



fiti[®] Group

ESG


FITI GROUP
Sustainability Report



—□ 2023

FITI Group Sustainability Report

Foxsemicon integrated Technology Inc. ∞ Make Happen



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Sustainability Highlights





About the Report

Overview

FITI Group proactively drives positive changes in society, and has issued the sustainability report for seven consecutive years since 2018, making it one of the tangible actions taken by the company to practice sustainable operations. This report records the sustainability actions and achievements of FITI Group in the past year. Through various international sustainability guidelines such as Global Reporting Initiative (GRI), Task Force on Climate-related Financial Disclosures (TCFD) framework, Sustainability Accounting Standards Board (SASB), FITI Group heeds stakeholders' expectations and suggestions in daily operations. Through Materiality Analysis, the company keeps improving sustainable management and continues to move towards a sustainable future.

Adhering to a rigorous and pragmatic attitude, FITI Group regards the sustainability report as an important tool to manage ESG performance, and through transparent disclosure of mid- and long-term strategies, practice methods and performance status, the company joins hands with stakeholders to move towards a sustainable future.

In the future, FITI Group will continue to issue sustainability reports, and pay attention to the feedback from stakeholders to seek continuous improvement, fulfill its corporate social responsibilities, and strive to move towards the vision of sustainable management.

The "2023 FITI Group Sustainability Report" (hereinafter referred to as "the report") is written and edited by the "FITI ESG Committee" of Foxsemicon Integrated Technology Inc. (hereinafter 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 topics and information related to the economic, social, and environmental aspects that stakeholders are concerned about and that impact FITI Group's operational activities.

Reporting Boundaries and Scope

The reporting period of the report is from January 1, 2023 to December 31, 2023. This report discloses the implementation results and performance of various corporate sustainability strategies of FITI Group in 2023, and covers material topics that stakeholders cared, as well as FITI Group's specific performance in economic, environmental, social and governance aspects. The report is expected to be published on the official website of FITI Group before August 2024; the frequency of issuance is one per year. The data in this report are obtained through the FITI ESG Committee, which includes Human Resources, Finance, Facility, Safety and Environmental, Accounting, Research and Development, Procurement, Quality Assurance, Sales, Audit, Investor Relations, Information Technology, and Management Department, collaborating to collect relevant data.

The relevant cost and accounting information included in the company's annual report has been verified by accountants, and the environmental management and occupational safety and health management systems have also been verified by third parties; the greenhouse gas inventory quoted in the report is from the information verified by ISO14064-1:2018.



The last 2022 annual report was published in August 2023. The next 2024 report is scheduled to be published in August 2025.

The information in the report has not been revised. [\(GRI 2-4\)](#)

The report includes the following identified boundaries:

- Taiwan facilities: FITI, FATI, Frontier and 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) (hereinafter referred to as Songjiang facilities), Fuyao Semiconductor (Kunshan) Co., Ltd. (hereinafter referred to as Kunshan facilities)

- U.S. facilities: Foxsemicon Technology, LLC (hereinafter referred to as the U.S. office)

Reporting Guidelines

This report follows the editorial standards of the latest Global Reporting Initiative (GRI) Sustainability Reporting Standards, 2021 version (GRI Standards), 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 [\(GRI 2-5\)](#)

1. This report adopt the officially published sustainability reporting standard "GRI Standards" from the Global Reporting Initiative (GRI), with reference to the selected options.
2. This report has been 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 version. Following the completion of the assurance work, the relevant results have been thoroughly communicated with the governance unit. For further details, please refer to the Independent Assurance Statement provided in the appendix of this report.
3. 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 associations and consortia, responding to feedback and sharing experiences. Our aim is to contribute our efforts to the sustainable development of the industry.

Taiwan Semiconductor Industry Association (TSIA)

(General member)

<https://www.tsia.org.tw/>



The Allied Association for Science Park Industries

(General member)

<http://www.asip.org.tw/>



Taiwan Electronic Equipment Industry Association

(General member)

<http://www.teeia.org.tw/>



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.

Contact : FITI ESG Committee (GRI 2-3)

Email: fiti.csr@foxsemicon.com

Phone: 037-580088#2605

Fax: 037-582690

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

Website: <https://www.foxsemicon.com>

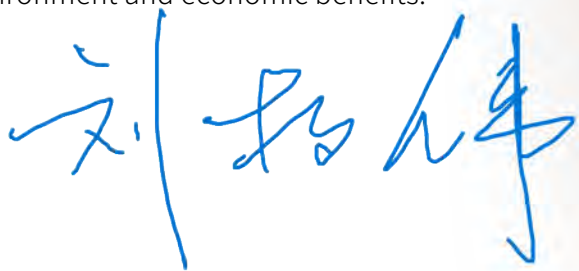
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Message from Our Chairman

(GRI 2-22)

Entering 2023, a new era full of challenges and opportunities, FITI Group has also celebrated our 23rd anniversary since established. Looking back on the 22 years of ups and downs, every step records the unremitting efforts and sparks of wisdom of our team. During this journey, we continue to learn and grow, and always adhere to our original intention of becoming a socially responsible and environmentally friendly company. Especially when facing global challenges such as climate change and economic turmoil, we deeply feel our responsibility and mission as a corporate citizen.

In this era of constant change, FITI Group has firmly become the pioneer of sustainable development. This is not only a corporate strategic choice, but also a commitment to the global environment and future generations. We not only pursue stable corporate financial growth, but also deepen our understanding and practice of environmental and social responsibilities. Guided by the United Nations' Sustainable Development Goals, we integrate the concepts of environmental and social responsibility into our business strategies and every operational decision. We are committed to reducing carbon emissions, improving energy efficiency, promoting environmentally friendly technology innovation, and through green supply chain management, to achieve a harmonious win-win situation between environment and economic benefits.



The company's sustainability performance in 2023 is outstanding, including:

■ Governance

- ◆ Commonwealth Magazine 2023 Top 2000 Companies Survey-No. 26 in the semiconductor industry, and No. 259 in the manufacturing industry
- ◆ 2023 Taiwan Corporate Sustainability Awards-Bronze Award for Sustainability Reporting
- ◆ 2023 Supplier Excellence Award from Applied Materials:
 - ① FATI Received Excellence in Aftermarket Support from Applied Materials
 - ② FITI Received Excellence in Innovation and New Product Support from Applied Materials

■ Environmental Protection

- ◆ The average annual power saving rate of Taiwan facilities reaches 1.74%
- ◆ The recycling rate of the Taiwan facilities reaches the science park requirement of over 85%
- ◆ Taiwan facilities ISO14064-1 greenhouse gas inventory has been verified by third-party SGS

■ Social Responsibility

- ◆ Employee physical and health examination subsidy NT\$15,000-20,000 per person
- ◆ Monthly donation of "Global Kid Monthly" magazine to a total of 121 classes in primary and secondary schools in Zhunan Town
- ◆ Donated firefighting equipment worth approximately NT\$1,000,000 to the Miaoli County Fire Bureau
- ◆ Donated NT\$100,000 gift vouchers to the Zhunan Township Office for the Winter Warmth Campaign

Performance and Achievements

In this rapidly changing market environment, FITI once again set a new record with impressive performance, demonstrating our excellent corporate governance, team perseverance and excellent execution. Our consolidated revenue, profit after tax and Earning Per Share (EPS) all hit the second-highest level in history. We were also ranked 259th in the manufacturing industry and 26th in the semiconductor industry in the "Top 2000 Survey" by Commonwealth Magazine. The outstanding performance not only represents the company's outstanding performance in corporate governance and financial performance, but also reflects the keen insight into industry trends and corporate competitiveness.

Standing out in such a fierce market environment shows FITI's strong financial performance and also demonstrates the correctness of our strategies and efficient execution. In the past year, we not only focused on financial performance, but also made significant achievements in social responsibility and environmental protection.

The first ESG framework sustainability report issued in 2023 also won the 2023 TCSA Sustainability Reporting Bronze Award, which highlights our effort in promoting ESG work and affirms our excellent performance in corporate governance and commitment to sustainability. Those achievements are the result of the joint efforts of every FITI colleague and the practice of our commitment to customers, shareholders and society.

When pursuing long-term growth in revenue and profitability, we also pay great attention to environmental protection, employee rights, social welfare, and the interests of all stakeholders. It is our firm belief and unrelenting pursuit of sustainable development that enables us to achieve continuous growth and development in this ever-changing world. FITI will continue to grow with the expectations of all parties and develop our blueprint for corporate sustainable development.



Challenges and Transformations in the Sustainability Era

In order to respond to the global Net Zero trend and achieve Taiwan's 2050 Net Zero emissions target, FITI has completed the greenhouse gas inventory in 2023 and make a GHG reduction plan and roadmap to achieve Net Zero. These initiatives not only demonstrate our commitment to sustainable development, but also show the positive actions we take in facing sustainable development challenges and necessary transformations.

In this era of rapid environmental and social changes, we know that only through continuous innovation and flexible adjustments can we stand firm in this destiny. During this transformation process, we must actively address global challenges such as climate change, resource shortages, and social responsibility while maintaining economic growth. With the double-E equation of "sustainable management = EPS + ESG" in mind, ESG and EPS are equally important. Therefore we need to integrate environmental protection and social responsibility into our core values. Through continuous technological innovation, we have not only made achievements in reducing the impact on the environment, but also opened up new business opportunities for us. Our mission is not only to achieve sustainability on an economic level, but more importantly, on an environmental and social level to create a more prosperous and healthier world for next generations!

Invest in the Future

At FITI, we deeply understand that true foresight is not limited to the current results, but also lies in thoughtful investment in the future. This is not only a financial configuration, but also an persistence and practice of sustainable development. We firmly believe that continuous innovation and investment in technology are the keys to drive social progress. Therefore, in the past year, FITI has actively invested in green technology and sustainable development projects to ensure the harmonious coexistence of enterprises and the environment. Our investment is not only reflected in products and services, but also penetrates into our corporate culture and operation. We encourage innovative thinking, protect natural resources, and strive to be socially responsible. Every new step of technological and management shows our investment in a better living environment in the future. In the future, FITI Group will continue to pursue such far-reaching investments. We are convinced that through such investment, we can not only create economic value, but also leave a better, healthier, and harmonious world to future generations.

Finally, I would like to express my sincere gratitude to all employees, customers, partners, shareholders and all sectors of society for the support and guidance. Your support is the source of our continued improvement. We will continue to work hard and keep improving, Prove our commitment and determination to sustainable development with practical actions. Let us work together to create a more prosperous, just and sustainable world. Thank you!

About FITI Group (GRI 2-1)

FITI mainly produce products in the semiconductor industry, factory automation industry and medical industry. With the foundation of its capabilities to high-performance materials, FITI regards the precision machining, advanced assembly, cutting-edge optomechanics integration, and automation as its core technologies. FITI vertically integrated the design and development of high-tech system products. In the future, with the aim "sustainable operation and resilience upgrade" in mind, FITI will continue to improve equipment development technology to provide customers with more comprehensive services.

Global Sites (GRI 2-2)



★ **Operating Manufacturing Base**
★ **Sales Service Base**

Operating Manufacturing Base

Operating Manufacturing Base

Operating Manufacturing Base



▲ California Office



▲ Silicon Valley, USA
(Not disclose this time)



▲ Chunan Plant



▲ Songjiang Plant, Shanghai



▲ Chunan 2A Plant

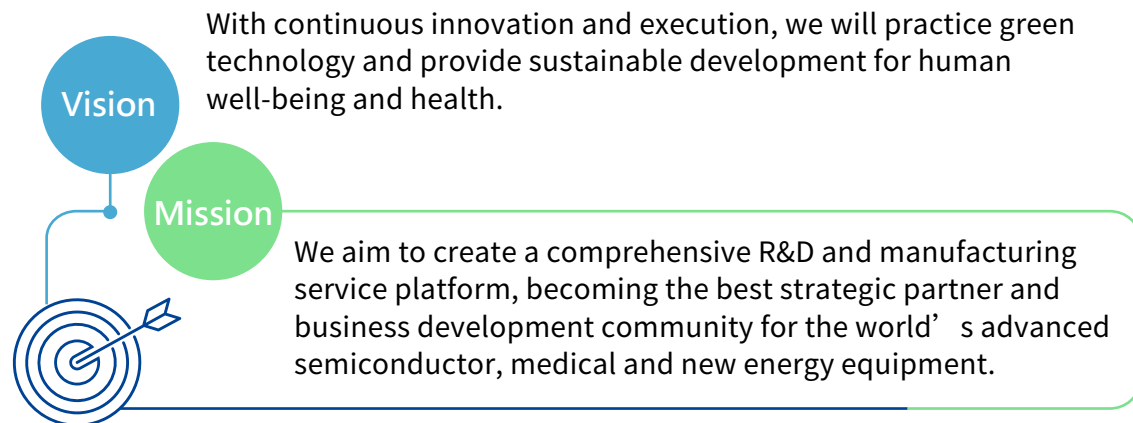


▲ Kunshan Plant, Jiangsu

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. In the rapid changing semiconductor industry, FITI continues to bring innovation and execution to implement green technology, and is committed to establish a comprehensive R&D and manufacturing service platform to become the best strategic partner and business partner for the world's advanced semiconductor, medical and new energy industry, and meanwhile developing a better future at the environmental, economic and social levels by sustainable actions!

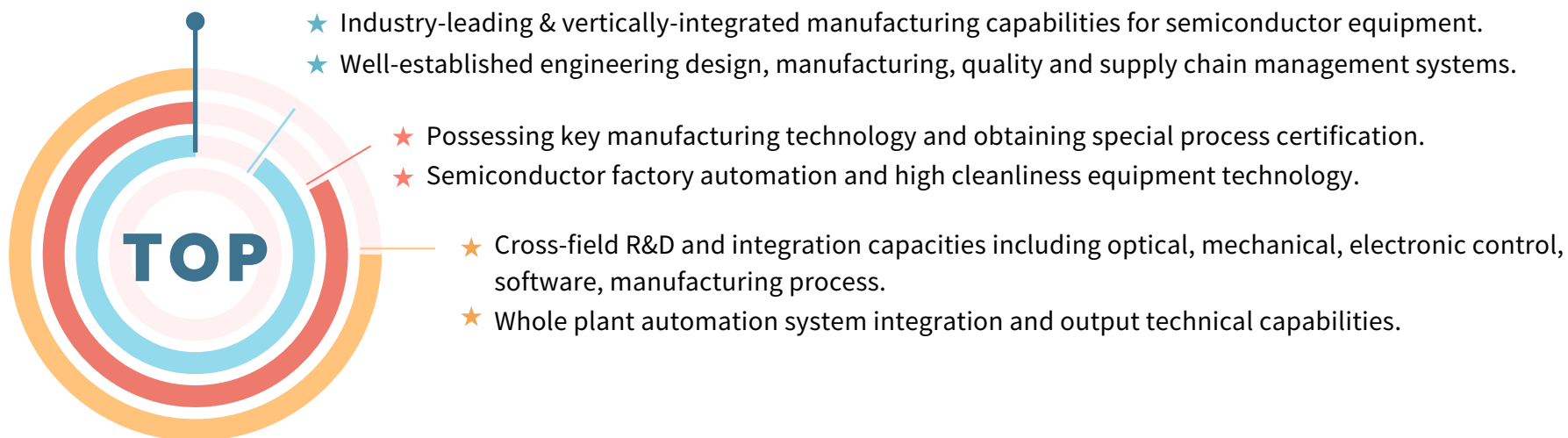
Sustainability Vision and Mission

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.



Core Competency

FITI group 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.



Core Value and Business Philosophy



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.



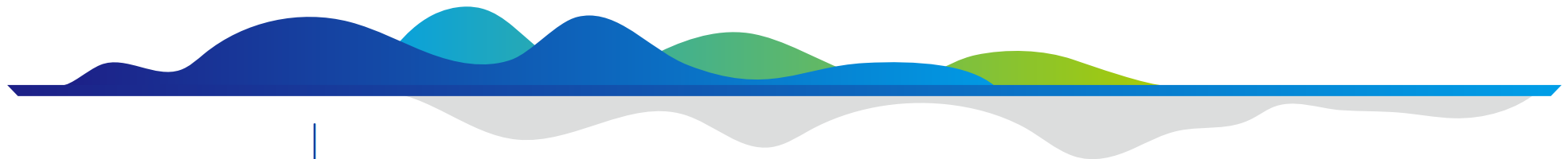
Humanism and Commitment

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



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.



Excellent Quality Deep Cultivation of Technology

Quality is the backing to support the corporate brand; technology is the key to corporate value. Never compromising quality and maintaining professional techniques are the fundamental requirements for gaining customers' trust.



Real-time Flexibility Value Creation

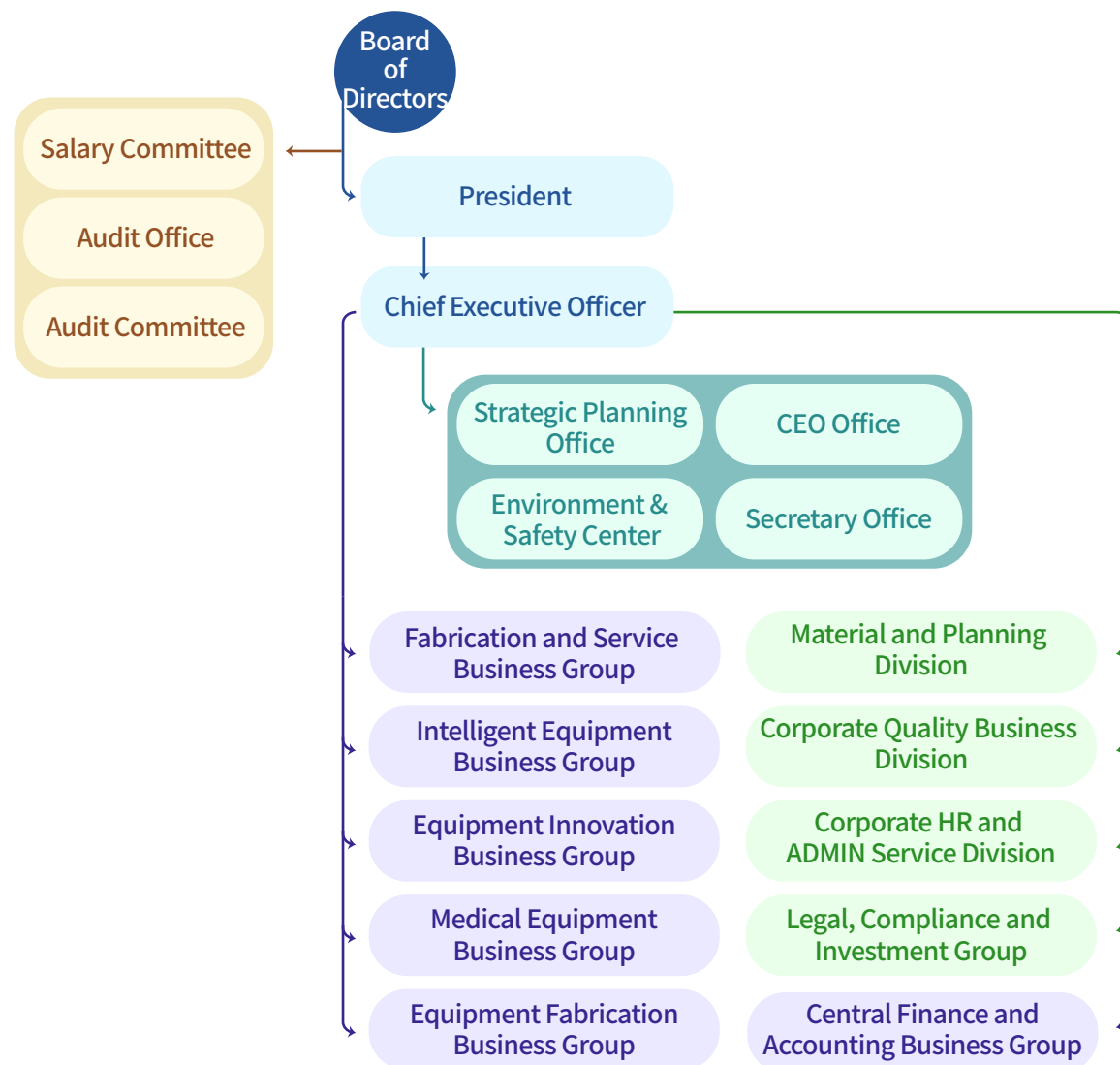
Quick response and flexible cooperation, satisfying the diverse needs of customers; continuous improvement in the value of the company and self-worth, becoming an indispensable partner for customers.



Win-win Cooperation Sustainable Development

Joining hands with partners to build the foundation of long-term cooperation goals with a win-win spirit; aiming to achieve sustainable development by realizing environmental protection, economic growth, and social responsibility.

Corporate Governance and Organizational Structure (GRI 2-9)



Executive Team



Young Liu
Chairman

- 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
President/CEO

- University 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)



2001-2013

2013.12 Awarded the Best Quality and On-time Delivery Supplier Award by the world's largest semiconductor equipment manufacturer.

2013.7 Changed name to "Foxsemicon Integrated Technology Inc."

2012.8 The board of directors decided to end the operation of the company's Advanced Optoelectronic Business Group.

2012.4 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.

2011.6 Changed name to "JingDing Energy Technology Co., Ltd."

2009.7 Changed name to "PeiSin Energy Technology Co., Ltd."

2004.7 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).

2006.3 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%)

2005.8 Awarded the 93 Annual Golden Trade Award by the Ministry of Economic Affairs, ranking the 9th place in export growth rate.

2005.7 Foxsemicon Integrated (Shanghai) Inc. officially started mass production.

2005.1 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.

2003.5 The opening ceremony of the new plant of Hsinchu Science Park Phase IV Chunan Plant.

2002.4 Passed the certification of qualified suppliers of the world's largest semiconductor equipment manufacturer. Became a member of the Semiconductor Equipment Materials International (SEMI).

2002.2 Established a branch company "Foxsemicon Integrated Technology Inc." in the USA.

2001.12 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.

2001.4 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.

2014-2024

2024.2 FITI received "Excellence in Innovation and New Product Support" and FATI received "Excellence in Aftermarket Support" from Applied Materials

2023.11 Won Bronze Award for Taiwan Corporate Sustainability Reports Award for Sustainability Reporting - Electronics & Information Technology Manufacturing Industry Category 1

2023.6 Ranked No. 26 in the semiconductor industry, and No. 259 in the manufacturing industry by Commonwealth Magazine 2023 Top 2000 Companies Survey

2022.12 Receives Supplier Excellence Award from Applied Materials.

2022.12 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.

2022.8 Awarded the HR Asia Best Companies to Work in Asia.

2022.4 Receives Applied Materials 2022 Supplier Excellence Award.

2021.11 Kainova officially moved in Chunan Science Park.

2021.5 Ranked 27th in the semiconductor manufacturing industry by the Commonwealth Magazine.

2021.3 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.

2021.2 Officially incorporated medical equipment industry.

2020.9 Won the SGS CSR Elite Awards in 2020.

2020.7 Awarded the Best in Class Performance in the 2020 Supplier Excellence Award by Applied Materials, Inc.

2020.3 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.

2018.3 Included in the Fast 500 of the Deloitte Technology Fast 500 Asia Pacific.

2017.5 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.

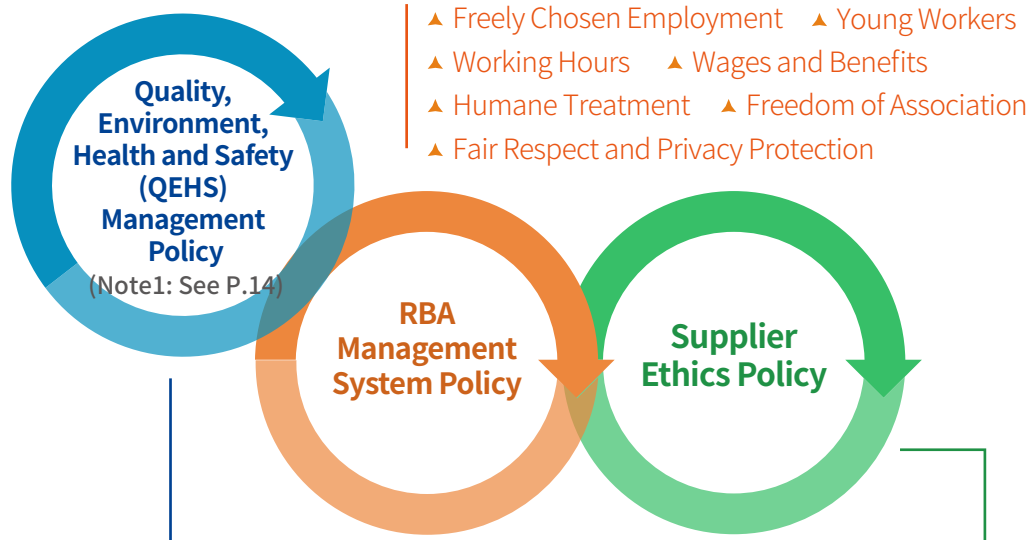
2016.15 Ranked 17th in the Commonwealth Magazine's "Top 50 Operating Performance"

2015.7 Formally listed on the Taiwan Stock Exchange.

2015.5 Submitted application to be listed on the Taiwan Stock Exchange.

2014.7 Chunan Site & Songjiang Site passed the ISO13485 certification, officially incorporating medical equipment industry.

Management Policy (GRI 2-23)



Labor Policy : (Note2: See P.14)

Respect human rights; follow “people oriented” management strategy.

- ▲ Freely Chosen Employment
- ▲ Young Workers
- ▲ Working Hours
- ▲ Wages and Benefits
- ▲ Humane Treatment
- ▲ Freedom of Association
- ▲ Fair Respect and Privacy Protection

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.
- ▲ Improve ethical practices. ▲ Prohibit retaliation.

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. Moreover, 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.



- ▲ 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.

Note 1. Quality, Environment, Health and Safety (QEHS) Management Policy

At FITI Group, quality and continuous improvement are everyone's responsibility. We focus on the quality of products, processes and services, and listen to both internal and external customers as the basis for continuous improvement. With the efforts of all colleagues, we are committed to meeting customer needs and making them satisfied.

Our company's management system policies are as follows:

Compliance with regulations: FITI abides by domestic and international laws and regulations, as well as other relevant requirements, and meets the applicable requirements of various standards of the international management systems.

Employee Engagement: FITI promotes education and training, ensuring that all employees participate in all activities related to the management system.

Green Consumption: Following the international environmental trends, FITI reinforces the waste reduction from the origin of production, makes good use of resource recycling, and promotes the procurement of green products. We strive to use “low pollution, recyclable, resource-economizing” goods to reduce our environmental impact.

Zero Hazards: FITI establishes a comprehensive safety and health management system, providing a safe and healthy workplace to eliminate hazards, reduce occupational health and safety risks, and facilitating the physical and mental well-being of all employees. Our goal is to minimize occupational accidents to none.

Total Quality Management: All employees are involved in implementing the system, following established procedures and addressing issues promptly to achieve zero defects.

Continuous Improvement: Through the establishment of objectives, the implementation of management plans, and the periodic execution of audit process, FITI continuously improves its management system.

Effective Communication: FITI establishes channels for workers' participation and consultation, timely communicates and publicly discloses our management policies and communication platforms to all stakeholders.

Performance Enhancement: FITI encourages innovation and research and development in products, technology, processes, and thinking models, injecting diverse perspectives to enhance our overall performance.

Sustainable Operations: Through continuous improvement of the management system, FITI ensures the maximum benefit to all stakeholders and achieve our goal of sustainable operation.

Note 2. RBA Management System Policy

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.

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.

Working Hours: Work and rest conform to Labor Standards Act, Labor Law, or rules and regulations established by local government labor agencies.

Wages and Benefits: Wages paid to workers shall strictly follow local government wage laws, and clearly publicize various company managements to the employees.

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.

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.

Freedom of Association: Respects the freedom of speech and the freedom of association of employees.

Awards and Recognitions

Certification



ISO9001:2015
(Taiwan Plant &
Songjiang Plant)



ISO14001:2015
(Taiwan Plant &
Songjiang Plant)



ISO45001:2018
(Taiwan Plant)



CNS45001:2023



ISO 9001:2015
(Kunshan Plant)



Work Safety
Standardization
Certificate
(Songjiang Plant &
Kunshan Plant)



Awards in 2023

CommonWealth Magazine Top 2,000 Companies 2023/06/02

FiTi was ranked no. 26 in the semiconductor industry, and no.256 in the manufacturing industry by the CommonWealth Magazine's Top 2,000 Companies Survey.



2023 "Taiwan Corporate Sustainability Awards" Bronze Award for Sustainability Reporting - Electronics & Information Technology Manufacturing Industry Category 1

2023/11/05

FITI has published its first ESG sustainability report in 2023 and participated in Taiwan Corporate Sustainability Awards. Within the 386 candidates, Fiti has been recognized for its outstanding performance in its ESG strategy and commitment, which is great encouragement for FITI to keep bringing positive impact on ESG field.



2023

We are The Best !





Sustainable Management Practices

ESG Sustainable Implementation Framework

In the journey of sustainable development, the feedback of our stakeholders are crucial to us. In addition to disclosing the company's information about environmental protection, social engagement and corporate governance through annual reports, sustainability reports and corporate social responsibility page on company website, FITI Group also listens to opinions from all walks of life through multiple channels to continuously improve our performance to achieve better corporate social responsibility. FITI Group's ESG execution takes into account the three aspects of environmental protection, social inclusion and corporate governance. In terms of the environment, we strive to reduce our carbon footprint, improve energy efficiency, and protect the global environment while developing business; on the social side, FITI actively participates in society and provides employees with a good working environment and promotion opportunities; From the perspective of corporate governance, we uphold integrity and transparency, strengthen risk management mechanisms, and ensure corporate resilience.

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 46 members of the ESG 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.

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 and FITI Group's Response ■

Stakeholders	The Significance to FITI	Communication Channels & Frequency	Issues	Communicative Guidelines	Performance Summary in 2023
Stakeholder	Investors provide the main funds for FITI and are also one the most concerned stakeholders about FITI's operational performance and sustainability.	Monthly Revenue (Monthly) Earnings Conference (Quarterly) Investor Meeting (As needed) Shareholder Meeting (Annually) Company Website/Market Observation Post System (Timely) Investor Mailbox (Timely)	All sustainability issues are highly prioritized and closely monitored	Capital investment can be regard as trust and support of shareholders to FITI. The company has established a dedicated investor relations unit to enable investors to have the right to inquire and understand the company's business management strategies and financial business information through effective two-way communication. Assisting investors to effectively evaluate the value of enterprises is conducive to the sustainable operation of enterprises.	☆Revenue Announcement: 12 times ☆Earnings Conference: 4 times ☆Domestic and Oversea Earnings Conference: 20 ☆Annual Shareholder Meeting: 1
Investors			☆Business Performance ☆Customer Privacy ☆Waste Management ☆Anti-corruption ☆Market Performance		
Customers	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.	Phone (Daily and as needed) Mail (Daily and as needed) Meeting (Daily and as needed) Teleconference (Daily and as needed) Visiting (As needed) Survey (Annually)	☆Customer Privacy ☆Greenhouse Gas Emissions ☆Waste Management ☆Supplier Environmental Assessment ☆Labour Relations ☆Occupational Health and Safety	Proper management systems and measures are in place to avoid leaks, protecting the rights and interests of customers. Conduct annual greenhouse gas emissions inventory in accordance with ISO14064-1 standards. Also, implement waste recycling to allow products, components and raw materials to be recycled and reused, demonstrating the value of sustainable resources.	☆No environmental pollution incidents ☆No violations of Cyber Security regulations
Government Organization	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.	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)	☆Water Resource Management ☆Waste Management ☆Occupational Health and Safety ☆Greenhouse Gas Emissions	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.	☆No cases of forced labor, discrimination, or any related complaints in 2023 ☆No incidents of personal data leakage in 2023

Stakeholders	The Significance to FITI	Communication Channels & Frequency	Issues	Communicative Guidelines	Performance Summary in 2023
Employees	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.	Quarterly Labor Meetings (Quarterly) Employee Mailbox (As needed) Whistle Blower Mailbox (As needed) Annual Company Meetings (As needed) KPI (Annually) Company Website (As needed) Phone or E-mail (As needed)	☆Labour Relations ☆Occupational Health and Safety ☆Diversity and Equal Opportunities	Providing competitive salary and benefits, conducting employee engagement surveys to understand their needs and perspectives, facilitating employee communication, and attracting and retaining talent.	☆No employee complaints (0 cases) ☆Conducted a total of 14,619.5 hours of various educational training programs, with a total of 6,370 participants trained ☆Held management and labor councils and occupational health and safety committee meetings quarterly ☆Conducted employee performance management operation, assessing over 2,410 individuals ☆Held blood donation activities with 36 participants, health lectures with 41 participants and free flu vaccination with 227 employees attended
Community	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.	Charitable Activities (At least once quarterly) Company Website (As needed) Spokesman Mailbox (As needed) CSR Mailbox (As needed)	☆Labour Relations ☆Occupational Health and Safety ☆Employee training and education	Conducting water usage analysis and monitoring to improve wastewater efficiency (including water recycling plants), actively reducing wastewater discharge. Make products, components and raw materials recyclable and demonstrate the value of sustainable resources. Conduct a greenhouse gas inventory and participate in Carbon Disclosure Project (CDP) Climate Change Program	☆No environmental pollution incidents ☆Participated in the "Safety and Health Expert Platform" project organized by the Hsinchu Science Park Bureau in 2023 and received recognition from the Park for our efforts

Stakeholders	The Significance to FITI	Communication Channels & Frequency	Issues	Communicative Guidelines	Performance Summary in 2023
Suppliers	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.	Supplier Performance Report (Quarterly and monthly) Monthly Meetings with Critical Suppliers (Monthly) Supplier Meetings for Major Quality Anomalies (As needed) Annual supplier audit(annually) Irregular audits of suppliers (As needed) Mail (daily and as needed) Phone (daily and as needed) On-site Patrol (as needed) Agreement organization (annually)	☆Anti-corruption ☆Customer Privacy Procurement Practices	Continuously follow the company's green supply chain management procedure and promote social and environmental responsibilities with suppliers to avoid corruption or unfair competition. Sign NDAs with suppliers, conduct annual supplier audits, and promote IP control policies to protect customer privacy. Continue to increase the proportion of local procurement to support local economy and maintain community relations.	☆The 21 new high-risk suppliers added in 2023 have all signed social and environmental responsibility commitment letters ☆In 2023, NDAs for 21 new suppliers have been completed signing and the promotion of IP management and control policies for 37 annual audited suppliers have been done ☆FITI' s local procurement rate in 2023 is 30%, and FATI' s local procurement rate in 2023 is 66.19%.
Contractors			☆Occupational Health and Safety ☆Customer Privacy Procurement Practices	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.	☆ISO 45001 certification for occupational health and safety management system was obtained.
Banks	Banks are indispensable partners for FITI Group in its sustainable development framework and operational strategy.	Phone (Daily or as needed) Mail (Daily or as needed) Banks to pay an on-site visit	All sustainability issues are highly prioritized and closely monitored.	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.	We will respond promptly to the sustainability expectations of banks.



