

FITIPower INTEGRATED TECHNOLOGY INC.

2021

Sustainability Report

About this Report

About this Report

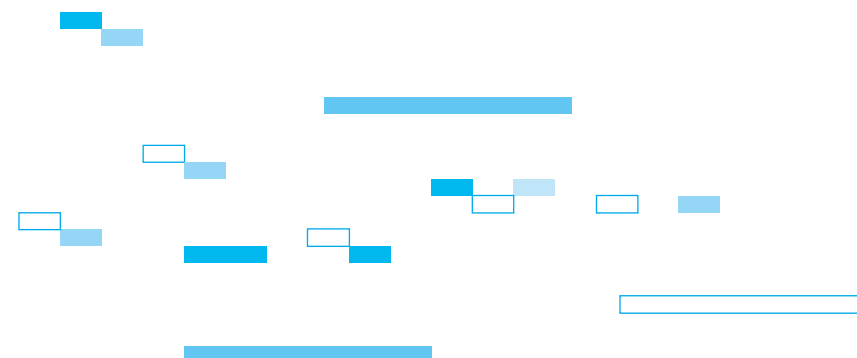
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Report Overview and Publishing

This is the second environmental, social and governance (“ESG”) report that we (Fitipower Integrated Technology Inc., Fitipower) publish on the [Sustainable Development section](#) of our corporate website for stakeholders to download and read, so as to address stakeholders expectations and needs. We will continue to disclose our ESG efforts and achievements yearly in order to achieve the corporate vision of sustainable operations through real action. The next report will be published in June 2023.

Reporting Boundary and Scope

This report discloses the core ESG information of our headquarters (HQ), and business locations in Hsinchu, Taipei, and Tainan from January 1 to December 31, 2021. The scope of disclosure covers 78.9% of the net revenue as stated in the consolidated financial statements. Although this report does not include the ESG information of our subsidiaries, the disclosed financial information (consolidated financial statements) includes the subsidiaries as shown in the organizational chart of affiliates. In addition, please refer to the respective sections for the product information involving the products and applications of respective subsidiaries.



Editing Principle

This report has been prepared in accordance with the GRI Standards of the Global Sustainability Standards Board, GSSB. In accordance with the four content reporting principles and six quality reporting principles of the GRI Standards, we use core option as content to be the principles of information disclosure. In addition, as part of the disclosure we also refer to the standards of the semiconductor industries of the Sustainability Accounting Standards Board, SASB. The content index of GRI and SASB is appended to the end of this report.

New Taiwan dollar (NTD) is the currency used in this report, while other non-financial quantitative data is expressed in internationally accepted indicators or units. The financial data disclosed in this report is extracted from our consolidated financial statements audited and certified by KPMG Taiwan with respect to the International Financial Reporting Standards (IFRS).

External Assurance

Disclosure information is provided by respective responsible department. After confirmed by each task force of the Fitipower Sustainability Committee, it is submitted to the Chairman for review. This report has been verified by SGS Taiwan for compliance with the information disclosed in this report and is also verified to comply with the requirements for the moderate assurance level of Type 2 of the AccountAbility AA1000AS v3 to ensure the reliability of information disclosed in this report. This report has been verified for compliance with the inclusiveness, materiality, responsiveness, and impact of the information contained in this report to enhance reliability. Please refer to the Third Party Assurance Statement appended to this report for detail.

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Headquarters

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Service Location

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 5F, No.73, Zhouzi St., Neihsu Dist., Taipei City 11493, Taiwan (R.O.C.)

 No. 1-148, Zhonghua Rd., Yongkang Dist., Tainan City, Taiwan (R.O.C.)

 1106, East Block, Skyworth Semiconductor Design Building, No.18, High-tech South 4th Path, Nanshan District, Shenzhen

CONTACT US

Contact Information

We value the feedback of stakeholders. If you have any recommendations or questions regarding this ESG Report, please feel free to contact us with the following methods.

Fitipower Integrated Technology Inc.

 3F, No. 6-8, Duxing Road, Hsinchu Science Park, Hsinchu City, Taiwan.

 [Stakeholders Section](#)

 Just You, Department of Sustainable Development

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The outbreak of the COVID-19 pandemic in 2020 has brought tremendous impact to the human lifestyle and the business operation. In 2021, Taiwan underwent Level 3 epidemic alert. In the circumstances, we have realized the changes in the lifestyle and the trend of the digital transformation more profoundly. Facing the announcement of the Level 3 alert, we have adopted a new normal remote work model on a staggered schedule. In respect of operational strategies, we conducted product transfer, focused on the pressure from the tight supply in the semiconductor industry, and expanded and upgraded existing markets in response to the development of the market. Though working in a flexible work model, our employees broke old records continuously and created a new milestone in the business development and financial performance. And, we make use of the trend of the ESG to accelerate our sustainable development.



Chairman and Sustainability Committee Chair

As for the environment, reduction of carbon and mitigation of climate change have become a global consensus. Many countries have announced their carbon reduction goals one after another and trading organizations have taken actions in line with the goals of the region. For example, the EU gave a shock to the industries when it announced the implementation of the Carbon Border Adjustment Mechanism (CBAM). Taiwan also presented its goal to transit toward net zero by 2050, and announced that a “carbon fee first” model will be implemented for carbon pricing. Although we are a fabless semiconductor company and the challenges are not quite urgent or direct, we know that we cannot stay out of the global green transition. Hence, we commit ourselves to the following green transition proactively: “we enhance our capacity in resource utilization and pollution prevention in operations with a green and 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.”

As for the product, in addition to insisting on total compliance with RoHS, REACH, HF and other international green standards, we will continue to engage in green product innovation to develop smaller, high-efficient (low power consumption), highly integrated, and high-quality ICs and applications. In 2021, we put seven IC products that contained green designs into mass production, and a reduction of about 7,059 tons of carbon emissions was expected as a result. We also plans to implement ISO 14001 and ISO 14064 as a basis for the environmental management and the establishment of a greenhouse gas database in order to assess the climate risks for the future.

As for society, as a professional IC design house, “talents” are our most valuable assets and the momentum for the development. In response to the rapid growth of the Company, we have created multiple recruitment channels and provided more favorable compensation and welfare. The number of our employees in the world grew to 560 in 2021. Though the manpower grew to a significant extent, the average salary of the employees was increased substantially by 60% in comparison with the previous year. In accordance with the remuneration data announced by the TWSE in 2021, both average and median pays of the non-managerial employees demonstrated a higher level among the public companies. In addition, we will participate in “The Youth's Employment Ultimate Program” of the Ministry of Labor. In addition to contributing the grant of \$108 thousand to the employees, we offer an additional bonus and double the amount (i.e. a total amount of \$216 thousand to the employees who have worked for two full years under the Program) to encourage the young people who have the same vision to

strive together! We will continue attracting the talents all over the world through multiple innovative channels to invest more resources in the R&D and improve the competitiveness of the Company on the market.

By upholding Fitipower's vision of “Leading in Smart Life. Enabling Carbon Reduction Generation”, we established the “Fitipower Environmental Foundation” this year. With “human” as the core, we encourage all the people, including pre-school children; students at elementary, junior and senior high schools as well as colleges; the general public; and associations, to join the foundation in the hope that we can play a role in the implementation of the environmental sustainability and “Circularity to Restore the Earth” based on four core strategies of “Ecological Conservation”, “Climate Change”, “Circular Economy”, and “Disaster Relief” and seven action guidelines. All of these practices will start from the family and the campus and expend to our daily life.

With respect to governance, the U.S.-China trade war, COVID-19 pandemic, and the Russia-Ukraine War that broke out this year indicate a fast-changing market environment. Companies need adequately flexible deployment and response to cope with these changes. In 2021, the Board of Directors approved the policies of “Sustainable Development”, “Human Rights and Diversity”, and “Risk Management” to strengthen the soundness of the operation and risk management. We have upgraded by 4 levels since we participated in the corporate governance evaluation. We were ranked in the top 21–35% in the 8th Corporate Governance Evaluation and this was a recognition of our practices in governance

I believe that technology not only drives the development of civilization, but also brings us a better sustainable future. In 2021, I redefined our mission to “Develop IoT applications · Drive green benefits in power management” and “Enhance the core power of R&D and talents · Provide solutions to meet market demands”. 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 HCI and integrated 5-sense interactions.

Young Lin

Chairman and Sustainability Committee Chair



ESG Vision and Management



ESG Kick-off Meeting

We deeply understand that optimizing non-financial management is the key to sustainable development, in addition to rapid business expansion and economic development. During the period when our business soared up in 2021, we established the “Fitipower Sustainability Policy” and “Fitipower Sustainable Development Best-Practice Principles” as the highest ESG guidelines of the Company. We also formed an ESG responsible unit (Department of Sustainable Development) and ESG task forces to facilitate the implementation in the three


facets of environment, society and governance. We also held an ESG kick-off meeting to exchange the opinions on the developments. The Chairman led the officials to take an oath to support the UN SDGs. We also place importance on the expectation of the stakeholders from us. In addition to conducting survey and collecting feedback, we disclose the result of the communication and the status of the Company’s sustainable development every year.

Sustainability Policy

Apart from pursuing profit growth and business expansion, we value the needs and expectations of stakeholder groups including employees, shareholders/investors, customers, suppliers/contractors, the public, and government institutions, and capture current or future ESG risks and opportunities to march toward the sustainable future with stakeholders.


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

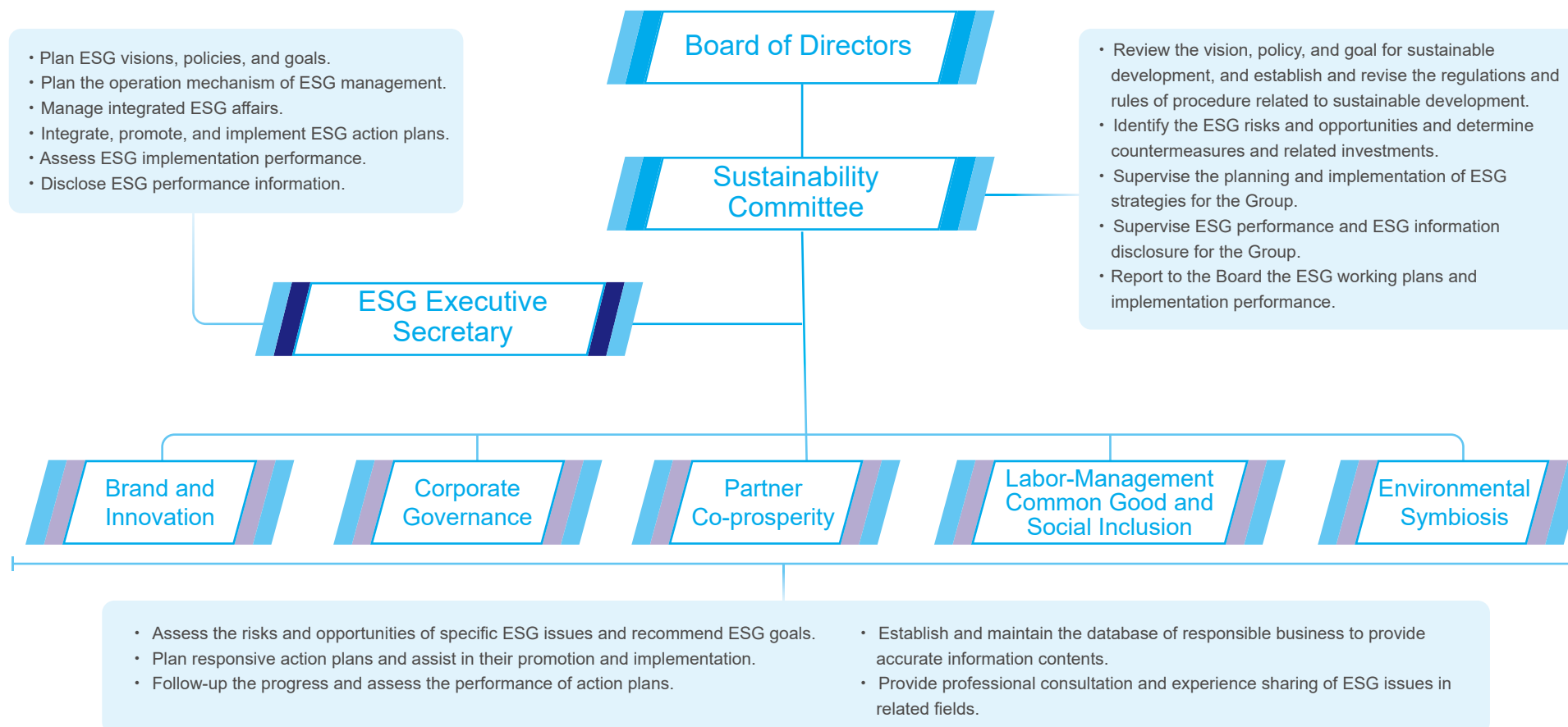


By integrating corporate and employee resources, we actively engage in social contribution activities such as care for vulnerable groups and seed cultivation to show our corporate influence to promote social harmony and inclusion.

ESG Management Framework

To make the vision of sustainable operations a reality, we have established the “Filipower Sustainability Committee” and defined its responsibilities in 2021 according to the “Sustainable Development Best-Practice Principles” and the “Organizational Regulations of Sustainability Committee”. The purpose of the establishment is to supervise and manage the sustainable development and its implementation in the facets of environment, society and governance. The responsible units fulfill their obligations through cross-functional “vertical integration” and “horizontal work division”. The Committee is a functional committee under the Board of Directors, with the Chairman as the committee chair, and its members include the President and

three independent directors. In addition to holding at least two meetings a year, the Committee submits the implementation status of the sustainable development to the Board for review and announces the result to the public. To 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.” The Committee reviews the implementation result of the sustainable development annually and plans the goals strategically for the future.



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Stakeholder Engagement and Materiality Analysis

STEP 1

Selection of Stakeholder Groups

- Identify **7** major stakeholder groups



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 Dependents, (2) Customer, (3) Shareholder/Investor, (4) Supplier, (5) Government agency, (6) Academic institution, and (7) Association.

STEP 2

Stakeholder Engagement

- Focus on **18** issues that stakeholders are concerned about
- Recover **135** 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. We also referred to the GRI Standards to focus comprehensive topic contents into 18 topics covering the economic, environmental, and social categories for subsequent questionnaire survey and analysis with the seven stakeholder groups as the target. We recovered 135 questionnaires. They will be used as a basis for the identification of the annual material topics. Besides the above standard operating procedures, we have also set up the Stakeholder Services section on our website to provide an exclusive communication and contact channel for all the stakeholder groups to maintain smooth and sound interaction with stakeholders for any questions, suggestions, and even grievances.

STEP 3

Identification of Material Issues

- Investigate the impact assessment of each issue of concern conducted by **30** members of the management and the members of the esg task force
- Identify **6** annual material issues



The senior manager of each department and the ESG task force assessed impact on the business operation with respect to the 18 issues of concern focused in the previous step based on their practical experiences and professional capabilities. A total of 30 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 the economic, environmental, and social topics was identified with reference to the "stakeholder inclusiveness" and "materiality" in the GRI Standards. Six material issues of "R&D and Innovation", "Economic Performance", "Legal Compliance", "Employment and Employee Benefits", "Customer Privacy" and "Supply Chain Management" were identified in 2021.

STEP 4

Materiality and Boundary Description

- Explain the materiality and impact scope of the **6** annual material issues one after another



After the second internal in-depth discussion and careful assessment, we decided on the six material issues for 2021. Then, based on the cause of materiality (significance to our operations) and the scope of impact, as well as our policies, commitments, goals, responsibilities, resources, and concrete actions for such material topics, we addressed each of them in this report.

▼ Material Issues Metrix



Material Issue

- 1 R&D and Innovation
- 2 Economic Performance
- 3 Legal Compliance
- 4 Employment and Employee Benefits
- 5 Customer Privacy
- 6 Supply Chain Management

Continuously Concerned









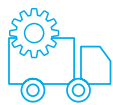

- 7 Green Product
- 8 Indirect Economic Impact
- 9 Human Rights
- 10 Labor/Management Relations
- 11 Occupational Health and Safety
- 12 Training and Development
- 13 Energy Management
- 14 Anti-corruption
- 15 Social Participation and Impact
- 16 Waste Management
- 17 Employee Diversity
- 18 Water Management

▼ Boundary of Material Issues




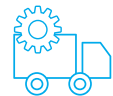





● Direct Impact ○ Contributive Impact ▲ Business Impact

Material Issue	Significance to Operations	Within the Org.	Outside the Org.						GRI Topic	Chapter
R&D and Innovation	We are a company without semiconductor fabs. Satisfaction of various customer demands with a total solution is the core of our business operations. Facing the constantly advancing technology, we always actively input resources in innovation and R&D to ensure the advantageous position of our products on the market.	●	▲	○	○	○	●	○	Self-Defined Topics	1.2 Product and Technology Innovation
Economic Performance	Continuous growth of the finance operations is the root for the sustainable development of a company. We develop oligopolistic and niche products with our outstanding innovation and R&D capabilities and establish a well-developed management system and culture to build a sturdy structure allowing us to maintain steady growth and pursue sustainable operations regardless of the unknown risks in the future.	○	▲	●	▲	○	○	○	GRI 201 Economic Performance	1.1 About Fitipower
Employment and Employee Benefits	“Employees are the most important organizational asset.” This is exceptionally important to the semiconductor design industry requiring nonstop innovation and breakthroughs. Hence, only attracting key talents with multiple manpower structure deployments and competitive compensation and welfare can give the Company the momentum of business operations on an ongoing basis.	●	▲			○	○		GRI 202 Market Presence GRI 401 Employment GRI 405 Diversity and Equal Opportunity	5.1 Talent Hub 5.4 Considerable Wages and Benefits

Material Issue	Significance to Operations	Within the Org.	Outside the Org.						GRI Topic	Chapter
										
 Customer Relationship and Privacy	In the time of knowledge economy, business information protection is exceptionally a critical issue. Hence, by putting ourselves in the customer's shoes, we prioritized customer privacy as the key of customer relationship to maintain mutual trust with customers and stabilize a robust common good model with them.	○	▲	○	○	○			GRI 418 Customer Privacy	2.4 Cybersecurity 3.1 Customer Service
 Supply Chain Management	To ensure the sufficiency of operational resources and the stable and smooth operations of the supply chain and constant product quality upgrading, we spare no effort in diversifying supply sources to ensure timely second source support. We have also developed a well-established supplier management system to closely assess suppliers. With the grading system, we identify suppliers qualified for in-depth cooperation to maintain the high-standard output of the supply chain.	○	○	○	▲	○			GRI 204 Procurement Practices GRI 308 Supplier Environmental Assessment GRI 414 Supplier Social Assessment	3.2 Supply Chain Management 4.1 Green Product
 Talent cultivation and training	Customer 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 as well as a good learning environment and a fair promotion system provide a sound support for strengthening the R&D of the Company.	●	○		○	○	●	○	GRI 404 Training and Education	5.3 Employee Development

▼ Communication with Major Stakeholders

Stakeholders	Concerned Issues	Mechanism	Frequency	Communication Performance
 Employee or Dependents	<ul style="list-style-type: none"> • R&D and innovation • Employment and employee benefits • Financial performance • Training and education • Labor/Management relations 	Please refer to the “Multiple Communication Channels” under the chapter “Labor-Management Communication”		<ul style="list-style-type: none"> • Employee identification • Employee grievance rate • Talent retention status
 Customer	<ul style="list-style-type: none"> • Customer privacy • R&D and innovation • Occupational health and safety • Supply chain management 	Customer relationship management (CRM) system	Real-time	<ul style="list-style-type: none"> • Customer satisfaction • Customer grievance rate and handling status
		Fitipower Website	Real-time	
		External communication emails	Real-time	
		Quarterly business meeting	Quarterly	
		Customer satisfaction survey	Yearly	
 Shareholder/Investor	<ul style="list-style-type: none"> • Economic performance • Indirect economic impact • Green product • Human rights 	Customer meetings	Irregular	<ul style="list-style-type: none"> • Financial performance • Management strategy
		Investors section on the Fitipower website	Real-time	
		Annual financial report	Yearly	
		Annual general meetings of shareholders (AGM)	Yearly	
		Investor conferences	Quarterly	
 Supplier	<ul style="list-style-type: none"> • R&D and innovation • Customer privacy • Supply chain management 	Market Observation Post System (MOPS)	Real-time	<ul style="list-style-type: none"> • Supplier audit pass rate • Status of signing of the Environmentally Restricted Substances Undertaking
		Quality meeting	Yearly	
		Supplier audit	Irregular	
 Government Agency	<ul style="list-style-type: none"> • Occupational health and safety • Legal compliance • Anti-corruption • Labor/Management relations 	Whistleblower mailbox (wb@fitipower.com)	Real-time	<ul style="list-style-type: none"> • Status of legal and regulatory compliance • Involvement in government policy • Corporate Governance Evaluation
		Market Observation Post System (MOPS)	Real-time	
		Official documents	Irregular	
		Oversights and audits of competent authorities	Irregular	
 Academic Institute	<ul style="list-style-type: none"> • R&D and innovation • Economic performance • Employment and employee benefits • Employee diversity • Human rights 	Policy/seminar, symposium, and public hearing	Irregular	<ul style="list-style-type: none"> • Status of talent cultivation and recruitment • Industry-academia collaboration result • Concrete planning for expanding social contribution
		Fitipower Website	Real-time	
		External communication emails	Real-time	
		Campus talent recruitment	Yearly	
 Association	<ul style="list-style-type: none"> • Green product • Energy management 	Industry-academia collaboration projects	Irregular	<ul style="list-style-type: none"> • Participation in association's events • Impact of national development strategy
		General assembly	Depending on the Org.	
		Seminar, etc.	Irregular	



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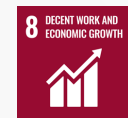
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Corresponding Material Issues



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 well-being and environmental protection to realize our brand vision: Drive your heart, Power your life.



1.1 About Fitipower

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Target 	Short Term (2022~2023)	
	<ul style="list-style-type: none">• Fitipower website rebuilding• Shorten the disclosure period of the quarterly financial statements to less than 30 days.• Building the Fitipower Environmental Foundation website	
Evaluation Mechanism 	Medium to Long Term (2024~)	
	<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.	
Responsibility 	<ul style="list-style-type: none">• Financial indicators and stock value• Management strategy	Major Stakeholder 
	<ul style="list-style-type: none">• Management team/ Board of Directors• R&D unit• Finance unit	Communication Mechanism 
		 Shareholder/Investor
		<ul style="list-style-type: none">• Corresponding to the aforementioned stakeholders; refer to the “Communication with Major Stakeholders.”



