/03

Included in the Fast 500 of the Deloitte Technology Fast 500 Asia Pacific.



2017/05

Ranked 15th in the Commonwealth Magazine's "Top 50 Operating Performance".



2016/12

Awarded the Best Service Cooperation Award by the world's largest semiconductor equipment manufacturer.

Ranked 17th in the Commonwealth Magazine's "Top 50 Operating Performance".



015/07

Formally listed on the Taiwan Stock Exchange.

2015/05

Submitted application to be listed on the Taiwan Stock Exchange.



2014/07

Chunan Site & Songjiang Site passed the ISO13485 certification,

officially incorporating medical equipment industry.



2013/12

Awarded the Best Quality and On-time Delivery Supplier Award by the world's largest semiconductor equipment

manufacturer.

2013/07

Changed name to "Foxsemicon Integrated Technology Inc."



2012/08

The board of directors decided to end the operation of the company's

Advanced Optoelectronic Business Group.

2012/04

Awarded as a key company in compliance with the Automation Technology Service Agency Service Energy Operation Registration in the Industrial Development Bureau, Ministry of Economic Affairs.



2011/0

Changed name to "JingDing Energy Technology Co., Ltd."



2009/07

Changed name to "PeiSin Energy Technology Co., Ltd."



Established Semiconductor Lighting Business Group, mainly responsible for LED lighting, LED display products and other application products.

2006/12

Ranked 283 in the Deloitte & Touch 2006 Top 500 High Grow Company (Revenue growth rate of 172.71% in the past three years).

2006/03

Passed the ISO 14001:20004 certification of Environmental Management Systems.

2005/12

Ranked 72 in the Deloitte & Touch 2006 Top 500 High Grow Company (The average revenue growth rate over the past three years has reached 613%)

2005/08

Awarded the 93 Annual Golden Trade Award by the Ministry of Economic Affairs, ranking the 9th place in export growth rate.

Foxsemicon Integrated (Shanghai) Inc. officially started mass production.

Passed the ISO14001:1996 certification of Environmental Management Systems.

2004/12

Enlisted on Emerging Stock Market (OES).

2004/10

Won the Excellence Award in the 12th Industrial Technology Achievement by Ministry of Economic Affairs.



The opening ceremony of the new plant of Hsinchu Science Park Phase IV Chunan Plant.



2002/04

Passed the certification of qualified suppliers of the world's largest semiconductor equipment manufacturer. Became a member of the Semiconductor Equipment Materials International (SEMI).

2002/02

Established a branch company "Foxsemicon Integrated Technology Inc." in the USA. The Semiconductor Equipment and Components Investment Plan was approved as an emerging important strategic industry by Industrial Development Bureau, Ministry of Economic Affairs in December, 2001.



Established Peisin Semiconductor Industry Co., Ltd. with a paid-in capital of TWD 1 million. The main business items are semiconductors, flat panel display equipment, sub-systems and system integration.

## 4 Management Policy (GRI 2-23)

### Quality, Environment, Health and Safety (QEHS) Management Policy

At Foxsemicon Integrated Technology Inc., quality and continuous improvement are the responsibility of everyone. We focus on the quality of our products, processes, and services, listening to the voices of both internal and external customers as the basis for continuous improvement. With the collective efforts of all employees, we strive to meet customer requirements and bring customers satisfaction. We are committed to fulfilling our corporate social responsibility by continuously providing high-quality products, creating a safe and secure workplace for our employees, and aiming for an eco-friendly and zero-defect environment. We work towards preventing environmental pollution, occupational accidents, and quality abnormalities by continuously improving our management system. Our goal is to achieve coexistence and mutual prosperity with the natural environment, promoting sustainable development. We are accountable to our stakeholders and prioritize their interests.



### RBA Management System Policy

- ♦ Working Hours: Work and rest conform to Labor Standards Act, Labor Law, or rules and regulations established by local government labor agencies.
- ♦ Labor Policy: Respect human rights; follow "people oriented" management strategy.
- Humane Treatment: There is to be no harsh or inhumane treatment, including violence, gender-based violence, sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, bullying, public shaming or verbal abuse of workers.
- Young Workers: Child labor (under the age of 15) is not to be used in any stage of manufacturing, and employing workers under the minimum age for employment in the country is prohibited. Underage workers shall not perform work that is likely to jeopardize their health or safety, including hazardous works.
- ♦ Wages and Benefits: Wages paid to workers shall strictly follow local government wage laws, and clearly publicize various company managements to the employees.
- Freely Chosen Employment: Ensure all employment is voluntary. Forced, bonded (including debt bondage), or indentured labor, involuntary or exploitative prison labor, and slavery or trafficking of persons are prohibited.
- Freedom of Association: Respects the freedom of speech and the freedom of association of employees.
- Fair Respect and Privacy Protection: Does not engage in discrimination or harassment based on race, color, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, covered veteran status, protected genetic information or marital status in hiring and employment practices.

### Ethics Policy

- All business interactions are to be conducted honestly.
- ♦ Engaging in activities conflicting with company interest is prohibited.
- Gift giving and entertainments should be appropriate.
- ♦ Bribery, corruption, extortion, and embezzlement are prohibited.
- ♦ Disclosing records and documents should be completed with honesty.
- ♦ Strictly safeguard personal privacy, and customer and supplier business information.
- ♦ All company-owned documents should be kept confidentially.
- Respect intellectual property rights.
- Prohibit retaliation.
- Improve ethical practices.

### Supplier Ethics Policy

- Abide by honesty and integrity.
- Strictly obey confidentiality.
- Protect intellectual property rights.
- Ensure certifications are real and valid.
- Promise trade contracts are fulfilled accordingly and legally.
- Promise no direct or indirect bribery between related enterprises, employees and suppliers.
- Prohibit extortion and retaliation.
- ♦ Strictly abide by the company's safety and factory regulations.

## 5 Awards, Recognitions, and Ratings

### Certification

#### ISO9001:2015 (Taiwan Plant & Songjiang Plant)



ISO45001:2018 (Taiwan Plant & Songjiang Plant)



### ISO14001:2015 (Taiwan Plant & Songjiang Plant)



ISO 9001:2015 (Kunshan Plant)



#### CNS45001:2023



Work Safety Standardization Certificate (Songjiang Plant\Kunshan Plant)





### - Awards in 2022



#### Foxsemicon is awarded the HR Asia Best Companies to Work in Asia.

Foxsemicon stood out from 330 companies and achieved high scores in the three indicators of "Corporate Culture", "Employee Identity" and "Team Awareness", and was recognized by the Asian Regional Benchmark Human Resources Awards and awarded the "HR Asia Best Companies to Work in Asia".

2022/08/22

## FITI won the "No. 1 Enterprise with the Most Carbon Reduction in Three Years" in Business Weekly's Top 100 Carbon Competitiveness Award.

FITI has been actively implementing measures for energy conservation and carbon reduction. In recent years, old equipment in the factory area has been replaced with new ones, including phasing cooling water facilities out and using more energy efficient LED lamps. Besides, an Intelligent Monitoring Platform for factory affairs and a Greenhouse Gas Measuring System are built to monitor the energy usage in the factory area. Through the management systems, we endeavor to use energy more efficiently, contributing to preserving the environment.

2022/12/02

#### 商周碳競爭力100強企業解密 減碳從大麻煩變好生意,各界 王者出列! 發現1》 兆元企業最會減碳前3強 發現2》每排1噸碳,他們賺最多! 發現3》蓋房、做電源線躍減碳高手 碳生產力(百萬元/噸) 碳排成長率(%) 碳排成長率(%) /、文職(電子通路) 316.708 √、京暦(半導體) -41.19 /. 鴻海 -14.21 147 417 2.和泰車(汽車工業) -36.87 2. 工信(建材營造) 2. 仁寶 -10.21 3.華碩(電腦周邊) 25.528 3 職成(物際工業) -33.95 -7.57 4、宏碁(電腦周邊) 4.台達電(電子零組件 -23.54 5.中字(電機機械) 19.586 5.群電(電子零組件) -22.55 註:碳生產力單位為百萬元/職,以上按百強名單,未分高級 排與低端排產黨 發現4》電子5哥4強入榜! 發現5》減碳有成,股價漲比同業多! 發現6》碳排大戶積極減碳 動削減碳最多、仁實碳生產力最高 碳排成長率(%) /、 職成 (變膠工業) /. 富邦媒(貿易百貨) **涨幅767%**、優於同業697% 緯創 -15.19 2. 福懋 (紡織機維) -11.59 4.18 遊樂漆 -12.61 3. 南寶(化學工業) -5.3 3 間展(通信網路) -10.21 4.3 4. 台達化(塑膠工業) **海網25.4%**, 係於同業297% 和碩 -7.57 整理:管数鏡、楊乃錚 る。台光電(電子零組件) **灣幅318%**,優於同業279% 註:碳生產力為每排1噸碳所產生的營工



## Sustainable Management Practices

## **1** ESG Sustainable Implementation Framework

As we strive towards sustainable development and corporate social responsibility, FITI Group firmly believes that listening to and responding to stakeholders' voices is crucial. In addition to disclosing information on environmental protection, social engagement, and corporate governance through annual reports, sustainability reports, and CSR sections on our website, FITI Group also listens to feedback and opinions from various channels to continuously improve our performance and enhance our corporate social responsibility. FITI Group's ESG sustainable implementation framework takes into account three major aspects: environmental protection, social inclusion, and corporate governance. By continuously improving in these parts, both our corporate value and sense of social responsibility are enhanced. Furthermore, FITI Group actively participates in social welfare projects and environmental protection initiatives, providing employees with a great working environment and promotion opportunities. These efforts demonstrate our strong environmental consciousness and commitment to continuous improvement, enabling sustainable development and creating a more sustainable enterprise.

## 2 Stakeholder Identification and Selection (GRI 2-29)

FITI Group identifies and selects stakeholders by referring to the five principles in the AA1000 SES Standard: Dependency, Responsibility, Influence, Diverse Perspectives, and Tension. The members of FITI Group's ESG sustainability committee have identified seven categories of stakeholders that have the greatest

impact on the company, including:

- ♦ Customers
- ♦ Employees
- ♦ Government organization
- Suppliers/Contractors
- Investors/Shareholders
- ♦ Banks
- ♦ Communities

With the efforts of the 47 members of the ESG sustainability committee and executives, FITI Group actively communicates and collaborates with these stakeholders to achieve the goals of sustainable corporate development, continuously enhancing our corporate value and sense of social responsibility.

## **3** Materiality Analysis and Stakeholder Communication

FITI Group has always placed great importance on communication with stakeholders. Through diverse channels such as holding meetings as needed, conducting surveys and other methods, we engage in direct and two-way communication with stakeholders to gain a profound understanding of their concerns and needs. Through these efforts, FITI Group continuously improves its performance in executing corporate social responsibility and reduces potential impacts on stakeholders. We believe that this approach is not only an integral part of responsible business operations but also a crucial factor in establishing long-term and stable relationships. Therefore, FITI Group is committed to ongoing collaboration with stakeholders to collectively achieve comprehensive and sustainable development goals.

### ■ Stakeholder List /Concerns/Communication Channels & Frequency/FITI Group's Response

### Stakeholder-Customers

The Significance to FITI: customers are important business partners for FITI Group. Upholding the customer-centric principle, FITI maintains strong communication channels and relationships with customers to fulfill their expectations and achieve customer satisfaction

Communicative Guidelines: Integrating sustainability principles into procurement policies, promoting the assessment and audit of supplier's environmental/social performance and avoiding the procurement of conflict minerals.

ISSUES: Procurement Practices \ Customer Privacy \ Market Performance \ Indirect Economic Impact \ Material Management.

Communication Channels & Frequency: Phone (Daily and as needed) - Mail (Daily and as needed) - Meeting (Daily and as needed - Teleconference (Daily and as needed) - Survey (Annually).

Performance Summary in 2022: No violations of product labeling and inspection regulations. No violations of cyber Security regulations.

### Stakeholder-Employees

The Significance to FITI: Employees are the most valuable resource of FITI Group. They are not only members of the company but also partners. Through the innovation and experience sharing among colleagues, FITI Group continuously overcomes the changes and challenges of this industry.

Communicative Guidelines: Providing competitive salary and benefits, conducting employee engagement surveys to understand their needs and perspectives, facilitating employee communication, and attracting and retaining talent.

ISSUES: Non-discrimination Occupational Health and Safety Employee Diversity and Equal Opportunities Customer Privacy Indirect Economic Impact.

Communication Channels & Frequency: Quarterly Labor Meetings (Quarterly) Employee Mailbox (As needed) Whistle Blower Mailbox (As needed) Annual Company Meetings (As needed) Channels (As needed) Phone or E-mail (As needed).

Performance Summary in 2022: No employee complaints (0 cases). Conducted a total of 10,509.5 hours of various educational training programs, with a total of 5,899 participants trained.

Held management and labor councils and occupational health and safety committee meetings quarterly. Conducted employee performance management operation, assessing over 2,483 individuals.

### **Stakeholder-Government Organization**

The Significance to FITI: The government serves as the regulator of FITI Group, and adhering to government policies and complying with legal requirements are the fundamental corporate principles of FITI Group.

Communicative Guidelines: Conducting human rights risk assessments and implementing mitigation measures regarding privacy rights, personal data, child labor, foreign migrant workers, forced labor, discrimination, freedom of assembly, equality, and fairness in order to establish an inclusive workplace.

**ISSUES:** Market Performance Business Performance Energy Management Local Community Indirect Economic Impact.

Communication Channels & Frequency: Greenhouse Gas Report (Annually) Declarations, Announcements, Seminars (Weekly & Monthly) On-site Patrol (Monthly) Report and upload data according to laws and regulations (Monthly, quarterly and annually).

Performance Summary in 2022: No cases of forced labor, discrimination, or any related complaints in 2022. No incidents of personal data leakage in 2022.

### **Stakeholder-Suppliers and Contractors**

The Significance to FITI: Suppliers and contractors are partners that grow together with FITI Group. Through the high-quality products and services provided by suppliers and contractors, FITI Group has been able to successfully expand its business territory.

Communicative Guidelines: Implementing a code of conduct and ethics, and establishing a reporting system to prevent improper/ competitive behaviors. Implementing an occupational health and safety management system to prevent occupational injuries, conducting disaster drills, and collaborating with contractors to ensure safety management.

ISSUES: Customer Privacy Occupational Health and Safety Non-discrimination Employee Diversity and Equal Opportunities Anti-competitive Practices.

Communication Channels & Frequency: Annual Supplier Performance Report (Quarterly) Monthly Meetings with Critical Suppliers (Monthly) PO with Remarks (When the PO is issued, remarks are included to the suppliers for special requirements.) Mail (Daily) Phone (Daily) Supplier Meetings for Major Quality Anomalies (As needed) On-site Patrol / Work Report (As needed).

Performance Summary in 2022: In 2022, the anti-monopoly and anti-corruption management measure was established to prevent improper competition practices \ISO 45001 certification for occupational health and safety management system was obtained.

### Stakeholder-Stakeholder/Investors

The Significance to FITI: Investors/shareholders provide the necessary resources for the operations of FITI Group, and FITI upholds integrity in its business operations to protect the rights and interests of investors/shareholders.

Communicative Guidelines: Investors provide a source of funding for the company, and FITI Group transparently discloses operational information to demonstrate the company's performance and enhance support from investors. This helps stabilize funds and create investment value.

Issues: Anti-corruption Anti-competitive Practices Energy Management Customer Privacy Business Performance.

Communication Channels & Frequency: Monthly Revenue (Monthly) \ Earnings Conference (Quarterly) \ Investor Meeting (As needed) \ Shareholder Meeting (Annually) \ Company Website/Market Observation Post System (Timely) \ Investor Mailbox (Timely).

Performance Summary in 2022: Revenue Announcement: 12 times Earnings Conference: 4 times Annual Shareholder Meeting; Once.

### Stakeholder-Banks

The Significance to FITI:Banks are indispensable partners for FITI Group in its sustainable development framework and operational strategy.

Communicative Guidelines: When extending credit limits, annual review meetings are held with partner banks and financial institutions. For specific projects, banks are invited for face-to-face meetings or phone discussions.

**Issues:** All sustainability issues are highly prioritized and closely monitored.

Communication Channels & Frequency: Phone (Daily or as needed) \ Mail (Daily or as needed) \ Banks to pay an on-site visit.

Performance Summary in 2022: We will respond promptly to the sustainability expectations of banks.

### Stakeholder-Community

The Significance to FITI: Local residents and the communities are good neighbors of FITI Group, serving as important partners for FITI Group to fulfill its corporate social responsibility and contribute back to society.

Communicative Guidelines: Conducting water usage analysis and monitoring to improve wastewater efficiency (including water recycling plants), actively reducing wastewater discharge, and participating in investor water disclosure initiatives such as CDP.

Implementing waste reduction and recycling measures to enable the circular economy for products, components, and raw materials, and demonstrating the value of sustainable resources.

Issues: Water Resource Management \ Waste Management \ Occupational Health and Safety \ Local Community Engagement \ Greenhouse Gas Emissions.

Communication Channels & Frequency: Charitable Activities (Quarterly) Company Website (As needed) Spokesman Mailbox (As needed) CSR Mailbox (As needed).

Performance Summary in 2022: Zero environmental pollution incidents in 2022. Assisted the Science Park in promoting business safety counseling to enhance the implementation capacity of small and medium-sized enterprises in terms of safety,

health, and management. Striving to create a favorable working environment together, we participated in the "Safety and Health Expert Platform" project organized by the Hsinchu Science Park Bureau in 2022 and received recognition from the Park for our efforts.

## Process for Identifying Material Issues and List of Sustainable Subjects

To ensure the comprehensive coverage of the economic, environmental, and social aspects in this sustainability report, FITI Group has established the "FITI Group Sustainable Development Committee" (referred to as the ESG Committee). The Chief Financial Officer serves as the Chairman of the Committee, and its members consist of representatives from various Business Units (BUs) and support units.



#### Material Issues Identification Process

According to the material issues identification process of FITI Group, the following is a summary of 12 material issues that may have an impact on the company's operations and stakeholders, based on a comprehensive analysis of past operational experience, future competitive strategies, and references to the GRI standards, Sustainable Development Goals (SDGs) adopted by the United Nations, and experiences of industry peers.

### • Step 1: Identifying Seven Categories of Stakeholders

FITI Group identifies and selects stakeholders by referring to the five principles of Dependency, Responsibility, Influence, Diverse Perspectives, and Tension in the AA1000 SES Standard.

### Step 2: Identifying Industry Context: Semiconductor Industry

Referring to the GRI 2021 standards, the Sustainability Accounting Standards Board (SASB) standards, and the Financial Supervisory Commission's sustainability disclosure indicators, industry-specific indicators were identified.

### • Step 3: Identifying Sustainable Themes: 23 Sustainable Issues

Based on the comprehensive analysis of past operational experience and future competitive strategies, FITI Group has identified sustainability issues related to its business activities using the following four criteria:

- Referring to GRI standards.
- Referring to the United Nations Sustainable Development Goals (SDGs).
- Referring to the Sustainability Accounting Standards Board (SASB) standards.
- Referring to the sustainability disclosure indicators adopted by the Financial Supervisory Commission.

### Step 4: Stakeholder/Expert Engagement:

#### 145 questionnaire responses collected, 43 expert engagement sessions.

Inviting stakeholders to complete questionnaires (both physical and online) to gather their level of concern regarding each sustainable theme.

Expert engagement::

- On-site sampling by the Environmental Protection Bureau
- Annual fire inspection by the Fire Bureau
- Verification of wastewater system operation at the sewage treatment plant
- Labor Project inspection by the Hsinchu Science Park Bureau's Environmental Protection and Safety Division
- On-site guidance and verification of environmental permits by the Science and Technology Bureau's Business Environmental Protection Division
- Labor inspection by the Science and Technology Bureau
- Workplace inspection for toxic and hazardous chemicals (hydrofluoric acid)
- Fire inspection for interior decoration changes by the Fire Bureau
- On-site inspection of fixed pollution sources by the Environmental Protection Bureau
- Verification of compliance with the Responsible Business Alliance Code of Conduct
- Customer validation of FITI Group's factory areas.

### Step 5: Assessing significance of impacts

The company's ESG Sustainable Development Committee, along with relevant stakeholders and experts, identifies and assesses impacts.

A comprehensive evaluation of internal and external results is conducted to determine the ranking of sustainable themes. This includes (1) multiplying the scores of importance and impact, resulting in a score of 16 or above, and (2) creating a weighted list of significant themes based on the SASB and Financial Supervisory Commission sustainability indicators.

Positive and negative substantive and potential impact analyses are performed on the identified themes.

The reporting boundaries and value chain relationships are defined.

Alignment with the Sustainable Development Goals (SDGs) targets is ensured.

### Step 6: Confirmation of 12 material issues

The ranked list of sustainable themes and the candidate list of material issues are submitted to the "ESG Steering Committee" for review. Based on the audit results, they will be determined as the material issues for the annual corporate sustainability report

### Step 7: Reporting

The "ESG Report Editing Committee" discusses the key presentation approaches, determines the boundaries of material issues, and refers to the requirements of the GRI Standards to collect and disclose relevant content.

### The List of FITI's Sustainability Issues

### **Economy**

Business Performance
Market Performance

Indirect Economic Impact

Procurement Practices

Anti-corruption

Anti-competitive Practices

### Environment

Material Management

Energy Management

Water Resource Management

Biodiversity

Greenhouse Gas Emissions

Waste Management

Supplier Environm Assessment

### **Society**

Employment Relations
Labor-management Relations

Occupational Safety and Health

Training & Education

Employee Diversity and Equal Opportunities

Non-Discrimination Local Community

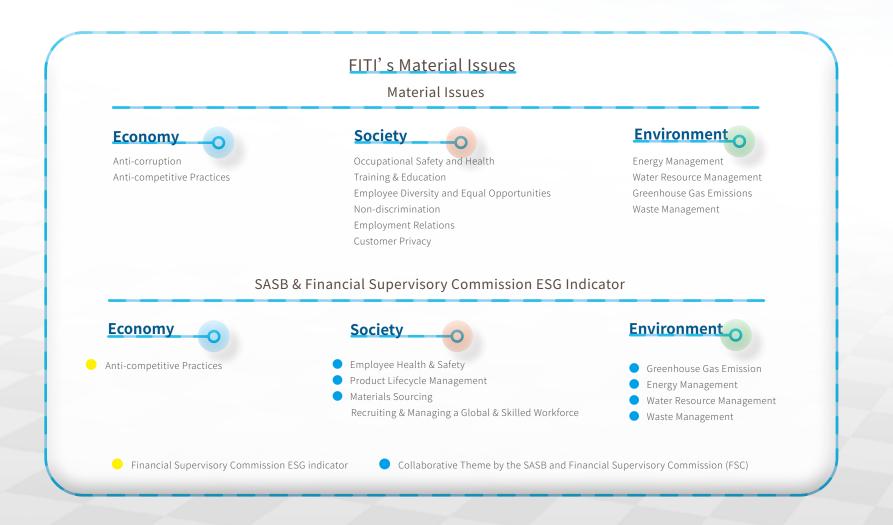
Public Policy

Public Policy

Marketing & Labeling

**Customer Privacy** 

FITI Group collected stakeholders' level of concern for various sustainable themes through 145 questionnaires and 43 expert interviews, using a scale of 1 to 5 (with 5 indicating the highest level of concern and 1 indicating the lowest). The ESG Committee analyzed the potential, severity, and impact of these themes on the company's economic, environmental, and social aspects, assigning ratings from 1 to 5 (with 5 being the highest and 1 being the lowest). After weighing the results with SASB and Financial Supervisory Commission sustainability issues, a comprehensive assessment and discussion took place. Themes with a multiplied score of 16 or above were included in the candidate list of significant themes. Additionally, to actively address stakeholders' concerns, the five themes with the highest level of concern were also included in the candidate list of material issues, which were submitted to the Sustainable Development Committee for review. The distribution of significant themes after the review is shown in the following diagram.