Process to Determine Material Issues and List of Material Topics (GRI 3-1)

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.

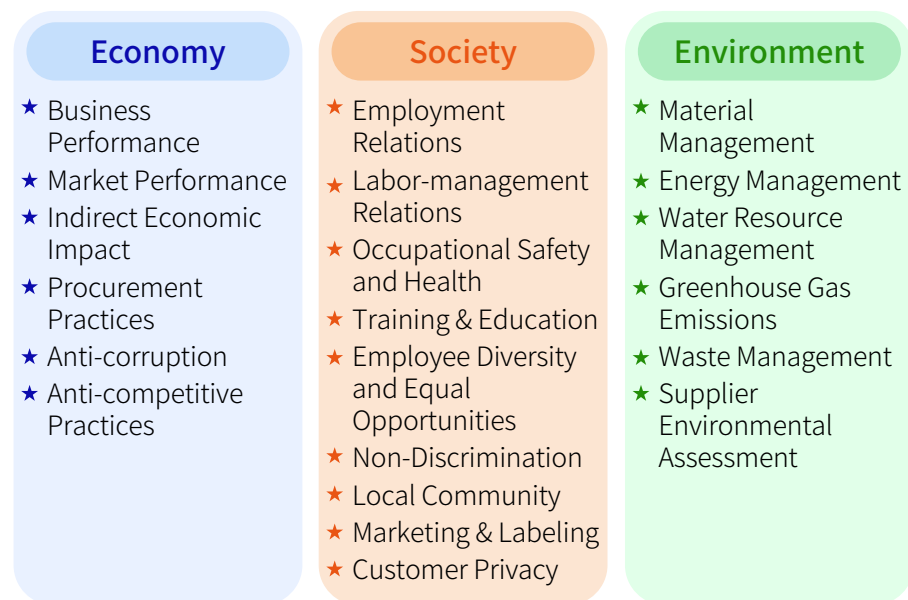


According to the material issues identification process of FITI Group, the following is a summary of 12 material issues that may have an impact on the company's operations and stakeholders, based on a comprehensive analysis of past operational experience, future competitive strategies, and references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

Material Issues Identification Process

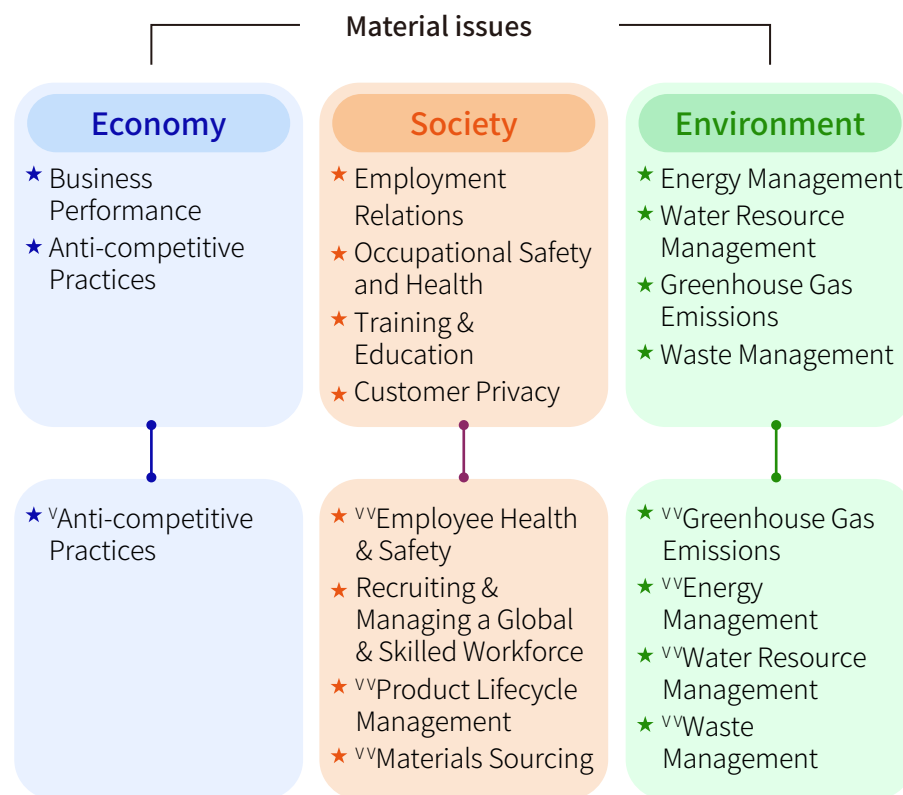
- Step.1 Identifying Seven Categories of Stakeholders**
FITI Group identifies and selects stakeholders by referring to the five principles of Dependency, Responsibility, Influence, Diverse Perspectives, and Tension in the AA1000 SES Standard.
- Step.2 Identifying Industry Context: Semiconductor Industry**
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: 21 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:
 1. Referring to GRI standards.
 2. Referring to the United Nations Sustainable Development Goals (SDGs).
 3. Referring to the Sustainability Accounting Standards Board (SASB) standards.
 4. Referring to the sustainability disclosure indicators adopted by the Financial Supervisory Commission.
- Step.4 Stakeholder/Expert Engagement: 302 questionnaire responses collected, 24 expert engagement sessions.**
 1. Inviting stakeholders to complete questionnaires (both physical and online) to gather their level of concern regarding each sustainable theme.
 2. Expert engagement: :
 · Verification of wastewater system operation at the sewage treatment plant
 · On-site guidance and verification of environmental permits by the Science and Technology Bureau's Business Environmental Protection Division
 · On-site guidance of water treatment application by the Science and Technology Bureau's Business Environmental Protection Division
 · Workplace inspection for toxic and hazardous chemicals (hydrofluoric acid)
 · On-site inspection of fixed pollution sources by the Environmental Protection Bureau
 · vehicle exhaust emissions by 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**
 1. The company's ESG Committee, along with relevant stakeholders and experts, identifies and assesses impacts.
 2. 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 17 or above, and (2) creating a weighted list of significant themes based on the SASB and Financial Supervisory Commission sustainability indicators.
 3. Positive and negative substantive and potential impact analyses are performed on the identified themes.
 4. The reporting boundaries and value chain relationships are defined.
 5. Alignment with the Sustainable Development Goals (SDGs) targets is ensured.
- Step.6 Confirmation of 10 material issues**
The ranked list of sustainable themes and the candidate list of material issues are submitted to the "ESG 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 ■ (GRI 3-2)



FITI Group collected stakeholders' level of concern for various sustainable themes through 302 questionnaires and 24 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 17 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 on the next page.

■ FITI' s Material Issues ■



SASB & Financial Supervisory Commission ESG Indicator

^vFinancial Supervisory Commission ESG indicator
^{vv}Collaborative Theme by the SASB and Financial Supervisory Commission (FSC)

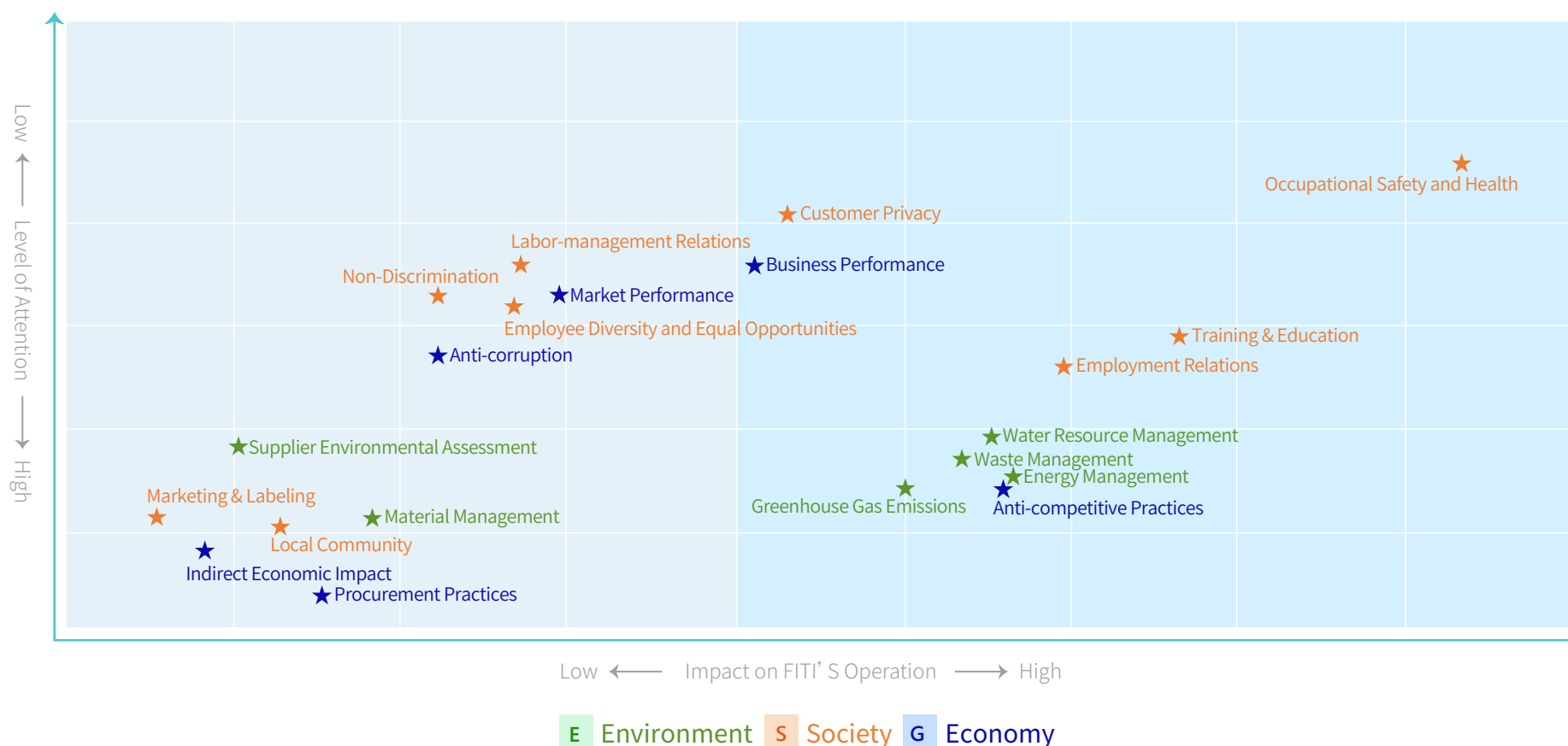
This year, we have identified a total of 10 material issues. In terms of economic governance, they include "Business Performance" and "Anti-competitive Practices."

In the social aspect, the topics are "Employment Relations", "Occupational Health and Safety," "Training and Education," and "Customer Privacy." In the environmental aspect, the issues are "Energy Management," "Water Resource Management," "Greenhouse Gas Emissions," and "Waste Management."

We can find from the table above that the three major topics of "Anti-Corruption", "Non-Discrimination" and "Employee Diversity and Equal Opportunities" have been removed in 2023 because the level of stakeholder concern and operational impact assessment scores have both decreased. FITI Group will keep observe the impact of these issues and implement the anti-monopoly and anti-corruption management measure to avoid unfair competition. At the same time, we are also committed to providing an equal working environment and opportunities without discrimination based on race, color, age, gender, sexual orientation, disability, nationality, pregnancy, belief, political stance, marriage or other legal norms. Diversity and equal opportunities have also continued to outperform regulations; in addition, a new topic of "Business Performance" was added to further reveal FITI Group's efforts and results in business operation.

Detailed responses to these 10 material issues will be provided in the following sections, and the relevance of each material issue within the value chain is shown in table: Explanation of Value Chain Impacts for Material Issues(P26).

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












■ Material Issues- Substance and Potential-Positive/Negative Impacts ■

Material Issue	Impact Assessment	Impact Aspect	Impact Description
Economy			
Business Performance	Substantial ⊕	- Employee retirement issues - Increase revenue and improve business performance	- Appropriate pensions in accordance with laws and regulations to protect employees' rights and interests - Increase in revenue and the company's market share, thereby improving profitability and operating performance
	Potential ⊖	- Revenue declines and resulting in cost expenditures - Climate-related finance and disclosure - Appropriateness of pension withdrawals	- The implementation of climate change mitigation and adaptation strategies affects company revenue - Reduced revenue will cause more cost to the company and may lead to performance losses - Failure to allocate pensions in accordance with regulations will violate laws and regulations and affect employees' retirement rights and interests
Anti-Competitive Practices	Substantial ⊕	- Execution in accordance with anti-monopoly management measure	- Implement anti-monopoly management measure and accept supervision from the public and the Fair Trade Commission
	Potential ⊕	- Continuous implementation of anti-monopoly	- Avoid the company from being included in the anti-monopoly investigation list, which will impact
Society			
Employment Relations	Substantial ⊕	- Labor-management communication channel	- Through discussion on the labor-management meeting, both labor and management reached consensus on issues of concern
	Potential ⊕	- Harmonious labor relations	- Harmonious labor relations will affect the trust of both parties and the talent turnover rate
Occupational Safety And Health	Substantial ⊖	- Occupational disasters and damage to employee health	- Ensure the safety of the working environment and avoid the potential hazards on employee safety and health due to occupational disasters
	Potential ⊕	- Workplace health and safety	- Employee health and workplace safety are the basis for the sustainable development of corporate, which help creating a working environment that allows employees to feel safe and to improve work efficiency

Material Issue	Impact Assessment	Impact Aspect	Impact Description
Society			
Training & Education	Substantial ⊕	- Professionalism and safety at work	- Through training and education, employees can be given correct operational knowledge and professional skills
	Potential ⊕	- Hidden safety and legal risks	- Failure to conduct training and education, cause hidden dangers and hazards in workplace, and risk of involuntarily touching the bottom line of regulations
Customer Privacy	Substantial ⊖	- An information security incident occurred on January 16, 2024	- It affected the company's reputation. The problem was corrected on the same day and did not cause the leakage of any customer's personal information
	Potential ⊕	- Strengthened precautions and has confirmed did not leak customer personal information	- FITI continues to improve network and information infrastructure security management and control
Environment			
Energy Management	Substantial ⊕	- Renewable energy transformation	- Renewable energy transformation will increase green power usage, reduce environmental impact and enhance company image
	Potential ⊕	- Energy resource management	- Energy conservation, carbon reduction and energy resource management effectively reduce extreme weather impact
Water Resource Management	Substantial ⊕	- Water resources reuse	- Water reuse helpfully reduces extreme climate impacts and complies with the park's relevant water conservation policies
	Potential ⊕	- Water resources management	- Monitor water use in the factory by water resources management system and avoid wasting water resources
Greenhouse Gas Emissions	Substantial ⊖	- Greenhouse gas emissions	- Extreme climate causes water shortage and drought, which has an impact on the company's operations
	Potential ⊕	- Greenhouse gas emission management	- Reduce carbon emissions of the factory and mitigate the impact of climate change on the company's operations
Waste Management	Substantial ⊖	- Waste generation	- Waste is incinerated and not properly recycled
	Potential ⊕	- Circular economy	- Manage waste resources to increase recycling rate and reduce the amount of waste incineration

■ Explanation of Value Chain Impacts for Material Issues ■



Aspect	Material Issues	GRI 3-3 Management Page	GRI Index	Corresponding to the UN SDGs	Upstream	Value Chain	Downstream
					Supplier/Contractor	FITI	Customer
Economy	Business Performance	P29	201	 		✓	
	Anti-Competitive Practices	P29	206			✓	
Human	Employment Management	P78	401	   	✓	✓	
	Occupational Safety and Health	P78	403		✓	✓	
	Training & Education	P79	404		✓	✓	
	Customer Privacy	P79	418		✓		✓
Environment	Energy Management	P42	302	  		✓	
	Water Resource Management	P42	303			✓	
	Greenhouse Gas Emissions	P43	305		✓	✓	
	Waste Management	P43	306		✓	✓	




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 responsible corporate citizen, 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, 6, 7, 8, 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	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
SDGs Target and Indicators	<ul style="list-style-type: none"> ★ Substantially reduce the number of deaths and illnesses from hazardous chemicals and polluted air, water and soil contamination by 2030. ★ Strengthen the capacity of all countries, developing countries in particular, including early warnings, risk reduction and management of national and global health risks. 	<ul style="list-style-type: none"> ★ 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. ★ 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	<ul style="list-style-type: none"> ★ 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. 	<ul style="list-style-type: none"> ★ 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			
SDGs Target and Indicators	<p data-bbox="365 263 801 359">Ensure availability and sustainable management of water and sanitation for all</p> <ul style="list-style-type: none"> ★ Substantially increase water-use efficiency across all sectors and ensure sustainable recycle and supply of freshwater to address water scarcity, substantially reducing the number of people suffering from water scarcity by 2030 	<p data-bbox="907 263 1321 359">Ensure access to affordable, reliable, sustainable and modern energy for all</p> <ul style="list-style-type: none"> ★ By 2030, significantly increase substantially the share of global renewable energy. ★ By 2030, double the global rate of improvement in energy efficiency. 	<p data-bbox="1449 263 2020 359">Promote inclusive and sustainable economic growth, full and productive employment and decent work for all</p> <ul style="list-style-type: none"> ★ By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and reach the goal of equal pay for work of equal value. ★ Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking, and secure the prohibition and elimination of the worst forms of child labor. End child labor in all its forms by 2025, including recruitment and use of child soldiers. ★ Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, women and those in precarious employment in particular.
Implementation	<ul style="list-style-type: none"> ★ 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. 	<ul style="list-style-type: none"> ★ 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. 	<ul style="list-style-type: none"> ★ 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



Ensure sustainable consumption and production patterns

SDGs Target and Indicators

- ★ Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and to 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 multi-national corporations, adopting sustainable practices and integrating 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.



Take urgent steps to address climate change and its impacts

- ★ Integrate climate change measures into national policies, strategies and planning.
- ★ Improve education, raise awareness and enhance human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warnings.

- ★ 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.



Promote peaceful and inclusive societies for sustainable development

- ★ 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.

- ★ 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.

Sustainable Governance

★ Material Issues and Management Method



Business Performance (GRI 201)

Goal

Short/Medium Term (2026): Achieve 100% of the budget targets for the following year approved by the board of directors by the end of each year.

Long Term (2030): Maximize the benefits for all stakeholders.

Management Method

1. Actively promote operational transparency, and establish spokesperson, proxy spokesperson, investor relations, and shareholder services units to ensure that investors and shareholders can promptly obtain and understand the company's operational information.
2. Formulate pension contribution plans in accordance with the Labor Standards Act and the Labor Pension Act in Taiwan, as well as the local regulations of overseas operating locations, and conduct plans based on the local labor laws and pension-related regulations at the overseas operating sites.

Performance in 2023

※ The gross profit margin is 26%, the operating net profit margin is 15%, and the earnings per share (EPS) are NTD 20.48.

※ In 2023, there are a total of 31 people under the old labor pension system. As of January 1, 2024, the total accumulated amount in the labor pension accounts is NT\$41,688,880. Additionally, according to the new pension system regulations, 6% of the insured salary is allocated monthly as the new pension fund, and full amount withdrawals are available.



Anti-competitive Practice (GRI 206)

Short-/Medium-/Long-term: 0 cases of monopolistic trade practices.

Management Method

Formulate "Anti-Monopoly Management Measure" to establish the company's anti-monopoly and fair trade requirements:

1. The company formulates and implements competition rules that are compatible with the market economy, improves macro-regulation, and participates in a free, competitive, and orderly market system.
2. The company will, through fair competition, legally implement merger and acquisition activities to expand its scale of operations and enhance its market competitiveness.
3. The company's operations shall follow laws and regulations, be honest, trustworthy, and strictly self-disciplined, accepting public supervision, and will not use its control or monopoly position to harm consumer interests.
4. The company accepts the supervision of the Fair Trade Commission, guides industry peers to compete legally, and maintains the market competition order.

Performance in 2023

No monopolistic behavior occurred in 2023.

Philosophy and Vision of Governance

Philosophy

To safeguard the interests of the company and the stakeholders and to create long-term benefits for shareholders, the company has formulated 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 realize the principle of integrity and achieve good corporate governance.

Vision

The main operational focus is “cost reduction, efficiency improvement, and inventory reduction”. In addition to strengthening the company's internal cost control and a more efficient inventory liquidation mechanism, a more efficient ERP system is also introduced to reduce manpower and improve efficiency. Financial operations follow a stable and conservative principle, establishing good relationships with banks to obtain the best support under any economic situation. With continuous enhancement of personnel's professional skills, the company can meet the changing external competitive environment and regulatory requirements. The company's management team and all employees will adhere to the principles of “excellent quality and in-depth technology”, “agile flexibility and value creation”, and “win-win cooperation and sustainable development” to respond to changes in the external environment, thereby enhancing shareholder value.

Governance Structure (GRI 2-9)

(Please refer to P11 for the company's organizational structure.)

In addition to strengthening the functions of the Board of Directors, improving the governing of the management team, enhancing information disclosure transparency, and fulfilling corporate social responsibility, the company has been ranked among the top 6% to 20% in the Taiwan Stock Exchange's “Corporate Governance Evaluation” for 3 consecutive years from 2016 to 2018. In 2019-2021, the company's corporate governance evaluation ranking was 21%-35%. In 2022, the ranking was 36%-50%, and in 2023, the ranking rose back to 21%-35%. The company will continue to strive to promote the achievements of its corporate governance.

Company Policy

- ★ Corporate By laws
- ★ Code of Practice for Sustainable Development
- ★ Corporate Governance Code of Practice
- ★ Integrity Management Code
- ★ Integrity Management Standard Operating Protocol and Code of Conduct
- ★ Ethics Code of Conduct
- ★ Code for Shareholder's Meeting
- ★ Board Meeting Regulations
- ★ Board Performance Evaluation Guidelines
- ★ Independent Directors: Responsibility
- ★ Audit Committee Organization Regulations
- ★ Compensation Committee Organization Regulations
- ★ Inside Trade Prevention Operating Procedure
- ★ Workplace Integrity and Anti-corruption Disciplinary Management Measures

■ 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, appointment, dismissal or remuneration of certified accountants, 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/en-us/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 30, 2023, to May 29, 2026.

Chairman / YOUNG LIU

Hongyang Venture Capital Investment Co., Ltd.
Corporate Representative

Main Educational and Professional Background :

- ★ 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)
- ★ Foxtron Vehicle Technologies Co., Ltd. (Chairman)
- ★ MIHEV Consortium (Director)



Director / KEVIN CHIU

Main Educational and Professional Background :

- ★ University of Nevada, Las Vegas (Electrical Engineering)
- ★ Foxsemicon Integrated Technology Inc. (President/CEO)
- ★ Foxsemicon Integrated Technology (Shanghai) Inc. (Chairman/President)
- ★ Fox Automation Technology Inc. (Director)
- ★ Mindtech Corp.(Samoa) (Director)
- ★ Success Praise Corporation(Director)
- ★ Foxsemicon Integrated Technology Inc. (Samoa) (Director)
- ★ Foxsemicon Innovations Holding Inc. (Director)
- ★ ZAP Surgical Systems, Inc. (Director)

Director / HUANG, JUNG-CHING

Main Educational and Professional Background :

- ★ Universität Hamburg (Medical PhD)
- ★ Ministry of Education (Designated Professor)
- ★ St. Joseph Hospital (Visiting Doctor)
- ★ Medical Foundation in Memory of Dr. Deh-Lin Cheng (Director)
- ★ Kaohsiung Veterans General Hospital (Former Superintendent)
- ★ ASE Charity (Director)

Independent Director / FRANK LEE

Main Educational and Professional Background :

- ★ University of Cincinnati, Ohio, M.S & Ph.D Materials Science
- ★ PDMC Technology (Chairman & CEO)
- ★ Photronics INC. (CEO)
- ★ Photronics Singapore PTE. LTD. (Director)
- ★ Photronics Mask Corporation Hefei (Director)

Independent Director / CHEN, HSI-CHIH

Main Educational and Professional Background :

- ★ Chinese Culture University (Master of Accounting)
- ★ Deloitte & Touche (The Auditor of Audit Department)
- ★ Taipei Exchange, TPEX (The Specialist of Listing Examination Department)
- ★ YCCPA (Certified Public Accountant)
- ★ KZCPA (Certified Public Accountant)
- ★ TAXCPA (Certified Public Accountant)
- ★ Zhi-Ding CPA Firm (Certified Public Accountant)
- ★ DA HUI limited (Director)

Independent Director / WU, SHU HUI

Main Educational and Professional Background :

- ★ National Taiwan University (Master of EMBA Accounting Group)
- ★ AXIS CORPORATION (Director)
- ★ TA CHENG CPAs & Co. (Partner)
- ★ Semisils Applied Materials Corp., Ltd. (Supervisor)
- ★ Bike e+ Co., LTD. (Supervisor)

Independent Director / HUANG, YA-HUI

Main Educational and Professional Background :

- ★ National Taiwan University (Master of EMBA Finance Group)
- ★ Taiwan High Court (Judge)
- ★ Ambassador Hotel (Independent Director)
- ★ Advagene Biopharma Co., Ltd.(Independent Director)
- ★ Hsinjing Holding Co., Ltd. (Director)
- ★ Huang, Lin & Partners (Person In Charge)

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.

Chairman / YOUNG LIU

Course -- December 12, 2023 -- Hours : 3 Hours

Discussing Taiwanese Business Operations and Merger & Acquisition Strategies in the Global Political and Economic Landscape
(Corporate Operation Association)

Director / KEVIN CHIU

Course -- October 31, 2023 -- Hours : 3 Hours

Analyzing the International Mindset and Directors' Responsibilities in Ownership Control and Shareholder Activism Voting Practices
(Taiwan Corporate Governance Association)

Course -- December 19, 2023 -- Hours : 3 Hours

Exploring Post-Merger Integration Issues and Establishing Management Intelligence (Securities & Futures Institute)

Director / HUANG, JUNG-CHING

Course -- October 18, 2023 -- Hours : 3 Hours

Sustainable Talent Challenges in the Post-Pandemic Era
(Securities & Futures Institute)

Course -- October 26, 2023 -- Hours : 3 Hours

Shareholder Meeting, Ownership Control, and Shareholder Strategies
(Securities & Futures Institute)

Independent Director / CHEN, HSI-CHIH

Course -- March 23, 2023 -- Hours : 3 Hours

Trends and Challenges in Information Security Governance
(Taiwan Corporate Governance Association)

Course -- May 9, 2023 -- Hours : 3 Hours

Tax Considerations and Responses for Group Operations and Value Chain Allocation, including Key Points for Taiwan's CFC Reporting
(Taiwan Corporate Governance Association)

Course -- April 20, 2023 -- Hours : 3 Hours

Corporate Governance and Securities Regulations - Awareness of Regulatory Oversight for Executives of Listed Companies
(Corporate Operation Association)

Independent Director / FRANK LEE

Course -- November 22, 2023 -- Hours : 3 Hours

Legal Regulations and Risk Responsibilities that Directors, Supervisors, and Insiders Cannot Ignore Under Corporate Governance
(Corporate Operation and Sustainable Development Association)

Course -- November 29, 2023 -- Hours : 3 Hours

Briefing Session on 2023 Legal Compliance of Insider Equity Transactions (Securities & Futures Institute)

Independent Director / WU, SHU HUI

Course -- November 24, 2023 -- Hours : 3 Hours

Challenges and Responsibilities of the Board of Directors under Corporate Governance Evaluation Indicators and Sustainability Action Plans (Securities & Futures Institute)

Course -- December 12, 2023 -- Hours : 3 Hours

Concepts, Practices, and Tools for Group Tax Governance
(Securities & Futures Institute)

Independent Director / HUANG, YA-HUI

Course -- December 8, 2023 -- Hours : 3 Hours

Briefing Session on 2023 Legal Compliance of Insider Equity Transactions (Securities & Futures Institute)

Course -- December 12, 2023 -- Hours : 3 Hours

Discussing Taiwanese Business Operations and Merger & Acquisition Strategies in the Global Political and Economic Landscape
(Securities & Futures Institute)

■ 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 company's Board of Directors consists of 7 directors, including 3 directors and 4 independent directors. Members have rich experience and expertise in finance, business, management, medical, legal and other fields.

In addition, the company also emphasizes gender equality among its directors, with the percentage of female directors currently being over 28%. Out of the 7 current directors, 2 are female, accounting for 28.57% of the board, demonstrating the company's implementation of board diversity (Please refer to P.32 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 fourth term.

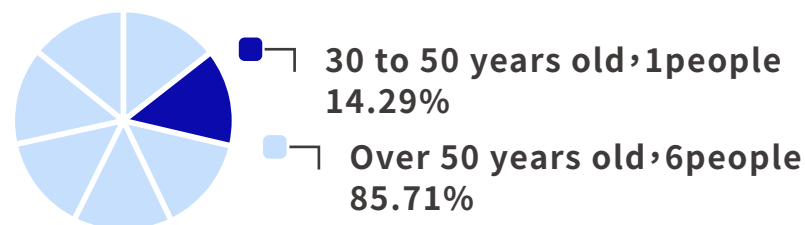
The current Audit Committee was approved by the shareholders' meeting on May 30, 2023, and is composed of all 4 independent directors: Mr. Frank Lee, Mr. Chen Hsi-Chih, Ms. Wu Shu Hui, And Ms. Huang Ya-Hui. The term of office is from May 30, 2023 to May 29, 2026.

■ Board Performance Evaluation (GRI 2-18)

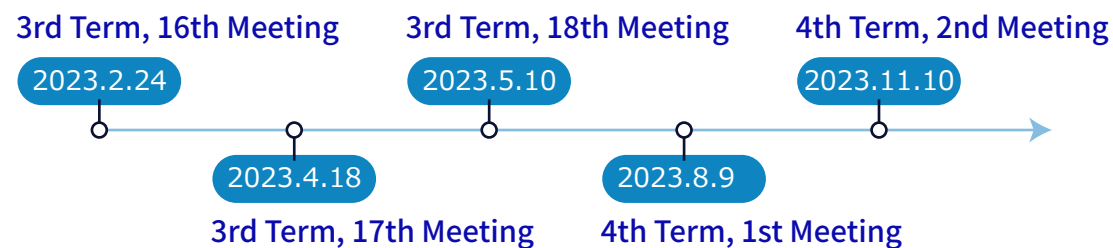
FITI Group passed the Board Performance Evaluation Measures on November 11, 2016, and revised the Board Performance Evaluation Measures and its evaluation method in the Board of Directors meeting on February 25, 2022. The evaluation results for that year showed that all directors were rated as outstanding. On February 29, 2024, the Board of Directors reported the results of the 2023 Board Performance Evaluation and disclosed the evaluation results on the company's website.

A total of 8 board meetings were held in 2023, with an actual attendance rate of 96.43% (54/56). For important decision dates and contents, please refer to pages 46-47 of the annual report.

■ Directors' Age ■



In 2023, the Audit Committee convened 5 meetings, with an actual attendance rate of 85% (17/20)。



■ Important Resolutions and Key Agenda Items with Follow-up Actions of the Audit Committee ■

○ 2023.2.24 The 16th Meeting of the 3rd Audit Committee

- 1.Internal audit report
- 2.The company's 2022 business report, individual financial statements, consolidated financial statements, and profit distribution proposal
- 3.Evaluation of the effectiveness of the company's 2022 internal control system and the declaration of internal control
- 4.Certified public accountant appointment, remuneration, and independence assessment
- 5.Revision of the company's "Procedures For Lending Funds To Others"
- 6.Revision of the company's "Standard Operating Procedures For Handling Directors' Requests"
- 7.Pre-approval of CPA firm and related enterprises providing non-assurance services to the company and its subsidiaries
- 8.The company's 2022 employee stock options, non-manager stock option list, and subscription quantity

○ The 17th Meeting of the 3rd Audit Committee

- 1.Release of the restriction on competitive business prohibition for the newly appointed directors and their representatives

○ The 18th Meeting of the 3rd Audit Committee

- 1.Internal audit report
- 2.The company's 2023 Q1 consolidated financial statements
- 3.Provision of endorsement and guarantee by the company for its 100% indirectly owned US subsidiary, Foxsemicon Technology LLC
- 4.Proposed revision of the "Procedures For Engaging In Derivative Transactions Of Subsidiaries"

○ The 1st Meeting of the 4th Audit Committee

- 1.Internal audit report
- 2.Certified public accountant appointment and independence assessment
- 3.The company's 2023 Q2 consolidated financial statements
- 4.Revision of the company's "Accounts Receivable Impairment Assessment Policy"
- 5.Revision of the company's "Procedures For Preventing Insider Trading"

○ The 2nd Meeting of the 4th Audit Committee

- 1.Internal audit report
- 2.The company's 2023 Q3 consolidated financial statements
- 3.2024 audit plan
- 4.The company's proposed investment in its Thailand subsidiary
- 5.Capital expenditure budget of the company's 100% owned Thai subsidiary, UniEQ Integrated Technology Co., Ltd.
- 6.Disposal of the company's 100% owned subsidiary, FOXSEMICON Intergrated Technology (Shanghai) Co., Ltd.'s investment in Jinan Fujie Equity Investment Fund Management Co., Ltd (limited partnership)

■ 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 fifth 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 May 30, 2023, to May 29, 2026.

In 2023, the committee held a total of 2 meetings, with a 100% actual attendance rate.

Please refer to page 35 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 19 of the annual report (GRI 2-21).

■ Anti-Competitive Practices (GRI 206-1)

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 2023, FITI did not engage in any violations of fair trade or sales-related regulations.

■ The dates, significant resolution and subsequent solution of Remuneration Committee ■

Fourth Term, 10th Meeting

2023.2.24

Fifth Term, 1st Meeting

2023.8.9

○ 2023.2.24 Fourth Term, 10th Meeting

1. Deliberation on the allocation of employee and director remuneration for the year 2022.
2. Deliberation on the allocation of executive remuneration for the year 2022.
3. Deliberation on the establishment of performance targets and bonus calculation methods for executives for the year 2023.
4. Deliberation on the list of executives eligible for the Employee Stock Option Certificates for the year 2023 and their respective subscription quantities.

Resolution : All the committee members unanimously approved.

Company's Feedback to the Remuneration Committee : All attending directors unanimously approved.

○ 2023.8.9 Fifth Term, 1st Meeting

1. Reviewing the salary adjustments for executives of the company for the year 2023.

Resolution : All the committee members unanimously approved.

Company's Feedback to the Remuneration Committee : All attending directors unanimously approved.

Financial Performances (GRI 201-1 · GRI 201-4)

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, investor relations, and stock affairs agent to ensure that investors and shareholders can obtain and understand the company's external operational information in a timely manner, strengthening the two-way smooth communication channel between investors and the company.

