

FITIPOWER INTEGRATED TECHNOLOGY INC.

Fitipower Integrated Technology Inc.

2022 Sustainability Report

About this Report

Contents

Preface and Introduction

Chapter 1 Value Co-creation

Chapter 2 Responsibility Sharing

Chapter 3 Partner Co-prosperity

Chapter 4 Environmental Symbiosis

Chapter 5 Labor-Management Common Good

Chapter 6 Social Inclusion

Appendices

About this Report

Report Overview and Publishing

This is the third Sustainability Report that we have (Fitipower Integrated Technology Inc., Fitipower) published on the [Sustainable Development section](#) of our corporate website for stakeholders to download and read; addressing stakeholders expectations and needs. We will continue to disclose our ESG efforts and achievements yearly, demonstrating our commitment to sustainable business practices. The next report will be published in June 2024.

Editing Principle

This report has been prepared in accordance with the GRI Standards, issued by the Global Sustainability Standards Board, GSSB. We have adopted the eight principles of the GRI Standards (Accuracy, Balance, Clarity, Comparability, Completeness, Sustainability context, Timeliness, and Verifiability) as the principles for information disclosure. Some disclosures are based on the Sustainability Accounting Standards Board (SASB) Semiconductor Industry Standards and the Task Force on Climate-Related Financial Disclosures (TCFD) framework. An index of which is included in the Appendix to this report. In addition, the New Taiwan dollar (NTD) is the currency used in this report, while other non-financial quantitative data is presented in the form of internationally recognized measurement standards.



Reporting Boundary and Scope

The information disclosed in this report covers the period from January 1, 2022, to December 31, 2022. The scope of information encompasses Fitipower's headquarters and service locations in Gongdao 5th Road, Taipei, Tainan, and Shenzhen, accounting for 73.2% of the consolidated revenue. However, financial information (financial consolidated statements) includes data from other subsidiary companies; please refer to the ["Organizational Chart of Affiliates"](#) for details on the relevant entities. Additionally, certain product information includes products and applications from related subsidiaries; please refer to the explanations provided in each chapter for further details.

Information Assurance

The content of this report has been released following internal review and external assurance.

Internal review

The report has been released after confirmation by the Sustainable Task Force members and review by the chairman.

External assurance

- Non-Financial Information: We have commissioned an independent third-party verification organization, SGS Taiwan, to externally assure the information disclosed in this report. The assurance process follows the Type 2 Moderate Level of the AA1000AS v3 Assurance Standard, developed by the global nonprofit organization AccountAbility. The external assurance evaluates the inclusivity, materiality, responsiveness, and impact of the disclosed information in this report to enhance its reliability. For detailed assurance statements, please refer to the "Third-Party Verification Statement" in the appendix section.
- Financial information: The consolidated financial report has been audited in accordance with the International Financial Reporting Standards (IFRSs) by KPMG Taiwan. The financial reporting period covers the annual period from January 1 to December 31.

About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

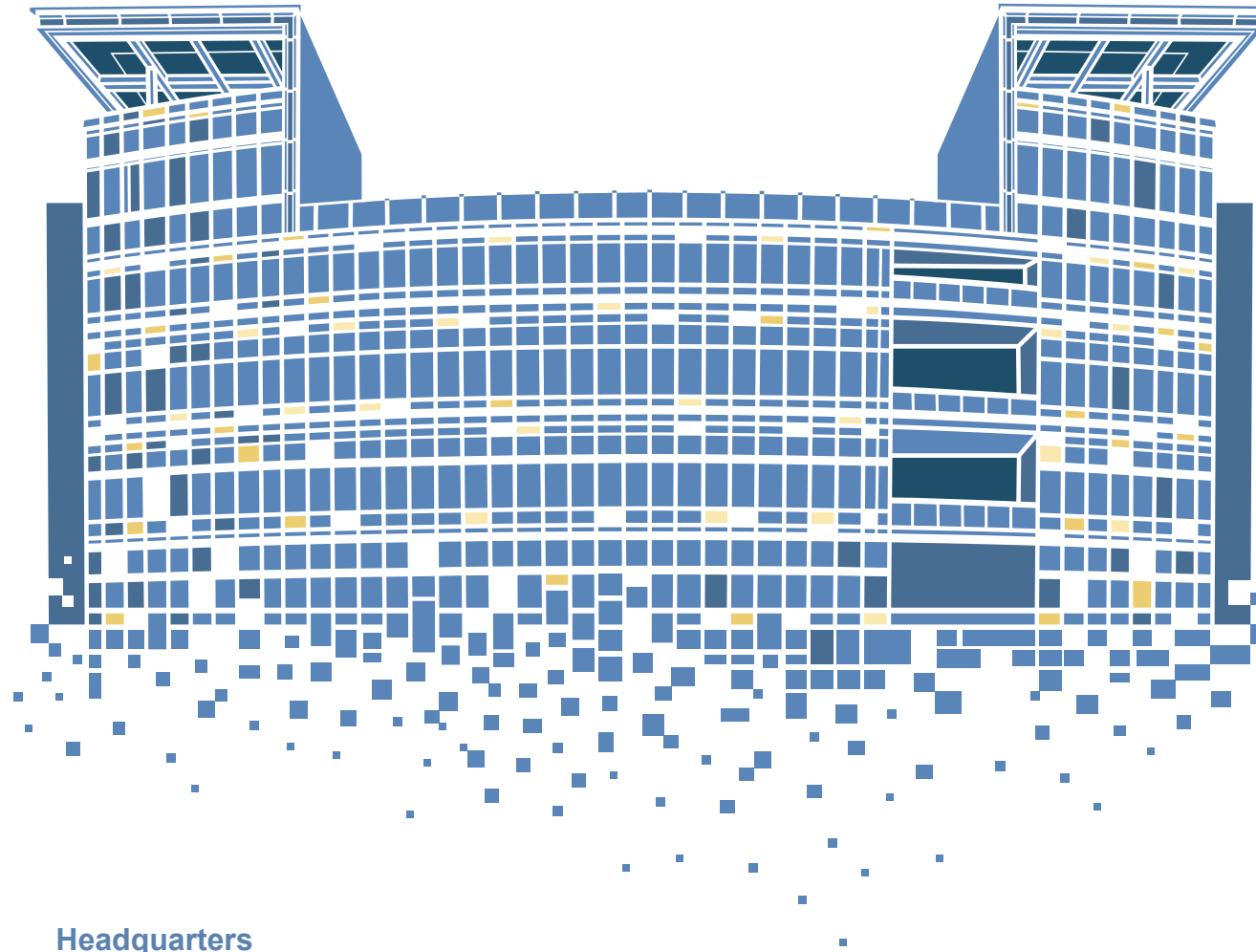
Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

Chapter 6
Social Inclusion

Appendices



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CONTACT US

We value the feedback from all stakeholders. If you have any recommendations or inquiries regarding Fitipower's sustainable practices or the content of this report, we sincerely welcome you to contact us through the following channels.

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Sustainability
Report

CONTENT

Preface and Introduction

| | |
|--|----|
| Message from the Chairman | 05 |
| Sustainability Vision and Management | 07 |
| Stakeholder Communication and Materiality Analysis | 13 |

Appendices

| | |
|------------------------------------|-----|
| ESG Key Performance | 108 |
| GRI Index | 112 |
| SASB Index | 117 |
| Third Party Verification Statement | 119 |

1 Value Co-creation

| | |
|---------------------------------------|----|
| 1.1 About Fitipower | 22 |
| 1.2 Product and Technology Innovation | 27 |

2 Responsibility Sharing

| | |
|---|----|
| 2.1 Governance Regulations and Framework | 34 |
| 2.2 Regulatory Compliance and Professional Ethics | 40 |
| 2.3 Risk Management | 41 |
| 2.4 Cybersecurity | 45 |

3 Partner Co-prosperity

| | |
|-----------------------------|----|
| 3.1 Customer Service | 51 |
| 3.2 Supply Chain Management | 56 |

4 Environmental Symbiosis

| | |
|---|----|
| 4.1 Environmental Policy and Management Framework | 62 |
| 4.2 Green Product | 66 |
| 4.3 Energy and Resource Management | 69 |

5 Labor-Management Common Good

| | |
|--|----|
| 5.1 Human Rights and Employees Communication | 73 |
| 5.2 Talent Hub | 75 |
| 5.3 Competitive Compensation and Benefits | 82 |
| 5.4 Employee Development and Retirement | 87 |
| 5.5 Workplace Safety and Health Promotion | 93 |

6 Social Inclusion

| | |
|--|-----|
| 6.1 Social Involvement | 98 |
| 6.2 Fitipower Environmental Foundation | 100 |



About this Report

Contents

Preface and Introduction

Message from the Chairman

Sustainability Vision and
Management

Stakeholder Communication
and Materiality Analysis

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

Chapter 6
Social Inclusion

Appendices



Preface and Introduction

- **Message from the Chairman**
- **Sustainability Vision and Management**
- **Stakeholder Communication and Materiality Analysis**

About this Report

Contents

Preface and Introduction

Message from the Chairman

Sustainability Vision and Management

Stakeholder Communication and Materiality Analysis

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

Chapter 6
Social Inclusion

Appendices

Message from the Chairman

To all partners and friends who pay continuous attention to the sustainability of Fitipower:

2022 was a year full of turbulence and change! Due to the global economic interference of inflation and geopolitical factors, consumer electronics demand has weakened. The explosive growth of the past two years swiftly tapered off in the second half of the year, and the market entered a downturn cycle. In the face of this cold winter, how did we “keep warm”?

In Q4 2021, we began to strictly control our inventory, provide timely product services and maintain a robust partnership, whilst undertaking our organizational deployment and recourses allocation for “sculpting the stature”. Revelation of the rapid development of AI: Good answers await good questions. Management should play the role of asking the right questions and lay out the appropriate composition ratio between the functions of the team. Moreover, the organizational structure that aligns with the markets was used to further improve the communication and cooperation in the organization to maximize effectiveness. In 2022, the consolidated revenue of Fitipower totaled NT\$19.68 billion, with earnings per share reaching NT\$16.49, both the second highest in history.

Taking a comprehensive view of the forward-looking policies in major countries in the post-pandemic era, besides the emphasis on “localization and regionalization of industries,” there is a strong focus on “Digital Technology” and “Sustainable Manufacturing” issues. To face the rapidly changing landscape of digital technology, Fitipower must have “Resilience”. In 2022, we increased our research and development investment to a historic high of 2.44 billion NT dollars, accounting for 12.4% of our revenue (a 2.9% increase from last year). Fitipower will continue to strengthen its R&D capabilities, developing innovative products with low energy consumption and high energy efficiency, while expanding product applications in areas such as communication, automotive, IoT, and AI. Additionally, we extend this research and development energy to campuses through the organization of the “Fitipower AI Green Technology Sustainable Innovation Competition” by Fitipower’s foundation. Led by professors, students collaborate using Fitipower’s development systems to propose AI applications for green living. This initiative not only guides students to further develop AI research in our country but also cultivates their innovative and sustainable consciousness.

In terms of digital transformation, apart from regularly organizing “Automation Competition” to improve internal management processes and costs, thus enhancing work efficiency and quality management, we conducted a company-wide digitalization (optimization) inventory in 2022. This encouraged employees to propose appropriate digitalization proposals in their respective areas, resulting in a total of 151 work items to be further improved and planned. Among these, the completed “Product Carbon Reduction Platform” integrates R&D and financial units’ existing system information, enabling automatic estimation and inquiry of energy-saving product’s carbon reduction. This platform serves as a reference for product design and carbon reduction management. According to the results (based on shipment estimation), Fitipower’s energy-saving products in 2022 contributed to a total carbon reduction of approximately 290,000 tons, including the design of four new energy-saving products.

In the section on “Sustainable Manufacturing,” the company’s response actions have been influenced by national policies, such as the European Union’s forthcoming Carbon Border Adjustment Mechanism (CBAM), and Taiwan’s official release of the “2050 Net-Zero Emissions Roadmap,” which includes the implementation of carbon fee in 2024. In response, technology giants have pledged their own net-zero targets. The cost of carbon emissions has gradually shifted to enterprises. Although, at the current stage, Fitipower may not face these issues and challenges as the most urgent or direct concern, we are deeply aware of the importance of “building a solid system” and preparing the foundation for the long-term trend development. We have successively announced policies related to environmental, social, and governance matters, and in 2022, we have gradually introduced environmental and occupational health and safety management systems (ISO 14001, ISO 45001). We have also announced the timetable for our greenhouse gas inventory plan following board resolutions, which is superior to the requirements of the FSC’s “Sustainable Development Pathway for Listed Companies.” Furthermore, the enhancement of climate-related financial disclosure and our suppliers’ sustainability assessments are our next priorities. In response to the increasing awareness of information security driven by the digital wave, we have completed the establishment of the Information Security Management System (ISO 27001) and obtained third-party certification in May 2023.

In the face of climate risks, in addition to our own development and response, we also gather societal forces through the foundation to expand our influence. In 2022, the “Fitipower Environmental Foundation” was officially established, initiating a series of environmental sustainability activities:

1. “Planting Sustainable Seeds through Medical Care”: Promoting shared reading and developing sustainability awareness to disadvantaged families via the healthcare system.
2. “SDGs Promotion Project - Making the World Better”: Collaborating with Taiwan’s libraries to plan and publish a sustainable booklist in response to the UN SDGs, serving as a reference for related book selections among domestic elementary and middle school students.
3. “Campus Advocates for Environmental Sustainability”: Collaborating with National Yang Ming Chiao Tung University and National Chiao Tung University departments to organize a series of environmental promotion activities, including second-hand markets, used clothes market, removal of invasive species and children’s summer camps.
4. “Fitipower AI Green Technology Sustainable Innovation Competition”: A professional competition aimed at fostering innovation in green technology.

By extending from daily family and campus life to professional work, we encourage everyone to become advocates for environmental sustainability and “Circularity to Restore the Earth.”

In 2022, we are honored to have been ranked 3rd in the “Top 50 Companies in Operating Performance” by Commonwealth Magazine and received a rating of “21%~35%” in the 8th Corporate Governance Evaluation. We sincerely thank everyone for their care and support to Fitipower. Considering the challenges posed by the sluggish market conditions, it may be the opportune time for innovation and transformation. We aspire to strengthen the three pillars of “Sculpting the Stature,” “Building a Solid System,” and “Fostering Resilience,” fostering a symbiotic relationship among the company, employees, and shareholders as a “Business Community,” “Interest Community,” and “Life Community.” Our goal is to achieve steady EPS growth and balanced ESG development, while preparing for market recovery and adapting to digital and climate transformation. Fitipower will continue its efforts to be among the top 100 companies and progress towards becoming a century-old enterprise.

Chairman
and Sustainability Committee Chair



About this Report

Contents

Preface and Introduction

Message from the Chairman

Sustainability Vision and Management

Stakeholder Communication and Materiality Analysis

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

Chapter 6
Social Inclusion

Appendices

Sustainability Vision and Management

We deeply understand that optimizing non-financial management is the key to sustainable development, in addition to rapid business expansion and economic development. As the Company's operations boomed in 2021, the Board of Directors resolved and passed the "Fitipower Sustainability Policy", signed by the Chairman as the highest principle for the Company's sustainability.

A dedicated ESG unit (Sustainable Development Dept.) was also formed to initiate various sustainability plans and actions. At the same time, we organized a sustainability forum to exchange sustainability trends with academic experts. The officials attending the forum were led by the chairman to pledge to support the UN's Sustainable Development Goals (SDGs) which are aligned with the Company's ESG vision, setting the direction for its sustainability.



Sustainability Policy

Apart from pursuing company profitability and greater business achievements, Fitipower and its subsidiaries also places emphasis on addressing the needs and expectations of its stakeholders, including employees, shareholders/investors, customers, suppliers/contractors, the general public, and government agencies. We aim to control the ESG risks and opportunities that we face or may encounter in the future, working together towards a sustainable future.

Our Mission and Commitment

Value Co-creation

Adhering to sustainable operations, by innovating management, marketing, and technology, we constantly enhance market competitiveness, provide new and high-tech products and services integrating social wellbeing and environmental protection to realize our brand vision: Drive your heart, Power your life.

Environmental Symbiosis

In response to the challenge of international environmental issues, such as climate change, we enhance our capacity in resource utilization and pollution prevention in operations with a green, innovative vision, engage in the promotion of green office and green manufacturing, and lower the environmental impact of products throughout their lifecycle to cultivate green economic opportunities for the company.

Responsibility Sharing

Under the premise of legal compliance and ethical corporate management, we will continue to strengthen the assessment and response of operational risks and opportunities; optimize external communication channels; establish a convenient, quick, accurate, and secure information network; and implement effective stakeholder communication and engagement to develop the core literacy and attitude required for sustainable development.

Labor-Management Common Good

To ensure respect and dignity for employees, we care for employees and provide them with a quality, safe, and healthy work environment, value talent management and employee care, and attract worldwide elite talents to grow with the company.

Partner Co-prosperity

In the after-sales service, quality, and safety of products, we seek total satisfaction and recognition of both customers and users. In employee human rights, integrity and ethics, and environmental protection, we further request for the development of a sustainable partnership with ESG interdependency with the supply chain.

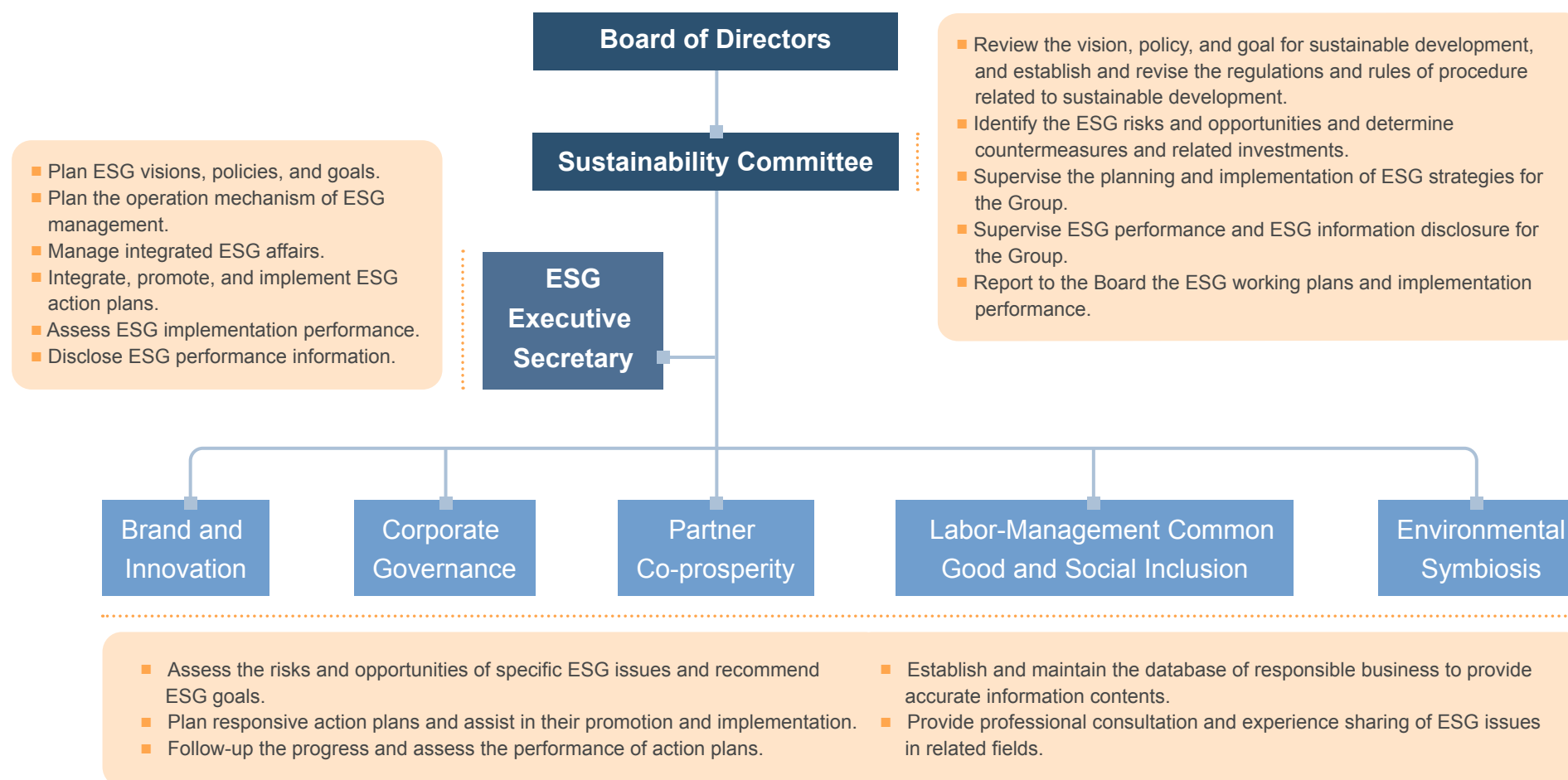
Social Inclusion

By integrating corporate and employee resources, we actively engage in social contribution activities such as care for vulnerable groups and seed cultivation to show our corporate influence to promote social harmony and inclusion.





Sustainability Management Framework

In a bid to achieve the vision of sustainability, Fitipower has established a sustainability management organization pursuant to its “Sustainable Development Best Practice Principles” and “Sustainability Committee Charter”. Fitipower’s Sustainability Committee is a functional committee under the Board of Directors, with the Chairman as the committee chair. The Committee is comprised of the President and three independent directors. It holds at least two meetings annually to strategize and plan future sustainable goals and actions, reporting the progress of sustainability initiatives to the Board of Directors.

To further effectively implement and communicate matters related to sustainable development, we have established a responsible team (ESG Executive Secretary) and five task forces under the Sustainability Committee, namely “Brand and Innovation”, “Corporate Governance”, “Partner Co-prosperity”, “Labor-Management Common Good and Social Inclusion” and “Environmental Symbiosis”. Through cross-departmental vertical integration and horizontal specialization, each team plays its role, ensuring the company’s balanced development in environmental, social, and governance dimensions.



Aligning with the UN SDGs

| SDG | Fitipower's SDG Practice |
|---|--|
|  <p>1 NO POVERTY</p> | <ul style="list-style-type: none"> ■ Prioritized meal and gift ordering from Children Are Us Foundation (boxed meals and bakery) to support the employment needs of vulnerable groups and positively influence the job market of vulnerable groups. ■ Hired visually impaired persons to offer massages to employees. This helped both the employment of a disadvantaged group as well as the physical and mental health of employees. In 2022, a total of 1,176 massages were provided to employees. |
|  <p>2 ZERO HUNGER</p> | <ul style="list-style-type: none"> ■ In the procurement of employee meals and holiday gift boxes, we have chosen to purchase agricultural products from local small farmers, not only reflecting our commitment to local care but also enhancing the income of small farmers. |
|  <p>3 GOOD HEALTH AND WELL-BEING</p> | <ul style="list-style-type: none"> ■ In addition to labor insurance and national health insurance that must be provided as required by law, we also offer employees with group insurance (including life insurance, accident insurance, medical insurance, etc.) and travel safety insurance. ■ Hired physicians and nurses to provide employees with one-on-one inhouse professional consultation. In 2022, a total of 356 consultations were applied. ■ Provided employees with annual health checkups to take care of their physical health. In 2022, a total of 441 employees participated the health examinations. ■ Provided employee travel subsidy of NT\$20,000 per year. ■ Established a comprehensive disease prevention mechanism and provided employees with disease prevention supplies, including disease prevention kits, rapid lateral flow tests and face masks. |
|  <p>4 QUALITY EDUCATION</p> | <ul style="list-style-type: none"> ■ Required the Board members to continue to participate in further education courses and provide courses on succession planning for senior managers. ■ Comprehensive career development pathway and diverse training channels. In 2022, the average training hours and costs per employee were 11.6 hours and NT\$971, respectively, and the number of in-house instructors was 40. ■ Through the healthcare system, the "Sowing the Seeds of Sustainability in Hospitals" effectively reached out to disadvantaged families with books on sustainability provided, serving as a model for shared reading to cultivate a habit of shared reading in families and awareness of sustainability among children. In 2022, 720 books on sustainability were donated to 30 support sites; three sessions of volunteer training were held to cultivate 76 volunteer lecturers; and nine sessions of service were conducted in rural areas, serving a total of 331 children. ■ The "SDGs Promotion Project - Making the World Better" and the Taiwan Library's planning and release of a sustainable booklist in response to the United Nations SDGs, serve as a reference for book selection for primary and secondary school students in Taiwan. In 2022, we conducted a pilot program of 8 "Inclusive Sign Language Storytelling Seed Teacher Training" courses and 1 extended lecture. The entire series of activities had a total of 474 participants, including 216 participants with disabilities. The courses received 48 registrations, and ultimately, 13 deaf participants were selected as seed teachers. ■ As part of the "Campus Advocates for Environmental Sustainability" series of activities, the children's summer camps were organized, and children learned happily through a hands-on approach. |

About this Report

Contents

Preface and Introduction

Message from the Chairman

Sustainability Vision and Management

Stakeholder Communication and Materiality Analysis

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity



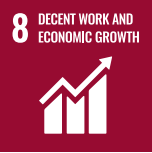

Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

Chapter 6
Social Inclusion

Appendices




Aligning with the UN SDGs

| SDG | Fitipower's SDG Practice |
|--|--|
|  <p>5 GENDER EQUALITY</p> | <ul style="list-style-type: none"> Committed to diversity and inclusion with the Board of Directors; female directors accounting for 29% of all directors. Formulated the policies on human rights and diversity and inclusion, as well as the measures to prevent and manage sexual harassment, thereby prohibiting any form of unequal treatment towards female employees. Promoted the “Maternal Health Protection Program”, which includes specific measures such as birth allowance, exclusive parking spaces for pregnant employees, right to unpaid parental leave, and breastfeeding rooms. |
|  <p>6 CLEAN WATER AND SANITATION</p> | <ul style="list-style-type: none"> Provide funds to student clubs for their beach cleaning activities. Conducted drinking equipment testing, replacement of filters, and disinfection of cooling towers on a regular basis. Continued to communicate water conservation to employees and purchase equipment carrying the Water Conservation Mark. |
|  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> | <ul style="list-style-type: none"> Provide excellent compensation for employees. In 2022, the median and average wages of non-managerial staff were NT\$2.26 million and NT\$2.96 million, respectively, ranking the top among listed companies. Utilization of different recruitment channels including online recruitment platforms, social media, head hunters, employee referrals, industry-academia cooperation in practical training, R&D alternative civilian services, job fairs, and job matchmakers. We also participate in “The Youth’s Employment Ultimate Program” and the “Contact Taiwan” to expand overseas markets for talent. The 2022 employment recruitment rate was 17.3%, the turnover rate 14.9%, and the retention rate key personnel 90%. We participated in the government’s talent training program (The Youth’s Employment Ultimate Program) and provided an additional bonus to the youth evaluation grants from the government, all of which we distributed to young employees. The employees who have participated in the Program and have been with the Company for two years could receive a total of NT\$216,000. |
|  <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> | <ul style="list-style-type: none"> Fitipower continued to build up its R&D capabilities by expanding its product applications in the fields of communications, automotive, IoT and AI. In 2022, besides an R&D team of 188 members, we invested a total of NT\$2.44 billion in R&D, accounting for 12.4% of the 2022 revenue. We are committed to breakthroughs in the development of modular, highly integrated, low-energy, and high-efficiency technologies, which are expected to significantly contribute to energy saving and carbon reduction in end-electronic products. Based on the chip shipments in 2022, approximately 290,000 metric tons of carbon emissions can be reduced, including four newly designed energy-efficient products. Provided bonuses for patents, including bonuses for patent applications, bonuses for patent licensing, and bonuses for patent utilization to encourage colleagues to submit patent proposals. In 2022, there were three new patents approved, bringing the total number of valid patents to 72. Organized the “Fitipower AI Green Technology Sustainable Innovation Competition,” leveraging Fitipower’s expertise in chip design to inspire students’ creativity and sustainability thinking. The competition aimed to integrate learning resources and information to implement smart and green product applications. |

Aligning with the UN SDGs

| SDG | Fitipower's SDG Practice |
|---|--|
|  | <ul style="list-style-type: none"> In accordance with international human rights norms and initiatives, such as the UN's "Universal Declaration of Human Rights", we have established a human rights and diversity policy, which specifies that no differential treatment or discrimination is allowed in recruitment, employment, promotion, reward, and welfare due to their race, language, blood type, religion, political party, native place, gender, age, marital status, facial features, or other factors. |
|  | <ul style="list-style-type: none"> The waste electronic components, scrap materials, and nonconforming products (including wafers and packaging materials) generated during Fitipower's operations are all entrusted to qualified contractors for disposal and declaration. Cartons and domestic waste are sorted before handing over to the park cleaning team for recycling and subsequent disposal. In 2022, the overall production of waste was approximately 61.1 metric tons, with an overall recycling rate of 97.4%. To ensure that all of our product don't contain restricted substances or chemicals, and comply with the RoHS, REACH standards of different countries. Respond to green procurement initiatives. For procurement of cyber communication equipment, priority was given to products with a green label. In 2022, the ratio for green procurement of cyber communication equipment reached 88%. Continued to release a sustainability report and refined the quality of information disclosure. Through the "Campus Advocates for Environmental Sustainability" project organized by Fitipower's foundation to launch a series of circular economy activities. Held "Business Design Sustainability Seminar", "Used Clothes Market", "Eco Friendly Straw Promotion", "Second-hand Goods Market", "Waste Made Into Eco-friendly Toys" and other activities in 2022. |
|  | <ul style="list-style-type: none"> Established the "Fitipower Environmental Foundation" to gather social power and expand its influence and dedicated to the mission of "Circularity to Restore the Earth" based on the four core pillars of "Ecological Conservation", "Climate Change", "Circular Economy", and "Disaster Relief". Provide multiple options for the lunches of the employees. in addition to the meat diet containing rice or noodles, we supply vegetarian and fruit meals to take care of the employee's dietary health and reduce CO2 emissions. Released the Company's GHG inventory planning schedule and gradually established the Company's operational carbon emission database used as a management basis for subsequent net zero targets and actions. Planned to implement comprehensive Task Force on Climate-related Financial Disclosures (TCFD) to understand the specific financial impacts used as a consideration for the planning of subsequent operational strategies. Built the Product Carbon Reduction Platform to evaluate the carbon reduction benefits of the Company's energy-saving ICs at end-use as a reference for chip design. |
|  | <ul style="list-style-type: none"> Organized ocean sustainability-related seminars in a series of "Campus Advocates for Environmental Sustainability" activities. Held the "Thank You for Ocean Sustainability" seminar in 2022. Sponsored students to clean up the beach in a series of "Campus Advocates for Environmental Sustainability" activities. In 2022, students of National Tsing Hua University organized a beach clean-up in Nanliao, Hsinchu. |

Aligning with the UN SDGs

| SDG | Fitipower's SDG Practice |
|---|--|
|  | <ul style="list-style-type: none"> ■ We promote a “green office culture”. To reduce paper use, besides promoting used paper reuse, we progressively implemented the online approval system to replace traditional paper document approval, e-payroll system, and e-learning courses to reduce paper use. ■ Invested in the development of technologies associated with the application of products such as electronic paper and electronic labels to accelerate our paperless initiative, further reducing forest land loss. ■ “Removal of Exotic Species - Louisiana Crawfish” was organized by students of National Tsing Hua University in a series of “Campus Advocates for Environmental Sustainability” activities, to protect native species and biodiversity. |
|  | <ul style="list-style-type: none"> ■ Supported the Responsible Minerals Initiative (RMI) to ensure 3TG minerals are acquired from RMI-certified smelters. In 2022, 47 suppliers' materials contained 3TG. According to the result of the investigation, all of the suppliers used 3TG minerals from RMI-certified smelters. ■ Provided courses related to ethical corporate management and integrity to enhance the quality of employees while also building a corporate culture. In 2022, the total training hours for employees reached 1,202 hours. ■ Complied with the requirements of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”, the “Personal Data Protection Act”, the “Trade Secrets Act”, and the “Fair Trade Act”. We also have internal regulations in place and regularly conduct audits and reports. In 2022, we did not receive any reports regarding violations of ethical corporate management and integrity and we did not violate any laws or regulations; no deficiencies were found in internal audits. ■ Established a full-time regulatory identification unit and assign responsible staff to solve legal problems. ■ Internal auditors shall maintain integrity and independency to carry out their duties objectively and impartially and periodically report the audit outcomes to the Audit Committee. ■ Established a comprehensive performance appraisal system. In addition to conducting two performance evaluations of employees each year, we have formulated the “Board of Directors Performance Evaluation Regulations” to ensure the sound operation of the Board of Directors. |
|  | <ul style="list-style-type: none"> ■ Joint five industrial and academic organizations to facilitate the collaboration of the companies in the semiconductor industry and strengthen the overall development of the industrial system. In 2022, NT\$1.53 million was invested. ■ Collaborated with domestic elite institutes of electronics by combining the industry-academia resources and through knowledge and technology change, we accelerated the R&D, enriched the outcomes, and enhanced efficiency. We also provided students with future employment opportunities. In 2022, NT\$4.02 million was invested. ■ We link Taiwan's academic, medical, and educational institutions through the Fitipower's Foundation to invest in resources for relevant projects and activities to promote social inclusion and a vision of environmental sustainability. In 2022, NT\$5 million was invested. |

Stakeholder Communication and Materiality Analysis

Selection of Stakeholders

STEP1



- Identified **7** Major Stakeholders

Based on the five attributes of stakeholders: dependency, responsibility, tension, influence, and diverse perspective as stated in the Stakeholder Engagement Standard 2015 (AA1000SES:2015), we selected a total of seven stakeholder groups: (1) employee or dependent (2) customer (3) shareholder/investor (4) supplier (5) government agency (6) academic institution and (7) association.

Stakeholder Engagement

STEP2



- Focused on **18** Issues of Stakeholder Concern
- Collected **241** Questionnaires on Stakeholders' Concerns

We place importance on the expectation of the stakeholders from us and gather the directions of stakeholders' concerns from the face-to-face interview and telephone interview with stakeholders, suggestion box, or business interaction, and exchange over time (Please refer to "[Communication with Major Stakeholders](#)"). We also referred to the GRI Standards to focus comprehensive topic contents into 18 issues covering the economic, environmental, and social categories for subsequent questionnaire survey. We also conducted a survey with key stakeholders and recovered 241 questionnaires which are used as a basis for the identification of the annual material topics. In addition to the above standard procedures, we have also set up a "[Contact Person](#)" section on our website, providing a channel for communication with various business units. This channel is used for any questions, suggestions or complaints, maintaining good communication and sound interaction.

Materiality and Boundary Description

STEP4



- Explained the Materiality and Boundary of Each Issue for Identified Material Issues

There were four new material issues identified compared to the previous year, with a total of 13 corresponding material topics. Please refer to the "[Table of Materiality Variances](#)". For the scope of importance and impact for each material issue and corresponding GRI topics, please refer to the "[Illustrative Table of Materiality and Boundaries of Material Issues](#)". The Company's policies, commitments, objectives, responsibilities, resources, and specific actions for each material issue are set forth in this report.

Identification of Material Issues

STEP3



- Investigated the Impact Evaluation of Each Concerned Issue to **31** Managers and the Members of the ESG Task Force
- Identified **10** Annual Material Issues

The supervisors of management and the ESG task force members assessed impact on the business operation with respect to the 18 issues of concern focused based on their practical experiences and professional capabilities. A total of 31 questionnaires were recovered. Finally, the survey result on the issues of stakeholders' concern and the "business impact assessment" were integrated to make cross-analysis. Then, the priority of each concerned issue was identified with reference to the "stakeholder inclusiveness" and "materiality" in the GRI Standards. After conducting an internal in-depth communication, discussion and evaluation, 10 annual material issues namely "Customer Privacy", "Economic Performance", "Employment and Employee Benefits", "R&D and Innovation", "Legal Compliance", "Labor-Management Relationship", "Supply Chain Management", "Talent Cultivation and Training", "Green Product", and "Indirect Economic Impact" were identified. Please refer to the "[Materiality Matrix](#)".