Date of Foundation	1995
Company Type	Public company (TWSE 4961)
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	\$1.865 billion (12/31/2021)
Operating Revenue	\$22.868 billion (2021)
Employee Count	560 (12/31/2021)



Fitipower Integrated Technology Inc. was founded in 1995 and became a public company in 2018 upon approval of the application (TWSE: 4961). We are a professional IC design house. With outstanding capacity in the R&D of analog, digital and mixed signals, our products cover panel driver ICs, power management ICs, and other total solutions. We provide various IC products including T-CON ICs. Our headquarters is located at Hsinchu Science Park.

Vision and Mission

Currently, we have locations in Neihu of Taipei, Tainan, and Shenzhen of China. Over 90% of business is export-oriented, with Asia as the target market. Looking out to the future, we will constantly deepening R&D capacity and maintain steady operations with careful steps, hoping to become a world-class IC design house.

Vision



Leading in Smart Life • Enabling Carbon Reduction Generation

We believe that "we should protect our planet where we grow in the process of the intellectualization, and create a beautiful future" and hope that our employees can uphold the five core values of "Customer Orientation", "Integrity and Accountability", "Initiative", "Continuous Improvement", and "Communication and Coordination", understand and satisfy the expectations of the customers through communication, do our jobs in a responsible and dependable manner, and face the challenges and take positive actions to make improvement continuously and accomplish our visions and missions.

Mission



Develop IoT Applications • Drive Green Benefits in Power Management Enhance the Core Power of R&D and Talents. Provide Solutions to Meet Market Demands

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 HCI(HCIse) and integrated 5-sense interactions.

Financial Performance

In 2021, the business opportunities from WFH/SFH and stay-at-home economy and the tight supply in the semiconductor industry boosted the high demand for panels, and overall average panel price kept rising as a result. Due to the severe shortage of PMIC, the keen price competitions in previous years turned into runs for products. While the cost kept rising, product selling prices were raised continuously, raising the overall revenue.

In 2021, the supply quantity in 2021 was 2.27 billion pieces (DDIC: 840 million pieces; PMIC: 1.13 billion pieces; other ICs: 300 million pieces) and the operating revenue was NT\$22.8 billion, double the amount in the previous year with a growth rate of about 110%. The market capitalization reached up to \$52.6 billion with a growth rate of 157% compared to the previous year.

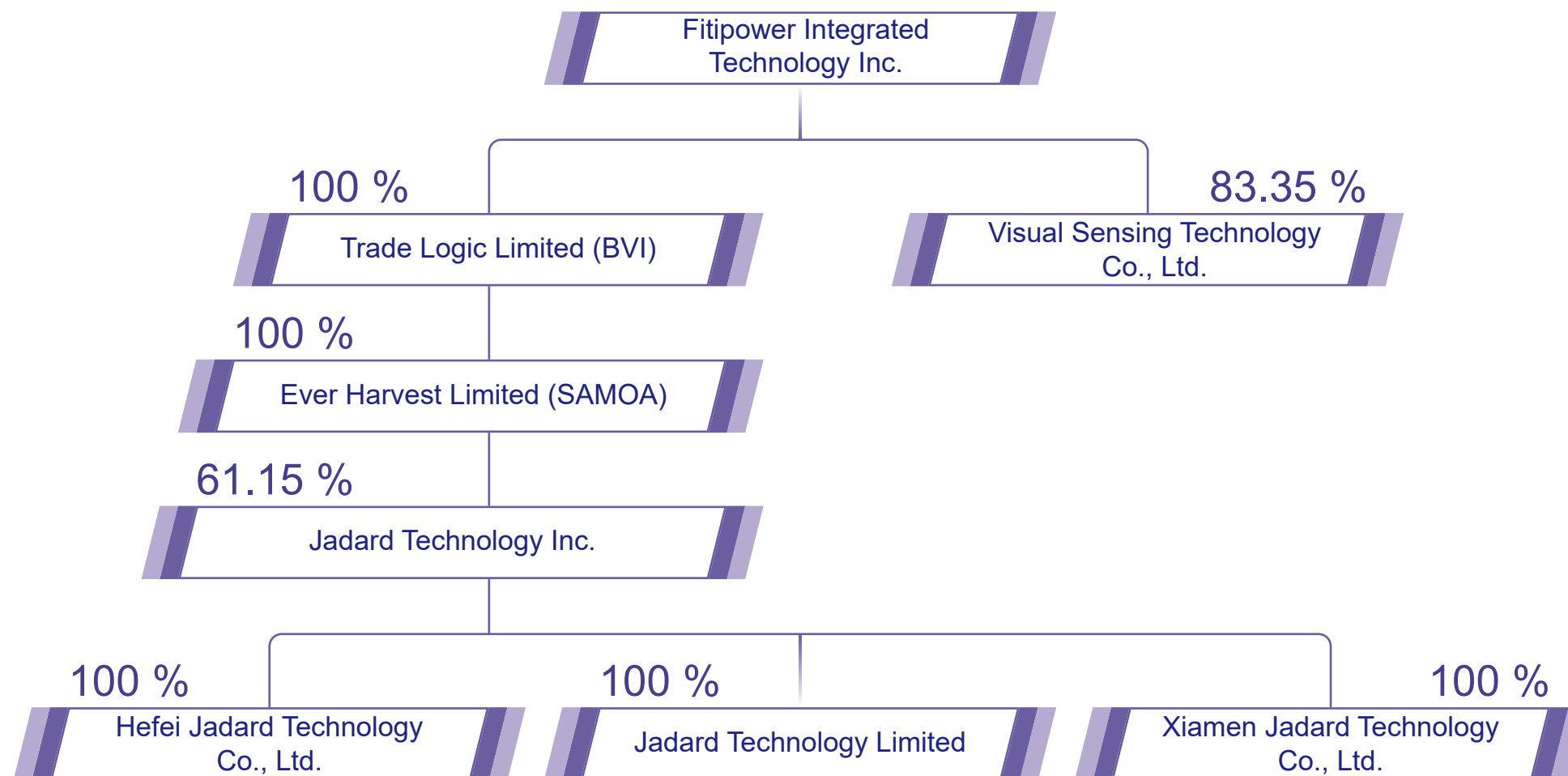
Item	Subitem	2019	2020	2021
Direct economic value generated	Net sales (NT\$ thousands)	9,166,293	10,879,700	22,868,238
	Income from financial investments (NT\$ thousand)	0	318	6,702
	Income from asset sales (NT\$ thousands)	17522	0	43
Economic value distributed	Operating costs (NT\$ thousands)	7,780,902	9,027,152	12,794,460
	Employee wages and benefits (NT\$ thousands)	1,015,329	1,072,231	2,337,095
	Payments to providers of capital (NT\$ thousands)	211,691	165,314	415,549
	Payments to government (NT\$ thousands)	55,638	107,504	1,410,441
	Community investments (NT\$ thousands)	0	0	200
	Economic value retained^{Note1}	120,255	507,817	5,917,238
Investment value	Return on equity	8.21%	15.94%	60.39%
	Return on assets	5.34%	9.71%	38.14%
	Gross margin	19.92%	21.89%	46.63%
	Operating margin	3.85%	7.29%	33.75%
	Profit margin	3.37%	6.73%	27.94%
	EPS (NT\$)	1.92	4.07	33.83
	Cash dividend per share (NT\$)	1	2.5	17
	Market capitalization (NT\$100m)	62	205	526
Others	Government grants (NT\$ thousands)	61,512	97,902	45,218

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: VISUAL SENSING TECHNOLOGY CO., LTD. conducted capital injection in December 2021. The shareholding ration increases from 76.47% to 83.35% after increase of the capital.

Note 2: JADARD TECHNOLOGY INC. made an investment to establish XIAMEN JADARD TECHNOLOGY CO., LTD. on August 5, 2021.

1.2 Product and Technology Innovation

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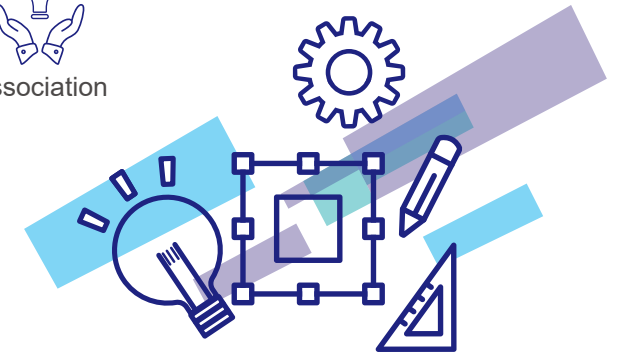
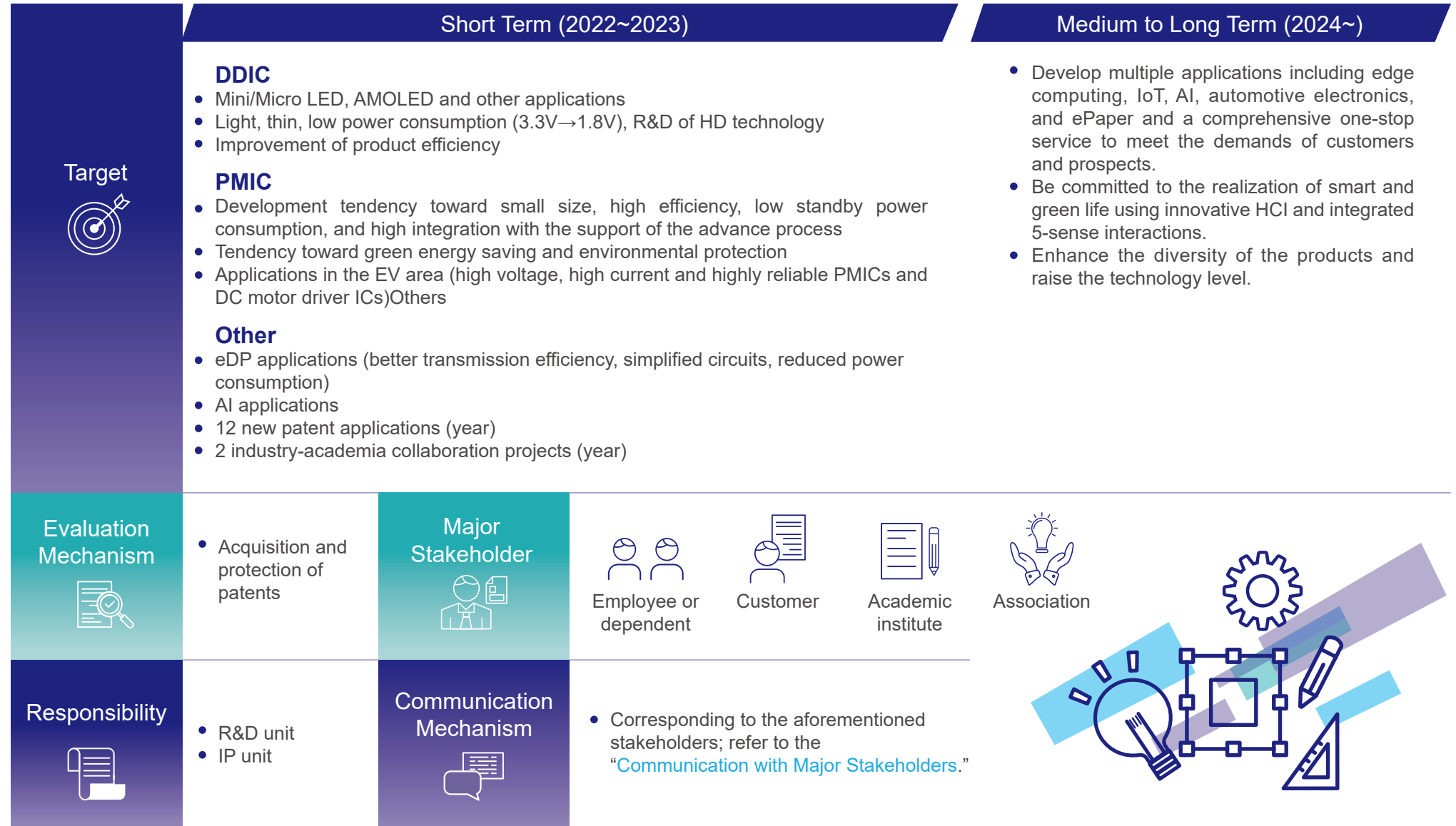
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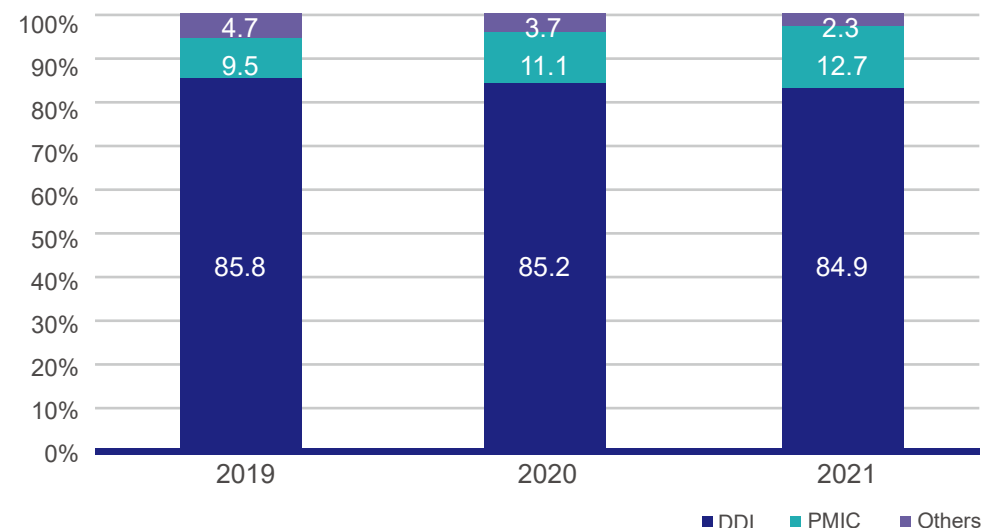
Make Life Smarter - *Drive* Your Heart

The maturity and promotion of 5G technology and the expansion of application of the Internet of Things (IoT) bring about unprecedented growth of the display, sensing, and power control equipment markets. We are dedicated to the driver ICs in the panel application field in response to the panel technology needed for the IoT human-computer interaction in the future, such as the growing demands for high resolution, multiple screen sizes, and experience applications. Our products cover smart phones, smart wearable devices, smart retails, smart services, smart manufacturing, smart safety protection, digital home apparatuses, and many other applications, and are recognized and used by world-leading manufacturers. As a leading company in the R&D technology of integrated driver ICs, we have our own design capabilities and technologies acquired from the R&D investment over the past years. By integrating the R&D and manufacturing resources and collaborating with international leading semiconductor and packaging companies, we take a lead position in the AI and IoT era and strive for the welfare of human beings with our core product technologies.

Keep Earth Cleaner - *Power* Your Life

In PMIC, 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 IC. The rising awareness of environmental protection also makes the power efficiency of electronic products a target of improvement. By actively develop high-performance PMIC for various electronic products, we hope to enhance power efficiency and maintain environmental protection at the same time. We also make full cooperation with the government's 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.

▼ Revenue Proportion of Major Products



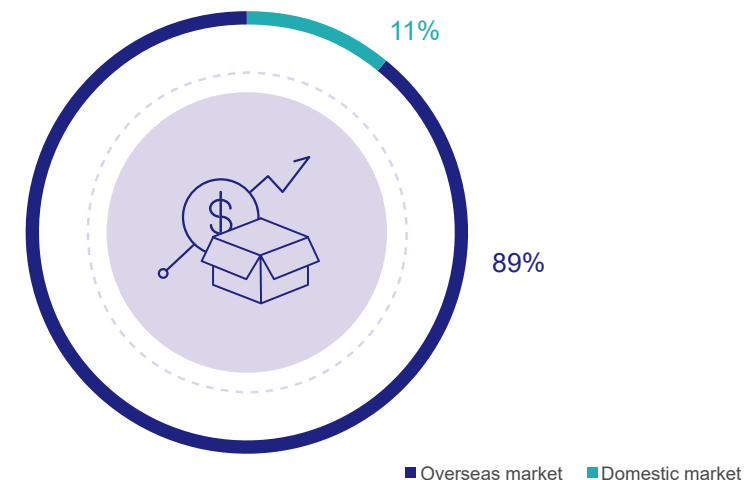
Note:

DDI: includes large-sized Source Driver ICs, large-sized gate driver ICs, and small-sized integrated driver ICs.



PMIC: includes switching regulator ICs, linear regulator ICs, and power management integration elements.

Others: include voice coil motor (VCM) motor ICs and fast charging protocol.

▼ Product Sale in 2021



Product Applications (Core Strength)

 Fitipower Products
 Jadard Products

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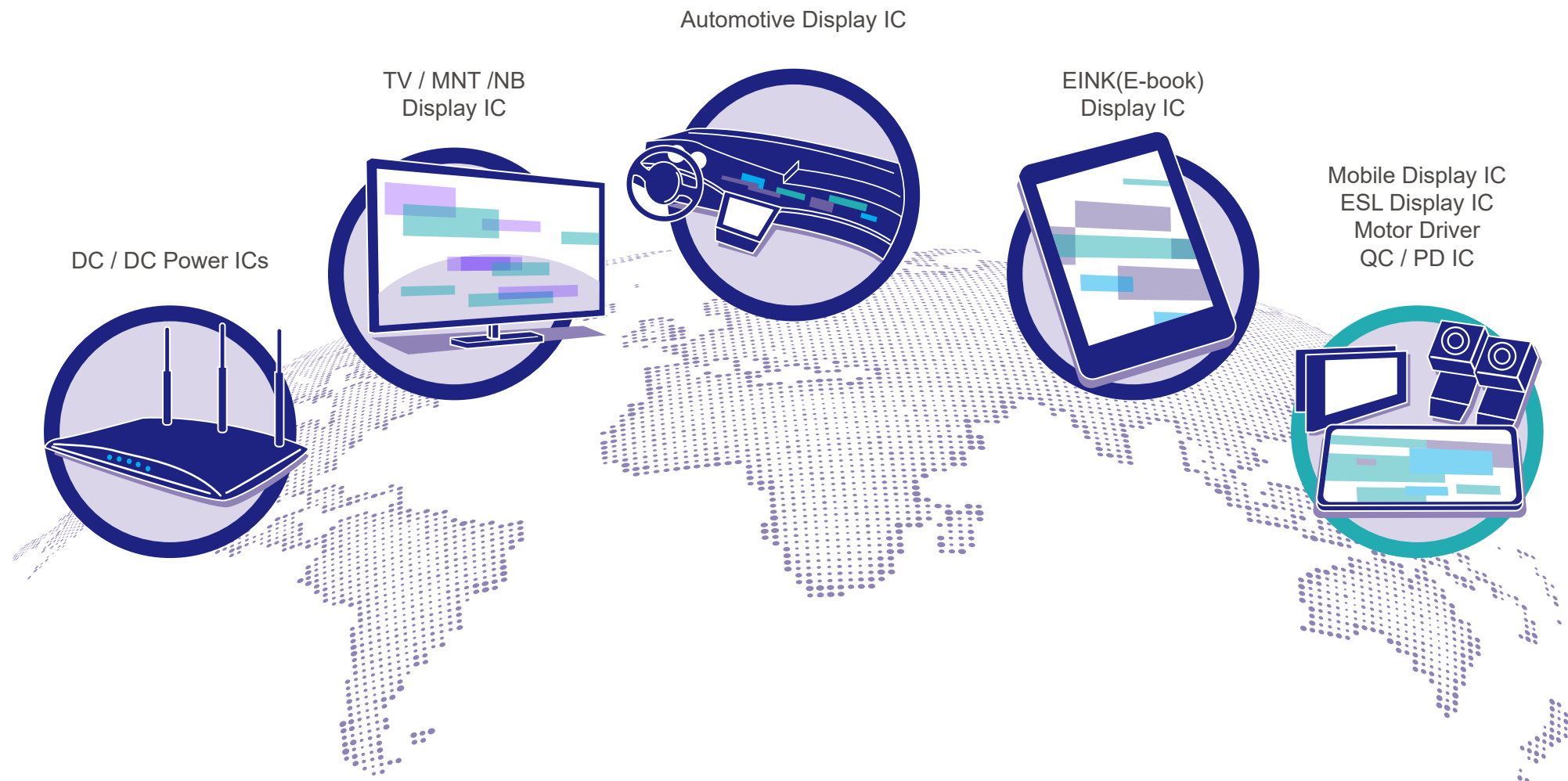
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Leading Technology

▼ Total Solutions for Panel Driver ICs

As a result of 5G technology development, the COVID-19 pandemic, and the advocacy for zero carbon emissions, the frequency of human transportation and mobility has reduced significantly, thus popularizing virtual meetings through cloud computing. To maintain zero time-difference in communication and enhancing the effectiveness of virtual interaction, the high-resolution picture effect became the key to success. In addition, the rise of work from home (WFH) and school from home (SFH) also significantly raised the demand for laptop computers and displays. We provide customers with one-stop integrated services of panel driver ICs.

- Industry-leading total solutions for mass production with Energy 8.0 products and development of Energy 9.0 products.
- Industry-leading ultralow energy-consumption solutions for laptop FHD.
- Industry-smallest TV driver IC increases the yield per wafer for the effective use of Earth's resources.

▼ EPD Driver ICs

We are a major supplier of global EPD driver ICs. The imaging principle of ePaper makes it have the effect similar to that of a paper-based display. It protects eyes 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 capability of the students. The rise of e-learning has driven the overall growth of the e-readers. eNote is another highlight in demands. In addition to the aforementioned features, the product can reduce the consumption of paper and is helpful for conservation of the resources on the planet. Therefore, we input resources in the development of products with larger sizes in response to the tendency of enlarged displays from existing 6" to 10.3" or even 13.3". Due to this change, we make more effort to reduce the required driving voltage while optimizing the 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.
- Industry-unique low-voltage high-driving-power EPD driver IC.
- Industry-unique lower-power-consumption, multiple switch display driver IC.

▼ Various PMICs^{Note}

Using the bipolar-CMOS-DMOS (BCD) process, our PMIC are equipped with highly integrated MOS switches, mixed signals, and simulation components to enable ultrahigh efficiency even though working load is light. With 100% duty ratio in power voltage convertors, they allow customers to operate at low dropout to save costs and energy.

- 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.)

Note: DC-DC buck ICs and boost ICs, Low-dropout linear regulators, USB power switches, LED drivers, DC brushless motor drivers, EPD PMIC

▼ ESL Display Driver IC^{Note}

The new retailing model has driven the online-offline fusion and the real-time synchronous information display has become an urgent need. These and the 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.

