



Fitipower Integrated Technology

天鈺科技 2020
ESG Report

fitipower

Environmental
Social
Governance

About this Report

Report Overview and Publishing

This is the first environmental, social and governance (hereinafter referred to as “ESG”) report that we, Fitipower Integrated Technology Inc., publish on the Sustainable Development section of our corporate website (hereinafter referred to as “Fitipower Website”) for stakeholders to download and read. In the future, we will publish the ESG report each year to periodically report to society our ESG efforts and achievements in order to achieve the sustainable operations corporate vision through real action. The next report will be published in June 2022.

Reporting Boundary and Scope

This report discloses the core ESG information of our headquarters (HQ) and business locations in Taipei and Tainan from January 1-December 31, 2020. The scope of disclosure covers 77.8% 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 following subsidiaries: Trade Logic Limited, Ever Harvest Limited, Jadard Technology Inc. (hereinafter referred to as “Jadard”), Hefei Jadard Technology Co., Ltd., and Jadard Technology Limited. In addition, please refer to the respective sections for the product information involving the products and applications of respective subsidiaries.

Reference Guidelines

This report has been prepared in accordance with the GRI Standards: Core option, and the GRI Index is appended at the end of this report. In addition, all financial data disclosed in this report are extracted from our consolidated financial statements audited and certified by KPMG Taiwan with respect to the International Financial Reporting Standards (IFRS). The 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.

External Assurance

This report has been verified by SGS Taiwan for compliance with the inclusivity, materiality, responsiveness and impact of the information contained in this report. This report is also verified to comply with the requirements for the moderate assurance level of Type 1 of the AccountAbility 1000 Assurance Standard v3 (AA1000AS v3) to ensure the reliability of information disclosed in this report. Please refer to the Assurance Statement issued by SGS Taiwan that is appended to this report for more detail.

Cover Story

Based on the eagle’s traits: “sharp vision,” “excellent technology” and “abundant energy” we aim to “lead the industry.” While gliding toward the sustainable future, we also spare no efforts in carrying out our engagement in sustainable environment and social contribution.



Contact Information

If you have any recommendations or questions regarding this ESG Report, please feel free to contact us with the following methods. To assume our corporate social responsibility for information disclosure, we have also published this report on the Fitipower Website for public access.

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Message from the Chairman

Despite our host of achievements, an economic turmoil arose in 2020 following the outbreak of COVID-19 and intense situation in international trade. As 2020 also marked the 50th anniversary of Earth Day and “Earth became cleaner” as shown in the observation of various phenomena, scientists were surprised to see that this merit was the result of the unmerciful COVID-19 pandemic. Besides singularizing the impacts on Earth of human activities, the pandemic also signaled the necessity of ESG considerations for businesses to seek sustainable development.

In this turmoil, we turned situations into opportunities through the transformation and focalization of existing products and the expansion and upgrading of the current markets. As a result, we managed to effectively boost financial performance thanks to the rise of 5G, AIoT and stay-at-home economy in 2020H2. Through the concerted effort of all employees, a new high was seen in both revenue and profit for nine consecutive years and gross margin, operating margin and net income margin began to rise since 2020Q2. Besides attracting investors, our market worth also made a big leap over last year. In terms of product, besides the existing DDI, PMIC and other related semiconductor products with a well-established foundation, a great progress was made in 2020 in the development of the TDDI and OLED ranges of subsidiaries and our Wi-Fi6, automotive electronics, color EPDs and HCI ranges. In the future, we will continue with technology R&D and product innovation to open a new era for technology with society and the world together to “Drive Your Heart, Power Your Life.”

In terms of governance, a substantial progress was made in the 7th Corporate Governance Evaluation when we were ranked among the top 36-50%. Due to the misunderstanding caused by incomplete information disclosure at the 6th Corporate Governance Evaluation, we realized the importance of stakeholder communication and thus took countermeasures at once. We provided fuller and more

accurate information on the corporate website, planned new a corporate website and published the first ESG report (this report) to provide more comprehensive and easier to use communication channels. In addition, we opened our heart to listen to the voice of various stakeholder groups and helped one another to grow together.

Environmentally, we ensured that all products and materials followed the customer and global legal requirements (e.g., halogen free, RoHS and REACH and related regulations in various parts of the world). We also engaged in green product R&D and innovation to develop smaller, highly-efficient (low power consumption), highly integrated and high-quality ICs and applications to realize our expectations and commitments for environmental protection. In 2020, the IC products we designed and mass-produced reduced carbon by about 160,000tCO₂e, equivalent to the annual adsorption of 411 Daan Parks. We will continue to invest in R&D of innovative green technologies and products and implement the green office action to cultivate green economic opportunities for the company.

Socially, besides supporting the Universal Declaration of Human Rights (UDHR), respecting the basic human rights of employees and business partners, and making related policies, we investigated the use of conflict minerals by suppliers and rejected metals from conflict areas to ensure all materials were supplied by RMI-accredited smelters. The “Xinjiang cotton” and “airline strike” issues in recent years have by far signaled the rise in the awareness of human rights, and we have already taken advanced action according to the trend. In the future, besides ensuring no conflict minerals from suppliers, we will include the Code of Conduct (CoC) of the Responsible Business Alliance (RBA) in the supplier management.

While “talent” is one of our most important assets, we offer them competitive pay and benefits. According to the 2020 pay information

announced by the Taiwan Stock Exchange, the average pay of our employees was ranked among the top 100 listed companies in Taiwan. By providing employees with an ideal platform for domestic chip designers, we aim to boost the company's overall R&D momentum. In social participation, apart from purchasing local agricultural products, smallholder fruit and products from vulnerable groups and charities as corporate gifts, we have officially planned to establish a foundation. In the future, we will cohere the resources and power from all parts of society through the foundation to effectively start a series of environmental protection, vulnerable care, and education projects to show our corporate influence to promote social inclusivity.

We deeply understand that optimizing non-financial management is the key to sustainable development, in addition to rapid business expansion and economic development. Hence, in addition to the said ESG management and planning, we established an ESG responsible unit and five ESG task forces, announced our sustainable development policy, and published our first ESG report (this report) during the business takeoff in 2020. Through cross-department communication and implementation, we effectively started various operational activities in terms of six sustainability missions: "Value Co-creation," "Responsibility Sharing," "Partner Co-prosperity," "Labor-Management Common Good," "Social Inclusion" and "Environmental Symbiosis." In the future, we will disclose our ESG information periodically and ceaselessly implement our medium- and long-term goals and actions. This is a good start and I believe that sustainable development will never end. On the road toward sustainable development and promotion, the seeds we sow will not only facilitate partners to grow together, the fruit we bear will also put us back on the right track after twists and turns.

Chairman and Sustainability Committee Chair

Young Lin



ESG

Vision and Management

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



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.



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.



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.



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 environmental impact of products throughout their lifecycle to cultivate green economic opportunities for the company.

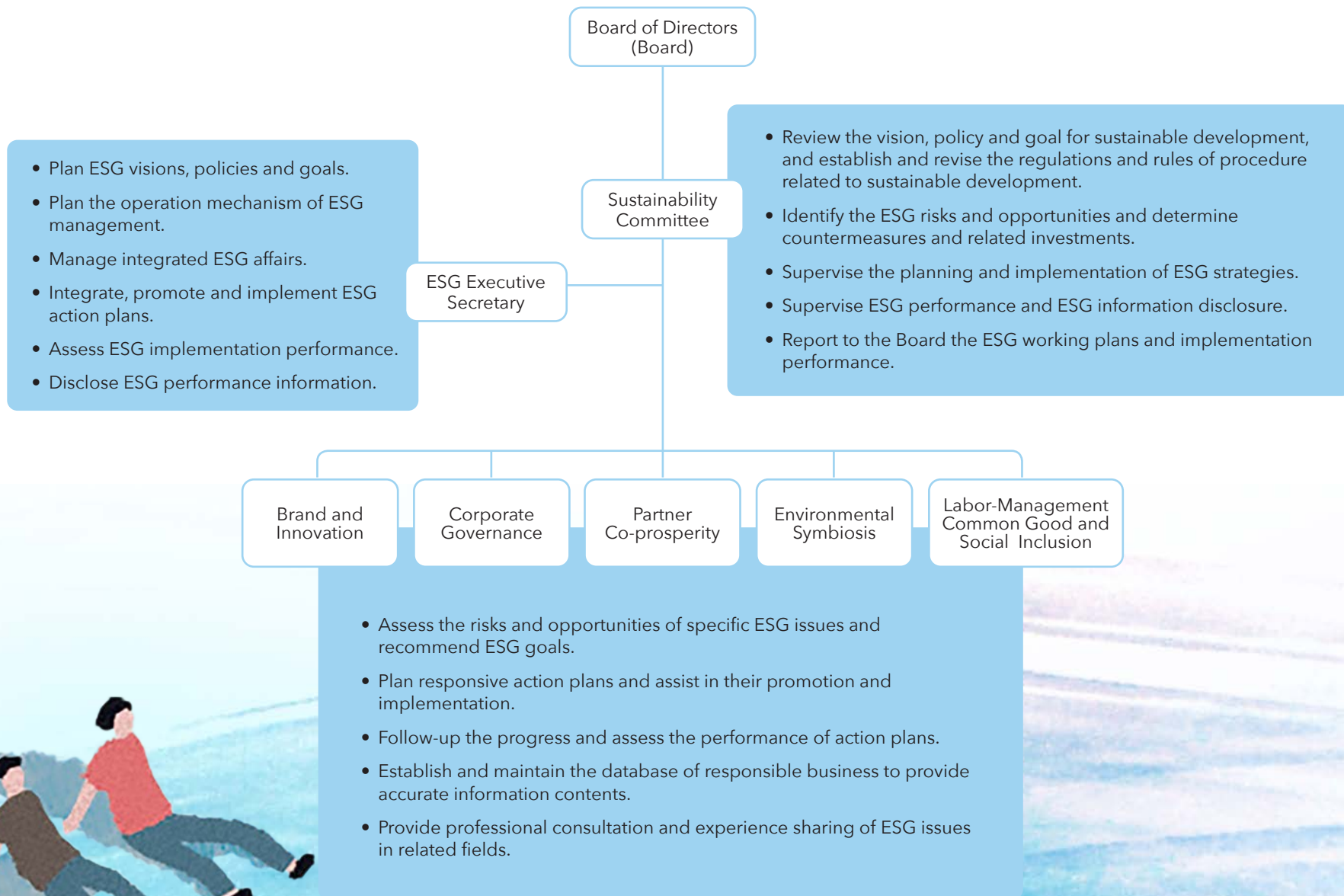
ESG Management Framework

To make sustainable operations a reality, we have established the Sustainability Committee* with respect to the "Sustainable Development Best Practice Principles" to supervise and manage the sustainable development and implementation of ESG within the organization. The Committee is a functional committee under the Board of Directors, with the chairman as the committee chair, the president as the deputy committee chair and three independent directors as the committee members. The Committee holds at least two meetings a year and submits the status of sustainable development to the Board for review.

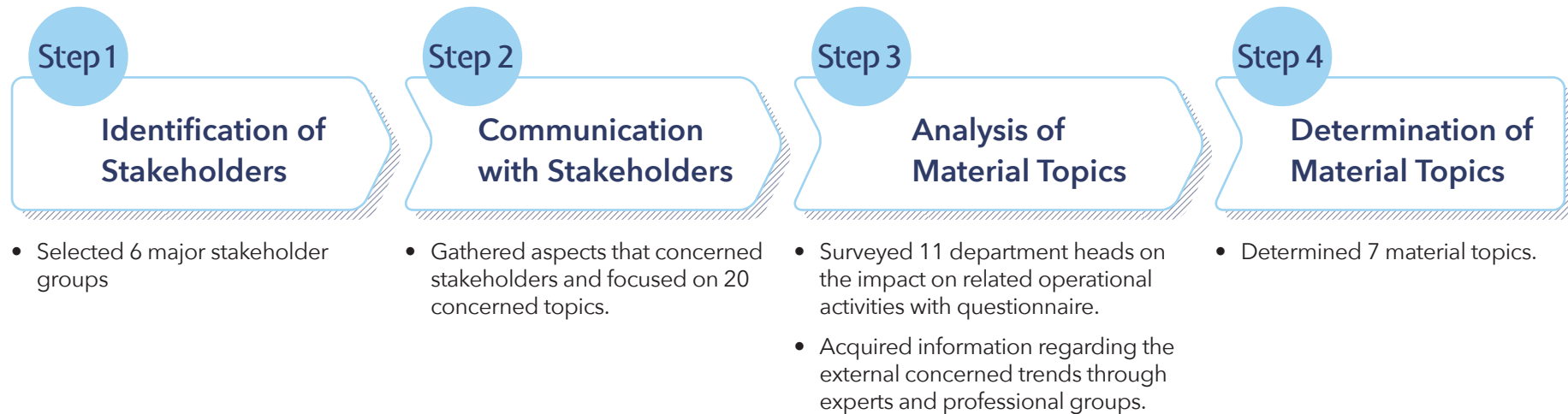
To effectively implement and communicate matters related to sustainable development, we have established a responsible team (ESG Executive Secretary) and five task forces under the Sustainability Committee, namely "Brand and Innovation", "Corporate Governance", "Partner Co-prosperity", "Labor-Management Common Good and Social Inclusion" and "Environmental Symbiosis." Each year we hold the ESG Conference to review the annual ESG outcomes and plan the future ESG strategies and goals.

* The "CSR Committee" was officially renamed the "Sustainability Committee" during the report editing period (May 31, 2021).





Stakeholder Engagement and Priorities



Step 1 Identification of Stakeholders

We have planned stringent methods to identify and select stakeholders for engagement. First, members of the Sustainability Committee brainstormed all potential stakeholders. Then, based on the five attributes of stakeholders: dependency, responsibility, tension, influence, and diverse perspective as stated in the AccountAbility Stakeholder Engagement Standard 2015 (AA1000SES:2015), we selected a total of six stakeholder groups: employees, investors, government institutions, customers, suppliers/contractors, communities/academic institutions.

Step 2 Communication with Stakeholders

To exactly gather and then analyze and address all topics that concern our stakeholders, we specifically held an executive meeting to gather the directions of stakeholder concerns acknowledged 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 topic-specific disclosures to focus comprehensive topic contents into 20 topics covered by the economic, environmental and social categories for subsequent analysis and identification of material topics.