About this Report

Contents

Preface and Introduction

Message from the Chairman

Sustainability Vision and Management

Stakeholder Communication and Materiality Analysis

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity




Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

Chapter 6
Social Inclusion

Appendices

Communication with Major Stakeholders

| Stakeholders | Concerned Issues | Communication Method | Communication Frequency | Communication Performance |
|--|--|---|---|---|
|  <p>Employee or Dependent</p> | <ul style="list-style-type: none"> Employment and Employee Benefits Labor-Management Relationship Occupational Health and Safety Talent Cultivation and Training Economic Performance R&D and Innovation | Please refer to the “ Multiple Communication Channels ” under the chapter “Labor-Management Communication” | | <ul style="list-style-type: none"> Four labor-management meetings and Employee Welfare Committee meetings were held throughout the year. Released an oath video for occupational safety and health management and conducted the first evacuation drill. Provided 171 online and physical courses, with a total of 4,381 employee participants. |
|  <p>Customer</p> | <ul style="list-style-type: none"> Customer Privacy R&D and Innovation Economic Performance Supply Chain Management | Customer relationship management (CRM) system Fitipower Website Email Quarterly business review Customer satisfaction survey Customer meetings | Real-time Real-time Real-time Quarterly Yearly Aperiodically | <ul style="list-style-type: none"> The major customer satisfaction rates were 92.28 (DDIC) and 86.53 (PMIC), both achieving the annual target. The closure rate for customer complaints was 100%. |
|  <p>Shareholder/Investor</p> | <ul style="list-style-type: none"> Economic Performance Legal Compliance | Investors section on the corporate website Annual financial report Annual general meetings (AGM) Investor conferences Market Observation Post System (MOPS) | Real-time Yearly Yearly Quarterly Real-time | <ul style="list-style-type: none"> One shareholders' meeting and four investor conferences were held. Held a total of 15 public forums for foreign invested and domestic brokerage firms. Organized 95 small seminars for legal entities. |

About this Report

Contents

Preface and Introduction

Message from the Chairman

Sustainability Vision and Management

Stakeholder Communication and Materiality Analysis

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity




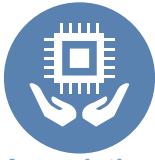
Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

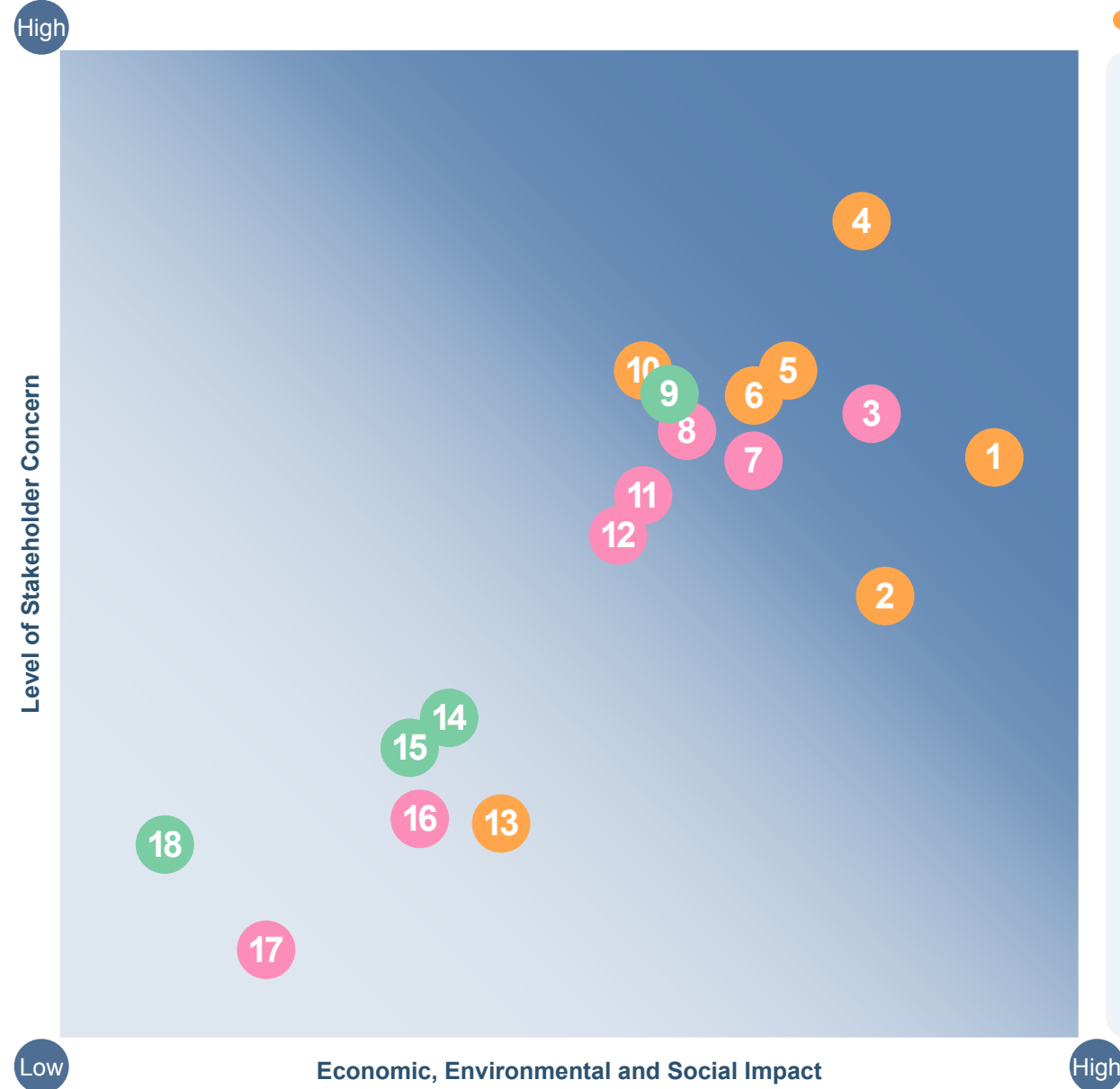
Chapter 6
Social Inclusion

Appendices

Communication with Major Stakeholders

| Stakeholders | Concerned Issues | Communication Method | Communication Frequency | Communication Performance |
|---|--|---|-------------------------|--|
|  Supplier | <ul style="list-style-type: none"> Supply Chain Management Customer Privacy R&D and Innovation Green Product Human Rights Indirect Economic Impact | Quality meeting | Yearly | <ul style="list-style-type: none"> The expected number of major suppliers to be audited in 2022 was 24, with a 100% audit completion rate. 100% suppliers signed the "Restricted Substances Commitment Letter." 100% suppliers received a CMRT survey, and all of them met the criteria for responsible mineral sourcing. No complaints against suppliers for violating ethical corporate management or integrity were received. |
| | | Supplier audit | Aperiodically | |
| | | Daily meeting | Aperiodically | |
| | | Whistleblower email wb@fitipower.com | Real-time | |
|  Government Agency | <ul style="list-style-type: none"> Green Product Anti-corruption Legal Compliance Economic Performance | Market Observation Post System (MOPS) | Real-time | <ul style="list-style-type: none"> Corporate governance and material information were published on the Market Observation Post System (MOPS). Cooperated with the FSC and implemented the TCFD framework and announced the Company's GHG inventory plan. Took part in Youth's Employment Ultimate Program of the Ministry of Labor. Cooperated with the FSC and conducted a corporate governance appraisal. With approval of the EPA and the district court, the Fitipower Environmental Foundation was formally established. |
| | | Official documents | Aperiodically | |
| | | Oversights and audits of competent authorities | Aperiodically | |
| | | Policy seminar symposium, and public hearing | Aperiodically | |
|  Academic Institution | <ul style="list-style-type: none"> Employment and Employee Benefits Labor-Management Relationship Occupational Health and Safety Talent Cultivation and Training Human Rights | Fitipower Website | Real-time | <ul style="list-style-type: none"> Organized 12 campus recruitment events and 353 students made inquiries. A total of 15 industry-academia collaboration projects were initiated, benefiting 32 students. Seven environmental sustainability activities were held jointly with seven student clubs and departments. |
| | | External communication emails | Real-time | |
| | | Campus talent recruitment | Yearly | |
| | | Industry-academia collaboration projects | Aperiodically | |
|  Association | <ul style="list-style-type: none"> Green Product Customer Privacy Energy Management | General assembly | Depending on the org. | <ul style="list-style-type: none"> Participated in five industry associations. Participation in association's events Impact of national development strategy |
| | | Seminar, etc. | Aperiodically | |

▼ Materiality Matrix



● Governance Facet
 ● Environmental Facet
 ● Social Facet

Material Issue

- | | |
|------------------------------------|-----------------------------------|
| 1 R&D and Innovation | 6 Economic Performance |
| 2 Supply Chain Management | 7 Labor-Management Relationship |
| 3 Employment and Employee Benefits | 8 Talent Cultivation and Training |
| 4 Customer Privacy | 9 Green Product |
| 5 Legal Compliance | 10 Indirect Economic Impact |

Continuously Concerned Issue

- | | |
|-----------------------------------|------------------------------------|
| 11 Occupational Health and Safety | 15 Waste Management |
| 12 Human Rights | 16 Social Participation and Impact |
| 13 Anti-corruption | 17 Employee Diversity |
| 14 Energy Management | 18 Water Management |

About this Report

Contents

Preface and Introduction

Message from the Chairman

Sustainability Vision and Management

Stakeholder Communication and Materiality Analysis

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

Chapter 6
Social Inclusion

Appendices

▼ Illustrative Table of Materiality and Boundaries of Material Issues

● Direct Impact ○ Contributive Impact ▲ Business Impact

| Material Issue | Significance to Operations | Within the Org. | Outside the Org | | | | | | Corresponding GRI Topic |
|--------------------------------------|--|-----------------|-----------------|---|---|---|---|---|--|
| | | | | | | | | | |
| R&D and Innovation | Fitipower is a professional IC design company, and providing customers with diverse and total solutions is the core driving force of our operations. Facing constantly advancing technology, we continually invest in innovation and R&D to ensure the advantageous position of our products in the market. | ● | ▲ | ○ | ▲ | ○ | ● | ○ | Fitipower's Self-Defined Issue |
| Supply Chain Management | Fitipower is a fabless semiconductor company, and the back-end manufacturing and packaging/testing of our products are outsourced to specialized foundries. Stable product supply, delivery schedules, quality, and material control directly impact the company's operating costs and revenues. With the sustainability risks to suppliers constantly surfacing, Fitipower must establish a comprehensive management system to ensure the supply of products is in line with stakeholder expectations as well as relevant regulations, thus creating a sustainable product value chain. | ○ | ○ | ○ | ▲ | ○ | | | GRI 204 Procurement Practices GRI 308 Supplier Environmental Assessment GRI 414 Supplier Social Assessment |
| Employment and Employee Benefits | "Employees are the most valuable assets of the organization." This is exceptionally true to the semiconductor design industry emphasizing ongoing advancements and requiring nonstop innovation and breakthroughs. Hence, only attracting key talents with a diverse workforce structure and a competitive compensation and benefits system can give the Company momentum in business operations on an ongoing basis. | ● | ▲ | | | ○ | ○ | | GRI 202 Market Presence GRI 401 Employment GRI 405 Diversity and Equal Opportunity |
| Customer Privacy | Customer privacy can directly impact the company's reputation, legal risks, and customer relationships, exerting an absolute influence on the business operations. In this era of digital transformation, information protection is an extremely critical issue in the business environment. It is essential for Fitipower to dedicate efforts to ensuring the security of customer information, enhancing collaborative trust, and thereby establishing long-term and stable partnerships with customers. | ○ | ▲ | ○ | ○ | ○ | | | GRI 418 Customer Privacy |

Note 1: For the corresponding disclosures and chapters for each topic, please refer to [GRI Index](#).

Note 2: For the corresponding ICON of internal and external stakeholders, please refer to "[Communication with Major Stakeholders](#)".

▼ Illustrative Table of Materiality and Boundaries of Material Issues

| Material Issue | Significance to Operations | Within the Org. | Outside the Org | | | | | | Corresponding GRI Topic |
|-----------------------------------|--|-----------------|-----------------|--|--|--|--|--|---|
| | | | | | | | | | |
| Legal Compliance | The company's operations are subject to various regulations, such as fair trade, sales, environment, health and safety, labor, and requirements for listed companies. Non-compliance with relevant regulations could lead to significant financial and reputational losses, and even result in the termination of operations. Compliance is not only a fundamental requirement for our employees but also a basic principle for the Company's sustainability. Only by doing so can Fitipower maintain a trustworthy relationships with various stakeholders and further promote its long-term development. | | | | | | | | GRI 2-27 GRI 416 Customer Health and Safety |
| | | | | | | | | | |
| Economic Performance | The company's financial performance directly reflects its operational efficiency, financial quality, and competitiveness. A sound financial foundation is essential to withstand unknown risks and facilitate corporate transformation. As a listed company on the TWSE, Fitipower's financial performance also indirectly affects the confidence and interests of its shareholders and investors, further posing challenges to the company's operations. Therefore, we must strive for the continuous financial growth in our operations. | | | | | | | | GRI 201 Economic Performance |
| | | | | | | | | | |
| Labor-Management Relationship | As a professional IC design company, talent is the most crucial driving force for the company's operational growth. In addition to recruiting outstanding talent, retaining them is equally vital. Through effective management of labor relations, we not only reduce talent turnover and recruitment costs but also enhance employee engagement and work efficiency. | | | | | | | | GRI 402 Labor/Management Relations |
| | | | | | | | | | |

Note 1: For the corresponding disclosures and chapters for each topic, please refer to [GRI Index](#).

Note 2: For the corresponding ICON of internal and external stakeholders, please refer to ["Communication with Major Stakeholders"](#).

About this Report

Contents

Preface and Introduction

Message from the Chairman

Sustainability Vision and Management

Stakeholder Communication and Materiality Analysis

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity




Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

Chapter 6
Social Inclusion

Appendices

▼ Illustrative Table of Materiality and Boundaries of Material Issues

| Material Issue | Significance to Operations | Within the Org. | Outside the Org. | | | | | | Corresponding GRI Topic |
|--|---|-----------------|------------------|-----------|----------|-------------|------------|-------------|--|
| | | | Stakeholders | Suppliers | Products | Communities | Government | Environment | |
|  Talent Cultivation and Training | Employee development is the foundation for knowledge inheritance and radical innovation. We value the practical training and competence optimization of each employee and believe that adequate training resources, a conducive learning environment, and a fair promotion system provide a sound support for strengthening the R&D of the Company. | ● | ○ | ○ | ○ | ○ | ● | ○ | GRI 404 Training and Education |
|  Green Product | Environmental regulations are becoming increasingly stringent, and the rise of green consumption and sustainability awareness has prompted businesses to pledge their commitment to addressing the challenges of climate transition. For Fitipower, focusing on the research and development of green products is both our responsibility and opportunity. By proactively deploying efforts in this area, we can meet market expectations, enhance product competitiveness, and reduce environmental impact and costs during the production stage, all of which will have a positive impact on the company's operations. | ● | ▲ | ○ | ▲ | ● | ○ | ○ | GRI 302 Energy GRI 416 Customer Health Safety |
|  Indirect Economic Impact | Turbulent global situations in recent years, such as the U.S.-China trade war, the COVID-19 pandemic, Russo-Ukrainian conflict, and inflation, have all impacted business operations and transformation risks. After the explosive growth brought by COVID-19, companies around the world are faced with a downward cycle due to inflation, directly affecting operational performance. Moreover, businesses are confronting risks and challenges related to digital transformation, climate transition, and de-globalization, which further impact operating costs and changes in market structures. Fitipower must be equipped with the sensitivity and risk management capabilities in order to face the rapid changes of the global political and economic situation. | ○ | ▲ | ○ | ▲ | ● | | ○ | GRI 203 Indirect Economic Impact |

Note 1: For the corresponding disclosures and chapters for each topic, please refer to [GRI Index](#).

Note 2: For the corresponding ICON of internal and external stakeholders, please refer to "[Communication with Major Stakeholders](#)".

Table of Materiality Variances





About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creation

1.1 About Fitipower

1.2 Product and Technology
Innovation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

Chapter 6
Social Inclusion

Appendices



1 Value Co-creation

Corresponding Material Issues



R&D and
Innovation



Economic
Performance



Green
Product



Indirect
Economic
Impact

Policy and Commitment

Adhering to sustainable operations, by innovating management, marketing, and technology, we constantly enhance market competitiveness, provide new and high-tech products and services integrating social wellbeing and environmental protection to realize our brand vision: Drive your heart, Power your life.



About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creation

1.1 About Fitipower

1.2 Product and Technology
Innovation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

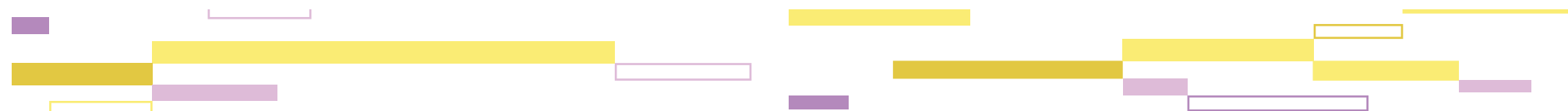
Chapter 5
Labor-Management Common Good

Chapter 6
Social Inclusion

Appendices

1.1 About Fitipower

| Completed goal | Short Term (2022~2023) | | Medium to Long Term (2024~) | |
|----------------|--|--|---|---|
| Goals | <ul style="list-style-type: none"> Re-build the Fitipower's Website Build the official website of Fitipower Environmental Foundation To expedite the disclosure schedule for quarterly financial statements to less than 30 days (excluding Q4) | | <ul style="list-style-type: none"> Look for suitable investment targets that are helpful for the development of the business depending on the development of the industry and the conditions of the market. Optimize effective external communication channels and maintain good relationship with the global capital market to strengthen the confidence of the investors. Shorten the disclosure period of the annual financial statements to less than 60 days. | |
| KPIs | <ul style="list-style-type: none"> Financial indicator and market capitalization Management strategy | | Major Stakeholders | Employee or Dependent Shareholder/ Investor |
| Responsibility | <ul style="list-style-type: none"> Management team/Board of Directors R&D unit Finance unit | | Communication Mechanism | <ul style="list-style-type: none"> Corresponding to the major stakeholders; refer to the "Communication with Major Stakeholders" |



▼ Our Vision and Mission



Vision

Leading the Smart Life. Driving the Carbon Reduction Era.

We believe in “embracing intelligent development while safeguarding the Earth’s growth, creating a better vision for future living.” We also expect our colleagues to uphold the five core values of “Customer orientation,” “Integrity and Accountability,” “proactivity,” “continual improvement,” and “Communication & Coordination.” Through effective communication, understanding, and meeting customer needs, we approach challenges with a responsible attitude, take proactive actions, continuously seek improvements, and move forward towards our shared vision and mission.



Mission

To develop the IoT application field and drive the green efficiency of power management.
To provide solutions to market needs by cultivating R&D and human resources.

We are dedicated to the development of various ICs including DDIC and PMIC. In the future, we will integrate more R&D resources to develop edge computing, IoT, AI, automotive electronics, ePaper, and other product applications in conjunction with comprehensive one-stop services to meet the requirements of the customers and prospects. We are committed to the realization of smart and green life using innovative HMLs and integrated 5-sense interactions.

| | |
|------------------------------|--|
| Date of establishment | 1995 |
| Company type | Public company (TWSE 4961) |
| Main business | Professional design and integration of driver and power management ICs |
| Headquarters | 3F, No. 6-8, Duxing Road, Hsinchu Science Park, Hsinchu City, Taiwan. |
| Chairman | Mr. Young Lin |
| President | Ms. Sophia Chiu |
| Capital | NT\$1,865 million (2022/12/31) |
| Turnover | NT\$19.68 billion (2022) |
| Employee Count | 589 employees (2022/12/31) |



Founded in 1995 in Hsinchu, Taiwan, Fitipower is a professional IC design company listed on the TWSE (TWSE: 4961) in 2018. With outstanding capacity in the R&D of analog, digital and mixed signals, our products cover panel driver ICs, PMICs, and other total solutions. We provide various IC products including T-CON ICs and motor drivers. We are also dedicated to extending the applications of low-power-consumption intelligent IoT (AIoT) and high-performance EV-related IC products. Through continuous research, development, improvement, and validation, our products have gained popularity among various global customers, with nearly 90% of our business coming from exports. Our core markets are concentrated in Asia. In addition to our headquarters in Hsinchu, we also have offices in Neihu, Tainan and Shenzhen in order to provide immediate business and technical services to customers. Looking to the future, we will continue to deepen R&D capacity and maintain steady operations with careful steps, hoping to become a world-class IC design house.

In an effort to further improve the Company's image and website functions, while improving the user experience, we redesigned the Company's official website and established the Fitipower Technology Environmental Sustainability Foundation in 2022 (for the Foundation, please refer to the "Social Inclusion" chapter). Through a robust website design and new features such as video and audio section, surveys, product inquiry forms, stakeholders can clearly and easily access the information they need on the website, including company vision and mission, strategy and policy, products and services, benefits and recruitment as well as ESG.

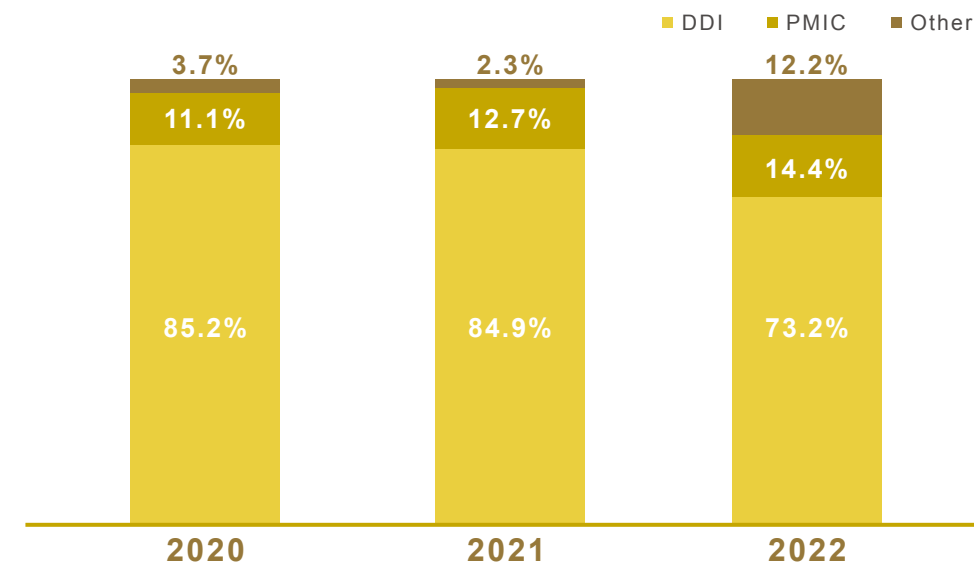


Fitipower website



Fitipower Foundation

Revenue Proportion of Major Products



Note 1: DDI: includes large-sized Source Driver ICs, large-sized gate driver ICs, and medium-sized integrated driver ICs.

Note 2: PMIC mainly include switching voltage regulator ICs, linear voltage regulator ICs, power management integrated components, various motor driver ICs, panel power management ICs, e-book power management ICs, and LED driver ICs.

Note 3: Others mainly include TCON and e-book display driver ICs



About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creation

1.1 About Fitipower

1.2 Product and Technology
Innovation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

Chapter 6
Social Inclusion

Appendices

Financial Performance

Due to the global economic interference of inflation and geopolitical factors in 2022, consumer electronics demand has weakened. The exponential growth brought about by the COVID-19 pandemic in the past two years rapidly receded in 2H 2022 and the market boom entered a downward cycle, leaving companies faced with the pressure of inventory de-stocking. Fitipower began its strict control of inventory in Q4 2021 and further improved its organizational efficiency in

2022 through organizational deployment and resource allocation. The number of product services provided by Fitipower in 2022 reached 1.83 billion units (550 million units of DDICs; 1.18 billion units of PMICs; and 100 million units of other ICs). The total consolidated revenue for the entire year was NT\$19.68 billion with earnings per share of NT\$16.49, both reaching the second highest in history.

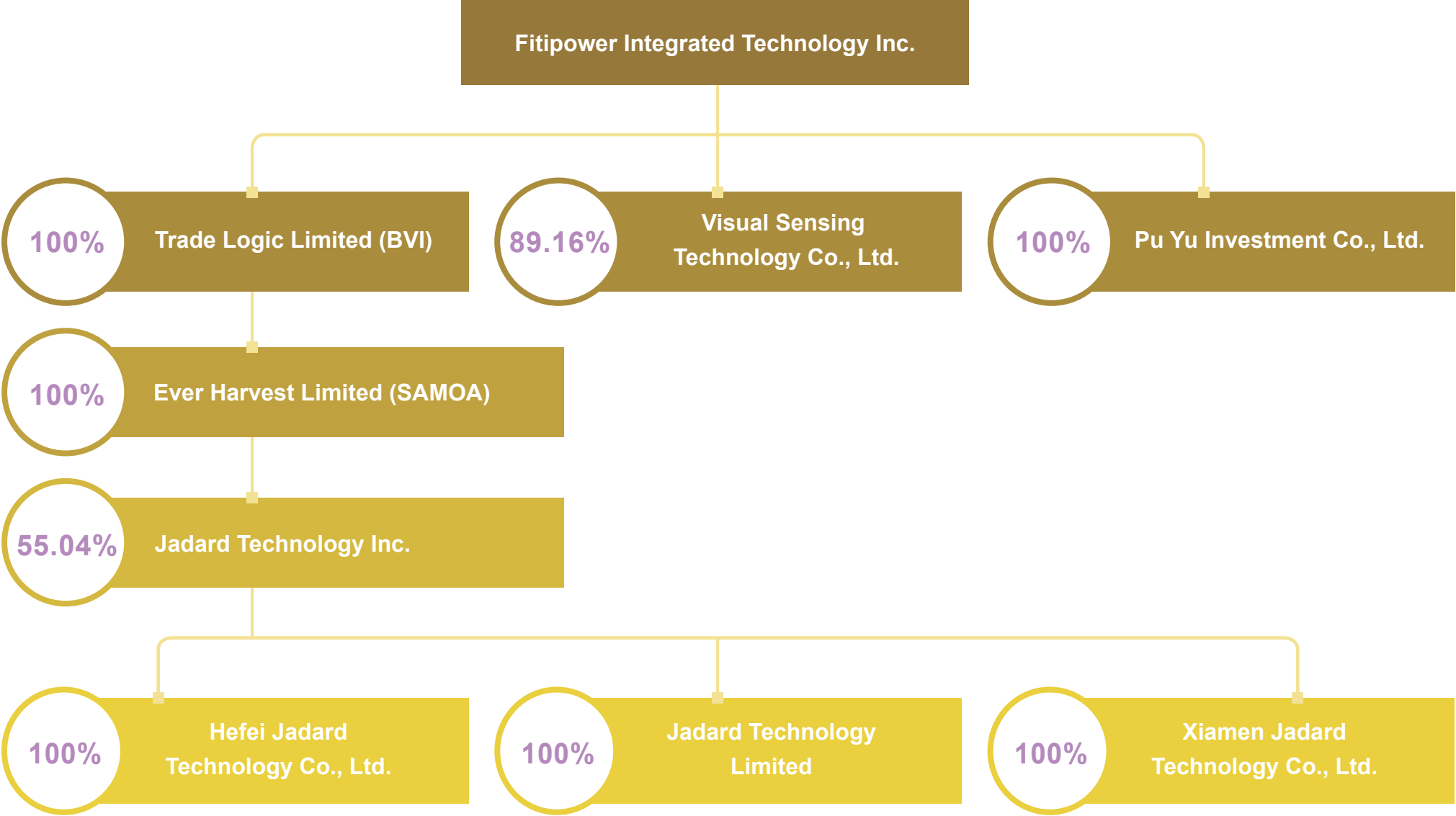
| Item | Subitem | 2020 | 2021 | 2022 |
|---------------------------------|---|------------|------------|------------|
| Direct economic value generated | Net sales (NT\$ thousands) | 10,879,700 | 22,868,238 | 19,680,425 |
| | Income from financial investments (NT\$ thousand) | 318 | 6,702 | 68,119 |
| | Income from asset sales (NT\$ thousands) | 0 | 43 | 0 |
| Economic value distributed | Operating costs (NT\$ thousands) | 9,027,152 | 12,794,460 | 13,272,318 |
| | Employee wages and benefits (NT\$ thousands) | 1,072,231 | 2,337,095 | 2,532,201 |
| | Payments to providers of capital (NT\$ thousands) | 165,314 | 415,549 | 3,164,997 |
| | Payments to government (NT\$ thousands) | 107,504 | 1,410,441 | 700,997 |
| | Community investments (NT\$ thousands) | 0 | 200 | 20,000 |
| Economic value retained | | 507,817 | 5,917,238 | 58,031 |
| Investment value | Return on equity | 15.94% | 60.39% | 19.67% |
| | Return on assets | 9.71% | 38.14% | 13.22% |
| | Gross margin | 21.89% | 46.63% | 36.31% |
| | Operating margin | 7.29% | 33.75% | 19.66% |
| | Profit margin | 6.73% | 27.94% | 16.61% |
| | EPS (NT\$) | 4.07 | 33.83 | 16.49 |
| | Cash dividend per share (NT\$) | 2.5 | 17 | 8.5 |
| | Market capitalization (NT\$100m) | 205 | 526 | 215 |
| | Capital expenditure (NT\$ thousand) | 209,864 | 544,939 | 748,490 |
| Others | Government grants (NT\$ thousand) | 97,902 | 45,218 | 26,591 |

Note 1: Economic value retained refers to "direct economic value generated" less "economic value distributed".

Note 2: Market capitalization is subject to the stock price on December 31 in the year.

Note 3: The consolidated financial information covered all entities in the "Organizational Chart of Affiliates".

Organizational Chart of Affiliates



Note 1: On May 24, 2022, Fitipower Integrated Technology Inc. invested in the establishment of Pu Yu Investment Co., Ltd.
Note 2: Visual Sensing Technology Co., Ltd. conducted a cash capital increase in October 2022, raising its post-capitalization shareholding ratio from 83.35% to 89.16%.
Note 3: Jadard Technology Inc. was listed on the Sci-Tech innovation board of SSE on September 27, 2022. The company issued an additional 40,555,600 shares of new stock, reducing its post-capitalization shareholding ratio from 61.15% to 55.04%.

About this Report

Contents

Preface and Introduction

Chapter 1 Value Co-creation

1.1 About Fitipower

1.2 Product and Technology Innovation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

Chapter 6
Social Inclusion

Appendices

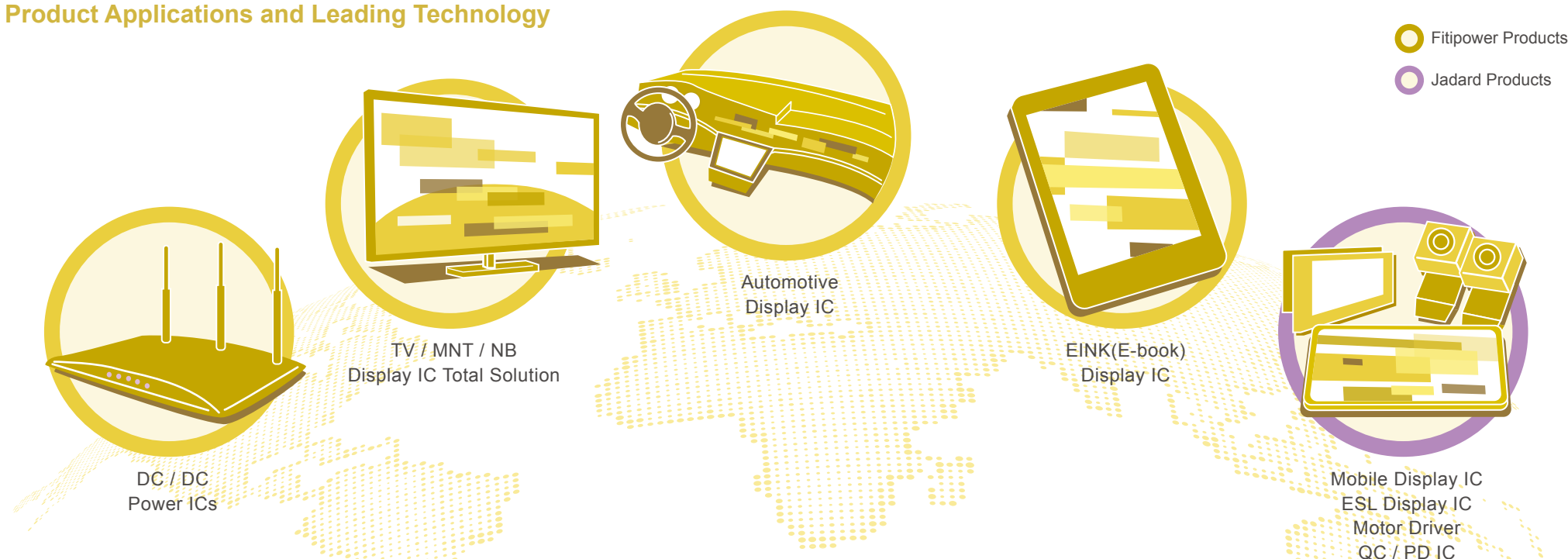
1.2 Product and Technology Innovation

| Completed goal | Short Term (2022~2023) | Medium to Long Term (2024~) |
|----------------|--|---|
| Goals | <p>DDIC</p> <ul style="list-style-type: none"> Mini/Micro LED, AMOLED and other applications Light, thin, low power consumption (3.3V→1.8V), R&D of HD technology Improvement of product efficiency <p>PMIC</p> <ul style="list-style-type: none"> Development tendency toward small size, high efficiency, low power consumption, and high integration with the support of the advance process Tendency toward green energy saving and environmental protection Applications in the EV area (high voltage, high current and highly reliable PMICs and motor driver ICs) | <p>Others</p> <ul style="list-style-type: none"> eDP applications (better transmission efficiency, simplified circuits, reduced power consumption) AI applications 12 new patent applications per year 2 industry-academia collaboration projects per year <ul style="list-style-type: none"> Develop multiple applications including edge computing, IoT, AI, automotive electronics, and ePaper and a comprehensive one-stop service to meet the demands of customers and prospects. Be committed to the realization of smart and green life using innovative HMIs and integrated 5-sense interactions. Enhance the diversity of the products and raise the technology level. |
| KPIs | <ul style="list-style-type: none"> Acquisition and protection of patents | <p>Major Stakeholders</p> <div> Employee or Dependent Customer Academic Institution Association </div> |
| Responsibility | <ul style="list-style-type: none"> R&D unit IP unit | <p>Communication Mechanism</p> <ul style="list-style-type: none"> Corresponding to the major stakeholders; refer to the “Communication with Major Stakeholders” |

Driving the Evolution of Global Smart Living - Drive Your Heart

Due to the maturity and widespread adoption of 5G technology, the IoT applications have expanded, leading to unprecedented breakthrough growth in the display, sensing, and power control equipment markets. Faced with the future demands of IoT human-machine interaction, such as high resolution, diverse screen sizes, and experiential applications, Fitipower has been deeply involved in the field of panel driver ICs. Our product applications cover various sizes of displays for smart devices, including smartphones and wearable devices, and extend to numerous areas, such as smart retail, smart services, smart manufacturing, smart security, and digital homes. We have received recognition and adoption from international corporations. As a leading integrated driver IC development company, we possess independent design capabilities. Combining years of technological accumulation and research and development investments, we also consider the integration of our products into industries. We collaborate with well-known international semiconductor manufacturers and packaging companies, leading the era of AI and IoT, and continuously seeking human well-being with our core product technology.

Product Applications and Leading Technology



Enabling Low Carbonization of Global Smart Living - Power Your Life

At Fitipower, our switching regulator ICs, linear regulator ICs, and power management integration elements are widely used in desktop computers, laptop computers, smart phones, smart TVs, digital TV set-top boxes, network communications equipment, and security monitoring equipment. In 2007, we launched Taiwan's first driver IC for 600V high-voltage white light-emitting diode (WLED), making us one of the major suppliers of power management solutions for laptop computers, LCDTV components, and communications device ICs. The rising awareness of environmental protection also makes the power efficiency of electronic products a target of improvement. By actively developing high-performance PMIC for various electronic products, we hope to enhance power efficiency and maintain environmental protection at the same time. We also fully cooperate with government energy conservation policies and follow the trend of EV development to engage in the R&D of high-voltage, high-current, and high-reliability products.

Total Solutions for Panel Driver ICs

The COVID-19 pandemic and net zero pathway targets have been driving remote work and home learning, further improving the demand for laptops and monitors. As a means to maintain zero time lag in communication and reinforcing the effectiveness of virtual interaction, high resolution graphics have become critical. Fitipower provides customers with various panel driver ICs and total solutions. Fitipower is also dedicated to comprehensive multi-IC energy-efficient solutions, optimizing power consumption of end products.

- Industry-leading Energy 8.0 and 9.0 mass production total solutions.
- Monitor low-voltage, high-frequency, low-power driver IC mass production, as well as notebook FHD dual gate low-power, high-integrity complete solution development.
- TV driver IC support tri-gate total solution and P2P high-speed interface directly to the SoC to support TCON less, reducing the number of ICs used per LCD TV.
- WVGA, WSGA, WXGA, FHD resolutions for medium size AV products have a single driver solution; and 4K resolutions have two driver solution, reducing the number of ICs used in small and medium size panels.

EPD Driver ICs

We are a major supplier of global EPD driver ICs. The imaging principle of ePaper gives an effect similar to that of a paper-based display. It protects eyes from fatigue reading, replacing the consumption of paper, and features zero power consumption in still display, with outstanding achievements in the energy conservation and environmental protection. The lightweight and convenient-to-carry characteristics of e-readers also enhance the reading motivation of the students. The rise of distance learning has driven the overall growth of ePaper notebooks and ePaper readers. We put resources into the development of products with larger display screens and better colorization, in response to the trend of enlarged displays from existing 6" to 10.3" or even 13.3", and have expanded the development of color e-paper ICs. We will work hard to reduce the required driving voltage while optimizing flipping speed to ensure a design more favorable for saving power and friendly to the environment.

- Zero power consumption at still display with quick power on/off design.
- First in the industry to develop multi-power switching color eBook driver IC.
- First in the industry to develop low-power multi-power switching cost-reducing four-color DDIC.