Med- & Long-term Development Direction

The company continues to pursue advanced technology and excellent quality, with a constant stream of technological innovation and execution, combined with green technology, striving for the sustainable development of human life welfare and health. The company is also committed to building a comprehensive R&D and manufacturing service platform, and at the same time responding to market dynamics, becoming the best strategic partner and business development community for global advanced semiconductors, medical and new energy equipment.

2023 Performance (See the table below for details on the outcomes)

Achieving gross profit margin of 26%, operating net profit margin of 15%, and the earnings per share (EPS) of NT\$20.48.

Key Initiatives for 2024

FITI will continue to optimize the R&D, manufacturing, and provision of critical components for high-end equipment to meet the ever-changing external market. With the vertical integration capabilities of production technology and digital management, the company has streamlined internal processes and enhanced overall efficiency, striving to create steadily improving business performance to reward all stakeholders.

Implementation Results of the Operational Plan.

Consolidated Operating Revenue	Operating profit	Net profit	Operating profit margin	Net profit margin	Basic earnings per share
NT\$ 13.05 billion	NT\$ 2.03 billion	15%	NT\$ 1.99 billion	15%	NT\$ 20.48

單位:仟元

Item	Year 2021	Year 2022	Year 2023	Item	Year 2021	Year 2022	Year 2023
Revenue	12,246,437	14,843,221	13,051,357	Research and Development Expense	436,634	547,100	508,787
Cost of Revenue	9,153,770	10,399,687	9,636,790	Total Assets - End of the Year	14,179,634	19,690,192	19,369,723
Gross Income	3,092,667	4,443,534	3,414,567	Share Capital- End of the Year	879,064	970,509	974,393
Operating Income	1,988,339	2,951,060	2,030,033	Payments to providers of capital	613,013	840,021	1,339,609
Income Tax Expense(Benefit)	396,092	546,339	521,961	Payments to government by country	398,302	552,777	538,007
Net Income	1,518,523	2,344,363	1,990,468	Community investments	480	1,261	881
Basic EPS	17.01	24.64	20.48	Financial subsidies from government	32,788	16,964	41,036
Basic Expenditure	737,956	970,509	618,418				
Employee Welfare Expenses (Including employee salaries)	2,090,050	2,724,668	2,625,137				

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

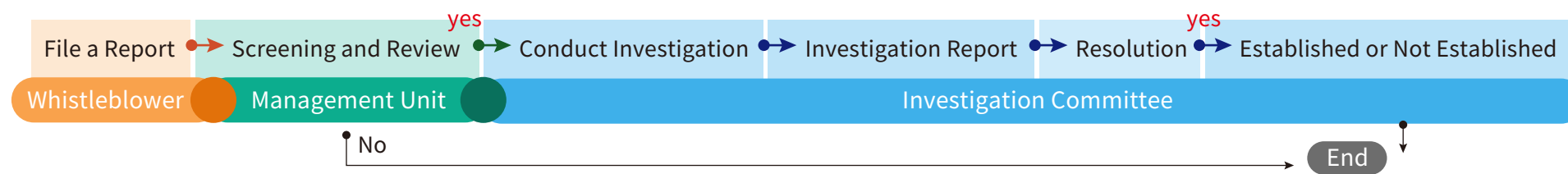
To implement a high-quality corporate culture and uphold the corporate image and business ethics, our company has formulated the "Ethics Code of Conduct", "Integrity Management Code"(GRI 2-23), "Integrity Management Standard Operating Protocol and Code of Conduct", and the "Workplace Integrity and Anti-corruption 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.

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 (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. In 2023, there were no reported cases of whistleblowing. The company will continue to monitor and promote anti-corruption measures. 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 detailed reporting and investigation process is as follows. The reported information is assessed and then forwarded to the responsible unit for response and handling (GRI 2-26); the company ensures the protection and confidentiality of the whistleblower and complainant's identity; the company also protects the complainant, those assisting with evidence, and those involved in the investigation from discrimination, threats, or other adverse treatment; the complainant will not have their personal work obligations affected due to the complaint, and they do not need to worry about retaliation.

■ FITI' s Anti-Corruption Whistleblowing Investigation Process ■



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, Healthcare 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.

■ 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 ✉

The penalty amounts of the FITI Group in 2022 and 2023 are as follows. The main reason is that the group has violated labor-related regulations and been fined by the competent authority, but there is no single fine that reaches materiality.

★ Year 2022: Penalty Amount 150 (NTD'000)

★ Year 2023: Penalty Amount 157 (NTD'000)

In 2024, the group will strive to implement legal compliance and achieve 0 violations.

Correction: Due to an omission in the compilation of the 2022 ESG report, the penalty record for 2022 was not disclosed in that year's report.

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.

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.

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/en-us/ir_cg_audit.aspx

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 2023. 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. The company's financial information, information required to be publicly announced by the competent authority, and video/audio recordings of investor conferences are all made available on the company's investor relations section of the website and Market Observation Post System. This provides investors with timely, accurate, and transparent information about the company's operations and financial data.

Customer Privacy and Information Security (GRI 418-1)

FITI Group has established the "Confidential Information and Intellectual Property (CI-IP) Management Measures" and the "Customer Property Management Operating Regulations" 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 and Customer Property Management Operating Regulations – Protecting customers' tangible and intangible assets.
- New Intelligent Resource Management System – Unified management of customer drawings and documents.
- Access Control Management Procedures – Strengthen the management of personnel, vehicles, and materials in the factory area, in order to maintain the security of company assets, the production order, and a good working environment for employees.
- Information System Management Procedures – Regulating the management of various computer software and hardware.

On January 16 and May 21, 2024, FITI experienced cybersecurity incidents (GRI 2-16). At the time of the incidents, the IT department immediately activated relevant defense mechanisms and recovery operations, while collaborating with external cybersecurity experts to handle the situations. After the incidents, the company also communicated with the affected parties and has closed the cases according to internal procedures, confirming that no customer personal information was leaked.

Please click the link to the Market Observation Post System(twse.com.tw), enter the company's stock code 3413 in the "Company Code" field, and input the desired year and month to view the available information.

■ Management Strategies and Measures ■

Drawing and File Data Security Policy

All files are encrypted for protection.

Email Security Policy

Scanning for viruses in outbound and inbound emails, and automatic backup of email communications.

Host Security Policy

Regular file backups.

Internet Security Policy

Firewalls are set up to block and restrict access to suspicious websites.

Client Security Policy

Automatic updates and patching of software, and restrictions on unauthorized software installations.

Sustainable Environment

★ Material Issues and Management Method



Energy Resource Management (GRI 302)

Goal

Short Term (2024): Achieve >1% annual electricity savings rate annually.

Medium Term (2026): Achieve >1.5% annual electricity savings rate annually.

Long Term (2030): Achieve >2% annual electricity savings rate annually.

Management Method

Continuing to utilize the intelligent monitoring system within the factory premises, analyzing the distribution of water and electricity usage, and implementing controls for large-scale electricity consumption to avoid unnecessary waste.

Concurrently, the company will also evaluate ways to improve the efficiency of its factory facilities in order to reduce energy consumption.

Performance in 2023

The average annual electricity savings rate from 2015 to 2023 was 1.74%.



Water Resource Management (GRI 303)

Short Term (2024):

- No abnormal discharge of wastewater.
- Reduce 10% water usage (based on the amount used in 2023).

Medium Term (2026): Reduce 15% water usage (based on the amount used in 2023).

Long Term (2030): Reduce 20% water usage (based on the amount used in 202).

Management Method

1. Effectively treating generated process wastewater and domestic sewage to achieve environmental improvement and pollution reduction.
2. The factory actively promoted water conservation and waste reduction measures, and regularly discussed water conservation and waste reduction goals in ISO 14001 management review meetings to achieve continuous improvement objectives.

Performance in 2023

The factory's recycling rate reached above 85%, meeting the industrial park's requirement in 2023.



Greenhouse Gas Management (GRI 305)

Goal

Short Term (2024):

- By 2025, complete ISO14064-1 third-party verification for the Songjiang and Kunshan factories.
- By 2025, complete ISO14064-1 self-verification for the UC factories.
- Move towards net-zero emissions with an annual reduction of 4.2%.

Medium Term (2026):

- Analyze and develop greenhouse gas reduction plans for each factory based on their audit inventories.
- Complete ISO14064-1 third-party verification for the UC factory by 2026.

Long Term (2030):

- Complete ISO14064-1 third-party verification for all factories by 2030.

Management Method

Through the ISO 14001 environmental management system, the company will continue to implement greenhouse gas management and plan reduction measures. In alignment with the national greenhouse gas reduction policy, the company has set a long-term reduction target of net-zero emissions by 2050.

Performance in 2023

Since 2017, the FITI Group's Taiwan factory has been voluntarily conducting annual greenhouse gas inventory and verification in accordance with ISO 14064-1. Personnel at the Songjiang, Kunshan, and UC factory areas have also obtained GHG internal verification qualifications.



Waste Management (GRI 306)

Short Term (2024):

- No violations of waste regulations.
- Reduce general waste (domestic + production line) by 1% (based on the amount produced in 2023).

Medium Term (2026):

- Achieve 100% audit rate of waste removal and processing contractors.
- Reduce general waste (domestic + production line) by 2% (based on the amount produced in 2023).

Long Term (2030): Reduce general waste (domestic + production line) by 4% (based on the amount produced in 2023).

Management Method

By implementing the ISO 14001 environmental management system, we engaged in waste reduction and resource recycling management to ensure the environment sustainability.

Performance in 2023

The total amount of waste generated in 2023 was approximately 2,777.52 metric tons:

1. General business waste: 576.52 tons
→Incineration (including energy recycled):102.80 tons
+Other (chemical treatment): 473.72 tons
2. Hazardous business waste: 2,201 tons
→Incineration (including energy recycled): 490.76 tons
+Other (physical & chemical 、solidification): 375.75 tons
+Other recycling: 1,334.49 tons

Climate-Related Financial Disclosures (GRI 201-2)

The impacts of climate change on the Earth and human life are becoming more and more evident, and have become a global concern. As one of the leading enterprises in our country, FITI Group deeply feels the mission of promoting sustainable development. To this end, we launched the TCFD project at the end of 2023, aiming to identify, analyze and evaluate the climate risks and opportunities that FITI Group faced, in order to gradually achieve the goal of low-carbon transformation and emissions reduction by 2050. We will continue to review and evaluate climate risk and opportunity projects, and disclose this report based on the "Climate-related Financial Disclosures Recommendations" (TCFD Recommendations) as a tool to review the TCFD implementation results, so as to understand the impact of climate change in a timely manner and explore future business opportunities. This report covers the main manufacturing plants of FITI Group such as Chunan, Chunan 2A, Songjiang, and Kunshan, with a time frame from January 1, 2023 to December 31, 2023.

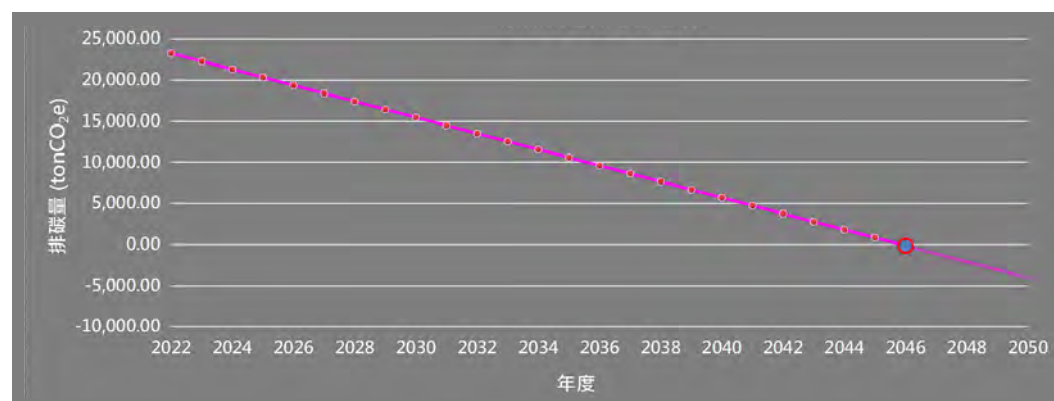
■ Net Zero Pathway Planning

FITI Group has long been concerned about the developments and trends of international climate action. Since the requirements for low-carbon transition have become a focus of customers and government organizations, with the assistance of internal cross-organizational and external consultants, we have identified the climate-related risks and opportunities, and planned relevant implementation measures. Combining the existing ISO14001 environmental management system framework, the FITI Group has established a climate-related management plan, and integrated it into various businesses, ensuring that climate-related risks and opportunities are properly addressed and managed in each operational activity.

In terms of the net zero pathway planning, we conducted an assessment based on 2022 data (the boundary includes the scope 1 and scope 2 greenhouse gas emissions of FITI Group's main manufacturing plants such as Chunan, Songjiang, Kunshan, etc.), and set a target of gradually reducing greenhouse gas emissions by 4.2% annually.

Furthermore, we also have a longer-term goal of achieving net zero emissions between 2045 and 2050. This means that we will strive to reduce all greenhouse gas emissions, and through various means such as improving energy efficiency, implement of renewable energy, and the future development of carbon capture and storage technology, we will reduce emissions to an extremely low level, and offset or remove of the remaining emissions to achieve the goal of net zero emissions.

■ The FITI Group's Net Zero Pathway



The FITI Group formulates corresponding strategies and action plans for these goals, and continuously monitor and evaluate our progress. We will also collaborate with the supply chain to promote green transformation and carbon reduction measures, while cooperating with relevant stakeholders to jointly drive climate action and achieve sustainable development goals.

We believe that through our efforts and global cooperation, we can achieve the goal of 33% reduction in greenhouse gas emissions by 2030, and reach net zero emissions between 2045 and 2050. The FITI Group will continue to play a leading role in the field of climate change, making positive contributions to creating a more sustainable future.

Analysis of the FITI Group's greenhouse gas emissions distribution in 2022 for Scope 1 and Scope 2 (purchased electricity) shows that the ratio of Scope 1 to Scope 2 is 10% and 59% respectively.

Considering technological development and its popularization process, the priority emission reduction plan is focused on Scope 2 (purchased electricity) reduction. After internal discussions within the Group, the emission reduction logic is defined as:

Step 1 - Low-carbon management measures→

Step 2 - Equipment retrofits to improve efficiency and reduce emissions→

Step 3 - Equipment upgrades→

Step 4 - Use of decarbonized energy sources→

Step 5 - Carbon offset as necessary (using avoidance-type carbon credits first, then removal-type carbon credits).

■ Net Zero Strategy and Current Status ■

<p>★ Scope 1 Direct Emissions</p> <p>Quantified Results 3,435.3633 tonnes CO₂e (10.3%)</p>	<p>Net Zero Strategy</p> <p>Improve efficiency of combustion equipment, replace refrigerants with environmentally friendly alternatives, use green vehicles for company fleet, use carbon credits if necessary</p>
<p>★ Scope 2 Indirect Energy Emissions</p> <p>Quantified Results 19,806.4869 tonnes CO₂e (59.1%)</p>	<p>Net Zero Strategy</p> <p>Air compressor upgrades, chiller unit upgrades, improving efficiency or replacing old production equipment, and purchasing renewable electricity.</p>
<p>★ Scope 3 Indirect Value Chain Emissions</p> <p>Quantified Results 10,263.2854 tonnes CO₂e (30.6%)</p>	<p>Net Zero Strategy</p> <p>The verification and disclosure of Scope 3 carbon emissions for manufacturing sites in Songjiang, Kunshan, UC, etc. will be completed in phases from 2025 to 2026. After conducting materiality analysis, we plan to formulate an in-depth emission reduction plan along the value chain.</p>

★ Total Emissions in 2022: 33,505.136 tonnes CO₂e

(Only emissions from Taiwan (Chunan Plant) and the U.S. office sites have undergone third-party verification)

■ FITI Climate Sustainable Governance

The Board of Directors is the highest governing body of the FITI Group, responsible for overseeing and guiding the company's sustainable development work. To effectively manage the risks and opportunities related to climate change, the company established a Sustainability Committee in 2023, with the Chief Financial Officer serving as the committee chairperson.

The Sustainability Committee has set up subgroups such as Green Manufacturing, Environmental Sustainability, Materials and Supply Chain, Human Resources and Social Care, Corporate Governance, Customer Relationship Management, Information Technology and Security Management, and Corporate Risk Control, responsible for formulating and implementing climate change mitigation and adaptation strategies. The committee reports the progress of climate change risk and opportunity management, mitigation, and adaptation strategies through the annual ISO management system review meeting.

Currently, the Group has, in accordance with the requirements of the Financial Supervisory Commission, reported the status of the greenhouse gas inventory system establishment at each of its factories to the Board of Directors on a quarterly basis, and plans to complete the greenhouse gas inventory and verification work for all its operating sites by 2026. The FITI Group will continue to revise and optimize its climate change strategy based on the guidance of the Board of Directors, and regularly report the progress of implementation to the Board to ensure the realization of sustainable development goals.

■ Climate Risk and Opportunity Assessment and Management

Climate-related Risk and Opportunity Identification Process

The assessment and management of climate-related risks and opportunities in 2023 was established with the guidance of external experts. Going forward, it is expected that the Group's Sustainability Committee will carry out this process annually through the following steps: information gathering, identification of climate-related risks and opportunities, determination of material climate-related risks and opportunities, and formulation of corresponding response strategies to ensure that the identified material climate-related risks and opportunities are properly addressed.

The identification of climate-related risks and opportunities includes: physical risks (acute, chronic); transition risks (policy and legal, technology market, reputation); and climate-related opportunities (resource efficiency, energy source, products and services, markets, and resilience).

The climate risk and opportunity assessment process is shown in the figure above. In the future, the process is led by the Sustainability Committee. Annually, based on changes in internal and external issues related to the Group and the needs and expectations of stakeholders, the committee will establish a climate risk and opportunity questionnaire and finalize it after discussions with internal and external experts. For the assessment implementation, relevant business leaders from across the Group companies will be invited to participate in the climate risk and opportunity identification. After the assessment, based on the questionnaire results, the Sustainability Committee will invite the relevant business leaders from the Group companies and internal and external experts to discuss the assessment results and determine the material climate-related risks and opportunities for the Group.

■ FITI's Climate Risk and Opportunity Assessment Process

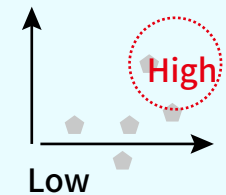
Identify the main climate risks and their impact, potential vulnerability, and likelihood of occurrence.

Establish a risk questionnaire → Risk identification → Risk assessment → Risk results

In this process, risk estimation will use quantitative methods to compare against known risk criteria and calculate the risk value, in order to determine the significance of the risks.

Combine the quantified risks of the severity of impact on the organization and the probability of incident occurrence to calculate the risk value for each risk variable.

Risk value = Level * Impact Intensity

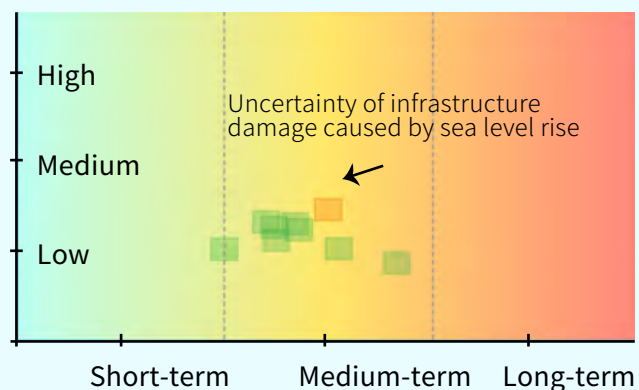


The Results of the Identification of Climate Risks and Opportunities

The climate risk and opportunity identification of our Group in 2023 was guided by external experts, through methods such as group discussions and questionnaire surveys. The planned time series are: short-term (0-5 years), medium-term (5-10 years), and long-term (10-30 years). The identified climate-related risks and opportunities are described as follows.

2023 FITI Group Transition Risk Matrix ►

High-level transition risks include 1 item - "Increased investment required for major energy efficiency improvements". Other moderate transition risks include "Customer demands for low-carbon products or net-zero transition", "Higher prices of low-carbon raw materials or materials", and 10 other moderate transition risks.

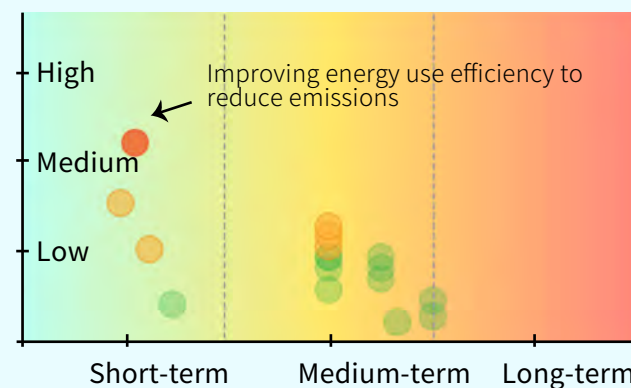
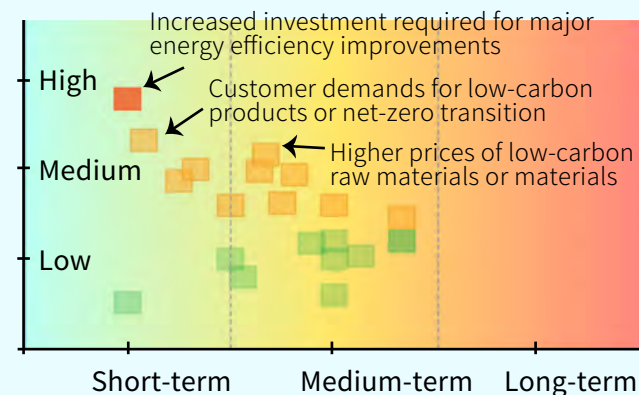


◀ 2023 FITI Group Physical Risk Matrix

Regarding physical risks, after identification and group discussion, since the factory locations and related infrastructure of the Group have relatively low short-term impact from sea level rise due to their relatively low elevation, and the manufacturing process also requires less water, currently there are no significant physical risks. There is only 1 medium-level physical risk, which is the "uncertainty of infrastructure damage due to sea level rise flooding" in the medium term, and 8 generally low-level physical risks in the medium term, such as "increased severity of typhoons, floods and other extreme weather events".

2023 Climate-related Opportunity Matrix ►

The identified opportunities related to the low-carbon economy are primarily "improving energy use efficiency to reduce emissions" and "participating in renewable energy projects and adopting energy-efficient measures", which are relatively significant opportunities.



■ Climate-related Risks and Opportunities - ■ Potential Financial Impacts and Countermeasures

Content and Potential Financial Impacts	Financial Impact (Annual)	Countermeasures
Significant Transition Risks : Increased investment required for major energy efficiency improvements	Less than 1%	Establish net-zero target and roadmap, plan related initiatives and investment to evaluate financial impacts, and collect information on relevant government subsidy programs.
Physical Risks : Uncertainty of infrastructure damage caused by sea level rise	Less than 1%	Continuously collaborate with external parties to monitor the development trend of assessment models, and clarify physical risks and select future plant locations by using existing assessment models.
Low-Carbon Economy Opportunity : Improving energy use efficiency to reduce emissions	Less than 1%	Identify major energy-consuming facilities in the plants and plan to prioritize improvements or upgrades to reduce carbon emissions and achieve long-term return on investment.

※Financial impact is based on FITI Group's total annual revenue in 2023 as the baseline.
 ※Transition risk is assessed based on the annual cost required to implement related net-zero initiatives and purchase green electricity to achieve the net-zero target by 2046.
 ※The impact of sea level rise is estimated to cause facility damages, and the calculation is based on FITI Group's total annual revenue in 2023 as the baseline.

Climate Scenario Analysis

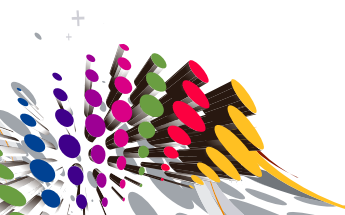
The impacts of climate change include physical risks, transition risks, and opportunities, all of which will directly or indirectly affect the operations of our group's various businesses. Depending on the nature of the business, the geographical region, and the supply chain and customer service requirements, the sensitivity to climate change risks will vary accordingly. If we do not pre-evaluate and respond, it will lead to increased operating costs, reduced revenue, and even loss of market competitiveness.

To grasp the degree of financial gain and loss impact and strengthen the planning of response strategies, our group quantifies climate change risks based on the TCFD framework, establishes a systematic TCFD climate risk management system, conducts quantitative scenario analysis, and makes rolling revisions based on the identification results to strengthen the climate resilience of our group.

Source and Scenario Description

Our group conducts climate scenario analysis for various operating sites from different perspectives:

For physical risks, we refer to the global climate scenario model data from the IPCC (Intergovernmental Panel on Climate Change) 5th Assessment Report (AR5). There are four scenarios, namely RCP2.6, RCP4.5, RCP6.0, and RCP8.5. RCP (Representative Concentration Pathways) are hypothetical scenarios that describe the future state of greenhouse gas (GHG) concentrations. The numbers 2.6, 4.5, 6.0, and 8.5 represent the radiative forcing in W/m², which is the energy passing through a unit area.



The four scenarios and their respective meanings are as follows:

RCP2.6

A relatively low greenhouse gas increase scenario, where the atmospheric radiative forcing reaches a maximum of about 3 W/m² in the mid-21st century, equivalent to an atmospheric CO₂ concentration of around 490 ppm, and then slowly decreases by the end of the 21st century.

RCP4.5

The atmospheric radiative forcing stabilizes at around 4.5 W/m² by the end of the 21st century, equivalent to an atmospheric CO₂ concentration of 650 ppm, which also represents the world's efforts to achieve greenhouse gas reduction targets.

RCP6.0

Similar to RCP4.5, but with an atmospheric radiative forcing of 6 W/m², equivalent to an atmospheric CO₂ concentration of 850 ppm, indicating that the world's efforts to actively reduce greenhouse gas emissions are not sufficient.

RCP8.5

The atmospheric radiative forcing continues to increase to greater than 8.5 W/m², equivalent to an atmospheric CO₂ concentration exceeding 1,370 ppm, implying that the world has taken no action to reduce emissions.

In addition, we also use disaster risk data released by the National Science and Technology Center for Disaster Reduction (NCDR) and model data from a collaboration with Utah State University to establish a risk assessment framework for different geographical regions (Taiwan, Shanghai). These data are statistically downscaled to improve the resolution and better reflect the geographical characteristics.

The statistical downscaling is based on historical observed grid data, combined with historical simulation data from the same period, to establish statistical relationships. These long-term and relatively stable statistical relationships are used as a reference for statistical downscaling of other model data in the future, using the statistical characteristics of the model simulation data and the observed data to correct the estimation data from other models. However, the resolution of the statistical downscaling method is limited by the time and spatial resolution of the available observation data, and it is also more difficult to obtain data for weather parameters other than temperature and precipitation, all of which affect the resolution limit of the statistical downscaling method.

★ Source institution of transition risks:

NGFS
IEA
SBTi
Other(ROC scenario,BAU scenario,Customized scenario)

★ Source institution of physical risks:

CSIRO-BoM
CMA, China
BNU, China
NCAR
NSF-DoE-NCAR
CNRM-CERFACS
LASG-IAP
FIO, China
NOAA/GFDL
NASA/GISS
MOHC
INM
IPSL
U. Tokyo, NIES and JAMSTEC
MRI
NCC

Physical risk and impact analysis

Climate change poses numerous direct threats to the economy, society, and the environment. These can be divided into the impacts caused by increasing cases in short-term extreme weather, as well as the financial threats brought about by long-term climate change trends. For example, short-term precipitation risks may damage the value of fixed assets and disrupt production lines; long-term temperature increases may lead to increased electricity consumption and rising electricity costs, etc.

In addition to the critical climate risks and opportunities identified through scenario modeling data, the Group has also invited relevant in-house units and internal and external experts to discuss and identify "the impact of flooding on operational sites" as the Group's most vulnerable physical risk item at present. The scope and consequences of this impact include damage to equipment due to flooding at factories, and disruption of services at operational sites due to flooding.

To clarify the degree of physical risk exposure at each of the Group's operational sites, the Group has introduced the analysis results provided by the physical risk model data. For the identified major climate risks, it evaluates their impact on each physical risk item, as well as the impact on the Group's most vulnerable items. The following two highly threatening hazards are evaluated and analyzed: precipitation risk and sea level rise. The risk levels are divided into five levels, as shown in the table on the right.

The current risk assessment scope of this report has been expanded to include overseas production sites (including the Shanghai and Kunshan factories), not limited to the Taiwan (Chunan and Chunan 2A Plant) factories. This demonstrates that the Group has realized the boundless impact of climate change and the awareness of global business risk management, and therefore has started to assess the potential physical risks faced by all factories. At the same time, the Group plans to gradually include its major suppliers in the scope of climate risk assessment in the future. This plan conveys the Group's awareness that climate change not only directly affects our own operations, but may also indirectly affect the Group's operations through supply chain disruptions. To more comprehensively identify and manage climate risks, the Group will collaborate with key suppliers in the future to understand their physical risk status, and work together to develop response plans, highlighting the Group's emphasis on supply chain resilience and its determination to jointly address climate challenges with our partners.

Through the inclusion of overseas factories in the assessment and the plan to include suppliers in the future assessment, FITI Group has demonstrated the forward-looking and systematic nature of the Group's climate risk management, as well as its willingness and actions to continuously expand the risk management boundaries. This has a positive and active significance and value for the Group's foundation of climate resilience and the credibility and communication effectiveness of the climate change issue.

Physical Risk Level and Impact Description

Risk Level	Description
Level 1 (Very low)	Existing or future mild preventive measures can effectively and easily reduce casualties (or property losses)
Level 2 (low)	Existing or future mild preventive measures can effectively reduce casualties (or property losses)
Level 3 (Medium)	Future preventive measures can reduce casualties (or property losses)
Level 4 (High)	More difficult to use preventive measures in the future or require a large amount of resource input to reduce casualties (or property losses)
Level 5 (Very High)	Impossible to use preventive measures in the future or the cost of preventive measures is too high to afford, so it is unable to reduce casualties (or property losses)

● Flood Impact Caused by Precipitation Risk (Scenarios:RCP 2.6 · RCP 8.5)

Precipitation is a common natural phenomenon, however, climate change-induced heavy and devastating rainfall can lead to flood disasters. The IPCC AR6 report also shows that heavy precipitation or heavy rainfall is one of the major impacts of climate change on the Asia region (including Taiwan), and is also a significant issue for the Group in addressing climate change-related risks. In the process of assessing precipitation and other climate risks, the perspectives of hazard, vulnerability, and exposure are considered.

【Hazard】

The probability of occurrence of precipitation intensity exceeding a specific threshold value, where the threshold value used in this report model is a 24-hour cumulative rainfall exceeding 650mm.

【Vulnerability】

The hydrological-related parameters of the environment, such as water infrastructure facilities, soil composition, terrain slope, etc.

【Exposure】

The state of population distribution, where the more concentrated the population distribution, the higher the exposure.

The above three are important factors in constructing the precipitation risk model, which means that precipitation risk is not simply caused by "precipitation" alone, but must also consider more relevant social and human factors, such as the water infrastructure or man-made land conditions in vulnerability; or the exposure that indicates the population density. By combining human and natural factors, the data becomes more reflective of the actual situation.

In use, by inputting the coordinate locations of the Group's various plants into a specific assessment model, the future potential physical precipitation risk level can be obtained. Furthermore, by inputting the company's internal plant and office-related data as of December 2023 and the various identification results into the model, the potential impact of flood risk on the 2023 revenue is estimated to be less than 1%.

The asset calculation method is to use the book value of plant and equipment and maintenance costs of the each plant as of December 31, 2023, and estimate the asset value using the average figure.

Assessment Results :

Quantitative assessment of the impact of heavy rainfall and flooding on factory assets.

Importance :

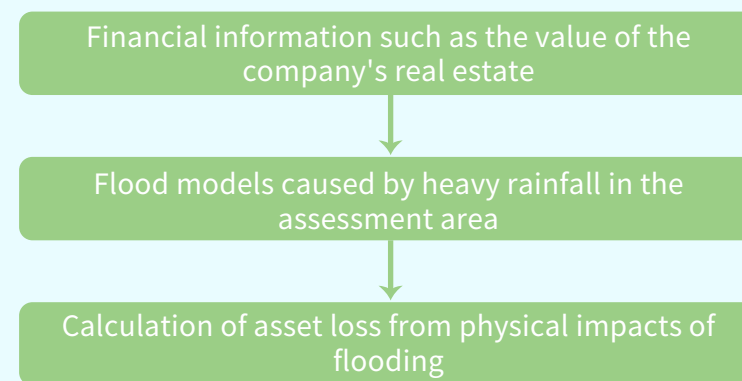
To further assess the impact of flood events on each factory, a physical risk scenario analysis was conducted for all factories in the group, in order to take preemptive measures.

Assessment Scope :

All operating factory sites of the group in 2023.

Physical Risk Assessment Process :

Applying historical flood-related data to calculate the risk statistics of the locations of the group's business sites



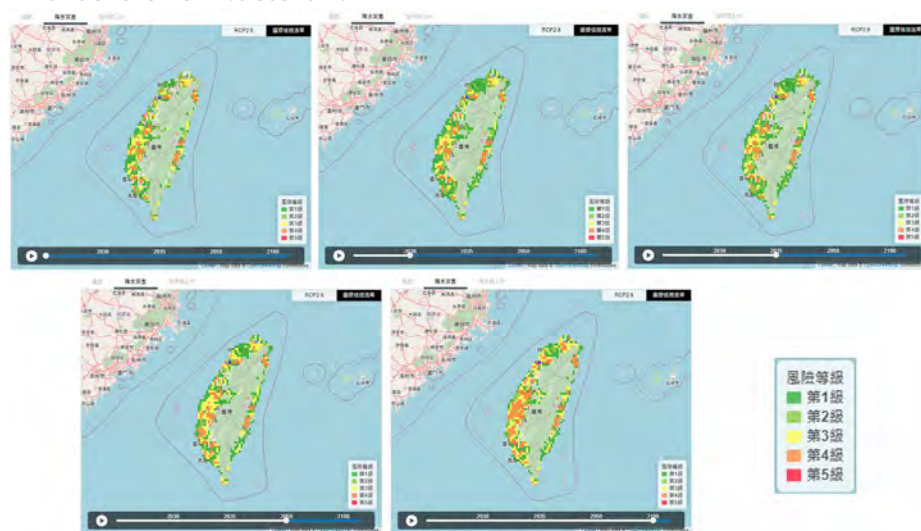
● Physical climate impacts caused by precipitation ((Scenarios: RCP 2.6 · RCP 8.5)

Under the RCP 2.6 scenario, the changes in rainfall risk levels over time for the Chunan and Chunan 2A factory sites are shown in the left figure. Within the time frame of 2024-2100 under the RCP 2.6 model, the impacts on the Chunan and Chunan 2A factory sites are at risk levels 1 to 2 (green to light green areas).