Besides the above standard operating procedures, we have also set up the [Stakeholder Services section](#) on the Fitipower website to provide contacts, including emails, for corresponding stakeholder groups maintain unfettered and sound interaction with stakeholders for any questions, suggestions, and even grievances.

Channels for Stakeholder Communication

Stakeholders	Concerned Topic	Communication Method	Frequency	Performance	Chapter
Employees	<ul style="list-style-type: none"> • Employment and employee benefits • Labor/Management relations • Talent cultivation and training 	Employee Suggestion Box	Real-time	<ul style="list-style-type: none"> • Enhance employee identification • Employee grievance rate • Talent retention status 	5.4 Employee Benefits 5.3 Labor/Management Relations 5.2 Employee Development
		Manager Meeting	Half-yearly		
		Labor-Management Meeting	Quarterly		
		Performance interview	Half-yearly		
		Employee Welfare Committee	Quarterly		
Investors	<ul style="list-style-type: none"> • Economic performance • Indirect economic impact • Customer relationship and privacy • R&D and innovation privacy 	OH&S Committee	Quarterly	<ul style="list-style-type: none"> • Financial performance • Product R&D status • Customer satisfaction • Cybersecurity management 	1.4 Financial Performance 1.3 R&D and Patent 3.1 Customer Service 2.4 Cybersecurity
		Investors section on the corporate website	Real-time		
		Annual report before the AGM	Yearly		
		Annual general meetings of shareholders (AGM)	Yearly		
		Investor conferences	Yearly		
Government Institutions	<ul style="list-style-type: none"> • Legal compliance • Energy management • Occupational health and safety (OH&S) 	Market Observation Post System (MOPS)	Real-time	<ul style="list-style-type: none"> • Status of legal and regulatory compliance • Status of energy management 	2.2 Legal Compliance and Ethics 4.3 Energy and Resource Management 5.5 Occupational Health and Safety Promotion
		Official documents	Irregular		
		Oversights, audits and labor inspections of competent authorities.	Irregular		
		Policy discussion, seminars and keynote seminars.	Irregular		
Customers	<ul style="list-style-type: none"> • Customer relationship and privacy • R&D and innovation • Green Product 	Customer relationship management (CRM) system	Real-time	<ul style="list-style-type: none"> • Customer satisfaction • Customer complaints and handling status • Product R&D status 	3.1 Customer Service 2.4 Cybersecurity 1.3 R&D and Patent 4.1 Green Product
		Fitipower Website	Real-time		
		External communication emails	Real-time		
		Quarterly business meeting	Quarterly		
		Customer satisfaction survey	Yearly		
Suppliers/Contractors	<ul style="list-style-type: none"> • Supply chain management (SCM) • Green product • Human rights • Anti-corruption 	Customer meetings	Irregular	<ul style="list-style-type: none"> • Supplier evaluation and pass rate • Status of signing of the Environmentally Restricted Substances Undertaking. • Status of conflict minerals investigation 	3.2 Sustainable Supply Chain 4.1 Green Product 5.1 Talents Hub 2.2 Legal Compliance and Ethics
		Quality meeting	Yearly		
		Supplier audit	Irregular		

Stakeholders	Concerned Topic	Communication Method	Frequency	Performance	Chapter
Communities/ Academic Institutions	• Social investment and participation	Fitipower Website	Real-time	<ul style="list-style-type: none"> • Social investment and participation • Concrete planning for expanding social contribution • Status of talent cultivation and recruitment 	5.6 Social Participation 5.2 Employee Development
		External communication emails	Real-time		
	• Talent cultivation and training • R&D and innovation	Campus talent recruitment	Yearly		
		Industry-academe collaboration projects	Irregular		

Step 3 Analysis of Material Topics

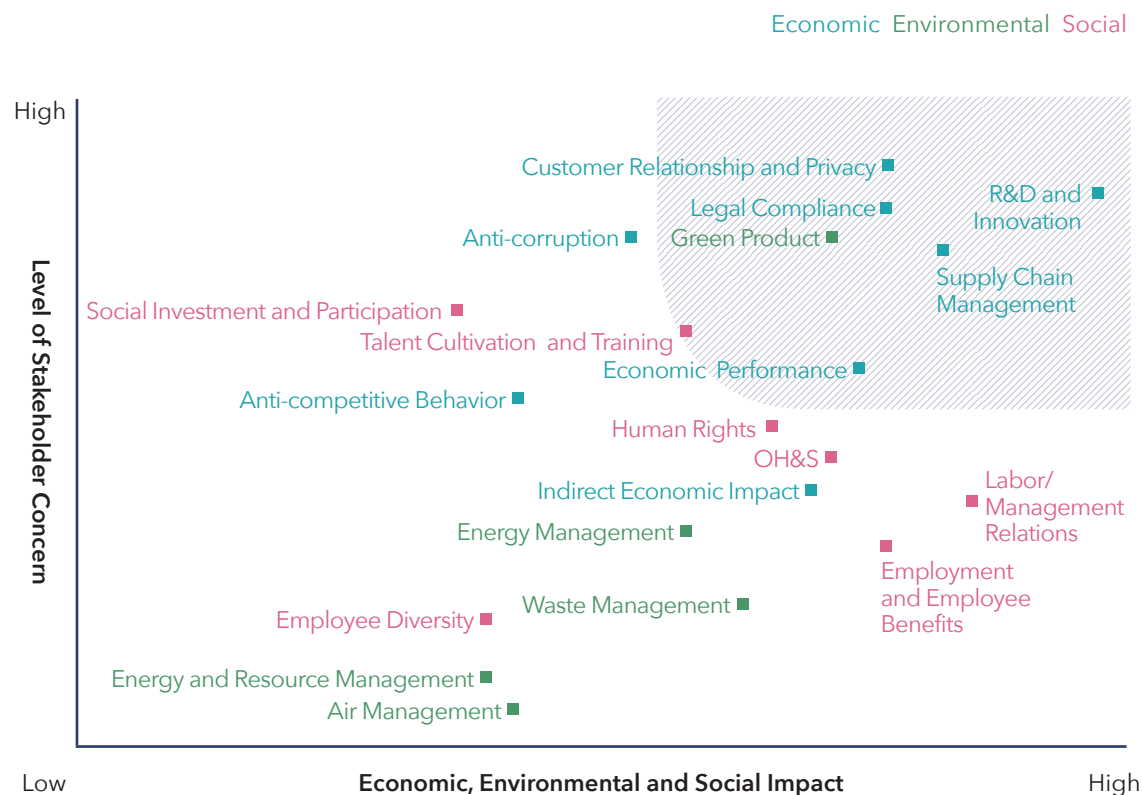
After communicating with stakeholders, we gathered the topics that concern them and proceed with the identification, prioritization, validation and review of these topics with respect to the four Reporting Principles for defining report content: stakeholder inclusiveness, sustainability context, materiality and completeness to prioritize the concerned topics.

Questionnaire for Impact Survey

To discern the impact of the above concerned topics, we surveyed department heads with a questionnaire to assess the levels from 1-5 of the economic, environmental and social impacts of our business activities based on their practical experience and professional judgment and then prioritize these topics by their level of impact.

Acquisition of information on external concerned trends through experts

We also hired qualified experts and groups, such as the CSR instructors of National Sun Yat-Sen University and the professional consulting team of Leadership Business Consulting, to provide us with information regarding the degree and trend of concern of stakeholders about different types of topics based on the corporate attributes. After comparing and contrasting with the survey outcomes, we prioritized topics by their materiality.



Step 4 Determination of Material Topics

After the second internal in-depth discussion and careful assessment, we decided on the seven material topics for 2020. 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.

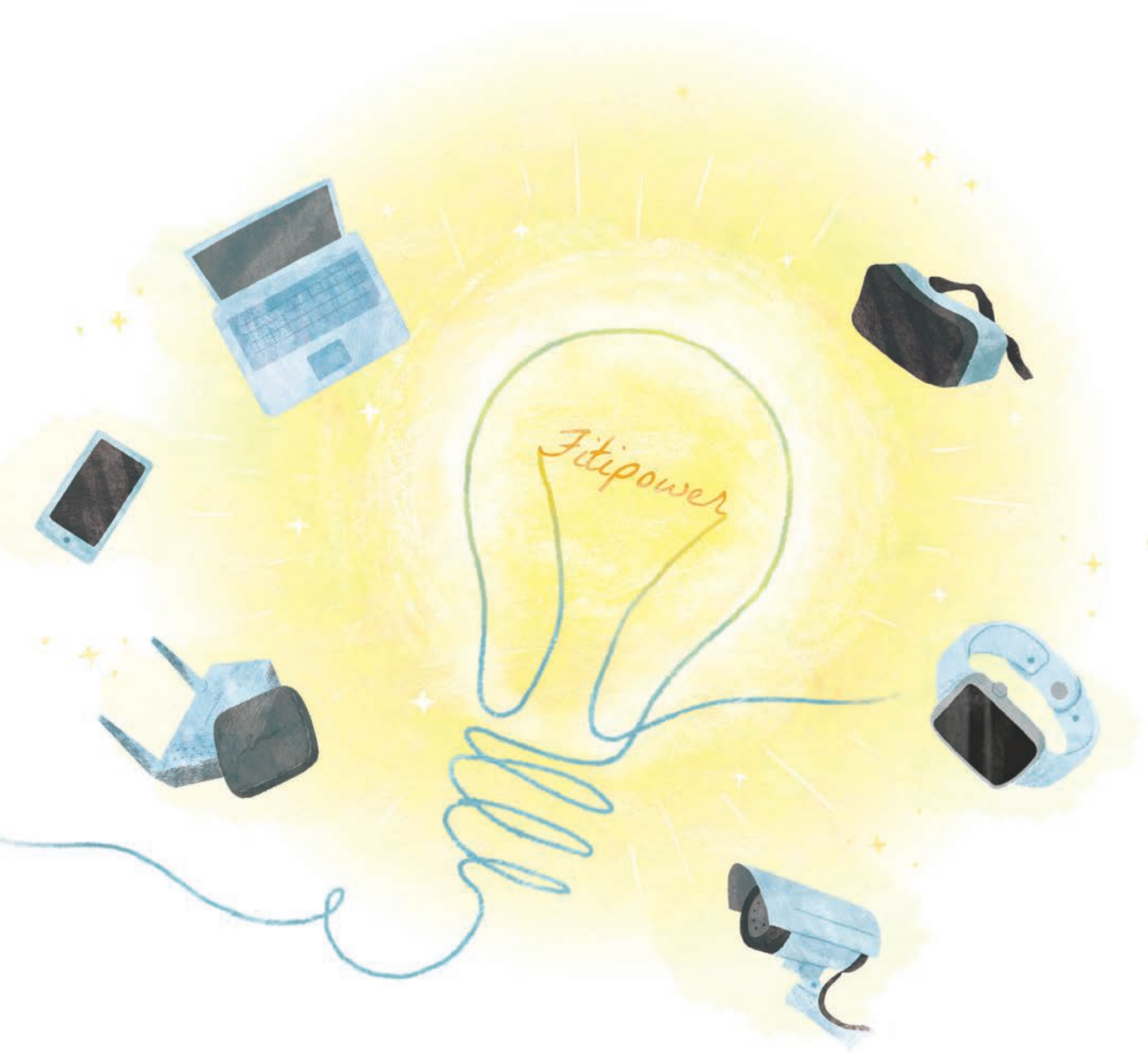
Boundary of Material Topics

● Direct Impact ○ Contributive Impact ▲ Business Impact

Priority	Material Topic	Significance to Operations	Major Stakeholders					GRI Standards	Chapter	
			Within the Organization	Outside the Organization						
			Employees	Investors	Government Institutions	Customers	Suppliers/ Contractors	Communities/ Academic Institutions		
1	R&D and Innovation	To swiftly respond to rapid technological advancements, we always actively input resources and put innovation and R&D the core momentum to fulfill the diversified and advanced demands of customers and create ground-breaking value for the market.	●	○	○	▲	○	●	Self-defined Topic	1.3 R&D and Patent
2	Customer Relationship and Privacy	In the time of knowledge economy, business information protection is exceptionally important, particularly in the high-tech industry. Hence, by putting ourselves in 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
3	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 308 Supplier Environmental Assessment	3.2 Sustainable Supply Chain 4.1 Green Product

● Direct Impact ○ Contributive Impact ▲ Business Impact

Priority	Material Topic	Significance to Operations	Major Stakeholders						GRI Standards	Chapter
			Within the Organization	Outside the Organization						
			Employees	Investors	Government Institutions	Customers	Suppliers/ Contractors	Communities/ Academic Institutions		
4	Legal Compliance	Laws, regulations, and government policies are the foundation of CSR fulfillment. Apart from complying with the laws and regulations of different regions and implementing ethical corporate management, we ensure total legal compliance of our products and services to burgeon in a robust foundation.	●	○	●	▲	▲	○	GRI 307 Environmental Compliance GRI 419 Socioeconomic Compliance	2.2 Legal Compliance and Ethics
5	Green Product	We demonstrate our concern about environmental protection, energy conservation, and resource smart use in terms of products. Besides restricting the use of hazardous or controversial substances with concrete actions over the years, we ensure that all products and services are manufactured and provided through and for eco-friendly means through proper SCM to realize our environmental commitment.	○	○	●	▲	○	○	Self-defined Topic	4.1 Green Product
6	Economic Performance	Creating ground-breaking financial growth is one of our operational achievements. By integrating our innovation and R&D DNA with a well-developed management system and culture, we 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	1.4 Financial Performance 5.3 Labor/ Management Relations 5.4 Employee Benefits
7	Talent Cultivation and Training	Talents cultivation is the foundation for knowledge inheritance and breakthrough. We value the practical training and competence optimization of each employee and believe that providing sound training resources and a learning environment are the key to maintaining talent density within the organization.	●	○	○	○	○	●	GRI 404 Training and Education	5.2 Employee Development 5.4 Employee Benefits



CHAPTER

1

Brand and Innovation

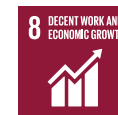
1.1 About Fitipower

1.2 Product and Technology

1.3 R&D and Patent

1.4 Financial Performance

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.