This year, we have identified a total of 12 material issues. In terms of economic governance, they include "Anti-Corruption" and "Anti-Competitive Practices." In the social aspect, the themes are "Employment Relations", "Occupational Health and Safety," "Training and Education," "Employee Diversity and Equal Opportunities," "Non-Discrimination," and "Customer Privacy." In the environmental aspect, the themes are "Energy Management," "Water Resource Management," "Greenhouse Gas Emissions," and "Waste Management." From the table above, we can see that in 2022, several new significant themes were added, such as "Anti-Competitive Practices," "Employee Diversity and Equal Opportunities," "Non-Discrimination," "Energy Management," "Material Management," and "Greenhouse Gas Emissions." Detailed responses to these 12 material issues will be provided in the following sections, and the relevance of each material issue within the value chain is shown in Table.

The matrix below illustrates the positive/negative impacts in terms of their substance and potential:



Material Issues- Substance and Potential-Positive/Negative Impacts

Category	Material Issue	Substantial Impact Assessment	Potential Impact Assessment	
Economy	Anti-Corruption	0	•	
	Anti-Competitive Practices	•	•	
Society	Employment Relations	•	0	
	Occupational Safety and Health	•	0	
	Training & Education	0	0	
	Employee Diversity and Equal Opportunities	0	0	
	Non-Discrimination	0	0	
	Customer Privacy	0	0	
Environment	Energy Management	0	0	
	Water Resource Management	0	0	
	Greenhouse Gas Emissions	•	0	
	Waste Management	•	0	

### Table:Explanation of Value Chain Impacts for Material Themes

	Material Issues	Value Chain			GRI 3-3		Corresponding
Aspect		Upstream (Supplier/ Contractor)	FITI	Downstream (Customer)	Management Page	GRI Index	to the UN SDGs
Economy	Anti-Corruption	0	0			205	16 not it is
	Anti-Competitive Practices		0			206	8 福州工作和
Environment	Energy Management		0			302	7 WANGAK 8.3
	Water Resource Management		0			303	6 HARDAR
	Greenhouse Gas Emissions	0	0			305	12 nation
	Waste Management	0	0			306	13 KNIFTS
Human	Employment Management	0	0			401	3 887 9 (19 (19 (19 (19 (19 (19 (19 (19 (19 (1
	Occupational Safety and Health	0	0			403	<i>-</i> ∕√•
	Training & Education	0	0			404	<b>4</b>
	Employee Diversity and Equal Opportunities	0	0			405	5 tibire
	Non-Discrimination	0	0			406	8 @HITOE
	Customer Privacy	0	0	0		418	

# 5 FITI Group and Sustainable Development Goals

















In 2015, the United Nations introduced the 17 Sustainable Development Goals (SDGs) as a global blueprint and guideline for sustainable development by 2030, with enterprises playing an indispensable role. As a company committed to sustainable development in this region, FITI Group supports the SDGs and aligns them with the company's development strategies. The company focuses on sustainable development goals such as clean water and sanitation, affordable and clean energy, employment and economic growth, reduced inequalities, responsible consumption and production, and climate action. These goals are considered guiding principles for the company's journey towards sustainable development.

Among the identified significant themes for this year, several of them correspond to SDG targets 3, 4, 5, 6, 7, 8, 10, 12, 13, and 16. FITI Group has implemented various measures and management actions in response to each sustainable development goal, as shown in the table.

### FITI Group's Responses to the United Nations Sustainable Development Goals (SDGs)



### SDGs:Ensure healthy lives and promote well-being for all at all ages

- Target and indicators: By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination. Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks.
- Implementation: Relevant personnel for labor health services are set up, including doctors, nurses and first-aid personnel engaged in labor health services, so as to protect the physical and mental health of company employees. Physical examinations, health checks, and special health checks for operations that are particularly hazardous to health are carried out, and tracking management of abnormal reports is conducted Evaluate the health examination results of colleagues every year, and to organize health promotion related activities for colleagues from time to time



### SDGs:Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

- Target and indicators: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship. By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.
- Implementation: Identify employees' training needs and provide adequate training resources. Develop effective training plans to enhance the effectiveness of employee training and ensure their competency in their jobs. Establish training courses based on various training needs; outlined in job descriptions should include required competencies, areas where personnel performance is lacking, annual training plans for each department, course requirements for new product/technology development needs, legal regulations, and customer requirements, to enable employees to enhance their knowledge and skills.



### SDGs: Achieve gender equality and empower all women and girls

Target and indicators: End all forms of discrimination against all women and girls everywhere.

Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.

- Implementation: Encourage female employees to proactively express their needs for maternal health protection.
- Collaborate with relevant departments to conduct risk assessments and coordinate work adjustments and workplace improvement measures.

Continuously provide care, tracking, and management throughout the whole period of protection until the end; to arrange follow-up checks or appropriate assessments, providing recommendations for suitable arrangements, in order to achieve the goal of protecting employees' physical and mental health.



### SDGs: Ensure availability and sustainable management of water and sanitation for all

- Target and indicators: By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.
- Implementation: Prevent rainfall pollution and discharge of waste and sewage into drainage pipes in non-rainy days to avoid illegal discharge or pollutant spillage from polluting rainwater ditches.

Identify potential sources of pollution that may affect runoff water, implementing control measures to regularly monitor them. In the event of accidental pollution leaks or extreme rainfall events, respond with emergency measures or abnormal handling procedures to minimize environmental impact.



### SDGs:Ensure access to affordable, reliable, sustainable and modern energy for all

- Target and indicators: By 2030, increase substantially the share of renewable energy in the global energy mix By 2030, double the global rate of improvement in energy efficiency
- Implementation: Based on the actual usage of energy resources, statistically analyze the actual consumption of various energy resources, and develop regulatory methods based on energy consumption patterns. Set monthly energy management goals and indicators, and adjust the indicators timely based on the actual situation. Track energy consumption abnormalities in a timely manner to avoid resource waste.



### SDGs: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Target and indicators: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.

Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

■ Implementation: Make salary and compensation better than statutory requirements.

Adhere to the ethos of gender equality and ensure that starting salaries are not influenced by gender factors.

Conduct operational environment monitoring in compliance with the law to ensure the health and safety of workers in the workplace.

Establish an occupational health and safety management system to continuously improve safety and health performance



### SDGs: Reduce inequality within and among countries

- Target and indicators: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status. Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.
- Implementation: In the Code of Conduct for Responsible Business Alliances, it is stipulated that the company adhere to domestic and international human rights conventions, support gender equality, and prohibit discrimination. Employment is based on abilities, ensuring equal opportunities for both women and men. Female employees are entitled to equal pay for equal work, on par with male employees.



### SDGs: Ensure sustainable consumption and production patterns

■ Target and indicators: By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.

By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

 $Encourage \ companies, especially large \ and \ transnational \ companies, \ to \ adopt \ sustainable \ practices \ and \ to \ integrate \ sustainability \ information \ into \ their \ reporting \ cycle.$ 

Implementation: Comply with regulations such as RoHS and REACH to ensure supply chain compliance with chemical substance regulations.

Promote waste sorting and disposal in the factory area, and establish storage and disposal principles to prevent waste from rising, escaping, leaking, and polluting the environment.

For waste that requires testing according to legal regulations, regularly commission qualified testing units to conduct waste sampling and testing. Relevant testing records are kept for reference, and waste treatment tracking records are retained for future inspection.

Implement measures for waste reduction and resource recycling in office areas, aiming to continuously improve waste reduction rates and resource recycling rates.

Publish an annual sustainability report to disclose the company's sustainability information.



### SDGs: Take urgent action to combat climate change and its impacts

■ Target and indicators:Integrate climate change measures into national policies, strategies and planning.

Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

Implementation: Conduct an annual inventory of greenhouse gas emissions in accordance with the ISO 14064-1 standard.

Periodically promote energy conservation, carbon reduction, water conservation, and waste reduction, among other environmental issues. Offer professional courses on greenhouse gas inventory to enhance the professional capabilities of employees.



# SDGs: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

■ Target and indicators: Substantially reduce corruption and bribery in all their forms

Promote and enforce non-discriminatory laws and policies for sustainable development

Develop effective, accountable and transparent institutions at all levels

Implementation: Establish internal and external whistleblowing channels and processing systems, improve ethical codes of conduct and integrity guidelines, and ensure the protection of the rights and interests of whistle-blowers and parties involved. Handle reported incidents in a confidential manner, ensuring the privacy and safety of whistle-blowers.

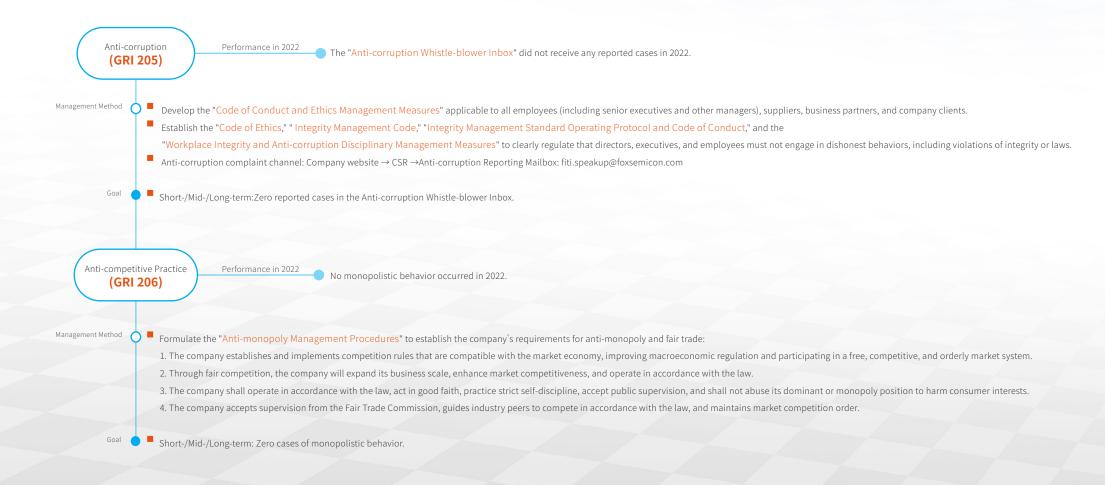
Implement combined actions through fair competition, expand business operations in accordance with the law, and enhance market competitiveness.

Accept oversight by the Fair Trade Commission, guide industry peers to compete lawfully, and maintain market competition order.



## 2 Sustainable Governance

The material issues and management guidelines of sustainable governance are summarized in the following table:



## Philosophy and Vision of Governance

FITI Group has always placed great importance on the social, environmental, and economic impacts, and is committed to the sustainable development of the company. In terms of corporate governance, FITI Group has gained recognition for its rigorous and transparent corporate governance system. The company has established guidelines such as the "Corporate Governance Code of Practice," "Integrity Management Code," "Integrity Management Standard Operating Protocol and Code of Conduct," "Ethics Code of Conduct," and "Code of Practice for Sustainable Development" to uphold the principles of integrity and achieve sound corporate governance.

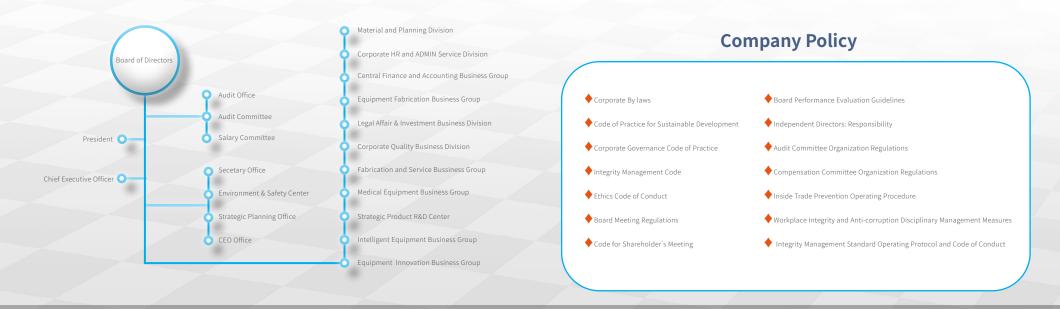
Furthermore, FITI Group's achievements in the economic field are noteworthy. Over the past few years, the company's financial condition has remained robust, with consecutive years seeing net profit growth. This reflects the company's sustainable business practices, continuous expansion of its footprint, and exploration of more promising markets.

Beyond the economic realm, FITI Group also embraces its responsibilities in the social and environmental aspects. The company places long-term emphasis on environmental protection and energy conservation in its products and cares for the rights of employees and customers, actively participating in public welfare activities. Additionally, FITI Group demonstrates considerable attention to employee welfare, providing fair compensation, a safe and comfortable working environment, and diverse training opportunities.

In the face of various ESG (Environmental, Social, and Governance) challenges in the future, FITI Group will continue its commitment to sustainable development by implementing environmental policies and clean technology projects, further reducing its impact on the environment. Simultaneously, the company will continue to enhance its competitiveness in the market, introduce innovative products, actively explore new markets, and achieve more accomplishments and contributions.

## **Governance Framework (GRI 2-9)**

In order to strengthen the functions of the Board of Directors, enhance management of the executive team, ensure transparent information disclosure, and fulfill corporate social responsibilities, FITI Group will continue its efforts to promote the achievements in corporate governance.



## **■ Board Operations** (GRI 2-10) (GRI 2-11)

The Board of Directors serves as the highest governing unit of the company, with its main functions being the appointment and dismissal of executives, as well as conducting internal and external audits. It oversees the company's operational performance and reviews the establishment of internal regulations to ensure compliance with legal requirements and strengthen management capabilities. The operations of the Board of Directors are conducted in accordance with the Board Meeting Regulations. The Board has established an Audit Committee consisting of four independent directors and a Salary Committee consisting of three independent directors. These committees assist the Board in supervising important issues such as strengthening internal monitoring mechanisms, ensuring proper presentation of financial statements, effective implementation of internal controls, compliance with relevant laws and regulations, and the management of existing or potential risks. They are also in charge of determining the salary and remuneration of directors and senior management personnel. Please refer to the company's official website at https://www.foxsemicon.com/zh-tw/ir\_cg\_ director.aspx for the qualifications of independent directors. (GRI 2-10)

According to the company's articles, the Board of Directors currently consists of seven directors, including four independent directors. (GRI 2-17) The current term of the Board of Directors is the eighth term, which runs from May 28, 2020, to May 27, 2023.



## In order to strengthen the professional ability of the members of the board of directors, the directors continue to take courses for 6 hours every year.

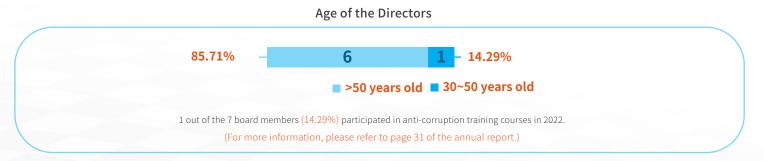
Director / LIU, YOUNG-WAY Independent Director / FRANK LEE ♦ August 11, 2022 3 Hours ♦ October 19, 2022 3 Hours Organizer:Securities & Futures Institute Organizer: Securities & Futures Institute Course:Introduction to Disputes over Corporate Governance and the Commercial Case Adjudication Act Course:Insider Equity Trading Legal Compliance Conference for 2022 ♦ August 19, 2022 3 Hours November 2, 2022 3 Hours Organizer: Securities & Futures Institute Organizer: Securities & Futures Institute Course: Early Warning and Typology Analysis of Corporate Financial Crises Course: Analysis of Employer Responsibility and Policies in Enterprise Labor Management under Corporate Governance. Director / HUANG, JUNG-CHING Independent Director/WU, SHU HUI ♦ August 24, 2022 3 Hours September 29, 2022 3 Hours Organizer:Corporate Operating and Sustainable Development Association Organizer: Securities & Futures Institute Course:Strategies and Management for Business Upgrading and Transformation Course: Capturing Supply Chain Cyber-security Threats - New Opportunities for Taiwan Startups. ♦ August 31, 2022 3 Hours October 11, 2022 3 Hours Organizer: Corporate Operating and Sustainable Development Association Organizer:Securities & Futures Institute Course: The Importance of Intellectual Property Management for Corporate Governance Course: Exploring Integration Issues in the Corporate M&A Process. Independent Director / CHEN, HSI-CHIH Independent Director/HUANG, YA-HUI March 24, 2022 3 Hours August 24, 2022 3 Hours Organizer: Corporate Operating and Sustainable Development Association Organizer: Taiwan Corporate Governance Association Course:Strategies and Management for Business Upgrading and Transformation Course: Analyzing the Commercial Case Adjudication Act ♦ August 31, 2022 3 Hours ♦ August 25, 2022 3 Hours Organizer: Corporate Operating and Sustainable Development Association Organizer: Taiwan Corporate Governance Association Course: The Importance of Intellectual Property Management for Corporate Governance Course: The Impact and Response of Recent International Tax Law Reforms on Business Operations

## Board Diversity Policy

On August 23, 2019, the Board of Directors of FITI Group approved the revision of the Corporate Governance Code of Practice. Section 1 of Chapter 3 stipulates that the members of the board should focus on gender equality and generally possess the knowledge, skills and qualities necessary to perform their duties. In order to achieve the ideal goals of corporate governance, the Board of Directors as a whole should have the following capabilities:

- 1 Operational judgment skills. 2 Accounting and financial analysis skills. 3 Operational management skills.
- 4\Crisis management skills.5\Industry knowledge.6\Global market view.7\Leadership skills.8\Decision making skills.

The board of directors of FITI Group is currently composed of 7 members, including 4 independent directors, who possess extensive experience and expertise in finance, business, management, healthcare, law, and other fields. Additionally, our company also emphasizes gender equality among board members, with a target of female directors accounting for at least 14% of the total number of board members. Currently, the board consists of 2 female directors, representing a ratio of 28.57%, demonstrating the implementation of board member diversity. (Please refer to page 30 of the annual report).



## **■** Board Performance Evaluation (GRI 2-18)

In 2022, FITI Group revised the "Board Performance Evaluation Guidelines," which assess the performance of the board of directors in five dimensions:

- 1. Degree of participation in company operations.2. Enhancement of board decision-making quality.3. Board composition and structure.
- 4. Director selection and continuous education. 5. Internal controls.

On November 11, 2016, the company passed the Board Performance Evaluation Guidelines. On February 25, 2022, the board of directors revised the Board Performance Evaluation Guidelines and the evaluation methods. The assessment results for that year indicated that all directors achieved a superior rating. On February 24, 2023, the board of directors reported the results of the 2022 board performance evaluation and disclosed the evaluation results on the company's website. As the company's board of directors has not established a sustainability development committee, ESG (Environmental, Social, and Governance) has not been included in the evaluation indicators for board member performance (G2-18).

A total of 7 board meetings were held in 2022, with an attendance rate of 93.88% (46/49). For important decision dates and contents, please refer to pages 44-45 of the annual report.

## Operation of the Audit Committee

In accordance with Article 14-4 of the Securities and Exchange Act and the Article 4 of "Regulations Governing the Exercise of Powers by Audit Committees of Public Companies," the company voluntarily established its first Audit Committee on June 25, 2014, which is now in its third term. The current Audit Committee, approved by the shareholders' meeting on May 25, 2018, consists of 3 independent directors: FRANK LEE, CHEN, HSI-CHIH, and WU, SHU HUI, with their term ending on May 27, 2023. On July 26, 2021, an additional independent director, HUANG, YA-HUI, was appointed through a supplementary election, extending the term of the Audit Committee until May 27, 2023.

A total of 6 Audit Committee meetings were held in 2022, with a 100% attendance rate.

### ♦ Date of Significant Resolution

The 10 th	The 11 th	The 12 th	The 13 th	The 14 th	The 15 th	
2022.02.25	2022.05.10	2022.07.28	2022.08.09	2022.11.08	2022.12.23	

### ♦ The Content of Significant Resolution and Subsequent Solution

### February 25, 2022 The 10th Meeting of the 3rd Audit Committee

- Internal Audit Report.
- The Company's 2021 Annual Business Report, Individual Financial Statements, Consolidated Financial Statements, and surplus earning distribution.
- The Company's 2021 Internal Control System Effectiveness Assessment and Internal Control System
- Deliberation on the appointment and dismissal of internal auditors.
- Deliberation on the revision of the Company's accounting system.
- Appointment, remuneration, and independence evaluation of auditors.
- Revision of the Company's "Acquisition and Disposal of Assets Procedures".
- Revision of the Company's "Board Performance Evaluation Guidelines".
- The Company making of endorsements for its subsidiary, Fox Automation Technology Inc., in which it holds an 84.88% investment.
- The Company providing endorsement guarantee for its subsidiary, Kainova Technology Inc., in which it holds a 100% investment.
- The list of non-executive employees and their subscription quantities for the Company's 2021 Employee Stock Option Certificates.

## May 10, 2022 The 12th Meeting of the 3rd Audit Committee

- Internal Audit Report.
- Consolidated Financial Statements for the first quarter of the year 2022 of the company.
- Revise the "Internal Audit System" and "Code of Practice for Sustainable Development" of the company.
- The company plans to establish a U.S. subsidiary named Foxsemicon Innovations Holding Inc.
- The company's 100% invested U.S. subsidiary, Foxsemicon Innovations Holding Inc., intends to establish a subsidiary in the United States.
- The company plans to provide funding and loans to its wholly-owned subsidiary, Fuyao Semiconductor (Kunshan) Co., Ltd., in China.
- Proposed revision of the "Acquisition and Disposal of Assets Procedures" of FITI Corporation.
- Proposed revision of the "Audit Committee Organization Regulations" of the company.
- The company's wholly-owned subsidiary, Foxsemicon Integrated Technology (Shanghai) Inc., intends to purchase equipment.
- The company's wholly-owned subsidiary, Fuyao Semiconductor (Kunshan) Co., Ltd., intends to purchase equipment.

### July 28, 2022 The 12th Meeting of the 3rd Audit Committee

The company plans to construct new factory buildings and purchase equipment.

## August 9,2022 The 13th Meeting of the 3rd Audit Committee

- Internal Audit Report.
- Consolidated Financial Statements for the second quarter of the year 2022 of the company.

### November 8,2022 The 14th Meeting of the 3rd Audit Committee

- Internal Audit Report.
- Consolidated Financial Statements for the third quarter of the year 2022 of the company.
- Audit Plan proposal for the year 112 (2023).
- Proposed issuance of the company's first employee stock warrants for the year 2022.
- Proposed revision of the "Board Meeting Regulations" of the company.

#### December 23,2022 The 15th Meeting of the 3rd Audit Committee

- The company plans to revise the issuance and subscription procedures for Employee Stock Option Certificates in the year 2022.
- Proposed revision of the "Controls on Public Information Reporting Procedures" of the company.
- The company plans to provide funding and loans to its wholly-owned subsidiary in China.

## Anti-Competitive Practices(GRI 206)

Mutual competition among businesses contributes to product quality improvement and offers customers a diverse range of products, thereby enhancing operational capabilities and reducing costs to make profits. Anti-competitive practices weaken market efficiency and fairness, limit customer choices, hinder access to reasonable services, and eliminate external competition, ultimately undermining a company's core values. The majority of FITI's customers are globally renowned clients in the semiconductor industry, and FITI has received the honor of being the best supplier for consecutive years. In summary, in 2022, FITI did not engage in any violations of fair trade or sales-related regulations.



## **■ Remuneration Committee Operation**(GRI 2-20)

In accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange," enacted on March 18, 2011, and Article 14-6 of the Securities and Exchange Act, the first Remuneration Committee was appointed by the Board on December 20, 2011, and the current committee is the fourth one. The current Remuneration Committee consists of three members: FRANK LEE, CHEN, HSI-CHIH and WU, SHU HUI, all of whom were appointed by the Board as independent directors, serving from July 10, 2020, to May 27, 2023.

In 2022, the committee held a total of 3 meetings, with a 100.00% attendance rate.