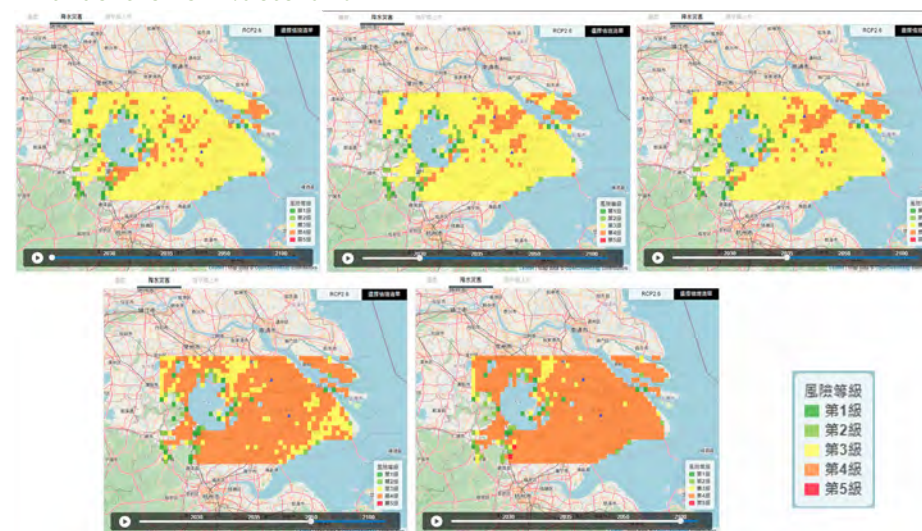
For the Songjiang and Kunshan factory sites, the risk levels are shown in the right figure. The risk levels gradually increase from level 2 to levels 3 and 4 during 2040-2050, which may warrant the introduction of preventive measures for further discussion.

Based on the current assessment, the potential impact losses are less than 1% of the 2023 revenue.

▼ Changes in rainfall risk levels over time for Chunan and Chunan 2A factory sites under the RCP 2.6 scenario



▼ Changes in rainfall risk levels over time for Songjiang and Kunshan factory sites under the RCP 2.6 scenario



● Physical climate impacts caused by sea level rise (Scenarios: RCP 2.6 · RCP 8.5)

Due to global warming, the rise in sea water temperature has led to thermal expansion and the melting of land-based ice in the polar regions, resulting in an upward trend in the average sea level globally and around Taiwan over the past decades. The global average sea level has risen by 0.19 meters over the past century.

This report utilizes the global sea level rise data provided by The Special Priority Program (SPP-1889) Regional Sea Level Change & Society "SeaLevel", which simulates the impact on sea level under the RCP2.6 and RCP8.5 climate models from the IPCC AR5. Additionally, regional sea level height data is also influenced by local mean tidal levels, with factors such as latitude and topography playing a role. The most effective approach is to incorporate historical observation data to rectify the sea level rise projections, in order to obtain results that better align with the current situation.

In addition, by utilizing the 1 arc-second (approximately 30-meter) resolution topographic elevation data provided by the USGS (U.S. Geological Survey), after adjusting the resolution, and combining it with the sea level rise model data that has been rectified using historical tidal level data, we can assess the inundation levels of the land. Once we obtain the sea level rise data for all grid points, we can apply discrete statistical methods to determine the risk levels for each grid point. Currently, the sea level rise is categorized into 5 levels, ranging from minor to severe.

The figures below show the physical impact analysis results of sea level rise on the Chunan and Chunan 2A plant sites under the RCP 2.6 and RCP 8.5 scenarios (timeframe from 2024 to 2100). The simulation results indicate that under different global warming scenarios, the southwestern coastal areas of Taiwan will be impacted. The sea level around Taiwan has been rising at a rate of nearly 3.4 mm per year over the past 20 years, but there are regional differences - for example, urban areas with flood defenses will have a smaller impact, while the low-lying southwestern coastal regions will experience partial inundation of wetlands and land. Regardless of the scenario, the impact on the Chunan and Chunan 2A plant sites of the group is limited.

▼ Sea level rise risk level over time for the Chunan and Chunan 2A plant sites under the RCP 2.6 scenario

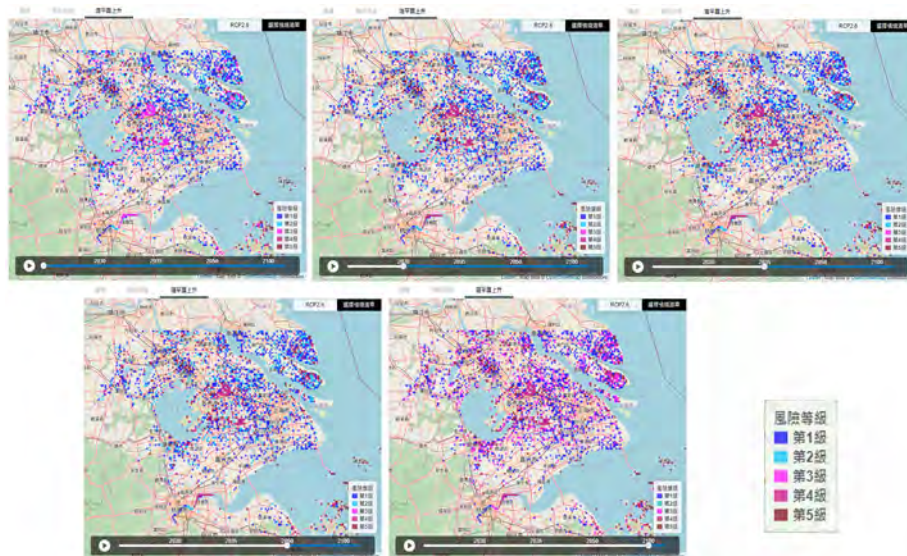


▼ Sea level rise risk level over time for the Chunan and Chunan 2A plant sites under the RCP 8.5 scenario

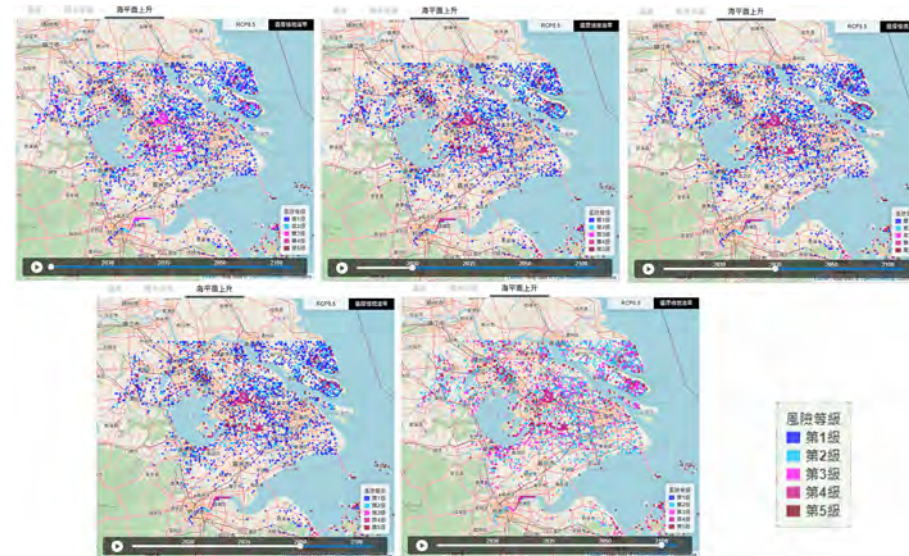


The figures below show the physical impact analysis results of sea level rise on the Songjiang and Kunshan plants under the RCP 2.6 and RCP 8.5 scenarios (timeframe from 2024 to 2100). The simulation results indicate that under the RCP 8.5 scenario, the impact on the Songjiang and Kunshan plant sites will become more significant over time. Although it is still early, the Group will closely monitor the development of climate-related scenarios and formulate corresponding strategies in a timely manner to mitigate the impact.

▼ Sea level rise risk level over time for the Shanghai and Kunshan plant sites under the RCP 2.6 scenario



▼ Sea level rise risk level over time for the Shanghai and Kunshan plant sites under the RCP 8.5 scenario



Transformation Risk Impact and Analysis

Driven by the rising international trend of environmental protection and sustainability, governments around the world are actively regulating and seeking to reduce domestic greenhouse gas emissions through measures such as taxation, subsidies, or regulations. To comply with government regulations and maintain investor confidence, the Group has also conducted transformation risk assessments on its various business operations. While the European Union and the UK have proposed the Carbon Border Adjustment Mechanism (CBAM), after discussion, the relevant tariff codes of the Group's products are not yet within the regulated scope. In addition, Taiwan's Environmental Protection Administration plans to impose a carbon fee on major emitters with emissions over 25,000 tons, but the Group's Taiwan (Chunan and Chunan 2A) plants have not yet reached the threshold for major emitters. The Group will continue to closely monitor related developments to identify emerging operational risks and make timely preparations.

For the transformation risk aspect, based on the Group's 2022 greenhouse gas inventory data, the Group has conducted scenario simulations using the Science Based Targets (SBT) on a 1.5°C net-zero pathway, aiming to reduce greenhouse gas emissions by 33% by 2030 with an annual reduction of 4.2%. The reduction plan and targets are expected to be achieved through management measures, improving energy efficiency, purchasing renewable energy, etc. As shown in the net-zero pathway diagram on P45, the long-term goal is expected to achieve net-zero emissions between 2045 and 2050.

Since 2023 is the first year the Group has conducted a transformation risk assessment, with the help of external guidance, the Group has proposed a total of 121 net-zero initiatives across departments such as plant operations, warehousing, general affairs, IT, and manufacturing. Currently, the main implementation path is to execute the established management requirements, update equipment, improve efficiency, and purchase renewable energy. Going forward, the implemented initiatives will be incorporated into the environmental management plan and undergo regular internal audits and management reviews in accordance with the ISO 14001 environmental management system framework.

Greenhouse Gas Management

■ Greenhouse Gas Inventory Policy

The FITI Group has prepared this document in accordance with the requirements of ISO 14064-1:2018 and the Greenhouse Gas (GHG) Protocol. It outlines the information related to the Group's greenhouse gas inventory management. Through the inventory process and its results, the Group aims to accurately grasp its greenhouse gas emissions, and expects to work on greenhouse gas reduction in the future, fulfilling its responsibility as a member of the global community to mitigate global warming trends. The organizational boundary is set using the operational control approach, whereby the organization has 100% responsibility for the greenhouse gas emissions and removals from the facilities it manages or operates. There are four main types of the greenhouse gases included in the inventory: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), and hydrofluorocarbons (HFCs). In response to the inclusion of the research factory in the 2023 greenhouse gas inventory, the Group's base year is expected to be changed to 2023.

The seven major greenhouse gas CO₂ emission equivalents for the Chunan Plant (including dormitories), the Chunan 2A Plant, and the US office in 2023 are shown in Table 1, and the inventory list is shown in Table 2. The third-party verification was completed on June 7 and June 17, 2024, with a total emission of 19,556.146 tonnes of CO₂e.

■ Table 1: Seven major greenhouse gas emission equivalents of the FITI Group ■

Emission Equivalent	CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	NF ₃	Total	Percentage
【Chunan Plant】									【Chunan Plant】
CO ₂ e/Year	15,647.5766	7.3977	0.2798	155.7581	0	0	0	15,811.012	80.85%
Emission Equivalents%	98.96%	0.05%	0%	0.99%	0%	0%	0%	100%	
【Chunan 2A Plant】									【Chunan 2A Plant】
CO ₂ e/Year	3,440.6676	0.0012	0.0023	281.0831	0	0	0	3,721.754	19.03%
Emission Equivalents%	92.45%	0%	0%	7.55%	0%	0%	0%	100%	
【U.S. Office】									【U.S. Office】
CO ₂ e/Year	21.4345	1.9403	0.1417	0.0007	0	0	0	23.379	0.12%
Emission Equivalents%	91.68%	8.30%	0.02%	0%	0%	0%	0%	100%	

■ Table 1: Seven major greenhouse gas emission equivalents of the FITI Group ■

Emission Equivalents	CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	NF ₃	Total	Percentage
【All】									【All】
CO ₂ e/Year	19,109.6787	9.3392	0.2859	436.8419	0	0	0	19,556.146	100%
Emission Equivalents%	97.72%	0.05%	0%	2.23%	0%	0%	0%	100%	

■ Table 2: FITI Group 2023 Greenhouse Gas Inventory List ■

	【Chunan Plant】		【Chunan 2A Plant】		【U.S. Office】		【All】	
Category	Emission	Percentage	Emission	Percentage	Emission	Percentage	Emission	Percentage
Category 1:Direct GHG Emissions	173.4523	1.09%	282.1141	7.58%	13.7617	58.86%	469.3281	2.40%
1.1 Stationary Combustion	1.2289	0.01%	1.0310	0.03%	7.3398	31.39%	9.5997	0.05%
1.2 Mobile Combustion	9.1575	0.05%	Note1	--	4.4848	19.18%	13.6423	0.07%
1.3 Production Emissions	No emissions	--	No emissions	--	No emissions	--	No emissions	--
1.4 Fugitive Emissions	163.0659	1.03%	281.0831	7.55%	1.9371	8.29%	446.0861	2.28%
1.5 Direct Emissions and Removals from Change in Land Use	No emissions	--	No emissions	--	No emissions	--	No emissions	--
Category 2:Indirect GHG Emissions from Purchased Energy	3,006.6030	19.02%	2,848.0088	76.52%	4.5381	19.41%	5,859.1499	29.96%
2.1 Purchased Electricity	3006.6030	19.02%	2,848.0088	76.52%	4.5381	19.41%	5859.1499	29.96%
2.2 Purchased Energy	No emissions	--	No emissions	--	No emissions	--	No emissions	--
Category 3:Transportation	7,243.5588	45.81%	1.1765	0.04%	Note2	--	7,244.7353	37.05%
3.1 Upstream Transportation	7091.8106	44.85%	Note3	0%	No emissions	Note4	7091.8106	36.26%
3.2 Downstream Transportation	74.6280	0.47%	1.1765, Note5	0.04%	No emissions	Note4	75.8045	0.39%
3.3 Employee Commuting	Not significant	--	Not significant	--	Not significant	--	Not significant	--
3.4 Customer and Visitor Transportation	Not significant	--	Not significant	--	Not significant	--	Not significant	--
3.5 Business Travel	77.1202	0.49%	Note3	--	Note2	--	77.1202	0.39%

Emission: tonne CO₂e

■ Table 2: FITI Group 2023 Greenhouse Gas Inventory List ■

	【Chunan Plant】		【Chunan 2A Plant】		【U.S. Office】		【All】	
Category	Emission	Percentage	Emission	Percentage	Emission	Percentage	Emission	Percentage
Category 4:Organization Use of Products	1,038.3432	6.57%	590.4548	15.86%	5.0795	21.73%	1,633.8775	8.35%
4.1 Upstream purchased goods	610.2141	3.86%	570.6297	15.33%	5.0795	21.73%	1,185.9233	6.06%
4.2 Upstream Emissions of Capital Goods	Not significant	--	Not significant	--	Not significant	--	Not significant	--
4.3 Waste Disposal	428.1291	2.71%	19.8251	0.53%	Note6	--	447.9542	2.29%
4.4 Rental Utilization of Upstream Assets	Not significant	--	Not significant	--	Not significant	--	Not significant	--
4.5 Purchased ServicesAssets	Not significant	--	Not significant	--	Not significant	--	Not significant	--
Category 5:Product Use-Related	4,349.0549	27.51%	--	--	No emissions	--	4,349.0549	22.24%
5.1 Downstream Processing of Sold Products	Not significant	--	Not significant	--	No emissions	--	Not significant	--
5.2 Use of Sold Products and Associat-ed Waste	No emissions	--	No emissions	--	No emissions	--	No emissions	--
5.3 Downstream Leased Assets	4,349.0549	27.51%	No emissions	--	No emissions	Note7	4,349.0549	22.24%
5.4 Franchises	No emissions	--	No emissions	--	No emissions	--	No emissions	--
5.5 Investments	No emissions	--	No emissions	--	No emissions	--	No emissions	--
Category 6:Other Sources	No emissions	--	No emissions	--	No emissions	--	No emissions	--
6.1 Others	No emissions	--	No emissions	--	No emissions	--	No emissions	--
Total	15,811.012	100.00%	3,721.754	100.00%	23.379	100.00%	19,556.146	100.00%
Emission: tonne CO ₂ e Percentage 80.85% 19.03% 0.12% 100.00%								

Note 1: The company's category 1.2 emissions are mainly from company vehicles and forklifts, and there is currently no related equipment in the Chunan 2A Plant.

Note 2: The company's category 3.5 emissions from the US office are included in the inventory of the Chunan Plant, as they are based on travel expense reimbursements.

Note 3: The company's category 3.1 and 3.5 emissions from Chunan 2A Plant are currently all included in the inventory of the Chunan Plant due to the business execution process.

Note 4: The company's US office is an office in nature, so there are no category 3.1 and 3.2 emissions.

Note 5: The company's category 3.2 emissions from the Chunan 2A Plant currently only account for waste transportation, and other downstream product transportation is included in the inventory of the Chunan Plant as the business has not yet been separated.

Note 6: The company's US office waste is disposed of by the landlord, so there is no category 4.3 data.

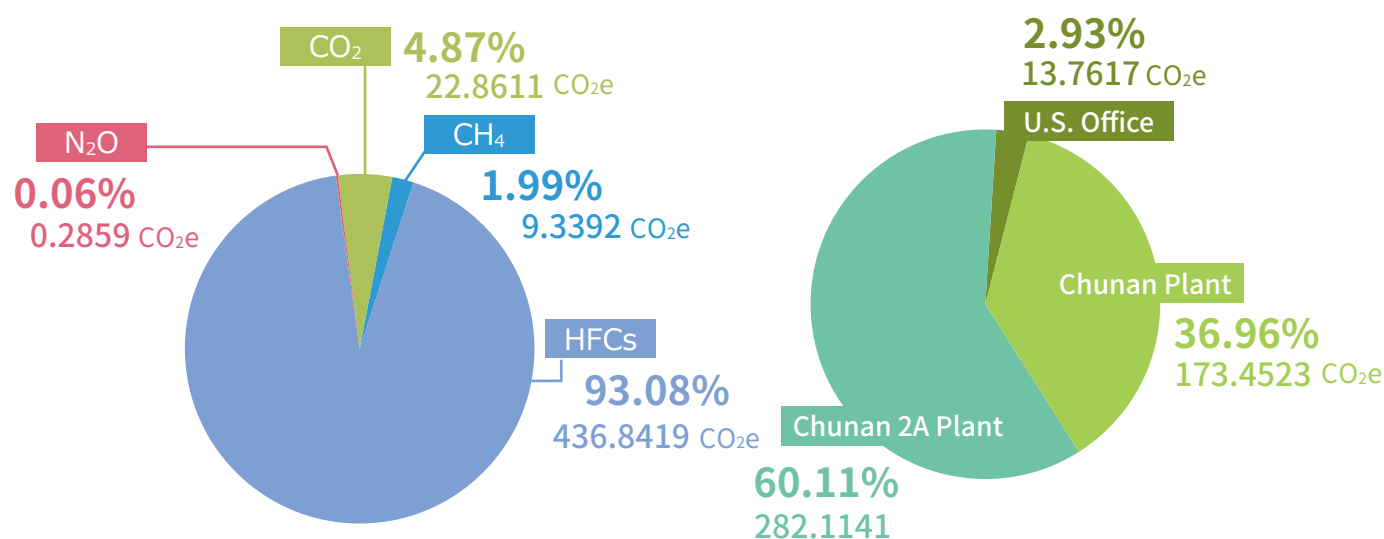
Note 7: The company's Chunan 2A Plant and US office currently have no external leasing, so there are no category 5.3 emissions.

■ Direct Greenhouse Gas Emissions (Scope 1) (GRI 305-1)

The total direct greenhouse gas emissions (Scope 1) for the Chunan Plant (including dormitory), Chunan 2A Plant, and U.S. Office in 2023 amounted to 469.3281 tons of CO₂e, accounting for 2.40% of the total emissions. The main source of emissions is fugitive emissions, primarily from the HFCs used in the air conditioning system, accounting for 93.08%. The second largest source is CO₂, accounting for 4.87% (see the greenhouse gas emissions statistics table (Scope 1) below).

The Group's greenhouse gas emissions are calculated primarily using the "emission factor method". The emission factors are mainly referenced from the guidelines issued by the Intergovernmental Panel on Climate Change (IPCC) in 2006, or calculated using the "Greenhouse Gas Emission Factor Management Table (Version 6.0.4, June 2019)" published by the Ministry of Environment.

■ Greenhouse Gas Emissions Statistics Table (Scope 1) ■



Chunan Plant

CO₂: 10.0167 (5.77%)
 CH₄: 7.3977 (4.26%)
 N₂O: 0.2798 (0.16%)
 HFCs: 155.7581 (89.81%)

Chunan 2A Plant

CO₂: 1.0275 (0.36%)
 CH₄: 0.0012 (0%)
 N₂O: 0.0023 (0%)
 HFCs: 281.0831 (99.63%)

U.S. Office

CO₂: 11.8169 (85.86%)
 CH₄: 1.9403 (14.10%)
 N₂O: 0.0038 (0.0%)
 HFCs: 0.0007 (0.01%)

[Entire Plant Area] Emissions and Gas Composition Percentage (Scope 1)

Total Plant Area Emissions: 469.3281 CO₂e

※The greenhouse gas emissions quantification formula is as follows: CO₂e = Activity Data × Emission Factor
 × IPCC AR6 2021 Global Warming Potential (GWP)

※The source of the emission factors: The "Greenhouse Gas Emission Factor Management Table (Version 6.0.4, June 2019)" published by the Ministry of Environment of the Executive Yuan

■ Energy Indirect Greenhouse Gas Emissions (Scope 2) (GRI 305- 2)

The energy indirect greenhouse gas emissions (Scope 2) for the Chunan Plant (including dormitory), Chunan 2A Plant, and U.S Office in 2023 amounted to 5,859.1499 tons of CO₂e, accounting for 29.96% of the total emissions. The main indirect emission source is purchased electricity, with the Chunan Plant and Chunan 2A Plant purchasing electricity from Taiwan Power Company, and the U.S Office purchasing electricity from Pacific Gas and Electric Company.

Additionally, the Shanghai and Kunshan plants began introducing ISO 14064 greenhouse gas inventories in 2023. Considering that these two plants are still in the process of improving themselves with the inventory process, and prior to obtaining third-party verification in Shanghai and Kunshan, the greenhouse gas emissions are still primarily estimated based on electricity consumption, as was the case in 2022. Therefore, for this year, only the energy indirect greenhouse gas emissions (Scope 2) for the Shanghai and Kunshan plants have been estimated and disclosed.

■ Greenhouse Gas Emissions Statistics Table (Scope 2) ■

【Entire Plant Area】 Total Plant Area 100%

Emissions (tons CO₂e/year) = Total 19,709.6434 CO₂e

【Chunan Plant(including dormitory)】 Percentage 15.25%

Emissions (tons CO₂e/year) = Total 3,006.6030 CO₂e

【Chunan 2A Plant】 Percentage 14.45%

Emissions (tons CO₂e/year) = Total 2,848.0088 CO₂e

【U.S. Office】 Percentage 0.02%

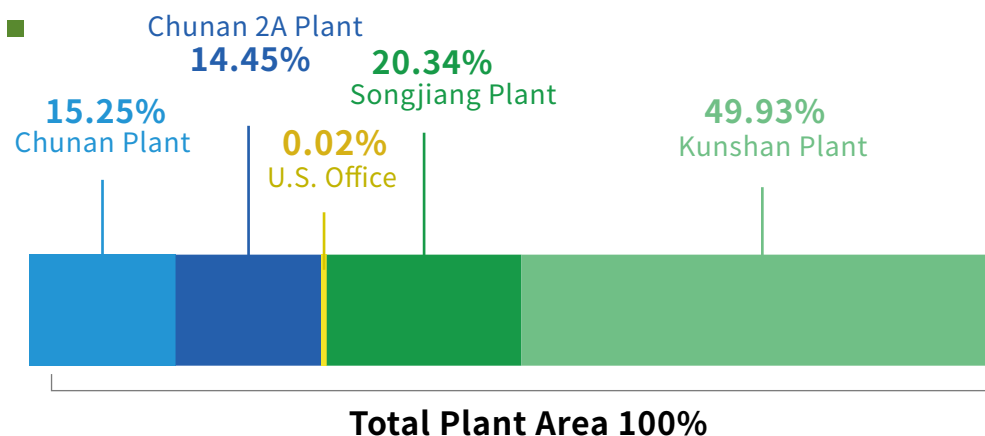
Emissions (tons CO₂e/year) = Total 4.5381 CO₂e

【Songjiang Plant】 Percentage 20.34%

Emissions (tons CO₂e/year) = Total 4,008.7152 CO₂e

【Kunshan Plant】 Percentage 49.93%

Emissions (tons CO₂e/year) = Total 9,841.7783 CO₂e



※The greenhouse gas emissions quantification formula is as follows:
Purchased Electricity CO₂ Emissions = Electricity Consumption × Electricity Emission Factor × 1 (GWP)

※The source of the emission factors:

※The announced electricity emission factor for 2023 by the Energy Administration is 0.494 kg CO₂e/kWh.

※The announced electricity emission factor for Shanghai in 2022 by the Shanghai Ecology and Environment Bureau is 0.420 tons CO₂e/MWh.

※The announced 2022 eGRID CAMX electricity emission factor by the US EPA is 0.2265 tons CO₂e/MWh.

※The electricity data used for the Songjiang and Kunshan plants is self-reported and has not been third-party verified.

■ Other Indirect Greenhouse Gas Emissions (Scope 3-6) (GRI 305-3)

These emission sources are primarily owned or controlled by other companies. The Group has set significant indirect emission assessment factors based on the ISO 14064-1:2018 standard to disclose other indirect greenhouse gas emissions. The other indirect greenhouse gas emissions (Scope 3-6) for the Chunan Plant, Chunan 2A Plant, and U.S Office in 2023 amounted to 13,227.6677 tons CO₂e, accounting for 67.64% of the total emissions.

※The greenhouse gas emissions quantification formula is as follows: Category 3-6

CO₂ Equivalent = Activity Data × Emission Factor × GWP

※The source of the emission factors:

IPCC 2021 AR6 Global Warming Potential (GWP)

Ministry of Environment "Greenhouse Gas Emission Factor Management Table (Version 6.0.4, 108/6)"

Ministry of Environment "Greenhouse Gas Emission Factors" (Announced 2024/02/05)

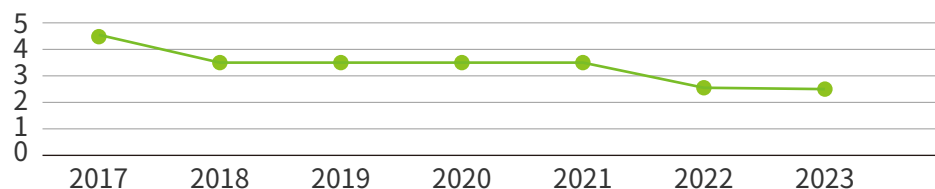
Ministry of Environment Carbon Footprint Database

Energy Administration Announced Fuel Calorific Values in 2015

US EPA Announced GHG Emission Factors Hub (Last Modified: 2024/02/13)

■ Greenhouse Gas Emission Intensity of Chunan Plant ■ (GRI 305-4)

With the Group's efforts, the tracked historical emission intensity calculated by man-hours has shown a decreasing trend year-over-year.



	Working Hour	Emissions	Emission Intensity
2023	1,157,116	3,180.055	2.7483×10^{-3}
2022	1,180,549	3,252.327	2.7549×10^{-3}
2021	868,397	3,110.383	3.5818×10^{-3}
2020	788,919	2,788.484	3.5346×10^{-3}
2019	739,482	2,603.375	3.5205×10^{-3}
2018	718,414	2,719.688	3.7857×10^{-3}
2017	542,957	2,469.898	4.5490×10^{-3}
(year)	(Man-hour)	(tons CO ₂ e)	(tons CO ₂ e/Man-hour)

■ Greenhouse Gas Reduction (GRI 305-5)

In 2023, approximately 67.64% of the greenhouse gas emissions from the Chunan Plant, Chunan 2A Plant, and U.S Office were from other companies' owned or controlled sources (Category 3-6), approximately 29.96% were from purchased electricity (Category 2), and approximately 2.40% were from direct greenhouse gas (Category 1) emissions.

The Chunan Plant has voluntarily initiated greenhouse gas inventories since 2017 for the 2015-2016 period, and subsequently completed the 2017 to 2019 inventories in accordance with the ISO 14064-1:2006 standard, and the 2020 to 2022 inventories in accordance with the ISO 14064-1:2018 standard and with third-party verified.

Through the greenhouse gas inventories, the Group has identified its emission sources and quantities as a reference for subsequent reduction planning and assessment. Currently, the Chunan Plant has achieved a 1% annual electricity reduction in greenhouse gas equivalent, with a 1.74% (98,585.08 kWh) electricity reduction in 2023, which is equivalent to 48.7010 tons CO₂e reduction according to the Energy Administration's announced 2023 electricity emission factor. Additionally, the Scope 1 & 2 greenhouse gas emission intensity (as shown in the Greenhouse Gas Emission Intensity Statistics Table) was decreased by 6.6679×10^{-6} , or approximately 0.24%, compared to that in 2022.

Note1: Calculation Method: Emission Intensity = Emissions (Scope 1 + Scope 2) / Company Man-hour

Note2: For consistency in the comparison benchmark, this table currently only calculates the Chunan Plant.

Note3: The man-hour data source is the total of the occupational accident report forms for the Chunan Plant (FITI, FATI and Kainova).

Energy Resource Management

Adhering to the spirit of corporate sustainability, the FITI Group has long been committed to improving environmental issues such as energy saving, carbon reduction, wastewater, air, noise, solid waste, and soil and groundwater. To implement the management policy of "green consumption, sustainable operation, and continuous improvement," the Group not only constantly improves its environmental protection and plant facilities, but has also actively conducted carbon inventory work in recent years, and simultaneously set carbon reduction targets. Effective tracking processes are followed, such as the annual AOP periodic review meetings and quarterly QOR management. Furthermore, the Group conducts an annual ISO 14064-1 greenhouse gas inventory plan to mitigate the pollution caused by the production process. The Group also actively enhances equipment operation experience and skills, and replaces energy-consuming equipment to achieve environmental protection goals.

(GRI 302-1/302-3/302-4/SASB TC-SC-130a.1)

The FITI Group's main energy resources are electricity provided by power companies and diesel purchased for use in emergency generators for the main power supply in the plant. Electricity is primarily consumed by the plant's production equipment and related plant systems, and the plant's reporting system is used for management and analysis, allowing for timely response to abnormal electricity consumption and ensuring the best possible efficiency to avoid waste of related energy. Diesel is mainly used for emergency generators, which are only started up during annual maintenance and when power transmission is abnormal, and is not a regular energy source used in the factory. As for natural gas, it is primarily used in the Group's boilers, where it is used as a clean fuel to replace polluting energy sources, as an attempt to use clean energy for sustainable environmental protection.

■ The energy usage for FITI Group in the year 2023 ■

	Electricity	Diesel	Natural Gas	Liquefied Petroleum Gas	Renewable Energy	Energy Intensity
Chunan Plant	47,250.72	16.52	0	0	0	0.0036
Chunan 2A Plant	20,754.72	21.09	0	0	0	0.0016
Songjiang Facility	34,360.42	140.58	34531.14	0	0	0.0053
Kunshan Facility	62,125.90	1284.57	0	0	0	0.0049
	(GJ)	(GJ)	(GJ)	(GJ)	(GJ)	(GJ/Thousand Dollars)

※Data Sources:

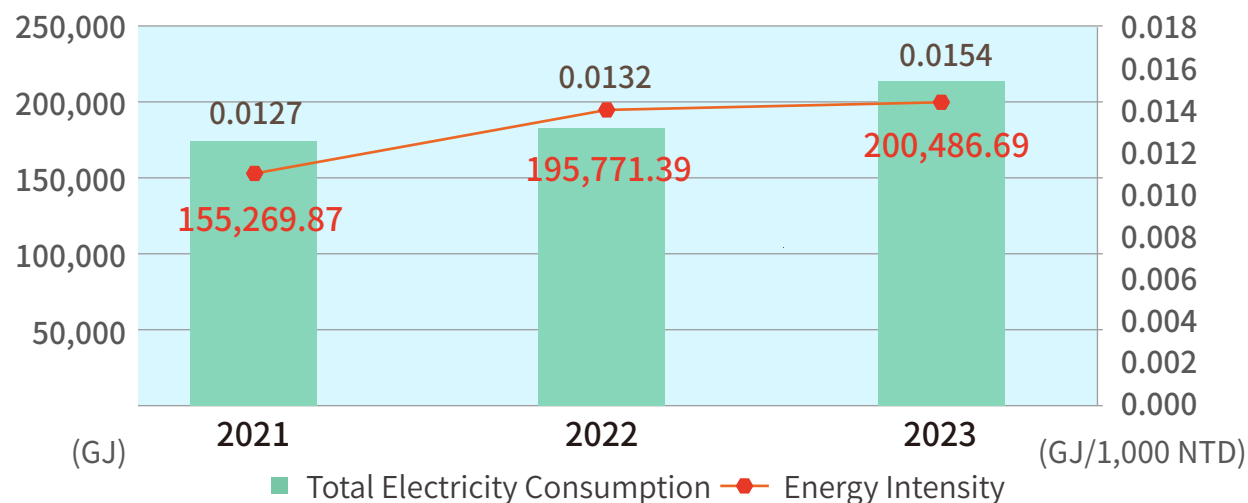
1. Electricity and natural gas data are aggregated from the monthly electricity bills or invoices.
2. Diesel consumption is primarily based on actual usage statistics.
3. Energy intensity is calculated as the electricity usage for each facility divided by the consolidated operating revenue for the current 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).

■ The Energy Intensity of FITI Group by Year ■

Based on an analysis of the energy intensity over the past three years using annual operating revenue, it was found that the energy consumption and costs were relatively higher in 2023 due to the establishment phase of the Chunan 2A Plant.

※The group's electricity data is the sum of the electricity used each year (unit: GJ).

※The energy intensity is calculated as the total group electricity consumption / the consolidated operating revenue for each year (unit: NT\$1,000).