Various PMIC ^{Note 1}

Fitipower's power ICs are manufactured using the BCD process (Bipolar-CMOS-DMOS), which features highly integrated MOS switches, mixed-signal, and analog components. Even under light loads, these ICs maintain high efficiency, allowing them to operate at 100% duty cycle during power voltage conversion. This enables customers to operate at low voltage differentials, resulting in cost and energy savings.

- Reduce output noise, enhance output stability and high PSRR.
- Ultralow quiescent current in the power-saving mode and deep-sleep mode to reduce power consumption and thereby enhance battery durability.
- Dynamic voltage regulation allows voltage raise or reduction according to actual system uses and lowers voltage when the system is idle or running at a low speed to significantly reduce circuit power consumption.
- Support the use of small inductors in high-frequency operation to reduce PCB sizes; and high integration and internal compensation circuits can save external components (MOS switches, compensation capacitors, etc.)
- We are capable of providing complete products for high-voltage automotive power, HPC high-current demand, and multi-phase high-wattage power applications. Additionally, we have successfully completed the optimal design solution for the next generation of color electronic ink screens.

Note 1: This includes products such as DC/DC buck ICs, boost ICs, low-dropout linear regulators, USB power switches, LED drivers, direct current (DC) motor drivers, and ePaper power management ICs.

Note 2: High-voltage automotive power: AECQ-100 compliant, 40V/5A DC/DC buck IC.

Note 3: HPC high current demand: 18V/12A, 18V/20A DC/DC buck IC.

Note 4: Multi-phase high-wattage power applications: DDR5 PMIC, VGA PWM controller, Dr.Mos.

Note 5: Color electronic ink screen: Multi-channel output PMIC.

ESL Display Driver IC ^{Note 6}

The new retailing model has driven online-offline fusion and the real-time synchronous information displays have become an urgent need. These and brand-new consumption experiences, such as color development, facilitated the rapid growth of electronic shelf labels (ESLs) in recent years. ESL features low power consumption and is suitable to the applications of IoT, edge computing, and logistics, resulting in significant reduction of energy consumption and waste of resources. We provide total solutions ranging from 1.54" to 3.5" and develop new products with integrated energy harvesting technology. We also assist in the manufacturing of battery-free and consumable-free products.

- The industry's only chip with anti-shattering detection and active feedback mechanism, alerting merchants of damaged tags, reducing the waste of manual patrols for confirmation.
- Industry-leading sub-3-inch high-resolution driver IC, significantly enhancing display performance and greatly improving customer satisfaction.
- Pioneering the development of integrated source acquisition technology in driver ICs, realizing the vision of Battery Free.
- The first to mass-produce four-color electronic label driver chips in the industry.
- Utilizing AI technology to develop automatic waveform adjustment for electronic labels, which, when mature, can significantly reduce the manpower and time required for electronic label mass production preparation.

Note 6: ESL is a Jardard product.

About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creation

1.1 About Fitipower

1.2 Product and Technology Innovation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

Chapter 6
Social Inclusion

Appendices

R&D and Patent

Facing constantly advancing technology and changing market demands, we ceaselessly accumulate R&D capacity based on our existing well-established technical foundation to continuously provide customers with comprehensive design services and products. At Fitipower, we are deeply involved in the total solutions of panel display driver ICs and power management ICs. We are also dedicated to extending the applications of low-power-consumption intelligent IoT (AloT) and high-performance EV-related IC products. In 2022, we had 188 R&D personnel and spent NT\$2.443 billion on the investment in R&D, accounting for 12.4% of total revenue, representing an increase of 2.9% compared to the previous year. In addition, as a means to encourage patent research and development, we have initiated the “Procedures for Patent Proposal Incentive”. In 2022, three patents were approved and there were 72 valid patents approved domestically and internationally up to the end of the reporting period. In the future, we will expand the scope of patent deployment, increase R&D funds, and encourage patent invention to protect our R&D outcomes and intellectual property (IP) rights. We will also continue joining industrial and academic organizations to facilitate the collaboration of the companies in the semiconductor industry and strengthen the overall development of the industrial system.

Our DDIC are mainly used on large-sized display systems (laptops, FTPs, and TVs) featuring multiple ICs in discrete architecture. Apart from processing synchronous data receiving from multiple ICs to deliver correct capacitance data to pixel partitions, it is necessary to consider the proximity of driving voltage capacity at IC connections to ensure display consistence ^{Note 1}. In addition, IC combination among systems is also a focused design consideration. For example, transmission interfaces of different manufacturers and different specifications have different performance in signal integrity on different screen sizes. Therefore, it needs appropriate circuit compensation technologies to ensure complete data receiving to meet the application of different combinations. With respect to power management ICs, the main focus is on the 3C market such as networking and products that pursue high efficiency and low standby power consumption functions, as well as a series of new energy-efficient products. We also center on the development trends for electric vehicles, and develop product lines with high voltage, high current and high reliability.

Note 1: Circuit technologies covers multi-drop/P2P data transmission interface, high-thrust gamma buffer, offset cancellation to reduce channel buffer deviation, fan-shaped time-sharing driving, and gamma serial deployment symmetry optimization.

Note 2: Circuit technologies include charge recycle, dynamic on/off, high PSSR bandgap LDO, differential mode noise cancellation, and signal dynamic amplitude adjustment.

Note 3: Circuit technologies include output impedance reduction, fast gamma charging, fan-shaped output compensation (FOC), and gate delay compensation (GDC).

Note 4: Circuit technologies include adaptive EQ, offset calibration, automatic band selection, and high PSRR LDO for enhancing interface noise interference.



New patents attained in 2022

TWI758925B

Amplifier circuit

CN112540639B

Operational amplifier circuit and display device with an operational amplifier circuit

US11455931B1

SOURCE DRIVING CIRCUIT FOR IMPROVING GAMMA VOLTAGE RESPONSE TIME AND DISPLAY DEVICE

| DDI | | PMIC | |
|---|--|--|--|
| <ul style="list-style-type: none"> Multiple ICs in discrete architecture Inter-system IC matching | | <ul style="list-style-type: none"> HV COT voltage drop structure Multiphase HC voltage drop structure | |
| Computer and Display | TV | Network Communication Device | Electrical Vehicle |
| <ul style="list-style-type: none"> Low power consumption Anti-noise (GSM noise) and reduced noise emissions (Touch noise) ^{Note 2} | <ul style="list-style-type: none"> Larger size High resolution (8K/4K) High refreshing rate Enhanced buffer driving with narrow-bezel applications ^{Note 3} Increased speed of data transmission interface ^{Note 4} Electrical Vehicle | <ul style="list-style-type: none"> Small size High efficiency Low power consumption High integration | <ul style="list-style-type: none"> High voltage High current High reliability |

About this Report

Contents

Preface and Introduction

Chapter 1 Value Co-creation

1.1 About Fitipower

1.2 Product and Technology Innovation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

Chapter 6
Social Inclusion

Appendices

Digital Transformation and Automation Competition

In the face of ever-changing digital technology, we conducted a company-wide digitalization (optimization) inventory in 2022 and performed a comprehensive evaluation of the business of each department, while also encouraging our colleagues to propose appropriate ideas on digitization. The evaluation results show that the Company's overall digitalization process was 57.7%, with a total of 151 work projects that could be further enhanced and planned.

In a bid to improve the internal management process and costs of the organization, we have increased work efficiency and ensure quality management. Fitipower regularly holds an "Automation Competition" to encourage colleagues to develop ideas for automation from the business and projects they are responsible for, and these ideas and proposals can become cross-department benchmarks after execution and application popularization. The competition is divided into four major categories: "Design Automation," "Production Automation," "Office Automation," and "Verification Automation," and has been continuously held up to the 6th edition. In 2022, a total of 58 teams participated in the competition and 18 projects were awarded with a total of NT\$460,000.

Taking "Digital Transformation - Robotic Process Automation (RPA)" project of the Office Automation Group for example, through the simplified RPA developed by our colleagues that is expanded to exchange rate, interest rate query, daily e-newsletter, product inventory and import/export, test data comparison and other business. Manpower for repetitive but logical operations is replaced by RPA to increase work efficiency and reduce errors, enabling people to do things that are more valuable.

Note: RPA (Robotic Process Automation) is an information tool that emulates human actions, just like a real employee sitting in front of the office computer controlling an application system for work. Therefore, RPA is also called a virtual software robot.

DIGITAL TRANSFORMATION



About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creation

**Chapter 2
Responsibility Sharing**

2.1 Governance Regulations and Framework

2.2 Regulatory Compliance and Professional Ethics

2.3 Risk Management

2.4 Cybersecurity

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

Chapter 6
Social Inclusion

Appendices

2 Responsibility Sharing

Corresponding Material Issues



Legal
Compliance



Indirect
Economic
Impact

Policy and Commitment

Under the premise of legal compliance and ethical corporate management, we will continue to strengthen the assessment and response of operational risks and opportunities; optimize external communication channels; establish a convenient, quick, accurate, and secure information network; and implement effective stakeholder communication and engagement to develop the core literacy and attitude required for sustainable development.



2.1 Governance Regulations and Framework

| Completed goal | Short Term (2022~2023) | | Medium to Long Term (2024~) | |
|----------------|--|--|---|--|
| Goals | <ul style="list-style-type: none">Board meeting attendance > 85%Average study hours per director reach 6 hoursCorporate Governance Evaluation ranked 21% to 35%No significant defects in internal control project review | | <ul style="list-style-type: none">Board meeting attendance > 90%Average study hours per director reach 6 hoursCorporate Governance Evaluation ranked top 20%No significant defects in internal control project review | |
| KPIs | <ul style="list-style-type: none">Annual internal audit reportCorporate Governance Evaluation | | Major Stakeholders | Employee or Dependent Government Agency |
| Responsibility | <ul style="list-style-type: none">Board of DirectorsManagement teamInternal Auditing(IA) | | Communication Mechanism | <ul style="list-style-type: none">Functional Committees under the Board of Directors (Compensation Committee, Audit Committee, Sustainability Committee)Corresponding to the major stakeholders; refer to the “Communication with Major Stakeholders” |



We understand that an open and transparent governance system and the composition of organization are essential. The Company has established [internal regulations](#) to ensure the responsibility-authority consistency of the governance organizations and individuals. And, through the supervision and balance of the management team, we implement corporate governance through the reasonable defining and assignment of the responsibility and authority of all shareholders, the management team, and stakeholders to guarantee the benefits of all the stakeholders and march toward sustainable development goals of the Company. In addition, we encourage Board members and our employees to take further education courses to ensure that the top governance team's judgements and decisions, as well as the practices of all units, align with the Company's operational goals, they stay informed about the trends and adaptations for international and industry changes.

In 2020, we participated in "Corporate Governance Evaluation" for the first time, which made us realize our deficiencies in information disclosures and systems, which we then addressed. Through the re-design of the Company's official website, we were able to improve the completeness of governance-related information disclosure. We have also established our Sustainability Committee and relevant regulations to improve the management process and mechanism. In the 8th Corporate Governance Evaluation in 2022, Fitipower received recognition with a rating of 21% to 35%, showcasing our progressive improvement in governance performance over the years. This reflects our advancements in corporate governance. In the face of global turbulence and unknown challenges, Fitipower will continue to improve our governance system.

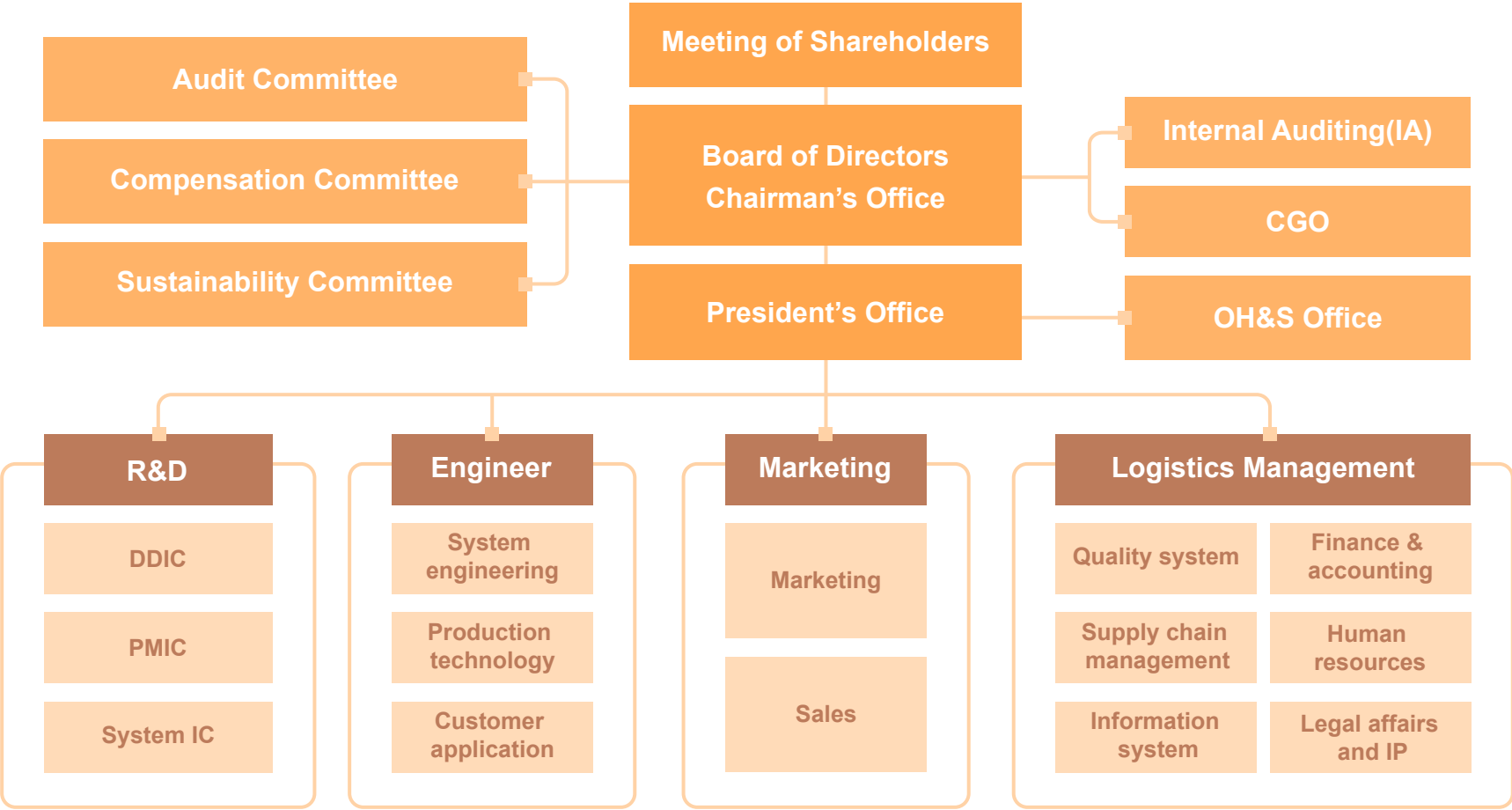
▼ Further Education Courses on Corporate Governance

| Target | Course Title | Total Training Hours |
|------------------------|---|----------------------|
| Board member | ■ ESG Trends and the Pandemic Environment on Global Tax Reform and Corporate Tax Governance | 42 |
| | ■ Company Material Information Disclosure and Case Studies of Director Responsibility | |
| | ■ From Global Political and Economic Situation to Taiwanese Businesses and M&A Strategies | |
| | ■ Corporate Governance and Securities Regulations - Legal Regulations on Insider Trading and Analysis of Practical Cases | |
| | ■ Corporate Carbon Issues and Strategies | |
| | ■ ESG Report Content Description | |
| | ■ How Taiwanese Companies Should Conduct International Tax Planning and Investment | |
| CGO | ■ Common Disputes and Internal Control Practices for Signing a "Business Contract" | 12 |
| | ■ Regulatory Analysis and Audit Key Points for Boards of Directors and Functional Committees (Audit, Compensation) | |
| Accounting officers | ■ Further Education Class for the Accounting Officers of the Issuers, Securities Firm and Stock Exchanges | 24 |
| Internal Audit Officer | ■ Under Various Business Cycles, Common Internal Control Deficiencies and Case Study Sharing | 24 |
| | ■ Compliance and Anti-corruption Practices for "Information Security" and "Privacy Protection" | |
| | ■ "Breach of Trust" Practical Case Studies and Legal Liability Analysis | |
| | ■ Common Deficiencies in the Preparation of Company Financial Reports and Compliance of Internal Audit and Internal Control Regulations | |
| | ■ Interpretation of Financial Analysis Indicators and Business Risk Prevention | |




Fitipower’s governance organization (see following table) has a corporate governance office as well as two corporate governance personnel who are appointed by resolution of the Board of Directors. Their main responsibilities include matters associated with meetings of the Board of Directors, Audit Committee meetings, Compensation Committee meetings and shareholders’

meetings; preparing the minutes of the meetings as mentioned above; to assist directors in their appointment and continuing education; to provide information necessary for directors to carry out their business, as well as assisting directors in compliance, etc. Duties and implementation status of other related units are explained as follows:

Fitipower Organizational Chart








Board of Directors






| | |
|---|---|
| <div><div>Duty</div></div> | <ul style="list-style-type: none">Establish important regulations, contracts, and processing procedures (including governance organization charters and council rules, disposal of assets, engaging in derivative trading, lending funds to others, processing procedures for major financial transactions such as endorsing or providing guarantees for others, internal control system, and effectiveness assessment, etc.).Resolve major matters (including management decisions and operational plans, capital increase and decrease, reinvestment, significant donations, etc.).Supervise the Company’s operations and execution (such as financial performance, non-financial promotion status, etc.).Evaluate the performance and appointing/dismissing the company’s financial, accounting, and internal audit directors. |
| <div><div>Member</div></div> | <div><p>The Board of Directors of Fitipower consists of seven directors with a term of office expiring in May 2024. The selection and succession of board members are in accordance with the “Articles of Incorporation” and the “Procedures for Election of Directors” with the candidate nomination system adopted. In addition to considering the professional and diverse core competencies of directors, we also attach importance to their conduct and integrity, as well as moral reputations and independence in order to achieve appropriate planning and effective supervision. The chairman and president are experts in the semiconductor and electronics industries. Corporate director representatives Gene Liu and William Lo are experts in the IC design industry who often share valuable practical operational experience with the board. Independent Director Ted Yao chairs many investment companies with rich industrial experience and provides much field information for the Company. Independent Director Nina Chen has rich financial and accounting experience and a good knowledge of the semiconductor industry. Independent Director Michael Liu has extensive experience in electronics manufacturing industry and industrial and investment companies. In addition, we have also formulated the “Board of Directors Performance Evaluation Regulations” to ensure that the operation of the Board of Directors is robust through internal and external evaluations as well as a number of measurement items, which will be served as a reference for the selection of directors. For details of the diverse composition of the Board members as well as their academic qualifications and abilities, please refer to “Board of Directors” on the Company’s official website.</p></div> <div><div><div><div><div></div><div>43%</div></div><div>Ratio of independent directors</div><div></div><div>Ratio of women</div></div><div><div><div><div></div><div>29%</div></div><div>Ratio of directors who are employees</div><div></div><div>51 ≤ age ≤ 60 61 ≤ age ≤ 70</div></div></div></div></div> |
| Convention Frequency | |
| The Committee must hold meetings at least once a quarter. Five meetings were held in 2022. | |
| Attendance Rate | |
| 94.3% | |

Functional Committees under the Board of Directors



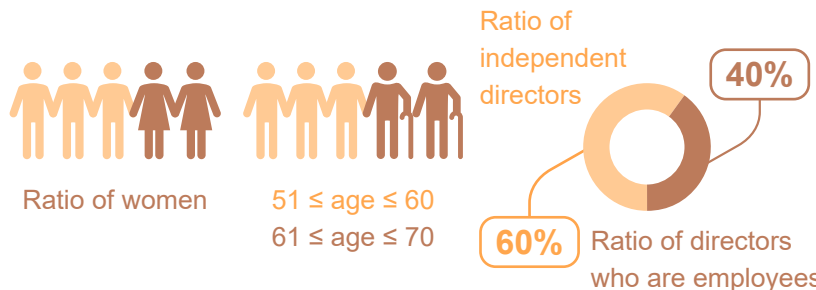
▼ Audit Committee

| | |
|---|---|
|  Duty | <ul style="list-style-type: none"> Supervise the fair expression of the Company's financial statements. Establish or amend the internal control system and ensure its effective implementation. Assess the CPAs for their selection (dismissal) and independence. Control existing or potential risks of the Company. Ensure compliance of the Company with related laws and regulations. Supervise transactions with respect to important assets, derivatives, loaning of funds to others, and provision of endorsements and guarantees. Be in charge of the matters involving the interest of any directors. |
|  Member | <p>The Audit Committee of the Fitipower consists of 3 independent directors elected at the shareholders' meeting. The term of office of the Audit Committee is the same as the Board of Directors.</p> <div>    </div> <div> Ratio of women $51 \leq \text{age} \leq 60$ Ratio of independent directors $61 \leq \text{age} \leq 70$ </div> |
| <p>Convention Frequency</p> <p>The Committee must hold meetings at least once a quarter. Five meetings were held in 2022. For more details, please refer to "Audit Committee" on the Company's official website.</p> | <p>Attendance Rate</p> <p>100%</p> |

▼ Compensation Committee

| | |
|--|---|
|  Duty | <p>Assess the policy and system of the compensation for the directors, supervisors, and managerial officers in an objective and professional manner, and raise proposals to the Board of Directors as a reference for their decision.</p> <ul style="list-style-type: none"> Establish and periodically review the annual and long-term performance goals for the Company's directors and managerial officers as well as the policy, system, standard, and structure of the compensation for them. Periodically assess the target achievement of directors and officers and establish individual compensation contents and amounts. |
|  Member | <p>The Compensation Committee of the Fitipower consists of 3 independent directors elected at the shareholders' meeting. The term of office of the Compensation Committee is the same as the Board of Directors.</p> <div>    </div> <div> Ratio of women $51 \leq \text{age} \leq 60$ Ratio of independent directors $61 \leq \text{age} \leq 70$ </div> |
| <p>Convention Frequency</p> <p>The Committee shall hold at least one meeting every year. Extraordinary meetings may be held whenever needed. Four meetings were held in 2022. For more details, please refer to "Compensation Committee" on the Company's official website.</p> | <p>Attendance Rate</p> <p>100%</p> |

▼ Sustainability Committee

| | |
|--|--|
|  Duty | <ul style="list-style-type: none"> Review the vision, policy, and goal for sustainable development, and establish and revise the regulations and rules of procedure related to sustainability. Identify the ESG risks and opportunities and determine countermeasures and related investments. Supervise the planning and implementation of ESG strategies for the Group. Supervise ESG performance and ESG information disclosure for the Group. Report to the Board the ESG working plans and implementation performance. Be in charge of other matters that have be resolved by the Board of Directors and assigned to the Committee. |
|  Member | <p>The Sustainability Committee of the Fitipower consists of the chairman, president and 3 independent directors elected. The term of office of the Sustainability Committee is the same as the Board of Directors.</p> <div data-bbox="806 906 1618 1197">  <p>Ratio of women: 4</p> <p>51 ≤ age ≤ 60: 2</p> <p>61 ≤ age ≤ 70: 2</p> <p>Ratio of independent directors: 40%</p> <p>Ratio of directors who are employees: 60%</p> </div> |
| <p>Convention Frequency</p> <p>The Committee shall hold at least two meetings every year. Extraordinary meetings may be held if needed. Two meetings were held in 2022. For more details, please refer to "Sustainability Committee" on the Company's official website.</p> | <p>Attendance Rate</p> <p>100%</p> |

Internal Auditing(IA)

| | |
|--|--|
|  Duty | <ul style="list-style-type: none"> Assess the internal control system of the Company and the soundness, reasonableness and effectiveness of each management system. Assess the efficiency of each department and unit of the Company in the implementation of the plans or policies and their specific assignments (Make sure the personnel formation of each unit, branch, and department is appropriate, there are proper records on transaction cycles, and the waste, fraudulence or inefficiency of any cash, securities or other assets is well controlled; conduct comparative analysis of the operating performance and review the business result in order to take effective countermeasures for the improvement of the efficiency). Review the audit and self-assessment reports submitted by each unit and subsidiary, and follow up their internal control deficiencies and improvement measures. |
|  Member | <p>We have an internal audit officer appointed by the resolution of the Board of Directors. The internal audit officer is responsible for the internal audit-related matters.</p> |
| <p>Internal audit process and frequency</p> <p>Auditors conduct periodic audits according to the annual audit plan while unscheduled special audits are carried out in accordance with the instructions of the Company's top executive or the instructions authorized by him/her. All internal control deficiencies and abnormalities found during an audit are handled in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies". After the audit report is prepared, we submit the audit report and audit follow-up report to the Audit Committee prior to the end of the next month. In addition to reporting to audit business to the Audit Committee in a regular basis, the internal audit officer shall also attend the meeting of the Board of Directors for report.</p> | <p>Percentage of improvements completed</p> <div data-bbox="2366 842 2674 1260">  <p>No internal deficiencies were identified in 2022.</p> </div> |
| <div data-bbox="1722 1270 2674 1487">  </div> | |

About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

2.1 Governance Regulations and
Framework

2.2 Regulatory Compliance and
Professional Ethics

2.3 Risk Management

2.4 Cybersecurity

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

Chapter 6
Social Inclusion

Appendices

2.2 Regulatory Compliance and Professional Ethics

| Completed goal | Short Term (2022~2023) | Medium to Long Term (2024~) |
|--------------------|--|---|
| Goals | <ul style="list-style-type: none"> No significant violation cases occur Establish annual required courses (integrity, ethics, insider trading) | <ul style="list-style-type: none"> No significant violation cases occur Annual required courses are taken at a completion rate of 100% |
| KPIs | <ul style="list-style-type: none"> Violation and lawsuit | Major Stakeholders <div> Employee or Dependent Government Agency Supplier </div> |
| Responsibility | <ul style="list-style-type: none"> Internal Auditing (IA) Legal affairs unit Human resources unit | Communication Mechanism <ul style="list-style-type: none"> Corresponding to the major stakeholders; refer to the “Communication with Major Stakeholders” |

To reinforce ethical corporate management and integrity and ensure legal compliance, we have formulated related internal ethical regulations in accordance with the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies”, the “Personal Data Protection Act”, the “Trade Secrets Act”, the “Fair Trade Act”, and the “Securities and Exchange Act”. (Please access to the [Important Internal Company Rules](#) on our official website and download more information.) The administrative management unit is responsible for the formulation and supervision of the ethical corporate management policy and preventive programs, and it regularly reports the implementation results to the BoD each year. In addition to requesting Board members and employees to follow the regulations, we conduct employee training and testing every year on a regular basis to improve their awareness of ethical corporate management and

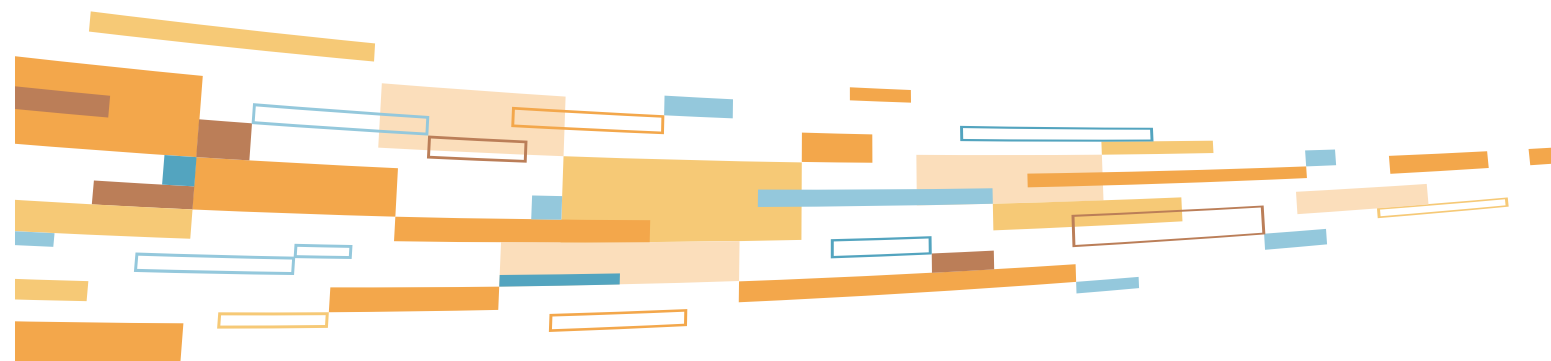
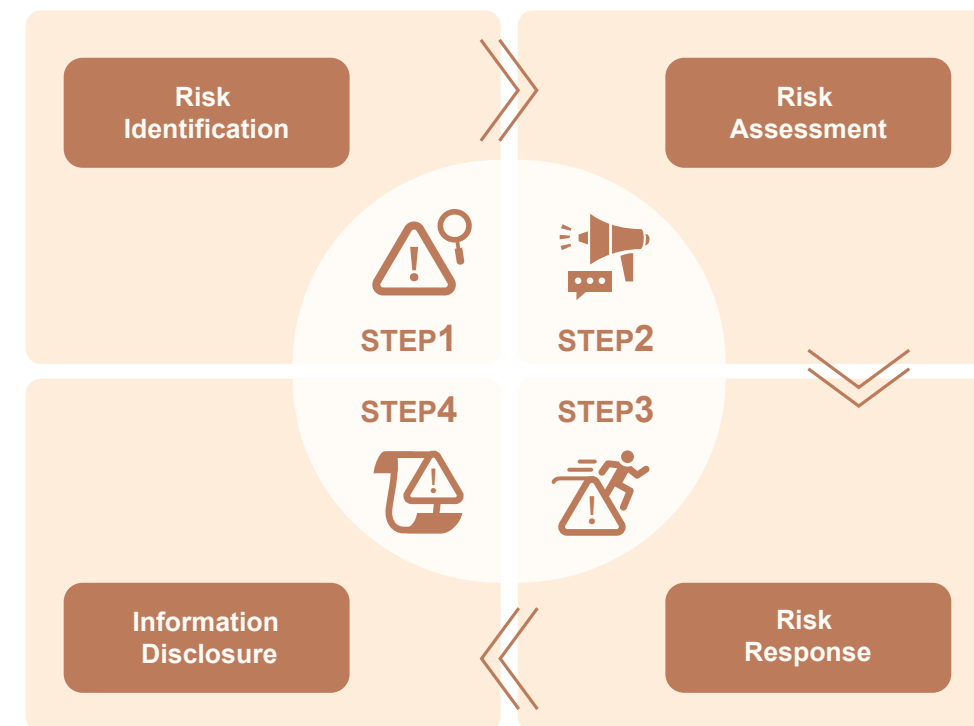
integrity. The total hours of training received by employees in 2022 was 1,213. We have a reporting mailbox (wb@fitipower.com) and encourage internal and external stakeholders to report unethical and improper behavior. A bonus less than NT\$10,000 will be granted to the whistleblower depending on the severity of the case. The whistleblower is guaranteed not to be treated inappropriately due to the whistleblowing. As for legal compliance, the responsible unit updates international regulations instantly according to laws. The Internal Auditing (IA) checks the legal compliance pursuant to the internal audit system. The Company did not face any ethical corporate management violation cases in 2022 or identify any violations of laws or internal regulations (including and laws and regulations governing environment, health and safety, labor, marketing and promotion and product labeling, unfair competition).

2.3 Risk Management


To ensure the sustainable operations of the Company, we must assess, effectively identify, measure, monitor and control risks when dealing with business matters, and control the risks within the acceptable level. We established the “Fitipower Risk Management Policy and Procedure” as the highest risk management guideline for the all departments and units.


For management of the risk, we take the business growth, risk and investment return into account to define the risk standards based on our management strategies and goals. In addition to assessing and monitoring risk exposures on a regular basis, we establish risk indicators and an early warning mechanism and simulate the changes in future situations, if possible, to provide a reference for the management. To implement the risk management of the Company, the business unit should refer to relevant policies and identify, analyze, measure, monitor, respond to and report the risks within the internal control system based on the feature and impact or the risks. These include the following four steps:

All management units must periodically assess and review risk issues. After the president make advanced and professional judgments based on his risk business experience, the development of preventive action, controls, and related alerts of critical risk issues in business management are reported to the Board periodically.



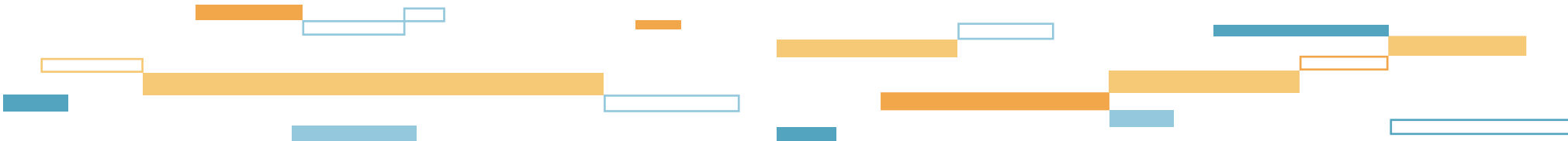
| Risk Type | Risk Item | Risk Description | Countermeasure |
|--|--------------------------------------|--|---|
|  Environmental Risk | COVID-19 | As the COVID-19 outbreak worsened, a level-3 alert was announced. Taiwanese people faced the challenge of transforming their lifestyles and work behaviors. With the rapid mutation of the virus and from pandemic to endemic, we must be more cautious with respect to formulating pandemic prevention policies and responses to reduce the impact on our operations. | With the core determination of the continuous management of operations, Fitipower planned sound pandemic prevention measures. This included assigning contingency duty to departments at all levels, announced related SOPs, personnel training, resource allocation management and deployment of remote operations. Simultaneously, the company actively aligns with government policies, undertaking proactive actions and adapting its responses in a rolling manner. |
| | Climate Change | In response to climate change, major countries worldwide have declared their respective net-zero targets. Many international brands and businesses have taken action in line with these targets. As a key supplier of integrated chip solutions, Fitipower will directly encounter demands from both customers and governments, leading to increased associated costs and potentially even risks of collaboration cessation. | At Fitipower, we will continue to monitor international trends, customer preferences and domestic policy requirements to help plan relevant targets and actions. In the short term, we will reinforce internal management systems, climate risk and carbon emission databases. For example, we will introduce TCFD, ISO 14064, ISO 14067 while also continuing to promote energy saving and carbon reduction measures, such as green culture and green procurement. In the medium and long term, we will further plan and evaluate the use of renewable energy. |
| | Long Talent Cultivation and Turnover | It takes a longer time to develop R&D personnel for PMIC. In addition, as Taiwan started related R&D late, and digital design is the focus of R&D personnel cultivation, there are not many engineers with practical experience in the design and manufacture of mass-produced PMIC compared to other countries. | We attract and enhance the cohesion of outstanding talent with a well-established welfare and reward system to reduce employee turnover. In addition, we make active information exchange with academic and research institutions at home and abroad to develop a product R&D technology database. |
|  Human Resources Risk | | | |
|  Operational Risk | Semiconductor Process Improvement | The semiconductor processes required for advanced PMIC, such as high voltage, BCD (Bipolar-CMOS-DMOS), and BiCMOS processes, are still immature in Taiwan and awaiting development in domestic wafer fabs. This is to enable competition with foreign manufacturers. | We maintained close collaboration with leading wafer manufacturers to acquire first-hand technology and support. Besides hiring outstanding process R&D personnel, we also actively collaborated with wafer manufacturers to develop new processes and optimize process stability. Ultimately, we could enhance product specifications and competitiveness, stabilize yield rate, vertically integrate front-end wafer and back-end production outsourcing, and thereby secure sufficient and stable productivity to produce price-competitive PMIC. |
| | | | |

| Risk Type | Risk Item | Risk Description | Countermeasure |
|---|------------------------------------|--|---|
| | Rising Product Function Complexity | While interaction, connection, personalization, and convenient data access are the trends emphasized in the future smart lifestyle, being slim, lightweight, robust, and easy-to-carry; easy data reading; and integrated functions are the demands for future displays. While going green and energy-efficient has gradually become a major issue, IC design must evolve accordingly. | We will keep up with the most advanced technology and current market demand and engage in sound customer interaction and communication to unfailingly capture future development trends and actual customer needs. |
|  Operational Risk | Capacity Supply Risk | With Fitipower's progress in different product lines, revenue growth is expected. Yet, due to industry supply-demand challenges, efforts are being made to prevent shipment delays caused by wafer and packaging capacity shortages. | We will continue to maintain close up- and down-stream cooperation to benefit long-term business expansion. |
| | Interest Rate Impact | The change in the interest rates may lead to the flow of investment funds to the products that produce more benefits due the rising interest rates, and the loan interest rates of the Company may rise as a result. | Besides maintaining sound interaction with banks to acquire lower interest rates, we quickly adjusted fund utilization based on interest rate changes to lower the impact of interest rate changes on the losses caused. In 2022, our interest expenses were NT\$23,329 thousand, accounting for only 0.12% of the revenue, and there was no significant impact. |
| | Currency Inflation Impact | Inflation has resulted in higher material costs. | Fitipower keeps an eye on raw material cost fluctuations and maintains good interactive relationships with suppliers and customers at all times to reduce the impact of inflation. In 2022, the Company didn't experience significant effects due to inflation. |

| Risk Type | Risk Item | Risk Description | Countermeasure |
|---|--------------------------------|--|--|
| | Exchange Rate Impact | The currency denomination of the company's imports and exports directly affects financial performance. For enterprises heavily reliant on exports, enhancing currency hedging instruments and improving forecasting and judgment capabilities for exchange rates are indispensable. | Fitipower's primary procurement and sales transactions are denominated in USD, rendering the company exposed to exchange rate risks generated by sales and purchasing transactions denominated in non-functional currencies. The Company adopts a natural hedge strategy, whereby in instances of short-term imbalances between assets and liabilities denominated in the same currency, the Company secures or repays foreign currency borrowings to maintain net exposure at an acceptable level. The exchange gain in 2022 totaled NT\$319,857 thousand, bringing positive slant to the Company's financial position. |
|  Operational Risk | Concentration Procurement Risk | The concentration of procurement increases the risk of supply disruption. | Actively develop long-term cooperation with manufacturers, keep track on the production status, keep close contact, and maintain trading relations with at least two suppliers to ensure risk diversification. |
| | Concentration Sales Risk | Excessive reliance on a small number of customers or markets - when they are hit by market fluctuations, it will result in greater immediate impact on business operations | The Company will continue to cultivate diversified markets and new accounts to reduce over dependency on one single customer. In 2022, there were only three customers who accounted for more than 10% of total sales. Overall, the Company has no significant risk of concentration of sales. |
| | Information Security | The extensive use of related infrastructure such as mobile devices, IoT, cloud services, and teleworking and the digital transformation of enterprises as a result of technological advancement increase information security risks to an even broader extent. Defective management not only causes damage to the company's own interests, but may also affect relationships with business partners. | Fitipower signs a mutual confidentiality agreement with all customers, and has established a comprehensive information security risk assessment and management system to ensure the achievement of and continuous improvements in related objectives. We continue to invest in resources on "external defense", "internal control", and "cybersecurity awareness" to enhance information security management. |

2.4 Cybersecurity

| Completed goal | Short Term (2022~2023) | | Medium to Long Term (2024~) | |
|----------------|---|-------------------------|--|----------|
| Goals | <ul style="list-style-type: none">Implement ISO 27001 and obtain third-party validation. | | <ul style="list-style-type: none">Continue to build a comprehensive cybersecurity management system to eliminate the risk of financial impact and goodwill damage arising from cybersecurity events by implementing external defense, internal control and improvement of the overall cybersecurity awareness among the employees. | |
| KPIs | <ul style="list-style-type: none">Cybersecurity training and exerciseCustomer information leakage status | Major Stakeholders | Employee or Dependent | Customer |
| Responsibility | <ul style="list-style-type: none">IT unit | Communication Mechanism | <ul style="list-style-type: none">Corresponding to the major stakeholders; refer to the “Communication with Major Stakeholders” | |



The extensive use of such related infrastructure as mobile devices, IoT, cloud services, and teleworking and the digital transformation of enterprises as a result of technological advancement increase the information security risk to an even broader extent. Defective management not only causes damage to the company's own interests, but may also affect relationships with business partners. Therefore, we sign a mutual confidentiality agreement with all customers, and protect the sensitive information of both parties through a rigorous process. We have formulated an information security policy in an effort to strengthen information security management and ensure the confidentiality, integrity and availability of information assets. In doing this, we are able to provide an environment for the continuous operation of the Company's information business, while also preventing internal or external intentional or accidental threats.