### ♦ Date of Significant Resolution



Please refer to page 19 of the annual report for information regarding the compensation policy and the responsibilities of the Remuneration Committee (GRI 2-19)

For the annual total compensation ratio, please see the Remuneration Level Table on page 17 of the annual report (GRI 2-21)

## February 25,2022 The 7th Meeting of the 4th Remuneration Committee

## The Content of Significant Resolution and Subsequent Solution

- Deliberation on the allocation of employee and director remuneration for the year 2021.
- Deliberation on the allocation of executive remuneration for the year 2021.
- Deliberation on the establishment of performance targets and bonus calculation methods for executives
- Deliberation on the list of executives eligible for the Employee Stock Option Certificates for the year 2022 and their respective subscription quantities.
- Deliberation on the assessment and remuneration of internal audit personnel for the year 2021.

#### Resolution

All the committee members unanimously approved.

### The Company's Feedback to the Remuneration Committee

All attending directors unanimously approved.

### August 9, 2022 The 8th Meeting of the 4th Remuneration Committee

### The Content of Significant Resolution and Subsequent Solution

Reviewing the salary adjustments for executives of the company for the year 2022.

#### Resolution

All the committee members unanimously approved.

## The Company's Feedback to the Remuneration Committee

All attending directors unanimously approved.

### November 8, 2022The 9th Meeting of the 4th Remuneration Committee

#### The Content of Significant Resolution and Subsequent Solution

Reviewing the disbursement of incentive bonuses for executives of the company in September 2022.

#### Resolution

All the committee members unanimously approved.

### The Company's Feedback to the Remuneration Committee

All attending directors unanimously approved.

## **Financial Performances**

### **LHF Financial Performances**

The Significance of the Issue: Demonstrating the company's value in operations and creating maximum benefits for all stakeholders.

**Issue Impact Boundaries:** Within the organization (the entire company).

Management Strategies: Promoting operational transparency, and establishing relevant units such as spokespersons, deputy spokespersons,

and investor relations, to ensure that investors and shareholders can timely access and understand external information about the company's operations, thereby strengthening investors' rights and interests.

Med- & Long-term Development Direction: The company will strive for continuous innovation and execution, implement green technology, and provide sustainable development for human well-being and health.

We aim to create a comprehensive research and manufacturing service platform, becoming the best strategic partner and collaborative community for global advanced semiconductor, medical, and new energy equipment industries.

2022 Performance: Achieving a record-high gross margin of 30%, operating net profit margin of 20%, and earnings per share (EPS) of NT\$24.64 in 2022.

Key Initiatives for 2023: Continuously optimizing the research, manufacturing, and supply of critical components for high-end equipment while committing to digital management, streamlining internal processes,

and enhancing overall efficiency. Through these efforts, we aim to create better performance, providing feedback to employees, shareholders, and all stakeholders.

## Implementation Results of the Operational Plan.

In 2022, the total consolidated operating revenue amounted to NT\$14,843,221,000, with an operating profit of NT\$2,951,060,000. The operating net profit margin was 20%, resulting in a net profit of NT\$2,344,363,000, and a net profit margin of 16%. The basic earnings per share were NT\$24.64.

Year 2020	Year 2021	Year 2022
9,942,056	12,246,437	14,843,221
7,393,954	9,153,770	10,399,687
2,548,102	3,092,667	4,443,534
1,635,235	1,988,339	2,951,060
275,435	396,092	546,339
1,242,002	1,518,523	2,344,363
14.91	17.01	24.64
127,752	737,956	970,509
1,681,353	2,090,050	2,724,668
315,768	436,634	547,100
11,497,522	14,179,634	19,690,192
829,073	879,064	970,509
	9,942,056 7,393,954 2,548,102 1,635,235 275,435 1,242,002 14.91 127,752 1,681,353 315,768 11,497,522	9,942,056       12,246,437         7,393,954       9,153,770         2,548,102       3,092,667         1,635,235       1,988,339         275,435       396,092         1,242,002       1,518,523         14.91       17.01         127,752       737,956         1,681,353       2,090,050         315,768       436,634         11,497,522       14,179,634

## Integrity and Compliance with Regulations SASB TC-SC-520a.1

To implement a high-quality corporate culture and uphold the corporate image and business ethics, our company has formulated the "Ethics Code of Conduct", "Integrity Management Code", "Integrity Management Standard Operating Protocol and Code of Conduct", and the "Workplace Integrity and Anti-corruption Disciplinary Management Measures of FITI". These documents explicitly regulate that directors, executives, and employees must refrain from engaging in any dishonest behavior, violating laws, or acting without integrity. We commit to investigating any violations and protecting whistle-blowers who come forward. In our business practices and procedures, we strictly prohibit the abuse of positions for personal or family gain (GRI 2-15) and strictly forbid the disclosure of customer privacy. Any breaches of these guidelines will be handled according to the relevant policies on rewards and punishments.

Additionally, FITI has established the "Code of Conduct and Ethics Management Measures," which integrates fair trade and anti-corruption clauses into the company's operational procedures. To ensure compliance, employees are required to sign the "Agreement for Honesty, Integrity and Intellectual Property" upon joining the company and must undergo annual training on topics such as safeguarding trade secrets and intellectual property, including legal regulations and relevant case studies, outlining responsibilities in case of violations and explaining how to avoid unlawful actions in their daily work.

Manufacturing Facility Employee		Management Position (Section Manager and Above)		Direct Employee		Indirect Employee		Total	
Facility	Етпрюуее	Female	Male	Female	Male	Female	Male	TOTAL	
	Number of Participants in the Anti-corruption Course	18	40	85	98	20	165	426	
Taiwan	Number of Employees in the End of 2022	29	94	111	156	22	204	616	
	Proportion of Employees Completing Training	62%	43%	77%	63%	91%	81%	69%	

Manufacturing Employee		Management Position (Section Manager and Above)		Direct Employee		Indirect Employee		Total
Facility	Етрюусс	Female	Male	Female	Male	Female	Male	TOTAL
	Number of Participants in the Anti-corruption Course	22	54	160	337	82	540	1195
Shanghain	Number of Employees in the End of 2022	22	57	169	347	105	652	1352
	Proportion of Employees Completing Training	100%	95%	95%	97%	78%	83%	88%

Manufacturing Facility Employee		Management Position (Section Manager and Above)		Direct Employee		Indirect Employee		Total	
Facility	Етрюуее	Female	Male	Female	Male	Female	Male	Total	
	Number of Participants in the Anti-corruption Course	7	39	75	241	26	460	848	
Songjiang	Number of Employees in the End of 2022	10	56	100	275	29	558	1028	
	Proportion of Employees Completing Training	70%	70%	75%	88%	90%	82%	82%	

The company conducts these training courses regularly each year and continually emphasizes the completion of the training to enhance ethical behavior among employees. To further foster legal compliance awareness among employees, the company publicly publishes anti-corruption policies and related regulations on its external systems for employees to access and promotes them to all staff. The supply chain management unit communicates the company's ethical policies and requirements for suppliers' ethical practices through procurement contracts, ensuring that ESG requirements permeate throughout the company's internal and external operations and business activities. We have also implemented ISO management systems to effectively enforce responsible business practices and integrate them into our operational model (GRI 2-24).

FITI has set up the "Anti-corruption Reporting Mailbox" on its official website (fiti.speakup@foxsemicon.com), and there is also an employee suggestion box on the internal website, providing diverse and accessible channels for internal and external reporting and feedback (GRI 205-2). In 2022, there were no reported cases of whistleblowing. The company will continue to monitor and promote anti-corruption measures. FITI has implemented the "Workplace Integrity and Anti-corruption Disciplinary Management Measures of FITI," which ensures that reported incidents are handled confidentially to safeguard the privacy and safety of whistleblowers (GRI 205-1).

Additionally, FITI implements a "Communication Control Procedure" to ensure effective communication and feedback channels for various stakeholders concerning ESG-related complaints. This process allows the company to validate the effectiveness of remedial actions (GRI 2-25). The communication and feedback channels for complaints include phone calls, on-site visits, meetings, written (including electronic) communication, and company website emails. The relevant information is then forwarded to the appropriate units for response and resolution (GRI2-26).

#### **Relevant Complaint Channels**

- Anti-corruption Reporting Mailbox fiti.speakup@foxsemicon.com
- FITI ESG Committee **fiti.csr@foxsemicon.com**
- Other Communication and Complaint Channels fiti.stock@foxsemicon.com

FITI has established an internal control system based on the "Regulations Governing Establishment of Internal Control Systems by Public Companies" issued by the Financial Supervisory Commission R.O.C. (Taiwan), along with relevant laws, regulations, and official documents. The company's internal control system has been formulated and approved by the Board of Directors to be implemented in various operational procedures, aiming to promote sound business operations, ensure the effective implementation of company policies and regulations, and achieve three main objectives: operational effectiveness and efficiency, reliable and timely reporting, and compliance with relevant standards and regulations. The scope of this internal control system covers all daily business activities, such as transaction cycles, information management, and other management controls. It incorporates various international standards, such as ISO9001, ISO14001, and ISO45001, all of which are integrated them into daily operational processes.

FITI and its major departments (Finance and Accounting, Customs, Human Resources, Administration, Environmental Safety Center, Facility Management, and Audit Office) regularly conduct legal compliance assessments. They establish a list of essential regulations that must be followed, and whenever there are updates to the laws, relevant internal control management regulations are promptly updated to ensure compliance by personnel and adherence to regulatory requirements in all business activities.

- In 2022, both the Taiwan and China plants of FITI had no records of violations or fines.
- In 2023, the company will continue to implement legal compliance measures and aim for zero violations. (GRI 2-27)

FITI has established an Audit Office, reporting directly to the Board of Directors, to assist the Board and the management sections in examining and reviewing internal systems and processes. It provides timely improvement suggestions to ensure the continuous and effective implementation of the company's internal control system. For further information on the organization and operation of the Audit Office, please visit the following website: https://www.foxsemicon.com/zh-tw/ir\_cg\_audit.aspx.

## **Risk Management - Financial Risks Identification**

The financial risk identifications are as follows:

Credit Risk: To mitigate the risk of bad debts, the company implements a credit control mechanism by assessing the financial condition and order status of customers to determine their credit limits. Additionally, continuous follow-up and collection efforts are carried out for outstanding receivables.

Property Risk: To prevent property losses from natural disasters, accidents, and force majeure events, the company evaluates costs and insurance expenses before transferring appropriate risks to third parties (risk-bearing institutions).

Market Risk: Given the ever-changing global financial markets, the company regularly assesses international financial conditions, fluctuations in currency exchange rates, and foreign exchange market volatility. It also secures favorable funding costs in a low-interest-rate environment and closely monitors foreign currency positions, maintaining constant communication with banks to manage exchange rate fluctuations effectively.

FITI maintains good communication channels with our partner banks and ensures sufficient credit lines while staying updated on prevailing interest rate levels. In response to interest rate fluctuations, the company closely monitors interest rate trends, adjusts borrowing structures as necessary, and takes measures to mitigate the risk of rising interest rates.

Liquidity Risk: The company follows a principle of maintaining flexible fund allocation. Besides maintaining good credit lines with banks, it utilizes capital market funding channels when necessary to avoid systemic risks arising from financial emergencies and enhance its financial capability by strengthening capital structure.

Investment Risk: The company has set up "Acquisition and Disposal of Assets Procedures" to review, supervise, manage, and assess the investment benefits of affiliated businesses, thereby reducing investment risks.

## **Investor Relations**

Since FITI's listing, we engaged a professional stock agency to handle our stock affairs. We've also established relevant units such as spokesperson, deputy spokesperson, investor relations, and common share transfer agents and registrars to ensure that investors and shareholders can access and understand the company's external operational information in a timely manner. In addition to the annual shareholder meetings to communicate with shareholders as required by regulations, the company has also participated in four corporate forums hosted by external investment institutions in 2022.

Through these forums, the general public can grasp the company's operational status and overall industry development. These forums also enable the company to convey corporate philosophy and business policies, and provide an opportunity for investors and company management teams to engage in timely communication, thereby enhancing market attention, emphasizing the company's value, and ensuring the rights of shareholders. Information such as annual reports, financial reports, and corporate forums are publicly available on the Market Observation Post System as required and can also be found in the Investor Relations section of the company's website.

## Customer Privacy and Information Security (GRI 418-1)

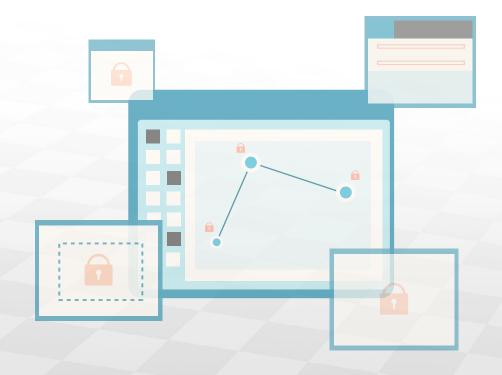
FITI Group regards the protection of customer privacy and the intellectual property of customers as our highest priority. It adopts necessary management policies and protective measures to prevent unauthorized use, disclosure, theft, and other illegal activities to safeguard important customer data and the company's reputation. The company has established the "Customer Property Management Operating Regulations" and the "Confidential Information and Intellectual Property (CI-IP) Management Measures" to protect the rights of customers. Adequate management measures are in place for customer products and intellectual property. In case customers are dissatisfied with FITI Group's products or services, we also provide a complaint channel with designated personnel to handle and respond to customer concerns. Examples of these measures include:

- CI-IP Management Measures Protecting customers' tangible and intangible assets.
- New Intelligent Resource Management System Unified management of customer drawings and documents.
- Access Control Management Procedures Preventing unauthorized personnel from entering the premises and stealing customer's data.
- Information System Management Procedures Regulating the management of various computer software and hardware.

## Management Strategies and Measures: (Management Strategies, Details)

- Drawing and File Data Security Policy
- Email Security Policy
- Host Security Policy
- Internet Security Policy
- Client Security Policy

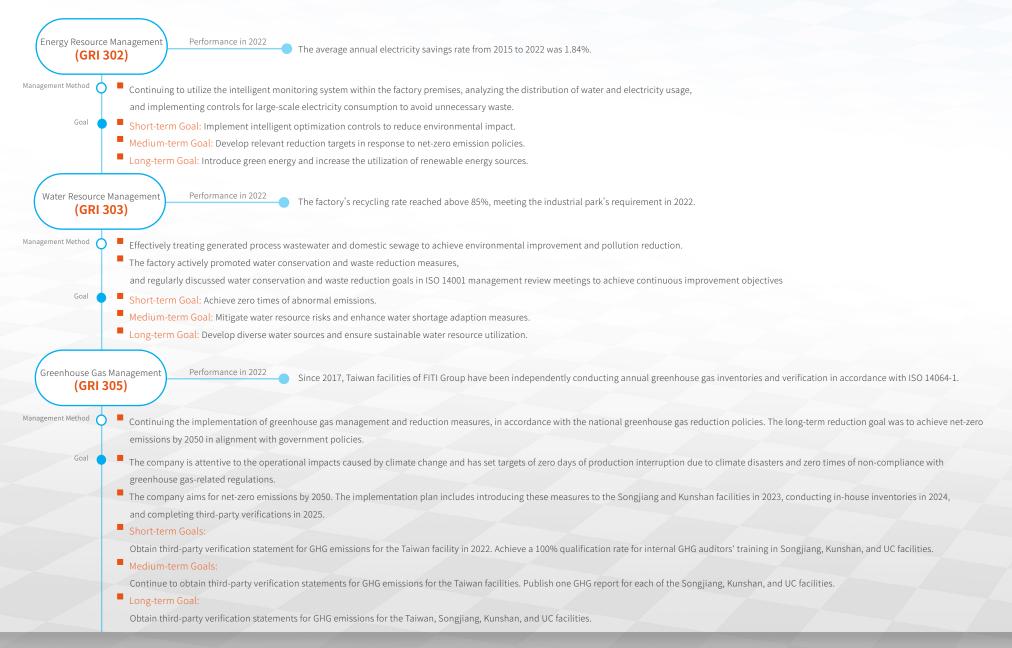
In 2022, there were no significant data security incidents involving customer information leakage.





# **Sustainable Environment**

The material issues and management guidelines related to sustainable environment are summarized in the following table:





## **Climate-Related Financial Disclosures**

In order to prevent the potential hazards and financial losses resulting from climate change, FITI Group voluntarily adopts the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD), established by the Financial Stability Board (FSB) in 2015. The company publicly discloses its strategies and preventive measures in response to climate risks, as well as potential financial impacts. Furthermore, the company seeks opportunities to enhance profitability and climate resilience after appropriate climate adaptation and disaster recovery measures, aiming to address future climate-related disasters.

#### Risk Identification and Assessment

FITI's ESG Committee, comprised of management executives, holds regular and irregular ESG group meetings to discuss various issues, including risks and opportunities related to climate change and affecting internal and external stakeholders. After confirming climate-related impacts, the committee engages in discussions with senior executives about how to address climate risks and opportunities. Improvement proposals and measures are presented and reviewed by the ESG Committee, which monitors the progress of these measures during meetings. This proactive approach helps mitigate climate-related financial risks.

The risk and opportunity assessment and corresponding operations, as shown in Figure 1.1, follow a PDCA (Plan-Do-Check-Act) cycle. Every first quarter, the company conducts a climate risk assessment, categorizing short-term (0-5 years), medium-term (5-10 years), and long-term (10-30 years) risks and transformations. For segments with high impact of the company, the responsible units propose corresponding plans. After deliberation by the ESG Committee, these plans are integrated into the company's operations. The assessment results are shown in Figure 1.2.

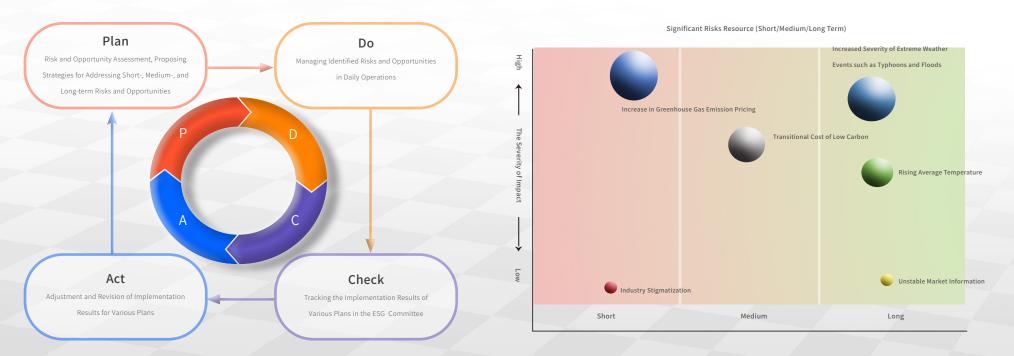


Figure 1.1: Climate Risk and Opportunity Assessment and Corresponding Approaches

Figure 1.2: Climate Change Risk Assessment Results

Table 1.1: Corresponding Financial Impacts and Management Plans for FITI Group's Short-, Medium-, and Long-term Climate Risks

Primary Climate Risk	Corresponding Potential Financial Impact	Management Plan
Increase in Greenhouse Gas Emission Pricing (Short-term Risk)	<ul><li>Direct Cost Increase</li><li>Lawsuits</li><li>Growth Constraints</li></ul>	Continuously monitor changes in domestic and international requirements, such as CBAM.  Conduct preliminary calculations for carbon taxes and fees.  Join the SBTi initiative to accelerate low-carbon transition.
Increasing Transitional Cost of Low Carbon (Medium-term Risk)	■ Direct Cost Increase	Implementation of ISO 50001.  Assessment of significant energy-consuming equipment upgrades or improvement plans.  Decarbonized energy usage assessment.  Carbon Credits and Carbon Asset management.
Increased Severity of Extreme Weather (Long-term Risk)	■ Equipment Damage Direct Cost Increase	Assess the influence of physical impacts on the company's operational facilities.

## ♦ Risk Identification and Mitigation Plan Explanation

As shown in Table 1.1, the short-term climate-related risks for our company include an increase in greenhouse gas pricing (short-term). While our company's emissions have not yet reached the regulated levels set by government authorities, the growing establishment of carbon taxes and fees mechanisms worldwide, coupled with expanding regulatory scopes, could lead our customers to demand carbon-related data and product carbon footprint calculations, ultimately pushing for lower carbon emissions. Therefore, our company will establish an observation mechanism for international carbon pricing mechanisms like CBAM (Carbon Border Adjustment Mechanism) and conduct product carbon footprint calculations to anticipate potential financial impacts from carbon taxes and fees.

Currently, we have completed the calculation and disclosure of carbon emissions for our facilities in China and Taiwan for the year 2022 in accordance with the ISO 14064-1 standard, with the data of the facilities in Taiwan being verified by SGS. To accelerate our company's low-carbon transition, we will participate in the SBTi initiative and drive towards the 2050 net-zero emissions goal.

Additionally, our company's medium-term climate-related risks include increased costs for low-carbon transformation, which can be divided into three main areas:

- 1. Major energy-consuming equipment improvement or replacement: Drawing from past industry experiences, improving major energy-consuming equipment can reduce indirect Scope 2 emissions by 20% to 30%. However, this requires upfront capital investment for procurement, impacting our company's financial output. Nonetheless, these investments can be recovered through reduced electricity expenses.
- 2. Decarbonized energy (renewable energy used): In addressing indirect Scope 2 emissions that cannot be reduced through energy efficiency or conservation measures, accounting for around 60% to 70% of total electricity usage, our company will gradually plan the adoption of decarbonized energy. This plan will have financial implications for our company.
- 3. For emissions that cannot be reduced through the first two plans, such as refrigerant leaks or necessary direct emissions, carbon credits will be purchased for offsetting. To start with, our plan involves purchasing internationally recognized REDD+ carbon credits to comply with global trends and initiatives such as SBTi requirements.

In terms of the long-term risk aspect, for the company's operational facilities (with Taiwan being the priority), follow-up physical risk assessment operations will be carried out to establish the tangible impacts on the company's operational facilities under different temperature rise scenarios.

## 2 Greenhouse Gas Management

## Policy on Greenhouse Gas Inventory

In accordance with the ISO 14064-1:2018 standard requirements and referring to the Greenhouse Gas Protocol, FITI Group has developed a policy aimed at explaining the management of its greenhouse gas inventory. This policy outlines information related to the greenhouse gas inventory management within the organization. Through the inventory process and its outcomes, FITI Group aims to accurately control its greenhouse gas emissions. Furthermore, FITI Group aspires to dedicate efforts towards greenhouse gas reduction, contributing to the mitigation of global warming trends and fulfilling its responsibility as a member of the global village.

The organizational boundary is established based on operational control, where the organization assumes complete responsibility for greenhouse gas emissions and removals from facilities it manages or operates. The greenhouse gases inventoried primarily include carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), and hydrofluorocarbons (HFCs). The baseline year for the facilities in Taiwan is 2020. This marks the first instance of conducting Category 1 to Category 6 inventory and third-party verification in accordance with ISO 14064:2018 for the Taiwan facility.

For the year 2022, the Taiwan facilities' greenhouse gas emissions, in terms of CO<sub>2</sub> equivalent, are presented in Table 1, and the inventory list is detailed in Table 2. The third-party verification process was successfully completed on June 16 and June 26, 2023. The total emissions amounted to 11,133.912 metric tons of CO<sub>2</sub>e.