■ 2023 Energy Saving Initiatives ■

① Cooling Tower Performance Upgrade

2023 Energy Saving Statistics

- Energy Savings (kWh): **160,967**
- Carbon Reduction (tons): **79.68**

② Cooling Tower Performance Upgrade (Multi-year Plan)

2023 Energy Saving Statistics

- Energy Savings (kWh): **92,896**
- Carbon Reduction (tons): **45.98**

① + ② Result

2023 Energy Saving Statistics

- Energy Savings (kWh): **253,863**
- Carbon Reduction (tons): **125.66**

Based on the data from the Energy Administration's online energy audit reporting system, from 2015-2023

the average annual electricity savings rate = 1.74%

※The emission factor used is 0.495 kg CO₂ equivalent per kWh, based on the Taiwan Power Company's announced value for the corresponding year.

※The annual electricity savings rate calculation referenced the "Energy Audit Online Reporting System's Energy Saving Target and Implementation Plan Attainment."

※The electricity savings rate of 1.74% from 2015 to 2023 exceeds the requirement set by Taiwan's Energy Administration Act (1%).



■ FITI's Smart Monitoring System

The Taiwan plants have implemented a smart monitoring system to effectively manage resources such as the power system, air conditioning facilities, air compressors, and plant water usage, to prevent waste. Through real-time monitoring+ and adjustment, abnormal energy consumption in the plant can be avoided. By analyzing the annual energy consumption data for the plants, improvement plans are formulated to enhance energy efficiency and achieve energy savings and carbon reduction.

Energy Management System - Sub-metering

In terms of energy saving, the FITI Group's Taiwan plants have added high-efficiency air compressors to replace old ones, improving electricity efficiency. The multi-year plan to enhance cooling tower performance has also continued, effectively reducing the power consumption of the chiller units. The Kunshan and Songjiang plants have replaced high-energy consumption equipment, optimized electrical equipment, and strengthened air conditioning systems, air compression systems, and production processes, implementing energy management and improvement measures.

Water Resource Management

In response to current water resource policies, the FITI Group has been carrying out continuous planning. In addition to monitoring water usage limits through the water system, the company is also implementing various water-saving measures in line with government policies, as well as setting internal water-saving targets for the plants. The company continues to plan and evaluate related management measures, utilizing existing resources and facilities to achieve the goals of energy saving, water saving, and waste reduction.

■ FITI Group's Water Resource Utilization Situation (GRI 303-1 · GRI 303-2)

The Group has identified the water risk indicators of the regions where its plants are located using the World Resources Institute (WRI) Water Risk Assessment tool. The assessment shows that the Taiwan plants are located in a medium-low risk area, while the Mainland plants (Songjiang and Kunshan) are located in a medium-high risk area. The FITI Group will continue to implement relevant water resource management measures in its plants to address potential water-related impacts, ensuring that there are corresponding contingency measures. For example, in the event of water shortage, the Group will adjust the conductivity and blowdown volume of the cooling towers, modify the RO membrane product water rate, and initiate the procurement of external water sources to ensure uninterrupted plant operations.

In the use of water resources, the Group continues to improve utilization efficiency through the "reduction → recycling → reuse" approach.

The water sources for the Taiwan and Mainland plants are third-party supplied freshwater. The main water usages are for production processes, domestic purposes, and plant facility operations. The Songjiang plant is located within a water source protection area, and its wastewater discharge is controlled by relevant systems, thus not affecting the local water sources. The Taiwan and Kunshan plants are not located within or adjacent to ecological protection areas, and their water supply and discharge do not directly impact the surrounding ecological environment.

■ Water Consumption Statistics for the Year 2023 in the Facilities ■ (GRI 303-3/303-4/303-5 SASB TC-SC-140a.1)

	Tap Water	Water Intake	Water Discharge	Water Consumption	Domestic Wastewater	Industrial Wastewater	Percentage of Domestic Wastewater to the Total Wastewater
Chunan	61.56	61.56	37.82	23.68	11.40	26.42	30.14%
Chunan 2A	38.34	38.34	21.23	15.64	1.55	19.68	7.30%
Songjiang	129.79	129.79	124.23	5.60	74.89	49.34	60.28%
Kunshan	54.76	54.76	27.78	13.7	15.29	12.49	55.03%
	(Million Liters)	(Million Liters)	(Million Liters)	(Million Liters)	(Million Liters)	(Million Liters)	%

※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)

FITI Group has experienced rapid company scale development in recent years, leading to continuous expansion of production capacity and production lines, which has resulted in an overall increase in water consumption. The Group has proposed corresponding management methods for water resource management, including promoting water-saving concept and water management measures in each factory. In terms of water resource management, FITI Group records and confirms the water meter values daily, monitors unreasonable water use, and carries out control to avoid water waste. In addition, the Taiwan Chunan Plant continues to evaluate the plan for pure water recycling and reuse, effectively reducing the tap water usage in the Taiwan factory; the Chunan 2A Plant factory has also added a recycled water system flow meter to visualize the data, and then adjusts the various operating parameters to optimize the recycled water volume; the Kunshan factory has also upgraded and replaced the pure water system in Building A, with the pure water production rate increasing from the original 45% to 70%.

■ Wastewater Management

The wastewater generated in the factories is treated by the appropriate wastewater treatment facilities and meets the discharge standard of each factory area before being discharged to the designated wastewater treatment areas. Both the Taiwan and China factories have dedicated wastewater treatment plants. The wastewater from all FITI Group factories is collected and treated through the sewer system. All industrial wastewater and domestic sewage are collected separately. In addition to self-testing the wastewater samples, the company also regularly commissions third-party certified testing institutions to conduct wastewater quality inspections. The wastewater quality from all factories meets the local discharge standards to ensure that there is no significant impact on the surrounding receiving water bodies before being discharged. In 2023, there were no major leakage or overflow incidents, and there were zero environmental complaints or penalties.

Year 2023 Wastewater Quantity (Metric tons)			
◎ Chunan: 37,832	◎ Chunan 2A: 21,243	◎ Songjiang: 124,236	◎ Kunshan: 27,790

Wastewater Quality Indicators (mg/L)		Controlled Release	
★ Chemical Oxygen Demand (COD) → (Data/Discharge Standards)		★ Discharge Destination	
<u>First Half of the Year</u>	<u>Second Half of the Year</u>	◎ Chunan/Chunan 2A: Chunan Plant Sewage Plant ◎ Songjiang: Western Sewage Plant ◎ Kunshan: Northern Sewage Plant	
◎ Chunan: 6.5/500	◎ Chunan: 10.4/500	★ Managed Industries and Treatment Methods: Metal Surface Treatment Industry, Chemical Coagulation Method	
◎ Chunan 2A: 48.8/500	◎ Chunan 2A: 21.5/500		
◎ Songjiang: 131/500	◎ Songjiang: 123/500		
◎ Kunshan: 294.5/350	◎ Kunshan: 161.5/350		
★ Suspended Solids(SS) → (Data/Discharge Standards)		★ Water Discharge / (Metric tons)	
<u>First Half of the Year</u>	<u>Second Half of the Year</u>	<u>Industrial Wastewater</u>	<u>Domestic Wastewater</u>
◎ Chunan: 5.9/300	◎ Chunan: <1.25/300	◎ Chunan: 26,424	◎ Chunan: 11,408
◎ Chunan 2A: 22.1/300	◎ Chunan 2A: 4.8/300	◎ Chunan 2A: 19,684	◎ Chunan 2A: 1,559
◎ Songjiang: 43/400	◎ Songjiang: 92/400	◎ Songjiang: 49,341	◎ Songjiang: 74,895
◎ Kunshan: 7.5/200	◎ Kunshan: 6/200	◎ Kunshan: 12,495	◎ Kunshan: 15,295

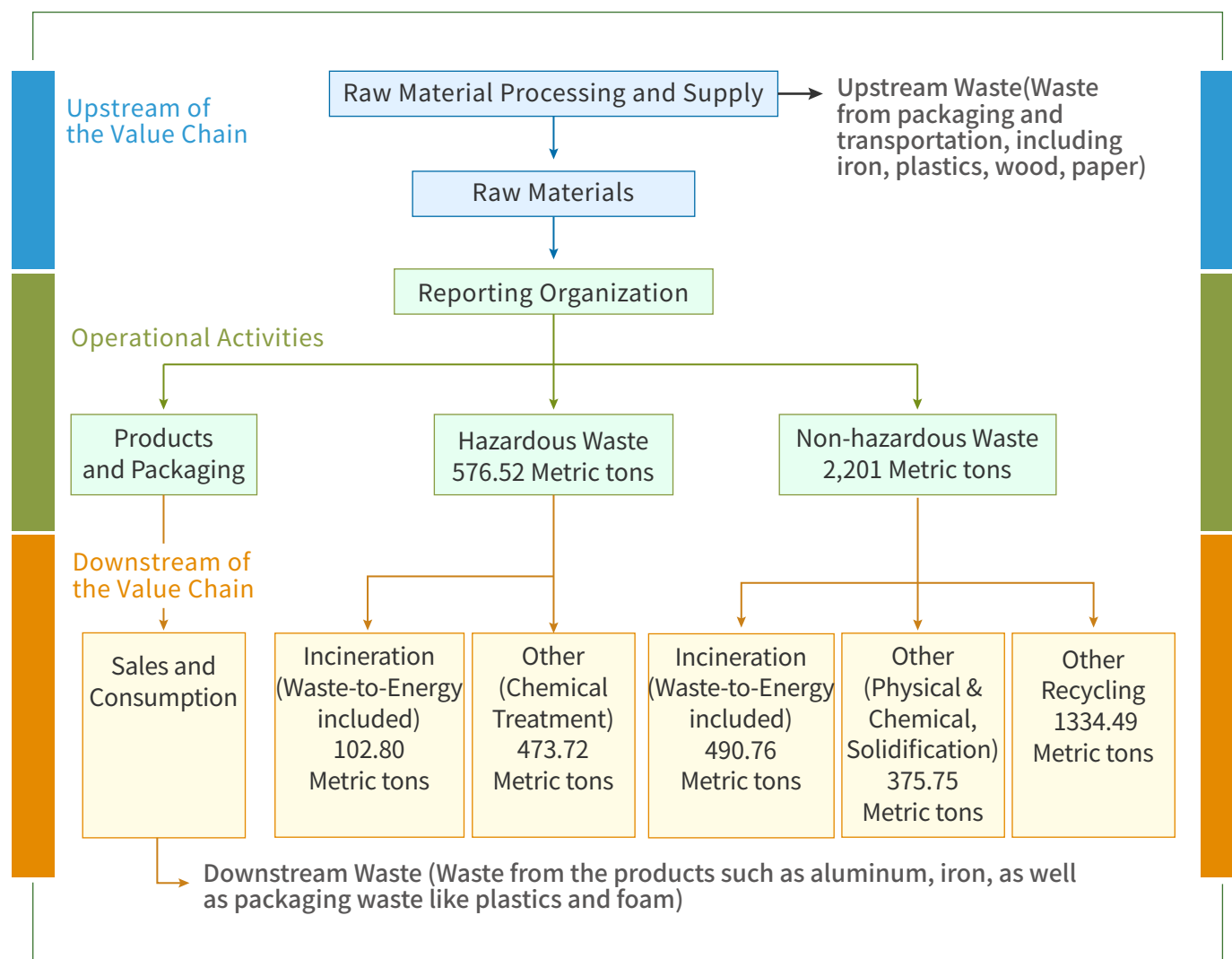
※ This includes domestic wastewater and industrial wastewater, both of which are discharged into third-party drainage systems

※ The Chunan 2A Plant started reporting monthly water consumption data from April 2023.

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

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

To reduce the environmental impact of waste generated in the production process, FITI Group classifies the waste produced in the process into hazardous and non-hazardous categories in accordance with the law. Based on the ISO14001 environmental management system framework, the group has established a management unit to regularly track waste-related supervision, reduction, and recycling targets. This effectively manages the sources and volumes of waste, maximizing the localization, resource utilization, decentralization, and recycling rate of the waste.



■ Table:2023 Weight of Various Types of Waste ■

(Unit: Metric Tons)

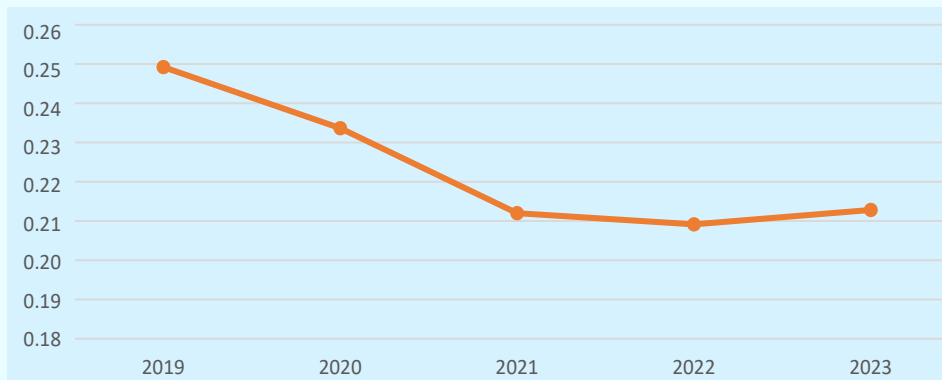
(Facility)	General Business Waste		Household Waste		Recycling		Others
Chunan	548.76	=	83.24	+	359.42	+	106.10
Chunan 2A	132.83	=	23.76	+	46.99	+	62.08
Songjiang	738.17	=	48.7	+	393.06	+	296.41
Kunshan	781.24	=	246.22	+	535.02	+	0

(Facility)	Hazardous Business Waste		Waste Acids and Waste Alkalis		Others
Chunan	16.82	=	16.82	+	0
Chunan 2A	0.29	=	0.29	+	0
Songjiang	208.44	=	120.22	+	88.22
Kunshan	350.97	=	0	+	350.97

FITI Group generated a total waste of approximately 2,777.52 metric tons in 2023.

■ Waste Intensity ■

Due to the commissioning of new factories in 2023, the waste discharge intensity of the FITI Group increased by 0.0037 (metric tons /million dollars) compared to 2022.



Year	Annual Revenue	Waste Quantity	Waste Intensity
2023	13,051.357	2,777.52	0.2128
2022	14,843.221	3,104.40	0.2091
2021	12,246.437	2,596.17	0.2120
2020	9,942.056	2,322.90	0.2336
2019	7,305.825	1,820.72	0.2492
	(Million Dollars)	(Metric Tons)	(Metric Tons / Million Dollars)

※Calculation Method: Waste Intensity = Total Waste Quantity / Company's Revenue

■ Waste Management (GRI 306-2)

FITI Group should follow 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 self-processed waste quantities for 2023 are presented in the table below. No waste leakage incidents occurred in 2023.

■ Composition of Waste ■ (GRI 306-3)

	【Chunan Plant】		【Chunan 2A Plant】		【Songjiang】		【Kunshan】		【All】	
Waste Categories	Transfer at Disposal	Direct Disposal	Transfer at Disposal	Direct Disposal	Transfer at Disposal	Direct Disposal	Transfer at Disposal	Direct Disposal	Transfer at Disposal	Direct Disposal
Hazardous Business Waste	2.67	14.15	0	0.29	0	208.44	0	305.97	2.67	573.85
Waste Acids and Waste Alkalis	2.67	14.15	0	0.29	0	120.22	0	0	2.67	134.66
Sludge	0	0	0	0	0	74.13	0	0	0	74.13
Other	0	0	0	0	0	14.09	0	305.97	0	365.06
General Business Waste	359.42	189.34	46.99	85.84	393.06	345.11	535.02	246.22	1,334.49	866.51
Waste Oil	0	103.53	0	59.65	0	0	0	0	0	163.18
Sludge	0	0.65	0	2.43	0	0	0	0	0	3.08
Waste Aluminum	308.05	0	0	0	25.39	0	234.72	0	568.16	0
Other	51.37	85.16	46.99	23.76	367.67	345.11	300.30	246.22	766.33	700.25
Subtotal	362.09	203.49	46.99	86.13	393.06	553.55	681.16	597.19	1,337.16	1,440.36
Total	565.58		133.12		946.61		1,132.21		2,777.52	

(Unit: Metric Tons)

※ The source of waste weight data: Manifest forms, contractor records, or on-site weighing.

■ Disposal and Transfer of Waste (GRI 306-4)

Waste Categories	Chunan Plant	Chunan 2A Plant	Songjiang	Kunshan	All
Hazardous Business Waste	2.67	0	0	0	2.67
Preparation for Reuse	0	0	0	0	0
Recycling	0	0	0	0	0
Other Recycling	2.67	0	0	0	2.67
General Business Waste	359.42	46.99	393.06	535.02	1,329.70
Preparation for Reuse	0	0	0	0	0
Recycling	0	0	0	0	0
Other Recycling	359.42	46.99	393.06	535.02	1,334.49
Total	362.09	46.99	393.06	535.02	1,337.16

(Unit: Metric Tons)

※The disposal and transfer methods of waste at Chunan Plant, Chunan 2A Plant, Songjiang, and Kunshan facilities are all off-site disposal.

■ Direct Disposal of Waste (GRI 306-5)

Waste Categories	Chunan Plant	Chunan 2A Plant	Songjiang	Kunshan	All
Hazardous Business Waste	14.15	0.29	208.44	350.97	573.85
Incineration (Waste-to-Energy included)	14.15	0.29	88.36	0	0
Other-Recycling	0	0	0.00	0	0
Other-Chemical Treatment	0	0	120.08	350.97	2.67
General Business Waste	189.34	85.84	345.11	246.22	866.51
Preparation for Reuse	85.16	24.54	134.84	246.22	490.76
Other-Physical & Chemical Treatment	103.53	59.65	210.27	0	373.45
Other-Solidification Treatment	0.65	1.65	0	0	2.30
Total	203.49	86.13	553.55	597.19	1,440.36

(Unit: Metric Tons)

※The disposal and transfer methods of waste at Chunan Plant, Chunan 2A Plant, Songjiang, and Kunshan facilities are all off-site disposal.

Green Supply Chain Concept (GRI 2-6)

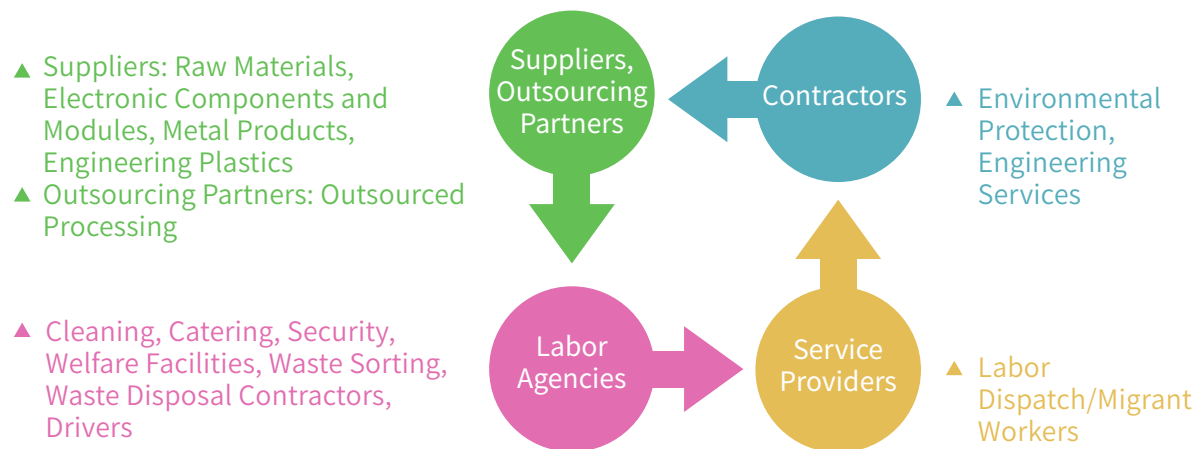
★ Material Issues and Management Method

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 2023.

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.

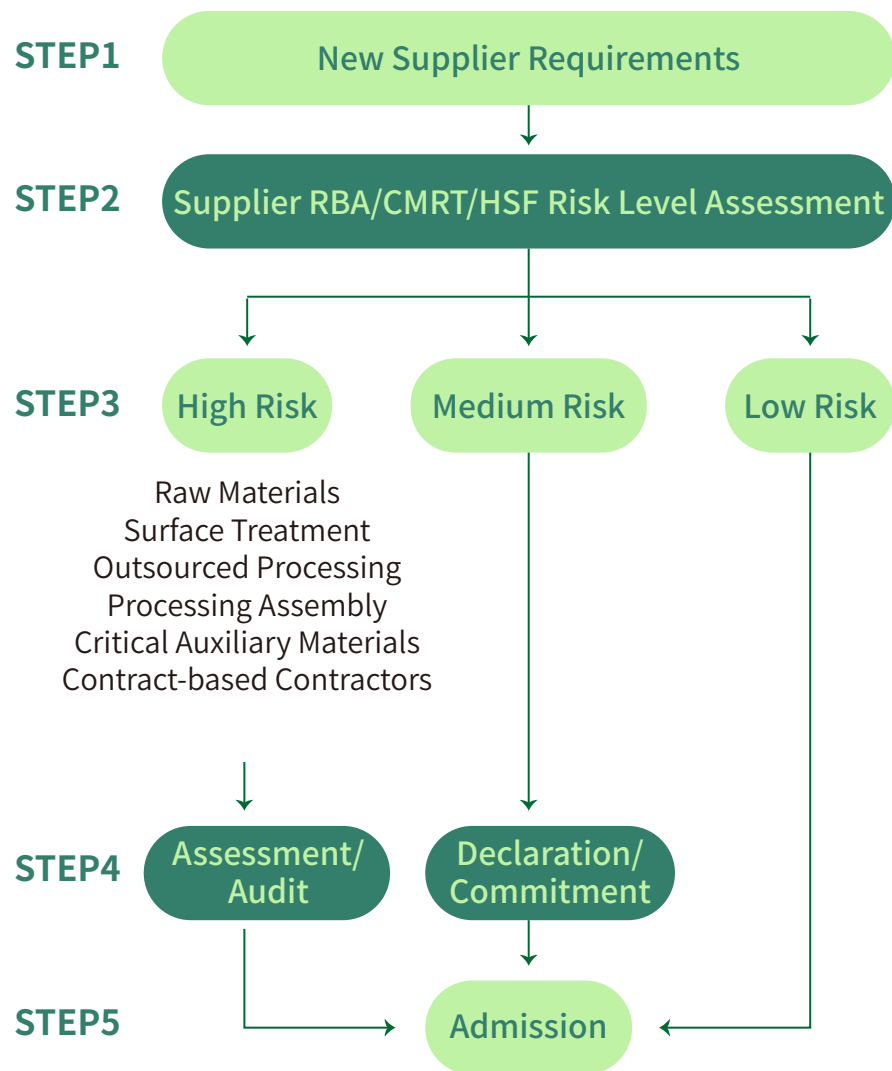


Supplier Selection Criteria

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 2023, a total of 21 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.

■ New Supplier RBA/CMRT/HSF Evaluation Process



※RBA: Responsible Business Alliance
 ※CMRT: Restricted Use of Conflict Minerals
 ※HSF: Hazardous Substances Free

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 uses the auditing tools published by the Responsible Business Alliance (RBA) to review and evaluate its suppliers' implementation of corporate sustainability and social responsibility. The goal is to convey FITI Group's sustainability policies while also sharing its expectations for suppliers' social responsibility. This aims to encourage the industry chain to join in promoting corporate sustainability, achieving an inclusive and co-prosperous win-win situation of caring for employees, fulfilling social responsibility, and protecting the global environment.

Supply Chain Risk Assessment

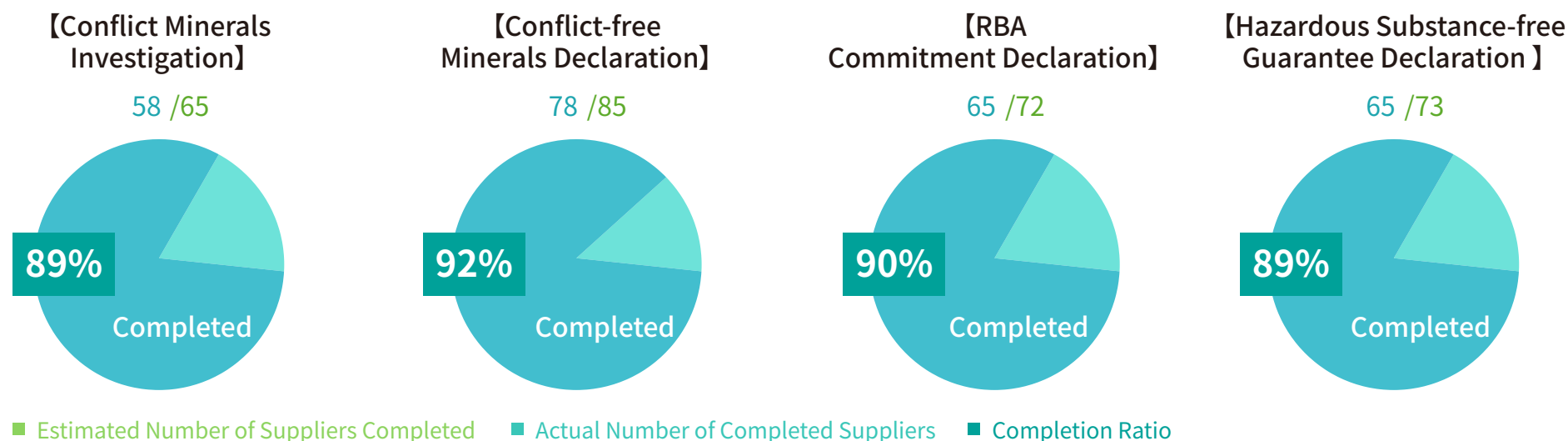
Due to the diverse structure and category of products, FITI Group has a considerable number of suppliers. To enhance effective supplier management, in 2023, we classified supplier risk levels based on factors such as procurement amounts, supplier product categories, and hazardous substance products. 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 2023 is summarized in the table below, where no suppliers violating conflict minerals management policies were identified. By investigating supplier material sources and implementing self-declarations, relevant management policies are extended to suppliers, ensuring FITI Group adheres to the requirements of corporate social responsibility and ethical standards.



■ Supplier Risk Identification Implementation Status in 2023 ■

FITI Group conducts risk assessment on suppliers in different categories regarding environmental issues, labor rights, health and safety, and raw material procurement.



Regular Supplier Management

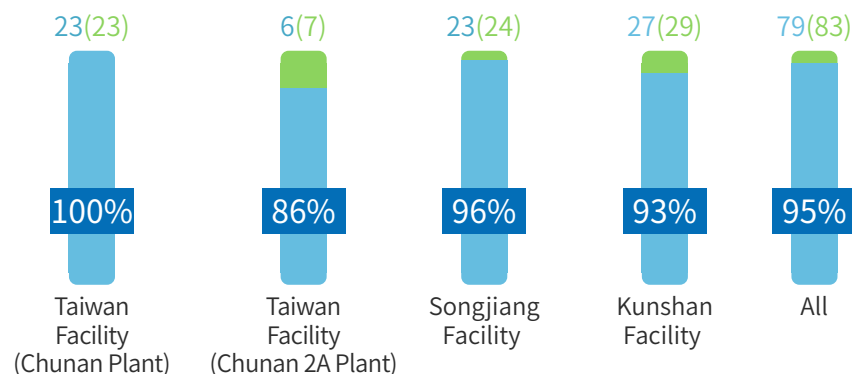
■ Realization of Human Rights Values: FITI Group's Statement of Prohibiting the Use of "Conflict Minerals"

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."

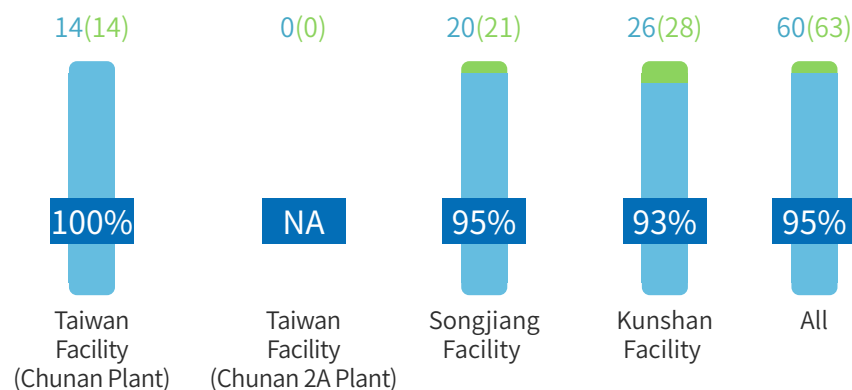
- ★ FITI Group's suppliers must undertake responsibilities for social and environmental protection.
- ★ FITI Group does not accept "conflict minerals" from the Democratic Republic of Congo and its surrounding countries and regions.
- ★ FITI Group's suppliers must trace the sources of cobalt (Co), gold (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.

■ Supplier Conflict Minerals Investigation ■ Implementation Status



Number of Suppliers with Conflict-free Minerals Declaration

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



Number of Suppliers under Conflict Minerals Investigation

※In 2024, FITI Group plans to conduct its investigation into its suppliers' sources of "expanded minerals", including the cobalt and natural mica contained in their products, and increases the declaration of using "expanded minerals" from non-illegally mined areas.

■ Target ■ Progress ■ Completion Ratio

■ 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.

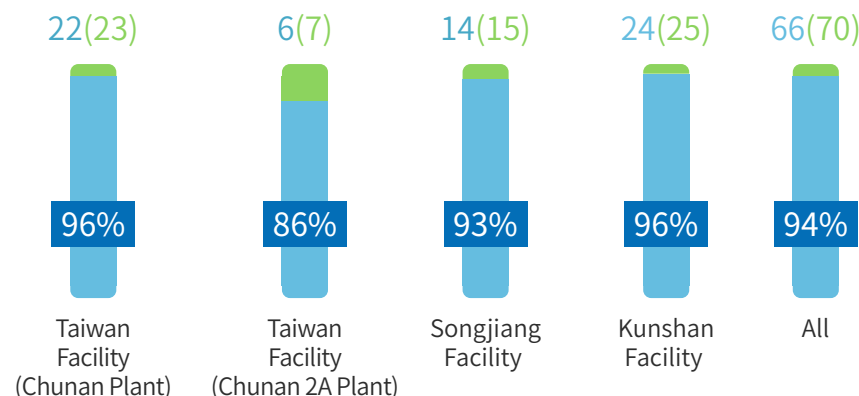
We will collaborate with suppliers on a system and implementation level to follow RBA guidelines, striving to provide a humane, safe, and eco-friendly working environment. We have incorporated RBA audit items into our inspection checklist for supplier quality systems and operational capabilities, ensuring 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.

■ 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.

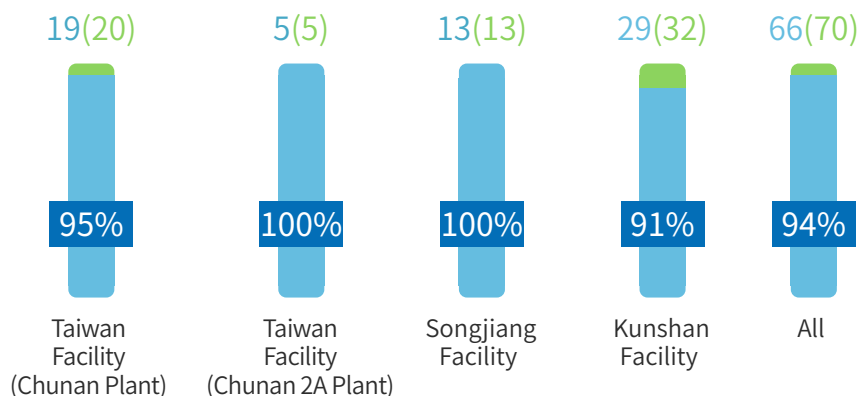
■ Supplier RBA Implementation Status ■



Suppliers with RBA Commitment Declaration

■ Target ■ Progress ■ Completion Ratio

■ Supplier Hazardous Substances Investigation Implementation Status ■



Suppliers with Hazardous Substance-free Guarantee Declaration

■ Target ■ Progress ■ Completion Ratio

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

FITI Group conducts an annual assessment and evaluation of its top 10 key suppliers, covering their performance in delivery, quality, service, environment, human rights, labor conditions, and anti-corruption. Suppliers who fail the evaluation are required to attend a supplier management meeting to discuss and resolve the issues. Corrective action plans are requested, and their implementation is closely monitored to ensure effective solutions. Through regular evaluations, the Group continuously monitors supplier performance to achieve its management objectives.

According to FITI Group's Green Supply Chain Management Regulations, suppliers who have signed the "Supplier Social and Environmental Responsibility Commitment", "Conflict Mineral-Free Commitment", and "Hazardous Substance-Free Guarantee" are considered medium/low-risk and are exempted from self-assessment and audits. High-risk suppliers who have not signed these declarations are subject to on-site evaluations by FITI Group's functional units.

FITI Group conducts annual audits of its top 10 outsourced suppliers in each plant based on the importance of the product category to their sustainable operations, covering their continuous operational capability, engineering and technical capability changes, quality stability, and previous year's quality performance. Unscheduled audits are also carried out when there are significant environmental issues or changes in laws and regulations. In 2024, the Group plans to complete annual audits of 38 key suppliers in the Shanghai Songjiang and Kunshan plants, and 18 key suppliers in the Taiwan plants, covering the company's latest status, quality systems, operations management, and technical exchanges, to ensure the suppliers' continuous operational capability.

■ Supplier Audit Execution Status ■

	Target	Actual	Completion Ratio
Taiwan Facility (Chunan Plant)	5	5	100%
Taiwan Facility (Chunan 2A Plant)	3	3	100%
Songjiang Facility	12	12	100%
Kunshan Facility	17	17	100%

Major Audit Findings

- ★ Incomplete identification of risk and incident factors
- ★ Insufficient frequency of accident prevention drills
- ★ Inadequate implementation of health and safety policies

Improvement Measures

Require suppliers to provide the content of their risk and incident identification factors, prevention drill plans, and safety policy documents, and track their implementation. This will be a key focus of the audits in 2024 to verify the actual implementation status.

■ Contractor Management

To protect contractor personnel, company employees, and maintain plant safety, FITI Group strictly follows occupational safety and health laws and regulations. The Group has established contractor environmental, safety, and health management procedures to define the responsibilities of the company's functional units and the contractors, as well as the relevant environmental, safety, and health considerations. Contractors must sign a commitment letter before applying to enter the plant for construction, and they must also attend the plant's hazard notification and safety and health education training provided by the environmental and safety unit. The execution status is as follows:

■ Contractor Hazard Notification Training Execution Status ■

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

	Persons to be Trained	Actual Persons Trained	Completion Ratio
Taiwan Facility (Chunan Plant)	1,174	1,174	100%
Taiwan Facility (Chunan 2A Plant)	989	989	100%
Songjiang Facility	1,176	1,176	100%
Kunshan Facility	981	981	100%
Total	4,320	4,320	100%

	Required Training Hours	Actual Training Hours	Completion Ratio
Taiwan Facility (Chunan Plant)	1,174	1,174	100%
Taiwan Facility (Chunan 2A Plant)	989	989	100%
Songjiang Facility	1,176	1,176	100%
Kunshan Facility	981	981	100%
Total	4,320	4,320	100%

Social Engagement Practices

★ Material Issues and Management Method



Employment Relations (GRI 401)

Goal

Short Term (2024): Achieve a quarterly turnover rate of outstanding talent below 2%.