- Industry-unique unbreakable chip detection with an active feedback mechanism to remind shop owners of ESL damage to reduce the waste of patrol and verification labor.
- Industry-leading 3-inch high-resolution driver ICs which significantly enhance display effect to substantially raise customer satisfaction.
- Leading development in energy-harvesting driver ICs to realize the battery-free vision.

Note: ESL is Jardard's product.



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R&D and Patent

Facing the 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. In 2021, besides an R&D team of 171 members, we invested a total of NT\$2.169 billion in R&D, accounting for 9.5% of the 2021 revenue. To encourage R&D for patents, we amended the “Patent Proposal Rewarding Regulations” and increased the upper limit of the reward for acquisition of international patent rights. One new patent^{Note} was approved in 2021 and there were a total of 69 effective 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.

Note: Approved patent in 2021 (Operational amplifier circuit and display apparatus with operational amplifier circuit for avoiding voltage overshoot)

Joining in External Organizations

- The Allied Association for Science Park Industries
- Taiwan Semiconductor Industry Association (joining in 2021)
- Taiwan Panel & Solution Association (joining in 2021)
- IEEE Xplore (joining in 2021)

Specializing in DDIC and PMIC, our products covering panel driver ICs, T-CON ICs, and PMIC for displays are widely used on smart home TVs, advanced commercial computer monitors, laptop computers, and power management. In the future, we will be dedicated to extending the applications of low-power-consumption intelligent IoT (AIoT) and high-performance EV-related IC products. 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}. 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. In terms of PMIC, our products are mainly used on network communication products and other computer, consumer electronics, and communication products. While high efficiency and low standby power consumption are recently required, energy-efficient products are our current focus. We will follow the trend of EV development to engage in the R&D of high-voltage, high-current, and high-reliability products.

Note: 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.

DDI		PMIC	
• Multiple ICs in discrete architecture		• HV COT voltage drop structure	
• IC combination among systems		• Multiphase HC voltage drop structure	
Computer and Display	TV	Network Communication Device	Electrical Vehicle
• Network communication of low power consumption	• Larger size	• Small size	• High voltage
	• High resolution (8K/4K)	• High efficiency	• High current
	• High refreshing rate	• Low power consumption	• High reliability
	• GSM noise resistant and low touch noise ^{Note 1}	• High integration	
	• Enhancement of buffer driving capacity and narrow-bezel applications ^{Note 2}		
	• Increased speed of data transmission interface ^{Note 3}		
	• Electrical vehicle		

Note 1: Circuit technologies include charge recycle, dynamic on/off, high PSSR bandgap LDO, differential mode noise cancellation, and signal dynamic amplitude adjustment.

Note 2: Circuit technologies to enhance driving capacity and narrow-bezel applications include output impedance reduction, fast gamma charging, fan-shaped output compensation (FOC), and gate delay compensation (GDC).

Note 3: Transmission interface technologies include adaptive EQ, offset calibration, automatic band selection, and high PSRR LDO for enhancing interface noise interference.





Responsibility Sharing



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 develop the core literacy and attitude required for sustainable development.

2.1 Governance Regulations and Framework

	Short Term (2022~2023)		Medium to Long Term (2024~)	
Target	<ul style="list-style-type: none">Board meeting attendance > 85%Average study hours per director 6 hoursTWSE's Corporate Governance Evaluation raked among 21%~35%No significant defects in internal control review		<ul style="list-style-type: none">Board meeting attendance > 90%Average study hours per director 6 hoursTWSE's Corporate Governance Evaluation raked in top 20%No significant defects in internal control review	
Evaluation Mechanism	<ul style="list-style-type: none">Annual internal audit reportTWSE's Corporate Governance Evaluation		<div>Major Stakeholder</div> <div> Employee or dependent</div> <div> Government agency</div>	
Responsibility	<ul style="list-style-type: none">Board of DirectorsManagement teamInternal Auditing(IA)		<div>Communication Mechanism</div> <ul style="list-style-type: none">Functional Committees under the Board of Directors (Compensation Committee, Audit Committee, Sustainability Committee)Corresponding to the aforementioned stakeholders; refer to the "Communication with Major Stakeholders."	



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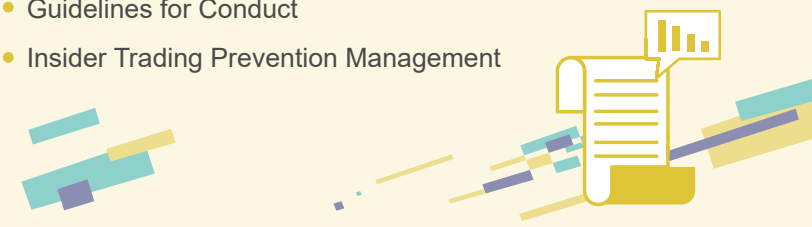
We understand that an open and transparent governance system and the composition of organization are essential. The Company has established internal regulations to ensure the responsibility-authority consistency of the governance organizations and individuals. And, through the supervision and balance 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 the employees of the Company to take further education courses to ensure that the judgements and policies made by the highest governance team, including the employees of individual units, comply with the Company's operational goals, and they can understand the changes to the global industries and the countermeasures needed to cope with these changes.

The Company set up the position of Chief Governance Officer (CGO) in 2020 and the Board of Directors appointed Ms. Daphne Chen as the CGO on November 8, 2021 and a corporate governance specialist was designated for her, mainly in charge of the matters related to the meetings of the Board of Directors, Audit Committee, Compensation Committee and shareholders, and assistance with the inauguration of the directors and their further education, and preparation of the materials needed for them to carry out their duties.

We participated in the Corporate Governance Evaluation for the first time in 2020 and was ranked the 80%-100% among listed companies, allowing us to understand the misunderstanding caused by insufficient information disclosure and pushing us to make immediate improvement. Apart from establishing the Sustainability Committee in 2021, we also published the first Fitipower Sustainability Report to disclose more about our performance in E (Environmental), S (Social) and G (Governance). We also rebuilt the corporate website (will be launched in 2022) with optimized interfaces to facilitate user access, and updated fuller and more accurate information in real time to facilitate information retrieval. When we published this Sustainability Report, we got promoted to the ranked 21-35% in the 8th Corporate Governance Evaluation.

▼ Important Internal Regulations

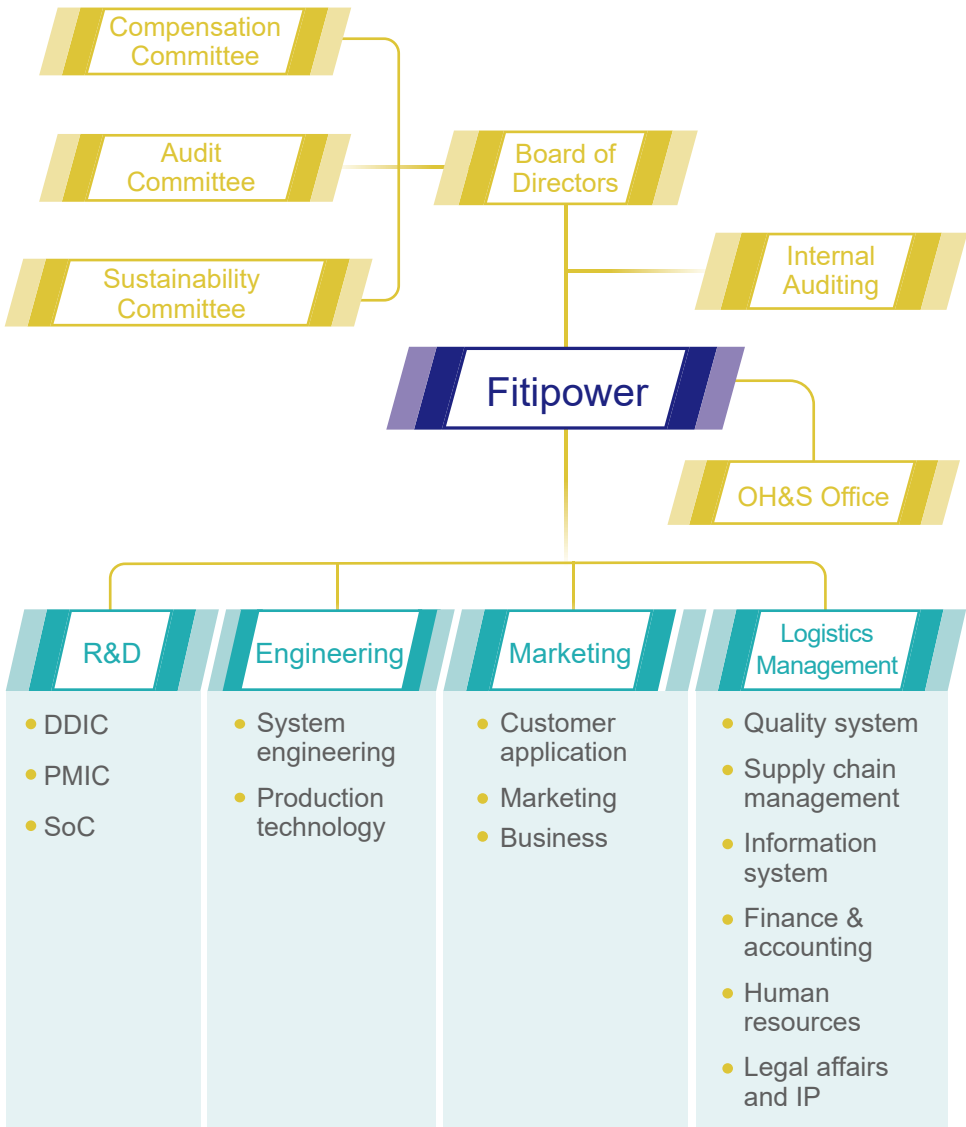
- Articles of Incorporation
- Corporate Governance Best Practice Principles
- Procedures for Loaning Funds to Others and Making Endorsements and Guarantees
- Procedure for Acquisition or Disposal of Assets
- Internal Material Information Handling Procedure
- Rules of Procedure for Shareholders' Meetings
- Rules of Procedure for Board of Directors Meetings
- Procedures for Election of Directors
- Board of Directors Performance Evaluation Regulations
- Sustainable Development Best Practice Principles
- Organizational Regulations of Sustainability Committee
- Fitipower Risk Management Policy and Procedure
- Internal Audit Implementation Regulations
- Ethical Corporate Management Best Practice Principles
- Procedures for Ethical Management and Guidelines for Conduct
- Guidelines for Conduct
- Insider Trading Prevention Management



Further Education Courses

Target	Course	Total Training Hours
Board member	<ul style="list-style-type: none">The Value of the Cybersecurity in the Post-Epidemic Era and U.S.-China Trade WarDigital Transformation, Its Prospects, and New Thought on Risk ManagementLegal Regulations on Insider Trading and Analysis of Practical Cases5G Advanced Digital Communication and IoTDevelopment Trend of AI Chips and Product ApplicationsThe Tendency of the Corporate Group’s Tax Management in the Transformation Era of the Supply ChainInternational Tax and Transfer Pricing in the Epidemic Environment	42
CGO	<ul style="list-style-type: none">Important Issues about “Shareholders’ Meeting” and “Company Act” and Analysis of Implementation PracticesChallenge and Protection of Intangible Asset - Trade Secrets and Non-CompeteChanges in the Materiality Standards of False Financial Statements in Practice and Determination of the Responsibility among the Directors and SupervisorsLegal Liabilities in Corporate Fraudulence and the Investigation and Trial Procedures in Practice	18
Accounting officers	<ul style="list-style-type: none">Further Education Class for the Accounting Officers of the Issuers, Securities Firm and Stock Exchanges	12
New Employees	<ul style="list-style-type: none">Ethical Corporate Management Best-Practice Principles	214
All Employees	<ul style="list-style-type: none">An Overview of Trade Secrets	261.5
Total		547.5

Fitipower Organizational Chart



Note: The Fitipower Sustainability Committee was established on May 31, 2021.

Board of Directors

Responsibility	<ul style="list-style-type: none">• Establish important internal regulations, contracts, and procedures (including articles of association of the governance organization; meeting rules; and procedures for material financial business including disposal of assets, derivatives trading, loaning funds to other, making endorsements and guarantees for others).• Resolve important matters (including management decisions and operation plans; increase and decrease of capital funds, reinvestment, major donations).• Supervise the operation and implementation status of the Company (e.g. financial performance and non-financial implementations).• Evaluate performance and appoint/dismiss managerial officers of finance, accounting and internal audit.		
Member	<p>The Board of Directors is composed by four directors and three independent directors. In addition to the expertise and comprehensive core competencies, we also value the conduct, integrity, reputation, and independence in Board member selection to ensure 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 manufacture business, industry, and investment corporation. We also ensure the diversity and inclusivity of Board members. Two of the seven directors are female, accounting for 29%. Five members are aged 51-60 years and two aged 61-70 years; 29% of Board members are also employees and 43% are independent directors.</p>		
Convention Frequency	The Board must hold meetings at least once a quarter. Nine Board meetings were held in 2021.	Attendance Rate	96.83% (Target: 80%)



- 2.1 Governance Regulations and Framework
- 2.2 Legal Compliance and Ethics
- 2.3 Risk Management
- 2.4 Cybersecurity

▼ Board Member Diversity and Competency

Job Title	Name	Gender	Age Group	Major Education Attainment	2021 Board Meeting Attendance
Chairman	Young Lin	Male	50 and above	Education: PhD in Electrical Engineering, UC Santa Barbara, USA. Experience: Engineer, ALi Corporation; Manager, Hon Hai Precision Industry Co., Ltd.	100%
Director	Gene Liu Representative, Hung Yang Venture Investment Co., Ltd.	Male	50 and above	Education: PhD in Electronics Engineering, National Chao Tung University. Experience: CTO, Cavium Inc. (Taiwan)	78%
Director	William Lo Representative, Hung Yang Venture Investment Co., Ltd.	Male	50 and above	Education: MS in Nuclear Engineering, National Tsing Hua University. Experience: Senior Technology RD AVP, ProMOS Technologies Inc.	100%
Director	Sophia Chiu	Female	50 and above	Education: Graduate Institute of Electronics Engineering, National Chao Tung University. Experience: Director, Hualon Microelectronics Corporation; Director, Hualon Electronics Corporation.	100%
Independent Director	Nina Chen	Female	50 and above	Education: MA, University of British Columbia, Canada. Experience: Chief Cost Accounting Officer, Integrated Circuit Solution Inc.; Chief Accounting Officer, Rtdisplay Corporation; Chief Financial Officer, STARTEK Engineering Inc.; Chief Financial Officer, Art Analog, Inc.	100%
Independent Director	Ted Yao	Male	50 and above	Education: MA, Department of Finance, National Taiwan University; MS in Electrical Engineering, University of Southern California, USA. Experience: VP, Xubang Investment Consulting; President, Taya Venture Investment Corporation.	100%
Independent Director	Michael Liu	Male	50 and above	Education: Department of Electronic Engineering, Fu Jen University Experience: Chief Engineer and Sales Manager of HP Taiwan; Automation Engineer of Nan Ya Plastics; Vice President of Puxun Venture Investment Co., Ltd.	100%

Note: he Board expired and was fully elected in May 2021. The next term will expire in May 2024.

- Operational Judgement Ability
 - Accounting & Financial Analysis
 - Operational Management Ability
- Crisis Handling
 - Industrial Knowledge
 - International Market View
- Leadership Ability
 - Decision-Making Ability



Functional Committees under the Board of Directors

Audit Committee

Responsibility	<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	The Audit Committee of the Fitipower is mainly composed by 3 independent directors elected at the shareholders’ meeting.		
Convention Frequency	The Committee must hold meetings at least once a quarter. Eight meetings were held in 2021.	Attendance Rate	100%

Compensation Committee

Responsibility	<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	The Compensation Committee of the Fitipower is composed by 3 independent directors elected at the shareholders’ meeting.		
Convention Frequency	The Committee shall hold at least three meetings every year. Extraordinary meetings may be held whenever needed. Five meetings were held in 2021.	Attendance Rate	100%

- 2.1 Governance Regulations and Framework
- 2.2 Legal Compliance and Ethics
- 2.3 Risk Management
- 2.4 Cybersecurity

Sustainability Committee

Responsibility	<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	The Sustainability Committee of the Fitipower is composed by 3 independent directors elected at the shareholders' meeting.		
Convention Frequency	The Committee shall hold at least two meetings every year. Extraordinary meetings may be held if needed. Two meetings were held in 2021.	Attendance Rate	100%

Note: We established the Sustainability Committee under the Board of Directors in 2021 to supervise and manage the Company's efforts in promoting sustainable development in ESG terms. Please refer to the "ESG Vision and Management" section of this report for details.



Internal Auditing (IA)


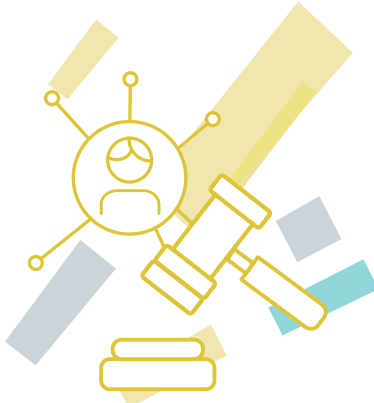
Responsibility	<ul style="list-style-type: none">Assess the internal control system of the Company and the soundness, reasonableness and effectiveness of each management system.Assess the efficiency of each department and unit of the Company in the implementation of the plans or policies and their specific 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	We have a chief internal auditor dedicated to the internal audit related matters.		
Annual Audit Results	Every item shall be audited at least once a year. 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 according to the “Regulations Governing Establishment of Internal Control Systems by Public Companies”. No internal deficiencies were identified in 2021.	Ratio of Improvement to Deficiency	N/A

Internal Audit

Internal Audit Management Process



2.2 Legal Compliance and Ethics

	Short Term (2022~2023)		Medium to Long Term (2024~)	
Target	<ul style="list-style-type: none">No significant violation casesEstablish internal and external grievance mechanismsEstablish annual required courses (integrity, ethics, insider trading)		<ul style="list-style-type: none">No significant violation casesAnnual required courses are taken at a completion rate of 100%	
Evaluation Mechanism	<ul style="list-style-type: none">Violation and law suit	Major Stakeholder	 <div>Employee or dependentGovernment agencySupplier</div>	
Responsibility	<ul style="list-style-type: none">Internal Auditing(IA)Legal affairs unitHuman resources unit	Communication Mechanism	<ul style="list-style-type: none">Corresponding to the aforementioned stakeholders; refer to the “Communication with Major Stakeholders.” 	

To establish corporate ethics and ensure legal compliance, we have had related internal ethical regulations available in accordance with the “Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies”, “Personal Data Protection Act”, “Trade Secrets Act”, and “Fair Trade Act”. (Please access to the Corporate Governance section on our official website and download more information.) In addition to requesting Board members and our employees to follow the regulations, we conduct employee training and testing every year on a regular basis to improve their awareness of ethical management and behavior. (Refer to relevant corporate governance courses.) The administration unit is the responsible unit for the amendment, interpretation, consultation, communication, registration, and file creation of “Procedures for Ethical Management and Guidelines for Conduct”, supervises the related operations, and report the

implementation result to the Board periodically. We have a whistleblower 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 receive any ethical management violation cases in 2021 or identify any violations of laws or internal regulations (including and laws and regulations governing environment, health and safety, labor, marketing and promotion, 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” in 2021 as the highest risk management guideline for the 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, and should take improvement measures. These include the following four steps:



STEP 1

Risk identification



STEP 2

Risk assessment



STEP 3

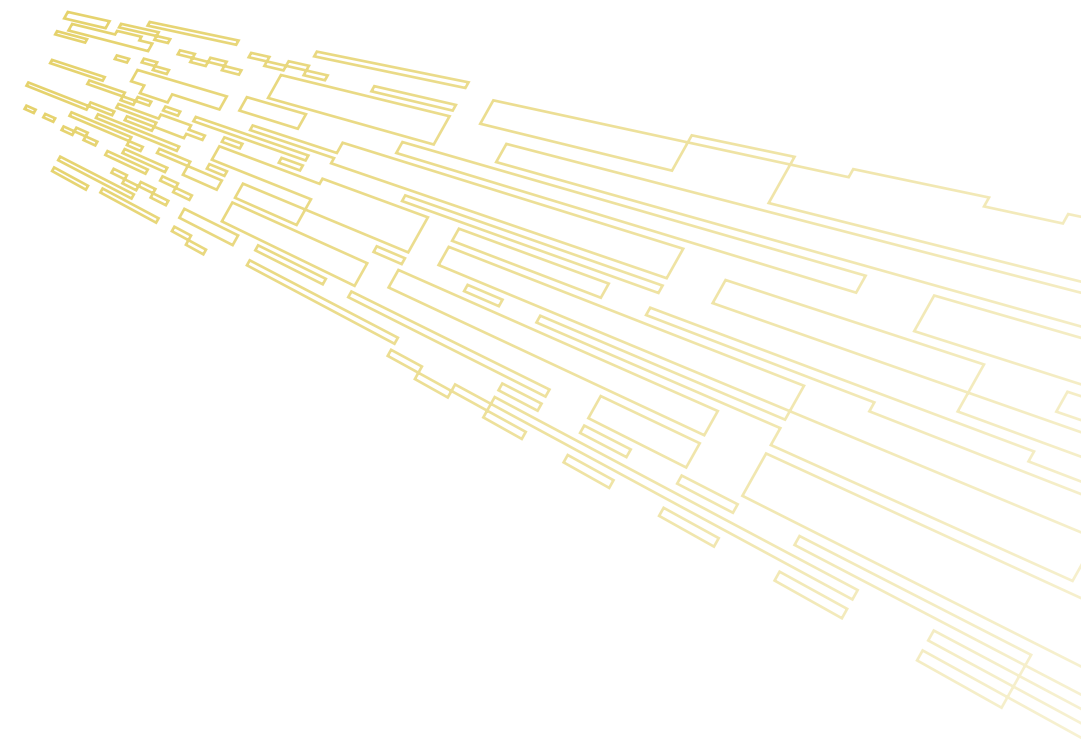
Risk response



STEP 4

Information disclosure

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.