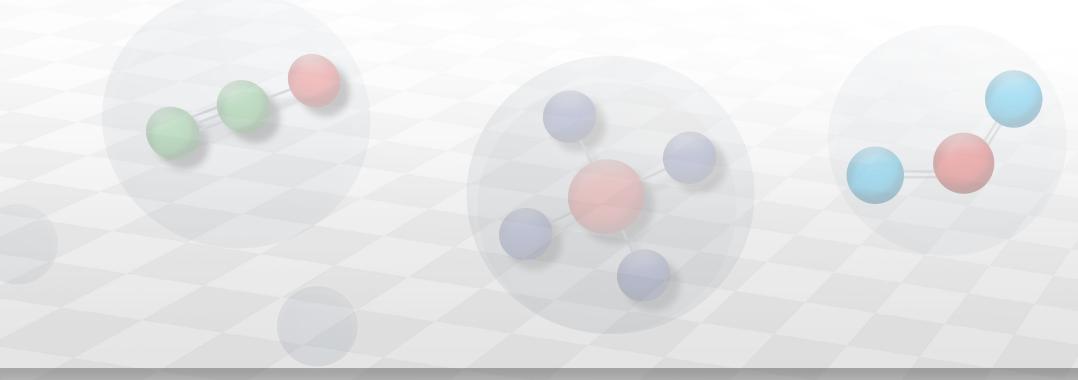


Table 1:Taiwan Facilities' GHG Emissions									
Emissions	CO <sub>2</sub>	CH <sub>4</sub>	N <sub>2</sub> O	HFC <sub>s</sub>	PFC <sub>s</sub>	SF <sub>6</sub>	NF <sub>6</sub>	Total	
(metric tons of CO <sub>2</sub> e)	11,000.3691	6.9833	0.4914	126.0678	0	0	0	11,133.912	
Percentage	98.772%	0.063%	0.004%	1.132%	0%	0%	0%	100%	

#### Table 2: Inventory of Greenhouse Gases (GHG) Emissions of Taiwanese Facilities in 2022

Category	Emissions ( metric tons of CO <sub>2</sub> e)	Percentage %	Category	Emissions ( metric tons of CO <sub>2</sub> e)	Percentage %
Category 1: Direct Emissions and Removals of Greenhouse Gases	151.6125	1.362%	Category 4: Indirect GHG Emissions from Organizational Product Use	1,413.8125	12.698%
1.1 Stationary Emissions	1.1727	0.011%	4.1 Indirect GHG Emissions from Organizational Product UseProduct Use	595.9325	5.352%
1.2 Mobile Emissions		0.158%	4.2 Upstream Emissions from Capital Goods	-	-
1.3 Process Emissions	-	-	4.3 Waste Disposal	817.88	7.346%
1.4 Fugitive Emissions	132.8949	1.194%	4.4 Rental Utilization of Upstream Assets	-	-
1.5 Direct Emissions and Removals from Change in Land Use	-	-	4.5 Purchased Services	-	-
Category 2: Indirect GHG Emissions from Energy Inputs	3,100.7145	27.849%	Category 5: Indirect GHG Emissions Associated with Organizational Product Used	4,699.9582	42.213%
2.1 Purchased Electricity	3,100.7145	27.849%	5.1 Downstream Processed Products	-	-
2.2 Purchased Energy		-	5.2 Product Use and Exhaust Emissions	-	
Category 3: Indirect GHG Emissions from Transportation	1,767.8139	15.878%	5.3 Downstream Rental Assets	4,684.7843	42.077%
3.1 Upstream Transportation	-	-	5.4 Franchise	-/-	
3.2 Downstream Transportation	1,767.8139	15.878%	5.5 Investment Operations	15.1739	0.136%
3.3 Employee Commuting	-	<u>-</u>	Category 6: Indirect GHG Emissions from Other Sources	-	-
3.4 Customer and Visitor Transportation	-	-	6.1 Others	-	-
3.5 Business Travel	-	-	Total	11,133.912	100.00%

#### Disclosure Item(305-1)

## ■ Direct Greenhouse Gas Emissions (Category 1)

The total direct greenhouse gas emissions (Scope 1) from Taiwanese facilities for the year 2022 amounted to 151.6125 metric tons of  ${\rm CO_2e}$ , accounting for 1.362% of the total emissions. The primary emission source was fugitive emissions, mainly attributed to HFCs used in air conditioning systems, contributing to 83.151% of the total emissions. The second-largest contributor was  ${\rm CO_2}$ , representing 11.922% of the emissions (as shown in Table 3).

The calculation of the Group's greenhouse gas emissions primarily follows the "Emission Factor Approach," referencing coefficients from the Intergovernmental Panel on Climate Change (IPCC) 2006 guidelines. The emissions factors were obtained from the Environmental Protection Administration's Mandatory Greenhouse Gas Reporting System, utilizing the "Greenhouse Gas Emission Factor Management Table (Version 6.0.4, 108/6)".

Table 3: Statistics of GHG Emission Equivalents (Category 1)								
Types of Gas	CO <sub>2</sub>	CH <sub>4</sub>	N <sub>2</sub> O	HFC <sub>s</sub>	Category 1 Statistics of GHG Emission			
Emission (metric tons of CO <sub>2</sub> e/Year)	18.0756	6.9777	0.4914	126.0678	151.6125			
Percentage (%)	11.922%	4.602%	0.324%	83.151%	100%			

#### The quantification formula is as follows:

Greenhouse Gas CO,e = Amount Used × Emission Factor × IPCC 2021 AR6 Global Warming Potential (GWP)

#### Other coefficient calculation methods:

- Referring to Environmental Protection Administration's Mandatory Greenhouse Gas Reporting System
  - "Greenhouse Gas Emission Factor Management Table (Version 6.0.4, 108/6)".
- Referring to the electricity emission factors for the year 2022, announced by the Bureau of Energy, Ministry of Economic Affairs, on June 21, 2023.

#### Disclosure Item(305-2)

## ■ Indirect Energy-Related Greenhouse Gas Emissions (Category 2)

For the year 2022, the indirect energy-related greenhouse gas emissions (Category 2) from Taiwanese facilities amounted to 3,100.7145 metric tons of  ${\rm CO_2}{\rm e}$ , accounting for 27.849% of the total emissions. The primary indirect emission source was purchased electricity, which was procured from Taipower.

Additionally, due to challenges in data collection and considering that except for emissions sources in Categories 3-6 that are not owned or controlled by the Group, for the Taiwanese facilities, electricity consumption largely constitutes the bulk of greenhouse gas emissions. The Shanghai and Kunshan facilities estimate and disclose only their indirect energy-related greenhouse gas emissions (Category 2) for this year.

Table 3: Statistics of GHG Emission Equivalents (Category 2)								
Facility	Kunshan							
Emissions of Facilities	3,100.7145	6,155.0046	9,516.8041					
Percentage (%)	16.52%	32.79%	50.70%					

\*\* The Shanghai and Kunshan facilities utilize self-reported electricity data for conversion, and this data has not been verified by a third party.

### The quantification formula is as follows:

Purchased Electricity  $CO_2$  = (Electricity Usage  $\times$  Electricity Emission Factor  $\times$  1)

2022 Electricity Emission Factor announced by the Energy Bureau = 0.495 kg CO<sub>2</sub>e/KWh

2022 National Grid Average Emission Factor announced

by the Ministry of Ecology and Environment of the People's Republic of China = 0.5703 metric tons CO<sub>2</sub>e/MWh

#### Disclosure Item(305-3)

## Other Indirect Greenhouse Gas Emissions(Categories3~6)

These emissions sources are primarily owned or controlled by other companies. In accordance with the ISO14064-1:2018 standards to set the indirect emission materiality criteria, FITI Group prioritizes the implementation of inventory and calculations of other indirect greenhouse gas emissions. The indirect greenhouse gas emissions from Taiwanese facilities in Categories 3~6 for the year 2022 amounted to 7,881.5846 metric tons of CO<sub>2</sub>e, accounting for 70.789% of the total emissions.

#### Disclosure Item(305-4)

## Greenhouse Gas Emission Intensity of Taiwanese Facilities

	Table 4: Greenhouse Gas Emission Intensity Statistical Table							
Year	Working Hours	Emissions (metric tons of CO <sub>2</sub> e)	Emission Density (metric tons of CO <sub>3</sub> e /Working Hours)					
2017	424,190.00	2,469.898	5.8226×10 <sup>-3</sup>					
2018	577,190.33	2,719.688	4.7119×10 <sup>-3</sup>					
2019	604,127.72	2,603.375	4.3093×10 <sup>-3</sup>					
2020	668,300.00	2,788.484	4.1725×10 <sup>-3</sup>					
2021	902,585.75	3,110.383	3.4461×10 <sup>-3</sup>					
2022	1,142,316.50	3,252.327	2.8471×10 <sup>-3</sup>					

#### Calculation Method:

Emission Density = Emissions (Category 1 + Category 2) / Working Hour

#### Disclosure Item(305-5)

## Greenhouse Gas Emission Reduction

For the year 2022, the sources of greenhouse gas emissions from Taiwanese facilities were approximately 70.789% controlled or owned by other companies (Categories 3~6); around 27.849% were from purchased electricity(Category 2), and about 1.362% were direct greenhouse gas emissions (Category 1).

Starting from 2017, Taiwan facilities initiated voluntary greenhouse gas inventories for the years 2015~2016. Subsequently, inventories were conducted for the years 2017~2019 in accordance with ISO 14064-1:2006 standards. Inventories for the years 2020 and 2021 were completed and verified by third parties following ISO 14064-1:2018 standards. The current base year of the Taiwan facilities is set as 2020.

Taiwan facilities have achieved a goal of reducing electricity consumption by 1% annually. In 2022, a reduction of 1.84% was accomplished, equivalent to a carbon reduction of 23.5286 metric tons of CO<sub>2</sub>e. The greenhouse gas emission intensity for Categories 1 and 2 in 2022 was reduced by 5.99 X 10<sup>-2</sup> (metric tons CO<sub>2</sub>e / working hour) compared to 2021, representing a decrease of approximately 17.4%.

## **3** Energy Resource Management

FITI Group upholds the spirit of corporate sustainability and is committed to long-term efforts in energy efficiency improvement, carbon reduction, wastewater management, air quality, noise control, solid waste, and soil and groundwater conservation. To uphold the management policy of "Green Consumption, Sustainable Operation, Continuous Improvement," the Group continuously enhances environmental protection and facility management. In recent years, in addition to actively promoting carbon dioxide inventories, the Group has set carbon reduction targets. Moreover, an annual ISO 14064-1 greenhouse gas inventory plan is carried out to mitigate pollution during production processes. Simultaneously, the Group actively enhances equipment operation experience and skills, while replacing energy-consuming equipment to achieve environmental protection goals.

## Energy Resource Management Disclosure Item(GRI 302-1/302-3/302-4/SASB TC-SC-130a.1)

FITI Group's primary energy resources involve electricity sourced from power companies and diesel fuel used in generators for the main power supply in the facilities. Electricity is mainly consumed by the process production equipment and related facility systems. Through the use of a reporting system, abnormal electricity consumption can be promptly addressed, ensuring optimal usage efficiency for each unit of electricity and minimizing energy wastage. Diesel fuel is primarily used in emergency generators for annual maintenance or power transmission abnormalities, and it's not a regular energy source for plant operations. Natural gas is mainly utilized for the Group's boilers, serving as a cleaner alternative to replace polluting energy sources, aligning with the commitment to sustainable environmental practices.

## The energy usage for FITI Group in the year 2022 is disclosed in the table.

ltem	Taiwan Facilities	Songjiang Facility	Kunshan Facility
Electricity (GJ)	50,564.16	38,174.76	62,912.95
Diesel (GJ)	15.82	140.58	1327.10
Natural Gas (GJ)	0	42,636.02	0
Liquefied Petroleum Gas (GJ)	0	0	0
Renewable Energy (GJ)	0	0	0
Energy Intensity (GJ / Thousand Dollars)	0.0034	0.0055	0.0043

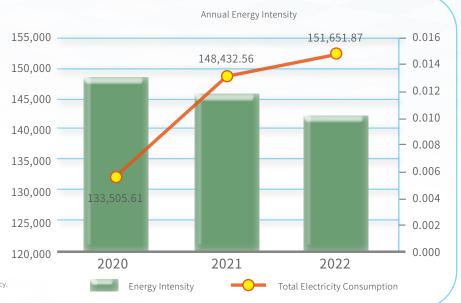
#### Data Sources

- 1. Electricity and natural gas data are aggregated from the monthly electricity bills or invoices.
- 2. Diesel consumption is primarily based on actual usage statistics.
- 3. Energy intensity is calculated as the electricity usage for each facility divided by the consolidated operating revenue for the current year.
- 4. The content of current year operating revenue is disclosed in the consolidated financial statements and is measured in thousands of New Taiwan Dollars (NTD).

## FITI Group's annual energy intensity disclosures are as follows:

ltem	2020	2021	2022
Operating Revenue (Thousand Dollars - TWD)	9,942,056	12,246,437	14,843,221
Total Electricity Consumption (GJ)	162,009.95	155,269.87	195,771.39
Energy Intensity ( GJ/Thousand Dollars)	0.0163	0.0127	0.0132

- 1. Energy intensity is based on the year 2020 as the reference so as to have more comprehensive information collection and analysis.
- 2. Operating revenue is derived from data disclosed in the annual financial statements, measured in thousands of New Taiwan Dollars (TWD).
- 3. Electricity content of FITI Group is the sum of electricity usage for each year, measured in GJ.
- 4. Energy intensity calculation involves the sum of FITI Group's electricity usage divided by the consolidated operating revenue for each year.
- 5. The energy intensity for each year from 2020 to 2022 has progressively decreased, indicating a continuous improvement in energy utilization efficiency.



## The implemented energy-saving initiatives for the year 2022 are as follows:

	Item	2022 Energy-saving Measures	2022 Energy-saving Measures Statistics		2015~2022 Annual Average Energy-saving Rate
	1		Annual Energy Savings (KWH)	111,475	
	1	Performance Improvement for PCW Towers	Annual Carbon Emission Reduction (Metric Ton)	56.74	
			Annual Energy Savings(KWH)	10,693	1.84%
	2	Kitchen Insulation Enhancement	Annual Carbon Emission Reduction (Metric Ton)	5.44	(Refer to "Conservation.Audit.Technology.Information.Service" Online System)
			Annual Energy Savings (KWH)	122,168	
	Total (Yearly)		Annual Carbon Emission Reduction (Metric Ton)	62.18	

- 1. The emission factor refers to 0.509 kg CO<sub>2</sub>e/kWh announced by Taipower in the current year.
- 2. The annual average energy-saving rate quoted information from the Conservation. Audit. Technology. Information. Service online system.
- 3. The average energy-saving rate of 1.84% from 2015 to 2022 surpasses the Taiwan energy regulations requirement of 1%.

## **Facility Monitoring System**

FITI Group implements an intelligent monitoring system in the Taiwanese facilities, effectively managing various energy expenditures to prevent wastage.

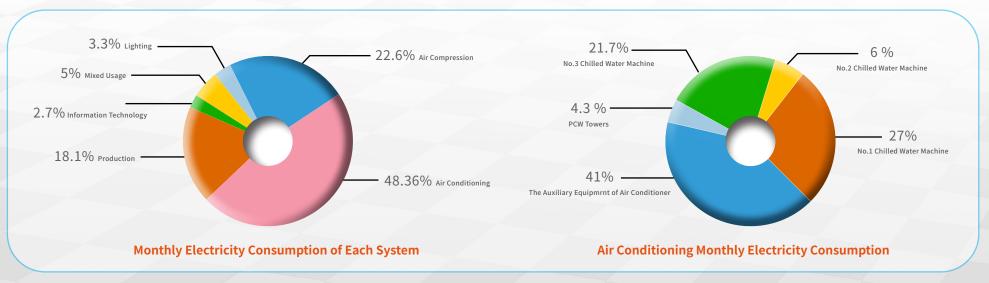
(As shown below: Facility Intelligent Monitoring Platform, Power System Architecture Diagram, and Facility Energy Usage Distribution Map.) Real-time viewing and reporting of power equipment values and water resource usage prevent abnormal situations. The proportion of annual energy consumption in the facility is collected, analyzed, and improved to achieve energy conservation and carbon reduction.

In terms of energy efficiency, FITI Group has implemented various measures at its Taiwan facilities. The PCW tower of the plant has been upgraded with improved fins to enhance performance. Heat-insulating film has been applied to windows on the 1st and 2<sup>nd</sup> floors to mitigate the impact of temperature outside and reduce the load on the ventilation system. In the Kunshan and Songjiang plants, lighting fixtures have been replaced with LED lighting to improve energy efficiency. Additionally, high-energyconsuming equipment has been replaced with new equipment rated at Energy Efficiency Level 3 or higher. In response to the current energy-saving policies promoted globally, FITI Group finds it necessary to collect, analyze, and improve energy resource data in the factory in accordance with the corresponding energy policies and corporate social responsibilities..

## Power System Architecture Diagram



## Average Energy Usage Distribution Chart for Each Month in 2022:



## **4** Water Resource Management

In response to the current water resource policies, FITI Group continues to plan and implement various energy-saving, water-saving measures, and water conservation goals within the factory are in sync with government policies. The company also continuously evaluates related management systems and utilizes existing resources and facilities to achieve the goals of energy conservation, water conservation, and waste reduction.

## **■ Water Resource Utilization within FITI Group**(GRI 303-1/303-2)

The Group utilizes the water risk atlas provided by the World Resources Institute (WRI) to identify the water resource risk index for the location of each facility. Taiwan facilities are identified as being situated in a region with moderate to low water resource risk, while the China facilities (Songjiang and Kunshan) are located in regions with moderate to high water resource risk. FITI Group will continue to implement water resource operational measures within these locations.

Adopting a "Reduce, Recycle, Reuse" approach, the Group is working towards improving the efficiency of water resource utilization. Both in Taiwan and China facilities, freshwater from third-party suppliers is the main water source, primarily used for industrial processes, domestic use, and facility equipment. The Songjiang facility is situated within a water source protection area, with controlled drainage systems in place to prevent affecting the water source. Taiwan and Kunshan facilities are not located in or near protected areas, and their water supply and drainage systems do not directly impact the surrounding ecosystem.

#### Water System Architecture Diagram



#### Water Consumption Statistics for the Year 2022 in the Facilities (GRI 303-3/303-4/303-5 SASB TC-SC-140a.1)

	Water Resource Utilization Status	Taiwan	Songjiang	Kunshan
1	Tap Water (Million Liters)	61.35	163.97	74.098
2	Water Intake (Million Liters)	61.35	163.97	74.09
3	Water Discharge (Million Liters)	36.08	158.61	57.92
4	Water Consumption (Million Liters)	25.27	5.36	16.17
5	Domestic Wastewater (Million Liters)	11.06	28.97	18.14
6	Industrial Wastewater (Million Liters)	25.01	65.17	4.21
7	Percentage of Domestic Wastewater to the Total Wastewater	30.65%	18.27%	31.33%

(i.e. Water intake refers only to the use of third-party tap water sources, and all sources are freshwater. Water consumption calculation method: Water Consumption = Water Intake - Water Discharge)

In recent years, due to the rapid expansion of FITI Group's operations (increased production capacity and expanded production lines), the overall water consumption is rising. Consequently, the Group has proposed corresponding measures for water resource management. In Taiwan facilities, the purified water from the Reverse Osmosis (RO) system is treated and channeled to a reclaimed water tank for reuse. This initiative results in an annual reduction of approximately 9.85 million liters of tap water supplementation. In the Kunshan facility, the Electrodeionization (EDI) concentrate is reclaimed and reused, effectively reusing 45% of the total concentrated water.

## Wastewater Managment

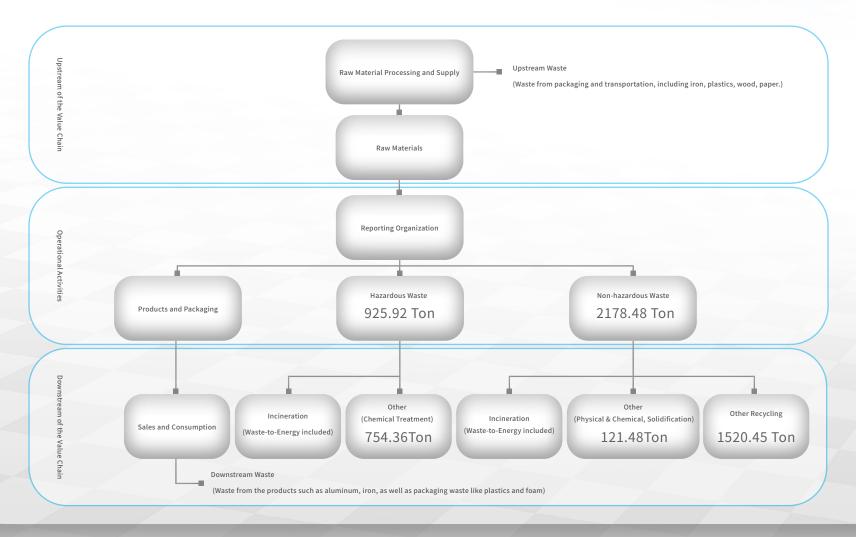
After appropriate treatment through wastewater treatment facilities, the wastewater generated in the facilities is discharged to dedicated wastewater treatment zones in compliance with the discharge water control standards of each location of the facilities. Both Taiwan and China facilities have dedicated wastewater treatment plants. FITI Group manages the wastewater from all factories and segregates the handling of production wastewater and domestic wastewater. Besides self-testing the wastewater samples, the Group also regularly contracts third-party accredited laboratories to conduct water quality tests on the wastewater. The water quality of wastewater from all factories complies with local discharge standards to ensure that there is no significant impact on the environmental load of the surrounding water body before discharge. In the year 2022, there were no major leakage or overflow incidents at any factory, and there were zero environmental complaints or penalties.

	Year 2022		Taiwan	Songjiang	Kunshan
1	Wastewater Qı	uantity	36,082	144,414	51,971
Wastev	water Quality Indicators (mg/L)	)			
2	Chemical Oxygen Demand	First Half of the Year	24.6	122.0	176.0
	(COD)	Second Half of the Year	11.2	34.0	261.8
3	Suspended Solids	First Half of the Year	8.1	19.0	13.5
3	(SS)	Second Half of the Year	5.0	59.0	25.0
Contro	lled Release				
1	Discharge Dest	ination	Chunan Plant Sewage Plant	Western Sewage Plant	Northern Sewage Plan
2	Managed Industries and T	reatment Methods	Metal Surface Treatr	nent Industry、Chemical	Coagulation Method
3	Water Discharge	Industrial Wastewater	25,014	65,225	40,806
		Domestic Wastewater	11,069	79,189	11,165

## Waste Management (SASB TC-SC-150a.1)

## ■ Waste Generation and Significant Waste-Related Impacts(GRI 306-1)

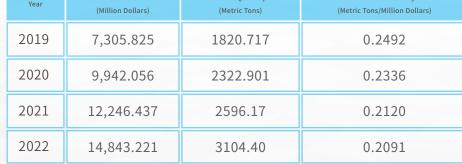
In order to mitigate the environmental impact and hazards caused by waste during the production process, FITI Group classifies process-generated waste into hazardous and non-hazardous categories according to legal requirements. Following ISO 14001 management procedures, a dedicated management unit is established to effectively monitor the volume of waste generated from its sources. The Group is committed to realizing the concept of waste localization, resource utilization, and waste decentralization, while maximizing the recycling and reuse rate.



2022 Weight of	2022 Weight of Various Types of Waste (Unit: Metric Tons)						
Facility	Taiwan	Songjiang	Kunshan				
General Business Waste	866.15	541.63	770.70				
Household Waste	82.88	187.08	266.58				
Recycling	661.79	354.55	504.12				
Others	121.48	0	0				
Hazardous Business Waste	20.95	250.13	654.84				
Waste Acids and Waste Alkalis	20.47	131.54	0				
Other	0.48	118.59	654.84				



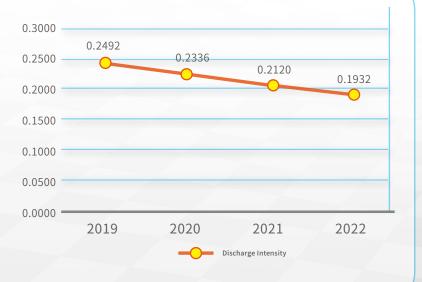
Emission Intensity						
Year	Annual Revenue (Million Dollars)	Waste Quantity (Metric Tons)	Emission Intensity (Metric Tons/Million Dollars)			
2019	7,305.825	1820.717	0.2492			
2020	9,942.056	2322.901	0.2336			
2021	12,246.437	2596.17	0.2120			
2022	14,843.221	3104.40	0.2091			





Discharge Intensity = Total Waste Quantity / Company's Revenue

In 2022, the emission intensity of FITI Group decreased by 0.0029 (metric tons/million dollars) compared to that in 2021, representing a reduction of approximately 1.4%.