Medium Term (2026): Achieve a quarterly turnover rate of outstanding talent below 1.8%.

Long Term (2030): Achieve a quarterly turnover rate of outstanding talent below 1.6%.

Management Method

FITI Group values its labor-employer relationship and provides its employees with respect and care, following the principles below to achieve social engagement:

- 1.Enhance talent development and increase retention rate by implementing various retention programs to assist employees in their learning and self-realization.
- 2.Actively monitor market salary information and provide competitive overall compensation.
- 3.Implement the company's human rights policy and ensure legal compliance.

Performance in 2023

Amid the diversification of employment models in the job market, FITI Group utilizes various channels, especially through the flexible use of manpower agencies, to recruit talent, and does not take any adverse actions against dispatched employees.

After 6 months of service, dispatched employees undergo regular performance evaluations to identify their strengths, and those who pass the evaluation are converted to full-time employees, with the right person in the right position. In 2023, the Taiwan plants hired 15 dispatched employees, 6 of whom were converted to full-time, a conversion rate of 40%. The China plants hired 345 dispatched employees, 162 of whom were converted to full-time, a conversion rate of 46.96%.



(GRI 403)

Occupational Safety and Health

Short/Medium Term (2026): Maintain the effectiveness of the ISO 45001 management system.

Long Term (2030):

- Maintain the effectiveness of the ISO 45001 management system.
- Achieve zero occupational accidents.

Management Method

Complying with occupational safety and health regulations, FITI Group has established a management system framework to implement safety, health, and well-being control mechanisms. The company holds quarterly safety committee meetings to discuss factory safety and health matters, accompanied by regular factory inspections, to create a safe work environment and promote operational safety, with the goal of achieving zero occupational accidents by 2028.

Performance in 2023

Health promotion initiatives:

1.Blood donation activity: 36 participants

2.Health lecture: 41 participants

3.Free influenza vaccination: 227 employees

Successful re-certification of the ISO 45001 management system for three years

Optimized the contractor safety and health management system

Conducted emergency evacuation drills and chemical spill response drills, with a total of 470 participants.





Training & Education (GRI 404)

Goal

Short Term (2024): Optimize employee training matrices and the E-Learning platform, upgrade self-learning tools, and achieve a 100% training completion rate for new employees onboarding within 90 days through the platform.

Medium Term (2026): Achieve an average of 30 training hours per employee.

Long Term (2030): Create a one-on-one mentoring system, train qualified department instructors, and achieve a 1:1 ratio of internal instructors to trainees, passing on skills and knowledge to foster a collaborative learning environment.

Management Method

Confirming the training needs of employees, the Group provides adequate training resources, develops effective training plans, and improves the effectiveness of training, enabling employees to be competent in their work.

Performance in 2023

In 2023, the Group completed the following training programs:

- 1 · Trade secret protection law and case sharing on corporate integrity, with 72 participants.
- 2 · Awareness training on workplace misconduct, including workplace bullying and sexual harassment, with 49 participants.
- 3 · Internal environmental and safety-related courses, with 1,505 participants, and external certification/recertification courses, with 72 participants.
- 4 · Professional development courses, with 3,637 participants.
- 5 · Management and leadership courses, with 147 participants.



Customer Privacy (GRI 418)

Short Term (2024):

- Ensure that 100% of important data is entered into the archived document management system with access control settings.
- Ensure that 100% of employees sign non-disclosure agreements to strictly adhere to customer information confidentiality requirements.
- Conduct information security and confidentiality awareness promotions every six months.

Medium/Long Term (2030): Achieve zero customer complaints regarding privacy issues.

Management Method

FITI Group has established the "Confidential Information and Intellectual Property (CI-IP) Management Regulations" and the "Customer Property Management Guidelines" to protect the interests of its clients. The company has implemented appropriate management measures for both client products and intellectual property. If clients have any dissatisfaction with FITI's products or services, the company provides complaint channels and has dedicated personnel to handle and respond to customer inquiries.

Performance in 2023

In 2023, FITI Group did not receive any complaints or face any penalties from external parties or regulatory bodies regarding privacy rights.

Enjoyable Workplace

FITI Group attaches great importance to human rights and is committed to ensuring that all employees, applicants, and supplier employees are treated fairly and with dignity, regardless of race, thought, religion, party affiliation, place of origin, gender, sexual orientation, marital status, appearance, physical or mental disability, or union membership. In our labor policies, we have clearly stated our commitment to complying with labor-related laws and regulations, and upholding international human rights conventions. We respect workplace human rights, promote a healthy and safe work environment, support freedom of association, create diverse communication channels, and protect information security. FITI Group strictly complies with the Labor Standards Act, the Act of Gender Equality in Employment, and other relevant laws and regulations. We provide equal employment opportunities to all job seekers and exceed the legal requirement of employing at least one person with disabilities for every 100 employees, providing job opportunities for disadvantaged groups.

Furthermore, we have established "Measures for the Prevention, Complaint, and Punishment of Sexual Harassment," which are publicly announced on our internal website. Any form of sexual harassment in the workplace is strictly prohibited, in order to create a safe and healthy work environment. We also promote our employee grievance system through our website, ensuring that no discrimination incidents occur. As a result, in 2023, FITI Group did not have any incidents related to discrimination or human rights violations.

Talent Distribution and Attraction

(GRI 405-1.GRI 405-2)

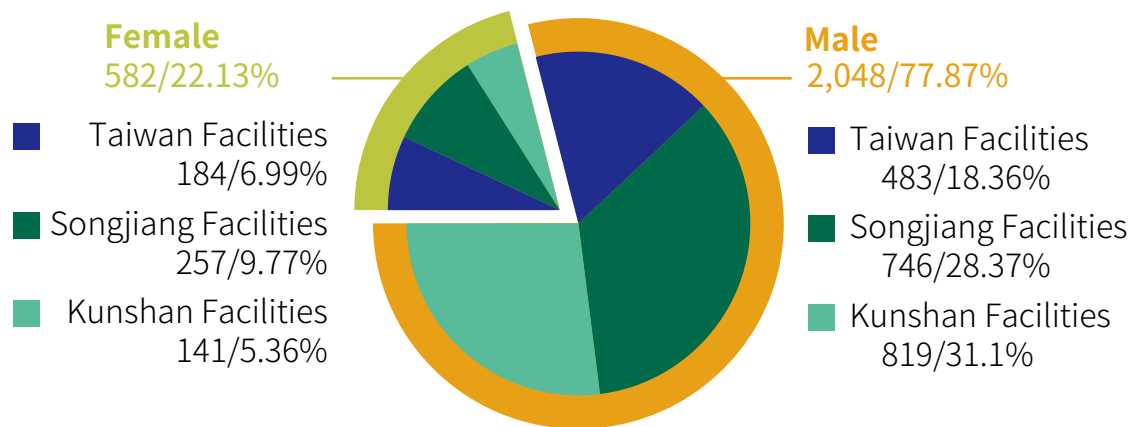
FITI Group's recruitment and talent development policies are based on the principle of meritocracy, without any discrimination based on age, gender, or race. We select talents based on their capabilities and fit for the roles, and design a reasonable organizational structure and talent pipeline aligned with our strategic development. The recruitment process complies with relevant laws and regulations, adopting a fair and impartial operating model, and reaching out through multiple channels to identify suitable candidates.

As of the end of 2023, FITI Group's Taiwan factory had 6 dispatched employees, all of whom were converted to full-time employees after evaluation. We also employed 8 people with disabilities, accounting for 1.2% of the total workforce, with 2 employees exceeding the legal requirement to ensure their employment rights.

The China facilities had 107 dispatched employees remaining, with the majority converted to full-time employees after evaluation. We also hired 10 people with disabilities and 59 ethnic minority employees, accounting for 0.45% and 2.6% of the total workforce respectively, to safeguard their employment rights.

Employee Composition by Age, Gender, and Region in 2023 (GRI 2-7)

Total Employees: 2,630(2,412 non-regular, 102 foreign nationals, 3 contract-based, 113 dispatched) / 100%



The total number of full-time employees is 2,517 (GRI 2-7)

※Data as of 12/31/2023, with dispatched employees working in production lines.
※Total employees = non-regular + foreign nationals + contract-based + dispatched.
※Contract-based employees (signed agreements).

■ Continued - Employee Composition by Age, Gender, and Region in 2023 ■

		Male					Female					unit:person	
		Full-time	Foreign	Contractor	Temporary	Subtotal	Full-time	Foreign	Contractor	Temporary	Subtotal		
Taiwan	Taiwan	373	102	3	5	483	183	0	0	1	184		
China	Songjiang	653	0	0	93	746	243	0	0	14	257		
	Kunshan	819	0	0	0	819	141	0	0	0	141		
	Total	1,845	102	3	98	2048	567	0	0	15	582		

※Data as of 12/31/2023, with dispatched employees working in production lines.
 ※Full-time employees include regular employees and contract-based employees.
 ※Contract-based employees (signed agreements).

■ Employee Composition by Age, Gender in 2023

		Male		Female	
unit:person		478	Taiwan	183	
	85		age <30	34	
	335		age 30~50	138	
	58		age >50	11	
	746		Songjiang	257	
	213		age <30	87	
	520		age 30~50	170	
	13		age >50	0	
	819		Kunshan	141	
	244		age <30	49	
	568		age 30~50	92	
	7		age >50	0	

■ 2023 Non-employee Regional Composition Table (GRI 2-8)

	Security Guard	Catering Staff	Cleaning Staff	Contractor (Note1)
Taiwan	6	1	5	56.9
Songjiang	10	20	17	54.4
Kunshan	0	0	10	50.5
Total	16	21	32	161.8

*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.

■ New Hires and Employee Turnover at FITI Group in 2023 (GRI 401-1)

Due to the high business growth of FITI Group in 2023, the group recruited new employees to build up talent reserves, resulting in positive growth in new hires. The employee turnover rate remained stable, as shown in the table on the next page.

■ Composition Structure of New Employees- Taiwan Facilities

		age<30	age30~50	age>50	Total
Female	Person	18	36	2	191
	The proportion of this interval	52.94%	26.09%	18.18%	
Male	Person	45	79	11	28.9%
	The proportion of this interval	52.94%	23.58%	18.97%	

■ Composition Structure of Resigned Employees- Taiwan Facilities

		age<30	age30~50	age>50	Total
Female	Person	8	11	0	71
	The proportion of this interval	23.53%	7.97%	0%	
Male	Person	12	33	7	28.9%
	The proportion of this interval	14.12%	9.85%	12.07%	

■ Composition Structure of New Employees- Songjiang Facilities

		age<30	age30~50	age>50	Total
Female	Person	35	21	0	416
	The proportion of this interval	40.2%	12.4%	0%	
Male	Person	167	193	0	41.5%
	The proportion of this interval	78.4%	37.1%	0%	

■ Composition Structure of Resigned Employees- Songjiang Facilities

		age<30	age30~50	age>50	Total
Female	Person	15	31	0	280
	The proportion of this interval	17.2%	18.2%	0%	
Male	Person	77	156	1	27.9%
	The proportion of this interval	36.2%	30%	7.7%	

■ Composition Structure of New Employees- Kunshan Facilities

		age<30	age30~50	age>50	Total
Female	Person	20	5	0	129
	The proportion of this interval	40.8%	5.4%	0%	
Male	Person	70	34	0	13.4%
	The proportion of this interval	28.7%	6.0%	0%	

■ Composition Structure of Resigned Employees- Kunshan Facilities

		age<30	age30~50	age>50	Total
Female	Person	9	12	0	162
	The proportion of this interval	18.4%	13%	0%	
Male	Person	63	78	0	16.9%
	The proportion of this interval	25.8%	13.7%	0%	

※2023 New Hires Ratio = (Number of new hires in each factory / Total headcount in each factory at the end of the period) x 100%

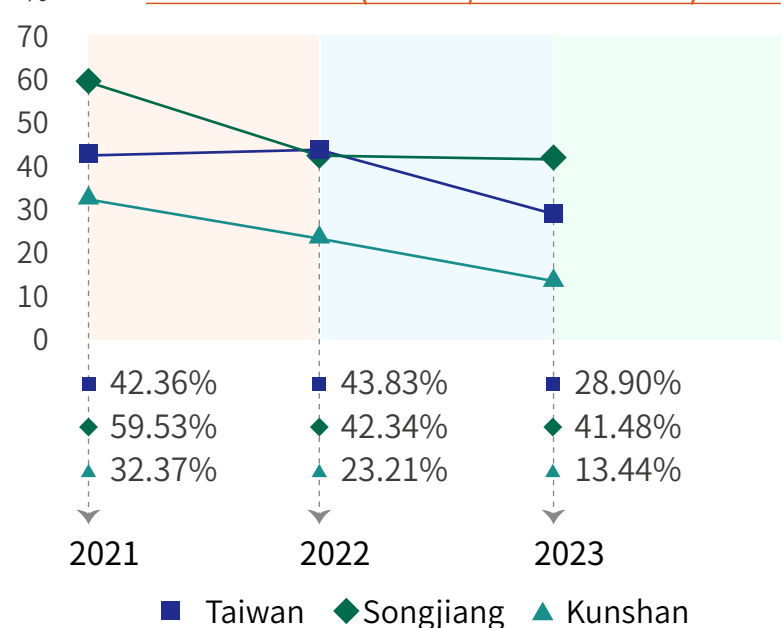
※2023 Turnover Rate = (Number of employees who left each factory / Total headcount in each factory at the end of the period) x 100%

※Number of leavers: Excluding those who worked less than 3 months

In 2023, global end-product demand was weak, which in turn impacted the semiconductor equipment market, leading to memory fabs reducing capital expenditures and advanced logic processes slowing down, and the industry chain continuously adjusting inventory. Given the uncertain economic outlook, the demand for manpower has slowed down, and the new hire ratio has shown a weakening trend.

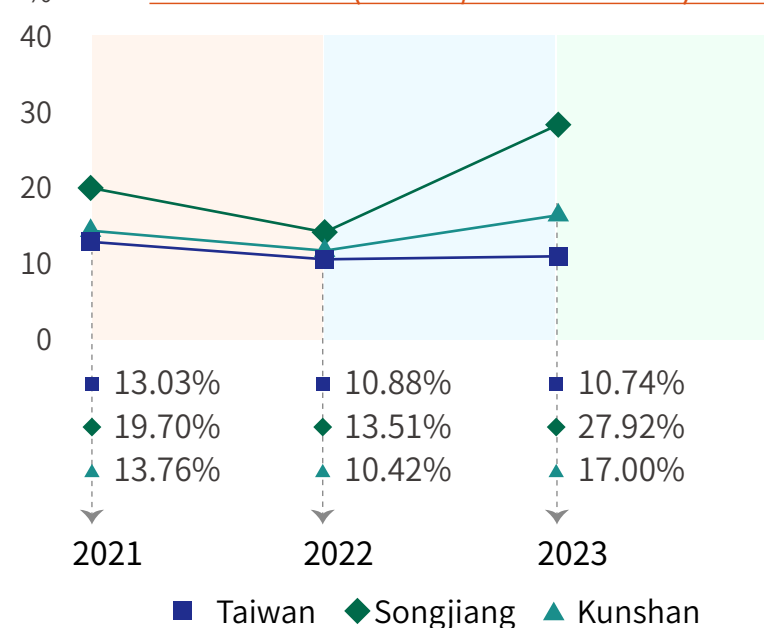
In 2023, the overall turnover rate of the FITI Group increased slightly, with this increase mainly coming from voluntary resignations by employees. The turnover rate in the Taiwan region has maintained a downward trend, while the China region has been affected by the US' comprehensive chip export restrictions on China. China's customs data shows that in the first half of 2023, semiconductor imports decreased by 22% year-on-year, and semiconductor manufacturing equipment imports decreased by 23% year-on-year. Combined with the complex and severe external environment, the overall economic recovery has been weaker than expected, which has led to employees in the local area choosing to leave for better development opportunities, resulting in a slight increase in the turnover rate.

■ **New Hire Ratio (Taiwan/China Facilities) from 2021 to 2023**



※New Hire Ratio = (Total new hires / Year-end total headcount) x 100%

■ **Turnover Rate (Taiwan/China Facilities) from 2021 to 2023**



※Turnover Rate = (Total leavers / Year-end total headcount) x 100%

Employee Compensation and Benefits (GRI 401-2)

The FITI Group implements internal management review procedures in accordance with ISO 45001, the Responsible Business Alliance Code of Conduct (RBA), the Occupational Safety and Health Act, and the Labor Standards Act, and regularly conducts PDCA effectiveness assessments and verifications to consider relevant management measures.

A comprehensive compensation and benefits system is an issue that the FITI Group attaches great importance to. The Group provides overall compensation that is externally competitive and internally equitable, in order to create a challenging, excellent, and healthy work environment. The overall compensation includes base salary, allowances, bonuses, and remuneration. Through well-planned and executed annual salary adjustment processes, factors such as individual professional skills, job responsibilities, and performance are taken into account. Performance bonuses and employee remuneration bonuses are issued based on the company's operational goals and profitability. The Group also has a mid-to-long term stock option incentive policy in place to motivate and retain outstanding talents.

The company holds labor-management meetings regularly each quarter to promote communication and cooperation between labor and management. Formal employees of FITI, FATI, Frontier and Kainova enjoy additional benefits including festival gifts (Dragon Boat Festival, Mid-Autumn Festival, and year-end), group insurance, and travel accident insurance. In addition to setting up clubs and organizing various recreational activities, the Welfare Committee also provides birthday gifts, festival gifts, education grants, travel subsidies, and various other subsidies (health checks, maternity, marriage, illness, funeral, etc.). Formal employees of the Songjiang and Kunshan facilities enjoy not only the five social insurances and one housing fund, but also commercial insurance, holiday care packages (Chinese New Year, Dragon Boat Festival, Mid-Autumn Festival), birthday gifts, as well as "Warm in Winter, Cool in Summer" care packages distributed to employees in non-air-conditioned work areas. Performance bonuses and employee remuneration are also planned and granted based on operational conditions and individual work performance. The FITI Group attaches great importance to the family life of its employees and the care for the next generation. In addition to providing maternity gifts to encourage childbirth, the Group also provides all employees with legally mandated maternity/paternity leave and childcare leave, safeguarding the employment rights of employees during the post-partum and leave periods, allowing all employees to care for their newborns with peace of mind and enjoy the joy of family.

■ 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.

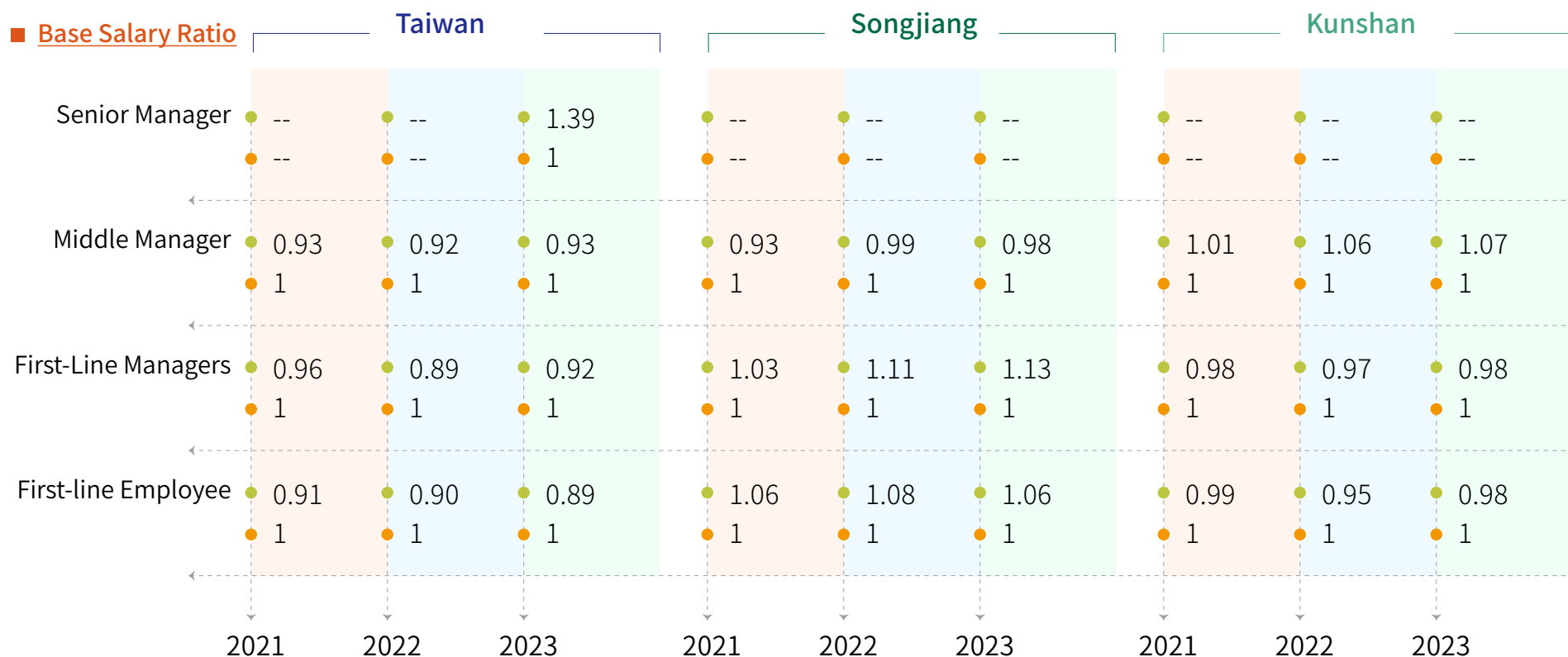
■ 2023 Female–Male Employee Base Salary Ratio by Job Classification:

Taiwan Facilities- senior manager 0.39, middle manager 0.07, first-line managers: 0.08
Songjiang Facilities- middle manager 0.02, first-line managers: 0.13
Kunshan Facilitie- middle manager 0.07, first-line managers: 0.02

■ 2023 Female–Male Employee Total Compensation Ratio by Job Classification

Taiwan Facilities- senior manager 0.50, middle manager 0.01, first-line managers: 0.08
Songjiang Facilities- middle manager 0.01, first-line managers: 0.06
Kunshan Facilitie- middle manager 0.04, first-line managers: 0.1

The analysis indicates that the differences reflect the different distribution of job levels and seniority, and are not due to gender differences. The senior managers in the Shanghai Songjiang and Jiangsu Kunshan factories were all males, so no comparisons were possible. Further analysis showed that the standard salaries of all employees were above the local minimum wage, and there were no differences influenced by gender.



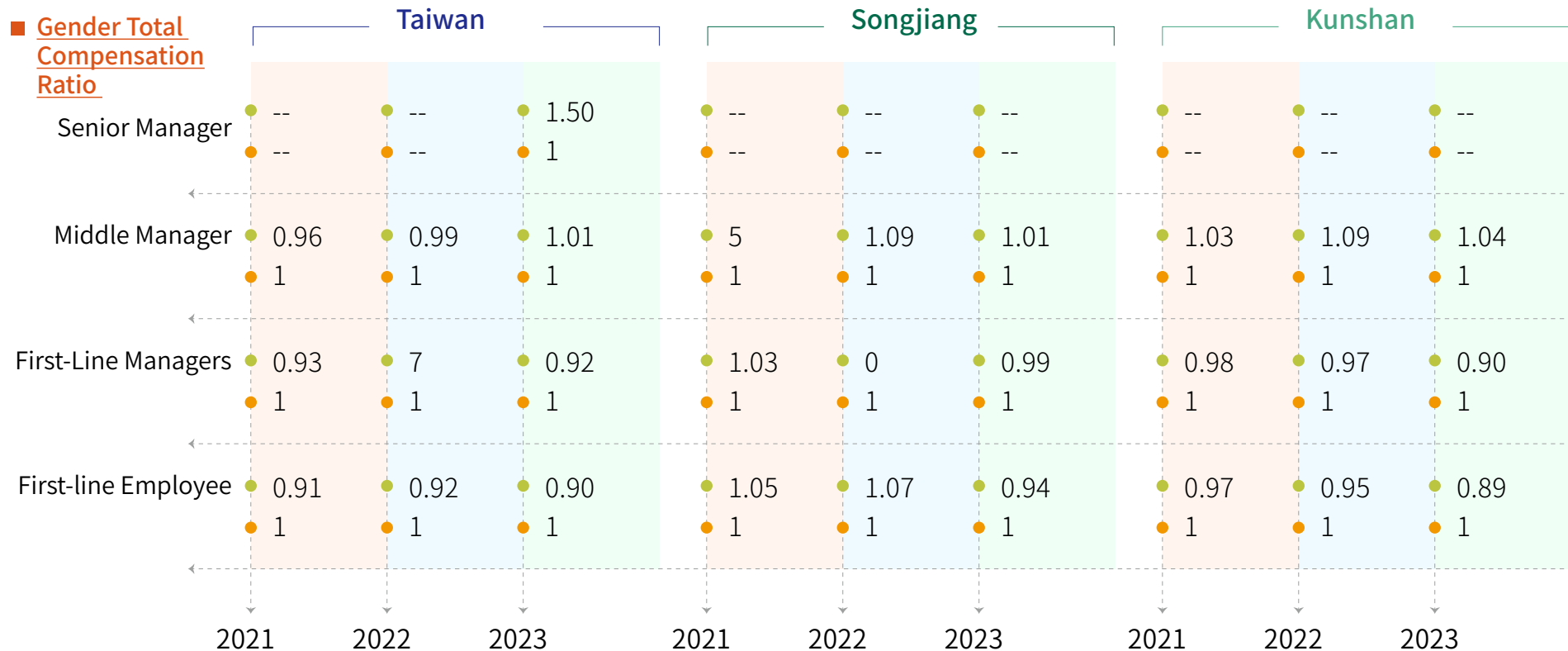
※ Compensation includes base monthly salary + fixed allowances

※ Senior manager - managers at department head level and above; middle manager - deputy managers to deputy department heads; first-line managers - section chiefs; junior employees - non-managerial staff

※ All senior employees of the company in the Songjiang and Kunshan were male, so no comparisons were possible

※ Started from 2022, the ESG report used the category average value with males as the denominator

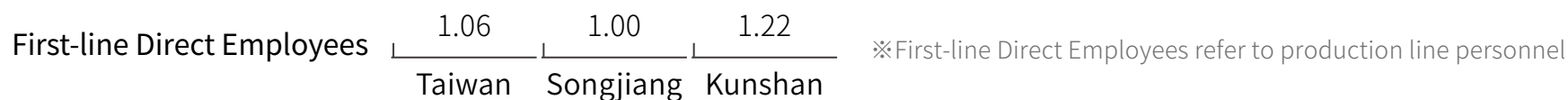
● Female ● Male



※ Total Compensation includes base monthly salary + managerial allowance + bonuses
 ※ Senior manager - managers at department head level and above; middle manager - deputy managers to deputy department heads; first-line managers - section chiefs; junior employees - non-managerial staff
 ※ All senior employees of the company in the Songjiang and Kunshan were male, so no comparisons were possible
 ※ Started from 2022, the ESG report used the category average value with males as the denominator

● Female ● Male

■ **Ratio of First-line Employees' Standard Salary to Local Minimum Wage**



■ Retirement System (GRI 401-2, GRI 201-3)

The FITI Group complies with the government's retirement plan policies, including the provisions of the Taiwan Labor Standards Act, the Taiwan Labor Pension Act, and the retirement contribution plans regulated by local laws in overseas locations. In addition to making statutory provisions for retirement reserves, the Group also commissions external professional actuarial firms to conduct annual actuarial valuations of the retirement reserves, not only to review the sufficiency of the old labor retirement reserves, but also to meet the financial reporting disclosure requirements for listed companies, protecting the future retirement benefit rights of the employees. In 2023, there were a total of 31 employees under the old labor retirement system, and the accumulated total amount in their pension accounts as of January 1, 2024 was NT\$41,688,880. Furthermore, according to the new pension system regulations, 6% of the insured salary is contributed monthly as the new pension fund, and the contributions are fully funded.

■ 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.

■ FITI Group Employee Parental Leave Status ■ (GRI 401-3)

■ 2023 Analysis of Parental Leave in Taiwan Facilities ● Female ● Male

★ 2023 Eligible Applicants



★ 2023 Number of Applicants



★ A. Projected 2023 Returnees



★ B. Projected 2023 Returnees



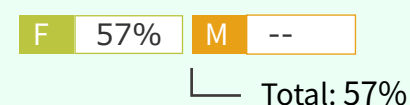
★ C. 2022 Returnees Still Employed



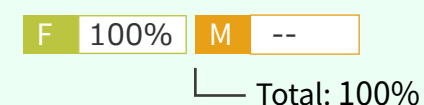
★ D. 2022 Total Returnees



★ Return Rate(B/A)



★ Retention Rate(C/D)

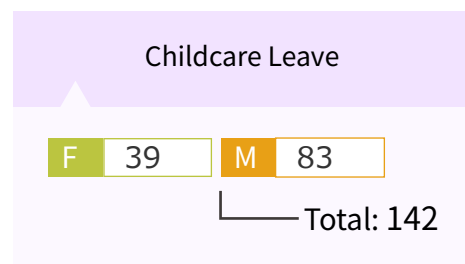
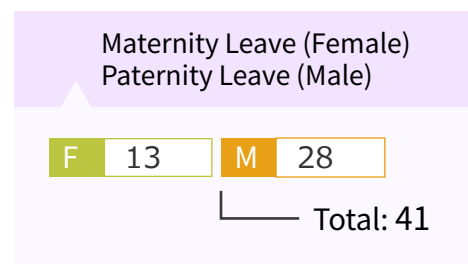


※For Taiwan facilities, the 2023 eligible parental leave applicants are defined as those who applied for maternity benefits in the past 3 years, based on the Parental Leave Implementation Measures Policy. China facilities are not included in the statistics as there are no local regulations on parental leave.

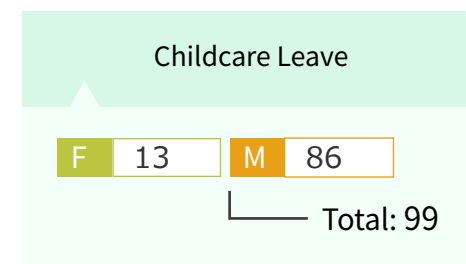
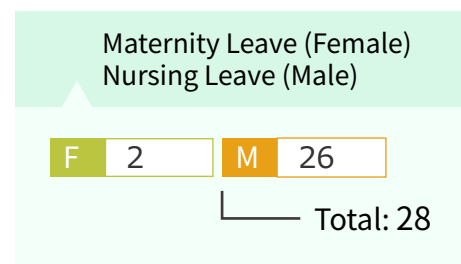
※In 2022, 1 employee applied for parental leave, with a 57% return rate and a 100% retention rate.

■ 2023 Analysis of Maternity, Childcare, Paternity, and Nursing Leaves in China Facilities

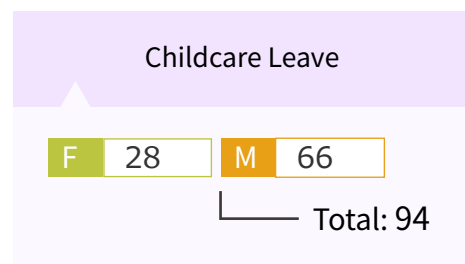
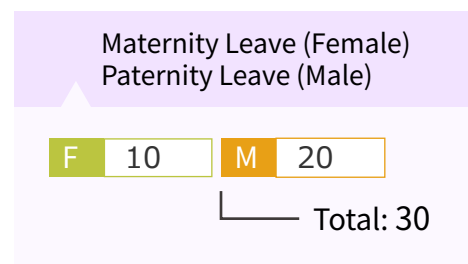
★ 2022 Songjiang Facilities



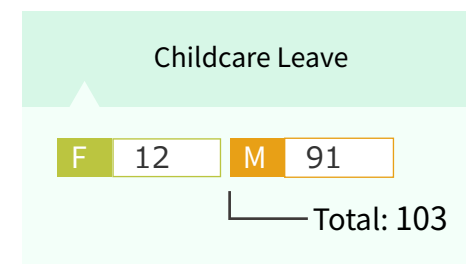
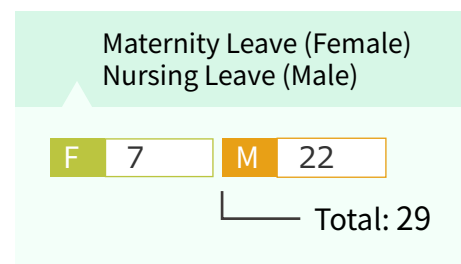
★ 2022 Kunshan Facilities



★ 2023 Songjiang Facilities



★ 2023 Kunshan Facilities



※ Maternity Leave: Married female employees who give birth are entitled to 98 days of maternity leave and an additional 60 days of extended maternity leave, in accordance with legal regulations. For difficult childbirth, an additional 15 days of maternity leave is granted; for multiple births, an additional 15 days of maternity leave is granted for each additional baby, excluding statutory holidays.

※ Paternity Leave/Nursing Leave: Employees who have children are entitled to paternity leave or nursing leave during the female employee's maternity leave period. At the Songjiang facilities, male employees are entitled to 10 days of paternity leave, while at the Kunshan facilities, male employees are entitled to 15 days of nursing leave. Paternity leave/nursing leave includes public holidays but excludes statutory holidays. (Note: The entitlement days differ due to variations in local regulations between the two locations.)

※ Childcare Leave: Couples who have given birth are entitled to childcare leave before their child reaches the age of 3. At the Songjiang facilities, employees can take 5 days of childcare leave per year, while at the Kunshan facilities, employees can take 10 days of childcare leave per year. (Note: The entitlement days differ due to variations in local regulations between the two locations.)