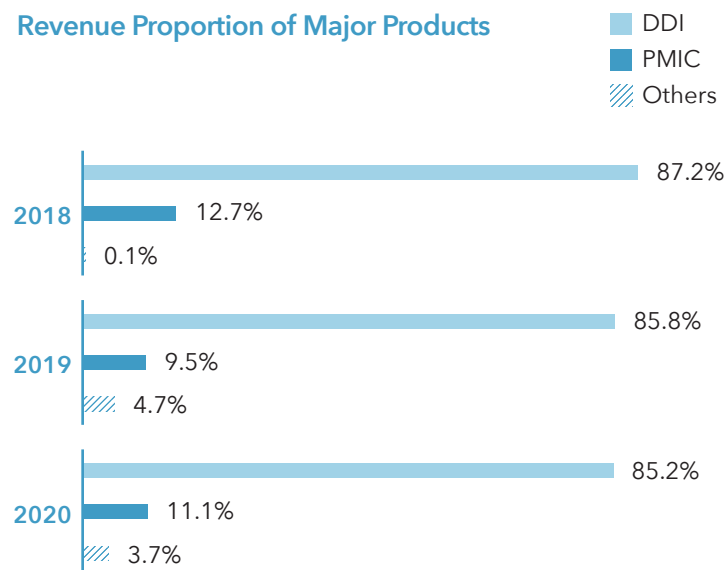
1.1

About Fitipower

Fitipower Integrated Technology Inc. is a professional power management and display driver IC design house. Founded in 1955 with headquarters located in Hsinchu Science Park, we are a member of the Allied Association for Science Park Industries and approved for listing (stock code: 4961) in 2018. 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. In 2020, the consolidated revenue was NT\$10.9 billion, and the number of employees was 428 persons.

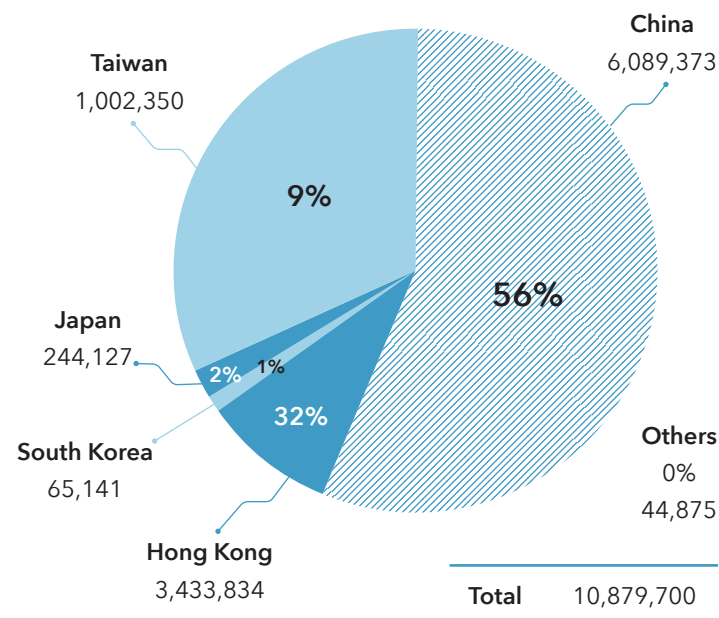
With outstanding capacity in the R&D of analog, digital, and mixed signals, our products cover LCD panel driver ICs, electro-phoretic display (EPD) driver ICs, PMIC, time sequence control ICs, and others. With “integrity” as customer commitment, “innovation” as self-motivation, and “quality” as product insistence, we provide total solutions from DDI to PMIC. Looking out to the future, we will constantly deepen R&D capacity and maintain steady operations with careful steps, hoping to become a world-class IC design house.

Revenue Proportion of Major Products



Note: DDI include large-sized Source Driver ICs, large-sized gate driver ICs, and small-sized integrated driver ICs. PMIC include switching regulator ICs, linear regulator ICs, and power management integration elements. Other products include voice coil motor (VCM) motor ICs and fast charging protocol ICs.

Sales Distribution in 2020 (NT\$ thousand)



Product Applications

Product Applications(Core Strength)

Fitipower Products
Jadard Products



1.2

Product and Technology

Core Value



Due to the maturity and promotion of 5G technology and the expansion of application of the Internet of Things (IoT), the scope of application of data collection and display is expanding from outdoor large-sized, high-resolution to micro wearable, VR/AR displays, and technology also advances from traditional LCD, OLED, Mini LED, to Micro LED. By introducing ESG to technology development, we enable sustainable development of product design. Apart from specializing in the design of panel display ICs, which are widely used on smart home TV, advanced commercial computer monitors, and laptop computers, we are also keen on the design of comprehensive PMIC which have been recognized and used by world-leading manufacturers. Adhering to sustainable business development, we provide energy-efficient design solutions based on our capacity in independent design and process adjustment and patents, and R&D experience accumulated over the years. Apart from seeking growth together with customers and supply chain partners, we also collaborate with world-leading manufacturers, packaging, and testing plants of semiconductors to lead AI and IoT development to constantly pursue human well-being with core product technologies.

In PMIC, our switching regulator ICs, linear regulator ICs, and power management integration elements are widely used in desktop computers, laptop computers, 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 developing 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.

Leading Technology and Application Benefits

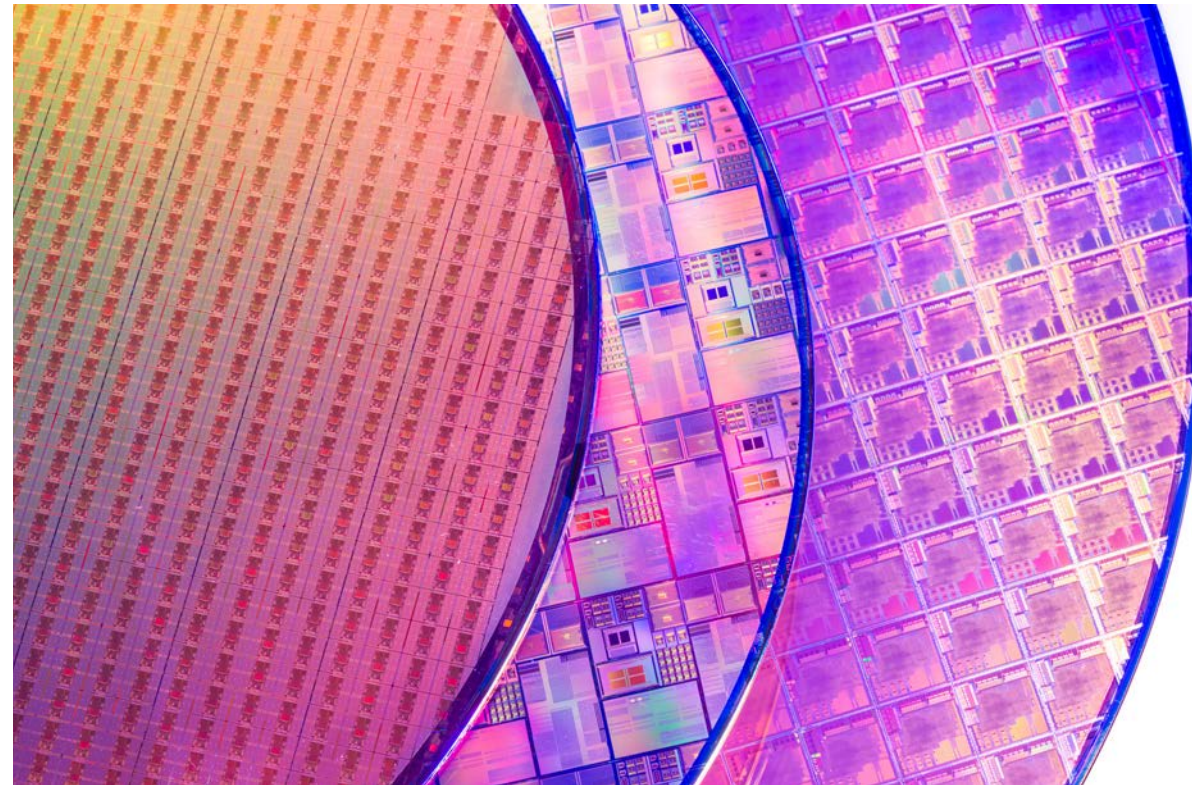


Distance Interaction Continuous Learning

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. As a supplier of total solutions of panel driver ICs, T-CON ICs, and PMIC for displays, we have also optimized the power consumption of terminal products with multidimensional multiple IC energy-efficient solutions to contribute to energy conservation and carbon reduction.

- 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

The e-reader provided by E-Ink is characterized by paper-like reading effect, easy-on-the-eyes and comfortable reading to lower the risk of myopia, and zero power consumption in still display, with outstanding achievements in energy conservation and environmental protection. In fact, we are E-Ink's major driver IC supplier. The rise of e-learning has not only reduced the cost of access to education, shortened the urban-rural educational divide, and popularized knowledge circulation, but also driven the overall e-reader demand to extend from the European and US markets to the educational market. Besides lowering the weight of bookbags for students, the lightweight and convenient-to-carry characteristics of e-readers also enhances the reading motivation of students. In response to the screen enlargement changes in the display market, i.e. from 6 inches to 10.3 and even 13.3 inches, we are committed to reducing the voltage requirement of driver ICs to achieve eco-friendlier and more energy-efficient design.

- 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.





High-Performance, Energy- Efficient, Paperless, Lower- Carbon

Various PMIC

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

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 converters, 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 rise 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.)



ESL Display Driver IC*

The new retailing model has driven the online-offline fusion. The demand of real-time synchronous information display has facilitated the rapid growth of electronic shelf labels (ESL) and significantly reduce the waste of paper and labor to meet the spirit of environmental protection and carbon reduction. In addition, ESL is also an eco-friendly and lower-power-consumption display in IoT and logistics. The R&D of energy-harvesting new products can help manufacture 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.

*ESL is a Fitipower product.



1.3 R&D and Patent

Specializing in DDI 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.

Our DDI 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 consistency¹. In terms of the TV market, in response to the screen size enlargement, resolution enhancement (4K/8K), refreshing rate enhancement, and narrow-bezel application², it is necessary to raise the speed of data transmission interface³ and buffer driving capacity². In terms of the laptop display and desktop display, low power consumption, GSM noise resistant, and low touch noise⁴ are the key. 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.

Facing the constantly advancing technology and changing customer 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 the future, apart from expanding to low-power-consumption intelligent IoT (AIoT) and high-performance EV-related IC products, we will actively participate in external organizations and promote collaboration with the semiconductor industry to develop a robust ecosystem. Currently, besides being a member of the Allied Association for Science Park Industries, we also applied for the membership of Taiwan Semiconductor Industry Association (TSIA) in 2021.

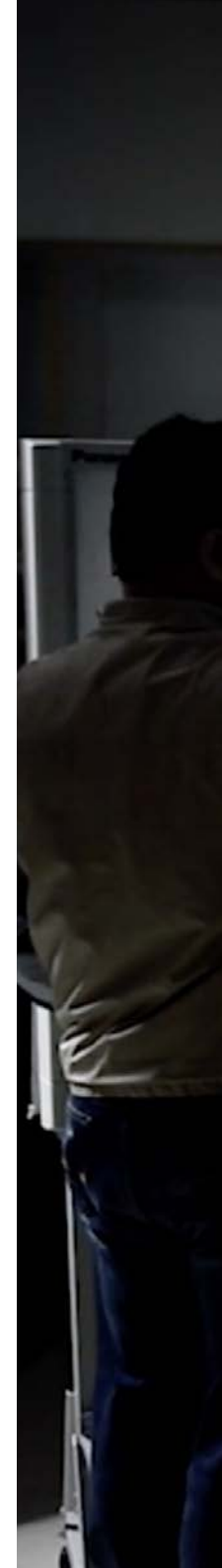
In 2020, besides an R&D team of 332 members, accounting for 78% of all employees, we invested a total of NT\$1.15 billion in R&D, accounting for 10.5% of the 2020 revenue. By the end of 2020, we have accumulated a total of 67 valid patents at home and abroad. In 2020, we also applied for three new patents. 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.

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

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).

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

⁴ Circuit technologies include charge recycle, dynamic on/off, high PSSRbandgap LDO, differential mode noise cancellation, and signal dynamic amplitude adjustment.



Material Topic	R&D and Innovation
Policy	Besides implementing R&D projects to meet customer requirements, we also engage in independent R&D projects to keep pace with the technology development trends.
Target	Accelerate R&D momentum, respond to forward-looking market demands, and create corresponding innovation value.
KPIs	Assess R&D momentum and the output value in terms of R&D inputs, number of patents acquired, and innovative technologies used in products/applications.
Performance	In 2020, we invested a sum of NT\$1.15 billion in R&D and accumulated a sum of 67 patents.



2020 Core Patent Technology

Product Type	Technology	Technology Overview
DDI	Method of improving Gamma response time	Resolve the low response speed of front-end Gamma in high-resolution or high-FPS driver ICs to optimize driving capacity.
	Amplification circuit	Improve overcurrent or overvoltage in the driver circuit to enhance driving efficiency.
	Potential level shift circuit and displays with a potential level shift circuit	Optimize the architecture of voltage level shift circuits to reduce energy consumption.
	Operational amplification circuit and displays with an operational amplification circuit	Mainly resolve the overcharge problem in OPA to shorten charging/discharging time and power circuit temperature for energy saving and cooling.
	Touch circuits integration compensation system*	Reduce the size of the touch compensation circuit and improve sensor data evenness.
	Bubble connection partition marking touch gradient algorithm*	A touch point positioning method for sensing the touch location on the panel containing multiple touch partitions for sensing operations.
	A WOA Design method to reduce EMS interference*	After the popularization of communications equipment, shielding EMS interference from mobiles has become a hot topic for electronic devices. In display products, due to the interference of mobile communication bands with the display operation frequency, abnormal display often occurs. This patented method significantly reduce EMS interference through hierarchical system improvement.