## **■ Waste Management (GRI 306-2)**

FITI Group should follow the the "Standards for the Classification, Storage, and Disposal of Industrial Waste" when handling the classification and storage of waste. All waste is categorized and stored according to these standards. Qualified waste treatment vendors handle all waste, and regular audits are conducted to verify the legality of each contractor. No hazardous industrial waste is exported for processing abroad; all processing is completed domestically. In the event of fraudulent or illegal activities by the vendors, the Group immediately terminates cooperation and switches vendors. Waste that cannot be processed internally is entrusted to external qualified waste disposal vendors for clearance. Relevant documentation is then created on the government websites for control purposes in accordance with the regulations. The outsourced and selfprocessed waste quantities for 2022 are presented in the table below. No waste leakage incidents occurred in 2022.

## Composition of Waste (GRI 306-3)

	Table 1: Composition of Waste for 2022									
		Quantities Generated								
Wast	te Categories	Taiv	van	Song	jiang	Kuns	han	Tot	tal	
		Transfer at Disposal	Direct Disposal							
Наха	Waste Acids and Waste Alkalis	-	20.47	-	131.54	-	-	-	152.01	
Hazardous Bu	Sludge	-	-	-	99.52	-	-	-	99.52	
Business Waste	Other	-	0.48	-	19.07	-	654.84	-	674.39	
/aste	Subtotal		20.95	-	250.13	<b>/</b>	654.84		925.92	
	Waste Oil	-	121.16	-		-	<del></del>	7-	121.16	
General	Sludge		0.32	11.18		245.86		-	0.32	
General Business	Waste Aluminum	621.43	-	343.37	187.08	258.26	<del></del>	878.47	<del>-</del>	
s Waste	Other	40.36	82.88	354.55	187.08	504.12	266.58	641.99	536.54	
	Subtotal	661.79	204.36	354.55	437.21	504.12	266.58	1520.46	658.02	
		661.79	225.31	354.55	437.21	504.12	921.42	1520.46	1583.94	
	Total	887	.10	791	.76	1425	5.54	1320.70	1303.34	
					3104	4.140				

■ Disposal and Transfer of Waste (GRI 306-4) The disposal and transfer methods of waste at Taiwan, Songjiang, and Kunshan facilities are all off-site disposal.

Table 2: Disposal and Transfer Quantities of Waste in 2022							
Waste Categories	Disposal Methods	Taiwan	Songjiang	Kunshan	Total		
	Preparation for Reuse	0	0	0	0		
Hazardous Business Waste	Recycling	0	0	0	0		
Hazardous Business Waste	Other Recycling	0	0	0	0		
	Total	0	0	0	0		
	Preparation for Reuse	0	0	0	0		
General Business Waste	Recycling	0	0	0	0		
General Business Waste	Other Recycling	661.79	354.55	504.12	1520.46		
	Total	661.79	354.55	504.12	1520.46		
То	Total			504.12	1520.46		



Table 3: Direct Disposal Quantities of Waste in 2022 Unit: Metric Tons						
Waste Categories	Di	isposal Methods	Taiwan	Songjiang	Kunshan	Total
	(Wast	Incineration e-to-Energy included)	20.95	150.61	0.00	171.56
	Other	Recycling	0.00	0.00	0.00	0.00
Hazardous Business Waste	Other	Chemical Treatment	0.00	99.52	654.84	754.36
	Total		20.95	250.13	654.84	925.92
	(Wast	Incineration e-to-Energy included)	82.88	187.08	266.58	434.14
		Physical & Chemical Treatment	121.16	0.00	0.00	121.16
General Business Waste	Other	Solidification Treatment	0.32	0.00	0.00	0.32
	Total		204.36	187.08	266.58	658.02
Total			225.31	437.21	921.42	1583.94





## Green Supply Chain Concept

## **1** Supply Chain Context

Due to the complexity of product structure and characteristics, FITI Group's supply chain primarily encompasses various categories, including raw materials, electronic components and modules, metal products, engineering plastics, outsourced processing, environmental protection, engineering services, labor dispatch/migrant workers, cleaning, catering, security, welfare facilities, waste sorting, waste disposal contractors, drivers, etc. The supply chain is roughly categorized into four main types, as shown in the table below. There were no significant changes in the supply chain in 2022.

Suppliers: Raw Materials, Electronic Components and Modules, Metal Products, Engineering Plastics

**Outsourcing Partners:** Outsourced Processing

**Contractors:** Environmental Protection, Engineering Services

**Labor Agencies:** Labor Dispatch/Migrant Workers

Service Providers: Cleaning, Catering, Security, Welfare Facilities, Waste Sorting, Waste Disposal Contractors, Drivers

For the sourcing of raw materials/outsourced processing, FITI Group encourages local procurement, actively implementing material localization to reduce unnecessary air and sea transportation costs and lower the carbon footprint generated during the transportation process. In addition to fulfilling the environmental responsibility for energy conservation and carbon reduction, this approach directly reduces procurement costs. Therefore, FITI Group has dedicated procurement units in each facility, responsible for the development and management of localized supply chains.

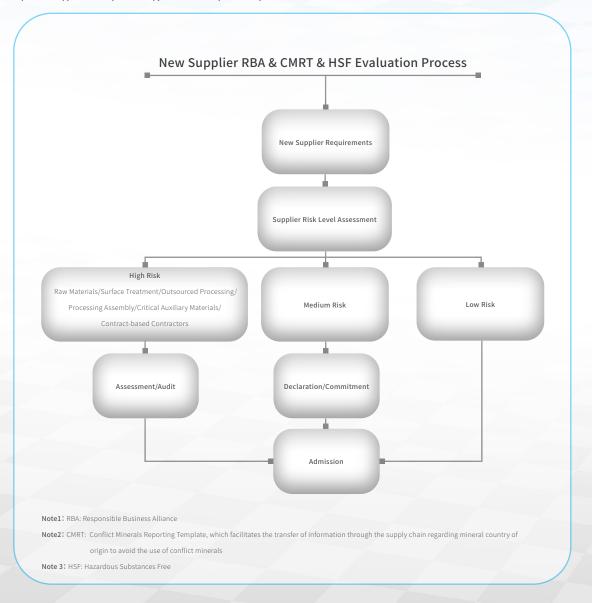
Suppliers are important business partners in the operations of FITI Group, which aims to cultivate long-term cooperation and establish stable and sustainable supply chains together. In addition to considering the technical aspects, quality, and delivery schedules of supplier products, the company also urges suppliers to fulfill social responsibilities, improve health, safety, and hygiene standards, protect the environment, and respect labor rights. This includes effective risk management and the implementation of ongoing operational plans.

## **Supplier Selection Criteria**

The "Supplier Management Operating Procedure" stipulated by FITI Group comprehensively outlines the supplier selection process. For new suppliers, a comprehensive evaluation mechanism is in place, assessing four key aspects: cost and operational capabilities, financial performance, quality systems, and technical capabilities. New supplier evaluations are based on risk levels as categorized in the green supply chain classification. We require medium- to high-risk suppliers to sign the "Supplier Social and Environmental Responsibility Pledge" and other relevant documents. In 2022, a total of 22 new suppliers passed the evaluation.

In addition, new supplier selection must also adhere to the "Green Supply Chain Management Operating Procedure", focusing on environmental, health and safety, labor ethics, and management systems of suppliers/contractors. Necessary improvement requirements are set for environmental, health and safety, labor ethics, and management systems. Additionally, FITI Group does not use conflict minerals sourced from conflict areas. Suppliers are required to gradually enhance their social responsibility performance and improve the management of social responsibility in the supply chain.

The diagram below illustrates the evaluation process for Supplier RBA (Note 1), CMRT (Note 2), and HSF (Note 3):



## Supply Chain Management Standards

FITI Group adopts the Responsible Business Alliance (RBA) Code of Conduct to guide its supply chain management. We have established the "Supplier Social and Environmental Responsibility Pledge", requiring suppliers to adhere to the RBA Code of Conduct and the pledge in terms of labor rights, health and safety, environment, business ethics, and management systems. Suppliers are also required to comply with local laws in their operating regions. Through self-assessment methods, we encourage suppliers to jointly uphold corporate social responsibility standards. Our expectation is for suppliers to work towards achieving requirements such as RBA, ISO 45001, ISO 14001, ISO 14064-1, etc., as their ultimate goal, leveraging their corporate social influence to promote a balanced ESG approach and sustainable development. In terms of product manufacturing, we develop the "Guarantee for Non-use of Environmentally Hazardous Substances / Declaration of Conflict-Free Minerals" for suppliers' provided products and raw materials, specifying the non-use of hazardous substances and outlining restricted/forbidden substances regulations and conflict minerals management policies.

FITI Group also utilizes auditing tools published by the Responsible Business Alliance (RBA) to review and assess suppliers' commitment to sustainable development and social responsibility. In this way, we communicate our sustainable development policies and expectations for supplier social responsibility. This approach encourages suppliers to autonomously join the ranks of sustainable development advocates, aiming to realize an inclusive and co-prosperous win-win situation where we care for employees, fulfill social responsibilities, and protect the environment."

## **Supply Chain Risk Assessment**

Due to the diverse structure and category of products, FITI Group has a considerable number of suppliers. To enhance effective supplier management, in 2022, we classified supplier risk levels based on factors such as procurement amounts, supplier product categories, and hazardous substance products. We evaluated labor, health and safety, environmental, ethical, and management system aspects according to RBA requirements. We established different management and oversight mechanisms for both new and existing suppliers.

We developed supplier self-declaration forms based on RBA, conflict minerals management, and HSF requirements, incorporating content related to corporate social responsibility. Through these forms, we conducted evaluations and reviews of suppliers' commitment to corporate social responsibility. The selection of investigated/signed suppliers' lists is based on risk levels defined in FITI Group's green supply chain classification. The status for the year 2022 is summarized in the table below, where no suppliers violating conflict minerals management policies were identified. By investigating supplier material sources and implementing selfdeclarations, relevant management policies are extended to suppliers, ensuring FITI Group adheres to the requirements of corporate social responsibility and ethical standards.

### Completion Status in 2022

Category	Estimated Number of Suppliers Completed	Actual Number of Completed Suppliers	Completion Ratio
Conflict Minerals Investigation	65	58	89%
Conflict-free Minerals Declaration	65	59	91%
RBA Commitment Declaration	51	45	88%
Hazardous Substance-free Guarantee Declaration	59	51	86%

health and safety, and raw material procurement

## 5 Regular Supplier Management

## ■ Realization of Human Rights Values: FITI Group's Statement of Prohibiting the Use of "Conflict Minerals"

In recent years, the social and environmental issues arising from the raw materials and processes involved in product manufacturing have gained increasing global attention. Among these concerns, minerals originating from the Democratic Republic of Congo have been linked to severe armed conflicts. While FITI Group does not directly purchase metallic ores and understands that most of our suppliers and mining companies do not have direct procurement relationships, we recognize our potential to make a positive impact on this issue as a company.

As a result, we have incorporated the prohibition of "conflict minerals" into our green product policy of suppliers and have included it as contractual terms in our orders. This ensures that FITI Group's products do not use the aforementioned "conflict minerals."

- ♦ FITI Group's suppliers must undertake responsibilities for social and environmental protection.
- ♦ FITI Group does not accept "conflict minerals" from the Democratic Republic of Congo and its surrounding countries and regions.
- FITI Group's suppliers must trace the sources of cobalt (Co), gold (Au), palladium (Pd), tantalum (Ta), tin (Sn), and tungsten (W) contained in all products to ensure these metals do not come from "conflict-affected areas."
- ♦ FITI Group's suppliers should communicate this requirement to their upstream suppliers.

### **Completion Status in 2022**

Facility Location	Number of Suppliers under Conflict Minerals Investigation			Number of Suppliers with Conflict-free Minerals Declaration (Note)			
Facility Location	Should be Completed	Actually Completed	Completion Ratio	Should be Completed	Actually Completed	Completion Ratio	
Taiwan	14	14	100%	14	14	100%	
Songjiang	22	18	82%	22	19	86%	
Kunshan	29	26	90%	29	26	90%	
Total	65	58	89%	65	59	91%	

Note: The declaration of not using conflict minerals includes methods such as signing commitment letters, public commitments on official websites, email responses, etc.

## ■ Workplace Safety and Dignity of Labor: Responsible Business Alliance (RBA) Requirements for FITI Group Suppliers

The Responsible Business Alliance (RBA) aims to ensure workplace safety, respect for labor, and dignity within the electronics industry supply chain, as well as responsible environmental practices by corporate operators.

Suppliers are expected to publicly endorse and align with the Responsible Business Alliance (RBA) and proactively adopt the management systems advocated by RBA. Suppliers are also required to extend their practices throughout the entire supply chain. This should include ensuring compliance with RBA requirements by their next-tier suppliers. RBA encompasses standards for labor, health and safety, environmental considerations, elements necessary for suitable management systems, and standards related to business ethics. We encourage all supplier activities to adhere to the laws and regulations of the countries/regions in which they operate. Beyond legal compliance, suppliers are encouraged to strive for internationally recognized standards to assume greater social and environmental responsibilities.

We will collaborate with suppliers on a system and implementation level to follow RBA guidelines, striving to provide a humane, safe, and eco-friendly working environment. We have incorporated RBA audit items into our inspection checklist for supplier quality systems and operational capabilities, ensuring that FITI's suppliers and the supply chain as a whole can achieve sustainability goals. For more detailed information, please refer to the RBA official website.

### Completion Status in 2022:

Facility Location	Suppliers with RBA Commitment Declaration						
Facility Location	Should be Completed Actually Complete		Completion Ratio				
Taiwan	15	12	80%				
Songjiang	12	11	92%				
Kunshan	24	22	92%				
Total	51	45	88%				

# Environmental Protection and Green Sustainability: FITI Group Product Environmental Management Specification - Material Requirements

To establish environmental standards for green manufacturing and green products within FITI Group and to serve as green procurement guidelines for all FITI Group suppliers, suppliers are required to agree to abide by FITI Group's environmental standards and have them included in the contractual terms of orders. These provisions apply to product design, manufacturing, assembly, and procurement (including materials, components, assemblies, accessories, products, batteries, and packaging materials) across all business units of FITI Group. Materials not covered by these restrictions will be controlled on a project-specific basis.

Furthermore, due to the frequent changes in the green procurement standards of our main customers, suppliers should prioritize compliance with the environmental protection laws and regulations of the production and usage locations as the ultimate purpose of alignment.

#### Completion Status in 2022:

Facility Location	Suppliers with Hazardous Substance-free Guarantee Declaration		
	Should be Completed	Actually Completed	Completion Ratio
Taiwan	14	11	79%
Songjiang	12	12	100%
Kunshan	33	28	85%
Total	59	51	86%

Suppliers are vital operational partners of FITI Group. We are committed to fostering long-term collaboration and aim to establish a stable and sustainable supply chain in tandem with our suppliers. While the company values the technical excellence, quality, and delivery schedules of supplier products, we also urge suppliers to fulfill their social responsibilities. This includes improving health, safety, and hygiene standards, environmental protection, and prioritizing labor rights. A robust risk management framework and continuous operational planning are also expected.





## Annual/Unscheduled Supplier Audit Management

Quarterly supplier evaluations are conducted, focusing on the top ten key suppliers in terms of performance in delivery, quality, and service. Suppliers with unsatisfactory assessment results are summoned to a supplier management meeting to discuss remedial actions. According to the resolution, if required, a "SCAR Supplier Corrective Action Request" will be issued to the supplier, demanding them to propose improvement measures to attain a solution. Regular evaluations are performed to consistently monitor supplier performance and achieve management objectives. According to FITI Group's Green Supply Chain Management Procedure, suppliers who sign the "Supplier Social and Environmental Responsibility Pledge," "Declaration of Conflict-Free Minerals," and "Guarantee for Non-use of Environmentally Hazardous Substances" are considered to be low- to medium-risk and are exempt from self-assessment and audits. High-risk suppliers who do not sign relevant declarations are subject to on-site evaluations by FITI Group's functional units.

FITI Group conducts annual audits for the top 10 outsourced suppliers in terms of annual transaction volume in each facility, based on the significance of sustainable operation in FITI Group's supplier product categories. The contents of audits include ongoing operational capabilities, changes in engineering and technical capacities, quality stability, and the quality performance of the previous year. Unscheduled audits are conducted in response to significant environmental changes, legal updates, and ESG-related issues. The implementation status is shown in the table below. In 2023, the plan includes completing annual audits for 37 key suppliers at Songjiang Facility and Kunshan Facility, as well as 8 key suppliers at Taiwan Facility, to ensure sustainability of suppliers.

## Completion Status in 2022:

Facility	Number of Suppliers with Planned Annual Audit	Number of Supplier with Actual Annual Audit	Completion Ratio	Major Audit Findings
Songjiang	10	10	100%	Incomplete identification of safety factors
Kunshan	22	22	100%	Incomplete workplace warning and reminders Insufficient implementation of health and safety policies

Note: Due to insufficient information collection, outcome for Taiwan facility will not be disclosed for 2022

# **Contractor Management**

To safeguard contractors' personnel, colleagues, and maintain the safety of facility, FITI Group complies with occupational safety and health regulations and has established a Contractor Environmental, Health, and Safety Management Procedure. This procedure outlines the responsibilities of our company's units and contractors, as well as relevant matters related to environmental, health, and safety considerations. Contractors are required to sign relevant commitment documents before entering the premises for construction, and they must undergo hazard awareness and occupational health and safety education training organized by the environmental and safety units.

Implementation status is detailed in the table below; the plan for 2023 aims to maintain a 100% completion rate of training. In 2022, there were verbal human rights declarations conducted with all suppliers; the plan for 2023 is to achieve 100% completion.

In terms of contractors' human rights, there is no data available for 2022, and in 2023, disclosure will be provided based on the actual number of cases that have been approved for qualified suppliers (contractors).

## Completion Status in 2022:

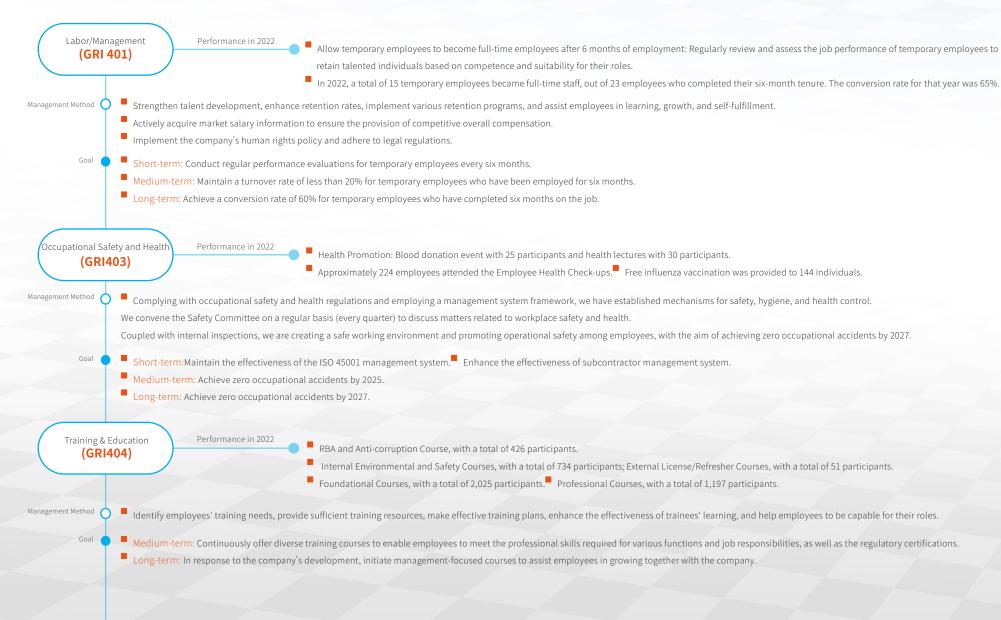
Facility Location	Number of Required Trainees	Number of Actual Trainees	Completion Ratio	Required Training Hours	Actual Training Hours	Completion Ratio
Taiwan	915	915	100%	915	915	100%
Songjiang	506	506	100%	506	506	100%
Kunshan	662	662	100%	662	662	100%
Total	2083	2083	100%	2083	2083	100%

Note: The education and training of hazard awareness conducted before subcontractor entering the facility is counted as a minimum of 1 hour per person



# **5** Social Engagement Practices

The significant themes and management policies for the practice of social engagement are summarized in the following table:





# **Happy Workplace**

FITI Group values human rights and ensures that all employees, applicants, and supplier personnel are treated fairly and with dignity, regardless of race, ideology, religion, party affiliation, birthplace, gender, sexual orientation, marital status, appearance, disabilities, or trade union membership. We have clearly stated in our labor policy that we abide by labor-related regulations, follow international human rights conventions, respect workplace rights, promote a healthy and safe working environment, support freedom of association, establish diverse communication channels, and protect cybersecurity. We diligently adhere to the Labor Standards Act, Act of Gender Equality in Employment, and other relevant laws, providing equal employment opportunities to all job seekers.

During the recruitment of new employees, we adhere to and surpass legal requirements by employing one disabled person for every hundred employees, contributing to equal job opportunities for disadvantaged groups. Additionally, we have established "Measures for Preventing Sexual Harassment, Complaints, and Disciplinary Actions," which are posted on our internal website. Any form of workplace harassment is strictly prohibited to maintain a safe and healthy work environment. At the same time, we use our website to promote the implementation measures of the employee complaint system, ensuring that discriminatory incidents are prevented. As a result, there were no incidents of discrimination or violations of human rights at FITI Group in 2022.



## **2** Employee Structure and Recruitment (405-1/405-2)

FITI Group adheres to the principle of employing and promoting talents based solely on the employees' abilities, without any discrimination due to age, gender, or race. Selection of talents is based on their performance and suitability for the roles they are assigned, following the company's strategic development orientation. Therefore, the company has designed a reasonable organizational structure and deployed talent at various levels. The recruitment process obeys relevant regulations and adopts a fair and just operational model to select suitable candidates. In the Taiwan facility of FITI Group, 8 individuals with disabilities are employed, accounting for 1.3% of the total workforce. Among them, 2 individuals with disabilities are employed in excess of the required quota with their rights and interests in the workplace ensured. In the China facility, 10 individuals with disabilities and 59 individuals from ethnic minority are employed, accounting for 0.45% and 2.6% of the total workforce respectively with their rights and interests in the workplace ensured.

### 2022 Non-employee Regional Composition Table (GRI 2-8)

	, ,			•
Facility	Security Guard	Catering Staff	Cleaning Staff	Contractor
Taiwan	6	1	5	56.9*
Songjiang	10	17	17	54.4*
Kunshan	0	0	7	50.5*
Total	16	18	29	161.8*

Note\*: Calculations are based on the FTE (Full-time Equivalent) method, using 8 hours per person-day, in comparison to the annual working hours (220 person-days with 8 hours per person-day) to determine the equivalent headcount

Total number of employees: 2,523 (GRI 2-7)

## Table of 2022 Employee's Age, Gender, and Regional Composition (GRI 2-7)

		1 )			•		
Gender	Facility	Full-time Employee	Foreign Employee	Contractor	Temporary Employee	Total Number of Employees	Ratio
	Taiwan	160	0	2	2	164	5.73%
Female	Songjiang	222	0	0	47	269	9.41%
remate	Kunshan	138	0	0	0	138	4.83%
	Subtotal	520	0	2	49	571	19.97%
	Taiwan	345	106	3	13	467	16.33%
Male	Songjiang	677	0	0	275	952	33.29%
мате	Kunshan	870	0	0	0	870	30.42%
	Subtotal	1892	106	3	288	2289	80.03%
Т	otal	2412	106	5	337	2860	100%

Note 1: As of December 31, 2022, the headcount includes temporary employees engaged in production line operation.