Cybersecurity Policy

Vision

Strengthening of personnel awareness

Implement daily maintenance

Prevent information leakage

Ensure available services

Target

- Ensure that the Company's information operations are in line with regulatory requirements.
- Ensure that all employees understand their information security responsibilities to protect information assets and reduce the risk arising from information security incidents.
- Ensure the confidentiality of the Company's information assets and implement information access control where information can only be accessed by authorized personnel.
- Ensure the integrity and data accuracy of the Company's information management to prevent unauthorized modifications.
- Ensure that the continuous operation of the Company's information operation meets the requirements of the business service standards.

We continue to invest in resources to build up our information security protection capabilities. Therefore, we introduced a two-factor authentication (2FA) and device identification in 2022 in response to the rise of remote demand. In addition, to ensure that Fitipower's information management is effectively executed and is able to face potential risks, we established ISO 27001 information security management system, Security Operation Center (SOC), and an Information Security Committee in 2022. By upholding the PDCA cycle management principle, we have built a comprehensive information security risk assessment and management system to ensure the achievement of objectives and continuous improvement. The management of the system focuses on three major aspects: "external defense", "internal control", and "cybersecurity awareness", and is expected to be certified by a third-party entity in 2023. The Information Security Committee reports to the Board of Directors on its operations and planned actions on a regular basis. In 2022, no complaint regarding the breach of customer privacy and information theft, leakage, and loss was reported. We implemented one information security drill (phishing drill) and arranged post-hoc training and tests for employees with insufficient information security awareness. All these employees have passed the post-hoc tests to ensure the effective implementation of the information security policies.



External Defense

Defend hacker attacks and virus threats.



Internal control

Protect corporate intellectual property and trade secrets and strengthen internal cybersecurity.



Cybersecurity awareness

Cybersecurity communication, education and training, and cybersecurity drills for employees to raise their cybersecurity awareness.

▼ Cybersecurity PDCA Cycle

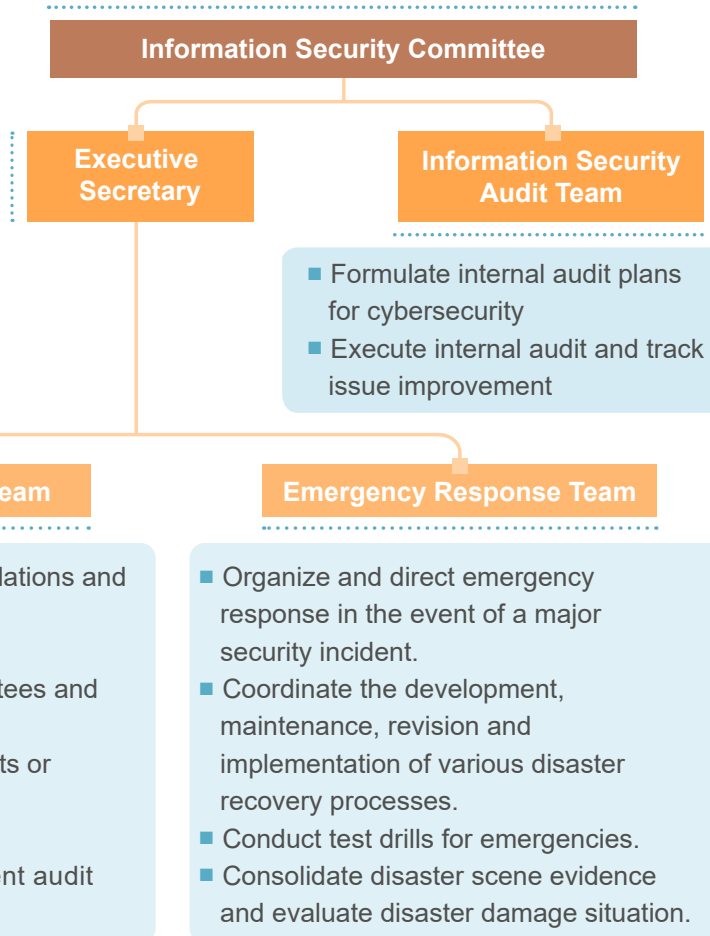





Information Security Committee

Vice President Quincy Tsai serves as the convener, consisting of seven members including the chairman, president and relevant senior officers.

- Ensure that cybersecurity management and goals setting are established and aligned with the Company's business strategy.
- Review information security management-related matters.
- Coordinate resource allocation associated with the implementation of the CSMS.

- Coordinate the Information Security Executive Team and Emergency Response Team to carry out cybersecurity tasks.
- Monitor, Manage and give early warnings about cybersecurity status and incidents.
- Assist and provide the recommendations for the improvement and self-audit in cybersecurity.



| Cybersecurity Aspect | Cybersecurity Control Item | Related Operation | Audit and Verification |
|--|--|--|---|
|  External Defense | Cybersecurity management | <ul style="list-style-type: none"> Separate the intranet, internet, and DMZ network with firewalls. Periodically review/adjust firewall policies. Monitor intranet/internet access behavior and control (IPS, URL filter, sandbox) Remote-connected HIP detection, 2FA identity verification | Strengthen the security of intranet/internet access |
| | Computer virus protection | <ul style="list-style-type: none"> Complete protection mechanism from the gateway to end-users. Filtering and virus scan of emails and spam. Periodic vulnerability scan and system update of servers/computers. Virus protection and malicious behavior monitoring. | Strengthen the internal information environment and service security. |
|  Internal Control | Data protection and system/AP access control | <ul style="list-style-type: none"> Control of internal data access privileges. Control of internal data output/transmission. Control and approval of user account privileges. Account privilege review and adjustment for personal change. | Ensure the internal data protection mechanism. |
| | Information record protection | SOC&DLP System has been built for the following <ul style="list-style-type: none"> Control/logging of access to internal and external systems. Control/track logging of operation behavior. Control/logging/warning of abnormal events. Protection and preservation of related records. | Ensure the effectiveness, admissibility and legal compliance of records. |
| | Information security event management | <ul style="list-style-type: none"> Establish the handling SOPs for information security event. | Improve the procedure for handling information security events to reduce the possibility of such events and business impacts. |
|  Cybersecurity Awareness | Information security policy and training | <ul style="list-style-type: none"> The management periodically reviews, establishes, approves, and announces information security policies. Improve the information security awareness of employees through training, e-learning, information security communication. | Ensure the applicability and effectiveness of the information security policy and enhance the information security literacy of employees. |

About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

3.1 Customer Service

3.2 Supply Chain Management

Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

Chapter 6
Social Inclusion

Appendices



3 Partner Co-prosperity

Corresponding Material Issues



Customer
Privacy



Supply Chain
Management

Policy and Commitment

In the after-sales service, quality, and safety of products, we seek total satisfaction and recognition of both customers and users. In employee human rights, integrity and ethics, and environmental protection, we further request for the development of a sustainable partnership with ESG interdependency with the supply chain.



About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

3.1 Customer Service

3.2 Supply Chain Management

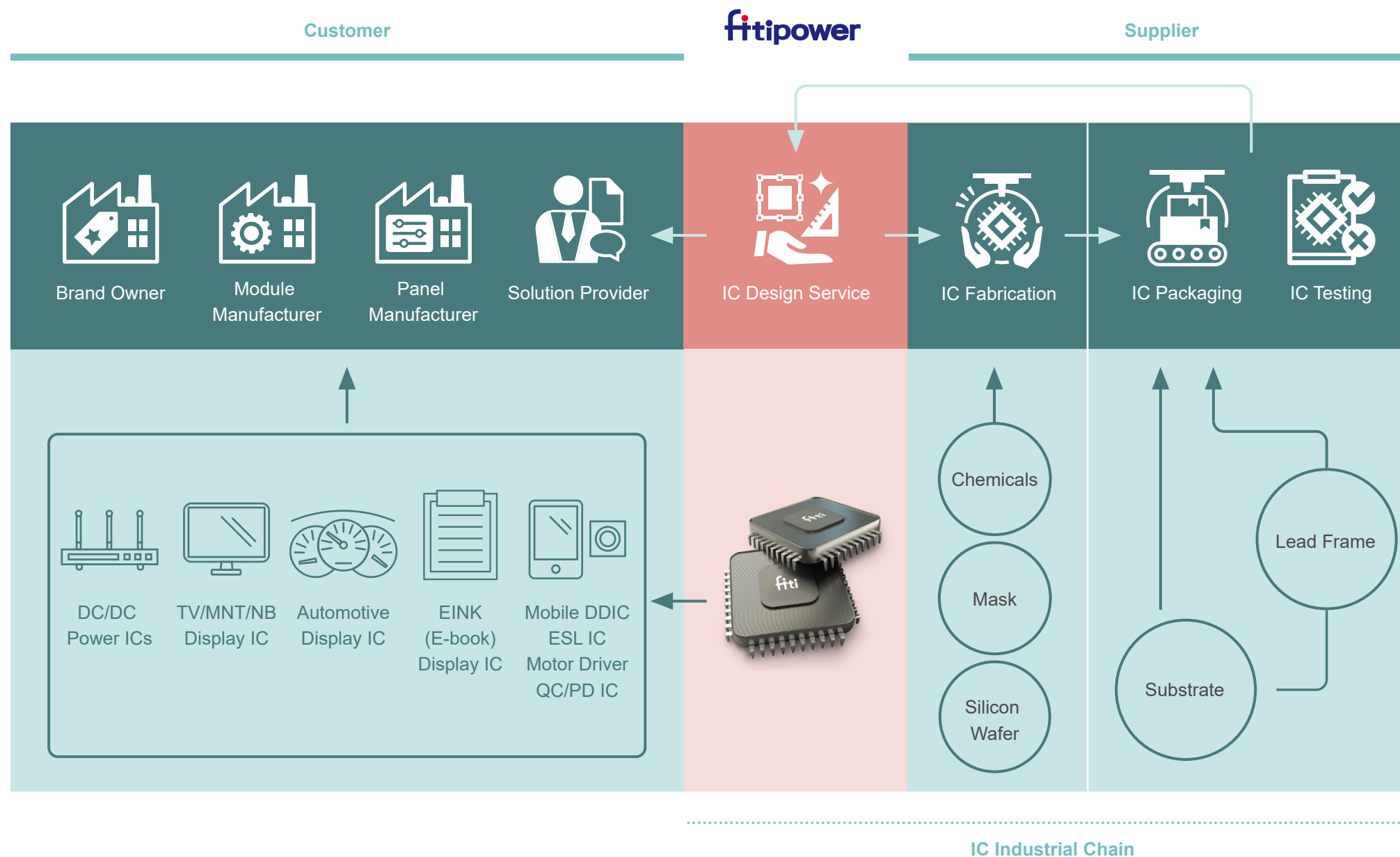
Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

Chapter 6
Social Inclusion

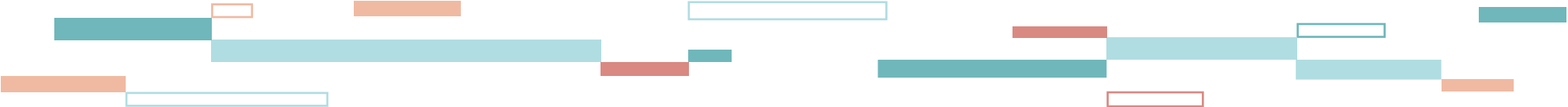
Appendices

Fitipower Product Value Chain



3.1 Customer Service

| Completed goal | Short Term (2022~2023) | | Medium to Long Term (2024~) | |
|----------------|---|--|---|---|
| Goals | <ul style="list-style-type: none">Continue to provide customers with required quality products and services, protect the confidential and sensitive data of the customers, and continue enhancing good partnership.Customer satisfaction > 83 pointsThere were no incidents related to customer infringement or information leakage.Closure rate for customer complaints reach 100% | | <ul style="list-style-type: none">Customer satisfaction > 85 pointsThere were no incidents related to customer infringement or information leakage.Closure rate for customer complaints reach 100% | |
| KPIs | <ul style="list-style-type: none">Customer satisfactionCustomer complaint and handling statusSales amount | | Major Stakeholders | Customer |
| Responsibility | <ul style="list-style-type: none">Sales unitQuality engineering unitR&D unit | | Communication Mechanism | <ul style="list-style-type: none">Corresponding to the major stakeholders; refer to the “Communication with Major Stakeholders” |



As customers are our key partners, our quality is the backbone of their trust. Upholding “‘Integrity’ is our commitment to customers; ‘innovation’ is the self-requirement; and ‘quality’ is our persistence in the products”; we provide total solutions for a wide range of products from DDICs to power source ICs. The applications of our products include displays of different sizes and the power management circuits of TVs, laptop computers, computer monitors, commercial displays, EPDs, and ESLs. Our customers include branded manufacturers, panel manufacturers, module manufacturers, and solution providers at home and abroad. We continue to provide stable and reliable product solutions that ensure both quality and safety. Pursuant to the requirements of ISO 9001 quality management system, we strictly control the whole product process through the spirit of PDCA. We run system and equipment electrostatic discharge (ESD) tests to verify all IC products to ensure their high antistatic capacity to prevent the impact of the statistic charge accumulated in the environment or substances on IC products to ensure product electrostatic safety. In addition, we also comply with other standards, such as ACE Q100 and UL Product IQ according to product characteristics and customer requirements. We understand customers’ needs and suggestions via two-way communication outlets, including online feedback, technical exchanges, face-to-face visits and annual questionnaires so as to make further improvements and optimize products. For the information on the protection of customer’s confidential and sensitive data, refer to the [“Cybersecurity”](#) section.



Quality Policy

To fulfill our responsibility for product quality assurance, we have implemented and comply with the ISO 9001 standard and established the quality policy.

Innovation

Outstanding design enhances product competitiveness.

Quality

Excellent quality enhances product stability.

Service

Professional services enhance customer satisfaction.

Quality Management Process

We establish the quality management program and believe that continuous quality improvement is the basis of quality management. In addition to products and services, our quality management covers all processes and supports for achieving the above outputs. Our quality management program covers the resources required for implementing quality management in development, production, and after-sales services. Through a series of processes and cycles, we achieve our continuous improvement quality management goal. We also implemented a series of quality training activities, including customer complaint management procedures, internal audit management procedures, and correction and prevention management procedures to address the customer’s demand for the continual improvement of high-quality and high-specification products, encourage employees to insist on output quality to become frontline protectors.



Development

The development support team implements processes including market survey, customer requirements verification, product process design verification, and product verification



Production

The production support team implements processes including product plan, procurement, and warehouse control.



After-sales service

The management support team implements processes including warranty service, after-sales services, customer feedback, nonconformity control, corrective and preventive action.

About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

3.1 Customer Service

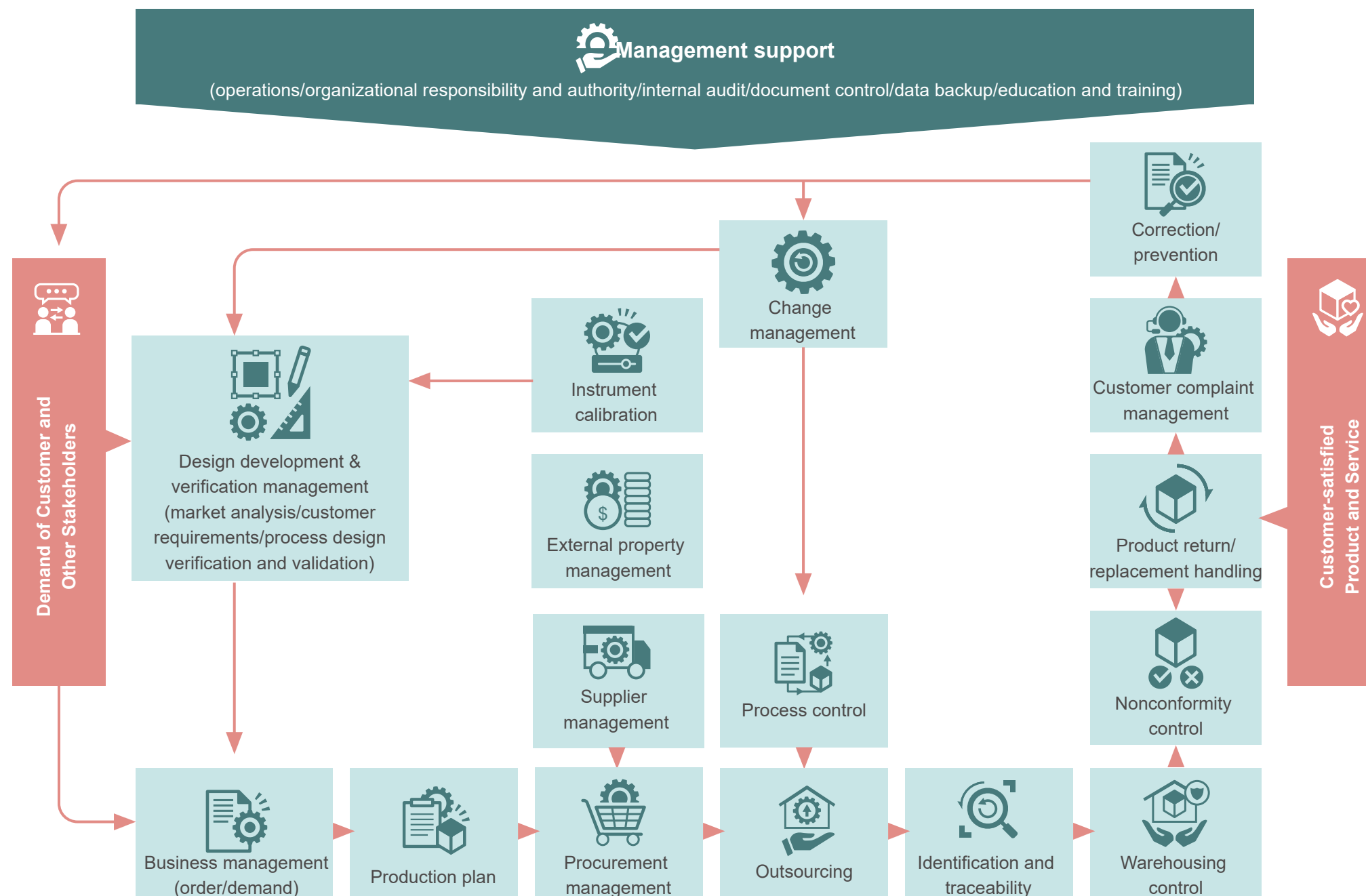
3.2 Supply Chain Management

Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

Chapter 6
Social Inclusion

Appendices

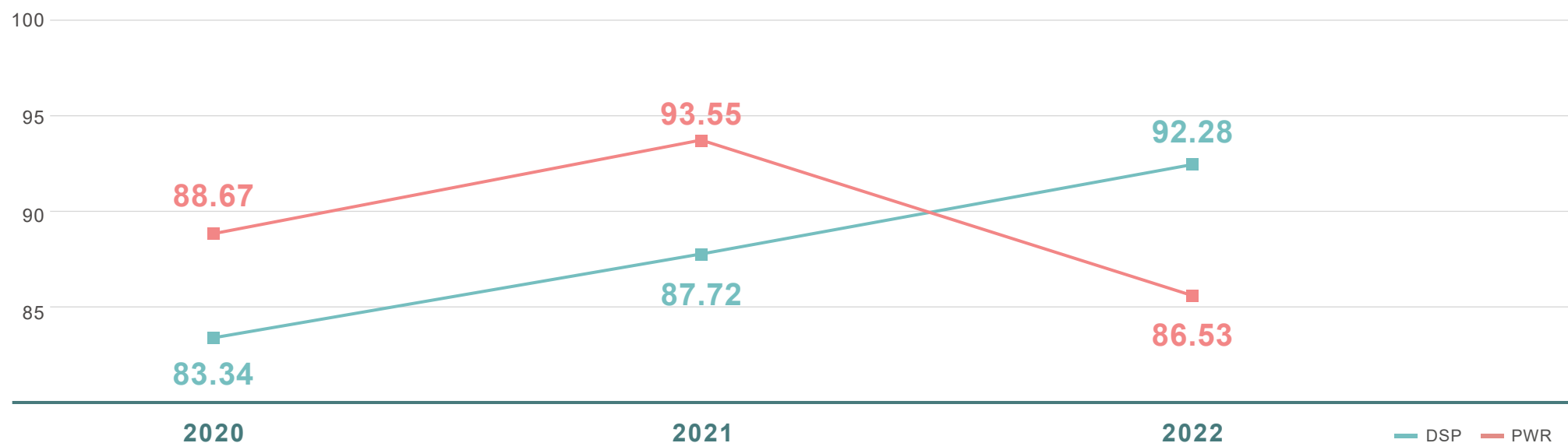


Customer Satisfaction and Feedback

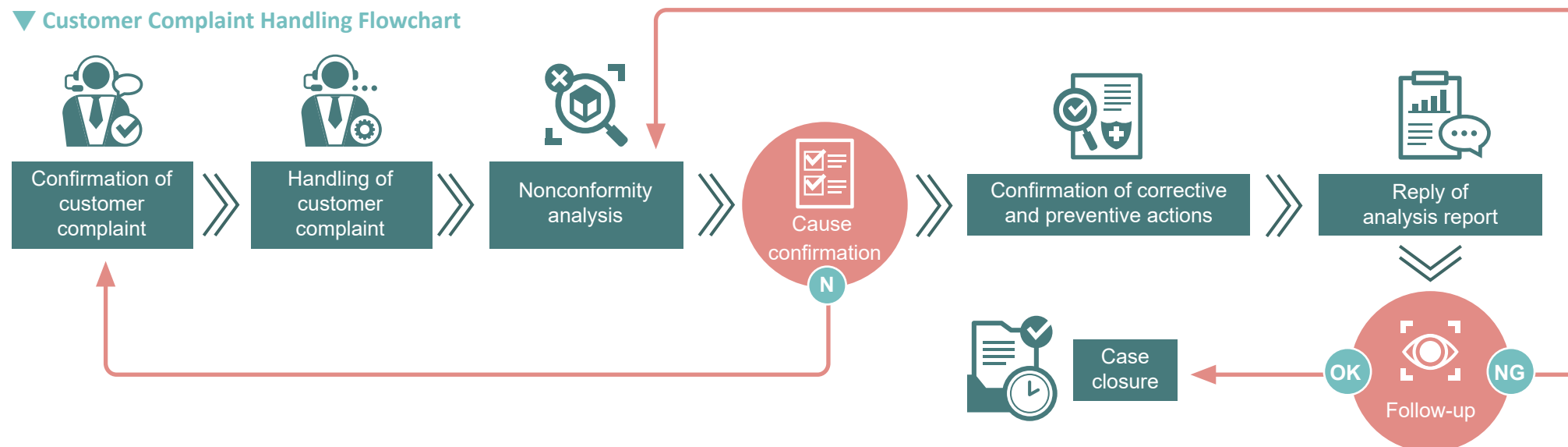
We treat customer feedback as the important basis for customer relationship improvement. After periodically reviewing and analyzing customer comments, we propose appropriate improvement plans to build a complete customer feedback response procedure. We conduct annual customer satisfaction survey in four respects of sales services, technical services, customer complaints, and product quality. 12 major customers participated in the survey in 2022 (6 DSP and 6 PWR customers). The satisfaction rates of DSP and PWR customers reached the target of 83 points, respectively 92.28 and 86.53 points. Analysis of the reasons for the change: Some DSP customers stated that the response time against complaints was slow in the previous year - through immediate communication and appointing personnel to conduct visits, we were once again affirmed by customers. The lower satisfaction rate of PWR customers compared to that of last year was due to the quality of outsourcing vendors - for the outsourcing vendors with more abnormalities, we have arranged staff to be stationed at the factories and are responsible for weekly inspection of the production status and unscheduled audits. This has effectively reduced the occurrence of supplier abnormalities.

To ensure that our products and services can fulfill the customer requirements and expectations, we have established a SOP to handle customer complaints. The SOP applies to all activities related to the products and services, such as product quality, packaging, transportation, and product failure during use by customers. Major complaint channels include email or direct complaint over the telephone to the responsible contact. After receiving a complaint, we will immediately contact the customer to re-confirm the complaint contents. Then, we will proceed with nonconformity analysis and the subsequent procedures to resolve the customer's problems and meet their needs within the shortest time. In 2022, we made positive communication and improvement with respect to the feedback of the customers, and improvement measures have been completed for all the feedback cases (a close rate of 100%). The contents of the feedback are summarized in the attached table.

▼ Satisfaction of Major Customers



Customer Complaint Handling Flowchart



Major Customer Complaints and Improvement in 2022

| Complaint | Solution | Effectiveness |
|--------------------------------------|---|---|
| R&D Support | <ul style="list-style-type: none"> Developed products that met the market demands in line with the requirements of the customer. Recruited R&D employees to improve the R&D capacity and experience value. Proactively trained the professional capabilities of the R&D colleagues through the e-system. | Continued to develop various products with new specifications. The relevant products have been sampled. |
| Complaint Handling Timeliness | <ul style="list-style-type: none"> As customers complained about delays, we have replaced the contact person and analyst. Established a regional customer service response contact person to provide immediate technical support and response time to customers. Thoroughly managed analysis schedules and updated progress to customers at all times. | The overall improvement has enhanced customer satisfaction regarding customer complaint handling timeliness. |
| Outsourcing Improvement (CIP) | <ul style="list-style-type: none"> For outsourcing vendors with more abnormalities, personnel have been assigned to be stationed in the factories to regularly review the production status on a weekly basis. For key items, we requested the outsourcing vendors to form a CIP team for improvement. Periodically monitored and controlled various key data of the production lines of the outsourcing vendors. Performed regular and unscheduled production line audits and inspections. | Continued to promote quality improvements of outsourcing vendors to improve outsourcing quality and reduce the occurrence of abnormalities. |

3.2 Supply Chain Management

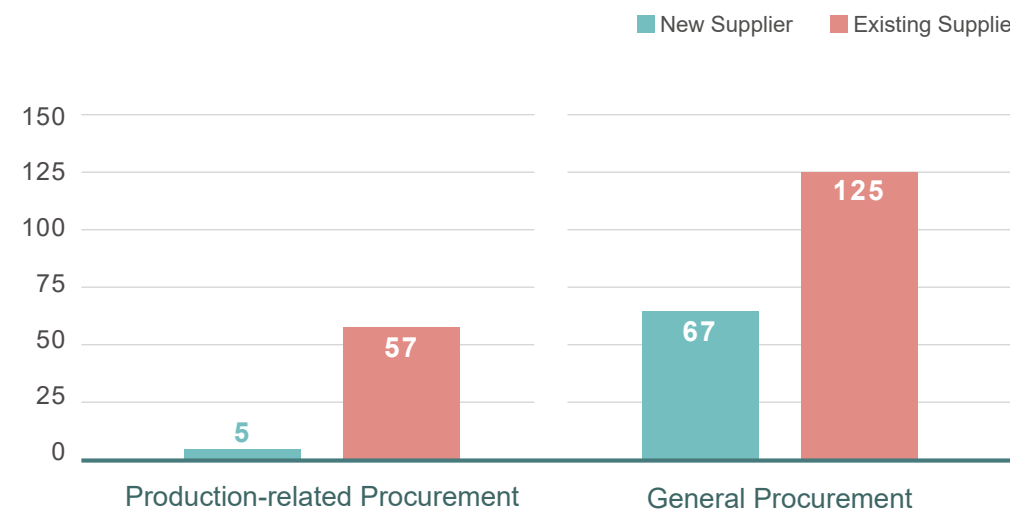
| Completed goal | Short Term (2022~2023) | | Medium to Long Term (2024~) | |
|----------------|---|--|--|---|
| Goals | <ul style="list-style-type: none">Local Procurement > 65%100% of the suppliers comply with conflict-free procurementImplementation of Sustainable Assessment in Supplier Evaluation Process100% of the new suppliers implement RBA SAQ; implemented when the agreement with existing suppliers is renewed.100% of the new suppliers sign the Sustainability Commitment signed when the agreement with existing suppliers is renewed. | | <ul style="list-style-type: none">Local Procurement > 65%100% of the suppliers comply with conflict-free procurementPublish Fitipower's Supplier Code of Conduct.100% of the suppliers implement RBA SAQ, with results included in procurement considerations. | |
| KPIs | <ul style="list-style-type: none">Local procurement percentageSupplier compliance with responsible mineral sourcing ratioSupplier sustainability assessment | | Major Stakeholders | Supplier |
| Responsibility | <ul style="list-style-type: none">Purchase unitProduction management unitQuality engineering unit | | Communication Mechanism | <ul style="list-style-type: none">Corresponding to the major stakeholders; refer to the "Communication with Major Stakeholders" |

We are a fabless IC design company and play an important role in the upstream of the IC industry. An IC product is fabricated in the process of IC circuit design, mask production, wafer making, IC packaging, and IC testing. Compared to IC manufacturing and IC testing. Fabless IC design houses are characterized low capital investments with high output value. We mainly engage in specification setting, layout design, and sales and after-sales services, while rear-end processes including mask production, wafer making, wafer testing, IC packaging, and final testing are outsourced to professional contractors, such as mask manufacturers, specialized foundries, and packaging and testing service providers. Refer to [“Fitipower Product Value Chain”](#) for more information.

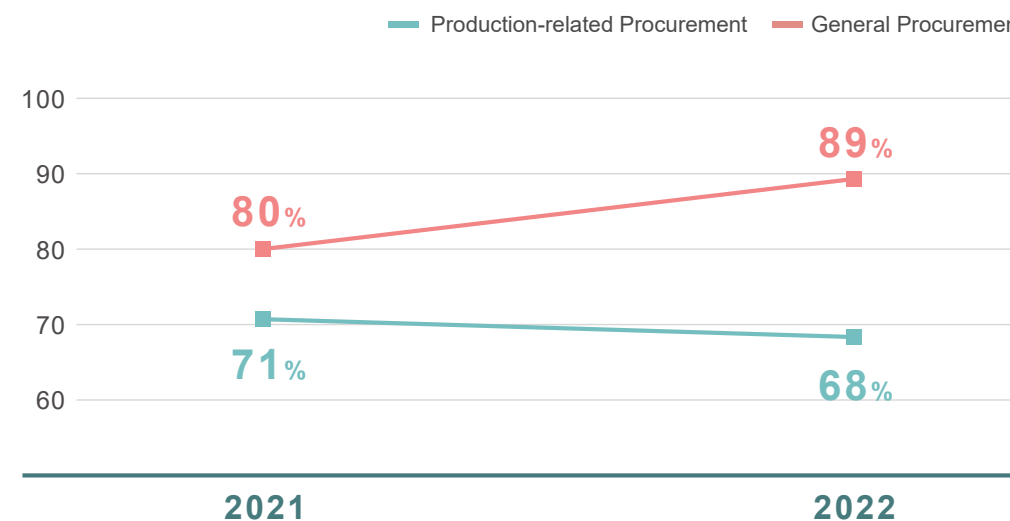
Procurement Practices

Our key suppliers are foundries and packaging and testing service providers. For the management of materials, refer to the [“Responsible Minerals Sourcing”](#) and [“Green Materials”](#) section. To reduce supply risk, we select the best suppliers based on the determination made in consideration of the specification, quantity, delivery date, transport conditions, payment terms, product quality, lead time, and other elements rather than purely the “lowest unit price” during the negotiation stage. In addition to maintaining stable relations with existing suppliers, we proactively develop new outstanding suppliers that have the awareness of sustainable development to avoid the risk of exclusive supply. (Refer to the [“Supplier Evaluation”](#) section.) Through regular weekly production and sales meetings and business discussions on future market conditions and changing demands, we addresses material shortages or limitations in wafer production capacity by timely transferring production and preparing materials. The Company establishes long-term cooperative agreements with wafer fabs, photomask manufacturers, and other suppliers to ensure production capacity and on-time delivery. Conversely, by accurately capturing customer feedback and market trends, we adjusts inventory levels promptly. Simultaneously, Fitipower is committed to enhancing supply and production efficiency through local sourcing, which reduces product carbon footprints and enhances local employment opportunities. In 2022, we worked with 254 suppliers, among which 72 were new suppliers. The total procurement amount was about NT\$8.3 billion, wherein \$5.8 billion were spent on local procurement, occupying 70% of the total amount.

Supplier Overview



Local Procurement



Note 1: General procurement includes instrument and equipment, hardware equipment and maintenance, parts and consumables, application software, testing service, etc.

Note 2: Production-related procurement includes wafer, IC packaging and testing, flexible tape

Note 3: Statistic analysis of local procurement is based on the location of the supplier's place of registration.

Responsible Minerals Sourcing

We respect the basic human rights of all stakeholders; therefore, we have established the “Human Rights and Diversified Inclusion Policy” and “Conflict-Free Minerals Policy”. We identify with and support the “OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Area” published by the Organization for Economic Co-operation and Development (OECD) and Responsible Minerals Initiative (RMI) and published the “Statement of Conflict-Free Minerals” and “Conflict-Free Minerals Policy”. To understand the responsible sourcing status of the suppliers, we request them to accept the investigation using CMRT and due diligence^{Note} according to OCED to ensure the 3TG minerals (Au, Sn, Ta, W) procured came from the RMI-certified smelters. 47 suppliers were investigated in 2022. The collection rate was 100%. According to the result of the investigation, all of the suppliers used 3TG minerals from RMI-certified smelters. There were a total of 138 qualified smelters.

Note: Due diligence: Through all controls, we identify, verify, and assess supply chain risks to ensure no use of conflict minerals from conflict-affected and high-risk areas to avoid facilitating violation of human rights, money laundering, and financing of terrorism.



Statement of Conflict-Free Minerals

We are dedicated to detailed investigation to ensure that Au, Ta, W, Sn and other similar metals are not exploited from the conflict mines in the Democratic Republic of Congo through non-government army groups or other illegal groups or acquired through smuggling.