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Risk Type	Risk Item	Risk Description	Countermeasure
Operational Risk	Increasingly complex required product functions	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 big issue in human life, IC design must evolve accordingly.	We will keep up with the most advanced technology, latest information, and current market demand and engage in sound customer interaction and communication to unfailingly capture future development trends and actual customer needs.
	Improvement of semiconductor making process	BiCMOS, required by advanced PMIC are still immature and pending development in Taiwan to facilitate competition with overseas 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.
	Long talent cultivation and talent turnover risk	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 talents 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.
	Productivity and supply risks	The fruit of our efforts in various product lineups will facilitate revenue growth. As the current demand exceeds the supply, to prevent the capacity shortage in wafer and packaging and testing,	We will maintain close up- and down-stream cooperation to benefit long-term business expansion.
	Interest rate risk	The change in the interest rate may lead to flow of the investment funds to the products that may produce more benefits due the rising interest rate, and the loan interest rate of the Company may rise as a result.	Besides maintaining sound interaction with banks to acquire lower interest rates, we promptly adjusted fund utilization based on interest rate changes to lower the impact of interest rate changes on the losses caused. In 2021, our interest expenses were NT\$12.31 million, accounting for only 0.05% of the revenue, and there was no significant impact.

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Risk Type	Risk Item	Risk Description	Countermeasure
	Exchange rate risk	<p>The currency used for pricing in the import/export trade of the Company may affect our financial performance. As a company highly relying on export, it is indispensable for us to have lots of foreign exchange hedging instruments available and improve our prediction and judgment capabilities.</p> <p>In 2021, our exchange losses were NT\$18.42 million, accounting for 0.08% of the revenue and without causing significant impact to operations.</p>	<p>The following measures were adopted to address the impact of interest rate fluctuations:</p> <ul style="list-style-type: none"> • Promptly gather exchange rate information and enhance consultation with banks to plan related hedging strategies to capture interest rate trends. • Use the same currency for collectables and payables and apply natural hedging of collectables and payables to avoid the impact from exchange rate changes. • Include the impact of exchange rate changes in making quotation to avoid exchange rate risk. • Arrange exchange rate heading transactions for the net position of assets and liabilities in foreign currencies to lower the risk of potential exchange rate risk.
Operational Risk	Purchase centralization risk	Purchase centralization may increase the risk of discontinuation in the supply chain.	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.
	Sales centralization risk	FPD driver ICs are our major products. In recent years, major buyers were leading LCD panel manufacturers at home and abroad, and there was little change in the structure of major clients in the same period. In 2021, only two customers purchased with a total amount over 10%. Overall, there is no sales centralization risk.	We will continue to cultivate new markets and new accounts to reduce over dependency on one single customer.
Environmental Risk	COVID-19 pandemic	The outbreak of the COVID-19 pandemic has produced fierce impact on the global economy since 2020. As the epidemic became worse in Taiwan 2021 and the Level-3 alert was announced in response to the worsened situation, the people in Taiwan were facing the challenge of transformation in both lifestyle and work model. In the circumstances, a more carefully formulated epidemic prevention policy and response plan must be established to reduce the impact of the epidemic on the business.	Based on business continuity, we immediately planned and implemented robust epidemic control measures, assigned contingency duty to departments at all levels, announced related SOPs, and took proactive actions and made rolling adjustments with respect to the government policies.

2.4 Cybersecurity

	Short Term (2022~2023)		Medium to Long Term (2024~)	
Target 	<ul style="list-style-type: none">Implement ISO 27001 and acquire third-party certification		<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.	
Evaluation Mechanism 	<ul style="list-style-type: none">Cybersecurity training and exerciseCybersecurity event record	Major Stakeholder 	 Customer  Employee or dependent	
Responsibility 	<ul style="list-style-type: none">IT unit	Communication Mechanism 	<ul style="list-style-type: none">Corresponding to the aforementioned stakeholders; refer to the “Communication with Major Stakeholders.”	

The extensive use of such related infrastructure as mobile devices, IoT, cloud services, and teleworking as a result of technological advancement increases the cybersecurity risk to an even broader extent. Since the establishment of a cybersecurity system in 2019, Fitipower has continuously introduced relevant software and hardware equipment. After the internal tests in 2020, IP address management (IPAM) was adopted in 2021 to strengthen cybersecurity control and thereby protect corporate confidential and sensitive data. Upholding the plant-do-check-act (PDCA) management cycle, we have established a comprehensive mechanism for cybersecurity risk assessment and management to ensure the achievement of objectives and continuous improvement. The focus of the management centers around the three aspects listed on the right:

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.

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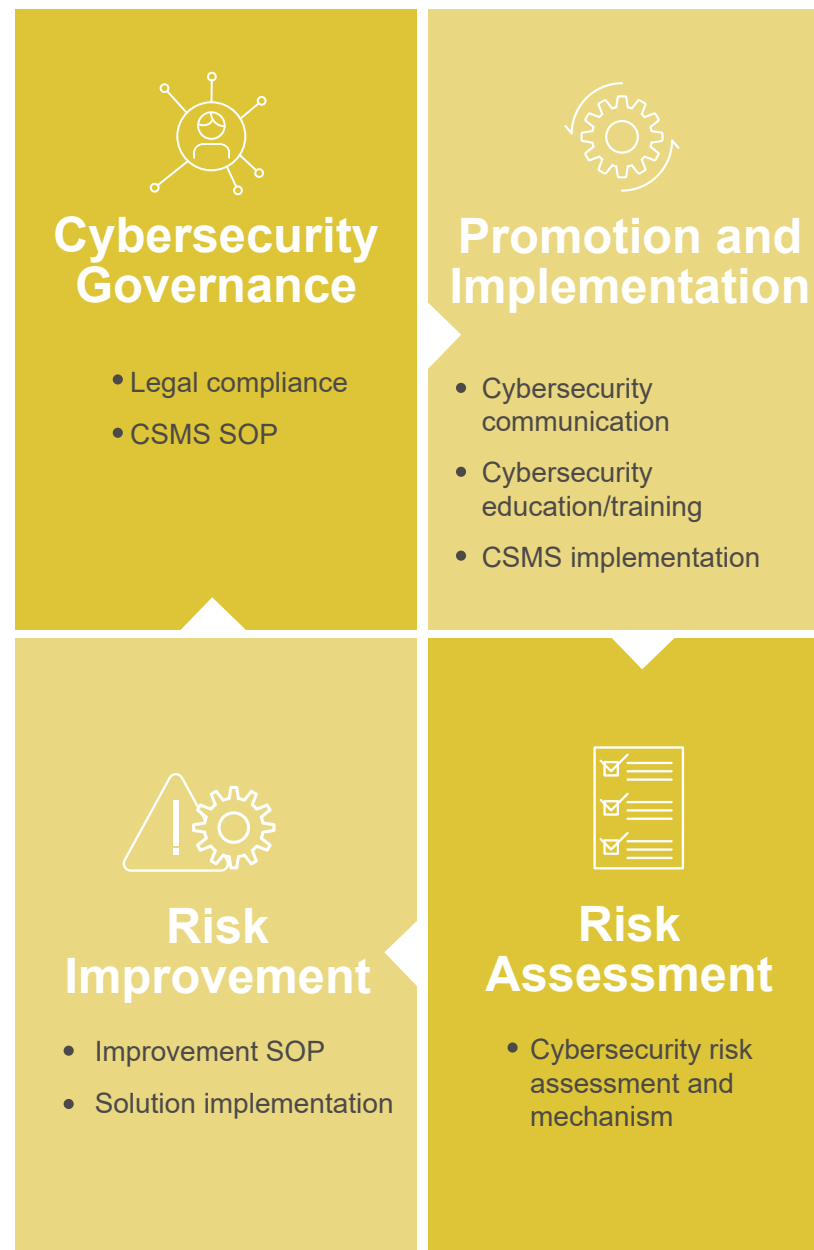
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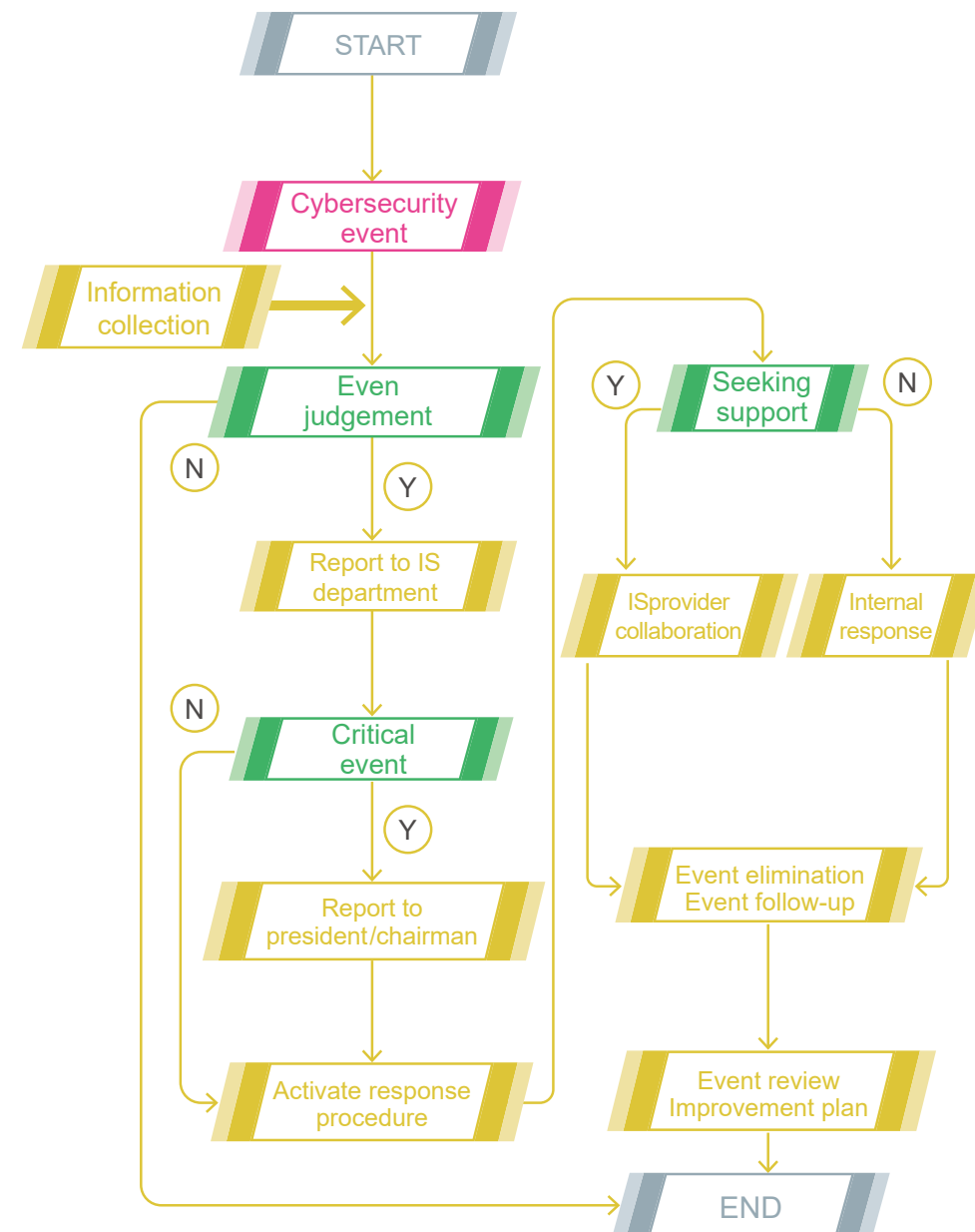
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▼ Cybersecurity PDCA Management Cycle



▼ Cybersecurity Event Handling Flowchart



Cybersecurity Policy

To effectively implement the ISMS, we protect our intellectual property and trade secrets, and facilitate internal cybersecurity to ensure the secure operation of the information systems and equipment/networks. The MIS unit reviews, formulates, and promotes cybersecurity policies and periodically reports to the Board on the status and implementation of cybersecurity management. The Company also signs a non-disclosure agreement with all customers to secure the confidential information of both parties through robust cybersecurity management.

In 2021, no complaint regarding the breach of customer privacy and information theft, leakage, and loss was reported. We implemented one cybersecurity drill (phishing drill) and arranged post-hoc training and tests for employees with insufficient cybersecurity awareness. All these employees have passed the post-hoc tests to ensure the effective implementation of the cybersecurity policies.

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) 	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 malware and malicious behavior monitoring. 	Strengthen the internal information environment and service security.
	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.
Internal Control	Information record protection	<ul style="list-style-type: none"> Implement the following measures through the management system: 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.
	Cybersecurity event management	<ul style="list-style-type: none"> Establish the cybersecurity event handling SOP. 	Improve the procedure for handling cybersecurity events to reduce the possibility of such events and business impacts.
Cybersecurity awareness	Cybersecurity policy and training	<ul style="list-style-type: none"> The management periodically reviews, establishes, approves, and announces cybersecurity policies. Improve the cybersecurity awareness of employees through training, e-learning, cybersecurity communication. 	Ensure the applicability and effectiveness of the cybersecurity policy and enhance the cybersecurity literacy of employees.



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Corresponding Material Issues



Customer
and Privacy



Supply Chain
Management



5 GENDER
EQUALITY



8 DECENT WORK AND
ECONOMIC GROWTH



10 REDUCED
INEQUALITIES



16 PEACE, JUSTICE
AND STRONG
INSTITUTIONS

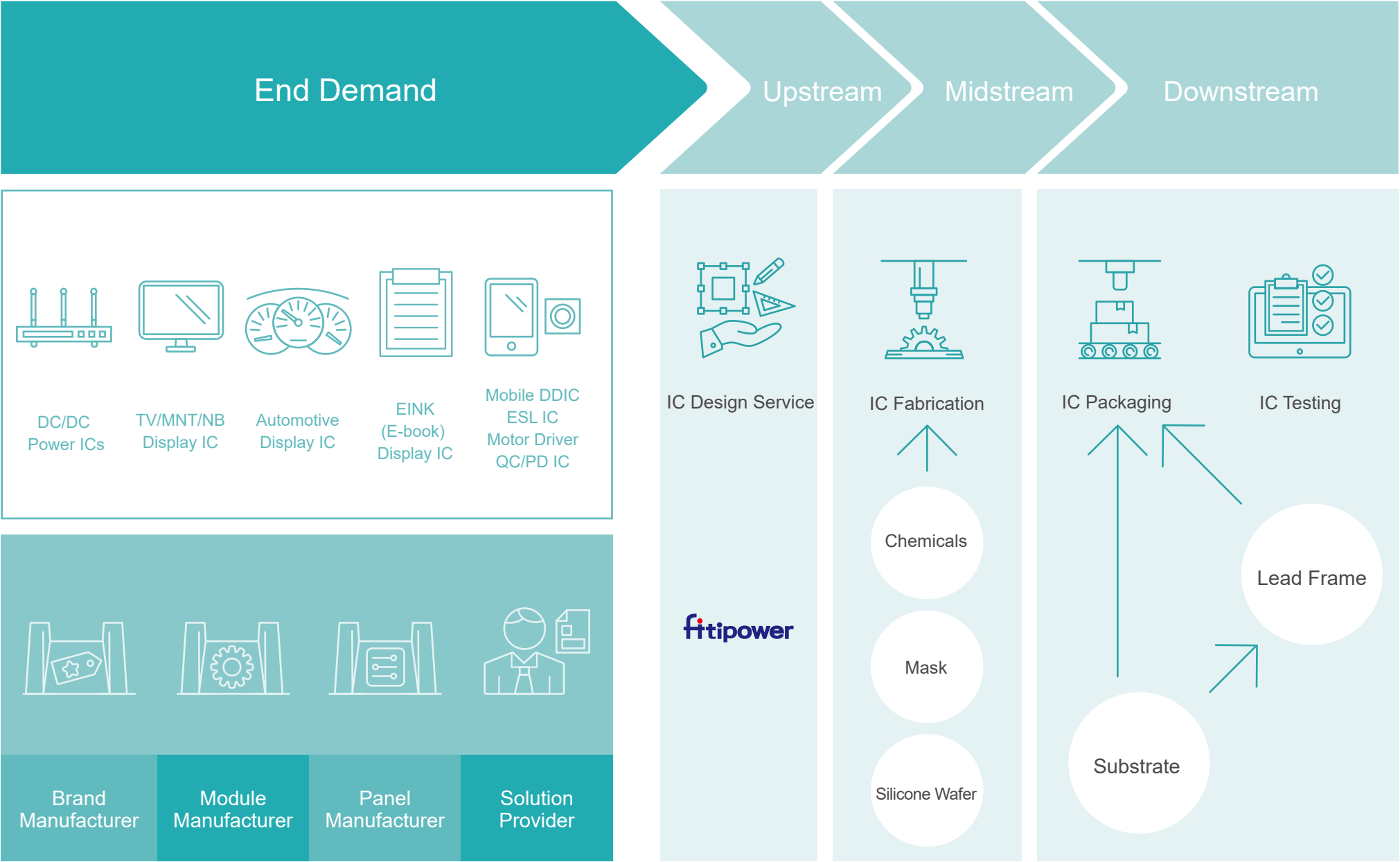


17 PARTNERSHIPS
FOR THE GOALS

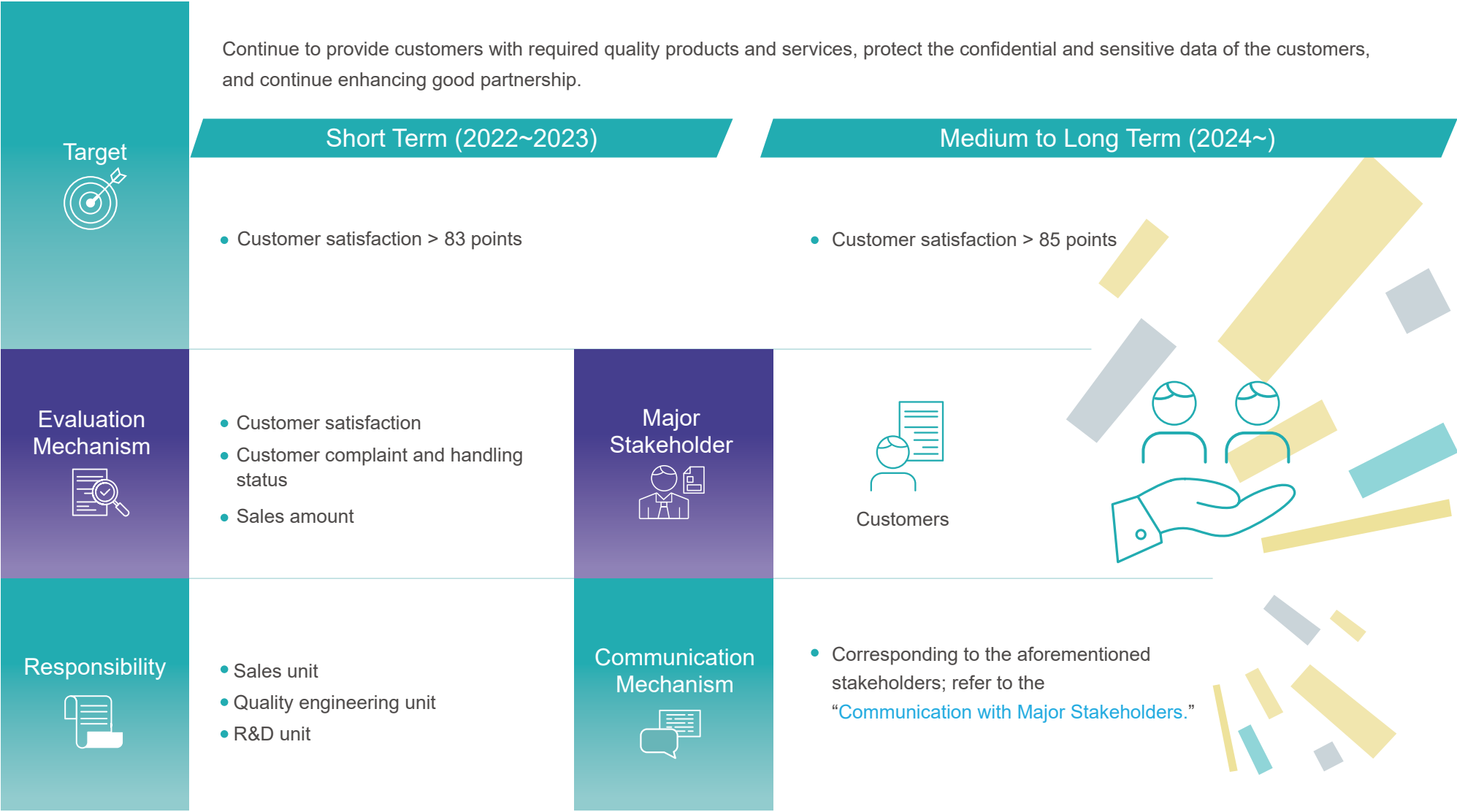
Policy and Commitment

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.

Fitipower Product Value Chain



3.1 Customer Service





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By upholding “‘Integrity’ is our commitment to the customers; ‘innovation’ is the commitment to ourselves; and ‘quality’ is our persistence in the products”, we provide total solutions for a wide range of products from display driver 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 treat customers as important partners and quality is the indispensable element we can use to strive for the trust of the customers. We follow the requirements of ISO9001 Quality Management System and control the production process strictly, and discern their needs and recommendations through close telephone communication, technical exchange, onsite visits, and annual questionnaire surveys to further improve and optimize our product lines. 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 international standard and established the quality policy.

- Innovation - Outstanding design enhances product competitiveness.
- Quality - Excellent quality enhances product stability.
- Service - Professional services enhance customer satisfaction.

Providing stable and reliable product solutions is our commitment to the customers. To ensure product quality and safety, we realize the PDCA spirit of the ISO9001 Quality Management System to implement our quality policy. We run the 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.

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 control, procurement control, 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.