Note 2: Full-time employees include both permanent employees and contractors

Note 3: Contractors are those with agreements signed



## Status of New Employees and Resignations of FITI Group in 2022 (GRI 401-1)

Due to the substantial business growth of the FITI Group in 2022, and to proactively prepare for future talent needs, the Group's new employee recruitment is showing positive growth. Concurrently, the turnover rate among employees remains stable.

## Composition Structure of New Employees in 2022 - Taiwan

Item	Age < 30		Ages 3	80 ~ 50	Age	>50	Total	
item	Female	Male	Female	Male	Female	Male	· otat	
Taiwan	31	52	50	126	2	9	270	
Year-end Employee Headcount	37	90	117	316	8	48	616	
Proportion of New Hires in Taiwan	83.78%	57.78%	42.74%	39.87%	25.00%	18.75%	43.83%	

Note: Proportion of new hires in 2022 = (Total number of new hires in the Taiwan facility/ Total year-end headcount in the Taiwan facility) × 100%

### Composition Structure of New Employees in 2022 - Songjiang

Item	Age	< 30	Ages 30 ~ 50		Age	>50	Total
item	Female	Male	Female	Male	Female	Male	Totat
Songjiang	53	195	44	224	0	1	517
Year-end Employee Headcount	92	314	177	627	0	11	1221
Proportion of New Hires in Songjiang	57.60%	62.10%	24.90%	35.70%	00.00%	9.10%	42.34%

Note: Proportion of new hires in 2022 = (Total number of new hires in Songjiang facility/ Total year-end headcount in Songjiang facility) × 100%

## Composition Structure of New Employees in 2022 - Kunshan

			1	,			
Item	Age < 30		Ages	30 ~ 50	Age	>50	Total
item	Female	Male	Female	Male	Female	Male	Totat
Kunshan	10	113	13	98	0	0	234
Year-end Employee Headcount	47	271	91	593	0	6	1008
Proportion of New Hires in Kunshan	21.30%	41.70%	14.30%	16.50%	00.00%	00.00%	23.21%

Note: Proportion of new hires in 2022 = (Total number of new hires in Kunshan facility/ Total year-end headcount in Kunshan facility) × 100%

## Composition Structure of Resigned Employees in 2022 - Taiwan

Item	Age	< 30	Ages 3	80 ~ 50	Age	>50	Total	
item	Female	Male	Female	Male	Female	Male	Totat	
Taiwan	7	9	15	25	0	11	67	
Year-end Employee Headcount	37	90	117	316	8	48	616	
Proportion of Resigned Employee in Taiwan	18.92%	10.00%	12.82%	7.91%	00.00%	22.92%	10.88%	

Note 1: Turnover rate in 2022 = (Total number of resigned employees in Taiwan facility / Total year-end headcount in Taiwan facility) × 100%.

Note 2: Resigned employees in Taiwan facility do not include individuals employed for less than three months.

## Composition Structure of Resigned Employees in 2022 - Songjiang

Item	Age	< 30	Ages 3	80 ~ 50	Age	>50	Total
item	Female	Male	Female	Male	Female	Male	Totat
Songjiang	16	62	9	78	0	0	165
Year-end Employee Headcount	92	314	177	627	0	11	1221
Proportion of Resigned Employee in Songjiang	17.40%	19.70%	5.10%	12.40%	00.00%	00.00%	13.51%

Note 1: Turnover rate in 2022 = (Total number of resigned employees in Songjiang facility / Total year-end headcount in Songjiang facility) × 100%. Note 2: Resigned employees in Songjiang facility do not include individuals employed for less than three months.

## Composition Structure of Resigned Employees in 2022 - Kunshan

•		`	_					
Item	Age < 30		Ages 30 ~ 50		Age	>50	Total	
item	Female	Male	Female	Male	Female	Male	Totat	
Kunshan	10	54	0	41	0	0	105	
Year-end Employee Headcount	47	271	91	593	0	6	1008	
Proportion of Resigned Employee in Kunshan	21.30%	19.90%	00.00%	6.90%	00.00%	00.00%	10.42%	

Note 1: Turnover rate in 2022 = (Total number of resigned employees in Kunshan facility / Total year-end headcount in Kunshan facility) × 100%.

Note 2: Resigned employees in Kunshan facility do not include individuals employed for less than three months

Benefiting from the growth in market demand, FITI Group achieved record-high revenue in 2022. With a positive prospect on the expansion of semiconductor fabs and the increasing demand for essential consumables, along with robust market conditions, the Group's subsidiary, FOX AUTOMATION TECHNOLOGY INC, invested NT\$2.4 billion to establish a smart facility in the Chunan Science Park, Miaoli. To secure talents, the Group strived for recruiting, which resulted in an upward trend in the proportion of new hires, while the employee turnover rate remained stable.

In China, the manufacturing factories experienced substantial growth in business in 2022. To meet market demands and prepare for the future, the total workforce size showed a steady increase in 2022.

## New Hires Form 2020 to 2022 70.00% 60.00% 50.00% 40.00% 30.00% 20.00% 10.00% 0.00% Year 2020 Year 2021 Year 2022 42.34% 60.41% 59.53% Songjiang 20.23% 32.37% 23.21% 43.83% 37.44% 42.36% Proportion of 2022 new hires in China = (Total number of new hires in the China facility/ Total year-end headcount in the China facility) × 100%

## Turnover Rate From 2020 to 2022.



2022 Turnover rate in Taiwan = (Total number of resigned employees in Taiwan facility / Total year-end headcount in Taiwan facility) × 100%.

2022 Turnover rate in China = (Total number of resigned employees in China facility / Total year-end headcount in China facility) × 100%.

## Employee Compensation and Benefits (GRI 401-2 / GRI 405-2)

FITI Group adheres to ISO 45001, the Responsible Business Alliance (RBA) Code of Conduct, as well as relevant regulations such as the Occupational Safety and Health Act and the Labor Standards Act. The company implements internal management review processes, conducting regular assessments of the effectiveness of the Plan-Do-Check-Act (PDCA) cycle and verifying various management measures.

A comprehensive compensation and benefits system is a top priority for FITI Group. The company provides a balanced and competitive compensation package that emphasizes both external competitiveness and internal equity. Additionally, a challenging, excellent, and healthy working environment is cultivated. The overall compensation includes salary, allowances, bonuses, and remuneration. The company meticulously plans and executes annual salary adjustment operations, issuing performance bonuses and employee remuneration bonuses based on the company's operational goals and profit conditions. These bonuses are customized based on factors such as individual professional skills, job responsibilities, and performance achievements. Furthermore, the company has designed long-term retention incentive policies, including Employee Stock Options, to motivate and retain exceptional talents.

Regular labor-management meetings are held every quarter to enhance communication and collaboration between labor and management teams. Formal employees of Taiwan FITI, FATI, Frontier and Kainova enjoy additional benefits such as festival bonuses (Dragon Boat Festival, Mid-Autumn Festival, and year-end bonus), group insurance, and travel insurance. The Welfare Committee organizes various cultural and recreational activities and provides birthday bonuses, holiday bonuses, educational assistance, travel subsidies, and other allowances (health check-ups, parental, marriage, illness, funeral, etc.). In addition to the five insurances and one fund, formal employees of Songjiang and Kunshan Facilities receive commercial insurance, holiday bonuses (holiday gifts for Chinese New Year, Dragon Boat Festival, and Mid-Autumn Festival), birthday gifts, as well as winter and summer care packages to show concern for employees working in non-air-conditioned areas. Performance bonuses and employee remuneration are also planned and provided based on operational conditions and individual job performance.

FITI Group places importance on employees' family lives and caregiving for the next generation. In addition to offering baby bonuses to encourage parenthood, the company provides employees with legally mandated maternity/paternity leave and parental leave to safeguard employees' postpartum and leave rights, ensuring that all employees can focus on caring for newborns and enjoy family happiness.

## Salary and Benefits Review Mechanism:

External Competitiveness: FITI Group participates in market surveys periodically to review compensation policies. Compensation is determined based on job roles, education, experience, and professional skill levels, without differentiation due to gender, age, race, nationality, religion, or other factors.

Internal Equity: Annual performance evaluations are conducted, and the results serve as the basis for annual salary adjustments and various bonus distributions.

## Minimum Wage Proportion Table

		Year	2020	Year	2021	Year	2022
Minimum Wage Proportion	Position	Female	Male	Female	Male	Year 2 Female  - 0.92 0.89 0.90 - 0.99 1.11 1.08 - 1.06 0.97	Male
Taiwan	Senior Executives	-	-	-	-	-	-
	Midlevel Managers	0.88	1	0.93	1	0.92	1
Taiwaii	Junior Management	0.95	1	0.96	1	0.89	1
	Junior Employees	0.90	1	0.91	1	0.90	1
	Senior Executives	-	-	-	-	-	-
Songjiang	Midlevel Managers	1.01	1	0.93	1	0.99	1
Soligialig	Junior Management	1.05	1	1.03	1	- 0.92 0.89 0.90 - 0.99 1.11 1.08 - 1.06	1
	Junior Employees	1.06	1	1.06	1	1.08	1
	Senior Executives	-	-	-	-	-	-
Kunshan	Midlevel Managers	0.99	1	1.01	1	1.06	1
Kunshan	Junior Management	0.94	1	0.98	1	0.97	1
	Junior Employees	0.97	1	0.99	1	0.95	1

Note 1: Salary includes the minimum monthly salary and fixed allowances.

Note 2: Senior Executives - Department Heads and above; Midlevel Managers - Deputy Managers to Deputy Department Heads;

Junior Managers - Section Chiefs; Junior Employees - Non-managerial staff.

Note 3: Since all senior executives in the company are male, a comparison is not feasible.

Note 4: Starting from 2022, ESG data will be presented with the average value of this category, and male data will be used as the denominator.

## Total Compensation Ratio Table

T. 10 5		Year	2020	Year	2021	Year	2022
Total Compensation Ratio	Position	Female	Male	Female	Male	Year 2 Female  - 0.99  0.87  0.92  - 1.09  1.10  1.07  - 1.09  0.97	Male
	Senior Executives	-	-	-	-	-	-
Taiwan	Midlevel Managers	0.93	1	0.96	1	0.99	1
Talwan	Junior Management	0.92	1	0.93	1	0.87	1
	Junior Employees	0.91	1	0.91	1	- 0.99 0.87 0.92 - 1.09 1.10 1.07 - 1.09 0.97	1
	Senior Executives	-	-	-	-	-	-
Songjiang	Midlevel Managers	1.06	1	0.95	1	1.09	1
Soligialig	Junior Management	1.02	1	1.03	1	1.10	1
	Junior Employees	1.04	1	1.05	1	1.07	1
	Senior Executives	-	-	-	-	-	-
Kunshan	Midlevel Managers	1.03	1	1.03	1	1.09	1
Kunshan	Junior Management	0.93	1	0.98	1	0.97	1
	Junior Employees	0.94	1	0.97	1	0.95	1

Note 1: Salary includes the minimum monthly salary, supervisory allowances, and various bonuses.

Note 2: Senior Executives - Department Heads and above; Midlevel Managers - Deputy Managers to Deputy Department Heads; Junior Managers - Deputy Team Leaders to Managers; Junior Employees - Non-managerial staff.

Note 3: The company has no senior management staff, making comparison unfeasible.

Note 4: Starting from 2022, ESG data will be presented with the average value of this category, and male data will be used as the denominator.

### Ratio of Standard Compensation for Junior Employees to Local Minimum Wage



Note: Junior Direct Employees are people who work in the production line

## Retirement System (GRI 401-2)

FITI Group adheres to retirement plan policies in accordance with government regulations, which include retirement provisions and contribution pension plan as stipulated by Taiwan Labor Standards Act, Taiwan Labor Pension Act and overseas local regulations. In addition to legally required retirement fund contributions, FITI regularly outsources institute of Actuaries to evaluate the adequacy of the old system retirement fund, ensuring the protection of employees' future retirement benefits. In 2022, a total of 33 employees were covered by the old system retirement fund. As of January 19, 2023, the cumulative balance in the retirement accounts is NT\$41,371,290. According to the new retirement regulations in 2022, a 6% contribution of insured salary is allocated each month as the new retirement fund, ensuring full contributions.

## Parental Leave (GRI 401-3)

FITI Group places importance on employees' family lives and caregiving for the next generation. In addition to offering baby bonuses to encourage parenthood, the company provides employees with legally mandated maternity/paternity leave and parental leave to safeguard employees' postpartum and leave rights, ensuring that all employees can focus on caring for newborns and enjoy family happiness. For unpaid parental leave statistics, please refer to the following table.

Employees who have been employed for at least six months and have children under three years of age are eligible to apply for unpaid parental leave. The leave duration extends until the youngest child reaches three years of age, up to a maximum of two years. For employees raising two or more children (e.g., twins), the periods of unpaid parental leave are combined, limited to a maximum of two years of care for the youngest child. After the completion of unpaid parental leave, the company arranges for employees to return to their original positions or provides guidance for new roles.

## Parental Leave Application Status of FITI Group Employees GRI 401-3)

### Analysis of Parental Leave in Taiwan Facility in 2022

Taiwan	Female	Male	Total
Number of Eligible Applicants in 2022	29	26	55
Number of Applicants in 2022	1	0	1
A. Employees Expected to Return	1	0	1
B. Employees Returning to Work after Parental Leave in 2022	1	0	1
C. Employees Returning to Work after Parental Leave in 2021 and Are Still in Service	5	2	7
D.Employees Returning to Work after Parental Leave in 2021	6	2	8
Return to Work Rate (B/A)	100%	- 4	100%
Retention Rate (C/D)	83%	100%	88%

Note 1: For Taiwan facility, the eligible number of applicants for parental leave without pay is defined as the count of those who have applied for parental subsidies over the past 3 years, following the Regulations for Implementing Unpaid Parental Leave for Raising Children. As there are no relevant laws or regulations related to unpaid parental leave at China facility, no statistics are available.

Note 2: In 2021, a total of 8 employees applied for unpaid parental leave. The return to work rate was 100%, and the retention rate was 88%

## China Facility: Maternity Leave/Parental Leave/Paternity Leave / Caregiver Leave

		Fe	emale	Male		
Chir	na Facility	Maternity Leave	Parental Leave	Paternity Leave Caregiver Leave	Parental Leave	
Veer 2022	Songjiang	13	39	28	83	
Year 2022 Kunshan	Kunshan	2	13	26	86	
Veer 2021	Songjiang	14	3	14	0	
Year 2021	Kunshan	6	0	29	0	
S	ubtotal	35	55	97	169	

Note 1: Maternity Leave: Married female employees who meet legal and regulatory requirements are entitled to 98 days of maternity leave plus 60 days of extended maternity leave. In cases of dystocia, an additional 15 days of maternity leave are granted. For multiple births, each additional baby results in an extra 15 days of maternity leave. Extended maternity leave exclude public holidays.

Note 2: Paternity Leave / Caregiver Leave: Male employees who meet legal requirements and have a spouse giving birth are entitled to 10 days of paternity leave in the Songjiang facility and 15 days of caregiver leave in the Kunshan facility during the female employee's maternity leave. Paternity leave/caregiver

Note 3: Parental Leave: Married couples who meet legal and regulatory requirements for childbirth can enjoy 5 days of parental leave per year in the Songjiang facility and 10 days of parental leave per year in the Kunshan facility until their child reaches three years of age

## 4 Employee Training and Development (GRI 404-1/404-2)

With the vision of fulfilling its responsibility as a global citizen and respecting and caring for lives, FITI Group employs various pedagogical methods, including narrative, interactive, and experiential teaching, in its general and managerial training programs. These methods help employees clarify their values and concepts, as well as promote human rights-related subjects such as respecting dignity.

In order to enhance technical expertise and quality, ensure employee and the operational safety of facility, and improve overall management capabilities, the company's training programs focus on elevating staff's professional skills, safety training, and management capabilities. By providing a range of training courses, the company strengthens its research, production, quality, and management capabilities, aiming to increase per-employee productivity and bolster the competitiveness of overall organization.

In 2022, the average annual training hours per employee in the Taiwan facility were more than 16.93 hours, and in the Songjiang/Kunshan plants, it was above 17.60 hours. The average training hours for non-managerial staff exceeded the overall average, attributed to the growth of organization and the emphasis on professional and safety education and training for non-managerial employees.



## Career Training

After employees join the company, the people-oriented philosophy of core values is actively implemented, leaving no stone unturned in the training of new employees. The total training hours for courses offered at Taiwan facility amount to 1,334.5 hours (13.0% of the total training hours), while the Songjiang/Kunshan facility offers courses totaling 1,883.5 hours (4.8% of the total training hours). Employees are encouraged to actively participate in various educational training programs, and the cultivation of concepts related to regulatory certification and operational safety is of paramount importance and should not be underestimated. The total safety training hours reach 2,792.5 hours at Taiwan facility (26.57% of the total training hours) and 6,256 hours at the Songjiang/Kunshan facility (15.95% of the total training hours)

In terms of professional and technical aspect, the total training hours offered at Taiwan facility amount to 2,237 hours (21.29% of the total training hours), while those in the Songjiang/Kunshan facility add up to 309,095.5 hours (78.81% of the total training hours).

In 2022, courses for improving presentation skills were introduced twice. Potential employees and junior executives were invited to participate in them. Based on their respective roles, individual introductions and development plans of departments were used as postcourse assessment topics. By the tangible process of learning by doing, the effectiveness of the training was immediately evident.

Facility Training Categories	Taiwan	Songjiang/Kunshan
New Employee Training	12.70%	4.80%
Safety Training	26.57%	15.95%
Professional Training	31.85%	78.81%
Management Training	4.76%	0.00%
Other Training	24.12%	0.43%

Turkeling Cotton of the	Total Hours of Internal Training				Total Hours of External Training			
Training Categories	Fen	nale Male		Female		Male		
Facility	Taiwan	Songjiang Kunshan	Taiwan	Songjiang Kunshan	Taiwan	Songjiang Kunshan	Taiwan	Songjiang Kunshan
New Employee Training	445.00	260.50	889.50	1,623.00	0	0	0	0
Safety Training	548.00	300.00	1,587.00	5,796.00	100.00	0	557.50	160.00
Professional Training	205.00	3,718.50	2,026.00	24,495.00	0	0	6.00	2,696.00
Management Training	172.00	0	286.00	0	24.00	0	18.00	0
Other Training	854.00	24.00	2,735.50	145.00	56.00	0	0	0
Total Hours	2,224.00	4,303.00	7,524.00	32,059.00	180.00	0	581.50	2,856.00
Training Hours per Person	3.61	10.57	12.21	17.60	0.29	0	0.94	1.57

## **Employee Performance Management (GRI 404-3)**

FITI's "Performance Management" is implemented in accordance with regulations for the purpose of conducting assessments. This practice has been in place for 12 years since 2010. In addition to maintaining records for daily management and promoting a supervisor interview mechanism to ensure objective assessments, further efforts are directed towards designing various promotion, salary adjustment, and bonus differentiation measures based on assessment outcomes. This aims to achieve the goal of "identifying and developing talents."

In 2022, a total of 452 colleagues from Taiwan FITI, Taiwan FATI, Taiwan Frontier, and Taiwan Kainova participated in the performance assessment process. Among them, approximately 69% were male and about 31% were female. At the Songjiang facility and Kunshan facility, a total of 2031 colleagues participated in the performance assessment process, with males accounting for approximately 81% and females for about 19% of the total employees. In Taiwan facility, all employees, except those in the probation period or who have not yet qualified, those who have applied for unpaid leave for more than 6 months during the assessment period, those who have accumulated more than 6 months of occupational sickness leave in that year, foreign workers, and temporary employees, participated in the performance assessment. In China facility, all regular employees, except those in the probation period or who have not yet qualified, participated in the performance assessment.

## **Songjiang Facility**

	Item	Female	Male	Total	Percentage of Total Employees
1	Senior Management	0	0	0	0%
	Middle Management	3	19	22	100%
	Junior Management	38	88	126	100%
	Other Indirect Employee	119	215	334	100%
	Direct Employee	80	487	567	100%
	Total	240	809	1049	100%

#### Note 1:

Senior Management - Department Heads and above; Middle Management -

Deputy Managers to Deputy Department Heads; Junior Managers - Deputy Group Leaders to Senior Specialists.

### **Taiwan Facility**

ltem	Female	Male	Total	Percentage of Total Employees
Senior Management	0	23	23	100%
Middle Management	17	48	65	100%
Junior Management	10	17	27	100%
Other Indirect Employee	93	135	228	100%
Direct Employee	21	88	109	100%
Total	141	311	452	100%

Senior Management - Department Heads and above; Middle Management

Deputy Managers to Deputy Department Heads; Junior Managers - Deputy Group Leaders to Senior Specialists.

## **Kunshan Facility**

ltem	Female	Male	Total	Percentage of Total Employees
Senior Management	0	0	0	0%
Middle Management	3	16	19	100%
Junior Management	17	125	142	100%
Other Indirect Employee	88	211	299	100%
Direct Employee	28	494	522	100%
Total	136	846	982	100%

Senior Management - Department Heads and above; Middle Management -

Deputy Managers to Deputy Department Heads; Junior Managers - Deputy Group Leaders to Senior Specialists.

## **5** Occupational Health and Safety Disclosures(GRI 403-1)

In order to establish a safe and healthy working environment, avoid occupational disasters and comply with legal compliance, FITI Group has started operating the management system in 2017. FITI's facilities in Taiwan passed the ISO45001 Occupational Health and Safety Management System and CNS45001 Taiwan Occupational Health and Safety Management System verification in 2020, which covers workers in the all FITI plants; the Songjiang facility passed the three-level safety standardization system review in December 2015, with the following review completed in 2019, and the second review is in progress in 2023; the Kunshan facility passed the third-level safety standardization system review in March 2014, completed the following reviews in 2017 and 2020, and is expected to pass the second-level safety standardization system review in 2023.





Pictures: Work Safety Standardization Certificates of Songjiang Facility and Kunshan Facility

#### Note:

Safety Production Standardization: Based on the "Basic Norms for Enterprise Safety Production Standardization," this involves establishing a safety production responsibility system, developing safety management systems and operational procedures, identifying and rectifying hidden hazards, monitoring significant sources of danger, creating preventative mechanisms, regulating production behaviors, and ensuring that all production stages adhere to the requirements of relevant safety production, and standards. This ensures that personnel, machinery, materials, and the environment are in a well productive state, with continuous improvement and enhancement of the enterprise's safety production standardization construction. The assessment standards are divided into three levels: Level 1 to Level 3

## Hazard Identification, Risk Assessment, and Incident Investigation(GRI 403-2)(TC-SC-320a.1)

In order to understand potential hazards in various operational activities, the hazard identification and risk assessment system established by the Occupational Health and Safety Management System is reviewed annually across all departments. This helps to assess the risk status of various operations and subsequently formulate management control measures to ensure that employees can work in a safe and healthy environment. In 2022, a total of 969 issues were identified, and improvement goals were established based on risk levels. There were 2 management programs, including improvements in exhaust systems for chemical storage cabinets and optimization of equipment safety interlocking procedures. The rest were controlled through operational procedures to enable employees to work with greater peace of mind.



Improvement in Exhaust System of **Chemical Storage Cabinet** 



Optimization of Equipment Safety Interlocking Procedures



FITI Group has established an accident reporting and investigation procedure. In the event of an accident, a report must be completed within 10 minutes, followed by an investigation of the incident in accordance with laws and submission of the report into the accident investigation system. This involves investigating the causes, formulating improvement measures, and reporting the results to prevent recurrence.