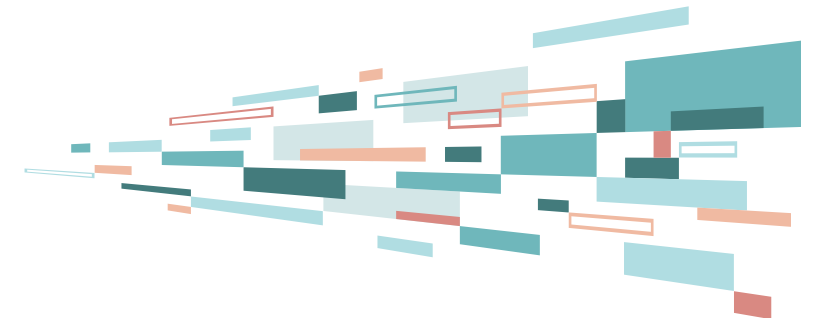


Conflict-Free Minerals Policy

- Avoid purchasing conflict minerals from conflict areas.
- Request suppliers to refuse using conflict minerals from conflict-affected areas.
- Request suppliers to ensure that their upstream and downstream suppliers comply with the conflict-free minerals request.
- Ensure no conflict minerals from conflict-affected areas through the strictest controls at the source.

Qualified Smelters as a Source of Materials to Suppliers

■ Qualified ■ Certification in progress ■ Unqualified



Supplier Evaluation

In order to enhance sustainable SCM, Fitipower has formulated the “Supplier Management Procedure” for suppliers. Based on this framework, regular and ad hoc audits are conducted on suppliers and contractors annually. An evaluation team composed of representatives from the Quality and Production Management Department performs online or on-site audits. The audit items encompass 11 major aspects including management systems, document control, supplier management, process control, material control, environmental control, equipment control, corrective actions, training, customer service, and green products. For new suppliers, a cooperative assessment requires successful trial production and passing the aforementioned evaluation before being qualified as an approved vendor.

Through onsite visits and communication with suppliers/contractors, we can understand the status of their legal compliance to ensure the relevant laws and regulations are unfailingly implemented. In addition to the routine annual evaluation, we also implement audits of qualified suppliers from time to time with respect to the production. Based on their significance to our business operations, we adjust the weight of audit items^{Note 1} and rate them into A, B, C, and D grades according to the evaluation score. Grade D suppliers are unqualified^{Note 2} and will be requested to make improvement by a time limit. (Corrective actions should be proposed within 14 days after the audit.) We will terminate cooperation with suppliers failing to make corrections. With COVID-19 restrictions relaxed and retired, the corresponding written audits adopted during COVID-19 have been replaced by the original on-site and online audits. In 2022, we had planned for 24 suppliers to be included in the annual audit plan, with an actual achievement rate of 100%. For complaints made by PMIC suppliers due to product quality abnormalities in 2022, internal quality units have strengthened management with improvement completed. Therefore, audit results showed no significant deficiencies or risks of our vendors (all 24 suppliers were graded “A”).

Note 1: The audit items in supplier evaluation and their weights are as follows: quality assurance 50%, delivery stability 20%, and price 30%.

Note 2: Actions taken by grade: A—increase purchase or reward; B—no reward; C—reduce purchase; D—failed, reduce purchase and request for corrections by a time limit.

▼ Supplier Auditing Status in Recent Years (Number of Suppliers)

| Audit Method | 2020 | | 2021 | | 2022 | |
|-------------------|---------|------|------|------|------|------|
| | DDIC | PMIC | DDIC | PMIC | DDIC | PMIC |
| Documentary Audit | 12 | 3 | 6 | 0 | 0 | 0 |
| Onsite Audit | 3 | 7 | 0 | 7 | 2 | 12 |
| Online Audit | 0 | 0 | 8 | 2 | 10 | 0 |
| Result | Grade A | 14 | 10 | 13 | 1 | 12 |
| | Grade B | 1 | 0 | 1 | 8 | 0 |

Note 1: DDIC is display driver IC and PMIC is power management IC.

Note 2: There were no suppliers having material defects or high risk (no suppliers rated to Grade C or D)

Based on international trends and social concerns, we make rolling adjustments to SCM policies and actively diversify supply channels. We conducted supplier risk investigation to understand the economic, social and environmental condition of suppliers and their sustainable development status. This information will also be a consideration for prioritizing purchases from new suppliers. In the future, we are planning to incorporate relevant ESG certifications into our evaluation for new suppliers. In addition, the RBA requirements were originally planned to be incorporated into the new supplier evaluation in 2022 to identify suppliers with high risk and conduct counseling and improvement plans. Due to market demand and internal organizational adjustment in the second half of the year, the schedule for completion has been adjusted to 2023.

▼ ESG Certificate Acquisition Status of Suppliers

| Facet | Evaluation Standard | New Supplier (%) | Existing Supplier (%) |
|--|--|------------------|-----------------------|
|  Economic Facet | Quality Management System (ISO 9001) | 100% | 96% |
| | Other quality certification standards (IATF 16949, ISO 26262, ANSI/ESD S20.20) | | |
|  Environmental Facet | Environmental Management System (ISO 14001) | 100% | 87% |
| | Other green certification standards (Sony GP, QC080000, ISO 14064) | | |
|  Social Facet | Occupational Safety and Health Management System (ISO 45001) | 100% | 81% |
| | Other social certification standards (SA 8000, RBA) | | |

Note 1: With any single system certification in each facet is included in the statistics

Note 2: The statistical scope is the suppliers of production-related procurement in 2022, excluding manufacturers and distributors with non-direct orders

About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

**Chapter 4
Environmental Symbiosis**

4.1 Environmental Policy and
Management Framework

4.2 Green Product

4.3 Energy and Resource
Management

Chapter 5
Labor-Management Common Good

Chapter 6
Social Inclusion

Appendices



4 Environmental Symbiosis

Corresponding Material Issues



**Green
Product**

Policy and Commitment

In response to the challenge of international environmental issues, such as climate change, we enhance our capacity in resource utilization and pollution prevention in operations with a green, innovative vision, engage in the promotion of green office and green manufacturing, and lower the environmental impact of products throughout their lifecycle to cultivate green economic opportunities for the company.

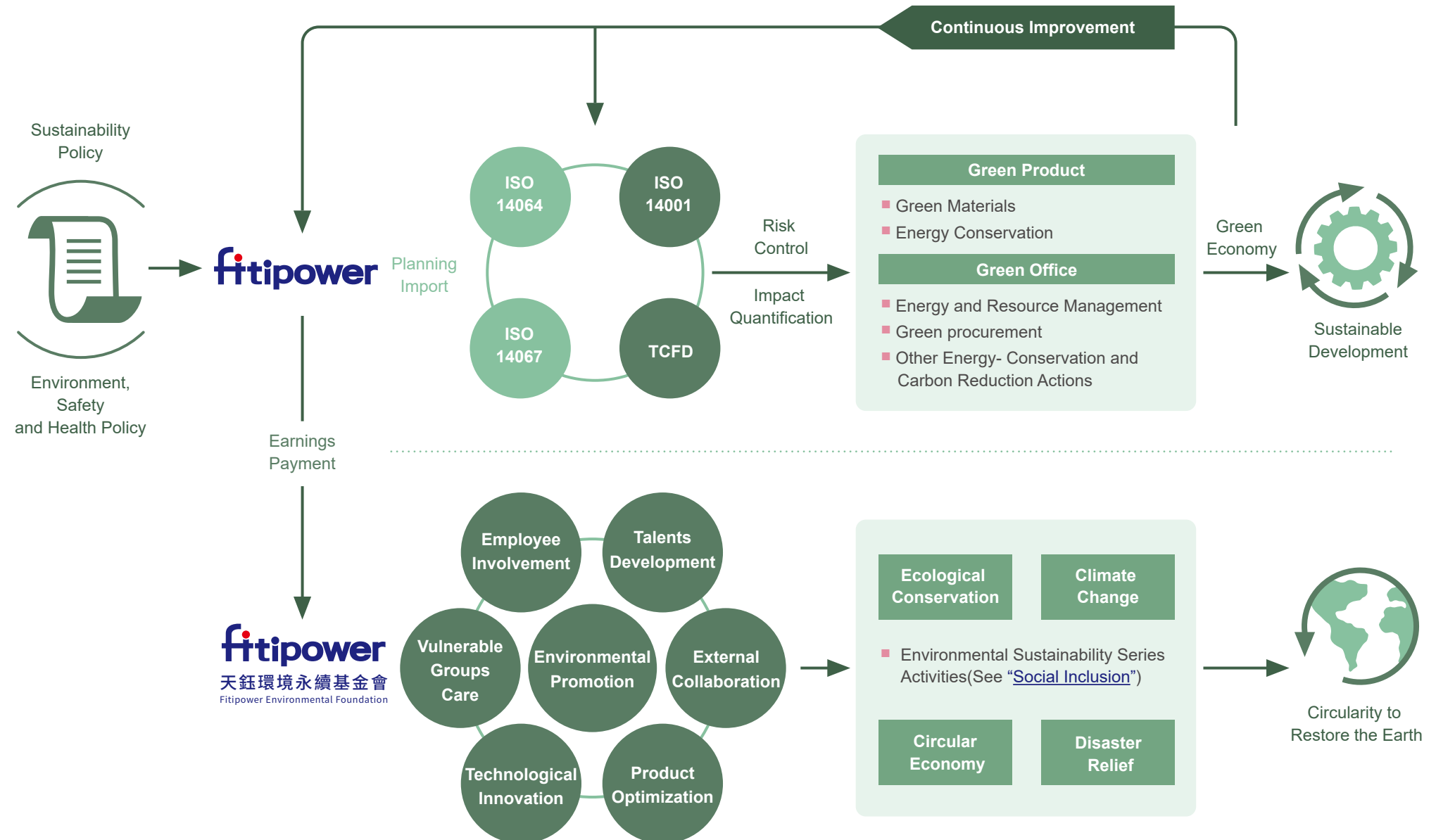


4.1 Environmental Policy and Management Framework

| Completed goal | | Short Term (2022~2023) | | Medium to Long Term (2024~) | | | |
|----------------|--|------------------------|--|---|----------|-------------------|----------|
| Goals | <ul style="list-style-type: none">Construct the environmental management policyImplement ISO 14001 and acquire third-party certification.Implement ISO 14064 | | <ul style="list-style-type: none">Establish an improved TCFD management mechanismAcquire ISO 14064 third-party certification. | | | | |
| KPIs | <ul style="list-style-type: none">Percentage of products meeting green standardsPercentage of green procurementResource Utilization | | Major Stakeholders | Employee or Dependent | Customer | Government Agency | Supplier |
| Responsibility | Administrative management unit | | Communication Mechanism | Corresponding to the major stakeholders; refer to the “Communication with Major Stakeholders” | | | |



We released the “[Fitipower Sustainability Policy](#)” in 2021. To further focus on the improvement in terms of environmental sustainability and green operations, the “[Fitipower Environment, Safety and Health Policy](#)” was released after resolution by the Sustainability Committee in 2022. We are, at the same time, building relevant management systems. The formal establishment of the “Fitipower Technology Environmental Sustainability Foundation” further reinforced the promotion of environmental sustainability and expansion of influence.



In order to better understand the environmental impacts of the Company's operational activities, products, and services, and to further control related risks, the "Risk Management Policy and Procedure" were issued in the current year. The "ISO 14001 Management System" was established to standardize and document management mechanisms and to enhance areas that require improvement. For instance, an initial environmental assessment was conducted to identify various environmental risks in company operations.

Training on relevant provisions and internal auditing was provided to staff to ensure the operation of the management system and continuous improvement. The establishment of the environmental management system is expected to be completed in 2023, with the acquisition of a third-party certification. Additionally, in 2022, following approval by the Board of Directors, a timetable for our greenhouse gas inventory was announced, and comprehensive disclosure of climate-related finances and product carbon footprint is the next step in our action plan.

| | 2022 | 2023 | 2024 | 2025~ |
|-----------|--|---|---|--|
| ISO 14001 | Establish the management system | Complete the establishment and obtain third-party certification | Maintain system certification annually | |
| ISO 14064 | | Establish the management system | Complete the establishment and obtain third-party certification | Gradually expand the system to subsidiaries, with certification attained |
| TCFD | Establish Fitipower's Risk Management Policy and Procedure | Construct the complete methodological mechanism | | Release its first report |
| ISO 14067 | | Continuously develop the database for primary product carbon footprint assessment | Continuously develop the database for primary product carbon footprint assessment | Establish the management system |

About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

**4.1 Environmental Policy and
Management Framework**

4.2 Green Product

4.3 Energy and Resource
Management

Chapter 5
Labor-Management Common Good

Chapter 6
Social Inclusion

Appendices

Task Force on Climate-Related Financial Disclosures

We initially adopted the TCFD (Task Force on Climate-related Financial Disclosures) framework to conduct climate-related financial disclosures.



Governance

Fitipower has established the Sustainability Committee responsible for overseeing climate-related matters. This committee formulates guiding principles for advancing climate-related issues, which encompass the development of corresponding policies, strategies, and short-, medium- and long-term goals. Additionally, the committee supervises various departments in planning actions, regularly monitors the effectiveness of executions, and reports outcomes to the Board of Directors.



Strategy

As a fabless semiconductor company, we must establish a comprehensive management system and focus on “Green Product” and “Green Office” in planning short-, medium- and long-term goals to effectively assess the risks and maximize the benefits (minimize impacts).

With respect to “Green Product”, we continue to develop innovative products with high energy efficiency, low energy consumption and small footprint while also developing eco-friendly and smart living product applications.

With respect to “Green Office”, we perform green procurement, and have replaced old and inefficient equipment and facilities, while expanding the application and introduction of digitalized systems. For more details, please see the “Green Procurement” chapter.



Risk Management

We have established a risk management policy and procedures and regularly report to the Board of Directors on implementation effectiveness. We plan to consolidate climate-related risks and conduct financial impact assessment. In the future, we will periodically review the changes in regulations and markets in terms of climate transition risks and opportunities and make timely responses and adjustments.



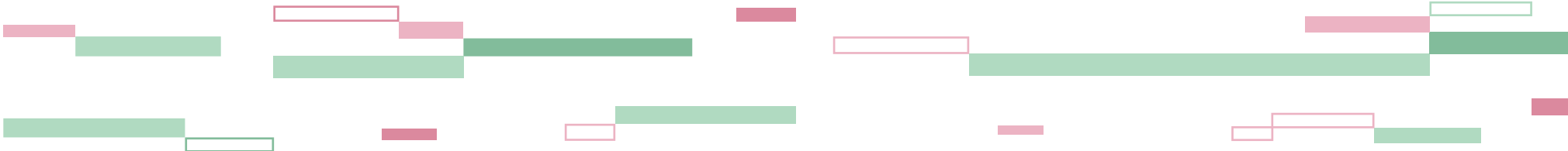
Metrics and Targets

To manage and control climate-related risks, we must have complete data as a reference for assessment. Based on this, we are planning to establish a comprehensive management system and database. In the short term, we have plans to set up a product energy saving assessment system and implement ISO 14001, ISO 14064-1 and TCFD. Among them, we have built the Product Carbon Reduction Benefit Platform this year. In the medium to long term, we expect to re-implement the introduction of product carbon footprint and the plan to use renewable energy. We will also set up related targets according to data evaluations for continuous improvement.

As for green procurement, we have set the proportion of green procurement for IT equipment at 75% by 2022, and will increase by 5% each year.

4.2 Green Product

| Completed goal | Short Term (2022~2023) | | Medium to Long Term (2024~) | | |
|----------------|---|--|--|---|----------|
| Goals | <ul style="list-style-type: none">100% of the product materials meet the green standards of RoHS, REACH and HF.Build the Product Carbon Reduction Benefit PlatformContinuously develop the database for primary product carbon footprint assessment | | <ul style="list-style-type: none">100% of the product materials meet the green standards of RoHS, REACH and HF.Introduce product carbon footprint evaluation system (ISO 14067) to further improve product carbon emissions | | |
| KPIs | <ul style="list-style-type: none">Percentage of products meeting green standards | | Major Stakeholders | Employee or Dependent | Customer |
| Responsibility | <ul style="list-style-type: none">Administrative management unitIT unit | | Communication Mechanism | <ul style="list-style-type: none">Corresponding to the major stakeholders; refer to the “Communication with Major Stakeholders” | |



About this Report

Contents

Preface and Introduction

Chapter 1 Value Co-creation

Chapter 2 Responsibility Sharing

Chapter 3 Partner Co-prosperity

Chapter 4 Environmental Symbiosis

4.1 Environmental Policy and Management Framework

4.2 Green Product

4.3 Energy and Resource Management

Chapter 5 Labor-Management Common Good

Chapter 6 Social Inclusion

Appendices

We are a professional DDIC and PMIC design house and drive the realization of the green life while taking a leading role in the smart life by offering innovative products. To support our vision of “Leading the Smart Life; Driving the Carbon Reduction Era”, we continue paying attention to the latest international environment regulations and the environmental directives in the regions where we sell our products to meet the demands of our customers for green development. We are dedicated to the design of green products and start from two major design facets of “green materials” and “energy conservation”. The potential impact on the environment is taken into account at the design stage of the products. For this, we confirm with the R&D units, customers and suppliers in the hope to reduce the negative impact on the environment during the lifecycle of the products. In addition, some of our PMICs have been certified with safety standards (IEC 62368 and UL 2367) and have been labeled, reducing potential safety risks when using products.

Green Materials

Together with our suppliers, we make the following commitments to ensure all the products meet the requirements of RoHS (RoHS 2), REACH, HF and other standards and regulations on green materials, and execute product shipment labeling. We have established a full-time regulation identification unit and assign responsible staff to solve problems in differing legal and regulatory requirements and languages, verify no product contains restricted substances or chemicals before distribution to the importing countries, and ensure compliance with the restricted substances protocols of different countries. We have incorporated the targets for hazardous substances in the annual target management table in our ISO management system. These targets are tracked at the management review meeting each year to check their achievement and implementation. At the meeting, targets for the following year will also be set. No violations of RoHS requirements occurred during the reporting period. In addition, we also provided training on green specifications and requirements for relevant personnel. A total of 470 individuals participated in training sessions in 2022.

▼ Shipment label template

CUST P/N: NA

NA

Product Name : FP6861C-A1AS5CTR

FP6861C-A1AS5CTR

Lot No : TUS215T01

TUS215T01

Q'ty : 3000

3000

Date Code : 2105

2105

Packing Date : 2021/09/01

QC :



Fab lot: 1BD743

fitipower



Requirements of suppliers by Fitipower

- Must acquire the certification for Environmental Management Systems (ISO 14001) and Hazardous Substance Process Management System (IECQ QC080000)
- Provide the “Fitipower Materials Composition Sheet” (including third-party testing reports and SDS)
- Sign the “Environmentally Restricted Substances Undertaking”

About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

4.1 Environmental Policy and
Management Framework

4.2 Green Product

4.3 Energy and Resource
Management

Chapter 5
Labor-Management Common Good

Chapter 6
Social Inclusion

Appendices

Energy Conservation

As a professional IC design and integration service provider, Fitipower is dedicated to pursuing breakthroughs in the development of highly integrated modular technology of high efficiency as well as green innovative products to facilitate the energy saving and carbon reduction in the terminal electronic products. Therefore, we created the Product Carbon Reduction Benefit Platform in 2022 to record the design of our energy-saving products and estimate their carbon reduction results. Through data review and management, we further

develop energy-saving products. In 2022, according to the shipment volume of each energy-saving product, we estimated that we will reduce carbon emissions by approximately 292,155 metric tons.

Note: The annual carbon reduction volume is based on the assumption of the pattern generally used by consumers, then projected by the product shipment volume. The electricity emission coefficient is calculated by 0.509 kg CO₂e/kWh announced by the Bureau of Energy, Ministry of Economic Affairs.

▼ 2022 Green Innovative Products

| Innovative Product | Energy Efficiency Description |
|---|---|
| Large Size Source Driver ICs | The 23.8" FHD display on the market has achieved ES8.0 through design optimization on the basis of ES7.0, which is commonly certified the current market, achieving the market leading ES certification. The power consumption of Industrial ES9.0 is 20% lower than ES8.0. Through the new architecture, the circuit is revised for power consumption while also integrating supply chain resources by using power PMIC/TCON combined with high penetration design, saving approximately 1.8% compared to similar products in the market. |
| Low dropout voltage (LDO) linear regulator IC | Circuit systems in electronic products contain many different modules, which require different DC supply voltages at different voltage levels. Therefore, voltage regulators play an important role in the performance and stability of electronic products. It was designed to have low static current consumption. This product is an adjustable output voltage low dropout linear regulator with 600mA output current, and the static power consumption is 82.9% less than that of similar products on the market. Low voltage dropout linear regulator ICs have been widely used, such as in mobile phones and wireless handsets. In order to prolong the standby time of handheld products, the most important design parameter is the static power consumption. This product is low power consumption, 300mA output current low dropout linear regulator ICs, with static power consumption 95.1% less than that of its predecessor. |
| Switching Step-down DC/DC Converter | Synchronous switching step-down DC/DC converter with high efficiency output current of 3A and switching frequency of 1MHz, static power consumption is 40.5% less than that of similar products on the market. |

4.3 Energy and Resource Management

| Completed goal | Short Term (2022~2023) | | Medium to Long Term (2024~) | | | | |
|----------------|---|--|---|---|----------|----------|-------------------|
| Goals | <ul style="list-style-type: none">Continue to shape a green office culture and execute related measuresReach a 75% green procurement rate for IT equipment (increasing by 5% each year)Attain a waste recycling rate of 90% | | <ul style="list-style-type: none">Evaluate the use of renewable energyReach a 85% green procurement rate for IT equipmentAttain a waste recycling rate of 90% | | | | |
| KPIs | <ul style="list-style-type: none">Green Procurement RateEnergy and Resource Utilization | | Major Stakeholders | Employee or Dependent | Customer | Supplier | Government Agency |
| Responsibility | <ul style="list-style-type: none">Administrative management unitIT unit | | Communication Mechanism | Corresponding to the major stakeholders; refer to the “Communication with Major Stakeholders” | | | |



Energy Management

Fitipower is a fabless semiconductor company, belonging to the low-energy consumption and low-pollution industry. Nevertheless, we know that we cannot stay out of the global green transition. All energy used by Fitipower is purchased externally (Taiwan Power Company). In addition to the promotion of the “green office culture” in recent years, we will continue implementing concrete measures in the energy management and green procurement. As statistical analysis shows a gradual decrease in power consumption and CO₂ emissions over the past three years. In the future, we will assess the implementation of the energy efficient improvement plans for the computer room.

Measures to Promote a Green Office Culture

- Old equipment replacement project such as the all lamps in the office areas were replace with energy saving LED lamps)
- IT equipment procurement meeting the green label (green procurement ratio in 2022 reached 88%, meeting the annual objective of 75%)
- To reduce paper use, we promoted use of recycled paper, implemented the online approval system to replace traditional paper document approval, and installed the e-payroll system.
- All regular training courses are primarily based on online materials.
- Promotion of the green office plan.
- Waste sorting and resource recycling were conducted actively.
- In employee lunch, we supply vegetarian meals and fruit meals to take care of the employee’s dietary health and reduce CO₂ emissions.

Energy Consumption and Intensity

| Item | 2020 | 2021 | 2022 |
|------------------------------------|-------|-------|-------|
| Electricity (GJ) | 5,200 | 5,041 | 5,231 |
| Energy intensity (GJ/NT\$million) | 0.478 | 0.220 | 0.266 |
| GHG emissions (tCO ₂ e) | 735 | 703 | 740 |

Note 1:The above information pertains to data from the headquarters, Duxing location.
Note 2:Joule conversion is subject to the energy conversion factor at 0.0036GJ/kWh.
Note 3:The electricity carbon emission factor is subject to the information announced by the Bureau of Energy, Ministry of Economic Affairs: 0.509kg CO₂e/kWh.

Water Management

According to the 2019 report of the US World Resources Institute (WRI): “17 countries, which are home to a quarter of the world’s population, face “extremely high water stress”. According to Aqueduct Water Risk Atlas developed by WRI’s public database, all operating sites of Fitipower are located in “Low (<10%)” water stress areas. Although our water conditions are positive and we do not engage in manufacturing, we continue to keep a close eye on water consumption to effectively grasp the impact accused by tight water conditions. In 2022, Fitipower’s total water intake was 5.39 million liters. We consume tap water supplied by a third party (Taiwan Water Corporation). To ensure availability for all and the sustainable management of water, we constantly stress water conservation to employees and purchase equipment carrying the Water Conservation Mark. In the future, we will plan appropriate water recycling actions based on actual consumption.

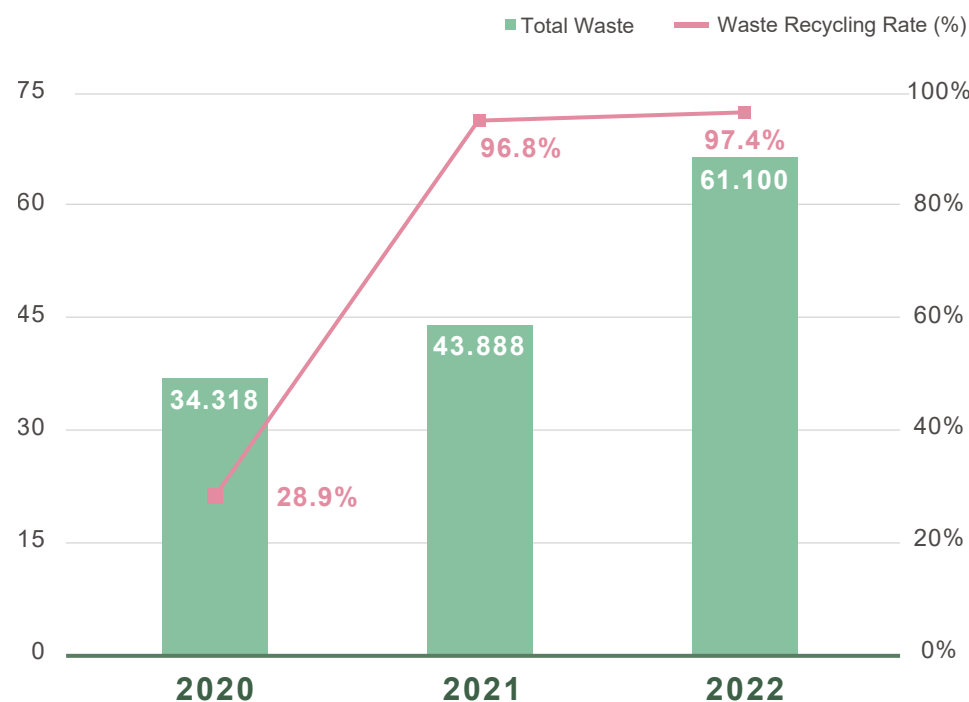
| Year | 2020 | 2021 | 2022 |
|-----------------------|------|------|------|
| Water withdrawal (ML) | 6.76 | 5.35 | 5.39 |
| Water discharge (ML) | 5.41 | 4.28 | 4.31 |

Note 1:The above information pertains to data from the headquarters, Duxing location.
Note 2:Calculated according to the Park’s wastewater billing regulations; the discharge volume is 80% of the water intake

Waste Management

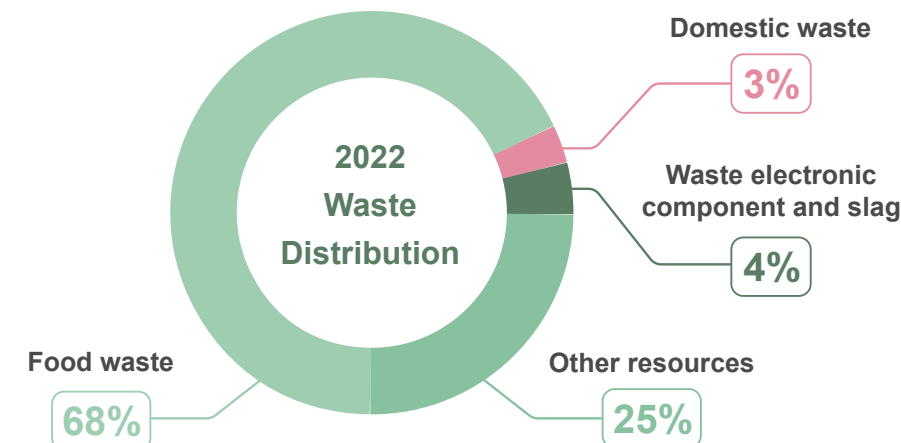
The 4R's (Reduce, Reuse, Recycle, Recover) spirit of the circular economy is the foundation of waste output and control at Fitipower. We have established a strict mechanism for waste flow control to ensure legal waste disposal. In business operations, we hire qualified contractors to scrap and perform online reports of production waste including electronic components, scraps, and nonconforming products (including wafer and packaging materials) after being stored in the temporary storage area in the building according to the waste removal plan. Cartons and domestic waste are sorted before handing over to the Park's cleaning team for recycling and subsequent disposal. In 2022, no fines were imposed due to spills or environmental protection violations. Overall waste generation was approximately 61 metric tons, an increase of 39.2% from the previous year, mainly

▼ Waste Recycling Status (Unit: Ton)



Note: The above information scope covers both the Duxing location and Gongdao 5th location.

due to the significant rise in the number of company meal servings, resulting in an increase in the amount of food waste. One of the possible reasons for this was that the work pattern/flow changed due to the pandemic in 2021. Additionally, inflation impacted food prices, and while the company provided meal subsidies, the employee co-payment remained unaffected by economic fluctuations, causing changes in dining choices. The overall recycled rate increased by 0.6% from the previous year, reaching 97.4%. Besides constantly implementing reduction at source and in-house waste recycling and reuse, we avoid the use of hazardous substances and reduce materials consumption by using green and innovative technology and have collaborated with the overall supply chain to reduce environmental load and thereby implementing the circular economy.



About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

**Chapter 5
Labor-Management Common Good**

5.1 Human Rights and Employees
Communication

5.2 Talent Hub

5.3 Competitive Compensation
and Benefits

5.4 Employee Development and
Retirement

5.5 Workplace Safety and Health
Promotion

Chapter 6
Social Inclusion

Appendices



5 Labor-Management Common Good

Corresponding Material Issues



Employment and
Employee
Benefits



Talent
Cultivation
and Training



Labor-Management
Relations

Policy and Commitment

To ensure respect and dignity for employees, we care for employees and provide them with a quality, safe, and healthy work environment, value talent management and employee care, and attract worldwide elite talents to grow with the company.



About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

5.1 Human Rights and Employees Communication

5.2 Talent Hub

5.3 Competitive Compensation and Benefits

5.4 Employee Development and Retirement

5.5 Workplace Safety and Health Promotion

Chapter 6
Social Inclusion

Appendices

5.1 Human Rights and Employees Communication

Human Rights and Diversified Inclusion Policy

Talent builds up momentum for technological R&D and sales growth. Therefore, “personnel” management is the key to sustainable business development. Upholding “mutual inclusion and respect for workplace value diversification” is our ideal and insistence. Hence, we abide by the labor laws and regulations of our worldwide locations, and we formulate the “Human Rights and Diversified Inclusion Policy” in accordance with the UN Universal Declaration of Human Rights (UDHR), the United Nations Global Compact (UNGC), and the “Declaration of

Fundamental Principles and Rights at Work” published by the International Labour Organization. This policy is signed and issued by the Chairman and is applicable to Fitipower and its affiliated companies, partners, and others. We also support the spirit of Responsible Business Alliance (RBA) and Responsible Minerals Initiative (RMI), taking consistent actions to treat employees and business partners with dignity and request supply chain partners to follow suit. To implement human rights management, we plan to provide required human rights related training in 2023.



The commitment of Human Rights and Diversified Inclusion Policy

Diversity and Equal Opportunity

- Abide by the labor laws and regulations of worldwide locations and include the respect for economic, social, cultural, civil, and political rights and development.
- Ban child labor, prohibit forced labor and inhumane treatment, including harassment, abuse, corporal punishment, mental or physical coercion, or verbal abuse of workers.
- No engagement in differential treatment (including employment, wages, training, evaluation, and promotion) or discrimination of any form based on gender, sexual orientation, race, social status, age, marital status, language, ideology, belief, political affiliation, native place, place of birth, facial features, and mental or physical disabilities.

Smooth and Secured Channels

- Provide diversified (including anonymous reporting) and open conversation channels for employees, suppliers, business partners, and other stakeholders to give feedback or report probable unethical behavior.
- Implement whistleblower protection to eliminate reprisal or retaliation of any form.
- Establish open management and respect freedom of association (including labor union) to promote a harmonious and win-win labor-management relationship.

Safe and Healthy Environment

- Care for employee needs and attendances as well as support and help employees maintain work-life balance.
- Eliminate factors affecting employee health and safety in the workplace, including abnormal workloads and overtime work.

Collaborative and Win-Win Partnership

- Support international and social initiatives and organizations on human rights and take corresponding actions, including the RBA and RMI.

Total and Continuous Progress

- Periodically review, assess, and disclose related risks, practices, and impacts with respect to the social situations and stakeholder needs.

Labor-Management Communication

Although we have not established a labor union, we have set up multiple complete two-way communication channels to ensure smooth exchange between the labor and management. We are committed to establishing harmonious labor-management relations and building an energetic work environment of diversity and equality for employees to demonstrate their talent and make continuous improvement, as well as we can help every employee find the work-life enthusiasm and balance. During the reporting period, we completed the protection of labor human rights, including no report or complaint of workplace discrimination, no violation of the freedom of association and right to collective bargaining, no hiring child labor, no compulsory or forced labor, no significant labor-management disputes, no delay or accumulation

of employee suggestions and complaints. In addition, to protect the right to employment and various labor conditions of employees, we promise to use minimum notice periods for termination of employment contract^{Note} pursuant to local laws and regulations when any material changes occur to the operation of the Company to minimize the impact on operations and employment. By the end of 2022, no lay-off or discharge due to significant operational changes was reported in 2022.

Note: In Taiwan, the minimum notice period is 10 days for employees who have served more than three months but less than one year; 20 days for employees who have served more than one year but less than three years; 30 days for employees who have served more than three years; in China, three days during the probation period; 30 days after the expiration of the probation period.

Multiple Communication Channels



Real-time system

- iHome
- Human Rights Grievance Mailbox
- Electronic Bulletin



Multi-person meeting

- CEO Talk (Irregularly)
- Employee Welfare Committee (Quarterly)
- CManager Meeting (Every six months)
- OH&S Committee Meeting (Quarterly)
- Labor-Management Meeting (Quarterly)
- New Employee Meeting (Every session)



One-on-one interview

- Performance interview (Semiannually)
- Employment Termination Interview (At termination of employment)



Questionnaire

- Meal Satisfaction Survey (Monthly)
- Volunteer Activity Survey (Irregularly)

Manager Meeting



NEW - FITIS Talk



About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

5.1 Human Rights and Employees
Communication

5.2 Talent Hub

5.3 Competitive Compensation
and Benefits

5.4 Employee Development and
Retirement

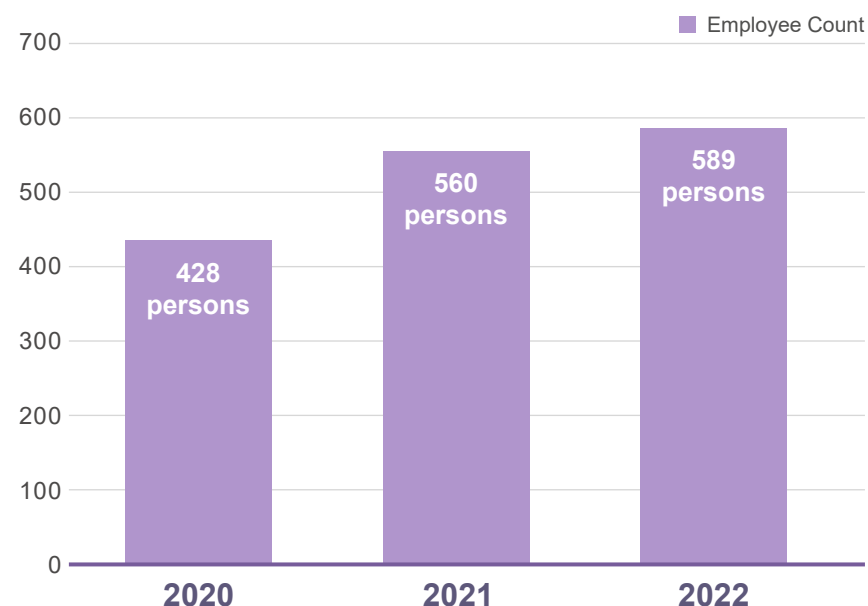
5.5 Workplace Safety and Health
Promotion

Chapter 6
Social Inclusion

Appendices

Manpower Diversity

As a fast-growing professional fabless semiconductor company, we value the development of people and offer outstanding work opportunities, including competitive salary and benefits. In 2022, the total workforce of Fitipower was 589 employees, including 585 full-time employees (including R&D substitute service) and 4 contract employees. The average age of employees was 37.6 years, with an average tenure of 4.3 years, enabling us to swiftly respond to periods of rapid manpower expansion and facilitate the transfer of experience and technical guidance. Due to the nature of the industry, most of our employees have a background of science and engineering (specifically electrical and electronic engineering) and, thus, there is a large discrepancy in the proportion of male to female employees (female 22%; male 78%). Fitipower's diverse talent deployment spans across locations including Taiwan and China, with overseas employees constituting 5% of the workforce. We also engage local talent to create employment opportunities, achieving a local hiring rate of 99.2% (with a 0.8% ratio of foreign employees), including a high-level management hiring rate of 98%.



| Employment Agreement | Type | Male | Female | Percentage |
|----------------------|-----------|------|--------|------------|
| Permanent | Full-time | 458 | 127 | 99.3% |
| | Part-time | 0 | 0 | |
| Temporary | Full-time | 0 | 1 | 0.7% |
| | Part-time | 1 | 2 | |

| Type | Function | Gender | | Age Group | | | Vulnerable Groups |
|--------------------|---------------------|--------|--------|-----------|-------|--------------|-------------------|
| | | Male | Female | 18-30 | 31-49 | 50 and above | |
| Job Type | R&D | 179 | 9 | 62 | 120 | 6 | 1 |
| | MKT & Sales | 22 | 33 | 13 | 37 | 5 | 0 |
| | Engineering & Tech. | 224 | 32 | 59 | 189 | 8 | 0 |
| | Adm. & Mgmt. | 34 | 56 | 15 | 65 | 10 | 4 |
| Grade Distribution | Senior manager | 44 | 5 | 0 | 31 | 18 | 0 |
| | Middle manager | 74 | 19 | 0 | 90 | 3 | 0 |
| | General staff | 341 | 106 | 149 | 290 | 8 | 4 |
| Total | | 589 | | | | | |

Note 1:Vulnerable groups means set or subset of persons with some specific physical, social, political, or economic condition or characteristic that places the group at a higher risk of suffering a burden, or at a risk of suffering a disproportionate burden of the social, economic or environmental impacts of the organization's operations. Vulnerable groups can include children and youth, the elderly, people with disabilities, ex-combatants, the internally displaced, refugees or returning refugees, HIV/AIDS-affected households, indigenous peoples, and ethnic minorities.