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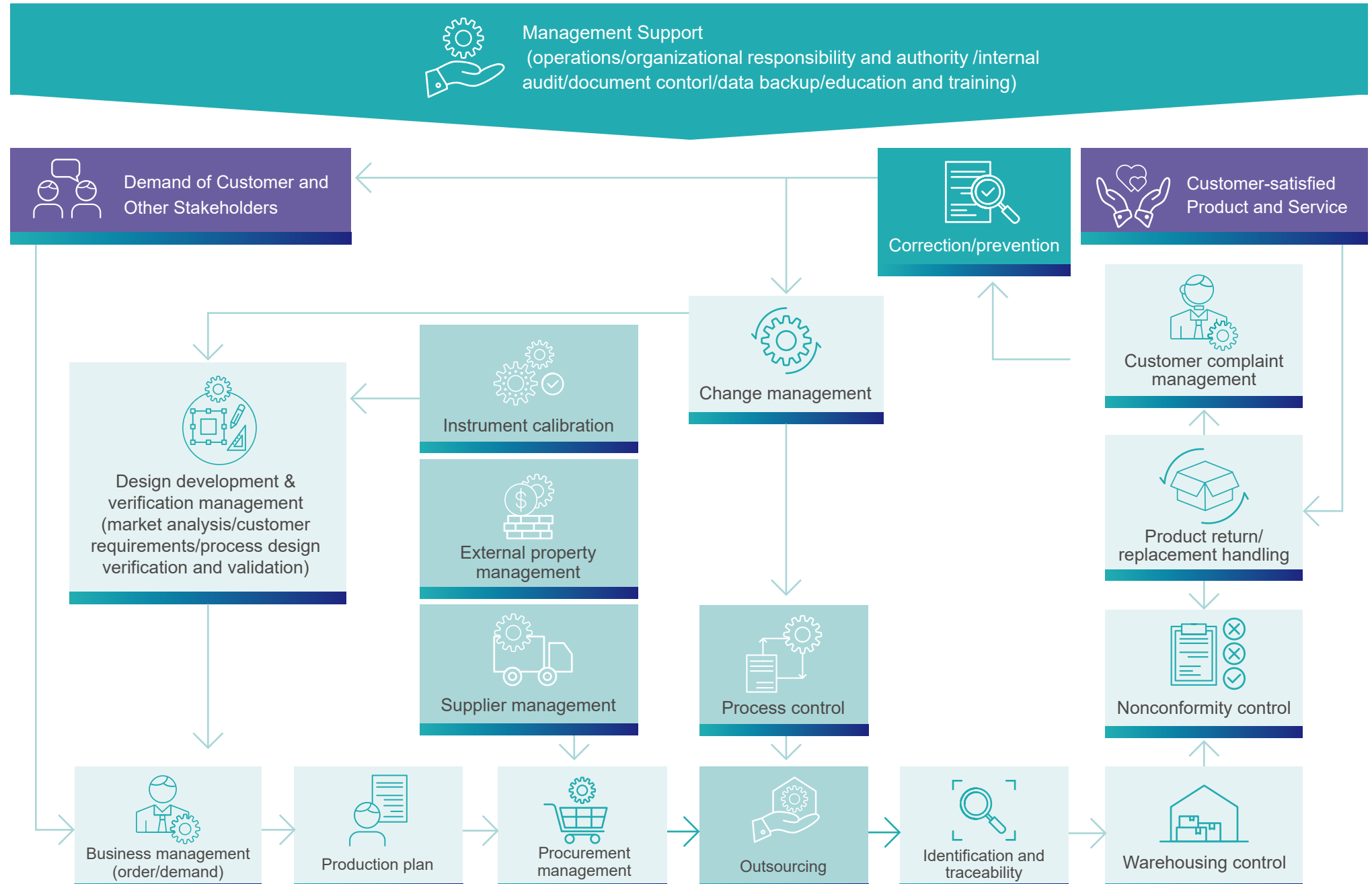
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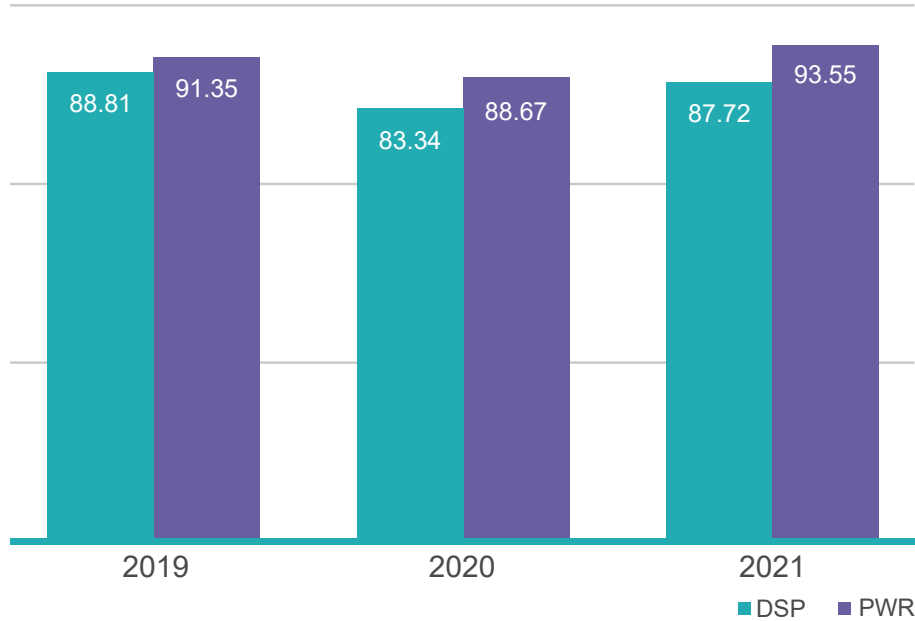
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Customer Satisfaction and Feedback

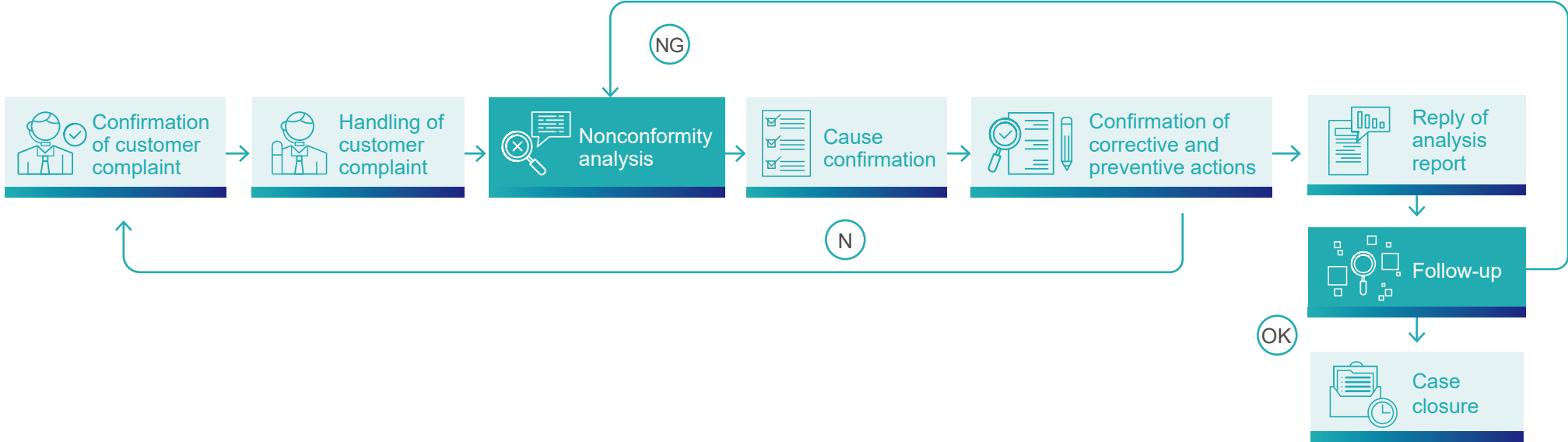
We treat customer feedback as the important basis for customer relationship improvement. After periodically reviewing and analyzing customer comments, we propose appropriate improvement plans to build a complete customer feedback response procedure. We conduct annual customer satisfaction survey in four respects of sales services, technical services, customer complaints, and product quality. 15 major customers participated in the survey in 2021 (9 DSP customers and 6 PWR customer). The satisfaction of both DSP and PWR customers was 87.72 and 92.11 points, respectively, and showed a high performance over 82 points.

Satisfaction of Major Customers






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 2021, 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.






▼ Customer Complaint Handling Flowchart



▼ Major Customer Feedback in 2021 and Improvement

Complaint	Solution	Effectiveness
 R&D Support	<ul style="list-style-type: none">Development of the products that met the market demands in line with the requirements of the customer.Recruitment of R&D employees to improve the R&D capacity and experience value.	<ul style="list-style-type: none">While no problem in contractor was detected, we made continual improvement of related controls and followed up related cases.
 Complaint Handling Timeliness	<ul style="list-style-type: none">Request of contractors to make long-term improvement.Periodical check of the production line data of contractors.Regular and irregular production line audits.	<ul style="list-style-type: none">Increase of vacuum cleaning frequency on the side of the contractor to significantly reduce customer complaints and product returns for the same cause.
 Outsourcing Improvement (CIP)	<ul style="list-style-type: none">Proactive understanding of customer's SOP and recommendation to customers to improve production lines.	<ul style="list-style-type: none">Effective solution of abnormality problems for customers to maintain high trust and cooperation.

3.2 Supply Chain Management

	Short Term (2022~2023)	Medium to Long Term (2024~)
<div>Target</div> <div></div>	<ul style="list-style-type: none">Local Procurement > 65%100% of the suppliers comply with conflict-free procurementA sustainability assessment item is incorporated in the supplier evaluation100% of the new suppliers implement RBA SAQ; implemented when the agreement with existing suppliers is renewed.100% of the new suppliers sign the Fitipower's Supplier Commitment for Corporate Social Responsibility; 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 procurementFitipower publishes the Supplier's Guidelines for Conduct.100% of the suppliers implement RBA SAQ and the result is used as a reference for the procurement.
<div>Evaluation Mechanism</div> <div></div>	<ul style="list-style-type: none">Local procurement rateSupplier sustainability assessmentThe proportion of the suppliers in responsible sourcing of materials	<div>Major Stakeholder</div> <div></div>
<div>Responsibility</div> <div></div>	<ul style="list-style-type: none">Purchase unitProduction management unitQuality engineering unit	<div>Communication Mechanism</div> <div></div> <ul style="list-style-type: none">Corresponding to the aforementioned 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 produce 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 at high output value. We mainly engage in specification setting, layout design, and sales and after-sales services, while

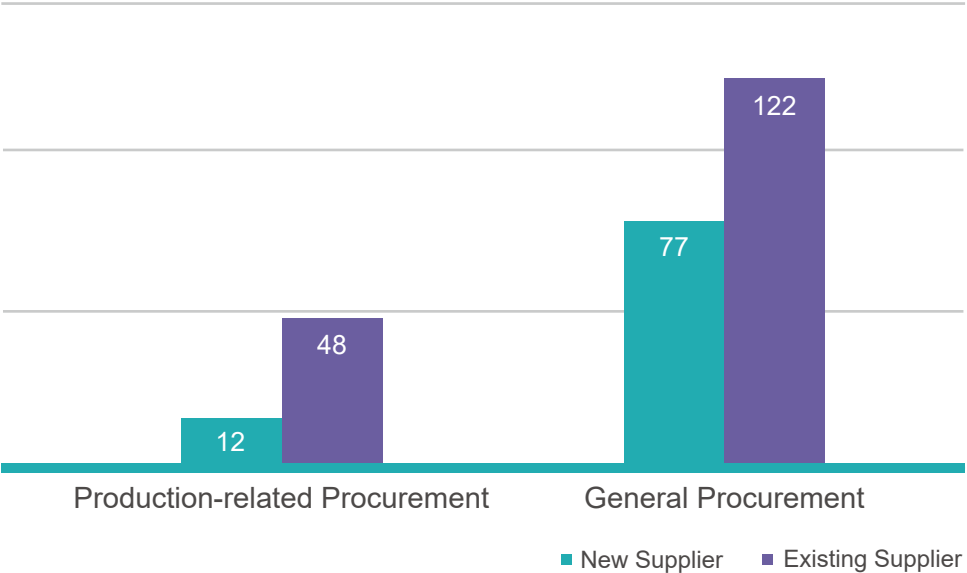
rear-end processes including mask production, wafer making, wafer testing, IC packaging, and final testing are outsourced to professional contractors, such as mask manufacturers, specialized foundries, and packaging and testing service providers. Refer to "Fitipower Product Value Chain" for more information.

Procurement Practices

Our key suppliers are foundries and packaging and testing service providers. As for management of materials, refer to the “Responsible Sourcing of Minerals” and “Green Materials” section. To reduce the 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 the “lowest unit price” during the negotiation of the price. 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.) A production and marketing meeting is held every

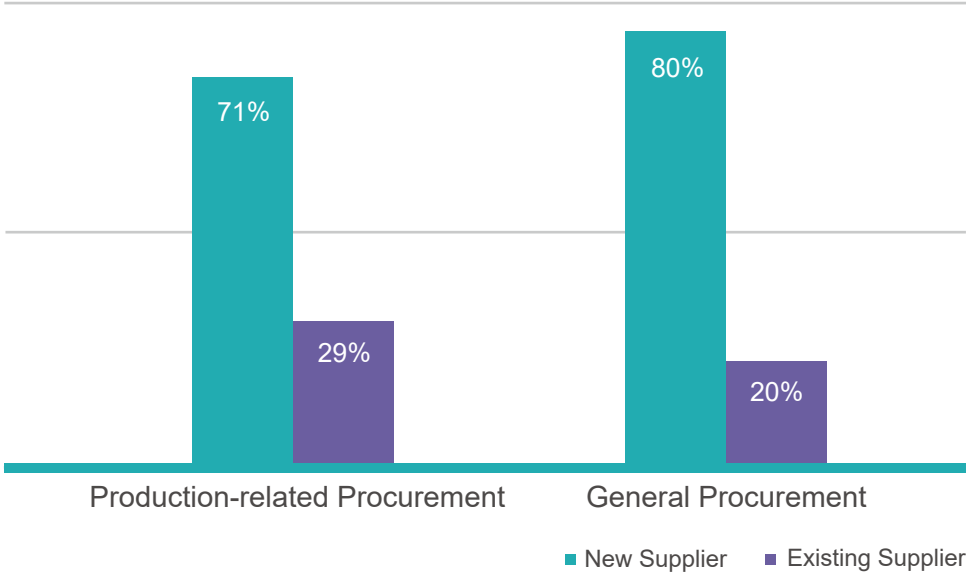
week to discuss with the sales department on the change of the market and demand in the future. This way, we can transfer production and prepare materials in a timely manner if there is any concern about material shortage or capacity limit of the foundry. Long-term collaboration agreements have been entered into with foundries, mask manufacturers and other suppliers to ensure the capacity and delivery. In the meantime, we improve the supply and production efficiency by implementing local procurement to reduce carbon footprint and increase employment opportunities for local people. In 2021, we worked with 259 suppliers, among which 89 were new suppliers. The total procurement amount was about NT\$11.5 billion, wherein \$8.2 billion were spent on local procurement, occupying 71% of the total amount.

▼ Supplier Overview



Note: General procurement: Instrument and equipment, hardware equipment and maintenance, parts and consumables, application software, testing service, etc.
Production-related procurement: Wafer, IC packaging and testing, flexible tape

▼ Local Procurement



Responsible Sourcing of Minerals

We respect the basic human rights of all stakeholders; therefore, we have established the “Human Rights, Diversity, and 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 according to OCED to ensure the 3TG minerals (Au, Sn, Ta, W) procured came from the RMI-certified smelters. 49 suppliers were investigated in 2021. 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 125 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 and Sn 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

- Not to purchase conflict minerals.
- 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 requirements.
- 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

To strengthen the sustainable SCM, we have established the “Suppliers Management SOP” to perform the annual audit and irregular audits on suppliers and contractors. In an evaluation, the quality management and production management units form an audit team to perform online and physical audits on suppliers/contractors based on the following 10 items: management system, document control, supplier management, process control, materials control, environmental control, equipment control, corrective action, training, and customer service. New suppliers must pass the trial production before they can become qualified suppliers

Through onsite visits and communication with suppliers/contractors, we 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 irregular audits of qualified suppliers 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. 23 supplies were listed in our annual audit plan in 2021. The actual achievement rate was 100% and no significant defect or risk was found in the evaluation.

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.

ESG Certificate Acquisition Status of Suppliers

Facet	Evaluation Standard	New Supplier (%)	Existing Supplier (%)
Economic Facet	Quality Management System (ISO 9001)	92%	98%
	Other quality certification standards (IATF 16949, ISO 26262, ANSI/ESD S20.20)		
Environmental Facet	Environmental Management System (ISO 14001)	92%	90%
	Other green certification standards (Sony GP, QC080000, ISO 14064)		
Social Facet	Occupational Safety and Health Management System (ISO 45001)	75%	78%
	Other social certification standards (SA 8000, RBA)		

Number of Suppliers Auditing

Audit Method	2019		2020		2021	
	DDIC	PMIC	DDIC	PMIC	DDIC	PMIC
Documentary Audit	12	2	12	3	6	0
Onsite Audit	3	7	3	7	0	7
Online Audit	0	0	0	0	8	2
Result	Grade A	14	9	14	10	13
	Grade B	1	0	1	0	1
		8				8

Note: 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 adjustment of the SCM policy and actively diversify supply channels. We conducted supplier risk investigation for the first time in 2021 to understand the suppliers in the economic, social and environmental facets and their sustainable development status. In the future, we will plan to incorporate the new supplier evaluation in the ESG certification. We also plan to incorporate the RBA spirit in the new supplier evaluation and annual supplier audit from 2022 to identify the suppliers of high risk and provide guidance and support for them.

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Environmental Symbiosis



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.

	Short Term (2022~2023)		Medium to Long Term (2024~)	
Target	<ul style="list-style-type: none">Implement ISO 14001 and acquire third-party certification.Implement ISO 14064 and acquire third-party certification.The percentage of green procurement of IT equipment reaches up to 75% (an yearly increase of 5%).100% of the product materials meet the green standards of RoHS, REACH and HF.		<ul style="list-style-type: none">Renewable energy utilization rate reaches up to 10%Implement TCFD management mechanismPercentage of green procurement reaches up to 85%.100% of the product materials meet the green standards of RoHS, REACH and HF.	
Evaluation Mechanism	<ul style="list-style-type: none">Percentage of products meeting green standardsPercentage of green procurementEnergy utilization status	Major Stakeholder	<div><div>Employee or Dependent</div><div>Government Agency</div><div>Customer</div><div>Suppliers</div></div>	
Responsibility	<ul style="list-style-type: none">Administrative management unitIT unit	Communication Mechanism	<ul style="list-style-type: none">Corresponding to the aforementioned stakeholders; refer to the “Communication with Major Stakeholders.”	



4.1 Green Product

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 in Smart Life. Enabling Carbon Reduction Generation”, 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.

Green Materials

We and our suppliers 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. We establish a full-time regulation identification unit and assign responsible staff to solve problems in different 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 also train related personnel, including 431 employees in 2021.

The suppliers of Fitipower must observe the following requirements:

- Acquire ISO 14001 and IECQ QC 080000 certificates.
- Provide the “Fitipower Materials Composition Sheet” (including third-party testing reports and SDS)
- Sign the “Environmentally Restricted Substances Undertaking”

Energy Conservation

We are dedicated to pursuing the breakthrough in the development of highly integrated modular technology of high efficiency to facilitate the energy saving and carbon reduction in the terminal electronic products. We marketed 7 energy saving innovative products in 2021 and, as expectedly, made a contribution to the reduction of carbon emissions by 7,059 tons every year when assessed based on the shipments.



▼ Green Innovation and Carbon Reduction Benefit in 2021

Green Innovative Product	Energy Efficiency	Annual Carbon Reduction Benefit (tCO ₂)
Notebook DDIC	DDIC may have a higher power consumption percentage in the entire module as high resolution, high refreshing rate and long operation time have become a tendency. However, with the improvement of the components in the power consumption, the product can save power by 55% in the normal operation mode compared to the old models of the previous generation in the same segment.	446
Notebook low-power-consumption potential level shifter	Our low-power-consumption potential level shifter for laptops can effectively reduce operating voltage from milliampere (mA) into microampere (μA) to significantly reduce power consumption to one tenth.	97
TV low-power-consumption potential level shifter	In contrast to the products of the competitors, our low-power-consumption potential level shifter for TVs has been optimized to provide a lower wattage in power consumption and a higher benefit in energy efficiency.	107
Low dropout voltage (LDO) linear regulator IC	The demand for portable electronic devices, such as smart watches, smart bands, and health monitors, has been increasing in recent years, and they all need the LDO IC. As many regulator ICs are required in one single product, the LDO is thus critical to efficiency performance. The product that we designs only consumes 2μA quiescent current to save power consumption by 93% compared to the 30μA of ordinary products.	1
HV buck converter IC	In the future, 5G communication products and AIoT products require a cleaner, low noise, high precision, high conversion-efficiency power source to significantly reduce signal interference. In TV application, while a longer standby time is required, this product can significantly enhance energy efficiency in a light load, such as from 60% to 90% when converting 12V to 5V 100mA output.	3,599
LED backlight driver IC	The LED backlight driver IC that we develop can optimize output voltage effectively in comparison with ordinary backlight ICs driven by constant voltage. The minimum voltage value is maintained in the environment of constant brightness to ensure energy saving and carbon reduction.	2,763
Brightness and color temperature adjustment IC	The innovative LED current control circuit developed in response to the need for front brightness and color temperature adjustment of EPDs enhances performance while fulfilling the parameter adjustment range to deliver an energy efficiency up to 90%.	45

Note 1: The annual carbon reduction is inferred according to the assumed use scenarios of general consumers and the annual shipments of the product.
Note 2: The electricity carbon emission factor is subject to the latest information at 0.502 kgCO₂e/kWh announced by the Bureau of Energy, Ministry of Economic Affairs.

4.2 Energy and Resource Management

Energy Management

Fitipower is a fabless semiconductor company that needs less energy and generate less pollution. Nevertheless, we know that we cannot stay out of the global green transition. Therefore, we vigorously promote “green office culture” in recent years, including the concrete measures for energy management and green procurement. All of our energy from purchased electricity (from Taiwan Power Company, TPC). As the result of the statistical analysis shows, the power consumption and CO2 emissions have been reduced every year. In the future, we will assess the implementation of the energy efficient improvement plans for the computer room. The measures for promotion of the green office culture are described below:

- The old equipment replacement project was crucial. (All the lamps in the office areas were replace with energy saving LED lamps in 2020.)
- Procurement of IT equipment met the requirements of the Green Mark.
- 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.
- Online teaching materials were mainly used for regular training courses.
- We promoted the green office plan.
- Waste sorting and resource recycling were conducted actively.
- As for the lunch of the employees, we supplied vegetarian and fruit meals to take care of the employee’s dietary health and reduce CO₂ emissions.

▼ Energy Consumption and Intensity

Item	2019	2020	2021
Electricity (GJ)	5,316	5,200	5,041
Energy intensity (GJ/NT\$million)	0.580	0.478	0.220
GHG emissions (tCO ₂ e)	787	735	703

Note 1: The information in the table is derived from the data at the Duxing location of the headquarters.
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 for 2019 and 2020 and 0.502kg CO₂e/kWh for 2021.