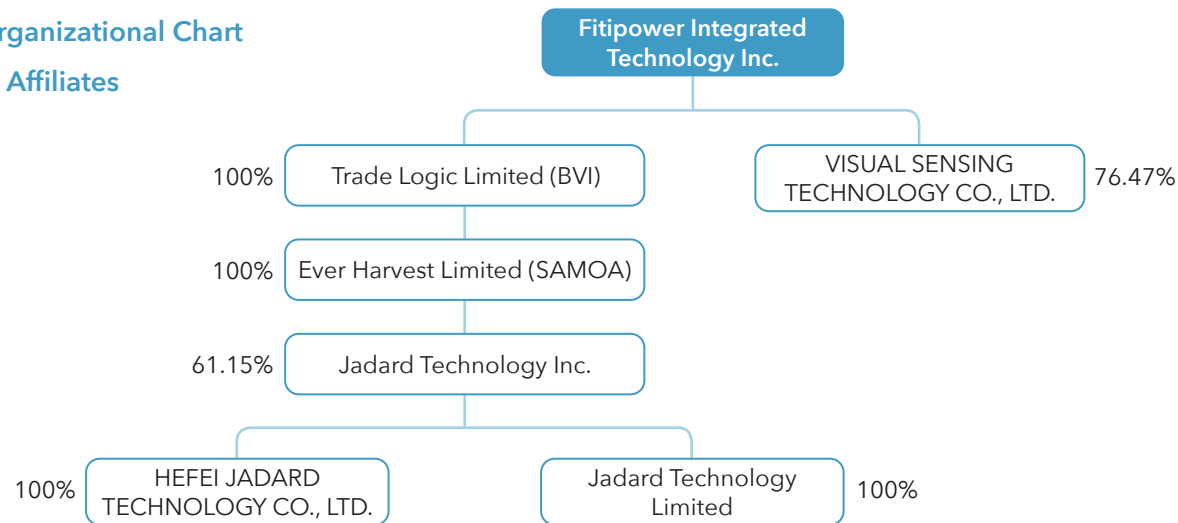
*Jadard patented technology

1.4 Financial Performance

In 2020, the business opportunities from WFH/SFH and stay-at-home economy boosted the high demand for TV and IT panels, and overall average panel price kept rising. 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. The 2020 revenue increased by about 19% over 2019 to NT\$10.9 billion, and the market worth increased significantly by 231% over last year to NT\$20.5 billion.

Material Topic	Financial Performance
Policy	Strengthen overall risk response capacity to respond to market demands with greater flexibility to accelerate financial growth momentum.
Target	Develop sensibility to the market and business environment, optimize financial structure, and pursue sustainable performance.
KPIs	Periodically review financial indicators, consider the domestic macro environment, and analyze and review revenue differences.
Performance	2020 saw new high in both revenue and profit for 9 consecutive years, with a market worth leap by 231%.

Organizational Chart of Affiliates



Financial Performance

Item	Subitem	2018	2019	2020
Direct economic value generated	Net sales (NT\$ thousand)	8,852,376	9,166,293	10,879,700
	Income from financial investments (NT\$ thousand)	0	0	318
	Income from asset sales (NT\$ thousand)	55	17,522	0
Economic value distributed	Operating costs (NT\$ thousand)	7,450,200	7,780,902	9,027,152
	Employee wages and benefits (NT\$ thousand)	949,530	1,015,329	1,072,231
	Payments to providers of capital (NT\$ thousand)	70,718	211,691	165,314
	Payments to government (NT\$ thousand)	83,685	55,638	107,504
	Community investments (NT\$ thousand)	0	0	0
Economic value retained ¹		298,298	120,255	507,817
Investment value	Return on equity	11.09%	8.21%	15.94%
	Return on assets	6.16%	5.34%	9.71%
	Gross margin	20.13%	19.92%	21.89%
	Operating margin	5.02%	3.85%	7.29%
	Profit margin	3.93%	3.37%	6.73%
	EPS (NT\$)	2.43	1.92	4.07
	Cash dividend per share (NT\$)	1.3	1	2.5
	Market value (NT\$100m) ²	60	62	205
Others	Government grants (NT\$ thousand)	0	61,512	97,902

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

2 Market worth is subject to the stock price on December 31 in the year.

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



CHAPTER

2

Corporate Governance

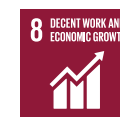
2.1 Governance Framework

2.2 Legal Compliance and Ethics

2.3 Risk Management

2.4 Cybersecurity

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.



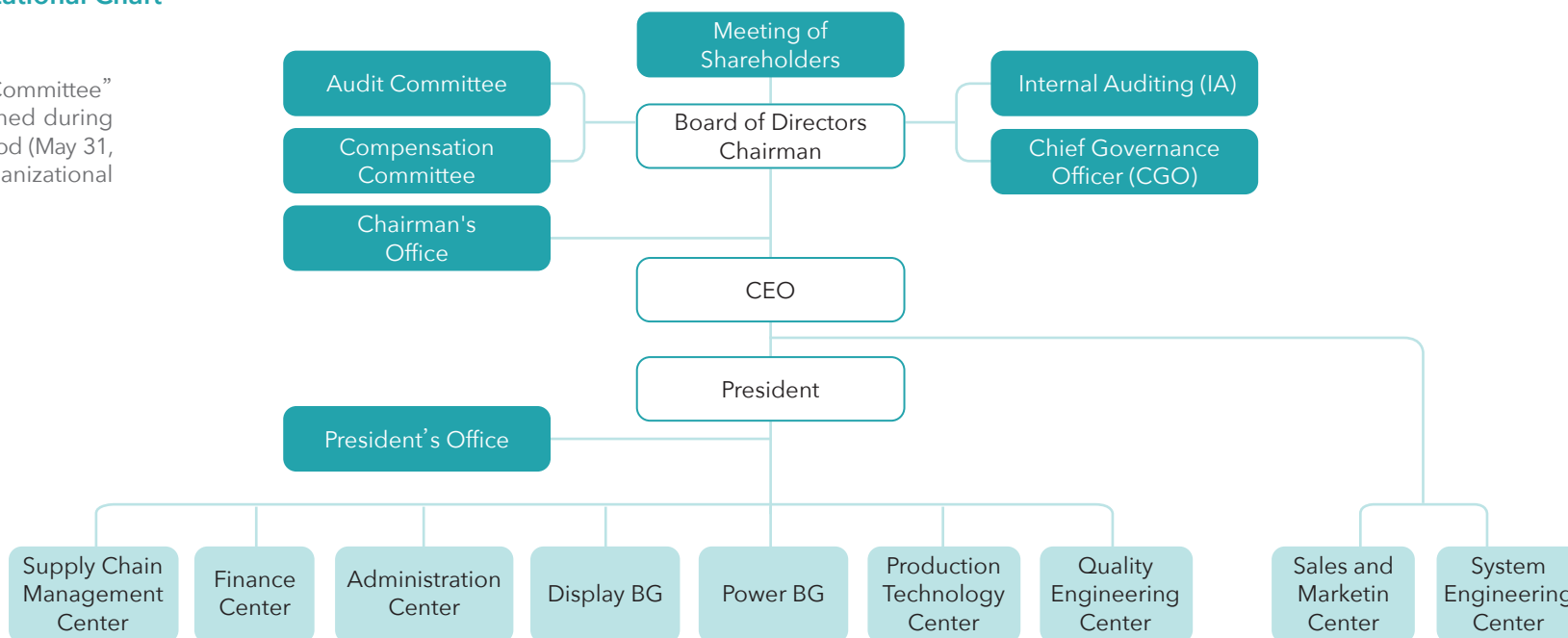
2.1 Governance Framework

To ensure the responsibility-authority consistence of related institutions and individuals, an open and transparent governance system and the composition of organization are essential. 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 maximization of the rights and benefits of shareholders and all stakeholders. Hence, we disclose the establishment and composition of our highest governance body and ensure that the judgements and policies made by the highest governance team comply with the company's operational goal to eliminate the business, environmental, social operational risks.

We participated in the Corporate Governance Evaluation for the first time in 2020 and was ranked the top 80-100%, allowing us to understand the misunderstanding caused by insufficient information disclosure and pushing us to make immediate improvement. Apart from establishing the Sustainability in 2021, we also published the first ESG report, re-designed the corporate website 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 ESG Report, we got promoted to the top 36-50% in the 2021 Corporate Governance Evaluation.

Fitipower Organizational Chart

*The "Sustainability Committee" was officially established during the report editing period (May 31, 2021). This is the organizational structure of 2020.



Board of Directors

In the “Corporate Governance Best-Practice Principles” approved for established by the Board on March 10, 2015, a range of approaches were planned in the “Strengthening Board Competence” section. The candidate nomination system is adopted in the nomination and selection of Board members according to the “Procedures for Election of Directors” and “Corporate Governance Best-Practice Principles.” Candidates of independent directors must also comply with the regulations governing the professional qualification, independency determination, and concurrent job restriction as stated in the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” to ensure the proper planning of corporate innovation and development strategies, effective supervision, maintenance of the rights and interests of shareholders, and strengthen corporate governance.

The present Board is seated by four directors and three independent directors. All of them are equipped with comprehensive core competencies. The chairman and president are experts in the semiconductor and electronics industries. Corporate director representatives Ging-Shing Liu and Wen-Wei Luo are experts in the IC design industry who often share valuable practical operational experience with the board. Independent Director De-Chang Yao

chairs many investment companies with rich industrial experience and provides much field information for the Company. Independent Director Pi-Feng Chen has rich financial and accounting experience and a good knowledge of the semiconductor industry. Independent Director Jung-Huei Chung specializes in finance and administration.

In addition to expertise, we also value the conduct, integrity, and reputation in Board member selection. We also ensure the diversity and inclusivity of Board members. Therefore, two of the seven directors are female, accounting for 29%; one is aged 41-50 years and six aged 51-60 years; 29% of Board members are also employees; and 43% are independent directors. To strengthen Board competence and internal control, independent directors also formed two independent functional committees under the Board: Audit Committee and Compensation Committee.

In 2020, the Board held six board meetings. To promptly capture global risk trends and improve risk response capacity, Board members actively take various further education courses. In 2020, Board members took a total of 42 hours of courses, averaging six hours per member.



Board Member Diversity

Job Title	Name	Gender	Age	Major Education Attainment	Board Meeting Attendance 2020
Chairman	Young Lin	Male	51~60	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, Baoxin International Investment Limited	Male	51~60	Education: PhD in Electronics Engineering, National Chao Tung University. Experience: CTO, Cavium Inc. (Taiwan)	33%
Director	William Lo Representative, Hung Yang Venture Investment Co., Ltd.	Male	51~60	Education: MS in Nuclear Engineering, National Tsing Hua University. Experience: Senior Technology RD AVP, ProMOS Technologies Inc.	100%
Director	Sophia Chiu	Female	51~60	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	51~60	Education: MA, University of British Columbia, Canada. Experience: Chief Cost Accounting Officer, Integrated Circuit Solution Inc.; Chief Accounting Officer, Ritdisplay Corporation; Chief Financial Officer, STARTEK Engineering Inc.; Chief Financial Officer, Art Analog, Inc.	100%
Independent Director	Ted Yao	Male	51~60	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	J.H. Chung	Male	41~50	Education: MA, Department of International Business, National Chengchi University; MA, University of Reading, UK. Experience: Deputy Director, Administration Division, Silicon Optronics, Inc.; Director, Administration Division, Solid State System Co., Ltd.; Senior Director, Financial Division, United BioPharma Inc.	100%

Board Member Diversification Policy

Diversified Core Items	Gender	Operational Judgement Ability	Financial Analysis Ability	Operational Management Ability	Crisis Handling Ability	Industrial Knowledge	International Market View	Leadership Ability	Decision- Making Ability
Young Lin	Male	✓	✓	✓	✓	✓	✓	✓	✓
Sophia Chiu	Female	✓	✓	✓	✓	✓	✓	✓	✓
Gene Liu Representative, Baoxin International Investment Limited	Male	✓	✓	✓	✓	✓	✓	✓	✓
William Lo Representative, Hung Yang Venture Investment Co., Ltd.	Male	✓	✓	✓	✓	✓	✓	✓	✓
Nina Chen	Female	✓	✓	✓	✓	✓	✓	✓	✓
Ted Yao	Male	✓	✓	✓	✓	✓	✓	✓	✓
J.H. Chung	Male	✓	✓	✓	✓	✓	✓	✓	✓

*Independent Director J.H. Chung was relieved and re-elected at the 1st meeting of the 8th Board (May 18, 2021). The Board expired and was fully elected in May 2021. The next term will expire in May 2024.

Further Education Courses and Lengths of Board Members in 2020

Course Type	Course Name	Training Hours	Attendees
Economic	Practical Operation after the Implementation of the Company Act and Analysis of Latest Interpretations	12	2
	Practical Audit for the Materials System in Manufacturing Industries	6	1
	Practical Audit Skills	6	1
	Case Study of Fraudulent Financial Reporting	3	1
	Practical Investigation of AML and CTF	3	1
	Business Considerations and Legal Risk Analysis in Business Decision-Making	3	1
Social	Supervising Business Risk Management and Crisis Handling for Business Directors	3	1
	Investigating the Use of Employee Reward Policies and Tools	3	1
	Prevention of Labor-Management Disputes and Corporate Governance	3	1
Hours		42	10

Compensation Committee

The Compensation Committee was formed by the three independent directors elected by the annual general meeting of shareholders (AGM) to assess the compensation policy and system of the directors and officers in a professional and objective manner. The committee holds at least three committee meetings a year and extraordinary meetings was necessary and makes recommendations for the Board to make policies. In 2020, four committee meetings were held.

Duties of Compensation Committee

1. Establish and periodically review the performance target and the policy, system, standard, and structure of compensation of directors and officers.
2. Periodically assess the target achievement of directors and officers and establish individual compensation contents and amounts.

The Committee shall perform the duties under the preceding paragraph in accordance with the following principles:

1. Ensure that the compensation arrangements of the Company comply with applicable laws and regulations and are sufficient to recruit outstanding talent.
2. Performance assessments and compensation levels of directors, supervisors, and officers shall take into account the general pay levels in the industry, the time spent by the individual and their responsibilities, the extent of target achievement, their performance in other positions, and the compensation paid to employees holding equivalent positions in recent years, and items to be evaluated are the reasonableness of the correlation between the individual's performance and this Company's operational performance and future risk exposure, with respect to the achievement of short-term and long-term business goals and the financial position of the Company.
3. There shall be no incentive for the directors or officers to pursue compensation by engaging in activities that exceed the Company's risk appetite.
4. For directors and senior officers, the percentage of compensation to be distributed based on their short-term performance and the time for payment of any variable compensation shall be decided with regard to the characteristics of the industry and the nature of the Company's business.
5. No member of the Committee shall participate in discussion and voting when the Committee is deciding on that member's individual compensation.