Note 2:Senior manager means deputy director or above (including executive assistance); middle manager means managerial officers other than senior managers; General staff is nonmanagement positions.

About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

5.1 Human Rights and Employees
Communication

5.2 Talent Hub

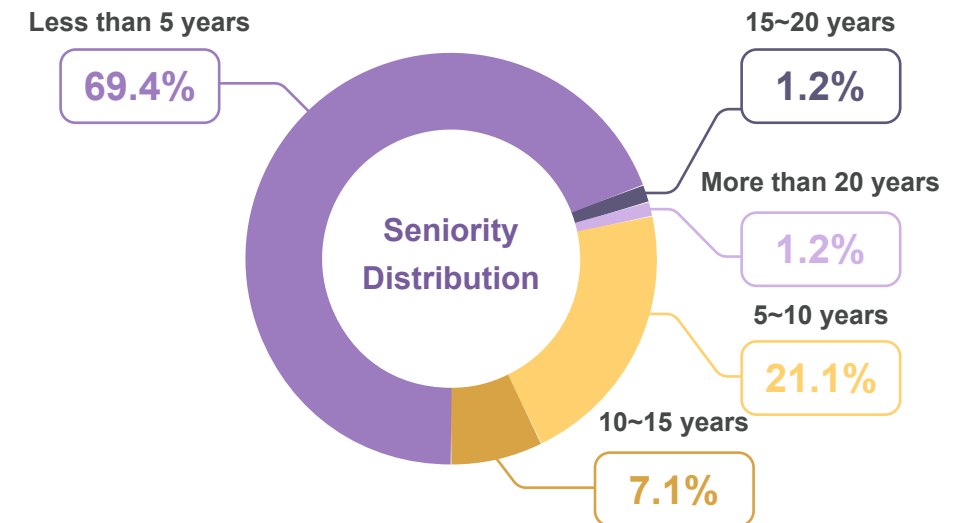
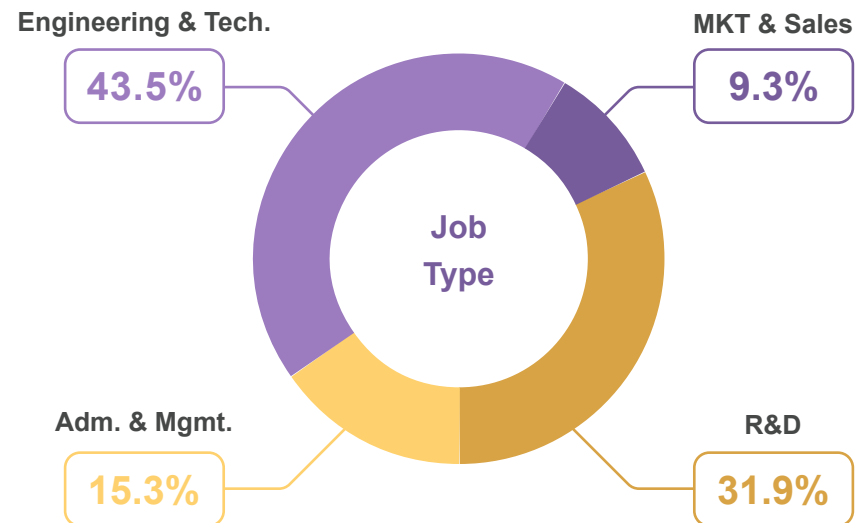
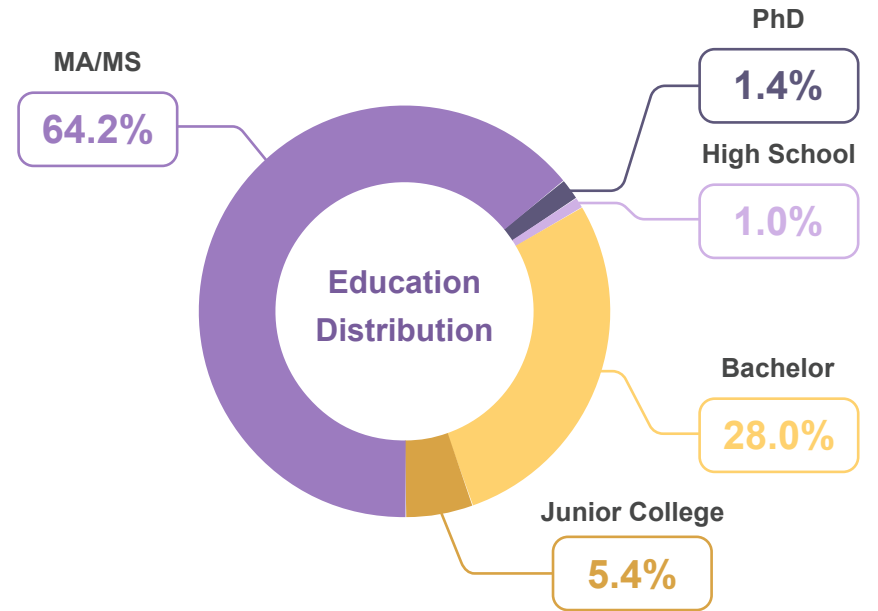
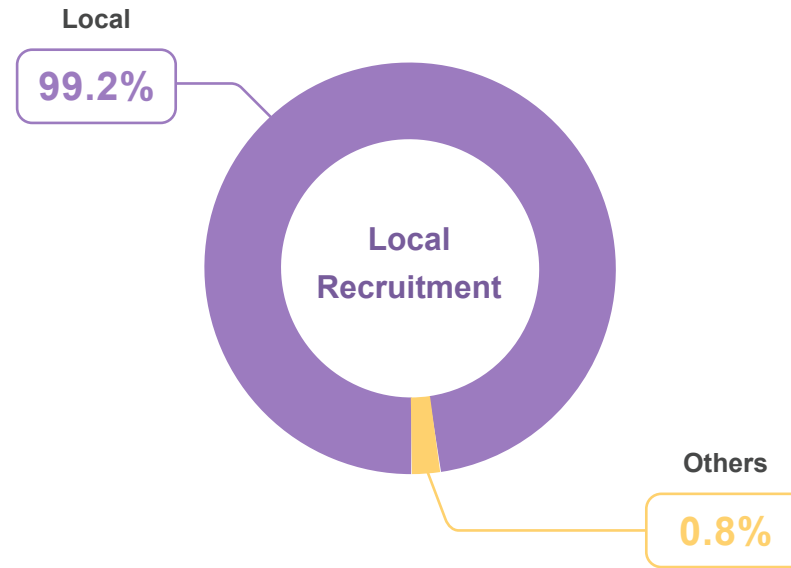
5.3 Competitive Compensation
and Benefits

5.4 Employee Development and
Retirement

5.5 Workplace Safety and Health
Promotion

Chapter 6
Social Inclusion

Appendices

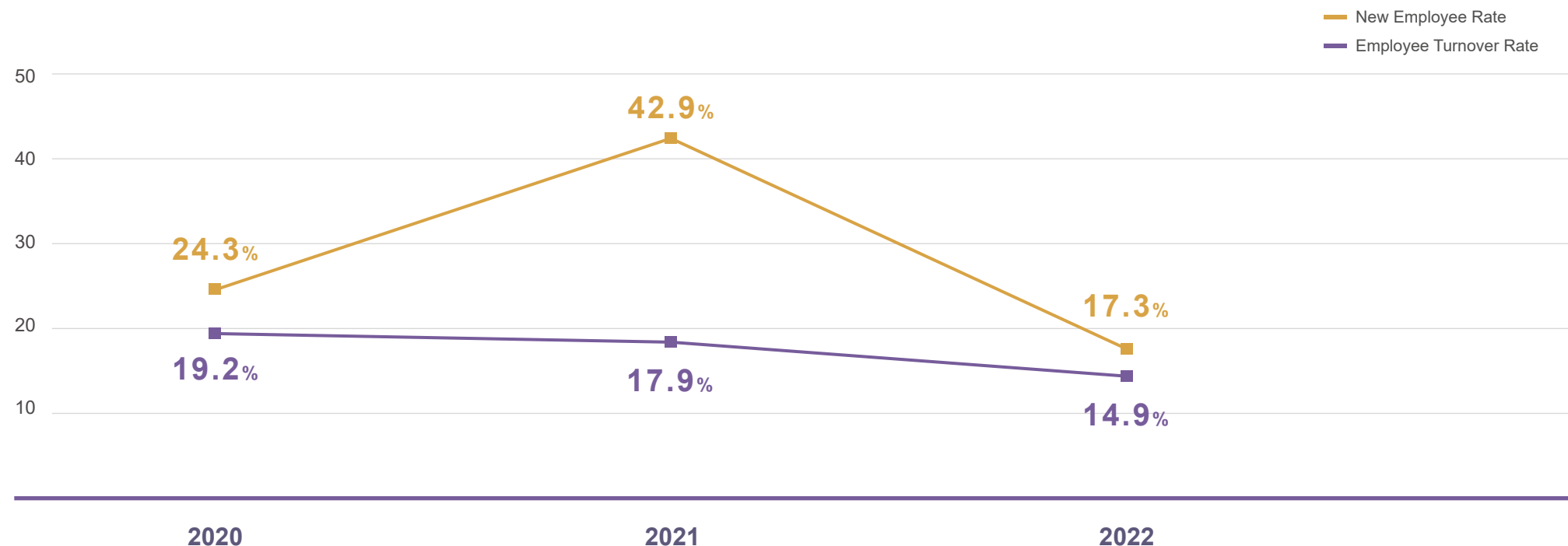


Recruitment and Retention of Talent

“Employees are our most important organizational asset.” This is extremely important to the technology industry emphasizing ongoing advancements and requiring nonstop innovation and breakthroughs. Hence, we attract outstanding talent by providing multiple recruitment channels and competitive pay. In 2022, we hired 102 employees, with a new employee rate of 17.3%. (The female to male ratio is 1:6.2.) In addition, we have planned appropriate functions to provide job opportunities for people with disabilities. In 2022, we hired five persons with disabilities.

We care about the work-life balance of employees through multiple two-way communication channels in the hope to retain competent talents. In 2022, a total of 88 employees left the Company, and the ratio of women to men was 1:3.4. The employee turnover rate was 14.9%, achieving the annual target of 17%, and a drop of 3% from the previous year. We will strive to maintain a healthy turnover rate and strengthen retention measures. To enhance the management of talent, we defined the key talent^{Note 1} during the reporting period and set a key talent retention rate^{Note 2} of 86% for 2022 and an increase rate of 1% every year as the management goal in the future. The retention rate of key talent in 2022 was 90%, showing a better performance than the annual goal.

▼ New Recruitment and Separation



Note 1: Key talent is a deputy director or above or a senior R&D engineer or above.

Note 2: Key Talent Retention Rate = (Identified Key Talents Still Employed at the End of the Current Year / Identified Key Talents from the Previous Year) × 100%

Note 3: Employee New Hire/Turnover Rate = (New Hires/Departures in the Year / Total Employees at Year End) × 100%

About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

5.1 Human Rights and Employees
Communication

5.2 Talent Hub

5.3 Competitive Compensation
and Benefits

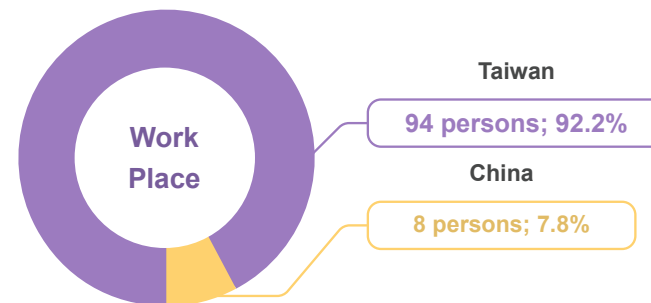
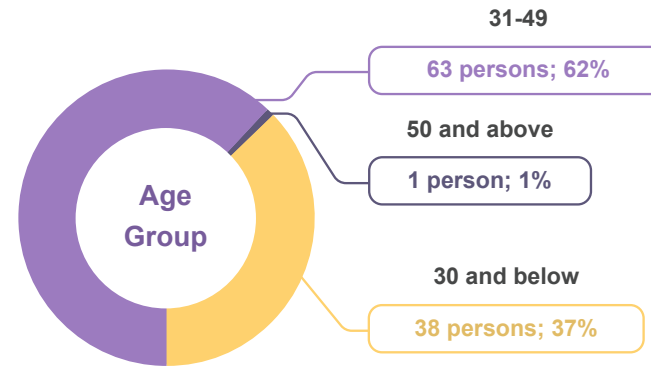
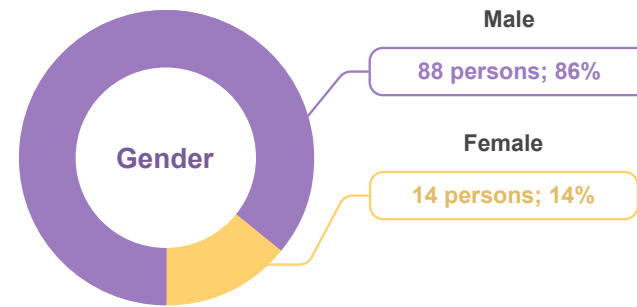
5.4 Employee Development and
Retirement

5.5 Workplace Safety and Health
Promotion

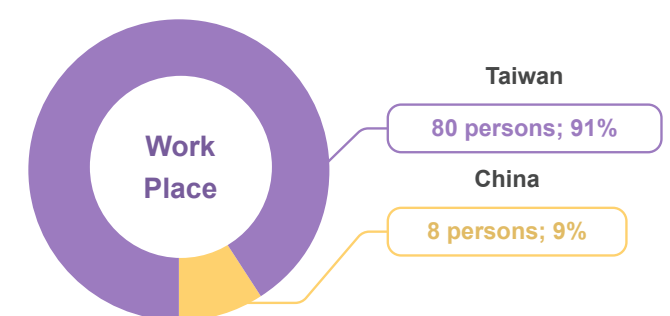
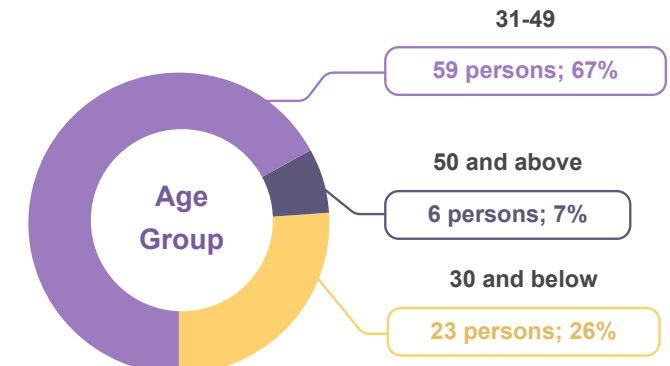
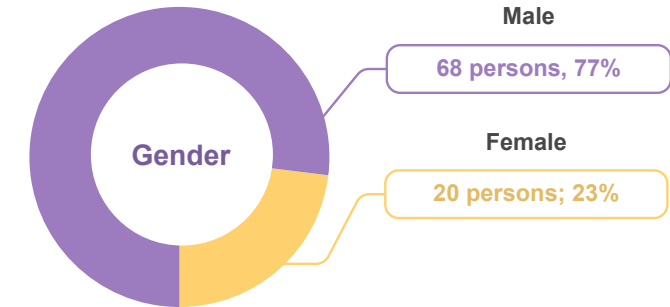
Chapter 6
Social Inclusion

Appendices

▼ New Recruitment in 2022



▼ Separation of Employees in 2022



Recruitment Channel

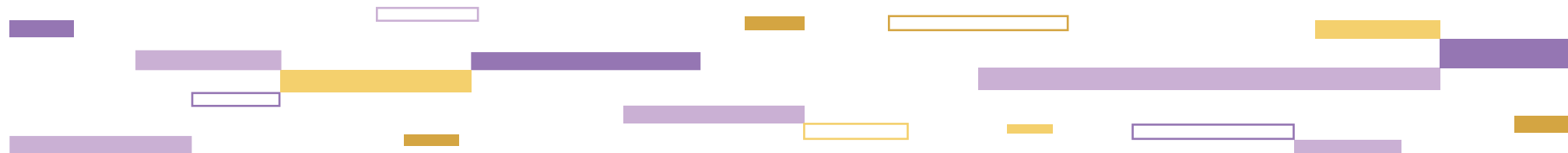
We have diverse recruitment channels in place including online recruitment platforms, social media, head hunters, recommendation of friends and relatives, industry-academia cooperation in practical training, R&D alternative civilian services, job fairs, and job matchmakers. We also participate in “The Youth’s Employment Ultimate Program” and the “Contact Taiwan” to expand overseas markets for talent.

Contact Taiwan

In response to the organization’s continuous direction of international business strategy, Fitipower participated in two “Contact Taiwan” talent matchmaking fairs in 2022. At the fairs, on-site interviews were conducted with talent from India and Indonesia. By doing this, we strive to expand the overseas talent market. Not only did this meet the practical needs of opening overseas recruitment channels, it at the same time provided employment opportunities for overseas students in Taiwan who wish to stay.

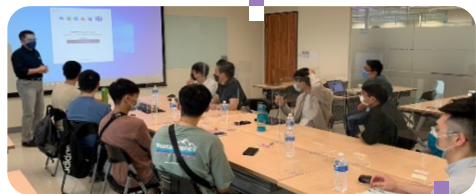
Recommendation Bonus for Recruitment of Professional Talents

To recruit top talent, we adopt the recommendation system and reward employees with bonuses. After candidate completes the interview, the referee will be rewarded with a recommendation bonus of NT\$800-NT\$1,500. In the face of semiconductor talent imbalance and fierce competition, Fitipower increased the recommendation bonus for “R&D talent” in 2022 to stimulate colleagues to promote talent. The bonus was increased from NT\$10,000-NT\$20,000 to NT\$30,000-NT\$50,000, depending on the responsibilities of the job. Through this system, the Company is able to effectively reach out to suitable talent that meets the organizational culture and professional needs and to improve the operational efficiency of recruiting talent. In 2022, a total of 73 referrals passed the interviews through this mechanism, with 40 of them evaluated to be suitable for the positions after the probationary period. The recommendation and introduction bonuses totaled NT\$1,228,800.



Industry-Academia Collaboration

At Fitipower, we take a proactive approach to establish exchange channels with universities and has entered into a technology contract with National Yang Ming Chiao Tung University, National Chung Cheng University and National Cheng Kung University. By doing so, we are able to combine knowledge from the academic community and strengthen R&D momentum. We provide scholarships for outstanding students and invests resources in order to cultivate AI, analog and digital IC design talent. During the industry-academia cooperation period, we provide technical guidance and professional technical support to the students. With the mentorship system adopted, we conduct regular care, enabling the students to familiarize themselves with the industry culture and explore career planning and future development, achieving the spirit of the combination of learning and application during the study period. Up to 2022, Fitipower accumulated four technical cooperation cases, and more than 10 students participated in the scholarship system.



Important results

Creating collaborations to speed up problem-solving

- Technical discussion meetings are held regularly with the professor leading the students to carry technological exchanges and project tracking with Fitipower's experts.
- Collaborating institutions in Taiwan: Electrical Engineering Dept. of NYCU, Institute of Computer Science and Information Engineering of CCU, Electrical Engineering Dept. of NCKU.

Offering scholarship programs to motive student research and attract campus talent

- A total of 11 students signed the contract, and our supervisors served as the mentor to provide advice on technology and industry perspectives to stimulate learning and application exchanges.
- The scholarship system also encourages the students to join Fitipower after graduation, facilitating continued in-depth research in relevant fields.

Integrating resources to achieve the combination of learning and application

- 32 participants (supervising professors and students)
- In 2022, a total of NT\$4 million was spent on the continuous integration of campus talent and technology

Student feedback

In 2022, a total of 175 feedback submissions were received from students on "Discussion Content Satisfaction" and "Enterprise Mentoring Satisfaction" all high scoring 4.8 points (out of 5).

Hsu, a student of NYCU, said: "problems encountered in writing papers were clarified during the meeting, especially the acceleration of the judgement of the advantages and disadvantages of grammatical choices. In addition, I did not participate in the practicum part. However, the mentor provided me with industry perspectives so that I was able to review the research with different angles. Overall, participating in the scholarship scheme of Fitipower allowed me to not only gain technology resources but also an opportunity to directly and fully exchange ideas with Fitipower during the study period."

About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creationChapter 2
Responsibility SharingChapter 3
Partner Co-prosperityChapter 4
Environmental SymbiosisChapter 5
Labor-Management Common Good5.1 Human Rights and Employees
Communication**5.2 Talent Hub**5.3 Competitive Compensation
and Benefits5.4 Employee Development and
Retirement5.5 Workplace Safety and Health
PromotionChapter 6
Social Inclusion

Appendices

Campus Talent Recruitment

We began campus talent recruitment at National Taiwan University, National Yang Ming Chiao Tung University, National Tsing Hua University and National Cheng Kung University in 2015 and attracted more than 300 students every year. Through onsite interviews, students can understand more and better how to choose their career, and we can discover potential student talents through close interaction with them, improve their identification with Fitipower, and establish a seed relationship with target talents to store more talents for future in advance. In 2022, 12 recruitment events were held, including six physical campus expos and six physical corporate presentations.



The Youth's Employment Ultimate Program with Double the Bonus

To enhance the youth hiring intention and proportion of businesses and provide youth with more practical workplace training, for youth aged 15-29 years without work experience or professional skills, the Ministry of Labor (MOL) organizes the employment before training "placement training" based on the resources and labor needs of businesses to enhance the matching rate of the job market.

In support of the government's Youth's Employment Ultimate Program, we elaborately set short-, medium-, and long-term learning goals in the course contents for participants. This actually enabled participants to measure their own learning progress and eventually adapt to the ecosystem and pace of our industry, understand their own competence strengths and output corresponding value, and thereby contribute to the organization goals. Up to the reporting period, 29 employees remained in training and 49 finished their training. In addition, we offer the Fitipower Youth Incentive Award, which provides double the government subsidy to employees who participate in the program and have been with the company for at least two years. This amounts to a total of NT\$216,000.



5.3 Competitive Compensation and Benefits

| Completed goal | Short Term (2022~2023) | | Medium to Long Term (2024~) | |
|----------------|---|--|-----------------------------|---|
| Goals | <ul style="list-style-type: none">Continue to offer remuneration packages that are better than the market averageContinue to improve the employee welfare system | | | |
| KPIs | Salary survey | | Major Stakeholders | Employee or Dependent |
| Responsibility | <ul style="list-style-type: none">Human resources unitCompensation Committee | | Communication Mechanism | Please refer to " Multiple Communication Channels " |





About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

5.1 Human Rights and Employees
Communication

5.2 Talent Hub

5.3 Competitive Compensation
and Benefits

5.4 Employee Development and
Retirement

5.5 Workplace Safety and Health
Promotion

Chapter 6
Social Inclusion

Appendices

Salary Competitiveness

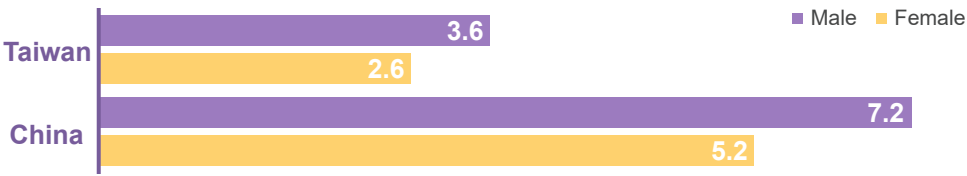
To offer employees reasonable and competitive compensation and welfare as well as gather and retain outstanding talent to work for the steady growth of the Company, we have established the “Salary Management Regulations” and “Performance Bonus Regulations” to govern the performance goals and the system, standard, and structure for the compensation. The regulations are communicated to employees through the new employee education and training and internal email for them to fully understand our wage system. The pay and welfare for the managerial officers must be subject to the approval of the Compensation Committee and Board of Directors to enhance the transparency of the Company’s governance and compensation. We implement the “Human Rights and Diversified Inclusion Policy” and place importance on the principle of equal pay for the same job. The pays for the employees are different depending on the professional capability, practical experience and the nature of the job, and it is guaranteed that gender is not the factor for the difference in salary.

Employees are salaried with the fixed pay and variable pay. The former is paid monthly at a standard referring to the standard in the industry and labor market and adjusted according to the position, nature of work, expertise, and market supply and demand. The latter includes the year-end bonus, employee profit sharing, and performance bonus. Through this dual pay system, we link wages and operational performance together to excite organizational momentum.

In 2022, the average amount of the overall pay for the employees was NT\$2.736 million. The average wage for the entry-level employees^{Note} was several times the local minimum wage. According to the information published on the MOPS, the median and average compensation of the full-time non-manager employees was NT\$2.225 million and NT\$2.958 million, respectively. The market investigation showed that our compensation for the employees was highly competitive.

Note: The employees of Fitipower are classified into senior managers, middle managers and general staff employees. The latter means the employees other than managerial officers.

Ratio of Salary of Entry-Level Personnel to Local Minimum Wage



Note: The minimum wage in Taiwan and China is NT\$25,250 and RMB 2,200, respectively.

Distribution of the Pays for Employees (Unit: NT\$1,000)

| Year | Average Pay of Employees | Pays for Full-Time Non-Manager Employees | |
|------|--------------------------|--|--------|
| | | Average | Median |
| 2019 | 1,602 | 1,528 | 1,175 |
| 2020 | 1,678 | 1,657 | 1,365 |
| 2021 | 2,672 | 2,345 | 1,836 |
| 2022 | 2,736 | 2,958 | 2,225 |

Note: The table shows the statistics on the MOPS and the data only indicate the pay of the employees in Taiwan.

Ratio of Male to Female Pays in 2022

| Job Type | Taiwan | | China | |
|---------------------|--------------------|--------------|--------------------|--------------|
| | Remuneration Ratio | Salary Ratio | Remuneration Ratio | Salary Ratio |
| R&D | 1.24 | 1.15 | N/A | N/A |
| MKT & Sales | 3.15 | 1.84 | 1.42 | 1.36 |
| Engineering & Tech. | 0.99 | 1.06 | 1.04 | 1.04 |
| Adm. & Mgmt. | 2.15 | 1.49 | N/A | N/A |

Note 1: “N/A” refers to no employees of that category or gender, so the ratio could not be estimated
Note 2: The ratio for MKT & Sales category in Taiwan was 3.15, due to the distribution of duties and experiences. The entry-level positions in this category are mostly held by female colleagues and the senior and supervisory positions are mostly held by male colleagues.

About this Report

Contents

Preface and Introduction

Chapter 1 Value Co-creation

Chapter 2 Responsibility Sharing

Chapter 3 Partner Co-prosperity

Chapter 4 Environmental Symbiosis

Chapter 5 Labor-Management Common Good

5.1 Human Rights and Employees Communication

5.2 Talent Hub

5.3 Competitive Compensation and Benefits

5.4 Employee Development and Retirement

5.5 Workplace Safety and Health Promotion



Chapter 6 Social Inclusion

Appendices

Well-Planned Welfare and Protection

In order to safeguard employee rights and enhance company morale, Fitipower offers a comprehensive welfare system for full-time employees. In addition to the fundamental rights mandated by legal regulations, such as labor and health insurance, paid leave, maternity leave, and childcare leave, we also provide a diverse array of welfare policies and systems.

▼ Well-Established Welfare System and Measures

| Type | Welfare Measures | |
|---|--------------------------------|---|
|  Bonus | Three-festival bonus* | Guaranteed basic salary of 14 months: In addition to the basic salary for 12 months, there are supplementary rewards of a half-month salary during each the Dragon Boat Festival and the Mid-Autumn Festival, and one month salary for the end of year. |
| | Operating bonuses* | In addition to the basic annual wage, we also have a profit-sharing scheme in place. Bonuses are distributed depending on the Company's operation and the performance appraisal of each employee. |
| | Referral Bonuses | After an employee, referred by an internal colleague, completes the interview process, a referral bonus of NT\$800 to NT\$1,500 will be given according to the contents of duties. Where a new employee referred completes his/her probationary period, the internal colleague will be given another NT\$10,000 to NT\$50,000. |
| | Patent bonus | <ul style="list-style-type: none"> ■ Patent application bonus: A bonus of NT\$10,000 will be granted when a case number is received from the competent authority for a patent application. ■ Patent licensing bonus: A bonus of NT\$22,000 to 46,000 will be received depending on the territory where the patent is granted. The total amount of the bonus for the same patent is NT\$90,000 at maximum. ■ Patent utilization bonus: A utilization bonus equal to 5% of the net royalty will be granted if any patent of the Company is used effectively in the mutual licensing negotiation. |
| | | Learning bonus |
| | | Any employee who finishes reading and shares the learning result on the internal learning platform of the Company may apply for a dining party fund of NT\$2,000 per person every year at maximum. |
|  Allowance | Employee Stock Ownership Trust | Employees can freely choose their contribution amount (up to 20%) from their monthly salary to subscribe for company shares. The Company also provides bonuses according to the employee's personal performance (up to 200% of their contribution amount), and provide an early retirement system that is better than industry average. |
| | Meal allowance* | Employees are entitled to a lunch and dinner allowance and a variety of meal choices to encourage them to develop a balanced diet habit. |
| | Afternoon tea* | Free afternoon tea is provided biweekly for employees to relax a bit from work. |
| | Cash gifts on major festivals* | Cash gifts of NT\$1,000/NT\$2,000 will be granted for the May Da/ Dragon Boat Festival, Mid-Autumn Festival, Christmas, respectively. |

Note: The items marked with * are the welfare measures for the employees in China.

About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

5.1 Human Rights and Employees
Communication

5.2 Talent Hub





5.3 Competitive Compensation
and Benefits

5.4 Employee Development and
Retirement

5.5 Workplace Safety and Health
Promotion

Chapter 6
Social Inclusion

Appendices

| Type | Welfare Measures | |
|--|--------------------------------|---|
|  Allowance | Marriage allowance | An allowance of NT\$8,000 can be applied for. |
| | Maternity allowance | NT\$1,200 will be granted for a birth. |
| | Funeral allowance | A grant of NT\$7,100/NT\$5,100 will be granted depending on the blood relationship and consanguinity (first-degree relatives/second-degree relatives). |
| | Hospitalization allowance | An allowance of NT\$2,000 can be applied for. |
| | Travel allowance* | Each year we fund NT\$20,000 for each employee. Employees with a service less than one year will be funded proportionally by quarter. |
|  Health | Insurance | Group insurance (covering life, accident, hospitalization, accidental medical, and cancer treatment) and travel insurance. |
| | Health consultation | One-on-one professional health consultation by nurses (four times a month) and physicians (once quarterly). |
| | Health checkup* | We provide employees with free annual health checkup to take care of the employee's physical health. |
|  Event | Massage | Employees may apply for one massage service every 20 days to relax from a busy work schedule. |
| | Club event | Employees are encouraged to form sports and recreational clubs to exercise and develop interest to promote physical and mental health and relieve stress. |
| | Festival event* | Events including Fitipower Family Day, Mid-Autumn Festival Party, Christmas Party, and Year-end Reunion are organized to promote friendship and emotional exchange for a more intimate partnership among employees. |
| | Team building | We offer NT\$2,000 to each employee to fund the activities of the department. |
|  Vacation | Original national memorial day | Compensatory leave is provided for the originally designated national holiday (7-day holiday) that has been canceled. |
| | Flextime | We offer flexible working hours (adjusted from the original 8:30 to a range of 8:30 to 9:30). Considering traffic congestion before weekends, the schedule on Fridays is adjusted to 8:00 to 9:30, implementing a humane management system. |
| | Fully paid sick leave | In addition to the statutory half-pay sick leave, we also give additional 5 days of full-pay sick leave each year. |
| | Advance special leave | Employees can advance their special leave of up to 56 hours. |

Note: The items marked with * are the welfare measures for the employees in China.

About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

5.1 Human Rights and Employees
Communication

5.2 Talent Hub

**5.3 Competitive Compensation
and Benefits**

5.4 Employee Development and
Retirement

5.5 Workplace Safety and Health
Promotion

Chapter 6
Social Inclusion

Appendices

Employment Club Activities



Employee Travel Allowance



About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

5.1 Human Rights and Employees
Communication

5.2 Talent Hub

5.3 Competitive Compensation
and Benefits

5.4 Employee Development and
Retirement

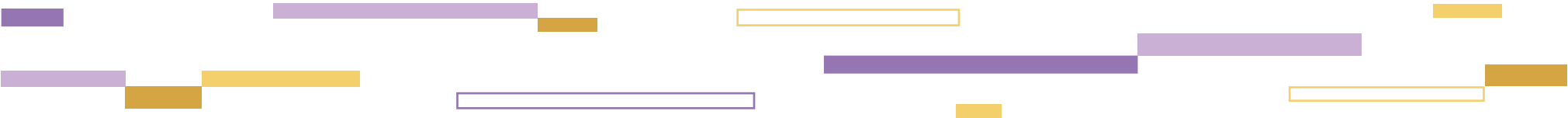
5.5 Workplace Safety and Health
Promotion

Chapter 6
Social Inclusion

Appendices

5.4 Employee Development and Retirement

| Completed goal | Short Term (2022~2023) | | Medium to Long Term (2024~) | |
|----------------|---|--|---|---|
| Goals | <ul style="list-style-type: none">Implement a new training platform (e-Learning)Establish annual required courses (including ethics, human rights, ESG and cybersecurity)Annual average training hours per staff reach 5 hours (increasing by 1 hour each year) | | <ul style="list-style-type: none">Annual average training hours per staff reach 7 hours | |
| KPIs | <ul style="list-style-type: none">Average training hours and cost per staffEmployee performance appraisal | | Major Stakeholders | Employee or Dependent |
| Responsibility | <ul style="list-style-type: none">Human resources unitIT unit | | Communication Mechanism | <ul style="list-style-type: none">Please refer to “Multiple Communication Channels” |



About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

5.1 Human Rights and Employees
Communication

5.2 Talent Hub

5.3 Competitive Compensation
and Benefits

5.4 Employee Development and
Retirement

5.5 Workplace Safety and Health
Promotion

Chapter 6
Social Inclusion

Appendices

Diversified Training Systems for Employees

We firmly believe that talent is the crucial momentum for the growth of our business. In addition to recruiting external talent, we have an open and transparent internal promotion system and respect the willingness of the employees in the selection of their career development paths (vertical development of professional and management functions^{Note}; horizontal rotation of jobs is provided to extend the range of the personal work experience). Besides this, we formulate individual development plans (IDP) for employees separately based on their professional competency and learning property.

Note: For the employees who have the willingness to engage in management and have prepared for this proactively, we provide internal and external training courses for new, middle and senior managers to improve their management competency, stimulate their potential leading capability, and build a premium elite team.

We implement our organizational learning development strategies based on five core competencies of “Customer orientation”, “Integrity and Accountability”, “Proactivity”, “Continual improvement”, and “Communication and Coordination”, in the hope that employees can continue improving their competencies and skills through in-service training, off-the-job training and self-study, achieving higher goals in their business, having a sense of accomplishment in their work, and inputting momentum continuously for realization of the Company’s visions.

Core Competence



Customer Orientation

Proactively identifying and responding to customer needs, gaining customer trust and building long-term partnerships.



Continual Improvement

Able to identify deficiencies and find ways to improve, and put them into practice to remedy the situation.



Integrity and Accountability

Keeping promises, doing what you say you will do and taking responsibility for the promises you make.



Communication and Coordination

Able to express ideas coherently and clarify the ideas of others when communicating to reach consensus.



Proactivity

Self-motivated, takes action to solve problems and is willing to take on additional responsibility to accomplish goals.