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”. Hence, although we do not engage in manufacturing and are a member of the low-pollution industry, we still keep track on water consumption to effectively capture the impact on areas sensitive to water stress. We consume tap water supplied by a third party (Taiwan Water Corporation). The total water withdrawal in 2021 was 5.35ML. To ensure the availability for all and sustainable management of water, we constantly communicate 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.

▼ Water Withdrawal

Year	2019	2020	2021
Third-party tissue water withdrawal (ML)	4.35	6.76	5.35

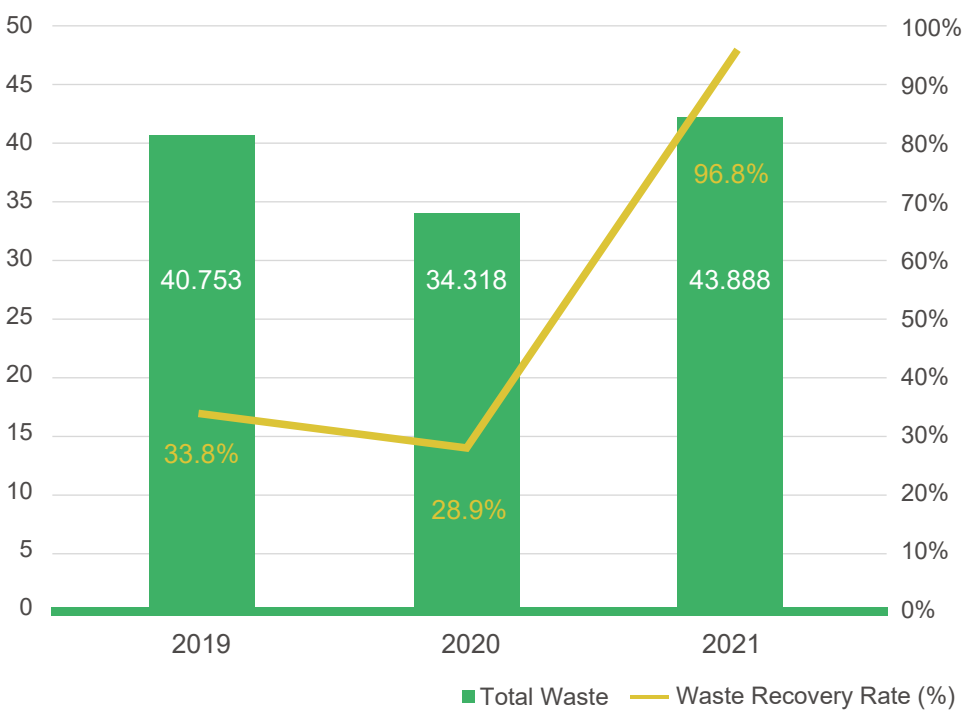
Note: The information in the table is derived from the data at the Duxing location of the headquarters.

Waste Management

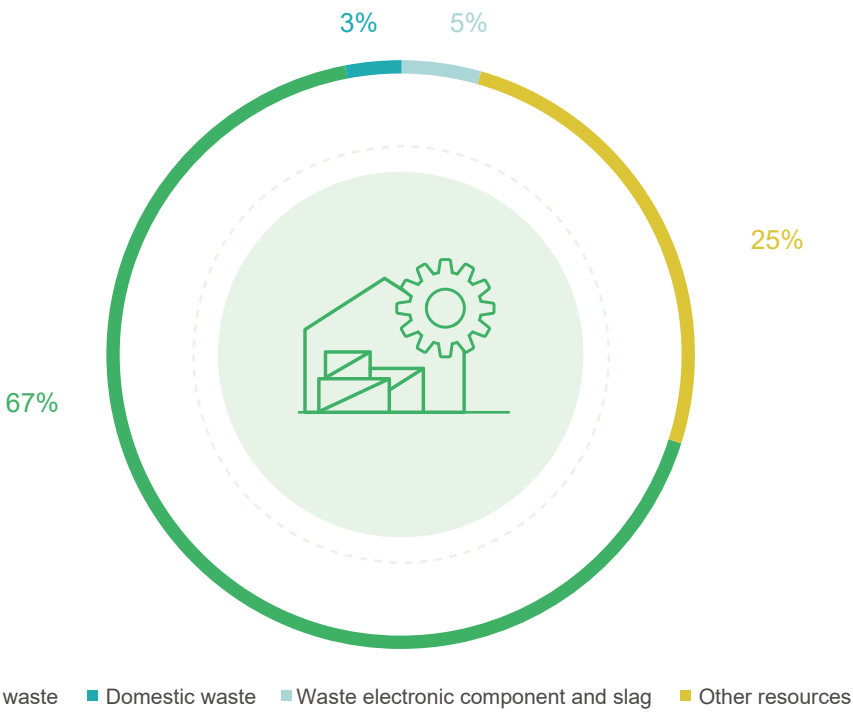
The 4R's (Reduce, Reuse, Recycle, Recover) spirit of the circular economy is the foundation of waste output and control at Fitipower. We have established a strict mechanism for waste flow control to ensure legal waste disposal. In business operations, we hire qualified contractors to scrap and perform online report of production waste including electronic components, slags, and nonconforming products (including wafer and packaging materials). Cartons and domestic waste are sorted before handing over to the park cleaning team for recycling and subsequent disposal. In 2021, no cases involving pollution, spillover, or environmental sanction were reported, and the overall generation volume of the

waste was about 43.888 tons with an increase of 27.9% in comparison with the previous year. This was mainly attributable to the rapid growth of the business and the resultant significant increase of the manpower. After food waste was recovered, the overall recovery rate was increased substantially by 67.9% to 96.8% in comparison with the previous year. Besides constantly implementing reduction at the source and inhouse waste recycling and reuse, we avoid the use of hazardous substances and reduce materials consumption by using green and innovative technology and collaborated with the overall supply chain to reduce environmental load and thereby implement the circular economy.

Waste Disposal Status (Unit: Ton)



Note: The information in the table is derived from the data at the Duxing and Gongdao 5th locations.



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Labor-Management Common Good

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 different elite talents to grow with the company.

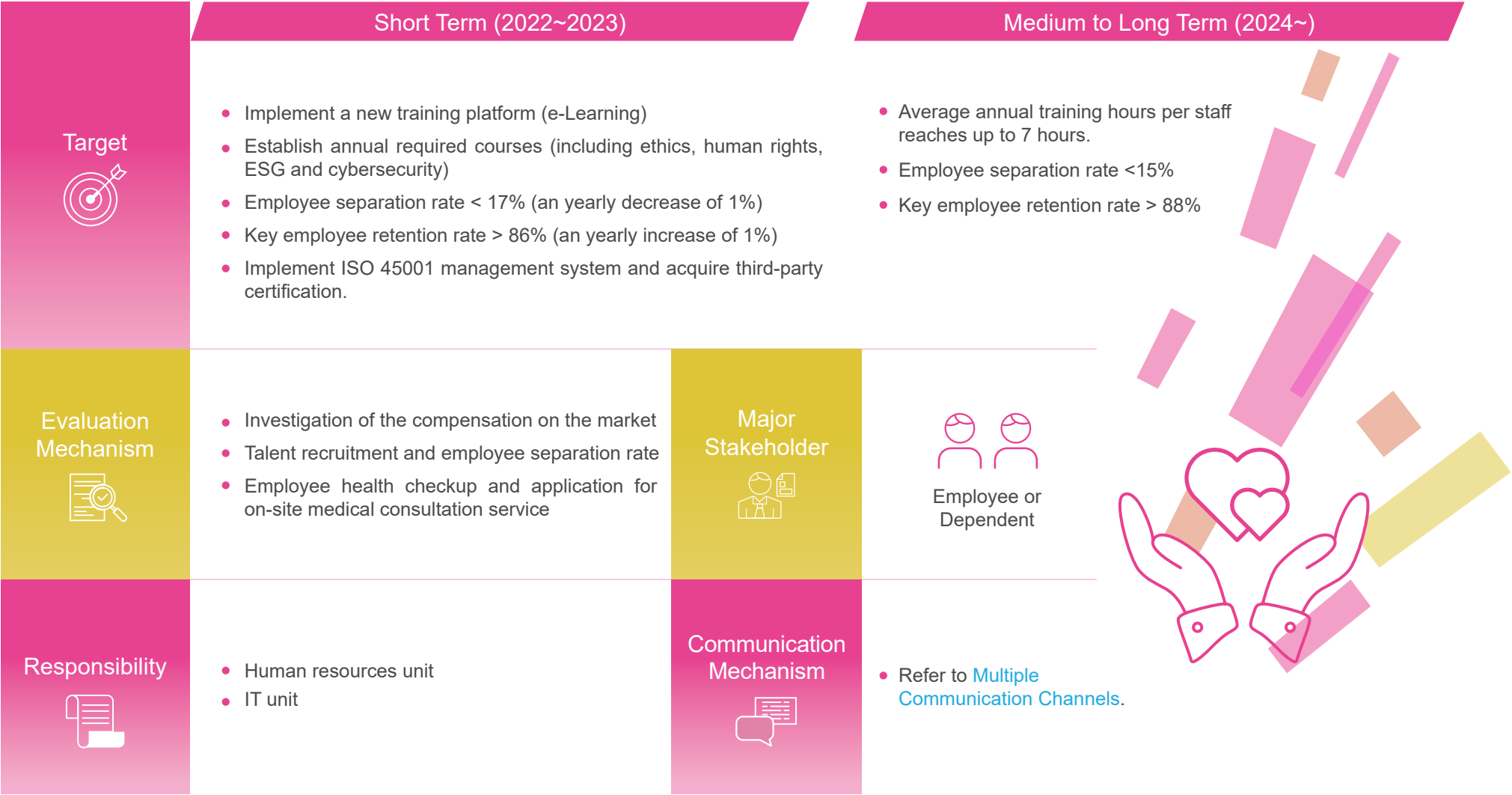
Corresponding Material Issues


Employment
and Employee
Benefits


Talent
cultivation
and training



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5.1 Human Rights and Employees Communication

Human Rights and Diversified Inclusion Policy

Talents build up the 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 establish the “Human Rights and Diversified Inclusion Policy” suitable for Fitipower, our affiliates, and partners with respect to 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. We support the spirit of Responsible Business Alliance (RBA) and “Responsible Minerals Initiative”, 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 2022.

Fitipower’s Five Human Rights and Diversified Inclusion Commitments



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.



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.



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.



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.

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Labor-Management Communication

Although we have not established a labor union, we have set up complete and multiple 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. We also 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. No lay-off or discharge due to significant operational changes was reported up to the end of 2021.

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



CEO Talk



NEW-FITIS Talk (with new employees)

Multiple Communication Channels

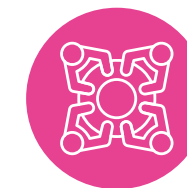


For ADM
(Real-time)

iHome
(Real-time)

Human Rights Grievance Mailbox
(Real-time)

Electronic Bulletin
(Real-time)



CEO Talk
(Irregular)

Manager Meeting
(Half-yearly)

Labor-
Management
Meeting
(Quarterly)

New Employee
Meeting
(Every session)

Employee Welfare Committee
(Quarterly)

OH&S Committee
(Quarterly)



Meal Satisfaction Survey
(Monthly)

Volunteer Activity Survey
(Irregular)



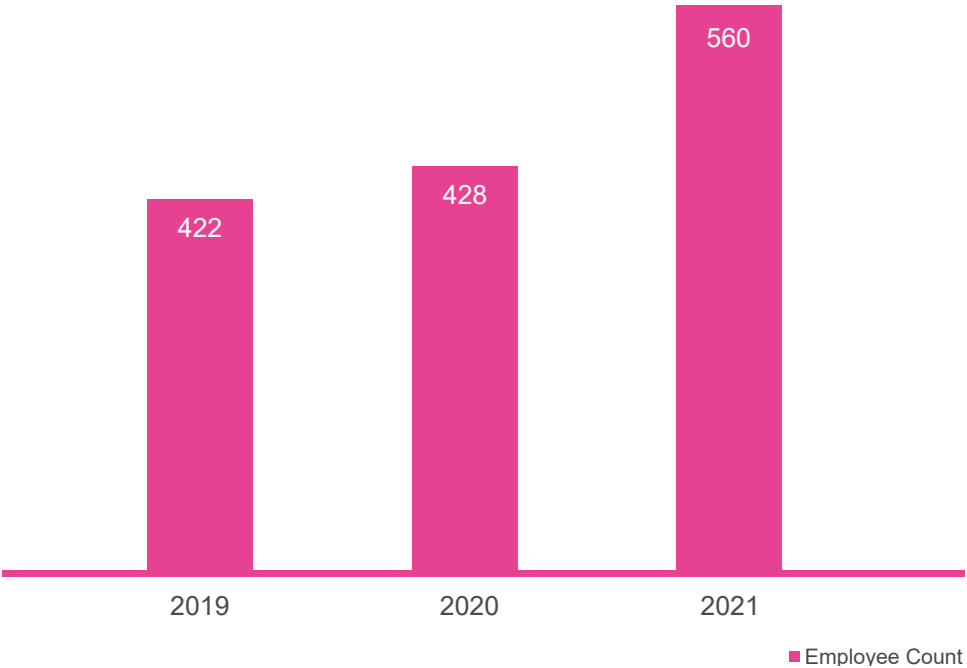
Appraisal Interview
(Half-yearly)

Exit Interview
(At termination of employment)

5.2 Talent Hub

Manpower Diversity

Our employees increase every year. We have 560 employees and 554 of them are full-time employees (including R&D alternative civilian service personnel) and 6 are contracted employees. The average age of the employees are 36.7 and the average service year is 3.7. Therefore, we can go smoothly and immediately for experience inheritance and technical guidance in the period when the need for manpower grows rapidly. Due to the nature of the industry, most of our employees have the background of science and engineering (especially electrical and electronic engineering) and, thus, there is a great gap between the proportions of female to male employees (female 23%; male 77%). We deploy our employees diversely in Taiwan, China and Japan. The employees in other countries occupy a percentage of 5% and most of them are hired locally (99.1%; foreign workers 0.9%) to create employment opportunities for local people. All the senior managers are local people.



Employment Agreement	Type	Male	Female	Percentage
Permanent	Full-time	428	126	99%
	Part-time	0	0	
Temporary	Full-time	1	1	1%
	Part-time	2	2	

Type	Function	Gender		Age Group			Vulnerable Groups
		Male	Female	18-30	31-49	50 and above	
Job Type	R&D	161	10	58	107	6	0
	Marketing and sales	18	32	12	32	6	0
	Engineering & technology	224	32	67	182	7	0
	Administration and management	55	28	21	54	8	3
Grade Distribution	Senior manager	33	5	0	24	14	0
	Middle manager	17	72	0	84	5	0
	General staff	326	107	158	267	8	3
Total							560

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 non-management positions

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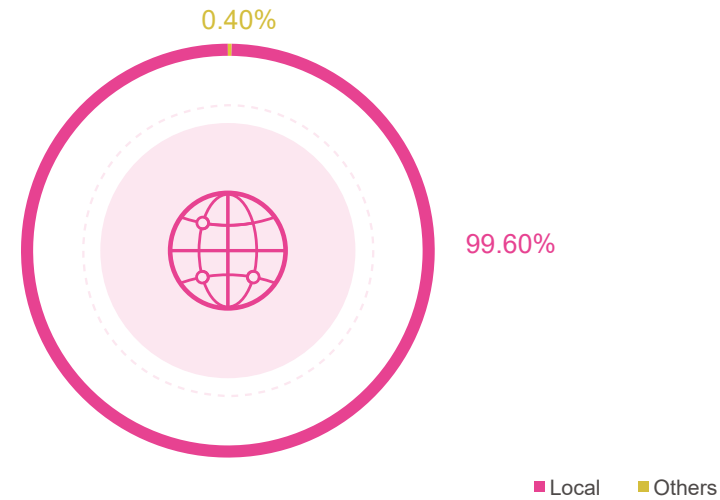
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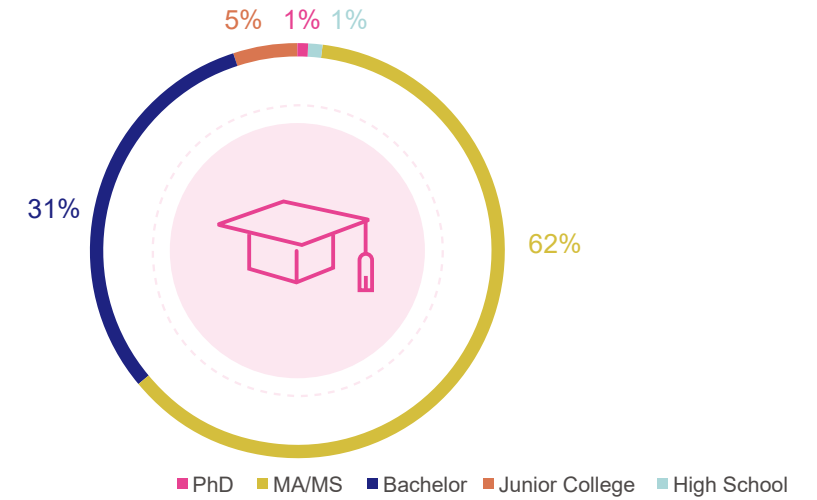
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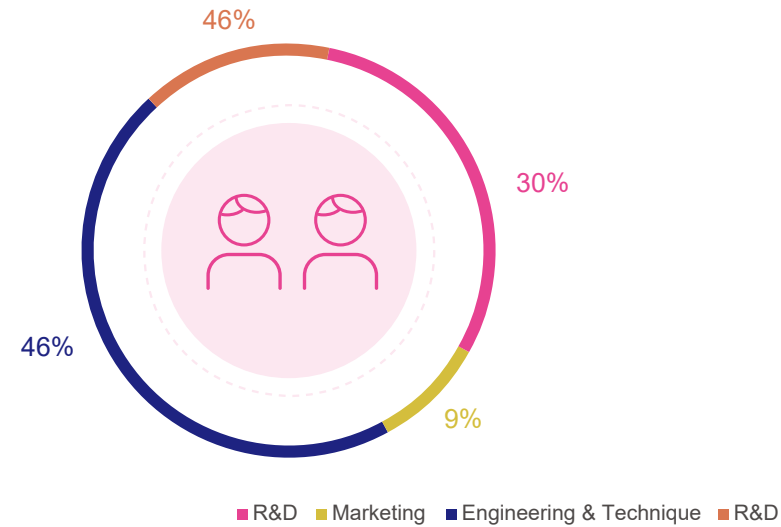
▼ Local Recruitment



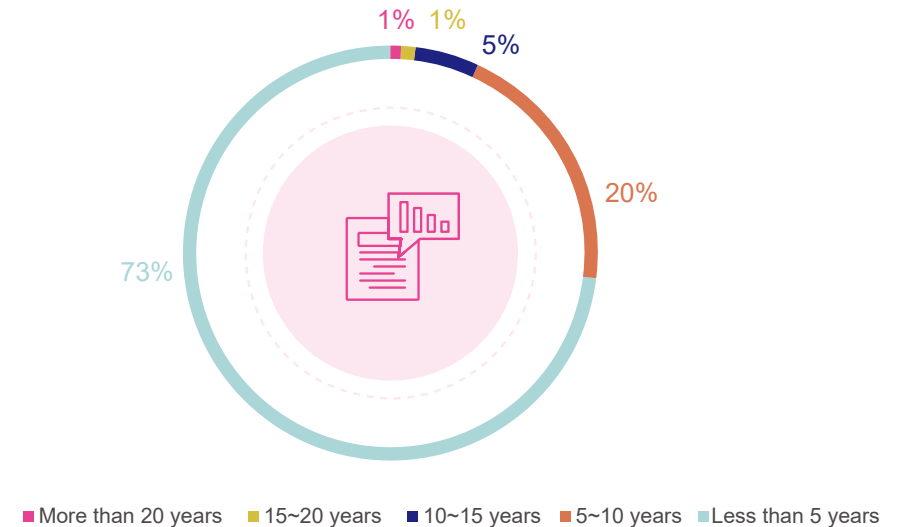
▼ Education Distribution



▼ Employee Type



▼ Seniority Distribution



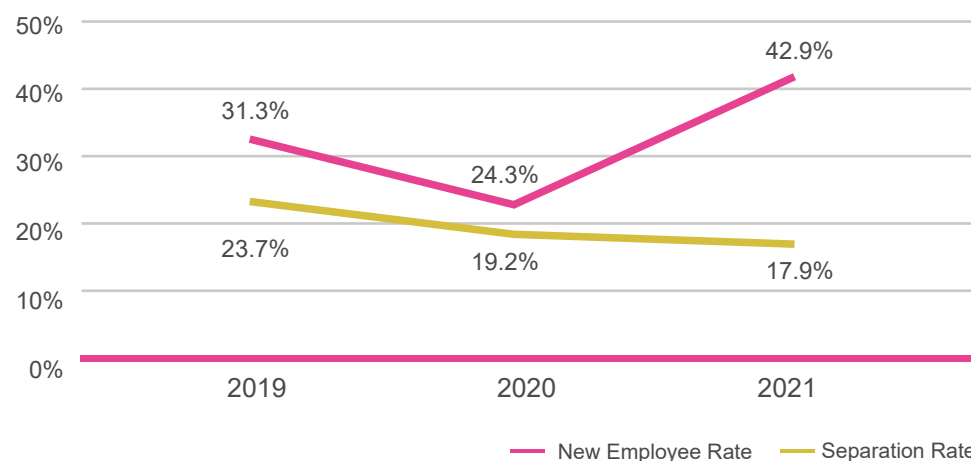
Recruitment and Retention of Talents

“Employees are the most important organizational asset.” This is exceptionally 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 2021, we hired 240 employees, with a new employee rate of 43%. (The female to male ratio is 1:3.5.) In addition, we have planned appropriate functions to provide job opportunities for people with disabilities. In 2021, we hired three 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 2021, 100 employees terminated the employment with a separation rate of 17.9%, showing a decline by 1.3% in comparison with the previous year. The female to male ratio was 1:4.6. To enhance the management of talents, we defined the key talent^{Note} during the reporting period and set a key talent retention rate of 85% for 2021 and an increase rate of 1% every year as the management goal in the future. The retention rate of key talents in 2021 was 89%, showing a better performance than the annual goal.

Note: Key talent means deputy director or above and senior R&D engineer or above.