Audit Committee

To implement corporate risk control is the duty of the Audit Committee formed by the three independent directors elected by the AGM. The committee holds at least one committee meeting a year to audit the fair expression of financial statements, the independency and performance of selected CPAs, the effectiveness of internal control, compliance with related laws and regulations, and the control over inherent or potential risks. In 2020, six committee meetings were held.

Sustainability Committee

The Sustainability Committee is established under the Board 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)

It is an internal unit established under the Board to handle internal audit affairs. One full-time internal auditor is assigned with respect to the Company's scale of operations, business status, management needs, and related laws and regulations. The appointment and dismissal of the internal auditor shall be approved by the Board and reported to the competent authorities over MOPS. The internal auditor must comply with the regulatory and legal qualification requirements and complete continuing education at the required length. The name, age, education attainment, experience, seniority, and training data of the internal auditor shall be reported to the competent authorities over MOPS by the end of January each year in the required format.

Internal auditors shall maintain integrity and independency to carry out their duties objectively and impartially. In addition to periodically reporting the audit outcomes to the Audit Committee, the chief auditor shall attend Board meetings as a guest to report the related results. Audits shall include periodic, irregular, and targeted audits. Auditors shall carry out periodic audits according to the annual audit program. Irregular audits shall be implemented as instructed by top management or its authorized officers. Before carrying out an internal audit, an audit plan including the items, schedules, procedures, and methods of audit shall be stated. When carrying out an audit, auditors may retrieve all required files, and the audited unit shall not refuse to provide or hide such files. If assistance is required in an audit, all units shall provide auditors with the required assistance.

The auditing department shall examine and assess the implementation of the Company's internal control system according to the annual audit program and produce an audit report. Information contained in the report shall be concise, objective, constructive, and timely. Auditors shall fully communicate the audit results with the audited unit and faithfully disclose all audited defects or anomalies in the audit report. After completing the audit report, auditors shall submit the audit report and audit follow-up report to the Company's Audit Committee by the end of the next month according to the "Regulations Governing Establishment of Internal Control Systems by Public Companies."

The auditing department shall supervise all units of the Company to periodically review the effectiveness of the internal control system through self-inspection and submit the self-inspection report for the auditing department to review. The auditing department shall prepare the Statement of Internal Control System according to the required format and submit the report to MOPS within three months after the end of each accounting year as instructed by the competent authorities. The statement shall also be disclosed in the annual report. In 2020, one defect was audited, and corrections were completed on August 9, 2020.

2.2 Legal Compliance and Ethics

To advocate integrity and ethical behavior, establish a business culture of ethical corporate management, and ensure legal compliance, we have established related ethical standards including the "Codes of Ethical Conduct", "Ethical Corporate Management Best-Practice Principles", and "Procedures for Ethical Management and Guidelines for Conduct" with respect to the "Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies". 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 to the Board periodically. Besides requesting employees to abide by the related regulations, we organize employee training and tests every year to ensure their literacy of ethical behavior.

We also strictly abide by the "Personal Data Protection Act", "Trade Secrets Act," and "Fair Trade Act." All employees, officers at all levels, and Board members aim at high self-requirements and uphold integrity, impartiality, faith, and transparency in business activities. In 2020, no violation of ethical corporate management or the above acts was reported. Environmentally, no fine for violation of environmental regulations was reported.

Material Topic	Legal Compliance
Policy	Uphold professional ethics, constantly examine and review the organizational regulations and SOPs to avoid legal risk.
Target	Maintain a clean record of legal or regulatory violation.
KPIs	Follow up the government's legal and regulatory requirements, promptly review organizational actions, and adjust organizational regulations as necessary.
Performance	In 2020, no violation of ethical corporate management or the "Personal Data Protection Act," "Trade Secrets Act," and "Fair Trade Act" was reported.

Anti-Corruption

Our Ethical Corporate Management Committee reports the operational results to the Board each year. In 2020, we communicated the "Procedures for Ethical Management and Guidelines for Conduct" to all employees over the intranet. On September 29, 2020, we organized on course on the "Ethical Corporate Management Best-Practice Principles and Insider Trading" to publicize to related employees the "Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies" and "Procedures for Ethical Management and Guidelines for Conduct," insider trading regulations, and related practices. Since October 2020, each new employee is arranged with course on the ethical corporate management policy on the date of arrival.

The Ethical Corporate Management Committee also identifies the potential risk of unethical behavior in business activities. Then, it interviews units with higher risk of unethical behavior to assess the risk level of their business behavior. Currently, the results show that the risk of unethical behavior in their business activities is low. We have also developed a well-established whistleblowing system. In 2020, no unethical behavior or corruption was reported.

2.3 Risk Management

Besides the Audit Committee, Compensation Committee, and Sustainability Committee under the Board, we have also established the “Risk Management Policy.” All management units must periodically assess and review risk issues. After the president make advanced and professional judgments based on his risk business experience, the development of preventive action, controls, and related alerts of critical risk issues in business management are reported to the Board periodically.

Risk Type	Risk Item	Risk Description	Countermeasure
Strategic and 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.
R&D Risk	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.
SCM Risk	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.

Risk Type	Risk Item	Risk Description	Countermeasure
Financial Risk	Interest rate risk	In 2020, our interest expenses were NT\$7,240K, accounting for only 0.07% of the revenue.	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.
	Exchange rate risk	In 2020, our exchange losses were NT\$76,531K, accounting for 0.7% of the revenue and without causing significant impact to operations.	<p>The following measures were adopted to address the impact of interest rate fluctuations:</p> <ol style="list-style-type: none"> 1. Promptly gather exchange rate information and enhance consultation with banks to plan related hedging strategies to capture interest rate trends. 2. Use the same currency for collectables and payables and apply natural hedging of collectables and payables to avoid the impact from exchange rate changes. 3. Include the impact of exchange rate changes in making quotation to avoid exchange rate risk. 4. 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.
Market Risk	Purchase centralization risk	We maintained at least two suppliers for each item to disperse purchase centralization risk.	Actively developed long-term cooperation with manufacturers, keep track on the production status, and maintain close contacts.
	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 2020, only one customer purchased with a total amount over 10% (11.42%). Overall, there is no sales centralization risk.	Continued 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 in the absence of any effective cure in 2020 has brought tremendous impact to the human lifestyle and global economics. Hence, more careful planning of epidemic control policies and response plans are required for such an unpredictable pandemic.	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

We sign the non-disclosure agreement (NDA) with all customers and protect the security of information of both parties with tight cybersecurity management. To improve cybersecurity governance, apart from constantly investing in related hardware and software equipment, we established a well-planned cybersecurity management system (CSMS) in July 2019. In addition, the cybersecurity management unit reviews, establishes, and implements the corporate cybersecurity policy, and periodically reports to the Board the status and performance of cybersecurity management. In 2020, no complaint regarding the breach of customer privacy and information theft, leakage, and loss was reported.

Material Topic	Customer relationship and privacy
Policy	Comprehensively strengthen the cybersecurity protection mechanism to protect customer confidentiality and privacy and thereby enhance customer trust and cooperation satisfaction.
Target	Run internal tests in 2020 and implement IP address management (IPAM) in 2021H2 to strengthen cybersecurity control and thereby protect corporate confidential and sensitive data and maintain high customer satisfaction.
KPIs	Comprehensively assess related performance in terms of compliance with international standards, the stringency and implementation of information protection policy, and the security protection of customer confidential data.
Performance	Implemented CSMS in 2019 and earned customer trust with external defense, internal control, and enhancement of cybersecurity literacy of all employees to deepen mutual cooperation.

Cybersecurity Risk Management (CSRM)

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. Upholding the plant-do-check-act (PDCA) management cycle, we have established a comprehensive mechanism for cybersecurity risk assessment as well as a well-planned CSMS to ensure the achievement of system objectives and continuous improvement. The focus of management covers the following three aspects:

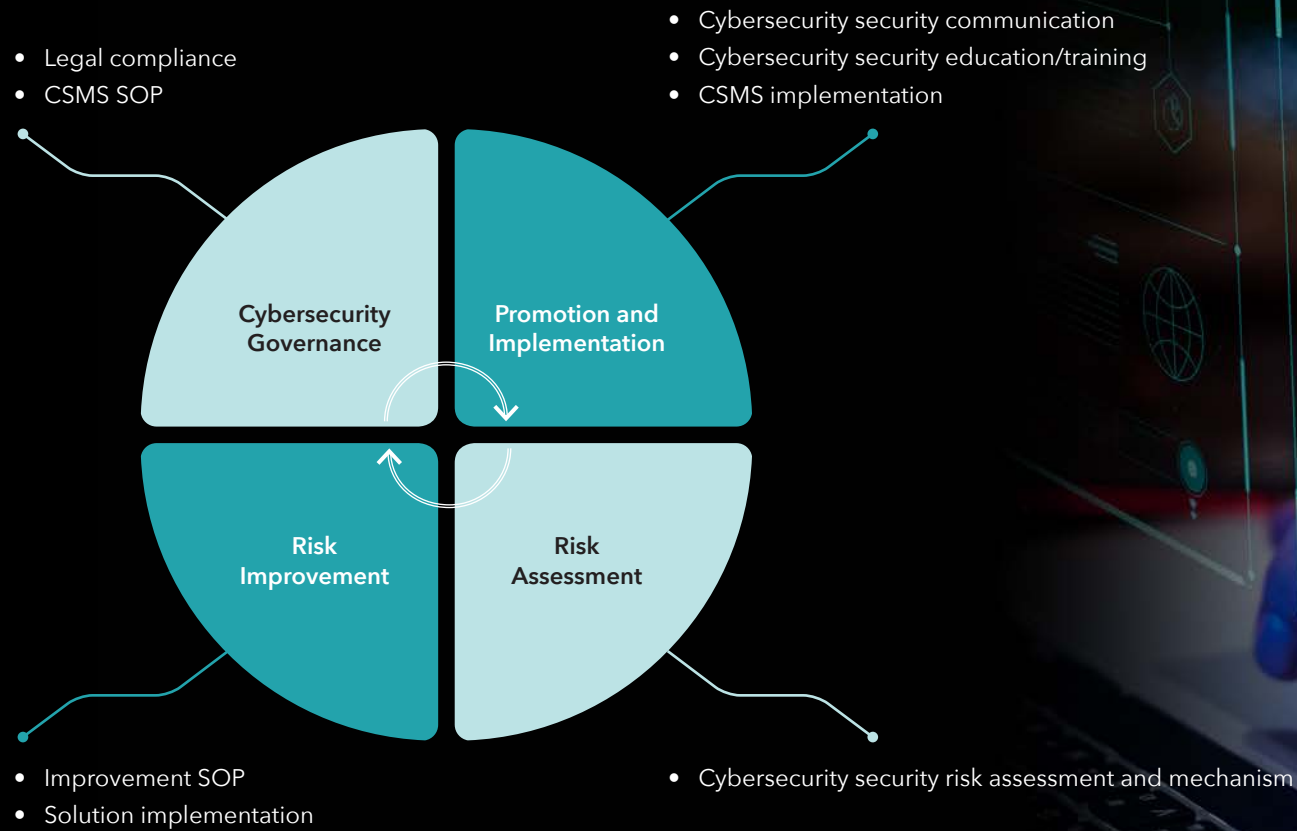
1. External defense: Defend hacker attacks and virus threats.
2. Internal control: Protect corporate intellectual property and trade secrets and strengthen internal cybersecurity.
3. Cybersecurity literacy enhancement: Cybersecurity communication, education and training, and cybersecurity drills for employees to raise their cybersecurity awareness.

Cybersecurity Policy

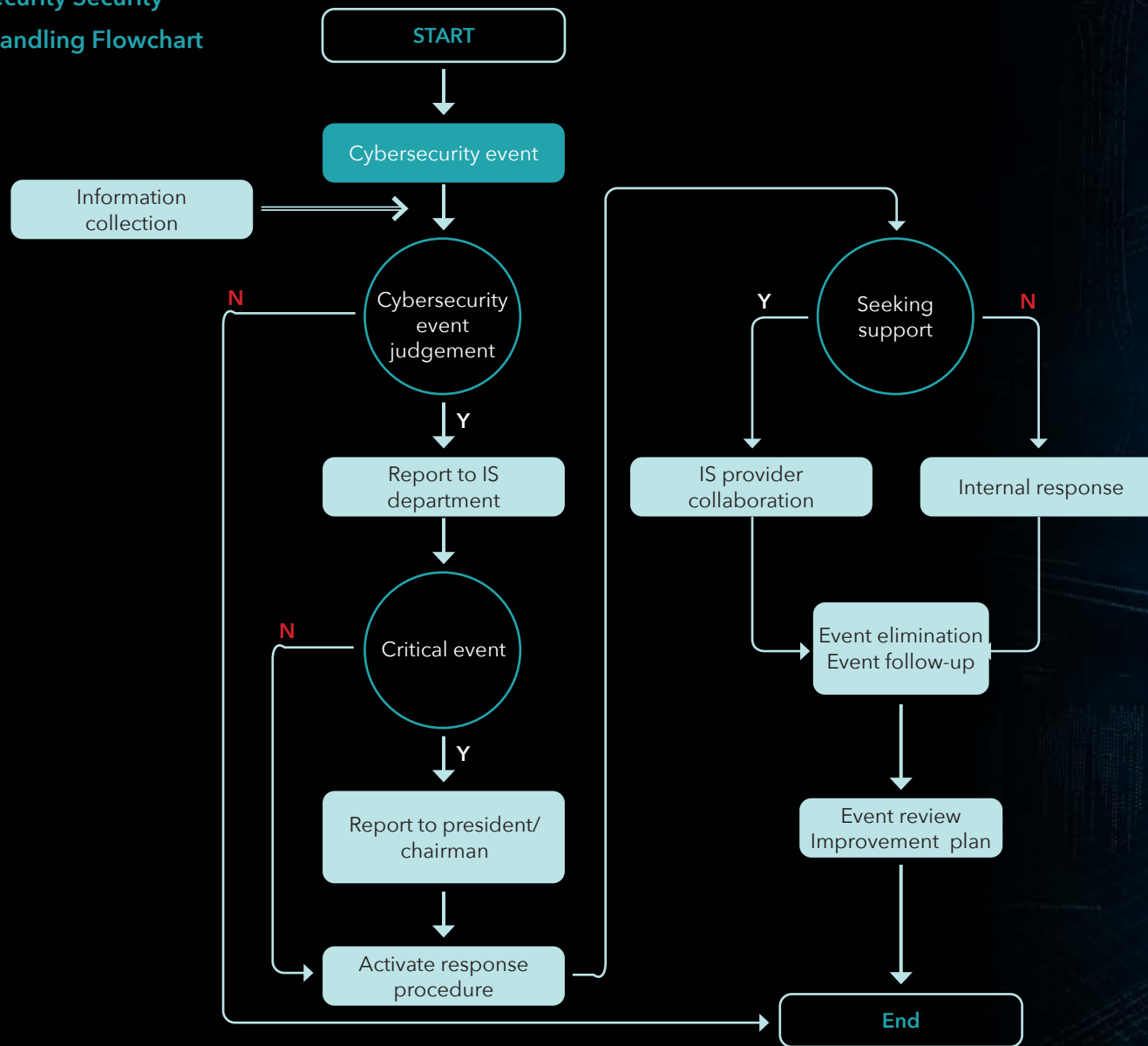
To effectively implement the CSMS, protect corporate intellectual property and trade secrets, and strengthen internal cybersecurity to ensure the secure operation of information systems and networks and achieve sustainable operations, we have established a comprehensive cybersecurity policy. In 2020, we implemented one cybersecurity drill (phishing drill) and arranged post-hoc education and training and after-class tests for employees with insufficient cybersecurity awareness. These employees have passed the post-hoc tests to ensure the effective implementation of the cybersecurity policy.