Employee Training and Development (GRI 404-1.GRI 404-2)

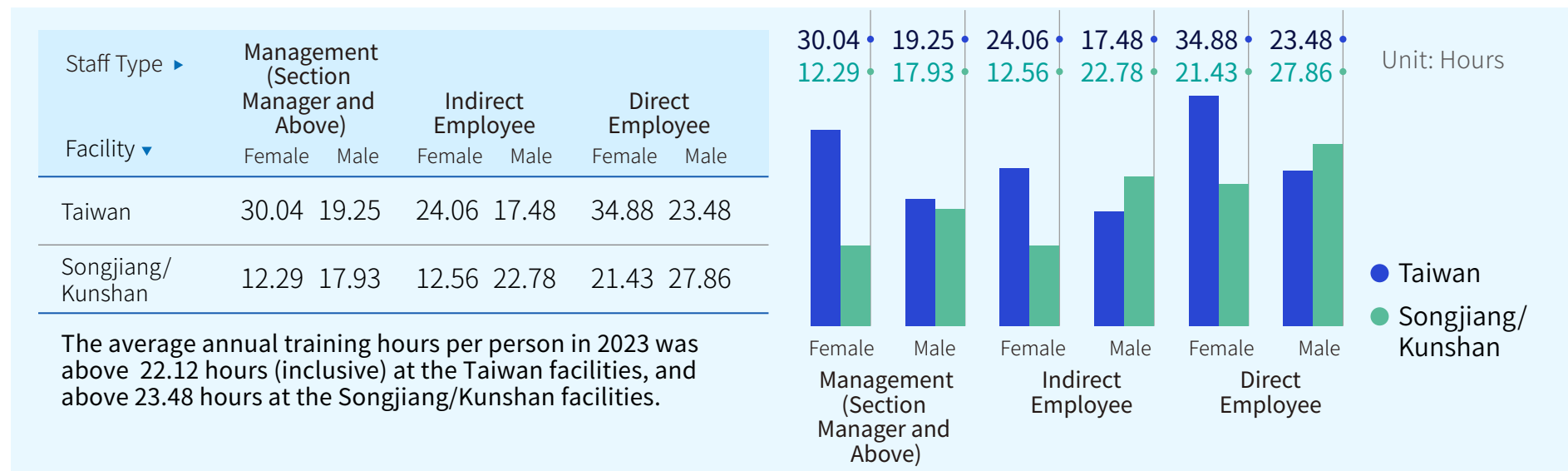
With the vision of fulfilling its responsibility as a global citizen and respecting and caring for lives, FITI Group employs various pedagogical methods, including narrative, interactive, and experiential teaching, in its general and managerial training programs. These methods help employees clarify 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 2023, the average annual training hours per person at the Taiwan facilities was 22.12 hours, and 23.48 hours at the Songjiang/Kunshan facilities. The detailed "Average Training Hours Table by Facility and Employee Category" with charts is provided below.

FITI has implemented a strong emphasis on gender equality. In 2023, after promoting female colleagues to managerial positions, their participation in training increased. In terms of both direct and indirect employee training, the training hours for female employees were higher than for male employees. Through the complementary professional skills and abilities of female and male colleagues, the promotion of gender equality has achieved certain results across various levels of the company.

■ Average Training Hours by Facility and Employee Category ■



■ Career Training

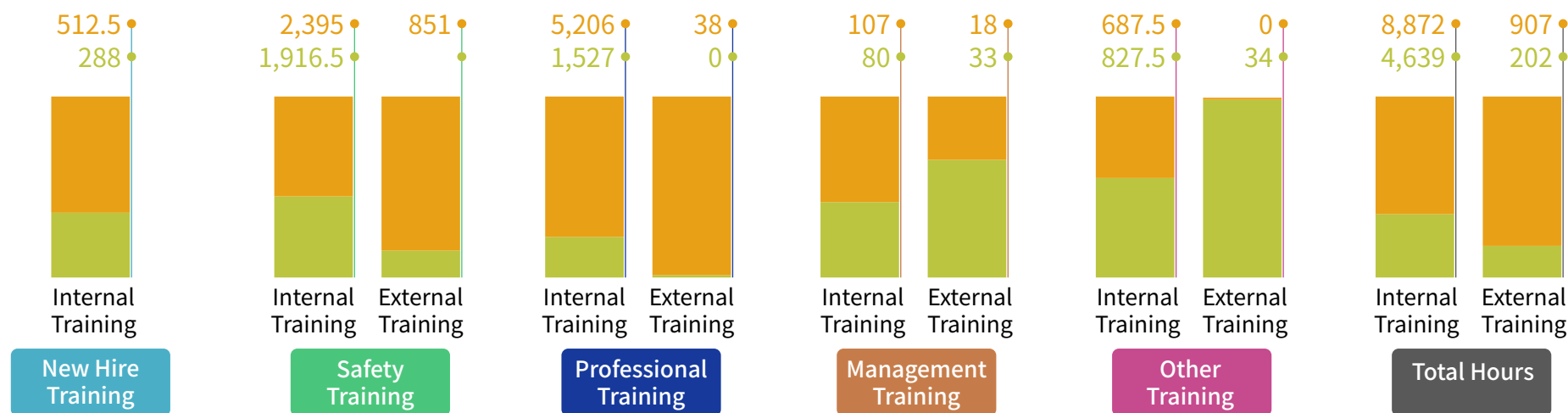
The company has implemented the people-oriented core values since employees' onboarding, and has spared no effort in new hire training. At the Taiwan facilities, the total new hire training hours amounted to 800.5 hours (accounting for 5.5% of the total training hours), while at the Songjiang/Kunshan facilities, the total training hours were 1,800 hours (accounting for 3.9% of the total training hours). We encourage employees to actively participate in various educational trainings, and do not compromise on the concept cultivation of obtaining licenses required by regulations and work safety. The total safety training hours reached 5,261 hours at the Taiwan facilities (accounting for 36.0% of the total training hours), and 9,926 hours at the Songjiang/Kunshan facilities (accounting for 21.5% of the total training hours).

In terms of professional technical content, the total training hours were 6,771 hours at the Taiwan facilities (accounting for 46.3% of the total training hours), and 33,593.5 hours at the Songjiang/Kunshan facilities (accounting for 72.9% of the total training hours).

In 2023, the emphasis was on the promotion of the rule of law concept. In July, we invited the Miaoli County Investigation Office to lecture on the Protection of Trade Secrets Act and share cases of corporate anti-corruption, emphasizing our importance on trade secrets and our firm commitment to integrity. In November, we invited external legal experts to explain the provisions and share practical legal judgments, strengthening the company's determination to maintain a friendly workplace.

■ Average Training Hours by Employee Category - Taiwan Facilities

Taiwan Facilities Internal Training - Average Training Hours per Person: Female - 25.3 hours; Male - 18.6 hours / Taiwan Facilities External Training - Average Training Hours per Person: Female - 1.1 hours; Male - 1.9 hours

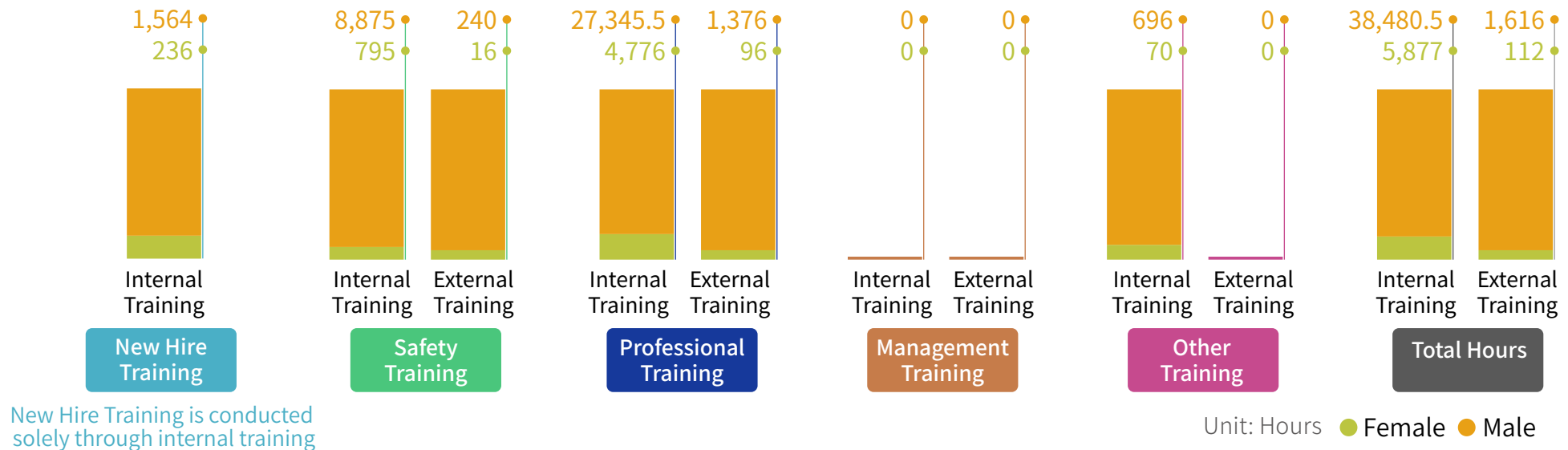


New Hire Training is conducted solely through internal training

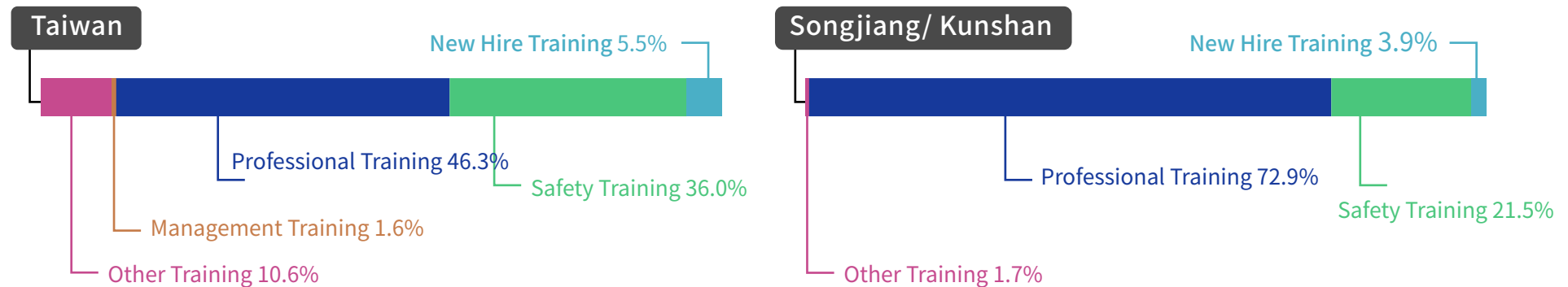
Unit: Hours ● Female ● Male

■ Average Training Hours by Employee Category - Songjiang/ Kunshan Facilities

Songjiang/Kunshan Facilities Internal Training - Average Training Hours per Person: Female - 14.8 hours; Male - 24.6 hours / Songjiang/Kunshan Facilities External Training - Average Training Hours per Person: Female - 0.3 hours; Male - 1.0 hours



■ Percentage of Total Training Hours by Course Category



■ 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 13 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 2023, a total of 525 colleagues from Taiwan FITI, Taiwan FATI, Taiwan Frontier, and Taiwan Kainova participated in the performance assessment process. Among them, approximately 67% were male and about 33% were female. At the Songjiang facilities and Kunshan facilities, a total of 1885 colleagues participated in the performance assessment process, with males accounting for approximately 80% and females for about 20% of the total employees. In Taiwan facilities, 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.

	Taiwan	Songjiang	Kunshan
Senior Management	1 + 23 = 24 (100%)	0 + 0 = 0 (0%)	0 + 0 = 0 (0%)
Middle Management	20 + 49 = 69 (100%)	3 + 17 = 20 (100%)	3 + 17 = 20 (100%)
Junior Management	14 + 20 = 34 (100%)	42 + 90 = 132 (100%)	19 + 125 = 144 (100%)
Other Indirect Employee	117 + 151 = 268 (100%)	130 + 203 = 333 (100%)	84 + 202 = 286 (100%)
Direct Employee	20 + 110 = 130 (100%)	68 + 383 = 451 (100%)	31 + 468 = 499 (100%)
Total	172 + 353 = 525 (100%)	243 + 693 = 936 (100%)	137 + 812 = 949 (100%)

Unit: Person ● Female ● Male

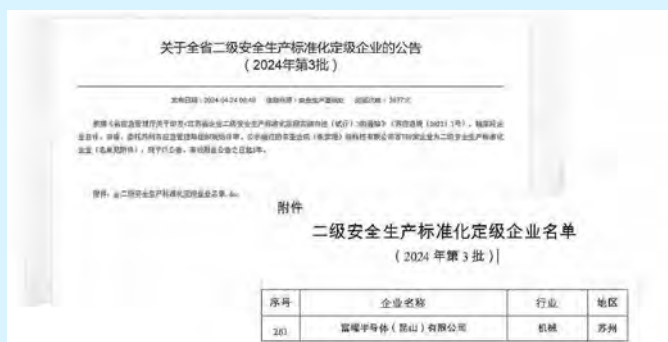
※Senior Management - Department Heads and above; Middle Management - Deputy Managers to Deputy Department Heads; Junior Managers - Deputy Group Leaders to Senior Specialists.

Occupational Health and Safety Disclosures (GRI 403-1)

To establish a safe and healthy work environment, free from occupational accidents and in compliance with legal requirements, FITI Group has been operating a safety management system since 2017. The Taiwan facility of FITI passed the 3-year re-certification of ISO45001:2018 (Occupational Health and Safety Management System)/CNS45001:2018 (Taiwan Occupational Safety and Health Management System) in 2023, covering the workers at the FITI facilities.

The Songjiang facilities passed the Level 3 Safety Standardization System review in December 2015, completed the re-review in 2019, and is currently undergoing the second re-review in 2023, with the review results pending government filing. The Kunshan facilities first passed the Level 3 Safety Standardization System review in March 2014, completed the re-reviews in 2017 and 2020, and passed the Level 2 Safety Standardization System on-site review in August 2023, with the results currently published on the government website.

■ Work Safety Standardization Certificates of Songjiang Facilities and Kunshan Facilities



※Safety Production Standardization: According to the "Basic Norms of Enterprise Safety Production Standardization", the company has established a safety production responsibility system, formulated safety management systems and operating procedures, identified and rectified potential hazards, and monitored major risk sources. It has also established preventive mechanisms, standardized production behaviors, and ensured that all production processes meet the requirements of relevant safety production laws, regulations, and standards. The people, equipment, materials, and environment are in a good production state, with continuous improvement to strengthen the standardization of enterprise safety production. The standardization levels are divided into level 1 to level 3.

■ Hazard Identification, Risk Assessment, and Incident Investigation

(TC-SC-320a.1) (GRI 403-2)

Every year, through the hazard identification and risk assessment system established under the occupational safety and health management system, we conduct a review to understand the potential hazards and risk conditions of the operations in each unit, and then carry out improvements accordingly. The process is shown in the diagram below.



Hazard Identification and Risk Assessment Process

In 2023, the Taiwan facility identified 1,228 items, and established 4 improvement management plans, such as replacing office chairs with ergonomic chairs, updating the roof panels in the waste collection area, renovating the factory's fire alarm broadcasting system, and holding a traffic safety seminar. The remaining items are controlled through operating procedures to provide employees with a safe and healthy work environment.

The Songjiang facilities' assessment identified a total of 271 inherent risks, and the Kunshan facilities' safety risk identification counted 225 items. In addition to posting safety risk notification signs on site, targeted safety measures are taken based on the risk level, and emergency response plans are formulated.



▲ Replacing Office Chairs with Ergonomic Chairs

FITI Group has established an accident reporting and investigation procedure. When an accident occurs, it must be reported within 10 minutes, and an accident investigation is then conducted as per regulations and documented in the accident investigation system. The causes are analyzed, improvement measures are developed, and the results are reported to prevent recurrence. The overall process is shown in the diagram below.



Accident Investigation Process

Furthermore, when workers face imminent hazards (immediate risk of danger) while performing their duties, they can self-suspend operations and retreat to a safe area, and report to their supervisor to ensure their own safety. The FITI Group's Taiwan facilities strictly complies with the occupational safety and health act regarding the workers' right to retreat. Employees who exercise their right to retreat will not be dismissed, reassigned, have their wages withheld during the suspension period, or face other adverse actions.

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

FITI Group's Taiwan facilities have 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.

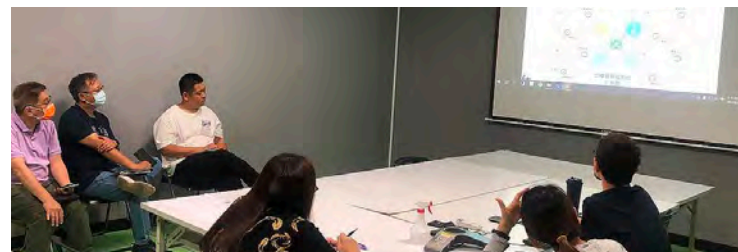
In accordance with the regulations of the "Occupational Safety and Health Act," the Taiwan facility holds quarterly meetings of the Occupational Safety and Health Committee (referred to as the "Safety Committee").

In the meetings, the committee discusses topics such as objectives, safety and health management plans, health management and promotion, etc., and carries out evaluation and improvement. The FITI Committee has 16 members, the FATI Committee has 13 members, and labor representatives account for more than one-third of the committee members. Kainova and Frontier, which do not meet the legal threshold requirements, are provided with occupational safety and health-related information and communication through the Safety Committee meetings.

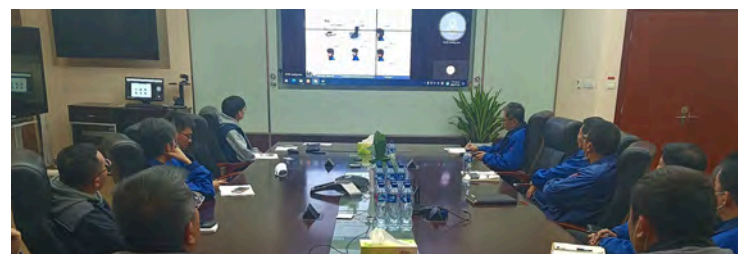
The China facilities, in accordance with the "Basic Norms for Enterprise Safety Production Standardization", convene the Safety Production Committee once a quarter. The Songjiang facilities have 23 executive committee members and 13 management committee members (including two chairpersons and two vice-chairpersons), while the Kunshan facilities have 24 executive committee members and 13 management committee members (including two chairpersons and two vice-chairpersons). They discuss issues related to safe production, health management, etc., in order to implement and supervise the execution and improvement.

■ Contractor Occupational Safety Management

The Group pays attention to the relevant requirements for workplace safety and environmental protection, and has formulated regulations on contractor safety, health, and environmental protection. It conducts key control over high-risk operations. In addition to requiring contractors to provide evidence of 6-hour safety and health education and training, the Group also confirms the relevant special operation safety and health training for supervisors and equipment. For operations involving mobile cranes, forklifts, etc., the legal professional technical personnel's skill certificates must be provided before entering the factory. The simplified process for the factory entry application is shown in the diagram on the following page.



▲ Taiwan facilities(including video conferences)



▲ Songjiang facilities(including video conferences)



▲ Kunshan facilities(including video conferences)

■ Process of Contractor Entry Application ■



Starting from 2023, the company has formally launched the contractor occupational safety and health management system, aiming to optimize the management of contractor entry and be more user-friendly.



▲ Contractor Management System (Taiwan Facilities)

The Taiwan facilities hold an annual contractor organization meeting, combining on-site and online formats to increase the participation rate of contractor partners. During the meetings, promotion, consultation and communication are conducted. A total of 59 contractors participated. The China facilities provide hazard education and training for the entering contractors to maintain factory safety. In 2023, human rights declarations were made with all suppliers.

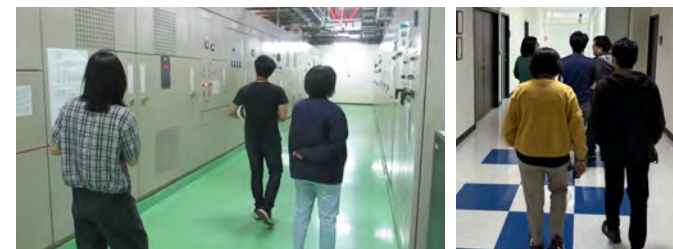


▲ Annual Agreement Organization Meeting for Contractors (Taiwan Facilities)

■ Prevention and Mitigation of the Impact of Occupational Safety and Health Directly Related to Business Operation (GRI 403-7)

In the Taiwan plants, tenants are currently invited to conduct monthly inspections to prevent the impact of occupational safety and health on business-related issues. To avoid blind spots in the inspection, multiple perspectives are used to identify potential occupational safety and health risks within the plant, and after the inspection, the relevant units are notified to improve the inspection findings, reducing the potential impact. In 2023, 17 risk points were identified, all of which have been completed.

The Songjiang plant conducts regular special inspections according to the regulations, such as confined spaces and pre-holiday inspections. A total of 6 sessions were carried out in 2023. The Kunshan plant also conducts monthly inspections on areas with higher safety risks in the plant according to the regulations, with a total of 12 sessions, all of which have been completed and reported for review.



Joint Inspections ▲

■ Occupational Injuries (GRI 403-9)

The Environmental and Safety Department conducts irregular safety inspections in the plants and publishes the inspection findings and improvement status to remind colleagues to pay attention to and always be aware of operational safety. The goal is for all colleagues to work together to achieve the target of zero accidents and create a safe workplace.

As of December 31, 2023, the FITI Group recorded 0 employee work-related deaths. The information is as stated on the right or can be referred to in the 2023 employee occupational injury statistics table on the next page.

- ★ The recordable occupational injury rate at the Chunan Plant is 4.93 (male) and 8.12 (female), with the types of accidents being handling injuries, material tipping and colliding injuries, and commuting accidents, totaling 4 cases. The recordable occupational injury rate at the Chunan 2A Plant is 0 for both male and female employees.
- ★ The recordable occupational injury rate at the Songjiang Plant is 4.05 (male), with the types of accidents being struck by objects and others (pinching, falling, scratching, spraining), totaling 9 cases.
- ★ The recordable occupational injury rate at the Kunshan Plant is 2.13 (male), with the types of accidents being 2 cases of being struck by objects, 1 case of lifting injury, and 2 cases of off-site traffic accidents.

In 2024, the FITI Group will continue to strive for the goal of zero occupational accidents, with the aim of creating a healthy, safe, and hygienic work environment.

■ 2023 Employee Occupational Injury Statistics

	Total Hours	Recordable Work-related Injury (Note 1) (Cases/Rate)	High-consequence Work-related Injury (Note 2) (Cases/Rate)	Occupational Injury Fatalities (Note 3) (Persons/Rate)
★ Chunan Plant	F 246,310 M 810,633	F 2/8.12 M 4/4.93	F 0/0 M 0/0	F 0/0 M 0/0
★ Chunan 2A Plant	F 21,454 M 75,287	F 0/0 M 0/0	F 0/0 M 0/0	F 0/0 M 0/0
★ Songjiang Facilities	F 631,817 M 2,220,260	F 0/0 M 9/4.05	F 0/0 M 0/0	F 0/0 M 0/0
★ Kunshan Facilitie	F 348,663 M 2,348,408.5	F 0/0 M 5/2.13	F 0/0 M 0/0	F 0/0 M 0/0

※ Reporting Boundary: Regular Employees

※ Total Working Hours: Total scheduled working hours + Total overtime hours. Male and female working hours are calculated by multiplying the total working hours by the ratio of male and female employees to the total number of employees.

Note 1: Recordable Work-related Injury: Deaths, days away from work, restricted work or job transfer, beyond first aid medical treatment, or significant injuries or illnesses diagnosed by a doctor or other licensed healthcare professional (even if it does not result in death, days away from work, restricted work or job transfer, or beyond first aid medical treatment).

Recordable Work-related Injury Rate: Number of Recordable Occupational Injuries × 1,000,000 hours / Total Working Hours

Note 2: High-consequence Work-related Injury: Occupational injuries that result in death or injuries that prevent the worker from recovering to their pre-injury health status within six months.

High-consequence Work-related Rate (Excluding Fatalities): Number of Serious Occupational Injuries (Excluding Fatalities) × 1,000,000 hours / Total Working Hours

Note 3: Occupational Injury Fatalities Rate: Number of Occupational Injury Fatalities × 1,000,000 hours / Total Working Hours

■ Employee Work-Related Fatalities Statistics of FITI Group → Year 2023 = 0

■ Contractors Occupational Injury Statistics

	Total Hours	Recordable Work-related Injury (Note 1) (Cases/Rate)	High-consequence Work-related Injury (Note 2) (Cases/Rate)	Occupational Injury Fatalities (Note 3) (Persons/Rate)
★ Chunan Plant	F 8,131 M 55,804	F 0/0 M 0/0	F 0/0 M 0/0	F 0/0 M 0/0
★ Chunan 2A Plant	F 2,551 M 4,244	F 0/0 M 0/0	F 0/0 M 0/0	F 0/0 M 0/0
★ Songjiang Facilities	F 0 M 229,624	F 0/0 M 0/0	F 0/0 M 0/0	F 0/0 M 0/0
★ Kunshan Facilitie	F 0 M 82,536	F 0/0 M 0/0	F 0/0 M 0/0	F 0/0 M 0/0

※ Reporting Boundary: Contractors (e.g., maintenance, repair, security, cleaning, catering, etc.)

※ Total Working Hours:

Taiwan Plants: Safety and Health History Smart Cloud Reporting Data (Non-employees)

China Plants: Notes "Environmental and Safety System" Consolidated Data (Contractors)

Note 1: Recordable Work-related Injury: Deaths, days away from work, restricted work or job transfer, beyond first aid medical treatment, or significant injuries or illnesses diagnosed by a doctor or other licensed healthcare professional (even if it does not result in death, days away from work, restricted work or job transfer, or beyond first aid medical treatment).

Recordable Work-related Injury Rate: Number of Recordable Occupational Injuries × 1,000,000 hours / Total Working Hours

Note 2: High-consequence Work-related Injury: Occupational injuries that result in death or injuries that prevent the worker from recovering to their pre-injury health status within six months.

High-consequence Work-related Rate (Excluding Fatalities): Number of Serious Occupational Injuries (Excluding Fatalities) × 1,000,000 hours / Total Working Hours

Note 3: Occupational Injury Fatalities Rate: Number of Occupational Injury Fatalities × 1,000,000 hours / Total Working Hours

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

FITI group hopes that everyone will attach importance to occupational safety and health, and thus focus on the safety of themselves and others. Therefore, the company conducts educational training using vivid and interesting principles that allow employees to actually operate, in order to strengthen the safety awareness of employees and non-employees. The Taiwan plants completed 872 person-times of training, and the China plants completed 4,062 person-times, which are summarized in the table on the right.

In addition, the Taiwan plants also conduct educational training for special operations, such as fixed cranes, forklifts, etc. They are regularly arranged to qualified training institutions for retraining, so that colleagues can review and ensure the validity of their qualifications. Detail shown in the table on the right.

■ Statistics of Education and Training Attendees ■

Employee (Attendees)	New Employee Occupational Safety and Health Education and Training	Occupational Safety and Health Hazard Identification and Risk Assessment Education and Training	Fire Extinguishing Drill	Emergency Evacuation Drill(Day, Night)	Hazardous Materials Spill Drill
Taiwan	191	24	187	426	44
Songjiang	168	--	--	1,811	--
Kunshan	101	--	--	1,962	20
Total	460	24	187	4199	64



Taiwan Facility

▲ Fire Extinguishing Drill ▲ Hazardous Materials Spill Drill ▲ Emergency Evacuation Drill(Day) ▲ Emergency Evacuation Drill(Night)

Kunshan Facility Emergency Evacuation Drill ▼



Songjiang Facility Emergency Evacuation Drill ▼



■ Statistics of Training Attendees (Non-Employees) ■

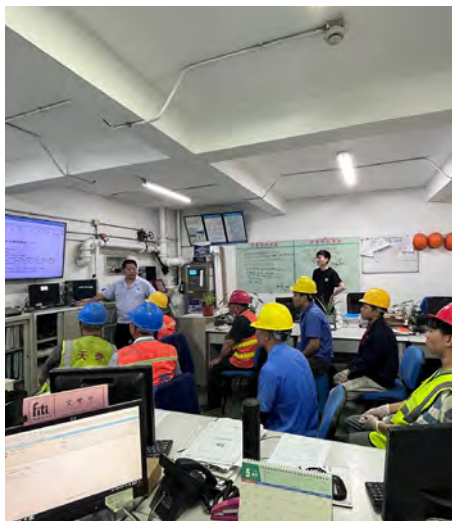
FITI Group expects to enhance safety awareness together with non-employees. Therefore, when conducting emergency evacuation drills, non-employees are also invited to participate, so that they can understand the response procedures and become familiar with the emergency evacuation assembly points.

Non-Employee (Attendees)	Training for Contractors	Fire System Training	Emergency Evacuation Drill
Taiwan	2,163	5	2
Songjiang	1,176	0	128
Kunshan	550	0	17

Taiwan Facility Fire System Training ▶



Songjiang Facility Training for Contractors ▼



Kunshan Facility Training for Contractors ▼



Occupational Health Care (GRI 403-3)

Taiwan Facilities : Every year, in accordance with relevant regulations, the company identifies hazardous positions and stations in the plant with special health hazards, and based on the characteristics of the hazards, implements various management measures, including:

pre-job and on-the-job education and training, regular work observations and environmental monitoring, regular health examinations, unscheduled on-site physician visits, execution of various hazard control and risk assessment measures. The goal is to achieve a zero occupational disease incidence rate throughout the year. In 2023, the incidence rate of occupational diseases in the entire plant was 0% according to the regulations on the identification of occupational diseases under the Labor Occupational Accident Insurance.

*Notes:

- 1.FITI and Kainova provide labor health services based on the number of employees as required by relevant regulations. Currently, only FATI needs to conduct special health examinations (items: noise, tetrachloroethylene, chromic acid, dust, nickel).
- 2.Frontier and Kainuo do not currently employ or contract nursing personnel as their scale and nature do not meet the legal requirements for the number of employees.

■ Worker Health Promotion (GRI 403-6)

Employee Health Care

To provide employees with physical, mental, and social well-being health services, the company organizes various health promotion activities. The Taiwan plants regularly hold health lectures and blood donation events. We have also applied for and obtained the Health Workplace Certification from the Ministry of Health and Welfare's Health Promotion Administration, and continue to promote health screening programs to encourage employees to adopt healthy behaviors and promote their physical and mental health.

2023 Implementation Results

The company promotes an employee health check-up program that exceeds regulatory requirements every year. In 2023, the Taiwan plants had 467 employees who were eligible for the health check-up, and 347 of them actually underwent the check-up, achieving a 74.3% completion rate. Furthermore, the company ensured that 99.5% of the Taiwan plants' employees completed the health check-ups within the legal timeframe required by regulations. In addition, the company has negotiated discounted rates to enable employees' family members to also receive health check-ups, allowing our employees to implement health management practices in their personal lives as well.

In accordance with Article 15 of the Labor Health Protection Regulations in Taiwan, the Taiwan plants conduct regular general health check-ups for on-the-job employees based on their age groups. In addition to providing employees with annual health check-ups that exceed the requirements of the Labor Standards Act, the company also includes additional high-level examination items beyond the regulatory requirements.

The company provides employees with occupational medicine specialist physicians for occupational disease prevention and consultation. They conduct assessments for ergonomic hazards, maternal protection, and overwork, as well as manage the classifications of abnormal health check-up results. This allows them to screen high-risk groups, and the nursing staff, occupational safety, and human resources personnel then provide care and follow-up. When necessary, they arrange for physician consultations and complete improvement tracking. In 2023, the company carried out improvement and follow-up measures for employees with abnormal results in the areas of ergonomic hazards, maternal protection, and overwork management.

Kunshan Facilities / Songjiang Facilities: Uniform Operational Model

The company provides a series of examinations for employees in positions with potential occupational disease exposure, including pre-employment, annual, and exit medical checkups. In the future, if an employee is diagnosed with an occupational disease through the occupational health examination, the company will handle it according to the Occupational Disease Act and the medical room will provide comprehensive assistance. Through strict control of pre-employment and on-the-job occupational disease checkups, the company ensures the health of the work environment for its employees. When there are employees with potential occupational disease risks, the company will immediately adjust their position or provide assistance to reduce the probability of occupational disease.

*Notes:

- 1.The General Affairs Department of the Songjiang plant has a medical room, with a nurse currently providing relevant health services and also taking on other administrative duties.
- 2.The Kunshan plant has set up a medical room, with a nurse with medical qualifications serving in the role, also taking on administrative work. The main responsibilities include employee occupational health checkups (pre-employment, on-the-job, and exit), daily health education, basic medical health consultation, caring for employees with physical discomfort and assisting with medical treatment, as well as first-aid treatment and medical assistance for work-related injuries.

■ Emphasizing Employee Health - Providing Health Checks Beyond Legal Requirements ■

Taiwan Facilities : 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

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

Kunshan Facilities : 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.

The health examination items are tailored based on factors such as employees' gender, age, and length of service. They primarily include: blood tests (assessing liver function, kidney function, blood glucose, lipid levels, etc.), urine tests, ultrasound examinations (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.

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 2023 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.



Taiwan Facility : Handmade Fragrant Sachet DIY Activity

During the Dragon Boat Festival season, when people think of plants, the first thing that comes to mind is the magical medicinal herb - mugwort (Ai Cao).

Mugwort has a unique fragrance that can be used for disease prevention, epidemic prevention, and insect repelling. It has effective antibacterial properties and can inhibit the spread of pathogens. The company invited employees to produce "mugwort sachets" filled with abundant mugwort, to convey warm love to their dearest ones!



Taiwan Facility : Free Influenza Vaccine Inoculation

To prevent the impact of influenza, the company fully covers the cost of flu vaccines and arranges for medical personnel to administer the vaccines on-site, to encourage employees to get vaccinated and reduce the occurrence of severe influenza cases.



Taiwan Facility : Muscle Strengthening Lecture

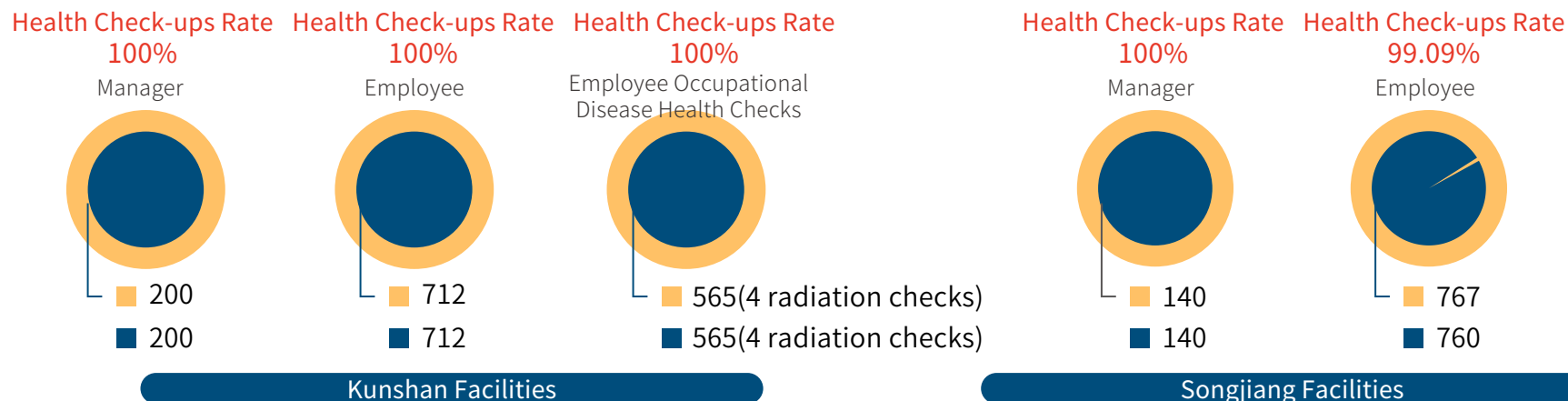
What is the relationship between weight and body composition? Am I suitable for muscle gain or fat loss? How can I increase muscle synthesis? Diet and strength training are both essential!