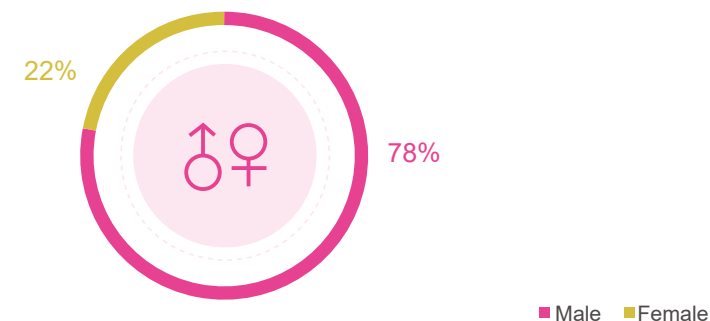
▼ New Recruitment and Separation



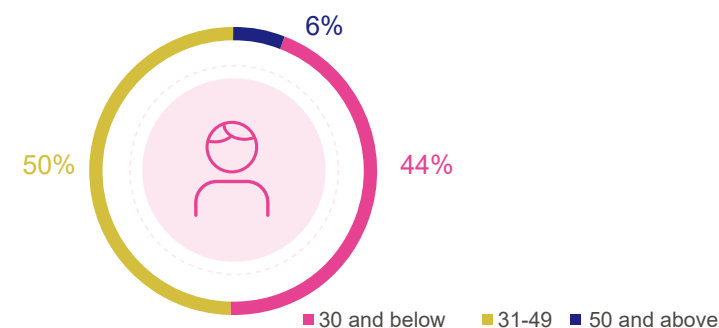
Note: New Employees/Separation Rate = New/Resigned Employees in the Year ÷ Active Employees at End of Year x 100%

New Recruitment in 2021

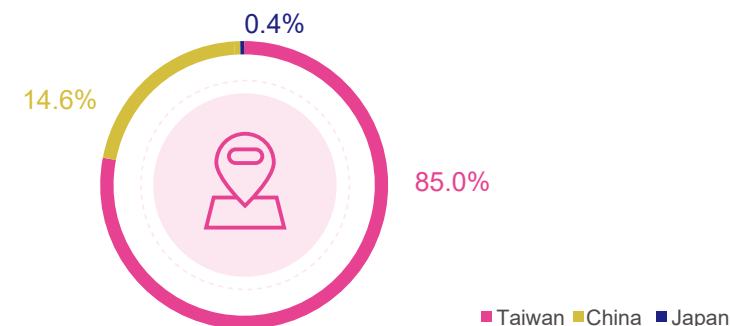
▼ Gender



▼ Age Group

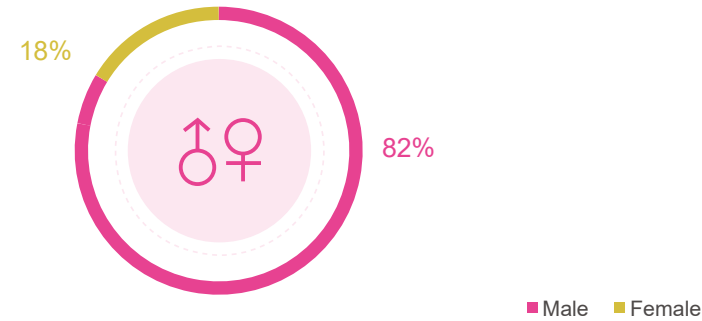


▼ Work Place

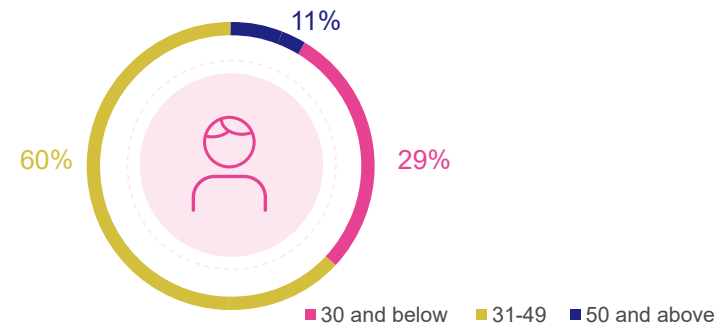


Separation of Employees in 2021

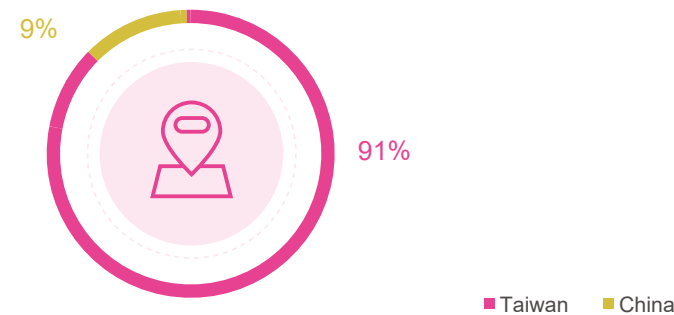
▼ Gender



▼ Age Group



▼ Work Place



Recruitment Channel

We make use of different recruitment channels 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 “RAISI Management Trainee Program” of the government.

Recommendation Bonus for Recruitment of Professional Talents

To recruit top talents, 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. If the candidate passes the three-month probation, the referee will be rewarded with a referral bonus of NT\$10,000-NT\$20,000. This system is helpful for the Company to contact with competent talents who comply with the organizational culture and meet the professional needs of the Company, and can enhance the successful rate of talents recruitment.

Internship Program

We implement an internship program every year by offering professional R&D and engineering verification vacancies to students. Through elaborately designed internship contents, we allow students to engage in industrial practice earlier to eliminate the education-employment divide and thereby effectively ease the anxiety of graduates to shorten their workplace adaption. In 2021, we worked with National Tsing Hua University and National Cheng Kung University to implement an internship program in summer vacation. Both the interns and our employees experienced the remote work model on a staggered schedule and finished the projects successfully during the internship period. Kuanlin, an intern from National Cheng Kung University, said sentimentally at the closing ceremony, “If I have the chance, I hope I can join Fitipower again!” We also expect to see the outstanding students again next year!

Video Show ▶

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Campus Talent Recruitment

We began campus talent recruitment at National Taiwan University, National Cheng Kung University, National Tsing Hua University and National Chiao Tung University in 2015 and attracted about 200-300 students each time. The number of participants is tabulated below. 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. It wasn't held in 2020 due to the Coronavirus Pandemic, and six online recruitment activities (including one overseas online recruitment session) and one physical presentation were organized in 2021.



Physical campus recruitment

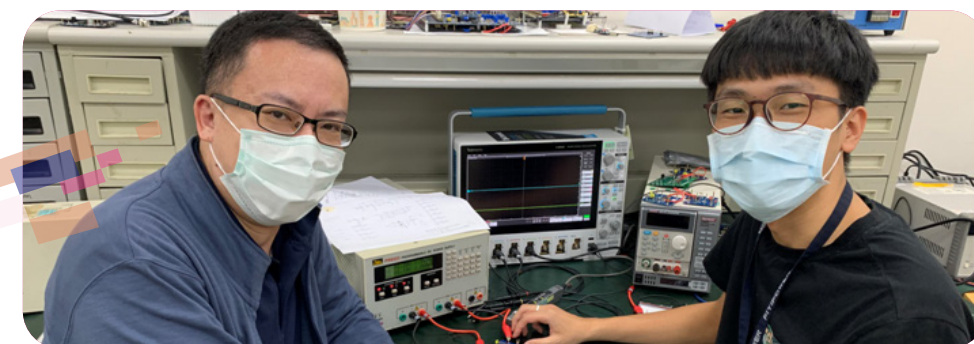


Online campus recruitment (Gather Town)

The Youth's Employment Ultimate Program

To enhance the youth hiring intention and proportion of businesses and provide youth with more practical workplace training, for youth aged 15–29 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 Teenagers Placement Flagship Program, we elaborately set short-, medium-, and long-term learning goals in the course contents for participants to actually 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, 26 employees remained in training and 31 finished their training. We provide Fitipower Youth Evaluation Reward. This is an additional bonus to the youth evaluation grants of the government, all of which we distributed to young employees. The employees who have participated in the Program and been in office for two years will receive a total of NT\$216,000.



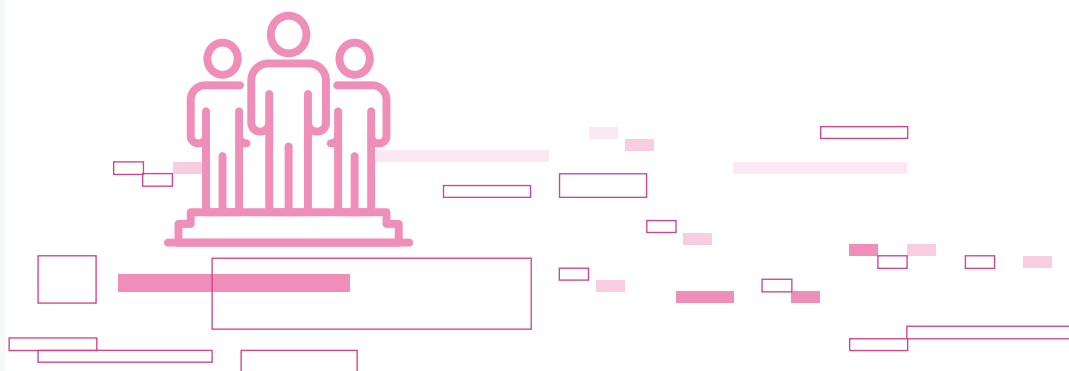
5.3 Employee Development and Retirement

Diversified Training Systems for Employees

We firmly believe that talents are the crucial momentum for the growth of our business. In addition to recruiting external talents, 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 plan (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 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”, “Initiative”, “Continuous 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.



Customer Orientation

Identify customer’s demands and take responsive actions to win the trust of the customer and create long-term partnership.



Integrity and Accountability

Keep the promise, do as what has been promised, and take the responsibility for the promise.



Initiative

Handle tasks spontaneously, take actions proactively to solve problems, and take additional responsibilities for achievement of the goals.



Continuous Improvement

Identify what are inadequate, figure out improvement measures and implement them accordingly to make the situation better.



Communication and Coordination

Express the opinions and ascertain the ideas of others during the communication to form an agreement.

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New Employee Training 2.0

In 2021, to cope with the significant growth of the manpower, we formulated an exclusive training plan - New Employee Training 2.0 - for the promotion of the new employees to a higher grade. The plan was formulated based on the general required courses and the orientation training for new employees to help them understand our culture and business status and the resources and tools that can be used for their tasks. We attached importance to the feedback of new employees and organized discussion meetings (New-Fitis Talk) for them on a regular basis to collect their voices and opinions and work with them to make contributions to the growth of the organization.



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e-Learning and Training Hours

We provide multiple learning channels and resources. In addition to face-to-face physical courses, for employees to enrich themselves ubiquitously with fragmented times, we have built an e-learning platform to provide comprehensive courses, so that employees can arrange their learning schedules with after work with greater flexibility. To stimulate the learning motivation of the employees and enhance the back-end management, we plan to implement a new training platform system in 2022 to provide a more human-friendly and multifunctional learning operation interface. 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.

New Employee

New Employee Course

- ESH, trading secret
- Prevention of insider trading, Weekdone
- 2021 CEO Talk, New-Fitis Talk
- Administrative operation system

Existing Employee

Work Efficiency Course

- MS Office
- Project management (Redmine), management by objectives (OKR)

Professional course (R&D, engineering, quality)

- Professional technique course (Verilog AMS, AI)
- HCITA course, lecture on development trend in the future
- TDDI testing item, Power testing method overview
- Quality management, supply chain management, production technique management

New Manager

Middle/Senior Manager

Leadership and Management Course

Dale Carnegie senior manager training, OKR Workshop, recruitment interview skill, interpersonal communication and coordination, internal instructor training, coaching management, innovative management

Blended-Learning

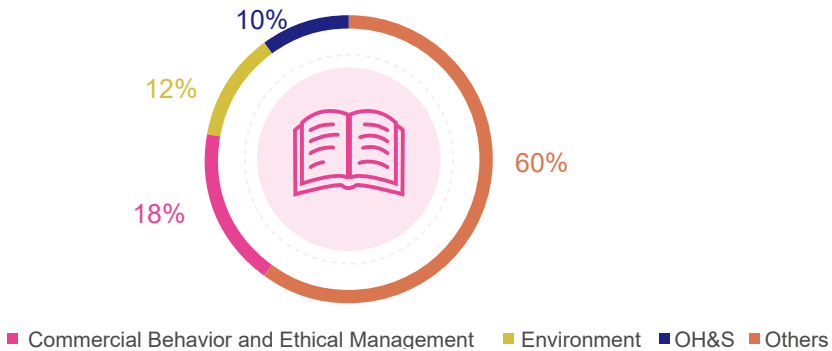
Online microcourse + Offline classroom course

In 2021, each employee received an average of 6.7 hours of training, including an average of 6.6 hours for male employees and 7.0 hours for female employees, at an average training cost per trainee of \$779. 68 categories of practical technology courses to a total of 392 hours were provided for the employees in 2021.

Average Training Hours Per Staff in 2021

Item		Annual Training Hours	Employee Count	Annual Training Hours Per Capita
Gender	Male	2,841	431	6.6
	Female	907	129	7.0
Job Type	R&D	1,316	171	7.7
	Marketing and sales	353	50	7.1
	Engineering & technology	1,348	256	5.3
	Administration and management	732	83	8.8
Total		3,748	560	6.7

Course Distribution by Category in 2021





Performance Management

▼ Performance Management System Cycle

Initial Goal Setting vs. Final Evaluation (March)	<ul style="list-style-type: none">Managers help employees understand the development direction of the Company. They discuss and communicate with each other to form a team in line with the development plan of the Company and the annual personal goal of the employee.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.
Implementation Period of Goals (March to September; September to March next year)	<ul style="list-style-type: none">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)	<ul style="list-style-type: none">Review and evaluate the implementation status of the goals on the first half of the year, and focus on the tasks on the second half of the year again depending on the current operating strategies of the Company.Review the goals set at the beginning of the period and the implementation progress of the personal development plan, and focus on the performance on the second half of the year and planning of the development goals again.Ensure the consistence of the goals and their effective achievement by providing continuous guidance and feedback to create the best organizational and personnel performance.

▼ Employee Performance and Career Development Reviews in 2021

Job Type		Gender		Subtotal
		Male	Female	
R&D	Amount of the employees	161	10	171
	No. of employees accepted the appraisal	98	7	105
	Proportion of employees accepted the appraisal	61%	70%	61%
Marketing sales	Amount of the employees	18	32	50
	No. of employees accepted the appraisal	15	22	37
	Proportion of employees accepted the appraisal	83%	69%	74%
Engineering & technology	Amount of the employees	224	32	256
	No. of employees accepted the appraisal	150	25	175
	Proportion of employees accepted the appraisal	67%	78%	68%
Administration and management	Amount of the employees	28	55	83
	No. of employees accepted the appraisal	17	37	54
	Proportion of employees accepted the appraisal	61%	67%	65%
Total	Amount of the employees	431	129	560
	No. of employees accepted the appraisal	280	91	371
	Proportion of employees accepted the appraisal	65%	71%	66%

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

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Retirement and Succession Planning

To ensure the stability of the organization's management, we place importance on the implementation of the succession plan for our middle and senior manager and plan Dale Carnegie training on high performance of managers for them on a regular basis to develop their 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.

We observe all the laws and regulations of the local government, including the "Labor Standards Act" and "Labor Pension Act". We contribute 6% to the pension of the employees every month according to laws for the employees qualified for the new pension system. (Employees may contribute 0–6% to their pension by themselves.) The amount is deposited in the employee's personal pension account at the Bureau of Labor Insurance according to the Table of Monthly Contribution Wages of Labor Pension approved by the Executive Yuan to ensure there is sufficient amount for pension disbursement.



5.4 Considerable Remuneration and Benefits

Salary Competitiveness

To offer employees reasonable and competitive compensation and welfare as well as gather and retain outstanding talents to work for the steady growth of the Company, we have established the “Wage 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.

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 2021, the average amount of the overall pay for the employees was NT\$2.672 million. The average wage for the entry-level employees* 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\$1.836 million and NT\$2.345 million, respectively. The market investigation showed that our compensation for the employees was highly competitive.

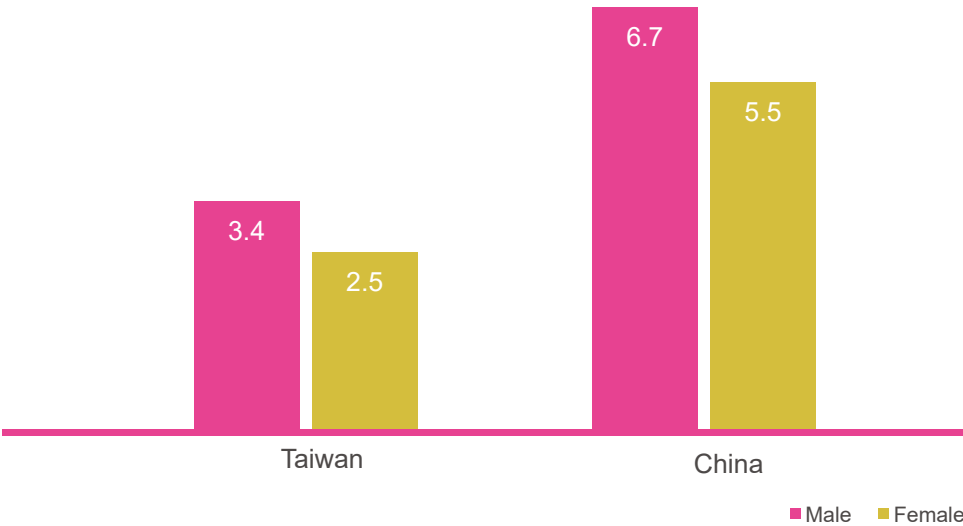
Note: The employees of Fitipower are classified into senior managers, middle managers and entry-level employees. The latter means the employees other than managerial officers.

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

Year	Average Pay of Employees	Non-Manager Full-Time Employees	
		Average Pay	Median Pay
2019	1,602	1,528	1,175
2020	1,678	1,657	1,365
2021	2,672	2,345	1,836

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

▼ Ratio of Average Pay of Non-Manager Employees to Local Minimum Wage



Note: The minimum wage in Taiwan and China is NT\$24,000 and RMB 2,200, respectively.

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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 of the pays.

▼ Ratio of Male to Female Pays in 2021

Job Type	Taiwan		China	
	Ratio of Male to Female Remuneration	Ratio of Male to Female Salary	Ratio of Male to Female Remuneration	Ratio of Male to Female Salary
R&D	1.29	1.15	-	-
Marketing and sales	2.04	2.06	1.15	1.15
Engineering & technology	1.06	1.04	1.01	1.01
Administration and management	1.41	1.62	-	-

Note: “-” means that there is not this employee type in the regions. For example, there is no male employees in charge of administration support and management in China and, thus, no ratio can be calculated.

Well-Planned Welfare and Protection

To protect the rights and benefits and enhance the organizational commitment of employees, we have planned a well-established welfare system. We offer comprehensive benefits through different policies and systems in addition to the basic rights including the Labor Insurance, National Health Insurance, special leave, maternity leave, and parental leave as stated by law.

▼ Well-Established Welfare System and Measures

Type	Welfare Measures
Bonus	Three-festival bonus* In addition to the basic salary for 12 months, there are supplementary rewards of half-month wage for the Dragon Boat Festival and the Mid-Autumn Festival, respectively, and the year-end bonus equivalent to the wage of one month, amounting to a basically secured pay of 14 months.
	Employee reward* The earnings under the profit-sharing system are paid depending on the business of the Company and the performance evaluation of each employee.
	Referral bonus Employees recommending new employees to the Company will receive a referral bonus at NT\$10,000–NT\$20,000 based on the pay grade when these new employees pass the probation.
	Patent bonus <ul style="list-style-type: none">Patent application bonus: A bonus of \$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 \$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.
Allowance	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 \$2,000 per person every year at maximum.
	Meal allowance* Employees are entitled to the lunch and dinner allowance 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 \$1,000/\$2,000 will be granted for the May Day, Dragon Boat Festival/Mid-Autumn Festival/Christmas, respectively.

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Type	Welfare Measures	
Allowance	Marriage allowance	Employees who marry may apply for an allowance of \$8,000.
	Maternity allowance	\$1,200 will be granted for a birth.
	Funeral allowance	A grant of \$7,100/\$5,100 will be granted depending on the blood relationship and consanguinity (first-degree relatives/second-degree relatives).
	Hospitalization allowance	Employees who are hospitalized may apply for an allowance of \$2,000.
	Travel allowance*	Each year we fund NT\$18,000 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.
	Massage	Employees may apply for one massage service every 20 days to relax from busy work.
Event	Club event	Employees are encouraged to form sports and recreational clubs to exercise and develop interest appropriately 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 and improve the adhesion to the Company and a sense of belonging among the employees.
	Formation of teams	We offer \$2,000 to each employee as a fund for the activities of the department.

Type	Welfare Measures	
Vacation	Original national memorial day	Deferred holidays are given for the original national memorial days (a total of 7 days).
	Flextime	Employees can clock in between 08:30 and 09:30 to ensure humane management.
	Fully paid sick leave	We offer additional 5-day fully paid sick leave and female menstrual leave every year.
	Advance special leave	Employees can advance their special leave of up to 56 hours.

Note: The items marked with * are the welfare measures that the employees in China can also enjoy.



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5.5 Workplace Safety and Health Promotion

Occupational Health and Safety Management

To maintain employee safety and ensure workplace safety and health management, we have established the “Occupational Health and Safety Work Rules” and “Employee Work Rules” to stipulate the duties of the employees at all levels with respect to the safety in operation. We care for the health and safety of each employee and endeavor to eliminate all potential risks at the workplace in order to ensure constant organizational growth and pursue sustainable development. In 2021, there were no events of injury or illness related to the work. (FR, SR and ODR values were zero.) The proportion in the absence of male and female employees was 0.5% and 1%, respectively. We plan to implement ISO 45001 Occupational Health and Safety Management Systems in 2022 to make the internal management system more complete.

▼ Our OH&S Objectives

Prevent Occupational Accident	Implement OH&S Management	Carry out Self-protection System	Ensure Labor-management Safety
-------------------------------	---------------------------	----------------------------------	--------------------------------

We place importance on the details at the workplace and take care of every employee for his/her health and safety as well as the balanced development between the work and life by implementing the “external protection” and “personal healthcare”. The “external protection” includes regular maintenance and inspection. The “personal healthcare” includes the free health checkup^{Note 1} and medical consultation provided by physicians. The nurse 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 illness. 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. We invested \$64.45 million in 2021 to support OH&S related measures^{Note 2}.