Furthermore, when workers face imminent hazards while performing their duties (emergency which poses an immediate danger), they are allowed to cease operations and retreat to a safe location to ensure their personal safety. In Taiwan facility of FITI Group, the right of workers to retreat is upheld in accordance with the regulations of the Occupational Safety and Health Act. Employees exercising their right to retreat will not be subject to dismissal, job reassignment, withholding of wages during the work stoppage period, or other punishments.

## Participation, Consultation, and Communication on Occupational Health and Safety (GRI 403-4)

FITI Group's Taiwan facility has established an Occupational Health and Safety Office under the jurisdiction of the General Manager, while the Mainland China facility has established an Environment and Safety Office. These offices are responsible for the internal operation of occupational health and safety management within the company. They consider and assess potential hazards and risks in operations to reduce the occurrence of hazards.

In accordance with the regulations of the "Occupational Safety and Health Act," the Taiwan facility holds quarterly meetings of the Occupational Safety and Health Committee (referred to as the "Safety Committee"). The members of the Safety Committee meet the legal requirements (including sixteen members, with labor representatives accounting for over one-third of the committee). During these quarterly meetings, discussions are held on topics such as goals, safety and health management plans, health management, and health promotion. This ensures the implementation of assessment and improvement measures.

Similarly, China facility holds quarterly meetings of the Occupational Safety and Health Committee according to the provisions of the "Basic Norms for Enterprise Safety Production Standardization." The committee consists of 33 members, including departmental management representatives and two executive members. During these meetings, discussions are held on topics such as goals, safety and health management plans, health management, and health promotion. This approach also ensures the implementation of assessment and improvement measures.



Taiwan Facility (Online Meetings Included)



Songjiang Facility (Online Meetings Included)

Picture Occupational Safety and Health Committee



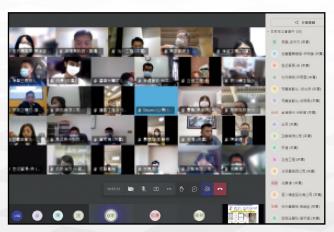
Kunshan Facility (Online Meetings Included)

### Contractor Occupational Safety Management

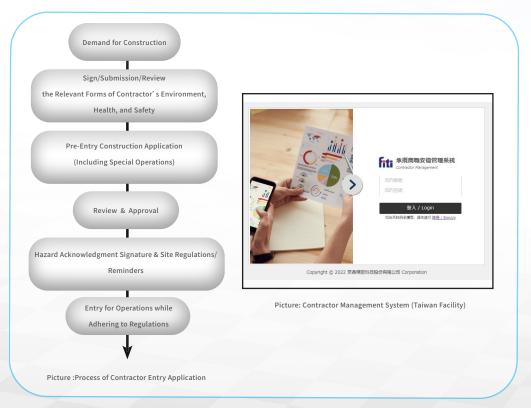
FITI Group places significant emphasis on safety and environmental requirements of the workplace. We have established regulations for contractor's safety, health, and environmental protection. These regulations define focused controls for high-risk operations and require contractors to complete a 6-hour safety and health education training along with providing supporting evidence. For operations involving mobile cranes, forklifts, and similar equipment, additional qualifications of legally designated professionals is required. Only after confirmation are contractors allowed to enter the premises. The summarized process for entry application is illustrated in the diagram below.

Starting from 2021, we have planned to update the contractor management system in collaboration with the Information & Technology Department. This development aims to optimize the control of contractor entry, aiming for better alignment with users' needs. System testing is expected to begin in the latter half of 2022, with a targeted full launch in 2023.

Taiwan facility conducts regular annual organization meetings for promotion, consultation, and communication. However, due to the ongoing impact of the COVID-19 pandemic in 2022, and in compliance with the facility's internal epidemic prevention measures to reduce gatherings, these meetings were held online. A total of 46 contractors participated. In China facility, hazard education and training are provided to incoming contractors to ensure the safety of the facility.



Picture 4: Annual Agreement Organization Meeting for Contractors (Taiwan Facility)



## Preventing and Mitigating the Occupational Health and Safety Impact Directly Related to Business Activities (GRI 403-7)

To prevent the impact of occupational health and safety on business-related matters, the Taiwan facility currently conducts monthly inspections with tenants. By gathering together multiple perspectives, potential occupational health and safety risks within the facility are identified to minimize blind spots. After the inspection, relevant units are informed of the findings for improvement, thus reducing potential impact and effects. In 2022, a total of 35 risks were identified and all have been addressed.

## Occupational Injuries (GRI 403-9)

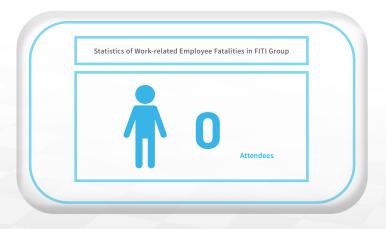
The Environment and Safety Unit conducts safety inspections irregularly within the facility area, and the findings and improvement status of the inspections are publicly announced to remind employees to pay attention to and prioritize operational safety. It is expected that all employees work together to achieve the goal of zero accidents and create a safe workplace.

As of December 31, 2022, FITI Group has reported zero employee work-related deaths, as stated below or as seen in the 2022 Employee Occupational Injury Statistics:

- Taiwan facility recorded an occupational injury rate of 4.52 (male), with injury accident types including strains from lifting, liquid splashes, object impacts, and cuts, totaling 4 cases.
- Songjiang facility recorded an occupational injury rate of 2.56 (male), with main injury accident types including object impacts, mechanical injuries, lifting injuries, chemical injuries, injuries involving internal vehicles, and others(cuts, falls), totaling 7 cases.
- 💠 Kunshan facility recorded an occupational injury rate of 2.56 (male), with main injury accident types including object impacts (2 cases), mechanical injuries (1 case), off-site traffic accidents (1 case), and others (abrasions, slips) totaling 3 cases.

In 2022, FITI Group continued to aim for zero occupational accidents, striving to create a healthy and safe working environment.

	FITI Group Occupational Injury Statistics							
Category/Facility	Taiwan	Songjiang	Kunshan	Taiwan	Songjiang	Kunshan		
Gender		Male			Female			
Total Working Hours	884,731	2,733,529	2,730,347	306,897	911,176	446,017		
Recorded Number of Injuries (cases)	4	7	7	0	0	0		
Recorded Injury Rate	4.52	2.56	2.56	0	0	0		
Number of Serious Injuries (cases)	0	0	0	0	0	0		
Serious Injury Rate	0	0	0	0	0	0		
Number of Fatal Injuries (cases)	0	0	0	0	0	0		
Fatal Injury Rate	0	0	0	0	0	0		



#### Note:

Data boundary: Full-time Employees

Total Working Hours: Total scheduled working hours for the year + Total overtime working hours; Male and female working hours are calculated by multiplying the total working hours by the ratio of male and female headcount to the total headcount.

Recorded Injury: includes fatality, leaving work position, work restriction or job transfer, medical treatment beyond first aid, loss of consciousness, or a significant injury or illness diagnosed by a licensed medical practitioner or other healthcare professional

(even if it does not result in fatality, leaving work position, work restriction or job transfer, medical treatment beyond first aid, or loss of consciousness).

Recorded Injury Rate: Recorded Injury cases × 1,000,000 working hours / Total working hours

Serious Injury: An injury that results in fatality, or the inability or difficulty of a worker to return to the health condition prior to the injury within six months.

Serious Injury Rate (excluding fatal cases): Serious Occupational Injury cases (excluding fatal cases) × 1,000,000 working hours / Total working hours

Fatality Rate due to Occupational Injuries: Number of fatalities due to occupational injuries × 1,000,000 working hours / Total working hours.

Occupational Injury Statistics for Contractors in FITI Group							
Category/Facility	Taiwan	Songjiang	Kunshan	Taiwan	Songjiang	Kunshan	
Gender		Male			Female		
Total Working Hours at Site	91,030	95,824	88,872	9,184	0	0	
Recorded Number of Injuries (cases)	0	0	0	0	0	0	
Recorded Injury Rate	0	0	0	0	0	0	
Number of Serious Injuries (cases)	0	0	0	0	0	0	
Serious Injury Rate	0	0	0	0	0	0	
Number of Fatal Injuries (cases)	0	0	0	0	0	0	
Fatal Injury Rate	0	0	0	0	0	0	

Data boundary: Contractors.

Total Working Hours: Total scheduled working hours for the year + Total overtime working hours; Male and female working hours are calculated by multiplying the total working hours by the ratio of male and female headcount to the total headcount.

Recorded Injury: Fatality, leaving work position, work restriction or job transfer, medical treatment beyond first aid, loss of consciousness, or a significant injury or illness diagnosed by a licensed medical practitioner or other healthcare professional

(even if it does not result in fatality, leaving work position, work restriction or job transfer, medical treatment beyond first aid, or loss of consciousness). Recorded Injury Rate: Recorded Injury cases  $\times$  1,000,000 working hours / Total working hours.

Serious Injury: An injury that results in fatality, or the inability or difficulty of a worker to return to the health condition prior to the injury within six months.  $Serious\ Injury\ Rate\ (excluding\ fatal\ cases):\ Serious\ Occupational\ Injury\ cases\ (excluding\ fatal\ cases)\times\ 1,000,000\ working\ hours\ /\ Total\ working\ hours.$  $Fatality \ Rate \ due \ to \ Occupational \ Injuries: \ Number \ of fatalities \ due \ to \ occupational \ injuries \ \times \ 1,000,000 \ working \ hours \ / \ Total \ working \ hours.$ 

## Occupational Health and Safety Education (GRI 403-5)

FITI Group places a great emphasis on on-site care, encouraging everyone to prioritize workplace safety and pay attention to their own and others' well-being. To achieve this goal, we adopt a dynamic and engaging approach that allows employees to participate in hands-on training. This approach aims to enhance the safety awareness of both employees and non-employees.

However, in 2022, due to the global pandemic of COVID-19, the Group took measures to protect the health of its staff and minimize unnecessary training sessions. As a result, approximately 627 attendees of Taiwan facility completed the courses, while in China facility was 3055, as shown in the table below.

### Statistics of Education and Training Attendees

(Unit: Attendees)

Employee	New Employee Orientation Training	SCBA Operation Training	Emergency Evacuation Drill
Taiwan	191	21	420
Songjiang	407	0	1229
Kunshan	362	0	1057
Total	955	21	2706

## **Taiwan Facility**





SCBA Operation Training





**Emergency Evacuation Drill** 

## **Songjiang Facility**



































Picture: Employee Training \ Emergency Evacuation Drill.

FITI Group looks forward to collectively raising safety awareness among non-employees. In addition to providing training for contractors, we also invite non-employees to participate in emergency evacuation drills. This allows them to become familiar with the emergency response procedures and the designated evacuation site.

## Statistics of Training Attendees (Non-Employees)

(Unit: Attendees)

Non-Employee	Training for Contractors	Fire System Training	Emergency Evacuation Drill
Taiwan	915	15	2
Songjiang	506	0	45
Kunshan	662	0	16

## **Taiwan Facility**

Fire System Training





## **Songjiang Facility**

Training for Contractors





## **Kunshan Facility**

Training for Contractors





Picture Non-Employee Training

## Occupational Health Services (GRI 403-3)

### Taiwan Facility

Annually, in accordance with relevant regulations, hazardous positions/sites with potential health risks within the facility are identified. Based on the trait of these hazards, various management measures are implemented, including pre-employment and ongoing training, regular job observations, environmental monitoring, routine medical checkups, irregular visits by on-site doctor, execution of hazard controls, and risk assessments. These measures aim to achieve the goal of maintaining a zero incidence rate of occupational diseases throughout the year. The occupational disease incidence rate for the entire plant in 2022 was 0.

### ♦ Kunshan Facility / Songjiang Facility: Uniform Operational Model

For personnel in positions exposed to occupational disease risks: Pre-employment medical check-ups, on-the-job annual medical check-ups, and post-employment medical check-ups are provided.

In the event of a diagnosis of occupational diseases during subsequent occupational health examinations: Protocols in accordance with occupational disease regulations are followed, with comprehensive assistance provided by the medical office.

Stringent control measures are implemented for pre-employment and on-the-job occupational medical check-ups. Individuals with potential risks of occupational diseases are either promptly reassigned or not employed, which ensures the well-being of employees and reduces the probability of occupational disease occurrences.

### Worker Health Promotion (GRI 403-6)

### **Employee Health Care**

The company provides physiological, psychological, and social well-being health services for employees. Various health promotion activities are organized, and Taiwan facility consistently conducts regular health lectures, blood donation activities, and applies for and obtains the Healthy Workplace Certification offered by Health Promotion Administration, Ministry of Health and Welfare. Alongside health check-ups, efforts are made to encourage employees to adopt healthy behaviors and enhance their physical and mental well-being.

In 2022, at the Taiwan facility, 453 employees were scheduled for health check-ups, with 324 individuals actually participating in the check-ups, resulting in a participation rate of 71.52%. In addition, preferential plans are made for employees' family members to attend health check-ups, allowing employees to integrate health management concepts into their family lives.

In accordance with Article 15 of the Labor Standards Act of Taiwan, Taiwan facility conducts regular general health check-ups for employed workers based on age groups. FITI goes beyond legal requirements by providing annual health check-ups for employees and additional advanced examination items beyond regulatory standards.

FITI offers employees occupational medical specialist consultations for occupational disease prevention and advice. This involves assessing ergonomics hazards, maternity protection, overburden management, and abnormal health examination categorization. This approach helps identify risk groups, with interventions from nurse, and personnel of occupational safety and human resources. If necessary, medical consultations are arranged, with tracking and improvement treatments provided. In 2022, individuals with abnormal findings related to hazards, maternity protection, and overburden management underwent improvement and follow-up procedures.

#### Taiwan Facility

In order to enhance well-being of employees, bolster the company's competitiveness and ensure mutual success for both the organization and its employees, we offer employees an annual health examination, surpassing the regulatory requirements in terms of medical check-up items

The health examination covers

Glucose Screening Test Ten-year Cardiovascular Disease Risk Assessment High-sensitivity C-reactive Protein Test Hepatitis Virus Screening Rheumatoid Factor Test Electrolyte Levels

Advanced Health Examination Components Include

Bone Mineral Density (X-ray) Resting Electrocardiogram Medical ultrasound for Various Body Parts Cardiovascular Examination Advanced Medical Imaging (Chest and Coronary Artery CT Scan) Gastrointestinal Examination (Painless Gastroscopy) Tumor Marker Test

#### Kunshan Facility

To maintain the physical well-being of employees, timely identify and eliminate potential health risks, and demonstrate the company's care while fostering a healthy work environment, the company provides comprehensive annual medical check-ups for its employees

(abdominal organs like liver, gallbladder, spleen, pancreas, kidneys, bladder, uterus, breast, thyroid, carotid arteries, etc.), chest X-ray electrocardiogram (ECG), bone density measurement, cardiovascular disease assessment, tumor marker screening, and more.

#### Songjiang Facility

 Comprehensive annual health check-ups are conducted for all staff members, categorized into three main types: examinations for executives, /managers/employees.

## Based on the analysis of employee health check results, annual health promotion activities are planned.

The primary benefits lie in providing employees with health information, enhancing healthy behaviors, and achieving preventative measures. The 2021 employee health check-up results revealed that overweight and abnormal blood lipid levels remain the major health concerns. Therefore, a variety of activities and services are organized, including health lectures, cancer screenings, blood donation activities, flu vaccinations, and more.





## Say Goodbye to the "Three Highs"

## 心血管疾病危險因子 誘發危險因子 主要危險因子 條件危險因子 高年齢 高血壓 高血糖 靜態生活方式

The main factor of the common "Three Highs", which represent three prevalent chronic conditions— Hyperglycemia, Hyperlipidemia and high blood pressure among the population, is excessive body fat, particularly abdominal obesity, leading to metabolic syndrome and the emergence of the "Three Highs."

All should engage in proactive self-health management in daily life, consistently adhere to take medicine regularly, and avoid discontinuing medications without proper consultation.

## **Photos of Taiwan Facility**

### **Self-care for Physical and Mental Health**



The prevalence of insomnia among the population is 20.2%, meaning that 1 in every 5 individuals experiences sleep disorders, totaling over 4 million people in Taiwan.

Regular massages can provide comfort and relaxation through skin contact, akin to taking a brief respite from the stress of life, resulting in pain relief and stress reduction effects.

### Free Influenza Vaccination



In response to the dual impact of influenza and COVID-19, the company encourages employees to receive full coverage for influenza vaccination by facilitating on-site vaccine administration in collaboration with medical institutions. This initiative aims to raise the vaccination rate among staff, thereby reducing the occurrence of severe cases of influenza.

## Kunshan Facility / Songjiang Facility: Uniform Operational Model

	On-duty Employee Health Check-ups	Number of Employees Scheduled for Health Check-ups	Number of Employees Actually Examined	Health Check-ups Rate
Kunahan Fasilih	Manager	189	189	100%
Kunshan Facility	Employee	250	250	100%
Caracii an a Facilita	Manager	166	164	98.80%
Songjiang Facility	Employee	805	781	97.02%

Services include annual comprehensive health check-ups for all employees, immediate response and assistance for on-the-job injuries and urgent medical incidents, weekly health publications, various disease emergency disseminations and preparations, mental health care training, on-site health consultation seminars (home visits for traditional Chinese medicine health consultations), daily health consultations, provision of personal protective equipment and health-related emergency response, and so forth.

## Maternal Health Hazard Risk Management

In recent years, the government has enacted multiple regulations to ensure the well-being and protection of female workers. FITI follows the Occupational Safety and Health Act, taking into account gender differences and the impact of pregnancy on health risks. We implement necessary maternal labor health protection and risk management measures. Our achievements are reported quarterly to the Occupational Safety and Health Committee. In 2022, we conducted maternal health interviews for 10 individuals, completed health risk assessment and classification management, and provided health follow-up and care for cases with moderate to high risks.

## **Maternal Health Protection Measure**

### Taiwan Facility China Facility In alignment with the implementation of the Maternity Leave and Allowance Subsidy by the Ministry of Labor, we have strengthened To safeguard maternal health, the company has formulated the "Guidelines for Maternal Health Protection for Female Employees," which measures for maternity rest and family care leave rights, while establishing related health protection measures. Referring to the Ministry of ensures health risk assessment, hazard control, risk communication, health guidance, and necessary work adjustments for pregnant and Labor's publication "Guidelines for Maternal Health Protection in the Workplace," we have developed internal standard operating lactating female employees. This initiative aims to create a female-friendly and caring working environment. procedures within the company. For female employees who return to work within one year after pregnancy and childbirth, we implement health risk assessment, hazard control, risk communication, and adjust work as needed. For pregnant female employees, health guidance during pregnancy and a rest area are provided, and paid pregnancy examination leave is granted in accordance with the law for regular physical health check-ups. We provide pregnant employees with guidance related to pregnancy and breastfeeding, along with breastfeeding rooms. In Female employees are entitled to paid maternity leave in compliance with the law when giving birth, and they are also entitled to maternity accordance with principles of maternal protection and employment equality, we aim to create a female-friendly working environment. For lactating female employees, health guidance during lactation and a breastfeeding room are provided, and paid lactation leave is granted in accordance with the law.

## Occupational Disease (GRI 403-10)



Through the establishment of the in-house Employee Health Management Policy, we provide implementation approaches and health protection information. Building upon the TOSHMS and ISO 45001 Occupational Health and Safety Management System, and referencing relevant international cases and resources, we establish health risk assessments. These assessments evaluate potential health hazards that employees in various roles might face, thereby enhancing their awareness of health risks.

FITI Group's approach to health risk management is guided by relevant regulations. For operation types that involve particularly hazardous health risks, we conduct hazard risk assessments. Different management measures are implemented based on the specific hazard types. These measures include providing personal protective equipment, pre-job training and on-the-job training, implementing operation environment monitoring, conducting regular health check-ups (including specialized operation medical check-ups), managing medical check-ups results through categorization, offering on-site medical consultation services, facilitating medical referrals, and promoting diverse health promotion activities. These efforts aim to assist employees in being in good and healthy conditions. As of 2022, FITI Group achieved a 0% occupational disease rate caused by work-related factors.

## **Implementation of Tracking and Health Management Measures**

#### Taiwan Facility

Conduct operation environment monitoring every six months, and publicly announce the monitoring results for all staff in the facility to be aware of. Provide appropriate protective equipment for the relevant operation personnel to use.

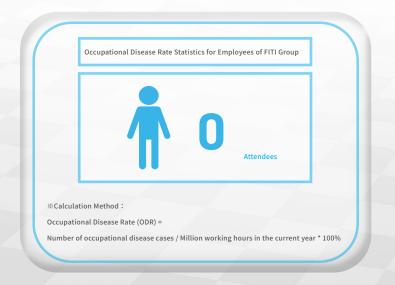
Health Management: Abnormal items in health are subject to anomaly analysis, graded management, and improvement tracking. Regular follow-up is carried out by occupational doctors and nurses.

#### **Kunshan Facility**

Conduct operation environment monitoring once a year (as required by regulations), publicly announce the monitoring results on notice boards in the workshop for everyone to know. Provide appropriate protective equipment for the relevant operation personnel to use.

#### Songjiang Facility

Conduct occupational hazard factor testing in the facility once a year, handled by the environmental safety unit. Administration carries out occupational disease examinations based on the types of hazard factors and operation locations provided by the environmental safety unit.