Cybersecurity Aspect	Cybersecurity Control	Related Operation	Audit and Verification
External Defense	Cybersecurity Management	<ul style="list-style-type: none"> Separate the intranet, internet, and DMZ segments 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.
Internal Control	Data Protection And System/AP Access Control	<ul style="list-style-type: none"> Privilege control of internal data access. Output/transmission control of internal data. Privilege control and approval of user accounts. Account privilege review and adjustment for personal change. 	Ensure the internal data protection mechanism.
	Information Record Protection	Implement the following measures through the management system: <ul style="list-style-type: none"> Access control/logging of internal and external systems. Control/track logging of operation behavior. Control/recording/warning of abnormal events. Protect and preserve related records. 	Ensure the effectiveness and admissibility and legal compliance of records.
Cybersecurity Awareness	Cybersecurity Event Management	<ul style="list-style-type: none"> Establish the cybersecurity event handling SOP. 	Strengthen the procedure for handling cybersecurity security event to reduce potential and business impacts.
	Cybersecurity Training	<ul style="list-style-type: none"> The management periodically review, establish, approve, and announce the cybersecurity security policy. Improve the cybersecurity security literacy of employees through education/training, e-learning, cybersecurity security communication. 	Ensure the applicability and effectiveness of the cybersecurity security policy and enhance the cybersecurity security literacy of employees.

Cybersecurity Management System



Cybersecurity Security Event Handling Flowchart





CHAPTER

3

Partner Co-prosperity

3.1 Customer Service

3.2 Sustainable Supply Chain

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.



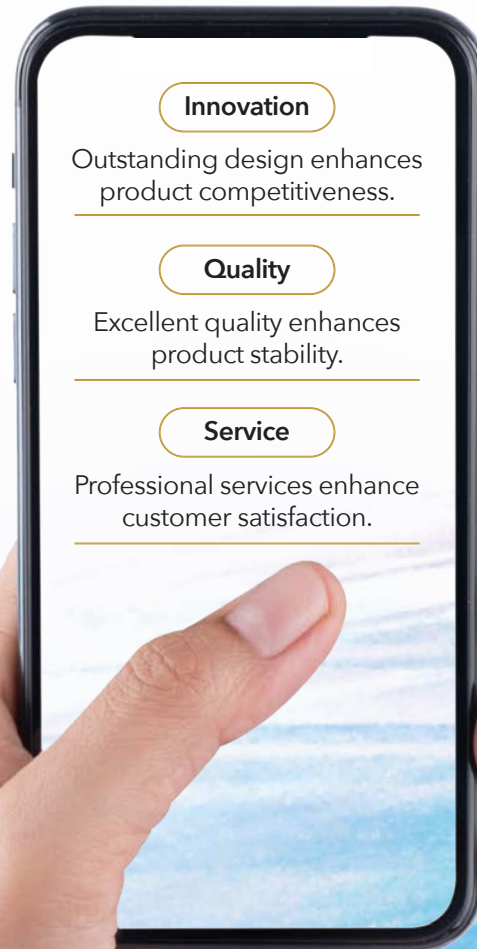
3.1

Customer Service

We supply panel driver ICs and PMIC for display of different sizes and the power management circuits of TVs, laptop computers, computer monitors, commercial displays, and EPDs. Our customers include branded manufacturers, panel manufacturers, and module manufacturers at home and abroad. We treat customers as important partners. Through close telephone communication, technical exchange, onsite visits, and annual questionnaire surveys, we discern their needs and recommendations to make optimization and improvements to enhance customer satisfaction and loyalty.

Customer Service 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.

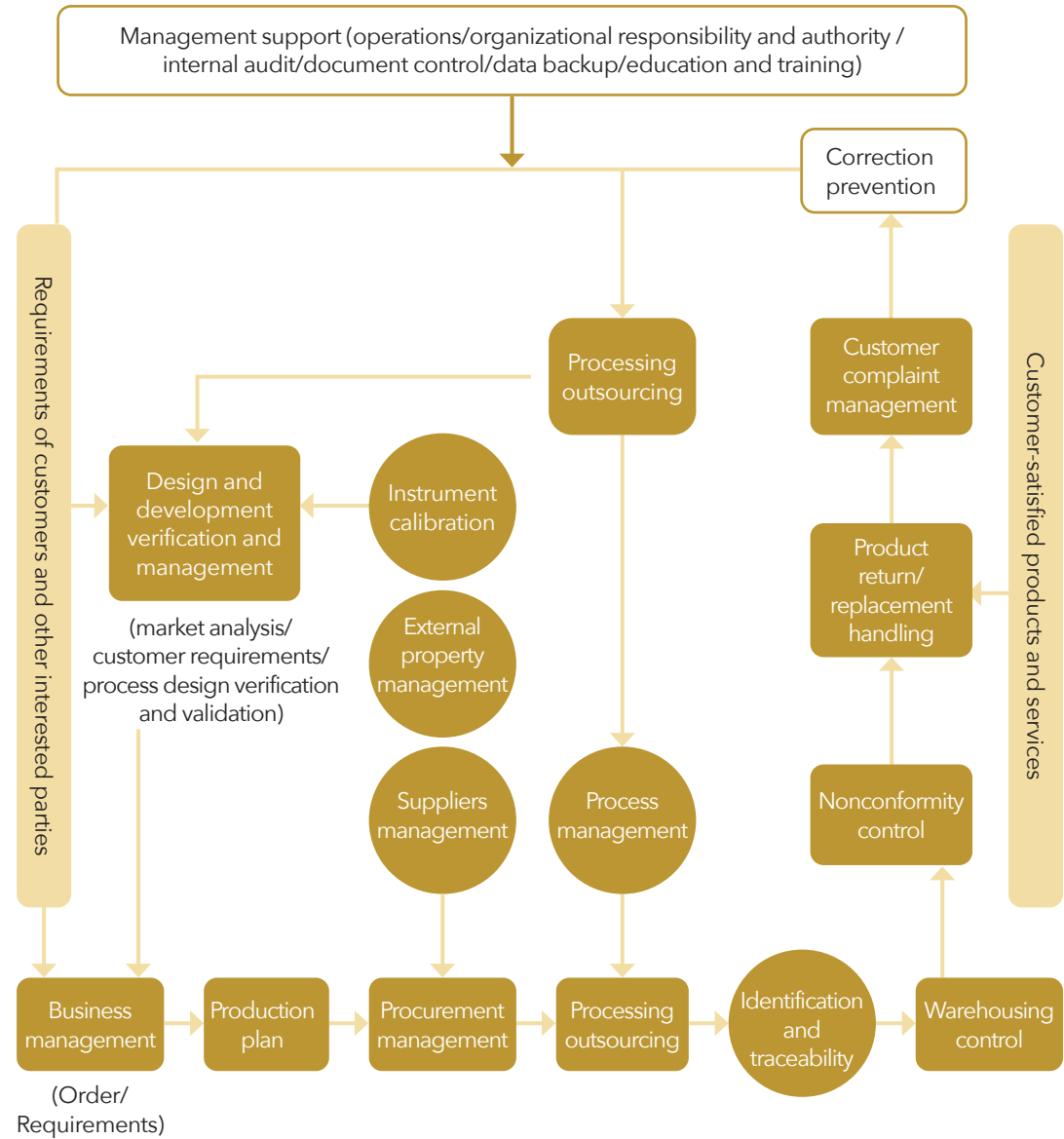
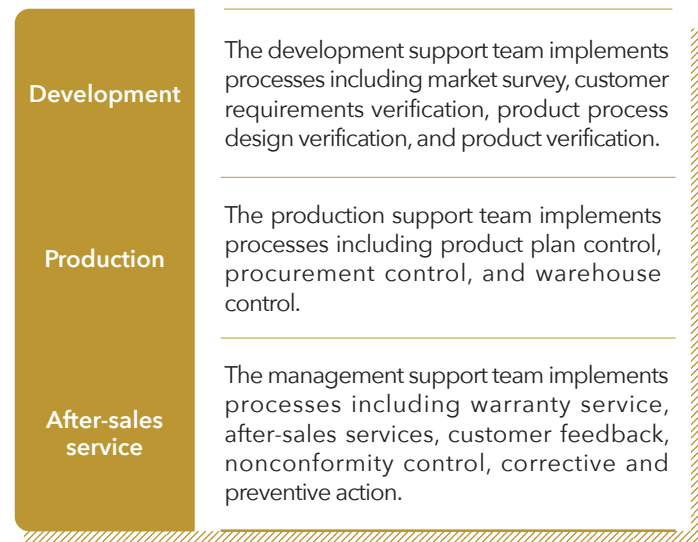


To ensure product quality and safety, we have passed ISO 9001 certification. Implementing ISO quality policy based on the PCDA spirit is our belief, and providing reliable product solutions is our customer commitment. We run the system and equipment electrostatic discharge (ESD) tests to verify all IC 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.

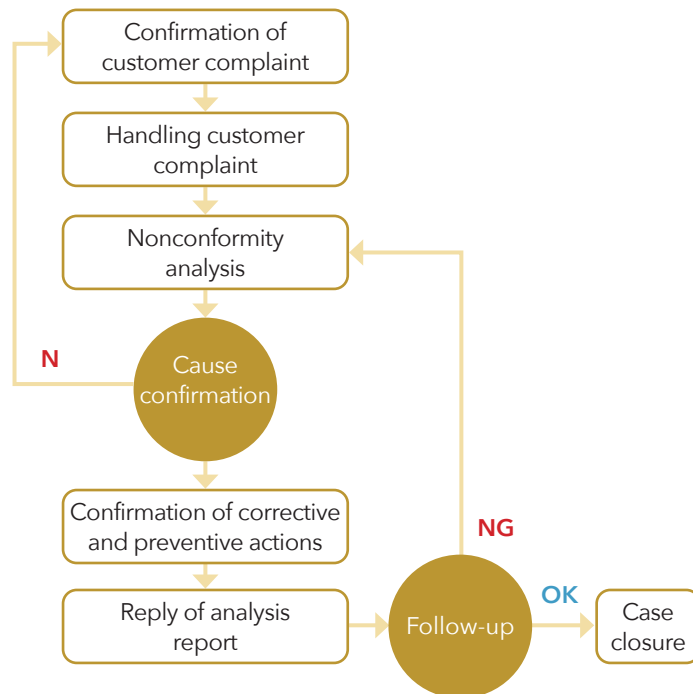
We also implemented a series of quality training activities, including customer complaint management procedures, internal audit management procedures, and correction and prevention management procedures to address the customer's demand for the continual improvement of high-quality and high-specification products, encourage employees to insist on output quality to become frontline protectors.



Customer Complaint

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 product quality, 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.

Customer Complaint Handling Flowchart



In 2020, we received 484 customer complaints, 97% of them were caused by external factors (e.g. defects in the supplier's production process, ESD and EOS caused by customer SOPs), and only 3% were caused by internal factors (e.g. incomplete test card control, product function issues). We completed corrective and preventive actions for all customer complaints with 100% resolution rate. Particularly, we have requested contractors to increase the frequency of vacuum cleaning of inner lead bonding particles to significantly reduce related customer complaints and product returns in order to maintain sound customer relationship.

Major Customer Complaints in 2020 and Improvement

Anomaly	Solution	Effectiveness
Electrostatic Discharge (ESD)	<ol style="list-style-type: none"> 1. Recommend customers improve production line antistatic measures. 2. Request contractors to perform production line inspection. 3. Tighten test programs. 	While no problem in contractor was detected, we made continual improvement of related controls and followed up related cases.
Inner Lead Bonding Particle	<ol style="list-style-type: none"> 1. Request contractors to make long-term improvement. 2. Periodically check the production line data of contractors. 3. Periodical and irregular production line audits. 	Contractors increased the frequency of vacuum cleaning to significantly reduce customer complaints and product returns for the same cause.
Electrical Overstress, EOS	Actively understanding the customer's SOP and recommend customers improve production lines.	Effectively resolved customer products to maintain high trust and cooperation.

Customer Satisfaction Survey

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. Each year we conduct a customer satisfaction survey in terms of four categories: sales service, technical service, customer service and complaint, and product quality. The score of the 2020 customer survey was 82 marks, marking a high standard over 80 marks for three consecutive years. COVID-19 upset global order of semiconductor production and boosted the demand for WFH and teleworking in 2020. Despite our full-stream efforts, we could not meet the customer's demands, leading to a fall of customer satisfaction. After the active supply chain adjustment, a higher score is expected to regain in customer satisfaction.