In addition, we provide OH&S training courses to improve the awareness of occupational safety and emergency response capability among the employees. The OH&S training was provided to total of 373 hours in 2021, including 4 sessions of firefighting training. We plan to execute annual emergency evacuation drills from 2022 to enhance our preventive management.

- Note 1: Our employees are not engaged in especially hazardous work and thus need not undergo special health examination.
- Note 2: The OH&S funds invested were used for employee health checkup and related expenses for insurance, health promotion, training, regular equipment inspection, purchase of personal protection equipment, and doctor’s and nurse’s consultation.

External Protection	Personal Healthcare
<ul style="list-style-type: none">• Building safety inspection (every two years)• Electrical safety testing (every year)• Work environment monitoring (every six months) Illuminance, lead, CO₂• Disinfection of cooling towers and change of filters (every month)• Drinking water testing (every three months)	<ul style="list-style-type: none">• Employee health checkup (every year) A total of 400 employees participated in the health checkup program in 2021.• Four time Doctor’s and nurse’s on-site consultation service every quarter and month, respectively.• On-site massage service (every 20 days) The service was suspended from May to November 2021 due to the epidemic. 688 employees received the massage service.• Multiple nutritious meal options (lunch/dinner) Meat diet, vegetarian diet, low calorie, fruit diet.• Supply of PPE and hygiene product: PPE such as Earplug, mask, isolation gown, respirator and hygiene product such as liquid soap, paper towel and alcohol for personal disinfection.

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Maternal Health Protection Program

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^{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.

Note: After working at Fitipower for six months and when there is a child under 3 years of age, any employee can apply for the unpaid parental until their children are 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 Fitipower during the unpaid parental leave.

▼ Unpaid parental leave in 2021

Item	Male	Female	Total
Total number of employees entitled to parental leave in 2021 (a)	43	13	56
Total number of employees actually taking parental leave in 2021 (b)	1	1	2
Rate of employees taking parental leave (b/a)	2.3%	7.7%	3.6%
Total number of employees due to return to work after parental leave in 2021 (c)	0	1	1
Total number of employees actually returning to work after parental leave in 2021 (d)	0	1	1
Reinstatement rate (d/c)	0	100%	100%
Total number of employees taking parental leave and actually returning to work after the leave in 2020 (e)	0	4	4
Total number of employees returning work after unpaid parental leave and still employed 12 months after their return to work in 2020 (f)	0	2	2
Retention rate after unpaid parental leave (f/e)	0	50%	50%

Note: (a): The calculation basis is the number of the employees having taken maternity leave or paternity leave over the past four years (2018 to 2021).

(b): Unpaid leave date was in 2021.

(c): Planned restatement date was in 2021.

(d): The number of the employees who had the restatement date in 2021 and returned to work actually.

(e): Planned restatement date was in 2020.

(f): Actual restatement date was in 2020 and service was provided for a full year after restatement (on the job in 2021).

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Total Epidemic Control

The outbreak of COVID-19 in 2020 produced impact on the global market and the people in Taiwan experienced the “Level-3 alert” in 2021, which forced the public to change their lifestyle, and businesses were deeply affected. To ensure employee health and business continuity, we planned and implemented robust epidemic control measures in advance, assigned contingency duty to departments at all levels, announced related SOPs, and took proactive actions and made rolling adjustments with respect to the government policies. We conducted an employee vaccination survey to assess the risk impact on the business and prepare for the actions. Up to the end of 2021, 85% and 64% of the employees have taken the first and second doses of vaccine, respectively.



▼ Fitipower Epidemic Control Measures

Measure	Action
Personnel education and training	<ul style="list-style-type: none"> • We established epidemic prevention groups and update with the latest information on the epidemic and internal measures. • We communicated epidemic prevention regulations through multiple channels such as emails and Line groups (e.g. plant access control, less use of elevators, staggered office schedule, and remote WFH).
Resources and equipment management	<ul style="list-style-type: none"> • Contact reduction: Replaced touch with automatic sensing to prevent touching panels. • Equipped touchless spray disinfectant dispensers at entrances. • Equipped hand sanitation equipment in offices regularly. • Equipped used facemask recycle bins. • Distributed facemasks and facemask storage kits. • Distributed facemask and disease prevention package for employees on business trip.
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. • Disinfected the office environment and common space twice a day. • Outsourced full-house disinfection monthly. • Disinfected goods dispatched by courier. • Implemented social distancing indoors and in the smoking area. • Closed the cafeteria and meeting room during the pandemic period.
Remote WFH	<ul style="list-style-type: none"> • Complete planning for teleworking and staggered work schedule. • Conducted PC availability at home, remote testing, and simulation exercise. • Implemented actually.



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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

Support for Vulnerable Groups and Care for Local Communities

- Hired visually impaired people to provide massage service at the company to provide them job opportunities and help employees relieve physical tension for free to care for the physical and mental health of employees
- Encouraged employees to donate uniform invoices (receipts) to vulnerable groups regularly to fulfill the obligations to the society.
- 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.
- Purchased ingredients and gifts for employees from smallholders to express our care for local communities, in addition to helping vulnerable groups.

Fitipower Environmental Foundation

In addition to supporting for vulnerable groups and caring for local communities, we promote the inclusion and development of the society and try our best to make contribution to the society in order to develop in Taiwan in a sustainable manner. While experiencing great business growth in 2021, we decided to invest more resources to establish the “Fitipower Environmental Foundation” in the hope to integrate more power and assistance for a wider development of social inclusion and environmental co-existence.

Origin and Purpose of the Foundation

In November 2021, our Board of Directors resolved to invest NT\$15 million in the establishment of the “Fitipower Environmental Foundation”. The permit and certificate for the establishment were received from the competent authority in January 2022. Hsinchu is an important hi-tech base in Taiwan and the place where our headquarters is located. Hence, the Foundation starts from Hsinchu and expands to other regions in Taiwan. It has the purposes to promote environmental protection and public welfare and is dedicated to the mission of “make the Earth clean again” based on seven action guidelines of “Environmental

Promotion”, “Talent Training”, “Care for Vulnerable Groups”, “Employee Involvement”, “Project Collaboration”, “ Technological Innovation” and “Product Optimization”.

What “make the Earth clean again” pursues is not only a low pollution environment, but also an ark that ensures the co-existence of the living things. The Foundation is committed to eliminating the disasters to the environment and improving the awareness of co-existence with the environment, assisting in the development of innovative products, technologies, lifestyles and business models 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”.

Expected Implementation Plan in 2022

Type	Description
Environment lecture	<ul style="list-style-type: none">• Draw the attention of people to environment topics and enhance the training of talents for sustainable environment by providing lectures.
Co-learning of parents and children	<ul style="list-style-type: none">• Emphasize the importance of both family and environmental education; pass the awareness of sustainability to the next generation through family education.
Love the Earth	<ul style="list-style-type: none">• Make the ocean and earth clean again and arouse the awareness of environmental protection among the participants.• Increase the absorption of CO₂ in the air through tree planting and afforestation to improve the air quality, the co-existence of mankind and nature, and the co-prosperity.• Value the native species in Taiwan and protect their habits and ecological environment to avoid the threats of rapid extermination and organismic interaction.



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eReading for the Future

The “eReading for the Future” has been implemented for five years since its first promotion in 2017. We were glad for the opportunity to participate in this project and work with Taoyuan City Government, E Ink, and other partners in the ePaper ecosystem to support the UN SDGs with practical actions. With the help of the Department of Education, Taoyuan, 13 junior high schools were selected for the donation and 370 eReader devices were donated. Companies sponsored 52 ebooks in addition to the 30 built-in ebooks in each eReader with the assistance of the Department of Education. There were a total of 30,340 ebooks for 4,600 students.

As James Chen, the spokesman of the Fitipower, said, “‘reading’ is crucial to the change of the destiny and the development of the ‘digitalization’ speeds up this process. The families where we are borne are different, but education provides the equal opportunity. This project can solve the problems of remote schools in education resources. The ‘light’ and ‘eye protecting’ e-Reader can help students extend their horizon in a healthy learning environment and enhance the atmosphere and benefit of reading effectively. Recently, we decided to establish the ‘Fitipower Environmental Foundation’ to fulfill our obligations to the society. In the future, we will organize a series of environmental and other education events and communicate love and hope through meaningful actions.”



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▼ General Disclosures

GRI Topic	Disclosures	Chapter/Description	Page
GRI 102 General Disclosures	Reporting practice	102-52 Reporting cycle	About this Report1
		102-53 Contact point for questions regarding the report	About this Report1
		102-54 Claims of reporting in accordance with the GRI Standard	About this Report1
		102-55 GRI content index	Appendices83
		102-56 External assurance	Appendices92

▼ Disclosure of Material Issues

Material Issue	GRI Topic	Disclosure Item	Chapter/Description	Page
Economic Performance	GRI 103 Management Approach	103-1 Explanation of the material topic and its Boundary	Stakeholder Engagement and Material Analysis	11
		103-2 The management approach and its components	1.1 About Fitipower	15
		103-3 Evaluation of the management approach		
	GRI 201 Financial Performance	201-1 Direct economic value generated and distributed	1.1 About Fitipower	18
		201-3 Defined benefit plan obligations and other retirement plans	5.3 Employee Development and Retirement	71
		201-4 Financial assistance received from government	1.1 About Fitipower	18
Customer Relationship and Privacy	GRI 103 Management Approach	103-1 Explanation of the material topic and its Boundary	Stakeholder Engagement and Material Analysis	11
		103-2 The management approach and its components	2.4 Cybersecurity	37
		103-3 Evaluation of the management approach	3.1 Customer Service	42
	GRI 418 Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.4 Cybersecurity	39

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Employment and Employee Benefits	GRI 103 Management Approach	103-1 Explanation of the material topic and its Boundary	Stakeholder Engagement and Material Analysis	11
		103-2 The management approach and its components	CH5 Labor-Management Common Good	58
		103-3 Evaluation of the management approach		
	GRI 202 Market Presence	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	5.4 Considerable Remuneration and Benefits	73
		202-2 Proportion of senior management hired from the local community	5.2 Talent Hub	62
	GRI 401 Employment	401-1 New employee hires and employee turnover	5.2 Talent Hub	64
		401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.4 Considerable Remuneration and Benefits	73
		401-3 Parental leave	5.5 Workplace Safety and Health Promotion	77
	GRI 405 Diversity and Equal Opportunity	405-2 Ratio of basic salary and remuneration of women to men	5.4 Considerable Remuneration and Benefits	73
Supply Chain Management	GRI 103 Management Approach	103-1 Explanation of the material topic and its Boundary	Stakeholder Engagement and Material Analysis	11
		103-2 The management approach and its components	3.2 Supply Chain Management	47
		103-3 Evaluation of the management approach		
	GRI 204 Procurement Practices	204-1 Proportion of spending on local suppliers	3.2 Supply Chain Management	48
	GRI 308 Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	3.2 Supply Chain Management	50

▼ Disclosure of Material Issues

Material Issue	GRI Topic	Disclosures	Chapter/Description	Page
Talent Cultivation and Training	GRI 103 Management Approach	103-1 Explanation of the material topic and its Boundary	Stakeholder Engagement and Material Analysis	11
		103-2 The management approach and its components	CH5 Labor-Management Common Good	58
		103-3 Evaluation of the management approach		
	GRI 404 Training and education	404-1 Average hours of training per year per employee	5.3 Employee Development and Retirement	69
		404-3 Percentage of employees receiving regular performance and career development reviews	5.3 Employee Development and Retirement	70
	GRI 412 Human Rights Assessment	412-2 Employee training on human rights policies or procedures	5.1 Human Rights and Employees Communication	60

▼ Disclosure of Self-Defined Issues

Self-Defined Issue	GRI Topic	Disclosures	Chapter/Description	Page
R&D and Innovation	GRI 103 Management Approach	103-1 Explanation of the material topic and its Boundary	Stakeholder Engagement and Material Analysis	11
		103-2 The management approach and its components	1.2 Product and Technology Innovation	19
		103-3 Evaluation of the management approach		



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SASB Index

SASB Topic	Disclosures		Chapter/Description
Recruiting & Managing a Global & Skilled Workforce	TC-SC330a.1	Percentage of employees that are foreign nationals and located offshore	<ul style="list-style-type: none">Foreign employees occupy 0.9%.Offshore employees occupy 6%.
Materials Sourcing	TC-SC440a.1	Description of the management of risks associated with the use of critical materials	Refer to 3.2 Supply Chain Management
Intellectual Property Protection & Competitive Behavior	TC-SC520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	We did not have any monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations in 2021
SASB General Disclosures	Disclosures		Chapter/Description
Activity Metric	TC-SC-000.A	Total production	DDIC: 850,450,000 pieces PMIC: 1,201,643,000 pieces Other ICs: 336,943,000 pieces
	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.

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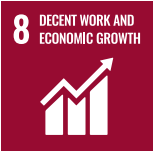





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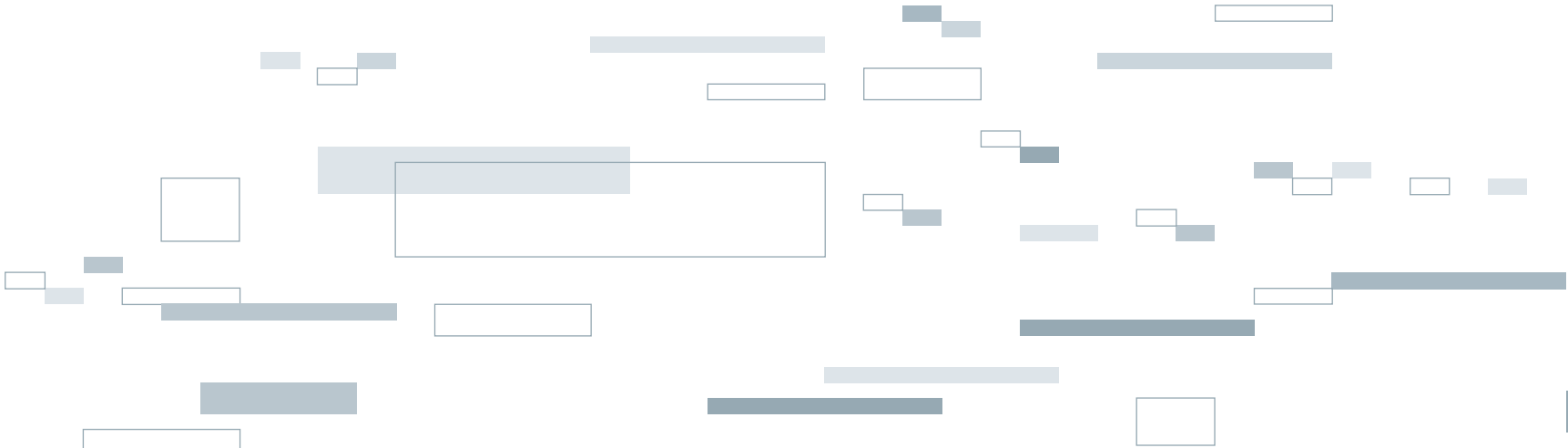
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SDGs

SDG	Fitipower's Practice for SDG
	<ul style="list-style-type: none"> • Whenever meals or gifts are needed, we place orders to Children Are Us Foundation (boxed meals and bakery) as first priority to support the employment needs of vulnerable groups. • We hire visually impaired people to provide massage service at the company to provide them job opportunities and help employees relieve physical tension for free to care for the physical and mental health of employees
	<ul style="list-style-type: none"> • Purchased ingredients and gifts for employees from smallholders to express our care for local communities.
	<ul style="list-style-type: none"> • Each employee is entitled to the Labor Insurance, NHI, group insurance (covering life, accident, hospitalization, accidental medical, and cancer treatment), and travel insurance. • Hire medical specialists and nurses to provide employees with one-on-one inhouse professional consultation. • We provide employees with free annual health checkup to take care of the employee's physical health.
	<ul style="list-style-type: none"> • Board members actively take various further education courses. In 2021 Board members took a total of 42 hours of courses, averaging six hours per member. • We provide sound career development approaches as well as multiple training and study channels and resources. In 2021, each employee received an average of 6.7 hours of training at an average training cost per trainee of NT\$779. • The "e-Reading for the Future" project led by E Ink contributes reading resources to the students in remote areas.
	<ul style="list-style-type: none"> • Ensure the diversity and inclusivity of Board members, two of the seven directors are female, accounting for 29%. • We have established the "Human Rights, Diversity, and Inclusion Policy" for implementing the principles of gender equality and same pay for the same job. • We promote the "Maternal Health Protection Program", including birth allowance, exclusive parking spaces for pregnant employees, right to unpaid parental leave, and breastfeeding room.
	<ul style="list-style-type: none"> • The Company provides funds to student clubs for their beach cleaning activities on an irregular basis. • We conduct drinking equipment testing, replacement of filters, and disinfection of cooling towers on a regular basis. • We constantly communicate water conservation to employees and purchase equipment carrying the Water Conservation Mark.

SDG	Fitipower's SDG Practice
	<ul style="list-style-type: none"> • In 2021, we hired 240 employees, with a new employee rate of 43%, and 3 employees with disabilities. • We make use of different recruitment channels 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 “RAISI Management Trainee Program” of the government. • We participate in the talent training program of the government (The Youth's Employment Ultimate Program) and provide an additional bonus to the youth evaluation grants of the government, all of which we distributed to young employees. The employees who have participated in the Program and been in office for two years will receive a total of NT\$216,000.
	<ul style="list-style-type: none"> • In 2021, besides an R&D team of 171 members, we invested a total of NT\$2.169 billion in R&D, accounting for 9.5% of the 2021 revenue. • We are committed to developing various low-power-consumption and energy-efficient technologies. In 2021, we launched 7 energy-saving innovative products to bring significant effectiveness in energy conservation and carbon reduction to terminal electronic products. (7,059 tons of carbon emissions will be reduced every year when assessed based on the shipments.) • The patent bonus regulations were amended in 2021. In addition to the patent application bonus, the upper limit of the licensing bonus for the same patent is increased to NT\$90,000 and a patent utilization bonus is provided additionally.
	<ul style="list-style-type: none"> • We have established the Human Rights and Diversified Inclusion Policies, which specify that no differential treatment or discrimination is allowed in recruitment, employment, promotion, reward, and welfare due to race, language, blood type, religion, political party, native place, gender, age, marital status, facial features, or other factors.
	<ul style="list-style-type: none"> • In 2021, the overall waste generated was about 43.888 tons. After food waste was recovered, the overall recovery rate was increased substantially by 67.9% to 96.8% in comparison with the previous year. • In business operations, we hire qualified contractors to scrap and perform online report of production waste including electronic components, slags, and nonconforming products (including wafer and packaging materials). Cartons and domestic waste are sorted before handing over to the park cleaning team for recycling and subsequent disposal.
	<ul style="list-style-type: none"> • We establish a full-time regulation identification unit and assign responsible staff to solve problems in different legal and regulatory requirements. • We verify no product contains restricted substances or chemicals before distribution to the importing countries, and ensure compliance with the RoHS, REACH standards and RMI requirement of different countries.
	<ul style="list-style-type: none"> • We invest NT\$15 million in the establishment of the “Fitipower Technology Environmental Sustainability Foundation” and are dedicated to the mission of “Circularity to Restore the Earth” based on the four core strategies of “Ecological Conservation”, “Climate Change”, “Circular Economy”, and “Disaster Relief”. • We supplied multiple options for the lunch of the employees. In addition to the meat diet containing rice or noodle, we supply vegetarian and fruit meals to take care of the employee's dietary health and reduce CO₂ emissions.

SDG	Fitipower's SDG Practice
	<ul style="list-style-type: none">• We promote the “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.• We engage in the R&D of EPD and ESL application technologies, accelerate the paperless policy, implement them to entities at various levels and industries, enhance public acceptance, and thereby reduce the risk of forest losses.
	<ul style="list-style-type: none">• We support the Responsible Minerals Initiative (RMI) to ensure 3TG minerals are acquired from RMI-certified smelters.• 49 suppliers were investigated in 2021. 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 125 qualified smelters.• We abide by the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies”, “Personal Data Protection Act”, “Trade Secrets Act”, and “Fair Trade Act”. In 2021, no non-compliance with ethical corporate management or the above acts was reported.• Internal auditors shall maintain integrity and independence to carry out their duties objectively and impartially and periodically report the audit outcomes to the Audit Committee.
	<ul style="list-style-type: none">• We will join four 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 2021, we work with domestic famous universities to implement an internship program by offering professional R&D and engineering verification vacancies to students. Implementation will start in 2021.• We collaborate with domestic famous 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 the efficiency.





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Third Party Assurance Statement

ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE FITIPOWER INTEGRATED TECHNOLOGY INC.'S SUSTAINABILITY REPORT FOR 2021

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 2021. 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 2022/02/21~2022/05/23. 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 2021 and its presentation are the responsibility of the directors or governing body (as applicable) and the 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 text, data, graphs and statements 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, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for report quality, and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

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.

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Reporting Criteria Options

1. GRI Standards (Core)

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 moderate level of scrutiny for 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);
- evaluation of the report against the requirements of Global Reporting Initiative Sustainability Reporting Standards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with; and
- 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 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, SAB000, 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 a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, sustainability experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, Fitipower may collect more responses from diversified stakeholders to integrate their engagement results into governance, strategy and relevant decision-making processes across the full organisation.

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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. Evaluating the relevance of identified material sustainability topics based on suitable and explicit criteria could be improved in the next report.

Responsiveness
The report includes coverage given to stakeholder engagement and channels for stakeholder feedback. Implementing a process for developing responses and communicating with stakeholders is encouraged.

Impact
Fitipower has included in this report the disclosures of the organization's impacts on stakeholders and on the organization itself. Measurements and evaluations on potential impacts, such as direct and indirect, intended and unintended, and positive and negative impacts and the relevant management process to address these impacts are to be further described in future report.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, Fitipower's Sustainability Report of 2021, is adequately in line with the GRI Standards in accordance with Core Option. The material topics and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. For future reporting, disclosures on the specific actions taken to achieve goals and targets could be addressed more precisely to enhance continuous improvement. Furthermore, more detailed descriptions of the highest governance body's involvement with ESG management are encouraged.

SASB CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Fitipower has referenced with SASB's Standard, 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 consolidated 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. Process to identify, assess, and manage topic-related risks and opportunities were integrated into Fitipower's overall management process. It is recommended that regular monitoring of peer disclosure can help Fitipower better understand evolving expectations—among investors and other stakeholders and ensure to provide comparable information.

Signed:
For and on behalf of SGS Taiwan Ltd.

David Huang
Senior Director
Taipei, Taiwan
10 June, 2022
www.sgs.com

AA1000
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Fitipower Integrated Technology Inc.

2021 Sustainability Report



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