## FITI Group Special Hazard Operation Check-up Items and Headcount

Check-up Items	Taiwan	Songjiang	Kunshan	Check-up Items	Taiwan	Songjiang	Kunshan
Noise	152	15	243	Aluminum Metal, Aluminum Alloy Dust, Noise	0	149	0
Dusts	44	0	0	Tetrachloroethylene, Toluene	0	12	0
Tetrachloroethylene	44	0	0	Phosphoric Acid, Sulfuric Acid and Sulfur Trioxide, Nitrogen Oxides, Phosphoric	0	11	0
Chromic acid	44	0	0	Acid, Noise	0	11	0
Nickel	44	0	0	Oxalic Acid, Sulfuric Acid and Sulfur Trioxide, Nitrogen Oxides, Soluble Nickel			
Sulphuric acid,Sulphur Trioxide,Sodium Hydroxide	0	4	0	Compounds, Sodium Hydroxide, Potassium Hydroxide, Sodium Carbonate, Chromate and dichromate, Dichromates, Noise.	0	11	0
Acid& Alkali chemicals	0	6	0	emonate and demonate, stemonates, noise.			
Power Frequency Electric Field	0	1	0	Phosphoric Acid, Sulfuric Acid and Sulfur Trioxide, Noise, Nitrogen Oxides, Soluble	0	9	0
Power Frequency Electric Field Noise	0	2	6	Nickel Compounds, Chromate and dichromate, Hexavalent Chromium, Noise	Ŭ	J	
Noise,Iron and Other chemical compound of dust	0	41	0	Formic Acid, Sodium Hydroxide, Hydrogen Fluoride, Nickel and its Compounds, Hydrochloric Acid, Noise	0	4	0
Noise, Laser Radiation, Aluminum Oxide Dust, Aluminum Metal, Aluminum Alloy Dust, Iron and Other Compound Dust, Manganese and Its Inorganic Compounds, Metallic Nickel and Insoluble Nickel Compounds, Nickel and Its Compounds, Trivalent Chromium	0	5	0	Sodium Hydroxide, Hydrogen Fluoride, Nitrogen Oxides, Soluble Nickel Compounds, Chromate and dichromate, Hexavalent Chromium, Noise	0	12	0
Welding Fume and Dust, Manganese and Its Inorganic Compounds, Nitrogen Oxides, Ozone, Electric arc, Noise, High-Frequency Electric Fields, Grinding Dust	0	2	0	Nitrogen Oxides, Hydrogen Fluoride, Chromate and dichromate, Hexavalent Chromium, Soluble Nickel Compounds, Sodium Hydroxide, Chromate and dichromate, Noise	0	6	0
of Bench Grinder				Toluene, Ethyl Acetate	0	2	0
Isopropanol  Welding Fume and Dust, Carbon Monoxide, Nitrogen Oxides, Ozone, Electric Arc,	0	118	0	Nitrogen Oxides, Hydrogen Fluoride, Chromate and dichromate, Hexavalent Chromium, Soluble Nickel Compounds, Sodium Hydroxide, Chromate and dichromate, Noise		1	0
High-Frequency Electric Fields, Noise, Aluminum Oxide Dust, Aluminum Alloy Dust, Grinding Dust of Bench Grinder	0	8	0	Methyl Ethyl Ketone	0	2	0
				Tin dioxide	0	8	0
Welding Fume and Dust, Nitrogen Oxides, Manganese and Its Inorganic Compounds, Metallic Nickel and Insoluble Nickel Compounds, Nickel and Its Compounds, Carbon	0	56	0	Noise\Isopropanol	0	6	68
Monoxide, Trivalent Chromium, Ozone, Electric Arc, High-Frequency Electric Fields, Noise, Grinding Dust of Bench Grinder		30		Noise\Dust	0	0	77
Titanium Dioxide, Toluene, Ethyl Acetate, Xylene	0	2	0	Dust, Noise, Laser	0	0	15
Titanium Dioxide Dust	0	6	0	Noise, Chloroform	0	0	2
Sodium Hydroxide, Hydrochloric Acid, Ethylenediamine	0	2	0	Ethanol, Noise, Dust, Laser	0	0	1
Sodium Carbonate, Sulfuric Acid and Sulfur Trioxide, Hydrochloric Acid, Fluoride			,	Ultraviolet (UV) Radiation	0	0	9
and its Compounds (Excluding Hydrogen Fluoride), Phosphoric Acid, and Sodium Hydroxide	0	7	0	Acetone, Welding Fume and Dust, Nitrogen Dioxide, Carbon Monoxide, Ozone,		0	22
Isopropanol, Isophorone	0	2	0	Ultraviolet (UV) Radiation	0	0	23
Aluminum Alloy Dust, Noise	0	2	0	Radiation, Acetone, Welding Fume and Dust, Nitrogen Dioxide, Carbon Monoxide,		0	3
Tetrachloroethylene, Toluene, Aluminum Alloy Dust, Noise	0	1	0	Ozone, Ultraviolet (UV) Radiation	0	U	3
Sulfuric Acid and Sulfur Trioxide, Nitrogen Dioxide, Nickel and its Compounds, Phosphoric Acid, Chromium and its Compounds, Hydrogen Fluoride, Ammonia,	0	1	0	Nitric Acid, Isopropanol, Fluoride and its Compounds, Noise	0	0	18
Noise.  Metal Nickel and Insoluble Nickel Compounds, Sulfuric Acid and Sulfur Trioxide,				Total Number of Medical Check-ups for Special Hazard Operations	328	518	465
Fluoride and its Compounds, Iodine, Phosphoric Acid	0	4	0	Completion Rate	100%	100%	1009

Results of Health Check-up Management for Special Hazard Operations in Taiwan Facility

Special Hazard Operation Check-up Items	Number of Second- level Managements	Number of Third- level Managements	Number of Fourth- level Managements
Noise	45	2	0
Dust	0	0	0
Tetrachloroethylen	15	0	0
Chromic Acid	0	0	0
Nickel	1	0	0

#### Health Management Execution Results:

Based on the health management results of employees at the second-level managements and above, individual health guidance is provided, and on-site physician consultations are arranged.

#### Follow-up Procedures for Abnormal Results in Special Hazard Operations Health Check-ups

Third-level Managers of Noise

Implementation of Hearing Protection Program

- 1. Proper use of hearing protection equipment during noisy operations.
- 2. Regular monitoring of individual noise exposure levels, adjusting work rotations as necessary to reduce noise exposure levels.
- 3. Regular health check-ups and follow-up.

In accordance with Article 36 of the Prevention and Control of Occupational Diseases Law of the People's Republic of China, both the Songjiang and Kunshan facility areas conduct occupational medical check-ups for employees exposed to occupational hazards before starting work, during work, and upon leaving their positions. Targeted occupational disease check-ups are performed based on the traits of hazard, along with various management measures, including reducing occupational hazards at source, providing appropriate personal protective equipment, enhancing occupational health training for employees, conducting annual occupational disease check-ups for personnel in hazardous positions, and promptly reassigning employees if there are occupational prohibitions. Furthermore, every year, external vendors are commissioned to conduct testing for occupational hazard factors as per government requirements. Occupational hazard factor declarations are submitted annually, and every three years, a qualified evaluation company is engaged to assess the current status of occupational health, with results filed with the government.

The goal is to achieve a zero annual occupational disease incidence rate throughout the year.

The occupational disease incidence rate for the entire facility was 0% in 2022.

Results of Health Check-up Management for Special Hazard Operations in Kunshan Facility / Songjiang Facility Kunshan Facility Songjiang Facility No hierarchical division. A unified annual occupational disease medical check-up will be conducted, and the list of examination hazards/job positions/personnel will be provided and confirmed by the HSE Department.



# **7** Social Care and Social Participation





### November 10, 2022

FITI Grop Assisted the Science Park in Promoting the Safety, Hygiene and Health Mangement in 2022.

In order to enhance the promotion of small and medium-sized enterprises in the Science Park in the implementation of safety, hygiene and health management, and jointly create a good working environment, FITI was recognized for its participation in the "2022 Safety and Health Platform" of the Hsinchu Science Park Bureau, National Science and Technology Council.



### December 21, 2022

FITI Volunteer Club Bring the Christmas Gifts to the Taiwan Fund for Children and Families.

FITI Group was dedicated itself to the corporate social responsibility.

Christmas was around the corner, FITI Volunteer Club made the underprivileged children's Christmas wishes come true for 6 years in a row. FITI's employees have voluntarily taken in the children's Christmas wishes and made them reality. By giving Christmas gifts on 12/21 (Wednesday), FITI gave away the love of company employees in a simple ceremony to fulfill the little wishes of the children.

### **Charity Event in 2022**

- Throughout the year 2022, the company provided monthly assistance to employees for small donations, totaling NT\$164,900. These contributions were used to aid children's homes and disadvantaged groups in the Miaoli region.
- On December 11, 2022, as part of the charity event organized by Zhunan Town Hall, a donation of NT\$100,000 worth of vouchers from PX Mart was given.
- On September 21, 2022, 50 swivel chairs were donated to the Holy Family for Special Education in Miaoli County.
- On July 27, 2022, financial support was provided to the extracurricular courses and the county's representative team of the remote elementary schools in Taian Township, Miaoli County, including "Siang Bi Elementary School" and "Mei Yuan Elementary School, leading them to win the championship.
- In November 2022, a blood donation event was held within the company premises. Staff participated in this event actively through the company's promotion. A total of 29 bags of blood were donated to the Hsinchu Blood Center eventually.





## 2022 Charity Activity of FITI Volunteer Club

Dreams Come True Project- Embracing the Beautiful Sound!

In the pursuit of granting a child the sound she deserves, a father diligently collected funds bit by bit to afford a hearing aid. Recognizing the family's need, a social worker connected them with the resources of FITI's Volunteer Club. This invitation extended to colleagues to contribute donation to make little Yuye's dream come true: wearing a hearing aid which finally allowed her to hear the wonderful sounds of world!

When she put on the hearing aid, her bright eyes and exuberant expression brought immense satisfaction and deeply moved to all who witnessed it. As a gesture of gratitude, she even drew a picture to thank the kindhearted people who assisted her – her way of expressing gratitude at her tender age. The artwork depicted Yuye's bright smile with the hearing aid, rendering her even more adorable.







## On January 14 and January 20, 2022,

employees from Songjiang Facility participated in the voluntary blood donation event held at the Songjiang Central Blood Station.

Amid the ongoing pandemic, the employees of the Songjiang Facility showcased their compassion and social concern by taking practical action to contribute love. Their boundless acts of great kindness are truly heartwarming.









## **Environmental Education**





The 2022 Zhunan Seaside Forest Recreational Area Purple Crow Butterfly Habitat Promotion Event is a collaborative effort between the Taiwan Purple Crow Ecological Preservation Association, FITI's Volunteer Club, Forestry and Nature Conservation Agency, Ministry of Agriculture (Hsinchu), Zhunan Township's Wennei Community Development Association, and Zhunan Township Office's Park Streetlight Management Division. This event aims to promote awareness and conservation of the purple crow butterflies by conducting activities within the Zhunan Seaside Forest Recreation Area, which is known as one of the largest breeding grounds for the Euploea sylvester swinhoei in Taiwan. Based on environmental resource data from last year, a total of 3,685 caterpillar host plants, known as Strophanthus divaricatus, were recorded within a 15-meter radius on both sides of the bicycle lanes in the Forest areas. This number exceeded expectations, indicating a thriving population of the butterflies' host plants. However, despite the abundance of host plants, the ecological condition is not as optimal as before, suggesting that there is still significant room for improvement in environmental conservation.

The event includes educational sessions about the ecological significance of the purple crow butterflies and their relationship with the environment in the Zhunan Seaside Three Forests. Teachers guide participants along the route to introduce the ecology, and counselors lead participants to clear areas and plant butterfly host plants, including the Citrus depressa and Kadsura oblongifolia. Participants can experience walking through the largest breeding ground of the Spotted Purple Crow Butterfly in the nation – the Zhunan Protection Forest Trail. They can observe the butterflies in flight, admire the caterpillars as they eat leaves in their effort to grow, and marvel at the shining pupae.

FITI Group collaborates with local communities and school groups to organize the 2022 Zhunan Seaside Forest Purple Crow Butterfly Habitat Promotion Event. The goal is to increase public understanding of the connection between the environment and ecological conservation, enhance environmental awareness, enrich environmental knowledge, foster positive environmental attitudes, and encourage responsible environmental behaviors through the promotion of these activities.











Appendix Index GRI 2021 Standards Index Table

Statement of use	FITI Group have referred to the GRI Standards to publish this report which discloses sustainability performance from January 1, 2022 to December 31, 2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	None

GRI Standards	Disclosure	Chapter	Remark	Page
General Disclo	sures			
GRI 2:	2-1 Organizational Details	About FITI Group		9
	2-2 Entities Included in the Organization's Sustainability Reporting	About This Report/About FITI Group		2 \ 9
	2-3 Reporting Period, Frequency and Contact Point			4
	2-4 Restatements of Information	AL		2 \ 4
	2-5 External Assurance	About This Report		3
	2-6 Activities, Value Chain and Other Business Relationships	Green Supply Chain Concept		64
	2-7 Employees			7.0
	2-8 Workers Who Are Not Employees	Social Engagement Practices		76
	2-9 Governance Structure and Composition	About FITI Group/Governance Framework		12、33
	2-10 Nomination and Selection of the Highest Governance Body			2.4
	2-11 Chair of the Highest Governance Body	Governance Framework		34
	2-15 Conflicts of Interest	Integrity and Compliance with Regulations		41
	2-16 Communication of Critical Concerns		No Communication of Critical Concerns	
	2-17 Collective Knowledge of the Highest Governance Body	Board Operations		34
	2-18 Evaluation of the Performance of the Highest Governance Body	Board Performance Evaluation		36
	2-19 Remuneration Policies		Please Refer to Annual Report p.19	
	2-20 Process to Determine Remuneration	Remuneration Committee		39
	2-22 Statement on Sustainable Development Strategy	Letter from the Chairman		5
	2-23 Policy Commitments	Management Policies		15
	2-24 Embedding Policy Commitments			41
	2-25 Processes to Remediate Negative Impacts			
	2-26 Mechanisms for Seeking Advice and Raising Concerns	Integrity and Compliance with Regulations		42
	2-27 Compliance with Laws and Regulations			
	2-28 Membership Associations	About This Report		3
	2-29 Approach to Stakeholder Engagement	Sustainable Management Practices		20
	2-30 Collective Bargaining Agreements		Labor unions haven't been established so there's no collective bargaining agreements.	
3:	3-1 Process to Determine Material Topics			
aterial Topics 2021	3-2 List of Material Topics	Sustainable Management Practices		23~25

# **Materiality Comparison Table**

GRI Standards	Disclosure	Chapter	Remark	Page	
GRI 205: Anti-corruption 2016					
205-1	Operations Assessed for Risks Related to Corruption		No corruption incidents occurred in 2022.	42	
205-2	Communication and Training about Anti-corruption Policies and Procedures	Sustainable Governance		42	
205-3	Confirmed Incidents of Corruption and Actions Taken		No relevant incidents occurred in 2022.		
GRI 206: Anti-co	ompetitive Behavior 2016				
206-1	Legal Actions for Anti-Competitive Behavior, Anti-Trust, and Monopoly Practices	Sustainable Governance	No relevant incidents occurred in 2022.	38	
GRI 302: Energy	y 2016				
302-1	Energy Consumption within the Organization	Sustainable Environment Energy Resource Management		46	
302-2	Energy Consumption Outside of the Organization				
302-3	Energy Intensity	Sustainable Environment		4.6	
302-4	Reduction of Energy Consumption	Energy Resource Management		46	
302-5	Reductions in Energy Requirements of Products and Services		The information is incomplete. SBTi is currently under construction and data collection is ongoing. The baseline year is set as 2020, and the information gathering process has not yet been completed.		
GRI 303: Water	and Effluents 2018				
303-1	Interactions with Water as A Shared Resource			57	
303-2	Management of Water Discharge-Related Impacts			51	
303-3	Water Withdrawal	Sustainable Environment Water Resource Management			
303-4	Water Discharge			58	
303-5	Water Consumption				

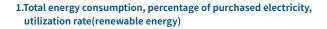
GRI Standards	Disclosure	Chapter	Remark	Page	
GRI 305: Emissions 2016					
305-1	Direct (Scope 1) GHG Emissions			50	
305-2	Energy Indirect (Scope 2) GHG Emissions			52	
305-3	Other Indirect (Scope 3) GHG Emissions	Greenhouse Gas Management			
305-4	GHG Emissions Intensity			53	
305-5	Reduction of GHG Emissions				
305-6	Emissions of Ozone-Depleting Substances (ODS)	N/A	No ODS output.		
305-7	Nitrogen Oxides ( $NO_x$ ), Sulfur Oxides ( $SO_x$ ), and Other Significant Air Emissions	N/A	No Nitrogen oxides $(NO_x)$ , sulfur oxides $(SO_x)$ , and other significant air emissions output.		
GRI 306: Waste 2	2020				
306-1	Waste Generation and Significant Waste-Related Impacts			59	
306-2	Management of Significant Waste-Related Impacts			C1	
306-3	Waste Generated	Sustainable Environment Waste Management		61	
306-4	Waste Diverted from Disposal			60	
306-5	Waste Directed to Disposal			62	
GRI 401: Employment 2016					
401-1	New Employee Hires and Employee Turnover	Employee Structure and Recruitment		77	
401-2	Benefits Provided to Full-Time Employees That are Not Provided to Temporary or Part-Time Employees	Happy Workplace/Employee Structure		79 \ 81	
401-3	Parental Leave	and Recruitment		81	

GRI Standards	Disclosure	Chapter	Remark	Page	
GRI 403: Occupational Health and Safety 2018					
403-1	Occupational Health and Safety Management System	Occupational Health and Safety Workplace		0.5	
403-2	Hazard Identification, Risk Assessment, and Incident Investigation			85	
403-3	Occupational Health Services			91	
403-4	Worker Participation, Consultation, and Communication on Occupational			86	
403-5	Worker Training on Occupational Health and Safety			89	
403-6	Promotion of Worker Health			91	
403-7	Prevention and Mitigation of Occupational Health and Safety Impacts Directly Linked to Business Operations			87	
403-9	Work-Related Injuries			88	
403-10	Work-Related Ill Health			94	
GRI 404: Training and Education 2016					
404-1	Average Hours of Training Per Year Per Employee			82	
404-2	Programs for Upgrading Employee Skills and Transition Assistance Programs	Employee Training and Development		82	
404-3	Percentage of Employees Receiving Regular Performance and Career Development Reviews			84	

GRI Standards	Disclosure	Chapter	Remark	Page		
GRI 405: Divers	GRI 405: Diversity and Equal Opportunity 2016					
405-1	Diversity of Governance Bodies and Employees	Sunday Charles and Decription		76		
405-2	Ratio of Basic Salary and Remuneration of Women to Men	Employee Structure and Recruitment		76 \ 79		
GRI 406: Non-discrimination 2016						
406-1	Incidents of Discrimination and Corrective Actions Taken	Happy Workplace		74		
GRI 418: Customer Privacy 2016						
418-1	Substantiated Complaints Concerning breaches of Customer Privacy and Losses of Customer Data	Customer Privacy and Information Security	No Illegal Incidents Occurred in 2022.	44		

## **Financial Supervisory Commission Sustainability Disclosure Standards**

## Appendix Sustainability Disclosure Indicators - Semiconductor Industry



- —o Indicator Type:Quantitative
- Unit:Gigajoules (GJ), percentage (%)
- Chapter: Energy Resource Management

### 2.Total water withdrawn, total water consumption

- Indicator Type:Quantitative
- Unit:Thousand cubic meters (m³)
- Chapter: Water Resource Management

### 3. Total hazardous waste generated and percentage recycled

- —o Indicator Type:Quantitative
- Unit:Metric tons (t), percentage (%)
- Chapter:Waste Management

### 4. Types of, number of employees in and rate of occupational accidents

- Indicator Type:Quantitative
- Unit:Percentage (%), quantity
- Chapter: Occupational Health and Safety Workplace

### 5. Product Life cycle Management Disclosure:

including weights of scraps and electronic waste and Percentage Recycled (Descriptions including the sale of scraps and the recycling and processing of waste shall be provided.)

- Indicator Type:Quantitative
- Unit:Metric tons (t), percentage (%)
- Chapter:Waste Management

### 6.Description of the management of risks associated with the use of critical materials

- Indicator Type:Quantitative
- Unit:Not applicable

### 7.Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations

- Indicator Type:Quantitative
- Unit:Reporting currency
- Chapter:Sustainable Governance

### 8. Production by product category

- —o Indicator Type:Quantitative
- Unit:Varies by product category
- Chapter:Please refer to annual report p.83

#### 9. Greenhouse Gas Inventory

- —o Indicator Type:Quantitative
- **─** Unit:CO₂e
- Chapter: Greenhouse Gas Management

## Appendix Sustainability Accounting Standards Board, SASB- Semiconductor Industry

### **Greenhouse Gas Emissions**

### Code: TC-SC-110a.1

Category:Quantitative

Metric:Gross global Scope 1 emissions

Chapter: Greenhouse Gas Management

Category:Quantitative

Metric:Amount of total emissions from perfluorinated compounds

### Code: TC-SC-110a.2

Category: Discussion and Analysis

Metric: Discussion of long- and short-term strategy or plan to manage scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets.

Chapter: Greenhouse Gas Management

### **Energy Management in Manufacturing**

### Code: TC-SC-130a.1

Category:Quantitative

Metric:1.Total energy consumed

2. Percentage grid electricity

3. Percentage renewable

Chapter: Energy Resource Management

Remark: The use of renewable energy is currently under planning.

### **Water Management**

### Code: TC-SC-140a.1

Category:Quantitative

Metric:1.Total water withdrawn

2.Total water consumed; percentage of each in regions with high or extremely high baseline water stress

Chapter: Water Resource Management

Remark: Total water withdrawn and total water consumed in regions with high or extremely high baseline water stress were both 0%.

### **Waste Management**

### Code: TC-SC-150a.1

Category:Quantitative

Metric: Amount of hazardous waste from manufacturing, percentage recycled

Chapter: Waste Management

### **Employee Health & Safety**

### Code: TC-SC-320a.1

Category: Discussion and Analysis

Metric:Description of efforts to assess, monitor, and reduce exposure of employees to human health hazards

Chapter: Occupational Health and Safety Workplace

## Code: TC-SC-320a.2

Category:Quantitative

Metric:Total amount of monetary losses as a result of legal proceedings associated with employee health and safety violations. (No such incident occurred in FITI Group in 2022.)

Chapter:Occupational Health and Safety Workplace

## Appendix Sustainability Accounting Standards Board, SASB- Semiconductor Industry

### **Product Lifecycle Management**

Code: TC-SC-410a.1

Category:Quantitative

Metric:Percentage of products by revenue that contain IEC 62474 declarable substances

Remark: Products didn't contain IEC 62474 declarable substances

## Code: TC-SC-410a.2

Category:Quantitative

Metric: Processor energy efficiency at a system-level for:

- 1.Servers
- 2.Desktops
- 3.Laptop

Remark:Not applicable

### **Materials Sourcing**

Code: TC-SC-440a.1

Category:Quantitative

Metric:Description of the management of risks associated with the use of critical materials

Chapter: Green Supply Chain Concept

### **Intellectual Property Protection & Competitive Behaviour**

Code: TC-SC-520a.1

Category:Quantitative

Metric: Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations

Chapter:Sustainable Governance

Remark: FITI Group had no financial losses resulting from legal proceedings related to anti-competitive behavior in 2022.

## **Activity Metric**

Code: TC-SC-000A

Category:Quantitative

Metric:Total production

Chapter:Please refer to annual report p.83

Remark: Total production by product category.

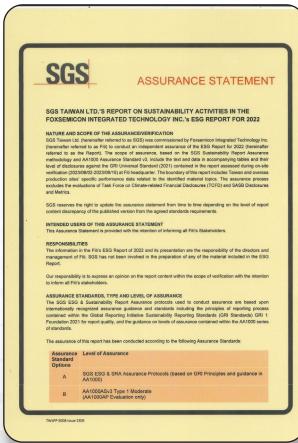
### Code: TC-SC-000B

Category:Quantitative

Metric:Percentage of production from owned facilities

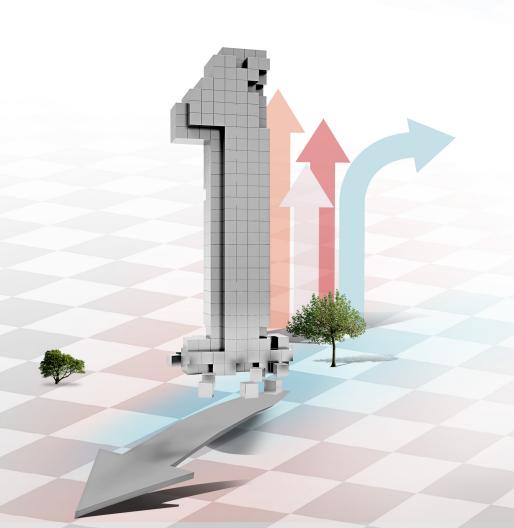
Remark: The product is 100% manufactured from our facilities.

## **External Assurance Statement/Certificates**



SCOPE OF ASSURANCE AND REPORTING CRITERIA GRI Universal Standard (2021) (Reference) 2 AA1000 Accountability Principles (2018) AA1000 Assurance Standard v3 Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018) at a moderate level of scrutiny; and evaluation of the report against the requirements of Global Reporting Initiative Universal Standards (2021) listed in the GRI content index where the organization has referenced for the preparation of the ASSURANCE METHODOLOGY The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, ESG committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant. LIMITATIONS AND MITIGATION Financial data drawn directly from independently audited financial accounts, Task Force on Climate-related Financial Disclosures (TCFD) and SASB related disclosures has not been checked back to source as part of this assurance process. STATEMENT OF INDEPENDENCE AND COMPETENCE The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from Fiti, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders. The assurance team was assembled based on their knowledge, experience and qualifications for this assignment. and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance FINDINGS AND CONCLUSIONS ASSURANCE/VERIFICATION OPINION On the basis of the methodology described and the verification work performed, we are satisfied that the disclosure with inclusivity, materiality, responsiveness, and impact information in the scope of assurance is reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting







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