Customer Satisfaction Survey Results

<div> <div>☆☆☆</div> <div> Target </div> <div>Score</div> <div>> 80</div> <div>marks</div> </div>	Year	2018	2019	2020
	Responses	10 customers 31 persons	13 customers 40 persons	11 customers 38 persons
	Collection rate	100%	100%	100%
	Customers satisfaction	89 marks	92 marks	82 marks

Customer Feedback and Improvement in 2020



Positive customer recognition from survey questionnaire

- Accidents were manifold during the pandemic. Thanks for your big help in materials supply.
- Active verification support and provision of additional production reports for permanent reference and learning in solving the ESD problem, worthy of praise.
- Personnel are familiar with the specifications and characteristics of all products. Keep at this.
- Related personnel are really professional and serious at work. Reports were well written, anomalies were promptly resolved, communication was smooth. Make all missions possible, highly cooperative.
- Friendly attitude, real-time response to anomalies.

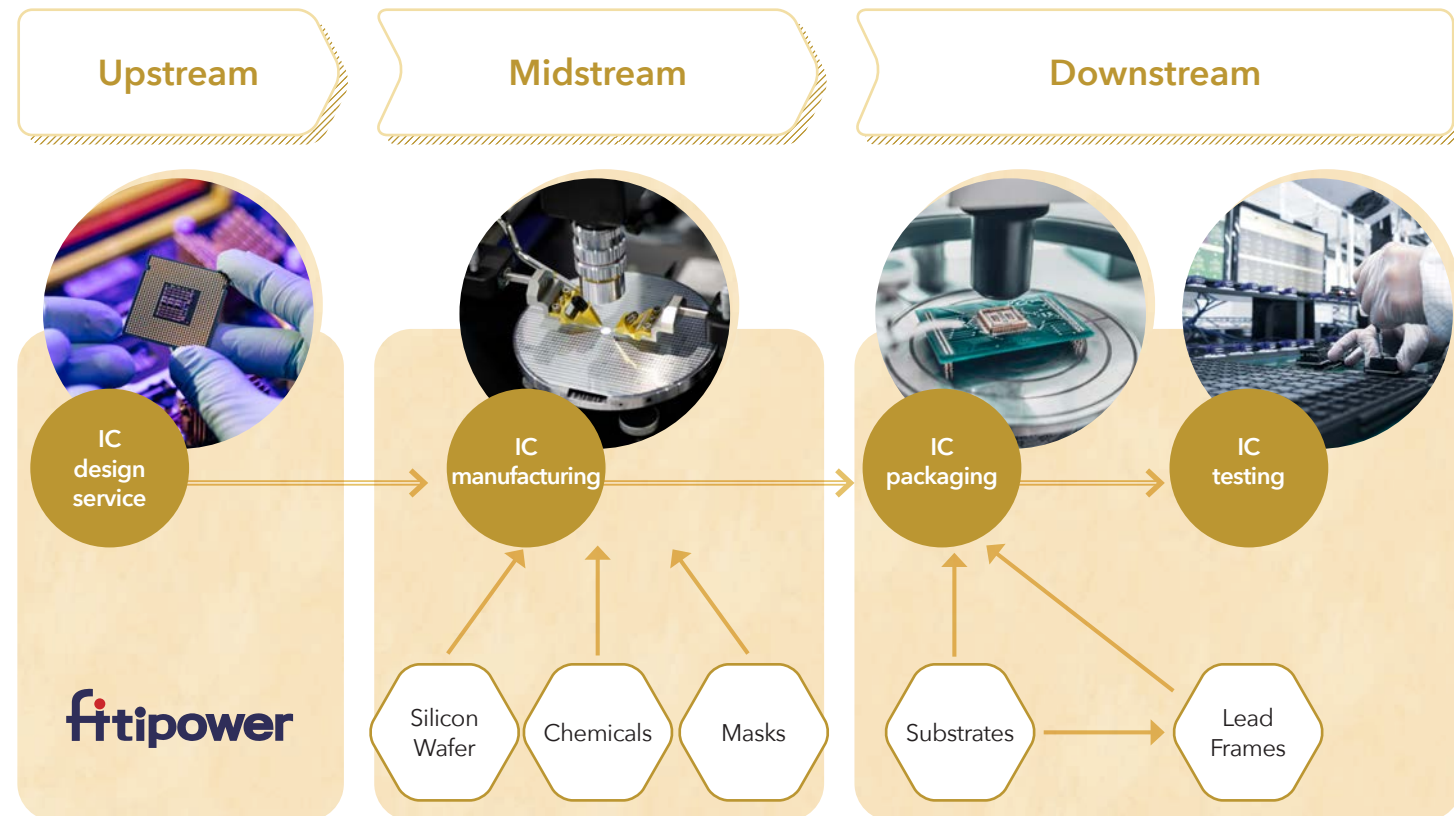
3.2

Sustainable Supply Chain

We are a fabless IC design house at the upstream of the IC industry. The order of the IC production process is IC 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.

IC Industrial Chain



Procurement Practices

To disperse risk and enhance the overall quality of the supply chain, besides maintaining sound relationships and steady cooperation with existing suppliers, we actively cultivate high-standard suppliers also seeking sustainable development to build a sustainable supply chain.

In 2020, we cooperated with 69 suppliers (25 raw materials suppliers and 44 outsourcing contractors), including 7 new suppliers and one key supplier*. All these suppliers have passed the certification of ISO 14001 environmental management system (EMS), including four major materials (wafer) suppliers with long-term cooperation, stable quality and sources, and smooth supply.

*Key suppliers are suppliers with an annual procurement amount over 10% of the revenue.

Key Suppliers and Input Status

	2018		2019		2020	
	Amount (expressed in NT\$ thousand)	Input Proportion (%)	Amount (expressed in NT\$ thousand)	Input Proportion (%)	Amount (expressed in NT\$ thousand)	Input Proportion (%)
SOCLE Technology ¹	827,564	23.19%	1,016,312	26.85%	1,406,269	30.96%
Supplier A ²	675,351	18.93%	560,710	14.81%	637,920	14.04%
Supplier B ²	—	—	—	—	662,560	14.59%
Others	2,065,543	57.88%	2,208,674	58.34%	1,835,750	40.41%
Total	3,568,458	100.00%	3,785,696	100.00%	4,542,499	100.00%

1 SOCLE is a subsidiary of Foxconn Technology Group.

2 The supplier's name is coded due to the NDA.

Local Procurement

While building a sustainable supply chain with suppliers, we spare no efforts in making local procurement to reduce carbon footprint. Therefore, we pursue energy conservation and carbon reduction through carefully planning each business activity. In the last three years, we made local procurement up to 60%. In 2020, the amount of local procurement was about NY\$3.056 billion, accounting up to 67% of total procurement.

Status of Local Procurement (expressed in NT\$ thousand)

	2018	2019	2020
Amount of Local Procurement of Raw Materials	2,457,689,449	2,320,465,661	3,055,793,299
Total Amount of Raw Materials Procurement	3,568,457,685	3,785,695,585	4,542,498,876
Proportion of Local Procurement by Amount	69%	61%	67%

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 Areas” published by the Organisation for Economic Co-operation and Development (OECD) and Responsible Minerals Initiative (RMI) and published the “Statement of Conflict-Free Minerals.” We are committed to the due diligence of our supply chain to ensure that metals containing Au, Ta, W, and Sn are not mined from the conflict mines in the Democratic Republic of Congo or acquired through smuggling. All our suppliers accept the investigation using CMRT and due diligence according to OECD for responsible sourcing of minerals to ensure that: All precious metals, including Au, Ta, W, and Sn, are purchased or acquired from a legal source, comply with responsible procurement, do not involve with money laundering or financing of terrorism, armed conflicts, or violation of human rights.

Conflict-Free Minerals Policy

1. No purchase of conflict minerals from conflict-affected areas.
2. Request suppliers to refuse using conflict minerals from conflict-affected areas.
3. Request suppliers to ensure that their upstream and downstream suppliers comply with the conflict-free minerals request.
4. Ensure no conflict minerals from conflict-affected areas through the strictest controls at the source.



Responsible Minerals Management

To ensure no use of conflict minerals including gold (Au), tantalum (Ta), tungsten (W), and tin (Sn) from conflict-affected and high-risk areas, we perform due diligence on suppliers with the Conflict Minerals Reporting Template (CMRT) to keep track on the status of their responsible procurement.

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. In 2020, we purchased precious metals from 133 customers/suppliers, all of them have accepted and completed our due diligence, and the CMRT collection rate is 100%.

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 the documentary audit or onsite audit 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.

Material Topic

Supply Chain Management

Policy

Based on international trends and social concerns, we make rolling adjustment of the SCM policy and actively diversify supply channels.

Target

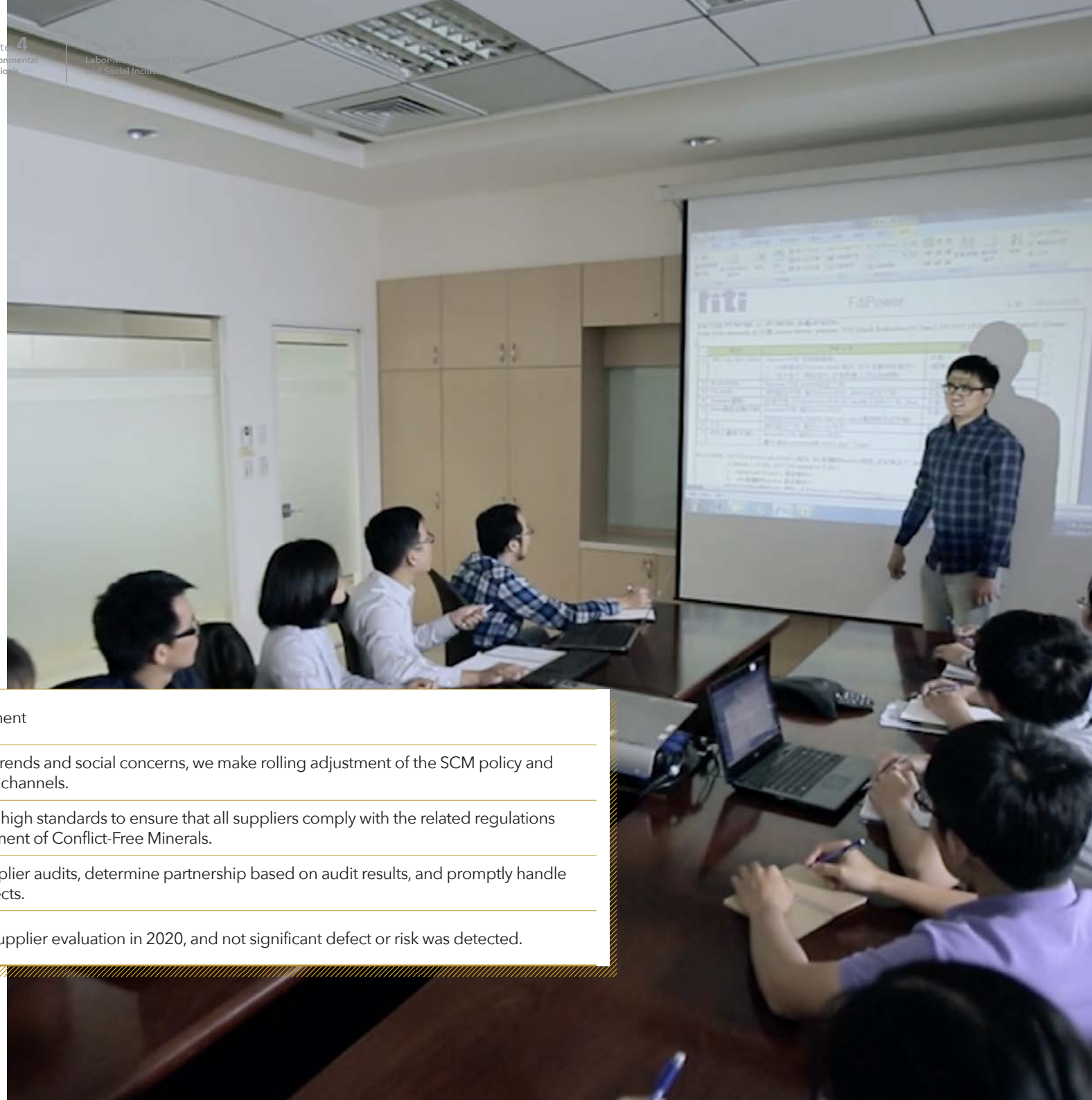
We audit suppliers with high standards to ensure that all suppliers comply with the related regulations and abide by our Statement of Conflict-Free Minerals.

KPIs

Unfailingly perform supplier audits, determine partnership based on audit results, and promptly handle significant supplier detects.

Performance

100% achievement of supplier evaluation in 2020, and not significant defect or risk was detected.



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. Based on their significance to our business operations, we adjust the weight of audit items and rate them into A, B, C, and D grades according to the evaluation score. Grade D suppliers are unqualified and will be requested to make improvement by a time limit (in general, corrective actions should

be proposed within 14 days after the audit). We will terminate cooperation with suppliers failing to make corrections. The audit items in supplier evaluation and their weights are as follows: quality assurance 50%, delivery stability 20%, and price 30%. In 2020, we performed documentary audits on 15 suppliers and onsite audits on 10 suppliers, with 100% achievement rate. In addition, no significant defect or risk was found in the evaluation. To enhance the assessment of supplier sustainability, we included supplier sustainability performance in new supplier evaluation in 2021.

Status of Supplier Audit

		2018		2019		2020	
Audit Method		DDI	PMIC	DDI	PMIC	DDI	PMIC
Documentary Audit	Planned no. of suppliers for documentary audit	10	2	12	2	12	3
	Actual no. of suppliers audited	10	2	12	2	12	3
	Achievement rate	100%	100%	100%	100%	100%	100%
Onsite Audit	Planned no. of suppliers for onsite audit	5	7 (1) ¹	3	7	3	7
	Actual no. of suppliers audited	5	7 (1) ¹	3	7	3	7
	Achievement rate	100%	100%	100%	100%	100%	100%
Result ²	Grade A	13	8	14	9	14	10
	Grade B	2	0	1	0	1	0
	Grade C	0	0	0	0	0	0
	Grade D	0	0	0	0	0	0

1 Bracked numbers refer to the number of suppliers receiving both documentary and onsite audits. These suppliers will be rated after integrating their audit results.