About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

5.1 Human Rights and Employees
Communication

5.2 Talent Hub

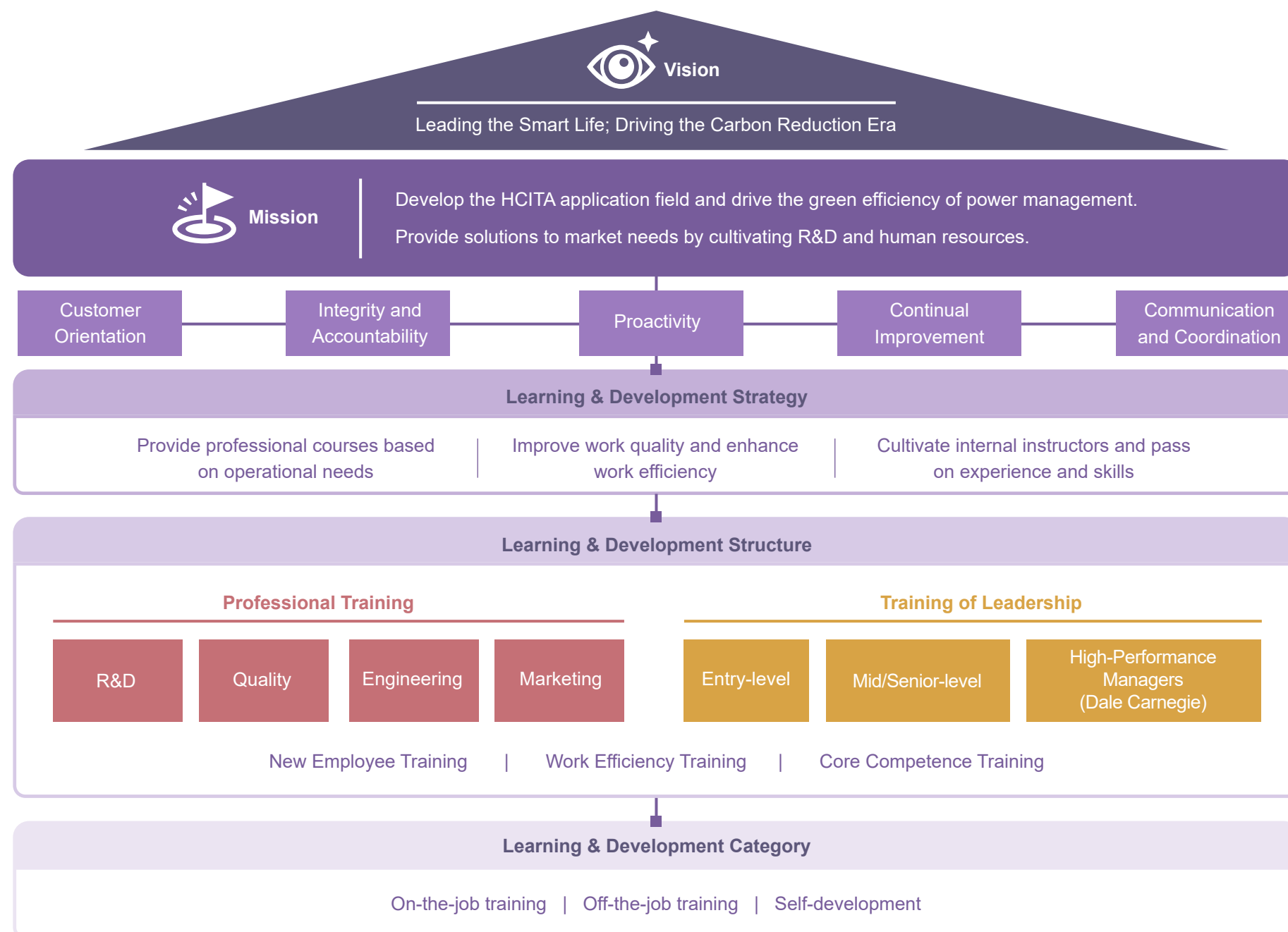
5.3 Competitive Compensation
and Benefits

5.4 Employee Development and
Retirement

5.5 Workplace Safety and Health
Promotion

Chapter 6
Social Inclusion

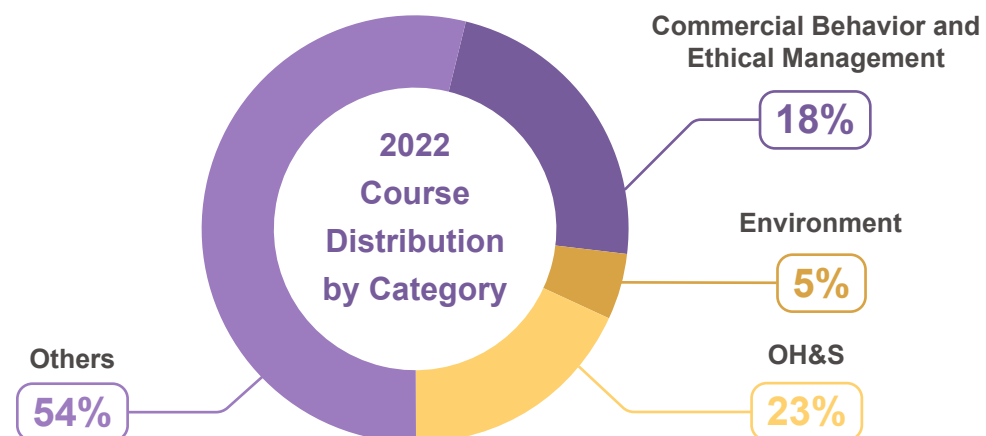
Appendices



Learning System and Training Hours

In response to the pandemic and diverse training trends, we not only offered face-to-face interactive physical courses, we also upgraded the Group's digital e-learning platform - iLearn in 2022. A more friendly and functional interface provided a one-stop learning for supervisors and colleagues. iLearn provides tailored-made planning for the development blueprint for new employees, departmental professionals and management functions to autonomously develop and prepare talent power needed by the organization. iLearn also matches the employee's own career development expectations and provides relevant training resources and team assignments to achieve the spirit of unity in practice and training. Through the iLearn platform, our employees are able to enrich themselves at any time during their spare time, facilitating the organization's overall learning effectiveness and atmosphere.

Besides providing employees with comprehensive internal education resources, we also encourage employees to participate in external training, such as funding management to take practical management courses, allowing officers to guide the team to make outstanding performance with effective leadership skills. According to the statistical results, the total hours of training received by the employees of Fitipower in 2022 was 6,799 hours, representing an average training hour of 11.5 per employee, significantly higher than the previous year (6.7 hours in 2021). The training cost per capita was NT\$971, showing the benefits brought about by the upgrade of the iLearn platform.



▼ Average Training Hours Per Staff in 2022 (Unit: Hour/Person)

| | Item | Total Training Hour | Employee Count | Average Training Hours Per Staff |
|----------|---------------------|---------------------|----------------|----------------------------------|
| Gender | Male | 5,519 | 459 | 12.0 |
| | Female | 1,280 | 130 | 9.8 |
| Job Type | R&D | 2,728 | 188 | 14.5 |
| | MKT. & Sales | 352 | 55 | 6.4 |
| | Engineering & Tech. | 2,659 | 256 | 10.4 |
| | Adm. & Mgmt. | 1,060 | 90 | 11.8 |
| | Total | 6,799 | 560 | 11.5 |



About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

5.1 Human Rights and Employees
Communication

5.2 Talent Hub

5.3 Competitive Compensation
and Benefits

5.4 Employee Development and
Retirement

5.5 Workplace Safety and Health
Promotion

Chapter 6
Social Inclusion

Appendices

Performance Management

Performance System

Initial Goal Setting and Final Evaluation (March)

- Supervisors help colleagues understand the Company's direction, discuss and communicate to set team/individual annual goals aligned with the Company's plans.
- The manager evaluates the performance of the employee in the previous year and communicates with the employees about the result of the evaluation and constructive feedback to improve the development of their competency.

Target Implementation Period (March to September; September to March next year)

- The units of each department establish action plans and work schedules via the Weekdone system based on the OKR spirit and mechanism to track the progress.

Midterm Performance Review (September)

- Review the goals set at the beginning of the period and the implementation progress of the personal development plan, and focus on the tasks on the second half of the year again depending on the current operating strategies of the Company.
- Ensure the consistence of the goals and their effective achievement by providing continuous guidance and feedback to create the test organizational and personnel performance.

Employee Performance and Career Development Reviews in 2022

| Job Type | Item | Male | Female | Subtotal |
|---------------------|--|------|--------|----------|
| R&D | Amount of the employees | 179 | 9 | 188 |
| | No. of employees accepted the appraisal | 132 | 5 | 137 |
| | Proportion of employees accepted the appraisal | 74% | 56% | 73% |
| MKT. & Sales | Amount of the employees | 22 | 33 | 55 |
| | No. of employees accepted the appraisal | 17 | 30 | 47 |
| | Proportion of employees accepted the appraisal | 77% | 91% | 85% |
| Engineering & Tech. | Amount of the employees | 224 | 32 | 256 |
| | No. of employees accepted the appraisal | 176 | 28 | 204 |
| | Proportion of employees accepted the appraisal | 79% | 88% | 80% |
| Adm. & Mgmt. | Amount of the employees | 34 | 56 | 90 |
| | No. of employees accepted the appraisal | 24 | 45 | 69 |
| | Proportion of employees accepted the appraisal | 71% | 80% | 77% |
| Gender Total | Amount of the employees | 459 | 130 | 589 |
| | No. of employees accepted the appraisal | 349 | 108 | 457 |
| | Proportion of employees accepted the appraisal | 76% | 83% | 78% |

Note: The following employees are not included in the performance appraisals:

- Employees on unpaid leave, contract employees, and employees with a service less than three months in the period of annual evaluation.
- Job grade is AVP and above.

Succession and Retirement Planning

To ensure the stability of the organization's management, we place great importance on the implementation of the succession plans for our middle and senior managers^{Note} and plan Dale Carnegie training on high performance of managers for them on a regular basis to develop the core competences needed for the organization. We comprehensively develop the potential succession team of middle and senior management based on the five facets of "Leadership and Care", "Reformation and Innovation", "Communication and Negotiation", "Strategy and Deployment", and "Performance and Supervision". In addition to in-depth training to enhance their professional competency vertically, their cross-team management capability and practical experience are improved by participating in horizontal job rotation to enhance their capability in the formation of the organizational teams and the management of the Company's resources. In addition, to help the candidates realize the visions, values and missions of the organization, the top management acts as their trainer, talks to them on a regular basis, and evaluate the maturity of their thoughts, decisions, and judgments on the business operation to ensure they can continue leading the growth of the organization and create the corporate sustainable development values.

Fitipower adheres to government laws and regulations in various regions, in accordance with the Labor Standards Act and the Labor Pension Act. All of our employees belong to the new pension system. We follow the salary contribution table approved by the Executive Yuan and contribute to the labor pension personal account established by the employee in the Labor Insurance Bureau. The Company legally bears a monthly contribution rate of 6% of the labor pension (employees may also contribute 0-6% individually), ensuring sufficient funds in the pension account for retirement payouts.

In 2022, Fitipower introduced the Employee Stock Ownership Trust - employees had the option to contribute an amount from their monthly salary (up to 20% of their salary) with the Company rewarding and subsidizing the employees according to their personal performance (up to 200% of the amount of their contribution). There is a specified period (6 years) to the Employee Stock Ownership Trust as the Company guarantees that the value of their trust property will not be less than the self-withdrawal principal and the tax compensation of the public withdrawal principal. By doing this, not only do we retain outstanding employees, we also help employees draw up their retirement plan through long-term and regular investment in financial instrument. The statistical results as of the end of 2022 showed that 41% of our employees participated in the plan, demonstrating strong enthusiasm and recognition from our employees.

Note: Middle and senior managers refer to supervisors at the level of deputy director or above

▼ Dale Carnegie High Performance Manager Training Course



5.5 Workplace Safety and Health Promotion

Environment, Safety and Health Policy

Fitipower, as a fabless semiconductor and professional IC design company, recognizes that “employees” and “innovation” are our most important assets for growth momentum. In an effort to achieve the Company’s sustainability while facing the environmental challenges brought about by the development of civilization, we are committed to creating a clean, safe and healthy workplace. By doing this, we ensure that employees continue to exert their sustainable productivity safely and happily. Furthermore, we are fostering innovative business models to minimize the negative environmental impact of our operations and amplify our positive influence on environmental sustainability, further driving the Company’s green economic development and operational performance.

Fitipower released its “Environment, Safety and Health Policy” in 2022, aiming to achieve the organization’s EHS vision through the following six key missions: “Cultivate Law-Abiding Citizenship Quality,” “Create a Safe and Healthy Workplace,” “Develop a Circular Symbiotic Business Model,” “Provide Convenient and Smooth Communication Channels,” “Shap an All-Participation Corporate Culture,” and “Establish a Continuous Improvement Management System.” A total of 20 committed actions were undertaken to fulfill these missions. In the same year, we also released a safety and health pledge video to demonstrate the commitment to corporate culture and determination of all employees.



Occupational Health and Safety Management

To further implement workplace safety and health management, besides releasing our “Occupational Safety and Health Code of Practice” and “Employee Code of Conduct”, we also implemented ISO 45001 occupational safety and health management system in 2022. The safety operating regulations for colleagues at each level have been clearly defined with the safety hazards of each unit’s operations identified. As well as this, we have performed our first evaluation drill and expect to complete the construction of the management system which will be verified by a third-party entity in 2023.

▼ Hazard Identification Process

Establish EHS Risk Assessment Team

Made up with relevant units and the members shall accept relevant education and training.



STEP1

Implement Hazard Identification Evaluation

Perform hazard identification and risk level assessment for each business unit.



STEP2

Risk and Opportunity Control

Control “unacceptable risks” from the risk assessment results.



STEP3

We place great importance on the details within the workplace and ensure the safety and health of every employee as well as the balanced development between work and life by implementing “external protection” and “personal healthcare”. “External protection” includes regular maintenance and inspection as well as unscheduled inspections. As for “Personal healthcare,” includes free health checkup and medical consultation provided by physicians. Nurses and medical specialist conduct health education and take follow-up actions in accordance with the result of the health checkup, and, if necessary, make on-site assessment of suspected work-related illnesses. This way, the workplace is not only a location of work, but also a platform on which in-depth interpersonal connection is established and high living quality is developed. In 2022, we spent NT\$86.65 million on the support of safety and health-related measures. We also carried out regular inspections and no risks that may cause safety hazards were found. 100% improvement has been achieved for items that were found at unscheduled inspections. Additionally, no injuries or illnesses have occurred due to job-related factors with the FR, SR, ODR rates all 0. The absenteeism rates for female and male employees were 0.8% and 1.1%, respectively.

Note 1: Our employees are not engaged in hazardous work and thus need not undergo special health examinations.

Note 2: The safety and health related-measures included relevant training, regular inspections, unscheduled inspection and improvement, health checkups and promotion activities, purchase of personal protective equipment, physician/nurse consultation employee health checkups and related insurance.



Personal Healthcare

- Building safety inspection **every two years**
- Electrical safety testing **every year**
- Firefighting inspection **every year**
- Environmental monitoring **every six months** (illuminance, lead, CO₂)
- Cooling tower disinfection, sterilization, and filter replacement **every month**
- Drinking water testing **every 3 months**
- Unscheduled inspections



External Protection

- Employee health checkup **every year** (A total of 442 employees participated in the health checkup program in 2022)
- On-site consultation service by physicians and nurses **Seven times a year/seven times a month** (in 2022, 356 people applied the one-on-one consultation service)
- On-site massage service (Due to the pandemic, the service was suspended from April to September 2022; 1,176 employees received the massage service.)
- Diverse nutritional meal choices (meat, vegetarian, low-calorie, fruit meals)
- Cleaning supplies such as hand wash, hand paper
- Personal protective equipment such as earplugs, masks, isolation gowns, respiratory protection equipment

In addition, we provide OH&S training courses to improve the awareness of occupational safety and emergency response capabilities among employees. We also share health-related information with our colleagues on the e-bulletin board on an unscheduled basis. In 2022, a total of 1,590 hours were spent on occupational health and safety training, including 4 sessions of firefighting training and 1 evacuation drill.



Four Major Protection Plans

| Illness Prevention Program for Abnormal Workloads | Maternal Health Protection Program | Human Hazard Prevention Program | Prevention Program Against Unlawful Violence in the Course of Performing Duties |
|--|--|---|---|
| <p>This prevention program has been established for shift work, night work, and long hours of work to prevent the Company's employees from contracting illnesses due to abnormal workloads. Employees are evaluated each year. For those who are classified as high-risk groups, we arrange for interviews with physicians for health guidance. We also assist in relevant protective measures according to the instructions. The final implementation effectiveness is then reviewed by the OH&S Committee, serving as an indicator for continuous improvement.</p> | <p>In addition to implementing the "Act of Gender Equality in Employment", we ensure the right to unpaid parental leave and the smooth return to work right of employees</p> <p>Note. In recognition of the efforts of pregnant employees, we have exclusive parking spaces for them to share their commuting inconveniences. For female employees requiring breastfeeding after returning to work, we have built the breastfeeding room for them.</p> | <p>This program has been formulated in an effort to prevent the occurrence of work-related musculoskeletal hazards and injuries caused by unreasonable working environment, repetitive work and poor working posture. An evaluation is conducted in conjunction with the employee's annual health checkup. According to the results of the evaluation, relevant units and healthcare personnel form a team to facilitate improvement by formulating feasible improvement plans. An evaluation of the effectiveness of improvement will then be conducted.</p> | <p>This program is initiated where workplace violence is assessed to be possible or has occurred. This is to protect our employees from unlawful acts that may cause them physical or mental harm. Aside from arranging for new employees to receive training on relevant matters, the supervisors are also required to conduct their own review. Subsequent handling and counseling to parties involved in the matter.</p> |

Note: Any employee with a child under three years of age and completing six months of employment at Fitpower can apply for unpaid parental leave until their children reaches three years old. However, the maximum length of the parental leave must not exceed two years. In addition, employees can continue their social insurance through Fitpower during the unpaid parental leave.

2022 Unpaid Parental Leave

| Item | Male | Female | Total | Item | Male | Female | Total | Item | Male | Female | Total |
|---|------|--------|-------|---|------|--------|-------|--|------|--------|-------|
| No. of Eligible Parental Leave Applicants in 2022 (a) | 44 | 13 | 57 | Projected Return-to-Work Count for Parental Leave in 2022 (c) | 1 | 0 | 1 | Actual Return-to-Work Count from Parental Leave in 2021 (e) | 0 | 2 | 2 |
| Actual No. of Parental Leave Applications in 2022 (b) | 1 | 0 | 1 | Actual Return-to-Work Count from Parental Leave in 2022 (d) | 0 | 0 | 0 | No. of staff Continuing Employment for One Year after Return-to-work from Parental Leave in 2021 (f) | 0 | 2 | 2 |
| Parental Leave Application Rate for 2022 (b/a) | 2.3% | 0% | 1.8% | Parental Leave Return-to-Work Rate for 2022 (d/c) | 0% | - | 0% | Parental Leave Retention Rate (f/e) | - | 100% | 100% |

Note 1: The data covers employees in Taiwan only.

Note 2: Only four employees in China were eligible for application (three males and one female) and there has been no application since the law took effect in 2021; hence the application rate, reinstatement rate and retention rate were either 0 or could not be calculated.

Note 3:(a): The calculation basis is the number of the employees having taken maternity leave or paternity leave over the past four years (2019 to 2022).

About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

5.1 Human Rights and Employees
Communication

5.2 Talent Hub

5.3 Competitive Compensation
and Benefits

5.4 Employee Development and
Retirement

5.5 Workplace Safety and Health
Promotion

Chapter 6
Social Inclusion

Appendices

Pandemic Management Measures

Having gone through Taiwan's "Level 3 Epidemic Alert," the lifestyles of the local populace have been abruptly transformed, and the operational status of various industries has been profoundly impacted. Fitipower has implemented well-planned epidemic prevention measures to safeguard the health of colleagues and ensure the Company's continuous operations. These measures include assigning adaptive responsibilities to different departmental levels, announcing standardized response procedures, conducting personnel training, managing resource allocation, and deploying remote work. Concurrently, in alignment with government policies, we have taken proactive actions and made rolling adjustments. In 2022, as the epidemic situation gradually improved, the Company gradually eased various measures in accordance with regional epidemic regulations.

▼ Fitipower Epidemic Control Measures

| Measure | Action |
|--|---|
| Personnel advocacy, training and research | <ul style="list-style-type: none"> We established pandemic prevention groups and updated these with the latest information on the pandemic and internal measures through multiple channels. We conducted an employee vaccination survey to assess the risk impact on the business and prepare for the actions. Up to the end of 2022, 88% of the employees have taken three doses of vaccine . |
| Resources and equipment management | <ul style="list-style-type: none"> Equipped hand sanitation equipment in offices regularly; equipped touchless spray disinfectant dispensers at entrances. Distributed mask covers and storage covers and set up a bucket for recycling waste masks, with masks and pandemic prevention kit given to colleagues on business trips. |
| Implementation of epidemic control procedure | <ul style="list-style-type: none"> Measured and recorded body temperature daily. Measure body temperature of visitors, disinfected them, and requested them to fill out the health statement. (a health statement has been no longer required since September 2022) Common areas such as meeting rooms and elevators are disinfected three times daily. Disinfection of all areas is carried out (rolling adjustment: one a week - January to October and twice a month from November onwards). Disinfection of all deliveries (cancelled in September 2022). Closed the cafeteria and meeting room during the pandemic period (use has resumed in September 2022). |
| WFH Deployment | <ul style="list-style-type: none"> When "COVID-19 Level 3 Alert" was announced, the Company had experience in actual operations and plans and was able to respond to and adjust the work modes in the event of similar emergencies. |

About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

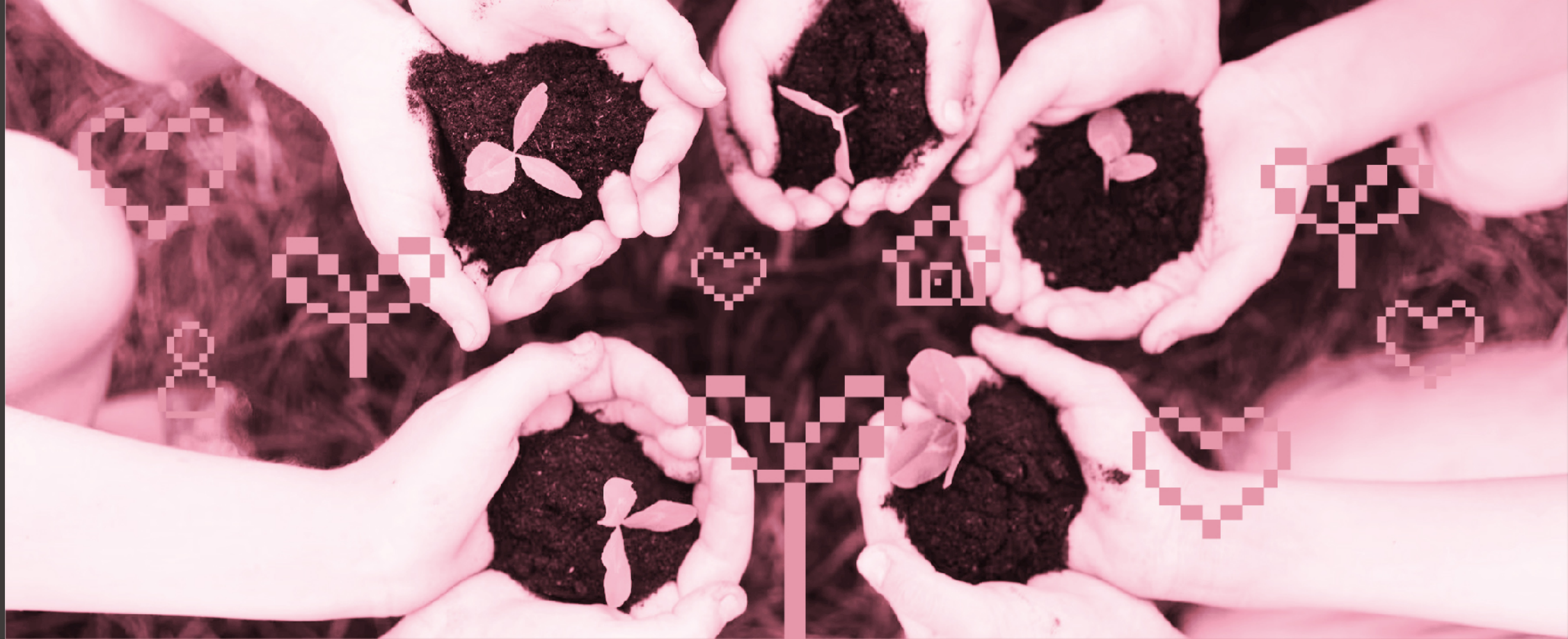
Chapter 5
Labor-Management Common Good

**Chapter 6
Social Inclusion**

6.1 Social Involvement

6.2 Fitipower Environmental
Foundation

Appendices



6 Social Inclusion

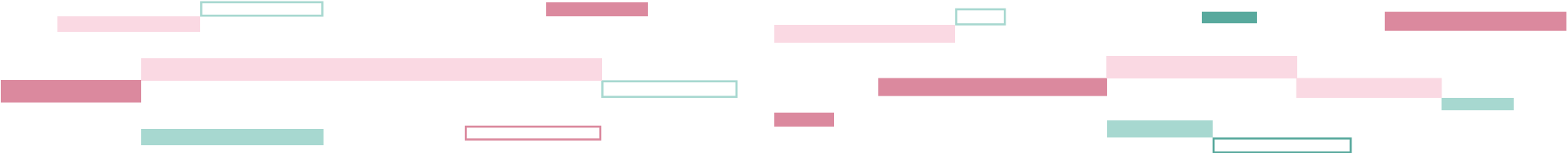
Policy and Commitment

By integrating corporate and employee resources, we actively engage in social contribution activities such as care for vulnerable groups and seed cultivation to show our corporate influence to promote social harmony and inclusion.



6.1 Social Involvement

| Completed goal | Short Term (2022~2023) | | Medium to Long Term (2024~) | | |
|----------------|--|--|-----------------------------|---|----------------------|
| Goals | <ul style="list-style-type: none">Continue to expand social engagement activities and corporate influence | | | | |
| KPIs | <ul style="list-style-type: none">Social engagement costsRelevant awards | | Major Stakeholders | Employee or Dependent | Academic Institution |
| Responsibility | <ul style="list-style-type: none">Human resources unitAdministrative management unitFitipower Environmental Foundation | | Communication Mechanism | <ul style="list-style-type: none">Corresponding to the major stakeholders; refer to the “Communication with Major Stakeholders” | |



About this Report

Contents

Preface and Introduction

Chapter 1 Value Co-creation

Chapter 2 Responsibility Sharing

Chapter 3 Partner Co-prosperity

Chapter 4 Environmental Symbiosis

Chapter 5 Labor-Management Common Good

Chapter 6 Social Inclusion

6.1 Social Involvement

6.2 Fitipower Environmental Foundation

Appendices

At Fitipower, we expect to gather the power of all walks of life to jointly strive for a balanced development of operational growth and social inclusion. We also continue joining industrial and academic organizations to facilitate the collaboration of the companies in the semiconductor industry and strengthen the overall development of the industrial system. In terms of giving a hand in society - we have always done our utmost to offer help to the disadvantaged groups and committed to social care, including hiring people with disabilities to provide massages to our employees. This not only meets the employment needs of people with disabilities, the health of our colleagues is at the same time looked after. Meanwhile, our colleagues take the initiative to donate receipts to disadvantaged groups and order from "Children Are Us Foundation" for meals and bakery items to positively influence the employment market for the disadvantaged, while at the same time purchasing products from small local farmers for employee meals or gift sets for festivals. We are committed to doing our best to sustainability cultivate the land of Taiwan. In 2022, we officially established our foundation to jointly work towards environmental sustainability with like-minded partners.

Joining in External Organizations

IEEE Xplore®
Digital Library

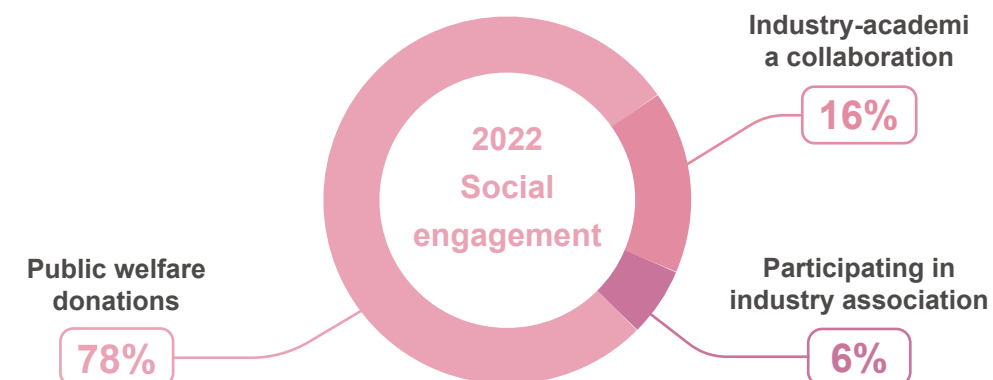
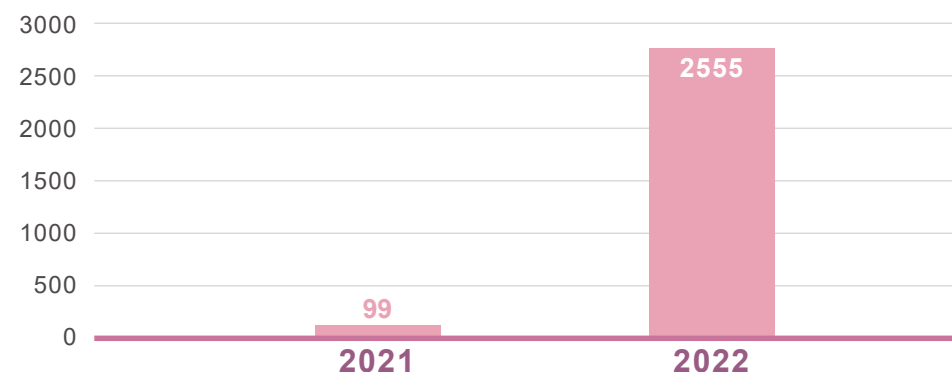
台灣科學工業園區
科學工業同業公會
The Allied Association for Science Park Industries

TSIA 台灣半導體產業協會
Taiwan Semiconductor Industry Association

台灣人工智慧晶片聯盟
AI on Chip Taiwan Alliance

TDUA 台灣顯示器產業聯合總會
Taiwan Display Union Association

▼ Social Engagement and Investment in Recent Years (NT\$10,000)



6.2 Fitipower Environmental Foundation

Origin and Vision of the Foundation

In 2021, amidst the significant growth of our company's operations, we deeply understand the importance of balanced ESG development. We have decided to allocate more resources, aiming to establish the Fitipower Environmental Foundation (hereinafter referred to as the "Fitipower Foundation"). Through its establishment, we aspire to gather diverse efforts and assistance to expand our commitment to social integration and environmental coexistence. In November 2021, during the Fitipower BoD meeting, it was resolved to donate NTD 15 million to establish the Fitipower Foundation (actually done in 2022*) and NTD 5 million to support the first-year environmental sustainability initiatives. Hsinchu is an important hi-tech base in Taiwan and the place where our headquarters is located. Hence, the Fitipower Foundation commences its efforts in Hsinchu and extends its reach across Taiwan, focusing on seven action directions: "Environmental Promotion," "Talent Development," "Vulnerable Group Care," "Employee Involvement," "External Collaboration," "Technological Innovation," and "Product Optimization." These actions drive environmental initiatives, aiming to "Circularity to restore the Earth."

What "Circularity to Restore the Earth" pursues is not only a low pollution environment, but also an ark that ensures the co-existence of the living things. The Fitipower Environmental Foundation is committed to eliminating the disasters to the environment and improving the awareness of co-existence with the environment. by promoting and encouraging participation to mitigate the impact of the human beings and companies on the environment. The Foundation also give aid to the people who are affected by environmental disaster and need help in their life. We hope that the people having the same goal can join us to achieve the goal of sustainable Earth based on four core strategies of "Ecological Conservation", "Climate Change", "Circular Economy", and "Disaster Relief".

Note: Fitipower Environmental Foundation was approved by the EPA and the court in February 2022 and has been established in Hsinchu.



Website



Channel



Creating Opportunity to Take Action - Campus Promoter for Environmental Sustainability

7 student
departments/colleges/
clubs

4 sessions
of environmental education
promotion class

7
Environmental Sustainability
Series Activities

191
environmental educational
beneficiary seeds

1
video to promote
activities

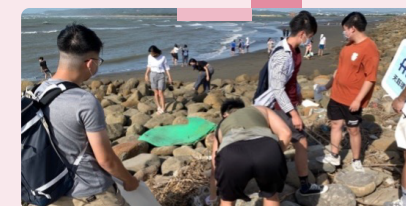
With the increase in environmental awareness, many university students are keen on doing their part for the planet; however they lack of resources or do not know how to. Through continuous communication, the Fitipower Environmental Foundation operates a scheme that allows students to make a difference via action. We offer environmental sustainability-related courses, enabling students to further understand various environmental sustainability issues. We also provide funds for students to plan for a series of environmental sustainability promotion activities on their own initiative. The undertaking of activities does not only spread environmental education in campus, but develop the student's capabilities and experience in organizing activities. The activities organized by students included second-hand goods market, eco-friendly straw promotion, used clothes market, beach cleanups, carrier bag promotion, and children's environmental education camp.

Environmental sustainability-related courses

- Environmental Ethics Handicraft Trail Online Lecture (2 sessions)
- Commercial Design and Environmental Sustainability Seminar
- Thank You for Ocean Sustainability seminar

Environmental sustainability activities organized by students

- Used clothes market
- Eco-friendly straw promotion
- Second-hand goods market
- Waste made into eco-friendly toys
- Beach clean-up in Nanliao, Hsinchu
- Habitat Defense
- Removal of Exotic Species



Film on results
Scan the QR code

About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

Chapter 6
Social Inclusion

6.1 Social Involvement

6.2 Fitipower Environmental
Foundation

Appendices

Planting Sustainable Seeds through Medical Care

1 donation ceremony

3 support locations

720 pre-school illustrated books

3 volunteer lecturer training

9 remote services

“Give children the key to turn life around - a clean and sustainable planet!”

“Planting Sustainable Seeds through Medical Care” was initiated by the Fitipower Environmental Foundation, combining the reading scheme of Reach Out and Read Taiwan, volunteer physicians from Taipei Medical University Hospital and the list of books ([SDGs Children Sustainability Bookstore@CommonWealth](#)) on sustainability of CommonWealth Magazine Read Taiwan. This has facilitated collaboration across technology, medicine, and academic resources. Through each child health clinic, we are able to effectively reach out to disadvantaged families. The physicians advocate the importance of parent-child reading and family education to parents and children, with a book associated with the environmental sustainability or social inclusion amongst the list of books on sustainability given. In addition, we also provided a series of audio-visual resources free of charge. A number of renowned experts and scholars with rich teaching experience, including Yeh Chia-Ching, Chen You-Da and Chang Shu-Chiung, served as lecturers to cultivate seed teachers for sustainability. Volunteer teachers who have been trained venture into remote areas for physical teaching. Through the above means, we were able to cultivate environmental sustainability literacy of pre-school children, while at the same time shortening the gap in learning resources of disadvantaged families.

Since promotion began in 2022, a total of 720 children’s books on sustainability has been donated spanning 30 support sites in northern, central and southern regions of Taiwan, better serving people in remote areas off the island. A total of three training sessions for volunteer lecturers was offered and there were 76 participants. Nine sessions of services were organized in remote areas including Shiding Health Center, Kindergarten of Shiding Elementary School, Shiding Yongding Elementary School, Penghu Chimei, Hudong, and Xiyu, serving a total of 331 children.

“Planting Sustainable Seeds through Medical Care” online donation ceremony



According to Chairman Young Lin:

I was fortunate to work in meaningful activities with some of Taiwan’s most caring and creative early reading promoters spanning 30 locations. We recognize the UN’s advocacy that “true environmental sustainability can only be achieved with the support of young people”. We also recognize the importance of early reading to a child’s development and promote early reading through healthcare and education systems. In doing so, we hope to effectively transfer resources to those in need while focusing on cultivating the next generation with the concept of environmental sustainability. The environmental challenges that we are facing now have been created throughout history and cannot be easily addressed. However, to make improvements to the environment, a new approach is required from the next generation through the UN’s sustainable development goals. This way, we hope that the planet can reach sustainability and that our children and their children can learn and live happily on this land that we all share.

About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

Chapter 6
Social Inclusion

6.1 Social Involvement

**6.2 Fitipower Environmental
Foundation**

Appendices

Volunteer doctors and students serving in rural areas



Feedback from volunteer lecturer:

I was honored and happy to be able to participate in the “Spread Your Arms Reading Program”. At the beginning, I kept thinking how I could get close to the children. During the program, I noticed that the doctors would ask the children questions, and from their answers, another question would be asked. This enabled children to have a sense of participation and the doctors gradually got closer to the children.