Kunshan Facilities / Songjiang Facilities: Uniform Operational Model

On-duty Employee Health Check-ups ■ Number of Employees Scheduled for Health Check-ups ■ Number of Employees Actually Examined

*Note: In the 2023 health check-up at the Songjiang plant, 7 employees did not undergo the check-up as they were on long-term sick leave or maternity leave (3 on sick/long leave, 4 on maternity leave), so the check-up rate did not reach 100%.



※Radiation checks are for welding positions exposed to laser radiation.

FITI's health promotion activities are planned based on time and theme, ranging from annual comprehensive employee health check-ups, daily work injury and emergency medical assistance, weekly health education announcements, various disease emergency response deployment, mental health care training, on-site health consultation lectures (traditional Chinese medicine health consultations), daily health consultations, to the provision of safety protective equipment and emergency health management. The health and safety of employees are at the core of the company's operational philosophy.

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 2023, we conducted maternal health interviews for 11 individuals, completed health risk assessment and classification management, and provided health follow-up and care for cases with moderate to high risks.



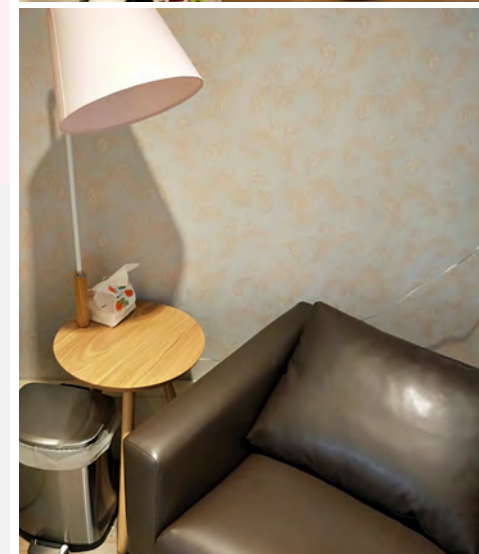
■ Maternal Health Protection Measure ■

Taiwan Facilities :

1. In alignment with the implementation of the Maternity Leave and Allowance Subsidy by the Ministry of Labor, we have strengthened measures for maternity rest and family care leave rights, while establishing related health protection measures. Referring to the Ministry of Labor's publication "Guidelines for Maternal Health Protection in the Workplace," we have developed internal standard operating 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.
2. We provide pregnant employees with guidance related to pregnancy and breastfeeding, along with breastfeeding rooms. In accordance with principles of maternal protection and employment equality, we aim to create a female-friendly working environment.

China Facilities :

1. To safeguard maternal health, the company has formulated the "Guidelines for Maternal Health Protection for Female Employees," which ensures health risk assessment, hazard control, risk communication, health guidance, and necessary work adjustments for pregnant and lactating female employees. This initiative aims to create a female-friendly and caring working environment.
 2. 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.
- Female employees are entitled to paid maternity leave in compliance with the law when giving birth, and they are also entitled to maternity insurance benefits.
- 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 2023, FITI Group achieved a 0% occupational disease rate caused by work-related factors.

■ FITI Group Special Hazard Operation Check-up Items and Headcount-Taiwan ■		● Taiwan Facilities: persons
Implement tracking and health management measures		
Taiwan Facility Execution Approach:		
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.		
Noise : Operating Air Gun ,Product Processing, Polishing Operation ,Facility Control Room Inspection	163	●
Dusts : Grinding Operation	76	●
Tetrachloroethylene : Masking Operation	76	●
Chromic Acid : SNP Operation	76	●
Nickel : Nickel Plating	76	●

■ FITI Group Special Hazard Operation Check-up Items and Headcount-Songjiang and Kunshan ■

Implement tracking and health management measures

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. For detailed examination items and participant numbers, please refer to the appendix(P111).

Number of participants in special hazard operation check-up /Completion Rate

- Songjiang Facilities : 435 / 100%
- Kunshan Facilitie : 565 / 100%

■ Occupational Disease Rate Statistics for Employees of FITI Group → Year 2023 = 0

※ Calculation Method: Occupational Disease Rate (ODR) = Number of occupational disease cases / Million working hours in the current year * 100%

Results of the re-evaluation of the implementation of special hazardous operation health examinations in the Taiwan Facilities					
Number of people ↓	Noise	Tetrachloroethylene	Dust	Chromic Acid	Nickel
Second-level	27	0	10	10	11
Third-level	27	0	0	0	0
Fourth-level	1	0	0	0	0

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.

※ The Fourth-level Managements refers to further classification by the occupational physician after the third-level re-examination

※ Health management implementation results: For those under second-level or higher health management, individual health guidance is provided to the workers, and on-site physician consultations are arranged."

Kunshan Facilities / Songjiang Facilities: Uniform Operational Model

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 2023.

The Songjiang facility organizes regular on-site occupational disease examinations for employees in special positions every year. In the 2023 examination results, there was 1 person with "occupational contraindications" and 6 people requiring "strengthened hearing protection". All of them have been notified to the corresponding department heads by email immediately.

The Kunshan facility conducted on-site occupational disease examinations for employees in special positions. In the 2023 examination results, there was 1 person with "occupational contraindications" (1 person was transferred to a different position).

(1) Occupational contraindications: The medical department immediately notified the responsible unit/environment and safety/HR managers and requested a job transfer. The responsible unit communicated with HR to arrange the job transfer procedures, prepared the personnel transfer documents, which were signed off by the medical department and archived.

For personnel with occupational contraindications, the documents need to be signed by the individual and returned to the examination center with the company stamp.

(2) Other examination reminders/re-examinations and enhanced protection: The medical department immediately reminded the individuals to pay more attention to their own physical conditions.

Social Care and Charity Activities

■ FITI Spreads Love, Making the Future World Better



Hiking, Fitness, Getting Close to the Homeland, and Beach Cleaning Activity

2023/6/4

The FITI Volunteer Club, the Zhunan Wenei Community Development Association, and the Zhunan Town Qingxi Women's Association jointly organized the "Family Hiking, Beach Cleaning and Anti-Violence Promotion Checkpoint Activity." This activity encouraged families to go outdoors and connect with nature, while the hiking and checkpoint activities helped foster family bonding. The beach cleaning activity helped everyone understand the connection between the environment, ecology conservation, and enriching environmental knowledge. The activity had a total of 44 participants, and the sponsorship amount was NT\$10,000.

Adhering to the 17 Sustainable Development Goals (SDGs) proposed by the United Nations, the FITI Group, with a spirit of gratitude and giving back, interacts with the communities we are in and practices the core value of environmental sustainability. As a member of society, FITI focuses on "Assisting the Disadvantaged and Caring for Public Welfare" and actively participates in local public welfare to give back to the community. In 2016, FITI established the FITI Volunteer Club, where senior managers and all employees voluntarily participate in various charitable activities. Since 2018, FITI has been supporting the "Sowing the Seeds of Reading - Giving Children a Bright Future" public welfare project initiated by the Commonwealth Education Foundation for six consecutive years, donating "Global Kids Junior Monthly" and "Global Kids Monthly" magazines to schools in the Zhunan area of Miaoli County. FITI believes that love can accumulate and grow, and every contribution can make the world a better place. Through the realization of the FITI Volunteer Club's ideals, the spirit of caring for the disadvantaged and helping others is promoted. We call on employees to join the public welfare actions, hoping to bring positive energy and changes to society, making the world more harmonious.

■ Social Care and Charity Activities

To fulfill its commitment to corporate social responsibility, the FITI Group actively invests in social public welfare, adhering to the principle of "taking from society and giving back to society." It actively participates in local public affairs, leveraging the power of the enterprise to exert social influence and promote the concept of shared society.

We care about local disadvantaged groups, participating in the Zhunan Town Office's warm winter activity, collecting supplies for underprivileged families in the town. We also hosted a year-end party, inviting the Down Syndrome Band to present a brilliant performance, letting the world know that no difficulty can stop the light of life. Also, we invited a visually impaired massage group to provide massage services to our colleagues, assisting the disadvantaged and exerting a positive influence on society, realizing a virtuous cycle.



FITI's Warm Winter Donations: Delivering Love to the Miaoli Taiwan Fund for Children and Families!

2023/11/2

The phase one of the series events, the FITI Volunteer Club organized an in-house charity sale, where members set up booths in the company cafeteria to sell second-hand items. The entire proceeds from the sale were donated to the Family Support Center.

The sales proceeds from the charity sale were fully donated to the Miaoli Taiwan Fund for Children and Families.



Miaoli Taiwan Fund for Children and Families Carnival 2023/11/12

In phase 2, FITI participated in the "Warm Winter Carnival" organized by the Miaoli Taiwan Fund for Children and Families, setting up a booth to sell second-hand items and breads/desserts made by the company's Down Syndrome Bakery. The entire proceeds from the sale on the day were donated to the Miaoli TFCF. A total of 70 people participated in the activity, and a donation of NT\$23,610 was made.

Charity Event in 2023

- ★ On June 4, 2023, the FITI Volunteer Club organized a parent-child hiking and beach cleaning activity with a violence prevention promotion, which had a total of 44 participants.
- ★ On October 18, 2023, the club donated "Global Kids Junior Monthly" and "Global Kids Monthly" magazines for a full year (12 issues) to 121 classes in 12 elementary and middle schools in Zhunan, with a total value of NT\$290,000.
- ★ On November 12, 2023, the "Family with Young Miaoli, Supporting Hope" Warm Winter Carnival was held in two phases:
 1. The FITI Volunteer Club organized an in-house charity sale, where members set up booths in the company cafeteria to sell second-hand items, and the entire proceeds were donated to the Family Support Center.
 2. The club participated in the "Warm Winter Carnival" organized by the Miaoli Taiwan Fund for Children and Families, setting up a booth to sell second-hand items and breads/desserts made by the company's Down Syndrome Bakery. The entire proceeds from the sale on the day were donated to the Miaoli Taiwan Fund for Children and Families. A total of 70 people participated, and a donation of NT\$23,610 was made.
- ★ On November 22, 2023, a blood donation event was held at the factory, and with the promotion and enthusiastic participation of employees, a total of 52 bags (13,000 CC) of blood were donated to the Hsinchu Blood Center in a single session.
- ★ On December 10, 2023, the club donated NT\$100,000 in PX Mart gift vouchers for the Zhunan Township Office's Warm Winter charity event.



FITI Shares Love-Christmas Wish Gifts for Children at the Yuanli TFCF

2023/12/22

The FITI Volunteer Club has long upheld the corporate social responsibility, investing in public welfare and care initiatives. Before Christmas, the company invited employees to adopt Christmas wish cards from children at the Miaoli Taiwan Fund for Children and Families's Yuanli branch, donating a total of 100 Christmas gifts. Together, we spread warmth in the cold winter, letting care and blessings accompany the children through a warm and happy Christmas! A total of 85 people participated in this activity, and the value of the donated gifts was approximately NT\$100,000.

- ★ On December 22, 2023, the FITI Volunteer Club called on 80 colleagues to prepare 100 Christmas gifts for the children at the Taiwan Fund for Children and Families (Yuanli branch), with 85 employees participating as volunteers. Throughout 2023, the company assisted employees in making small monthly donations totaling NT\$168,600 to support orphanages and unprivileged groups in the Miaoli area.
- ★ On January 27, 2024, the 2023 year-end party invited the Down Syndrome Music Band to perform, with a donation of NT\$20,000.
- ★ On January 27, 2024, the 2023 year-end party invited a visually impaired massage group to provide massage services, with a donation of NT\$17,000.

Appendix Index

Special Hazard Operation Check-up Items and Headcount of Songjiang Factory & Kunshan Factory

Aluminum Alloy Dust, Noise	74	0
Welding Fume and Dust, Nitrogen Oxides, Manganese and Its Inorganic Compounds, Metallic Nickel and Insoluble Nickel Compounds, Nickel and Its Compounds, Carbon Monoxide, Trivalent Chromium, Ozone, Electric Arc, High-Frequency Electric Fields, Noise, Grinding Dust of Bench Grinder	39	0
Soluble Nickel Compounds, Chromate and dichromate, Hexavalent Chromium, Hydrogen Fluoride, Nitrogen Oxides, Sodium Hydroxide, Chromate and dichromate, Hexavalent Chromium, Oxalic Acid, Sulfuric Acid and Sulfur Trioxide, Potassium Hydroxide, Sodium Carbonate, Noise,	10	0
Soluble Nickel Compounds, Chromates, Dichromates (hexavalent chromium), Hydrogen Fluoride, Nitrogen Oxides, Sodium Hydroxide, Chromates, Dichromates, Noise	8	0
Welding Smoke, Carbon Monoxide, Nitrogen Oxides, Ozone, Welding Arc Light, High-Frequency Electric Field, Noise, Alumina Dust, Aluminum Alloy Dust, Grinding Wheel---Grinding Dust	8	0
Titanium Dioxide Dust	6	0
Acid & Alkali Chemicals	6	0

Isopropanol	95	0
Aluminum Metal, Aluminum Alloy Dust, Noise	41	0
Noise, Iron and Other Chemical Compound of Dust	22	0
Noise	13	296
Tin Dioxide	12	0
Tetrachloroethylene, Toluene	9	0
Sodium Hydroxide, Nitrogen Oxides, Hydrogen Fluoride, Chromate, Dichromate (hexavalent chromium), Soluble Nickel Compounds, Chromate, Formic Acid, Nickel and its Compounds, Hydrochloric Acid, Noise	9	0
Sodium Hydroxide, Nitrogen Oxides, Hydrogen Fluoride, Chromate, Dichromate (Hexavalent Chromium), Soluble Nickel compounds, Chromate, Phosphoric Acid, Sulfuric Acid and Sulfur Trioxide, Noise	8	0
Welding Fumes, Nitrogen Oxides, Carbon Monoxide, Manganese and its Inorganic Compounds, Metallic Nickel and Insoluble Nickel Compounds and their Compounds, Chromium Trioxide, Ozone, High-frequency Electric Fields, Welding Arc Light, Noise	7	0

● Headcount of Songjiang Facility ● Headcount of Kunshan Facility

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	5	0
Metal Nickel and Poorly Soluble Nickel Compounds, Phosphoric Acid, Hydrogen Chloride, Hydrochloric Acid, Chromate, Sulfuric Acid and Sulfur Trioxide, Fluorine and its Compounds, Iodine	5	0
Sulfuric Acid, Sulfur Trioxide, Sodium Hydroxide	4	0
Sodium Hydroxide, Nitrogen Oxides, Hydrogen Fluoride, Chromate, Dichromate (Hexavalent Chromium), Soluble Nickel Compounds, Chromate, Noise	4	0
Sulfuric Acid and Sulfur Trioxide, Nitrogen Dioxide, Nickel and its Compounds, Phosphoric Acid, Chromium and its Compounds, Hydrogen Fluoride, Ammonia	3	0
Soluble Nickel Compounds, Chromates, Dichromates (Hexavalent Chromium), Hydrogen Fluoride, Nitrogen Oxides, Sodium Hydroxide, Phosphoric Acid, Sulfuric Acid and Sulfur Trioxide, Chromates, Dichromates, Noise	2	0
Formic Acid, Sodium Hydroxide, Hydrogen Fluoride, Nickel and its Compounds, Hydrochloric Acid	2	0
Power Frequency Electric Field	1	0
Noise, Alumina Dust, Iron and Other Compound Dust	1	0
Diethanolamine, Monoethanolamine, Ammonium Bicarbonate, Ammonia, Fatty Alcohol Ethers, Nonionic Surfactants, Carbonates, Potassium Hydroxide, Acrylic Acid, Silicate, Dicarboxylic Acid	6	0

Noise, Stainless Steel and Other Compound Dust	4	0
Hydrogen Fluoride, Ammonia, Nitrogen Oxides, Sodium Hydroxide, Soluble Nickel Compounds, Chromate, Dichromate (Hexavalent chromium), Chromate, Dichromate, Noise	4	0
Power Frequency Electric Field 、 Noise	3	0
Methyl Ethyl Ketone	3	0
Isopropanol, Isophorone	3	0
Isopropanol 、 Noise	3	0
Isopropanol 、 Acetone	2	0
Titanium dioxide, toluene, Ethyl Acetate, Xylene	1	0
Noise, Iron and other Compound Dust, Sodium Chloride, Hydrochloric Acid, Sodium Citrate, Citric Acid, General Ethyl Acetate, Zinc Formate, Ethylenediamine, Formic Acid, Sodium Hydroxide	2	0
Benzene, Toluene, Xylene, Ethyl Acetate, Isobutanone, Propanol	1	0
Sulfuric Acid and Sulfur Trioxide, Nitrogen Dioxide, Nickel and its Compounds, Phosphoric Acid, Chromium and its Compounds, Hydrogen Fluoride, Ammonia, Noise	1	0
Sodium Carbonate, Sulfuric Acid and Sulfur Trioxide, Hydrochloric Acid, Fluorine and its Compounds (Excluding Hydrogen Fluoride), Phosphoric Acid, Sodium Hydroxide	6	0

● Headcount of Songjiang Facility ● Headcount of Kunshan Facility

Carbon Monoxide, Acetone, Nitrogen Dioxide, Ozone, Ultraviolet Radiation (UV)	0	4
Carbon Monoxide, Acetone, Nitrogen Dioxide, Ozone, Ultraviolet Radiation (UV), Welding Fume	0	35
Nitric Acid, Isopropyl Alcohol, Fluorine and its Inorganic Compounds (excluding Hydrogen Fluoride), Noise	0	46
Ethanol, Noise	0	46
Noise, Power Frequency Electric Field	0	6

Titanium Dioxide Dust	2	0
Chloroform, Noise	0	1
Carbon Monoxide, Nitrogen Dioxide, Ozone, Ultraviolet Radiation (UV), Welding Fumes	0	11
Noise, Laser Light, other Dust	0	13
Noise, other Dust	0	119
Noise, Laser, other Dust	0	4

● Headcount of Songjiang Facility ● Headcount of Kunshan Facility

GRI 2021 Standards Index Table

Statement of Use

FITI Group has referred to the GRI Standards to publish this report which discloses sustainability performance from January 1, 2023 to December 31, 2023.

GRI Used

GRI 1: Foundation 2021

Applicable GRI Sector Standard(s)

None

GRI Standards	Disclosure	Chapter	Remark	Page
GRI 2: General Disclosures 2021	2-1 Organizational Details	About FITI Group		P8
	2-2 Entities Included in the Organization's Sustainability Reporting	About This Report/About FITI Group		P3-P8
	2-3 Reporting Period, Frequency and Point of Contact	About This Report		P4
	2-4 Restatements of Information	About This Report		P3
	2-5 External Assurance	About This Report		P3
	2-6 Activities, Value Chain and Other Business Relationships	Green Supply Chain Concept		P71
	2-7 Employees	Social Engagement Practices		P80
	2-8 Workers Who Are Not Employees	Social Engagement Practices		P81
	2-9 Governance Structure and Composition	About FITI Group/Governance Framework		P11-P31-Please Refer to Annual Report P32
	2-10 Nomination and Selection of the Highest Governance Body	Governance Framework		P31

GRI Standards	Disclosure	Chapter	Remark	Page
GRI 2: General Disclosures 2021	2-11 Chair of the Highest Governance Body	Governance Framework		P31
	2-15 Conflicts of Interest	Integrity and Compliance with Regulations		P38・Please Refer to Annual Report P14~15
	2-16 Communication of Critical Concerns	Governance Framework		P41・Please Refer to Annual Report P22
	2-17 Collective Knowledge of the Highest Governance Body	Board Operations		P31
	2-18 Evaluation of the Performance of the Highest Governance Body	Board Performance Evaluation		P34
	2-19 Remuneration Policies	Remuneration Committee		P36・Please Refer to Annual Report P21
	2-20 Process to Determine Remuneration	Remuneration Committee		P36
	2-21 Statement on Sustainable Development Strategy	Remuneration Committee		Please Refer to Annual Report P19
	2-22 Statement of Sustainable Development Strategy	Message from Our Chairman		P5
	2-23 Policy Commitments	Management Policies		P38
	2-24 Embedding Policy Commitments	Integrity and Compliance with Regulations		P38
	2-25 Processes to remediate negative impacts	Integrity and Compliance with Regulations		P39
	2-26 Mechanisms for Seeking Advice and Raising Concerns	Integrity and Compliance with Regulations		P39
	2-27 Compliance with Laws and Regulations	Integrity and Compliance with Regulations		P38
	2-28 Membership Associations	About This Report		P4
	2-29 Approach to Stakeholder Engagement	Sustainable Management Practices		P16

GRI Standards	Disclosure	Chapter	Remark	Page
	2-30 Collective Bargaining Agreements		Labor unions haven't been established so there's no collective bargaining agreement.	NA
G3: Material Topics 2021	3-1 Process to Determine Material Topics	Sustainable Management Practices		P20
	3-2 List of Material Topics	Sustainable Management Practices		P21

Materiality Comparison Table

GRI Standards	Disclosure	Chapter	Remark	Page
GRI 201: Economic Performance 2016				
G3: Material Topics 2021	3-3 Management of Material Topics			P21~P29
201-1	Direct economic value generated and distributed	Financial Performance		P37
201-2	Financial implications and other risks and opportunities due to climate change	Task Force on Climate-Related Financial Disclosures		P44~48
201-3	Defined benefit plan obligations and other retirement plans	Employee Compensation and Benefits		P87
201-4	Financial assistance received from government	Financial Performance		P38
GRI 206: Anti-competitive Behavior 2016				
G3: Material Topics 2021	3-3 Management of Material Topics			P21~P29~P36
206-1	Legal Actions for Anti-Competitive Behavior, Anti-Trust, and Monopoly Practices Sustainable Governance	Sustainable Governance	No relevant incidents occurred in 2023	P36

GRI Standards	Disclosure	Chapter	Remark	Page
GRI 302: Energy 2016				
G3: Material Topics 2021	3-3Management of Material Topics			P21~P42
302-1	Energy Consumption within the Organization	Sustainable Environment Energy Resource Management		P62
302-2	Energy Consumption Outside of the Organization	None	Not counted	NA
302-3	Energy Intensity	Sustainable Environment Energy Resource Management		P62
302-4	Reduction of Energy Consumption	Sustainable Environment Energy Resource Management		P62
302-5	Reductions in Energy Requirements of Products and Services	None	The information is incomplete. SBTi is currently under construction and data collection is ongoing. The baseline year is set as 2023, and the information gathering process has not yet been completed	NA
GRI 303: Water and Effluents 2018				
G3: Material Topics 2021	3-3Management of Material Topics			P21~P42
303-1	Interactions with Water as A Shared Resource	Sustainable Environment Water Resource Management		P65
303-2	Management of Water Discharge-Related Impact	Sustainable Environment Water Resource Management		P65
303-3	Water Withdrawal	Sustainable Environment Water Resource Management		P65
303-4	Water Discharge	Sustainable Environment Water Resource Management		P65
303-5	Water Consumption	Sustainable Environment Water Resource Management		P65

GRI Standards	Disclosure	Chapter	Remark	Page
GRI 305: Emissions 2016				
G3: Material Topics 2021	3-3Management of Material Topics			P21~P43
305-1	Direct (Scope 1) GHG Emissions	Greenhouse Gas Management		P59
305-2	Energy Indirect (Scope 2) GHG Emissions	Greenhouse Gas Management		P60
305-3	Other Indirect (Scope 3) GHG Emissions	Greenhouse Gas Management		P61
305-4	GHG Emissions Intensity	Greenhouse Gas Management		P61
305-5	Reduction of GHG Emissions	Greenhouse Gas Management		P61
305-6	Emissions of Ozone-Depleting Substances (ODS)	None	No ODS output	NA
305-7	Nitrogen Oxides (NOX), Sulfur Oxides (SOX), and Other Significant Air Emissions	None	No Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions output.	NA
GRI 306: Waste 2020				
G3: Material Topics 2021	3-3Management of Material Topics			P21~P43
306-1	Waste Generation and Significant Waste-Related Impacts	Sustainable Environment Waste Management		P67
306-2	Management of Significant Waste-Related Impacts	Sustainable Environment Waste Management		P69
306-3	Waste Generated	Sustainable Environment Waste Management		P69

GRI Standards	Disclosure	Chapter	Remark	Page
GRI 306: Waste 2020				
306-4	Waste Diverted from Disposal	Sustainable Environment Waste Management		P70
306-5	Waste Directed to Disposal	Sustainable Environment Waste Management		P70
GRI 401: Employment 2016				
G3: Material Topics 2021	3-3Management of Material Topics			P21·P78
401-1	New Employee Hires and Employee Turnover	Employee Structure and Recruitment		P81
401-2	Benefits Provided to Full-Time Employees That are Not Provided to Temporary or Part-Time Employees	Happy Workplace/Employee Structure and Recruitment		P84·P87
401-3	Parental Leave	Happy Workplace/Employee Structure and Recruitment		P87
GRI 403: Occupational Health and Safety 2018				
G3: Material Topics 2021	3-3Management of Material Topics			P21·P78
403-1	Occupational Health and Safety Management System	Occupational Health and Safety Workplace		P93
403-2	Hazard Identification, Risk Assessment, and Incident Investigation	Occupational Health and Safety Workplace		P93
403-3	Occupational Health Services	Occupational Health and Safety Workplace		P103
403-4	Worker Participation, Consultation, and Communication on Occupational Health and Safety	Occupational Health and Safety Workplace		P95
403-5	Worker Training on Occupational Health and Safety	Occupational Health and Safety Workplace		P100

GRI Standards	Disclosure	Chapter	Remark	Page
403-6	Promotion of Worker Health	Occupational Health and Safety Workplace		P103
403-7	Prevention and Mitigation of Occupational Health and Safety Impacts Directly Linked to Business Operations	Occupational Health and Safety Workplace		P97
403-9	Work-Related Injuries	Occupational Health and Safety Workplace		P97
403-10	Work-related Illnesses	Occupational Health and Safety Workplace		P107
GRI 404: Training and Education 2016				
G3: Material Topics 2021	3-3Management of Material Topics			P21~P79
404-1	Average Hours of Training Per Year Per Employee	Employee Training and Development		P89
404-2	Programs for Upgrading Employee Skills and Transition Assistance Programs	Employee Training and Development		P89
404-3	Percentage of Employees Receiving Regular Performance and Career Development Reviews	Employee Training and Development		P92
GRI 405: Diversity and Equal Opportunity 2016				
405-1	Diversity of Governance Bodies and Employees			P80
405-2	Ratio of Basic Salary and Remuneration of Women to Men			P80~P85~86
GRI 418: 客戶隱私2016				
G3: Material Topics 2021	3-3Management of Material Topics			P21~P79
418-1	Substantiated Complaints Concerning breaches of Customer Privacy and Losses of Customer Data	Customer Privacy and Information Security	No Illegal Incidents Occurred in 2023	P41

SASB/Financial Supervisory Commission Sustainability Disclosure Standards

■ Sustainability Disclosure Indicators - Semiconductor Industry

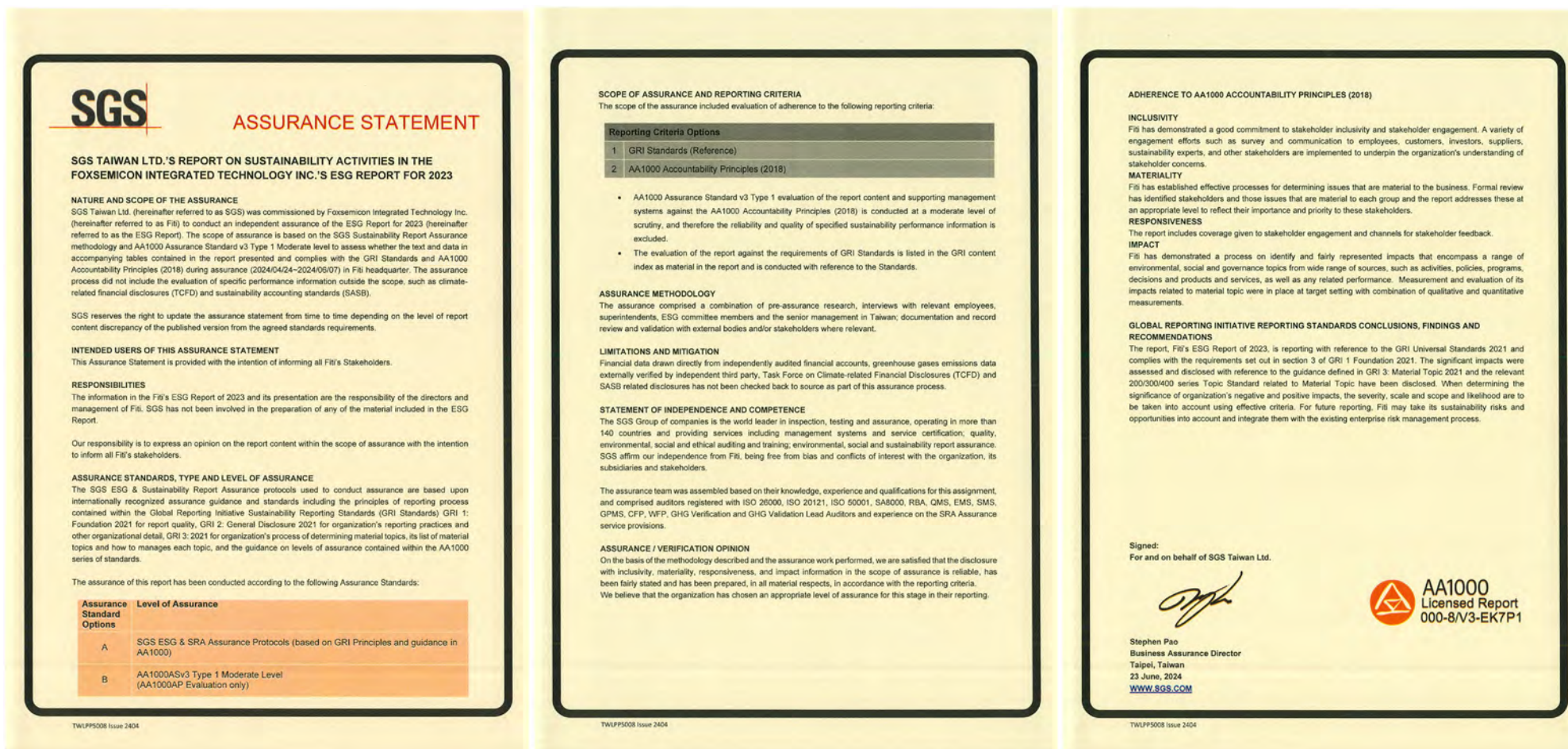
Semiconductor Industry Disclosure Indicators No.	Indicator	Indicator Type	Unit	Chapter/Page
1.	Total energy consumption, percentage of purchased electricity, and utilization rate (renewable energy)	Quantitative	Gigajoules (Gj) , Percentage (%)	Energy Resource ManagementP62
2.	Total water withdrawn, total water consumption	Quantitative	Thousand Cubic Meters(m ³)	Water Resource ManagementP64
3.	Total hazardous waste generated and percentage recycled	Quantitative	Metric Tons (T), Percentage (%)	Waste ManagementP67
4.	Explain the types, number and proportion of occupational accidents	Quantitative	Percentage (%), Quantity	Occupational Health and Safety WorkplaceP98
5.	Product Life Cycle Management Disclosure, including weights of scraps and electronic waste and percentage of those recycled (The sale of scraps and the recycling and processing of waste are also included.)	Quantitative	Metric Tons (T), Percentage (%)	Waste ManagementP67
6.	Description of the management of risks associated with the use of critical materials	Qualitative	Not Applicable	N/A
7.	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	Quantitative	Reporting Currency	Sustainable Governance P29
8.	Production by product category	Quantitative	Varies by product category	Please refer to annual reportP84
9.	Greenhouse Gas Inventory	Quantitative	Tonne	Greenhouse Gas ManagementP56

Appendix-Sustainability Accounting Standards Board, SASB - Semiconductor Industry

Topic	Code	Category	Disclosure	Chapter/Page	Remark
Greenhouse Gas Emissions	TC-SC-110a.1	Quantitative	Scope 1 gross global emissions	Sustainable EnvironmentP56	
	TC-SC-110a.1	Quantitative	Amount of total emissions from perfluorinated compounds		
	TC-SC-110a.2	Qualitative	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.	Task Force on Climate-Related Financial DisclosuresP44	
Energy Management	TC-SC-130a.1	Quantitative	1.Total energy consumed 2. Proportion of power grid use in total energy consumption 3. Proportion of renewable energy use in total energy consumption	Energy Resource ManagementP62	The use of renewable energy is currently under planning.
Water Management	TC-SC-140a.1	Quantitative	1.Total water withdrawn Total water consumed; percentage of each in regions with high or extremely high baseline water stress	Water Resource ManagementP64	Total water withdrawn and total water consumed in regions with high or extremely high baseline water stress were both 0%.
Waste Management	TC-SC-150a.1	Quantitative	Amount of hazardous waste from manufacturing, and percentage of those recycled	Waste ManagementP67	
Employee Health & Safety	TC-SC-320a.1	Qualitative	Description of efforts to assess, monitor, and reduce exposure of employees to human health hazards	Occupational Health and Safety WorkplaceP93	
	TC-SC-320a.2	Quantitative	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.)	Occupational Health and Safety WorkplaceP93	

Topic	Code	Category	Disclosure	Chapter/Page	Remark
Product Lifecycle Management	TC-SC-410a.1	Quantitative	Percentage of products by revenue that contain IEC 62474 declarable substances (Material Declaration for Products of and for the Electrotechnical Industry-RoHS, REACH)	0%	Products didn't contain IEC 62474 Declarable substances.
	TC-SC-410a.2	Quantitative	Processor energy efficiency at a system-level for: (1) servers, (2) desktops and (3) laptops, in terms of revenue (due to industry and product characteristics, the overall energy efficiency of the processor is not calculated.)	N/A	N/A
Materials Sourcing	TC-SC-440a.1	Qualitative	Description of the management of risks associated with the use of critical materials	Green Supply Chain Concept P71	
Intellectual Property Protection & Competitive Behavior	TC-SC-520a.1	Quantitative	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	Sustainable Governance P29	FITI Group had no financial losses resulting from legal proceedings related to anti-competitive behavior in 2023.
Activity Metric	TC-SC-000A	Quantitative	Total production	Please refer to annual report P84	Total production by product category.
	TC-SC-000B	Quantitative	Percentage of production from owned facilities	N/A	The product is 100% manufactured from our facilities.

External Assurance Statement/Certificates





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