Also, the doctors allowed us to share our own interesting stories and ideas. Not only were the children able to learn to talk more freely, I also opened myself up to share with others and convey my thoughts. During this event, we did DIY activities with the children and read to them so that they could develop a good habit of reading from a young age and acquire relevant knowledge from within. Not only did this event help entertain the children and bring them joy and knowledge, it also made me look at myself as well - I am now more outgoing and able to share more with others, helping others as well as myself. If an opportunity like this comes up again, I will no doubt be taking part.

Fan, a student of Tsai Hsing School

Doctor Wang Chiung-Ying promoted shared reading, spreading the seeds of reading to the rural areas of Miaoli.



Feedback from support location:

Thank you You-Da and everyone at Fitipower. We have received the lovely children's books and will keep them at the clinic where children from low-income families can find them. Many families have never owned their own books and these children could not wait to read them out loud.

I enjoyed very much the interaction with the children using the children's books at the clinic. Unlike children in the city, children here lack these general concepts. Children and parents who have never read children's books before were amazed at the lovely gesture. I felt somewhat touched whilst they flipped through the pages.

Dr. Su of Heng Chun Christian Hospital

Lin Ya-Fang, Principal of Yongding Elementary School, led the students in reading the donated sustainability books



Volunteer training course



About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creationChapter 2
Responsibility SharingChapter 3
Partner Co-prosperityChapter 4
Environmental SymbiosisChapter 5
Labor-Management Common GoodChapter 6
Social Inclusion

6.1 Social Involvement

6.2 Fitipower Environmental
Foundation

Appendices

SDGs Promotion Project - Making the World Better

In an effort to proactively respond to the concerns and needs of Taiwanese people in terms of sustainability vision for “environmental protection”, “social inclusion”, and “economic growth” issues, National Taiwan Library (NTL) joined forces with Fitipower Environmental Foundation to invite experts and scholars in related fields to evaluate books and materials that helped achieve sustainability. These books are used as important materials for institutions, schools, and various sectors in society to promote sustainability to facilitate learning of 0-12 year-old infants and children. As well as this, activities to promote reading aimed at the concept of coexistence and integration were organized, enabling more people to learn and open up a new page of sustainable development in Taiwan with concrete actions. On November 30, 2022, a press conference for

the “Making the World Better” program was held. Library Director Tsao Tsui-Ying said, The “Making the World Better” program was the first sustainable development education book materials assessment and reading promotion program organized by the library and sponsored by the foundation and that publishers were welcome to joint such event. After a list of selected books on sustainability for 2023 is determined, a series of promotional activities will be launched, including a library reading corner, an exhibition of books, teaching materials workshop, and the production of special teaching materials such as dual-vision books and audio books. During the press conference, the emerging illustrated book writer shared the main vision of the program and the design concept of the exclusive logo.

Press conference for
“Making the World Better”



Program visualization
and logo



Media interviews
(Quoted from the YouTube video of “Da Fung” news)

In 2022, we first held 8 sessions of “Seed Teacher Training for Sign Language Storytelling for Social Inclusion” and one extension seminar. In a bid to build a two-way bridge for social inclusion, we worked with the National Association of the Deaf to provide overall course planning and assistance. The extension seminar invited Fitipower’s volunteer - Instructor Yeh Chia-Ching, to explain the essence of illustrated books on sustainability, including “Waiting for Mama”, “Welcome”, “Animal Explorers: Toby the Deep-Sea Diver”, “Henri’s

Scissors”, and “The Suitcase” at “A Sustainable Future - UN’s SDGs and Illustrated Books”. Final participants chose the above illustrated books as the results and conducted a performance in conjunction with the Taiwan Reading Festival, fully demonstrating the contents of the training course. A total of 474 people participated in the entire series of activities. Among them, 216 people with disabilities and 48 people enrolled in the courses and 13 deaf and hearing impaired people were accepted as seed teachers finally.

| Course Topic | Course Content | Lecturer |
|---|---|--|
| Illustrated Book Appreciation & How to Choose | <ul style="list-style-type: none"> Based on reading principles for different ages, illustrated books are introduced for appreciation to explore the story elements, selection and use. Story structure of text and image in picture books are analyzed. | CommonWealth Parenting Reading Channel Director Chang Shu-Chiung |
| Storytelling Atmosphere Creation | <ul style="list-style-type: none"> Stories are told from children’s perspectives and the techniques of story opening and closing mastered to capture the attention of the participants and responding to anxiety and frustration. Based on the scenario of the story, the design of activity development is extended in conjunction with the teaching materials. Hands-on illustrated book with the illustrated book recommended by the first lecturer | Mandarin and Taiwanese Language Storytelling Team (Apple Donut) Lecturers Tseng Wan-Yu, Liu Hsu-Chuan |
| Story Layout and Design | <ul style="list-style-type: none"> How to tell and play sign language stories? Character situation selection, rhythm control of sign language interpretation and body coordination. Experience sharing of online storytelling techniques. | Mandarin and Taiwanese sign language illustrated book demonstration Lecturer Wu Chia-Yu (Deaf lecturer) |
| Acting with Sign Language | <ul style="list-style-type: none"> Awaken your body and practice mime movements. Sign language is combined with theatrical elements and body development, expression interpretation skills and tips. | Director of Consulting of Fitipower Environmental Foundation, Yeh Chia-Ching |
| A Sustainable Future | <ul style="list-style-type: none"> Achieve a Sustainable Future - UN’s SDGs and Illustrated Books. | Mandarin and Taiwanese sign language illustrated book demonstration Lecturer Wu Chia-Yu (Deaf lecturer) |
| Sounds and Images | <ul style="list-style-type: none"> Stories are told with “actions” using “contextualization” and “character construction” and how to use your body to capture children’s attention. Training of the combination of narrative expression and emotional tension, roleplaying and creativity ideas for illustrated books and group performance improvisation. | Book of the Year Judge Chuang Shih-Ying from “United Daily News” and “Openbook Reading Magazine” |
| Conclusion Tour | <ul style="list-style-type: none"> Footsteps of illustrated book masters over the past decade are gathered and favorite illustrated book writers by readers are selected to lead readers on a tour of the lives and creations of more than 50 masters to present an uninterrupted dialogue between classic illustrated books and social history. | Three deaf judges |
| Story Theatre | <ul style="list-style-type: none"> Students were put into groups to present their works and finally the lecturer gave comments and suggestions. | None |
| Sustainable Development Education: Inclusive Storytelling with Sign Language | <ul style="list-style-type: none"> An inclusive event for all deaf people with the theme being the books on sustainability. Lecturers and students were invited to perform four classic stories in sign language with simultaneous interpretation. | None |

▼ Expected Implementation Plan in 2023

| Name of plan | Contents of Expected Implementation | Expected Performance |
|--|--|---|
| Campus Advocates for Environmental Sustainability | Environmental education courses are offered to cultivate seeds for environmental promotion in schools, with resources provided for students to organize environmental sustainability-related activities. | Through training and hands-on participation, students were able to recognize the importance of environmental sustainability and pass on the influence to others. |
| Green Technology Innovation Competition | Organize campus green technology (including environmental protection and energy saving, technology application) innovation competition. | Through creative ideas of teachers and students, research results were realized and environmental protection implemented. |
| SDGs Promotion Project - Making the World Better | Selection of books on sustainability and promotion of selected books (environmental sustainability seminar, teaching materials workshop and experimental exhibition of illustrated books). | Starting with reading, we help children to be aware of the issues associated with environmental protection, sustainable development and popular science from a young age through sustainability education and facilitate their concern and action for them. |
| Indicator Concept Promotion of SDGs | With the “SDGs Promotion Plan” initiated by National Taiwan Library, we also worked with the “Big-eared Explorer” program of the National Education Radio to improve children’s understanding of SDGs, by creating a great listening effect via multiple approaches, such as radio drama, interviews, dialogues. | Through stories, children were able to gain an understanding of the 17 goals of the SDGs to further develop their concern for social progress and environmental protection. |



About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

Chapter 6
Social Inclusion

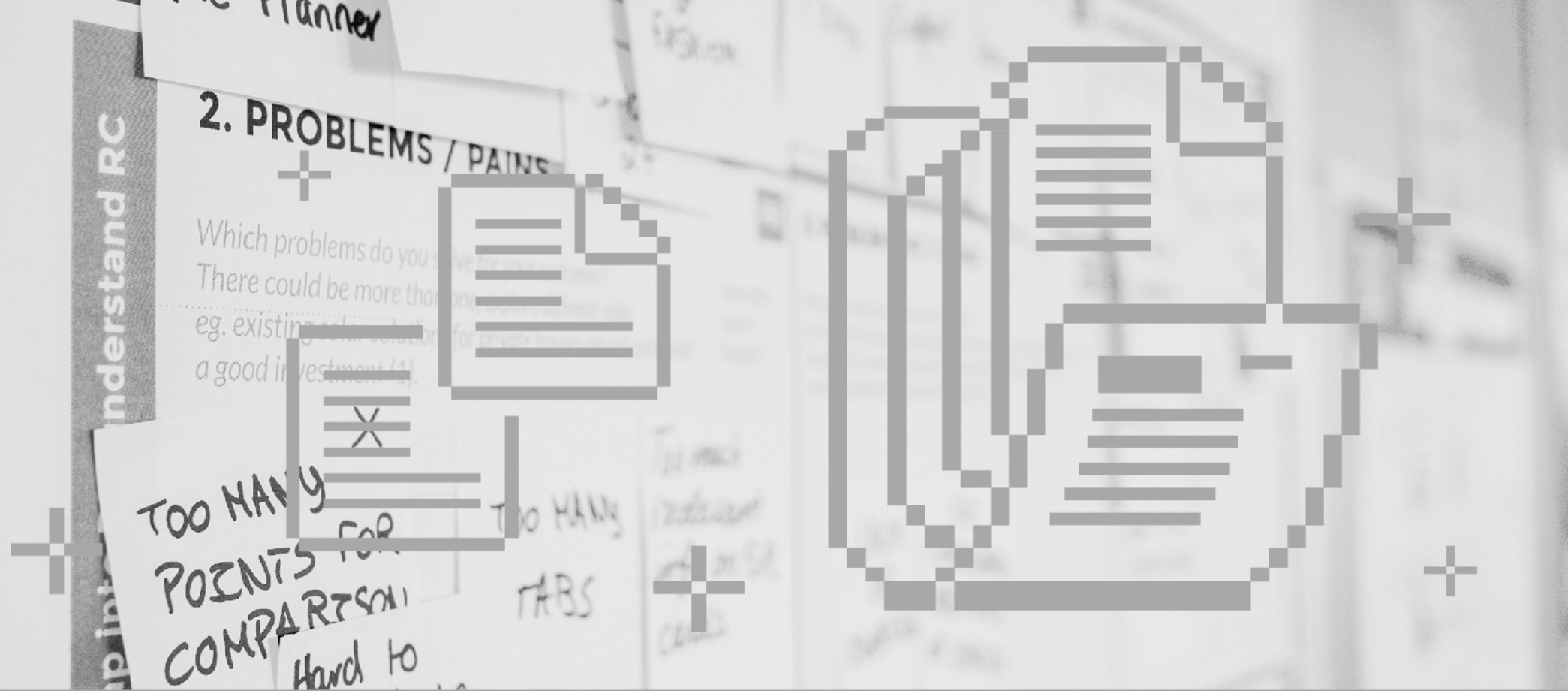
Appendices

ESG Key Performance

GRI Index

SASB Index

Third-Party Verification
Statement



Appendices

- ESG Key Performance
- GRI Index
- SASB Index
- Third-Party Verification Statement

[About this Report](#)
[Contents](#)
[Preface and Introduction](#)
[Chapter 1
Value Co-creation](#)
[Chapter 2
Responsibility Sharing](#)
[Chapter 3
Partner Co-prosperity](#)
[Chapter 4
Environmental Symbiosis](#)
[Chapter 5
Labor-Management Common Good](#)
[Chapter 6
Social Inclusion](#)
[Appendices](#)
[ESG Key Performance](#)
[GRI Index](#)
[SASB Index](#)
[Third - Party Verification
Statement](#)

ESG Key Performance

| Environment | | | | |
|---|--------------------|---------------|---------------|--------|
| Item | Unit | 2020 | 2021 | 2022 |
| Product Material Meet RoHS, REACH and, HF Green Standards | % | 100% | 100% | 100% |
| New Innovative Product Design for Energy-saving | Items | No statistics | 7 | 6 |
| Percentage of Green Procurement for IT Equipment | % | No statistics | No statistics | 88% |
| Electricity Consumption | GJ | 5,200 | 5,041 | 5,231 |
| Energy Intensity | GJ/NT\$ million | 0.478 | 0.220 | 0.266 |
| GHG Emissions | tCO ₂ e | 735 | 703 | 740 |
| Water Withdrawal | Million Liter | 6.76 | 5.35 | 5.39 |
| Discharge Volume | Million Liter | 5.41 | 4.28 | 4.31 |
| Waste Production | Metric ton | 34.318 | 43.888 | 61.100 |
| Waste Recycling Rate | % | 28.9% | 96.8% | 97.4% |
| Percentage of Suppliers with Environmental Certifications | New Supplier | % | No statistics | 92% |
| | Existing Supplier | % | No statistics | 90% |
| | | | | 87% |

ESG Key Performance

| Social | | | | | | |
|--|-------------------|--------|-------------------|---------------|-------|-------|
| Item | | | Unit | 2020 | 2021 | 2022 |
| Total Workforce Count | | | Persons | 428 | 560 | 589 |
| Percentage of Female Employees | | | % | 23% | 23% | 22% |
| Ratio of Salary of Entry-Level Personnel to Local Minimum Wage | Taiwan | Male | - | No statistics | 3.4 | 3.6 |
| | | Female | - | No statistics | 2.5 | 2.6 |
| | China | Male | - | No statistics | 6.7 | 7.2 |
| | | Female | - | No statistics | 5.5 | 5.2 |
| New Employee Rate | | | % | 24.3% | 42.9% | 17.3% |
| Employee Turnover Rate | | | % | 19.2% | 17.9% | 14.9% |
| Key Talent Retention Rate | | | % | No statistics | 90% | 90% |
| Average Training Hours per Staff | | | Hours | 2.1 | 6.7 | 11.6 |
| Average Training Cost per Staff | | | NT\$ | No statistics | 827 | 971 |
| Percentage of Suppliers with Social-related Certifications | New Supplier | | % | No statistics | 75% | 100% |
| | Existing Supplier | | % | No statistics | 78% | 81% |
| Percentage of Materials Meeting Responsible Minerals Sourcing | | | % | 100% | 100% | 100% |
| Social Engagement | | | NT\$ 10 thousands | 0 | 99 | 2,555 |
| No. of Industry-Academia Collaboration Projects | | | Piece | 0 | 0 | 12 |

About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

Chapter 6
Social Inclusion

Appendices

ESG Key Performance

GRI Index

SASB Index

Third - Party Verification
Statement

ESG Key Performance

| Governance | | | | |
|--|-----------------------|----------------|----------------|----------------|
| Item | Unit | 2020 | 2021 | 2022 |
| Corporate Governance Evaluation | - | 80%~100% | 36%~50% | 21%~35% |
| Net Sales | NT\$ thousands | 10,879,700 | 22,868,238 | 19,680,425 |
| Capital Expenditure | NT\$ thousands | 209,864 | 544,939 | 748,490 |
| Government Tax Payment | NT\$ thousands | 107,504 | 1,410,441 | 700,997 |
| Government Subsidies | NT\$ thousands | 97,902 | 45,218 | 26,591 |
| Return on Equity | % | 15.94% | 60.39% | 19.67% |
| EPS | NT\$ | 4.07 | 33.83 | 16.49 |
| Cash Dividend Per Share | NT\$ | 2.5 | 17 | 8.5 |
| Timeliness of Financial Quarterly Reporting (from the end of each quarter) | Days (Q1, Q2, Q3, Q4) | 43, 45, 44, 89 | 44, 44, 42, 84 | 35, 34, 35, 54 |
| R&D Investment to Revenue Ratio | % | 10.6% | 9.5% | 12.4% |
| Number of New Patent Applications | Piece | 3 | 2 | 5 |
| Number of Valid Patents | Piece | 71 | 69 | 72 |
| BOD Attendance | % | 90.5% | 92.1% | 94.3% |
| Ratio of Independent Directors | % | 42.9% | 42.9% | 42.9% |
| No. of Deficiencies in Internal Control Project Review | Piece | 1 | 0 | 0 |
| Training Related to Business Practices and Ethics | Hours | No statistics | 548 | 1,214 |

About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

Chapter 6
Social Inclusion

Appendices

ESG Key Performance

GRI Index

SASB Index

Third - Party Verification
Statement

[About this Report](#)
[Contents](#)
[Preface and Introduction](#)
[Chapter 1
Value Co-creation](#)
[Chapter 2
Responsibility Sharing](#)
[Chapter 3
Partner Co-prosperity](#)
[Chapter 4
Environmental Symbiosis](#)
[Chapter 5
Labor-Management Common Good](#)
[Chapter 6
Social Inclusion](#)
[Appendices](#)
[ESG Key Performance](#)
[GRI Index](#)
[SASB Index](#)
[Third-Party Verification
Statement](#)

ESG Key Performance

| Governance | | | | |
|---|--------------------------|-------|---------------|-------|
| Item | Unit | 2020 | 2021 | 2022 |
| Violations of Business Practices and Ethics | Piece | 0 | 0 | 0 |
| Regulatory Violations | Piece | 0 | 0 | 0 |
| Significant Information Security Incidents | Piece | 0 | 0 | 0 |
| Customer Satisfaction | DSP | Score | 83.34 | 87.72 |
| | PWR | Score | 88.67 | 93.55 |
| Closure Rate for Customer Complaints | % | 100% | 100% | 100% |
| Local Procurement Rate | % | 67% | 71% | 70% |
| Percentage of Suppliers with Governance-related Certifications | New Supplier | % | No statistics | 92% |
| | Existing Supplier | % | No statistics | 98% |

GRI Index

| | |
|------------------|--|
| Statement of Use | Fitipower has reported the information cited in this GRI content index for the period from January 1 to December 31 with reference to the GRI Standards. |
| GRI 1 used | GRI 1: Foundation 2021 |

| GRI Standards / Other Sources | Disclosure Item | Chapter | Content or description for omits |
|-------------------------------|-----------------|---|--|
| General Disclosures | | | |
| GRI 2 | 2-1 | Organizational details | About Fitipower |
| | 2-2 | Entities included in the organization's sustainability reporting | About this Report About Fitipower |
| | 2-3 | Reporting period, frequency and contact point | About this Report |
| | 2-4 | Restatements of information | Green Product |
| | 2-5 | External assurance | About this Report Third-party Verification Statement |
| | 2-6 | Activities, value chain and other business relationships | About Fitipower Partner Co-prosperity |
| | 2-7 | Employees | Talent Hub |
| | 2-8 | Workers who are not employees | Not applicable as there are no non-employee workers such as interns or dispatched labor. |
| | 2-9 | Governance structure and composition | Governance Regulations and Framework Sustainability Vision and Management |
| | 2-10 | Nomination and selection of the highest governance body | Governance Regulations and Framework |
| | 2-11 | Chair of the highest governance body | Governance Regulations and Framework |
| | 2-12 | Role of the highest governance body in overseeing the management of impacts | Governance Regulations and Framework |
| | 2-13 | Delegation of responsibility for managing impacts | Sustainability Vision and Management |
| | 2-14 | Role of the highest governance body in sustainability reporting | Governance Regulations and Framework |

About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

Chapter 6
Social Inclusion

Appendices

ESG Key Performance

GRI Index

SASB Index

Third - Party Verification
Statement

About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

Chapter 6
Social Inclusion

Appendices

ESG Key Performance

GRI Index

SASB Index

Third - Party Verification
Statement

GRI Index

| GRI Standards / Other Sources | | Disclosure Item | | Chapter | | Content or description for omits | |
|----------------------------------|--------------------------------|-----------------|--|---------|--|--|--|
| General Disclosures | | | | | | | |
| GRI 2 | General Disclosures 2021 | 2-15 | Conflicts of interest | | | Undisclosed | |
| | | 2-16 | Communication of critical concerns | | | We did not receive any relevant complaints and there were no violations of responsible business practices. | |
| | | 2-17 | Collective knowledge of the highest governance body | | Governance Regulations and Framework | | |
| | | 2-18 | Evaluation of the performance of the highest governance body | | Governance Regulations and Framework | | |
| | | 2-19 | Remuneration policies | | | Undisclosed | |
| | | 2-20 | Process to determine remuneration | | | Undisclosed | |
| | | 2-21 | Annual total compensation ratio | | | Undisclosed | |
| | | 2-22 | Statement on sustainable development strategy | | Sustainability Vision and Management | | |
| | | 2-23 | Policy commitments | | Sustainability Vision and Management | | |
| | | 2-24 | Embedding policy commitments | | Sustainability Vision and Management | | |
| | | 2-25 | Processes to remediate negative impacts | | Responsibility Sharing | | |
| | | 2-26 | Mechanisms for seeking advice and raising concerns | | Regulatory Compliance and Professional Ethics | | |
| | | 2-27 | Compliance with laws and regulations | | Regulatory Compliance and Professional Ethics | | |
| | | 2-28 | Membership of associations | | Product and Technology Innovation | | |
| | | 2-29 | Approach to stakeholder engagement | | Stakeholder Communication and Materiality Analysis | | |
| | | 2-30 | Collective bargaining agreements | | | We did not enter into any collective bargaining agreement. | |

Disclosure of Materiality Issue (Corresponding Relevant Material Topics)

| GRI Standards / Other Sources | | Disclosure Item | | Chapter | Content or description for omits |
|----------------------------------|--|-----------------|--|--|--|
| Material topics | | | | | |
| GRI 3 | Material topics 2021 | 3-1 | Process to determine material topics | Stakeholder Communication and Materiality Analysis | |
| | | 3-2 | List of material topics | Stakeholder Communication and Materiality Analysis | |
| | | 3-3 | Management of material topics | Please refer to the corresponding chapter of each material topic | |
| R&D and Innovation | | | | | |
| GRI 3 | Material topics 2021 | 3-3 | Management of material topics | Product and Technology Innovation | As it is an issue set by Fitipower, there is no corresponding topic. |
| Supply Chain Management | | | | | |
| GRI 204 | Procurement Practices 2016 | 204-1 | Proportion of spending on local suppliers | Supply Chain Management | |
| GRI 308 | Supplier Environmental Assessment 2016 | 308-1 | New suppliers that were screened using environmental criteria | Supply Chain Management | Due to the nature of the industry and impact evaluation, Fitipower only select production-related suppliers for management. |
| | | 308-2 | Negative environmental impacts in the supply chain and actions taken | | No relevant actions have been taken, and have been listed as a future management plan. Please see “Supply Chain Management.” |
| GRI 414 | Supplier Social Assessment 2016 | 414-1 | New suppliers that were screened using social criteria | Supply Chain Management | Due to the nature of the industry and impact evaluation, Fitipower only select production-related suppliers for management. |
| | | 414-2 | Negative social impacts in the supply chain and actions taken | | No relevant actions have been taken, and have been listed as a future management plan. Please see “Supply Chain Management.” |
| Employment and Employee Benefits | | | | | |
| GRI 202 | Market Presence 2016 | 202-2 | Proportion of senior management hired from the local community | Talent Hub | |
| GRI 401 | Employment 2016 | 401-1 | New employee hires and employee turnover | Talent Hub | |
| | | 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | Competitive Compensation and Benefits | |
| | | 401-3 | Parental leave | Competitive Compensation and Benefits | |
| GRI 405 | Diversity and Equal Opportunity 2016 | 405-2 | Ratio of basic salary and remuneration of women to men | Competitive Compensation and Benefits | |

Disclosure of Materiality Issue (Corresponding Relevant Material Topics)

| GRI Standards / Other Sources | Disclosure Item | Chapter | Content or description for omits |
|--|---|---|---|
| Customer Privacy | | | |
| GRI 418 Customer Privacy 2016 | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | Customer Service Cybersecurity | |
| Legal Compliance | | | |
| GRI 2 General Disclosures 2021 | 2-27 Compliance with laws and regulations | Regulatory Compliance and Professional Ethics | |
| GRI 416 Customer Health and Safety 2016 | 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services | Regulatory Compliance and Professional Ethics | In 2022, there were no incidents of non-compliance concerning the health and safety impacts of products and services. |
| Financial Performance | | | |
| GRI 201 Financial Performance 2016 | 201-1 Direct economic value generated and distributed | About Fitipower | |
| | 201-2 Financial implications and other risks and opportunities due to climate change | Environmental Policy and Management Framework | |
| | 201-3 Defined benefit plan obligations and other retirement plans | Employee Development and Retirement | |
| | 201-4 Financial assistance received from government | About Fitipower | |
| Labor/Management Relations | | | |
| GRI 402 Labor/Management Relations 2016 | 402-1 Minimum notice periods regarding operational changes | Human Rights and Employees Communication | |
| Talent cultivation and training | | | |
| GRI 404 Training and Education 2016 | 404-1 Average hours of training per year per employee | Employee Development and Retirement | |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | Employee Development and Retirement | |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | Employee Development and Retirement | |
| Green Product | | | |
| GRI 302 Energy 2016 | 201-1 Direct economic value generated and distributed | Green Product | |
| GRI 416 Customer Health and Safety 2016 | 201-2 Financial implications and other risks and opportunities due to climate change | Green Product | |
| Indirect economic impact | | | |
| GRI 203 Indirect economic impact 2016 | 203-1 Development and impact of investments in infrastructure and services offered | Social Inclusion | |
| | 203-2 Significant indirect economic impacts | Product and Technology Innovation | |

About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

Chapter 6
Social Inclusion

Appendices

ESG Key Performance

GRI Index

SASB Index

Third - Party Verification
Statement

SASB Index

| SASB Topic | Disclosure Item | Corresponding Chapter/Description |
|--|-----------------|--|
| GHG Emissions | TC-SC-110a.1 | Total Global Emissions (Scope 1) In 2022, there were no carbon emissions of Scope 1/Fitipower is a fabless semiconductor company with no direct emissions from related processes or factory facilities or transportation. |
| | | Total emissions from perfluorinated compounds In 2022, there were no perfluorinated compounds/Fitipower is a fabless semiconductor company with no direct emissions from related processes or factory facilities or transportation. |
| | TC-SC-110a.2 | Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets Fitipower has no carbon emissions of Scope 1. |
| Energy management in the manufacturing process | TC-SC-130a.1 | Total energy consumed Total electricity consumption in 2022 was 5,389 GJ. |
| | | Percentage grid electricity All energy used by Fitipower is externally purchased (Taiwan Power Company). |
| | | Percentage renewable Currently, Fitipower does not use renewable energy; however, it has been listed as an objective for future planning for relevant evaluation. |
| Water Management | TC-SC-140a.1 | Total water withdrawal and water consumed Total water withdrawal and consumed in 2022 were 5.39 million liter. |
| | | Percentage of each in regions with High or Extremely High Baseline Water Stress According to Aqueduct Water Risk Atlas developed by WRI's public database, all operating sites of Fitipower are located in "Low (<10%)" water stress areas. |
| Waste Management | TC-SC-150a.1 | Amount of hazardous waste from manufacturing, percentage recycled. As defined by the local law in Taiwan, waste electronic parts, scraps and defective products generated by Fitipower are non-hazardous waste in on-site storage and are hazardous waste in the treatment stage. The total waste electronic parts, scraps and defective products generated by Fitipower in 2022 was 2.207 metric tons, with a recycling ratio of 100%. |

About this Report

Contents

Preface and Introduction

Chapter 1
Value Co-creation

Chapter 2
Responsibility Sharing

Chapter 3
Partner Co-prosperity

Chapter 4
Environmental Symbiosis

Chapter 5
Labor-Management Common Good

Chapter 6
Social Inclusion

Appendices

ESG Key Performance

GRI Index

SASB Index

Third - Party Verification
Statement

SASB Index

| SASB Topic | Disclosure Item | Corresponding Chapter/Description |
|--|-----------------|--|
| Employee health and safety | TC-SC-320a.1 | Description of efforts to assess, monitor, and reduce exposure of employees to human health hazards Please refer to “Workplace Safety and Health Promotion”. |
| | TC-SC-320a.2 | Total amount of monetary losses as a result of legal proceedings associated with employee safety and health violations In 2022, there were no legal events due to employee health and safety violations at Fitipower |
| Recruiting & Managing a Global & Skilled Workforce | TC-SC-330a.1 | Percentage of employees that are foreign nationals and located offshore The proportion of foreign employees was 0.8% / the proportion of overseas employees was 5% |
| Materials Sourcing | TC-SC-440a.1 | Description of the management of risks associated with the use of critical materials Please see “Supplier Management”. |
| Intellectual Property Protection & Competitive Behavior | TC-SC-520a.1 | Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations We did not have any monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations in 2022. |
| Activity Metric | TC-SC-000.A | Total production DDICs: 550,228,000 units PMICs: 1,178,340,000 units Other chips: 104,755,000 units |
| | TC-SC-000.B | Percentage of production from owned facilities Fitipower is a fabless IC design house mainly engaging in IC R&D and design. The back-end manufacturing, packaging and testing processes are outsourced to professional fabs. Hence, the data of this index is zero. |

Third-Party Verification Statement

ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE FITIPOWER INTEGRATED TECHNOLOGY INC.'s SUSTAINABILITY REPORT FOR 2022

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION
SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by FITIPOWER INTEGRATED TECHNOLOGY INC. (hereinafter referred to as Fitipower) to conduct an independent assurance of the Sustainability Report for 2022 (hereinafter referred to as the Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during verification 2023/4/6-2023/4/25. SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

INTENDED USERS OF THIS ASSURANCE STATEMENT
This Assurance Statement is provided with the intention of informing all Fitipower's Stakeholders.

RESPONSIBILITIES
The information in the Fitipower's Sustainability Report of 2022 and its presentation are the responsibility of the directors or governing body (as applicable) and management of Fitipower. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the report content within the scope of verification with the intention to inform all Fitipower's stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2 General Disclosure 2021 for organisation's reporting practices and other organizational detail, GRI 3 2021 for organisation's process of determining material topics, its list of material topics and how to manages each topic, and the guidance on levels of assurance contained within the AA1000 series of standards and/or ISAE3000.

The assurance of this report has been conducted according to the following Assurance Standards:

| Assurance Standard Options and Level of Assurance | |
|---|---|
| A | SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000) |
| B | AA1000ASv3 Type 2 Moderate Level (AA1000AP Evaluation plus evaluation of Specified Performance Information) |

SCOPE OF ASSURANCE AND REPORTING CRITERIA
The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

TWLP55008 Issue 2302

Reporting Criteria Options

| | |
|---|---|
| 1 | GRI Universal Standard (2021) (Reference) |
| 2 | AA1000 Accountability Principles (2018) |
| 3 | SASB |

- evaluation of content veracity of the sustainability performance information based on the materiality determination at a moderate level of scrutiny for Fitipower, and applicable aspect boundaries outside of the organization covered by this report;
- AA1000 Assurance Standard v3 Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018); and
- evaluation of the report against the requirements of Global Reporting Initiative Universal Standards (2021) listed in the GRI content index where the organization has referenced for the preparation of the reported information.
- evaluate of the report against the SASB Disclosures and Metrics included in the SEMICONDUCTORS Sustainability Accounting Standard (VERSION 2018-10) and conducted alongside an evaluation of accuracy assurance at moderate level of scrutiny.

ASSURANCE METHODOLOGY
The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, ESG task force members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

LIMITATIONS AND MITIGATION
Financial data drawn directly from independently audited financial accounts and Task Force on Climate-related Financial Disclosures (TCFD) has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE
The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from Fitipower, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

VERIFICATION/ ASSURANCE OPINION
On the basis of the methodology described and the verification work performed, we are satisfied that the specified performance information included in the scope of assurance is accurate, reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.

We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity
Fitipower has demonstrated its commitment to stakeholder inclusivity through formalised commitment from the highest governing body. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, CSR experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns.

TWLP55008 Issue 2302

Materiality
Fitipower has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders. It's recommended to use appropriate criteria and thresholds to determine the significance, likelihood, and present and expected future impact of identified material sustainability topics.

Responsiveness
The report includes coverage given to stakeholder engagement and channels for stakeholder feedback. Specific performances for some current disclosures are recommended to be reported in a more balance way to address stakeholder concerns.

Impact
Fitipower has performed processes to recognize and manage the organisation's impacts that are applied across the organisation under the governance of senior management. It's recommended to defined methodology to present impacts as quantitative or monelised measurement results.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, Fitipower's CS Report of 202X, complies with the Requirements for reporting with reference to the GRI Standards set out in Section 3 of GRI 1. The significant impacts are assessed and disclosed with reference to the guidance defined in GRI 3: Material Topic 2021. The report has properly disclosed information related to Fitipower's contributions to sustainability development. For future reporting, Fitipower is suggested to prepare for the transition to reporting in accordance with the GRI Standards, with more comprehensive details of its management processes on the identified impacts on the economy, environment, and people, including impacts on their human rights. It's also encouraged to consult relevant external experts for quantitative and qualitative assessing of the impacts.

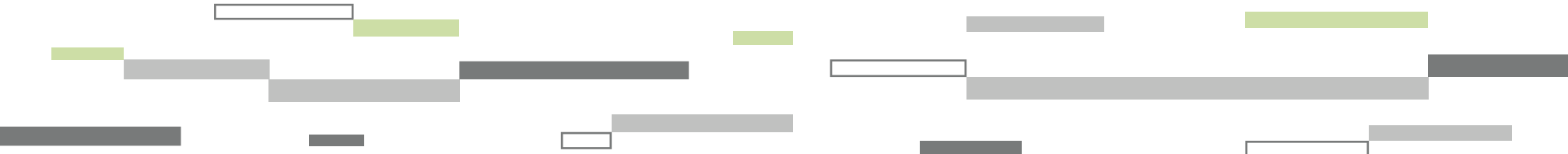
SASB CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Fitipower has referenced with SASB's Standard, TECHNOLOGY & COMMUNICATIONS SECTOR - SEMICONDUCTORS, VERSION 2018-10 to disclose information of material topics that are vital for enterprise value creation. The reporting boundaries of the disclosed information correspond to the financial data reported in Fitipower's audited individual financial statements. Fitipower used SASB accounting and activity metrics to assess and manage the topic-related risks and opportunities, where relevant quantitative information was assessed for its accuracy and completeness to support the comparability of the data reported. It is recommended that Fitipower conduct the process to identify, assess, and manage the use on critical materials to enhance continuous improvement.

Signed:
For and on behalf of SGS Taiwan Ltd.

Stephen Pao
Knowledge Deputy General Manager
Taipei, Taiwan
30 May, 2023
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TWLP55008 Issue 2302





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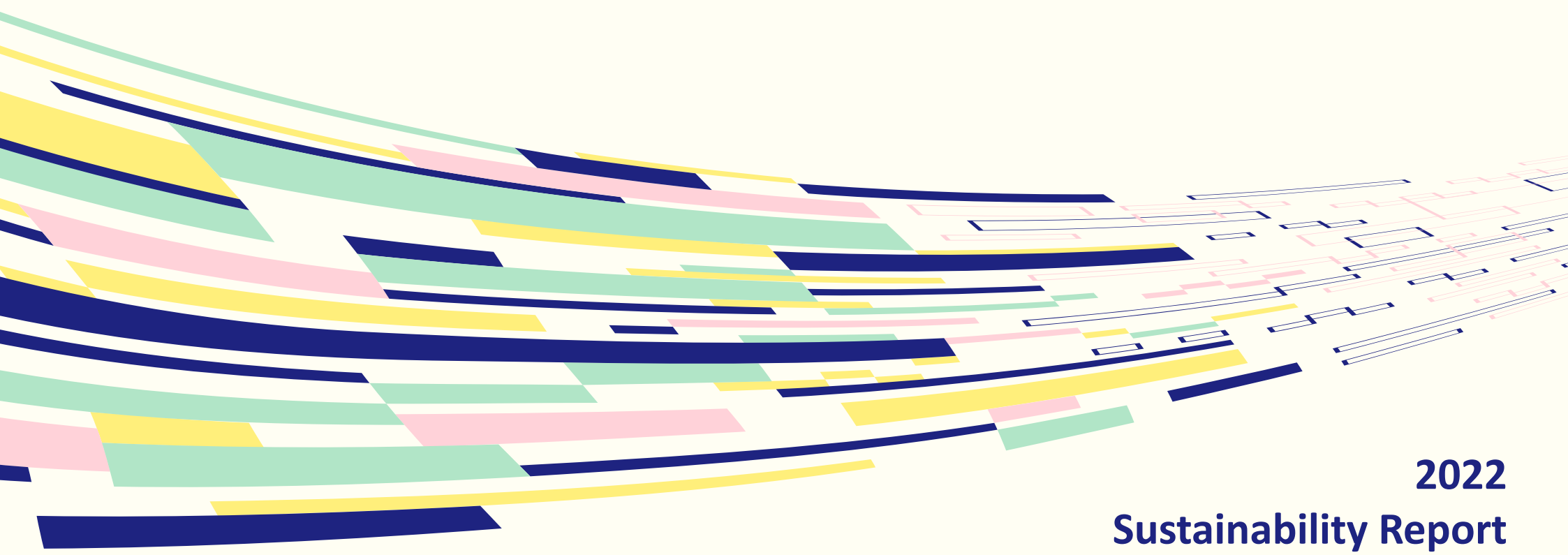
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2022 Sustainability Report