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.



CHAPTER

4

Environmental Symbiosis

4.1 Green Product

4.2 Innovation and Energy Conservation

4.3 Energy and Resource Management

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



4.1 Green Product

The co-existence and co-prosperity among the environment, ecology and technological advancements have never been a simple issue. Based on the purest intent: love Earth and value resources, we elaborately develop and design products with effective energy conservation and provide comprehensive total solutions in order to contribute to the environment together with the supply chain.

To ensure 100% legal and regulatory compliance of all products, we make the following commitment: Suppliers must pass the certification of ISO 14001 EMS and IECQ QC 080000 Hazardous Substance Process Management System (HSPMS) and acquire the “Fitipower Materials Composition Sheet” (including third-party testing reports and SDS) and “Environmentally Restricted Substances Undertaking” to help us manufacture products in total compliance with RoHS, REACH, and other legal and regulatory requirements. We have also established a full-time regulation identification unit and assigned responsible staff to solve problems in different legal and regulatory requirements and languages, to verify that no product contains restricted substances or chemicals before distribution to the importing countries, and to ensure compliance with the restricted substances protocols of different countries.

Our green product policy begins with environmental protection, energy conservation, and the smart use of natural resources. We have also established a sustainable environmental policy. Over the years, we have proposed and implemented various feasible greening solutions. Since July 1, 2019, all products comply with the RoHS2 (Annex II, 2011/65/EU) of RoHS Directive (EU) 2015/863 by adding the following four substances to our RoHS list.

Material Topic	Green Product
Policy	Turn eco-friendliness into an employee consensus and implement it to product design and service provision.
Target	Constant compliance with related international standards and industrial initiatives, insistence on total compliance with RoHS and REACH for all products and services, and use of conflict-free minerals.
KPIs	Establish the environmental policy, request suppliers to pass the certification of the relevant management systems and acquire related testing reports and undertakings, and insist on total compliance with restricted substances protocols.
Performance	All products comply with the latest RoHS 2 directive.

Restricted Substance	Restricted Limit
Bis(2-ethylhexyl) phthalate (DEHP)	< 0.1%
Butyl benzyl phthalate (BBP)	< 0.1%
Dibutyl phthalate (DBP)	< 0.1%
Diisobutyl phthalate (DIBP)	< 0.1%

4.2

Innovation and Energy Conservation

We are committed to developing various low-power-consumption and energy-efficient technologies. In 2020, we launched 10 innovative products to bring significant effectiveness in energy conservation and carbon reduction to terminal electronic products.



Green Innovation and Carbon Reduction Efficiency in 2020 (tCO₂e/year)

Product	Energy Efficiency	Carbon Reduction ²
HV buck converter ICs	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.	112,095
IGZO panel power management IC	Although the IGZO panel presents excellent performance in energy conservation for its low-power-consumption characteristic, in the absence of control through system integration, its energy conservation will be less effective. Our advanced power management IC integrated with built-in T-con IC can effectively predict panel power consumption and reduce the IC's internal power consumption to optimize energy conservation.	—
Multi-channel power management IC	A screen driver panel requires 4-6 power sources at different levels. However, deploying multiple ICs will mean a waste of PCBs and cause power loss. With the advanced BCD process, we integrate the required voltages on one IC. Through advanced circuit design, we enhance internal efficiency, reduce PCBs, and create a better environment at the same time.	14,809
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 by 10 times to make active contribution to energy conservation and carbon reduction.	144
Energy-efficient night-vision e-reader power management IC	EPD is characterized by being lightweight, slim, drop-proof, rollable, and easy on the eyes. Besides significantly reducing paper use for its reusability, as it needs power only when changing pages, it can save power by 90% compared to traditional LCD screens.	11
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. We have designed ICs with a high power supply rejection ratio (PSRR) and low quiescent current consumption that requires only 2μA to save power consumption by 93% compared to the 30μA of ordinary products.	1

Product	Energy Efficiency	Carbon Reduction ²
E-reader front 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%.	—
Energy-efficient fast-charge product ¹	In response to the demand for USB fast charge of li-ion batteries with increasing capacity, different manufacturers introduce exclusive fast-charge technologies. We have developed the “highly integrated fast-charge identification IC” to automatically identify the required charging voltage and current for different fast-charge protocols. Currently, our product has passed the PD2.0/PD3.0/PPS certification of USB-IF and the QC5, highest, certification of Qualcomm.	32,354
Energy harvesting technology ¹	Electronic shelf labels (ESL) need batteries to display text. As batteries contaminate the environment, we have replaced traditional batteries with new energy harvesting technology to make ESL eco-friendly and durable to support green energy.	—
Efficient ESL development ¹	In response to ESL application, we have developed ESL products with energy-efficient circuit technology and applied algorithms to shut down unnecessary energy consumption to prolong product life.	—

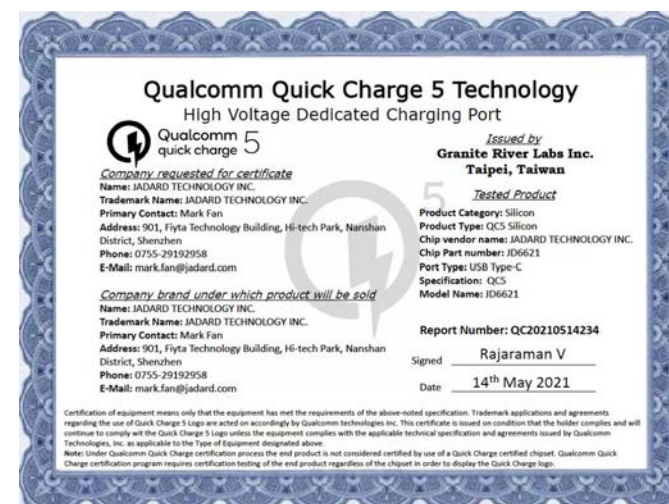
1 Jadard patented technology.

2 Projected annual carbon reduction is inferred according to the assumed use sce-narios of general consumers and the annual production of products.

3 The electricity carbon emission factor is subject to the latest information at 0.509 kgCO₂e/kWh announced by the Bureau of Energy, Ministry of Economic Affairs.

4 Items without projection value are products pending mass production or under development that it is difficult to calculate the reduction efficiency.

Qualcomm Quick Charge 5 (highest) certification



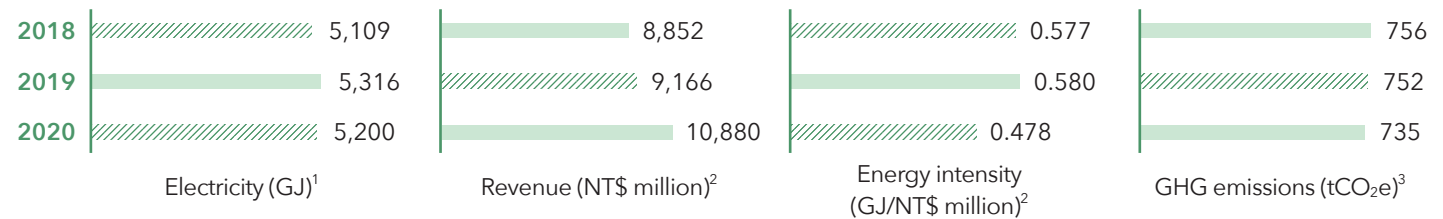
4.3

Energy and Resource Management

Energy Management

We are a professional IC design house that outsources the manufacturing, packaging, and testing of products to professional manufacturers, thus consuming limited energy. While purchased electricity (Taiwan Power Company, TPC) is the main source of energy, besides emphasizing green and innovative design and green office promotion, we constantly enhance the green awareness in employees and implement concrete plans. Regardless of the new high in revenue growth, carbon emissions was reduced in 2020.

Energy Use and Carbon Emissions



1 Electricity bills in the year are the data source. Joule conversion is subject to the energy conversion factor at 0.0036 GJ/kWh.

2 Energy intensity calculation: Energy Consumption ÷ Sales Income

3 The electricity carbon emission factor is subject to the information announced by the Bureau of Energy, Ministry of Economic Affairs: 0.533 kgCO₂e/kWh for 2018 and 0.509 kgCO₂e/kWh for 2019 and 2020.

Continuous Energy Conservation and Carbon Reduction

In recent years, we have engaged in the promotion of “Green Office.” 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 also promoted the green office plan, actively implemented waste sorting and resource recycling. During employees' lunchtimes, we supplied vegetarian meals and fruit meals to take care of the employee's dietary health and reduce CO₂ emissions. The old equipment replacement project was the key. In this project, we replaced energy-inefficient appliances with certified energy-efficient products.

Energy Conservation Plan in 2020

Action Plan	Electricity Saved (kWh)	Carbon Reduced (tCO ₂ e)
LED lamps	47,545	24

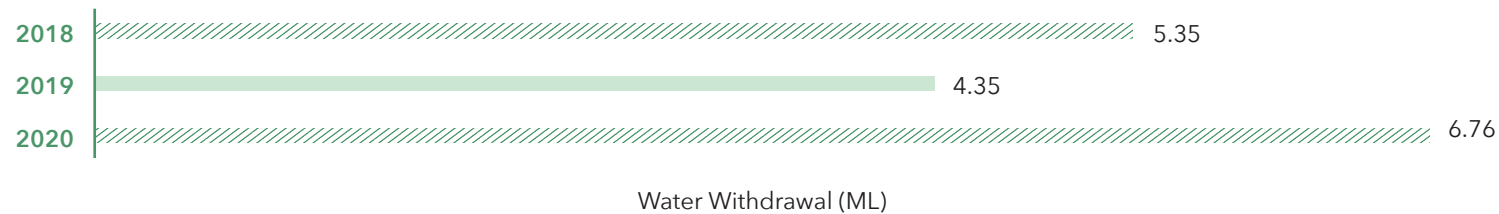
*The electricity carbon emission factor is subject to the information announced by the Bureau of Energy, Ministry of Economic Affairs: 0.509 kgCO₂e/kWh for 2020.

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 wafer manufacturing, packaging, and testing, we still emphasize water management and 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 2020 total water withdrawal increased by 55% over 2019 to 6.76ML. This is mainly because of sales growth, increased experiments, and overtime work, leading to the increase in domestic and aircon water consumption. 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



Waste Management

The 4R's (Reduce, Reuse, Recycle, Recover) spirit of the circular economy is the foundation of waste output and control at Fitipower. The 2020 overall waste output was reduced by 5.6% over 2019 to 38.472MT. 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.

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 2020, no mission involving pollution, spillover, or environmental sanction was reported, and the overall waste recycling rate was 29%. In the future, we will continue to establish strict mechanisms for waste flow control and audit and select qualified contractors to ensure legal waste disposal.

Waste Disposal

Disposal Method	Waste Type	2018		2019		2020	
		Amount (MT)	Subtotal (%)	Amount (MT)	Subtotal (%)	Amount (MT)	Subtotal (%)
Recycling	Waste electronic components, slags, and nonconforming products	2.196	10.367 (31%)	4.150	13.780 (34%)	1.228	11.026 (29%)
	Other resources	8.171		9.630		9.798	
Incineration	Domestic waste	1.124	22.889 (69%)	1.205	26.973 (66%)	1.290	27.446 (71%)
	Food waste	21.765		25.768		26.156	
Total		33.256		40.753		38.472	



CHAPTER

5

Labor-Management Common Good and Social Inclusion

5.1 Talent Hub

5.2 Employee Development

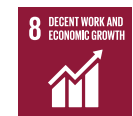
5.3 Labor/ Management Relations

5.4 Employee Benefits

5.5 Occupational Health and Safety Promotion

5.6 Social Participation

Treating talents as one of the most important corporate assets, we emphasize talent management, employee care, and unfettered two-way communication for growth together. We also actively engage in social welfare and demonstrate our corporate influence to promote workplace harmony and society inclusion.



5.1

Talent Hub

Human Rights and Diversified Inclusion Policies

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 implement “recruitment and selection,” “appointment,” and “evaluation” in compliance with the Policy to ensure the protection of human rights of workers and interns. We also 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. Should you have any suggestions or grievances, please let us know at fitivoice@fitipower.com.

Mission and Commitment

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 Protected 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

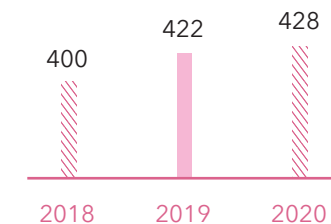
- Periodically review, assess, and disclose related risks, practices, and impacts with respect to the social situations and stakeholder needs.

Talents Growth and Workplace Diversity

“Employees are the most important organizational asset.” This is exceptionally important to the IC design industry emphasizing ongoing advancements and requiring nonstop innovation and breakthroughs. We are committed to building an energetic work environment of diversity and equality for employees to demonstrate their talent and make continuous improvement. We also care about the work-life enthusiasm and balance of employees. To attract and retain more outstanding talents, we offer considerable wages and benefits, well-planned promotion and training systems, fair opportunities for career development, and a friendly, safe, and healthy workplace life.

Our employees increase every year. In 2020, we hired 104 employees, with a new employee rate of 24.3% (the female to male ratio is 1:7); and 82 employees resigned (the female to male ratio is 1:5.8), with a turnover rate of 19.2%. By the end of 2020, we had 428 employees in total, including 425 full-time employees and 3 contract employees. The gender distribution was 22.7% female and 77.3% male. In addition, we have planned appropriate duties to provide job opportunities for people with disabilities. In 2020, we hired 5 persons with disabilities.

Employee Growth (persons)



Employee Recruitment and Separation

	Primary	Secondary	2018		2019		2020	
			No. of Persons	New Employee Rate	No. of Persons	New Employee Rate	No. of Persons	New Employee Rate
New Employees		21 - 30	39	9.8%	47	11.1%	44	10.3%
		31 - 40	50	12.5%	57	13.5%	44	10.3%
		41 - 50	24	6.0%	28	6.6%	14	3.3%
		51 and above	1	0.3%	0	0.0%	2	0.5%
		Male	83	20.8%	96	22.7%	91	21.3%
		Female	31	7.8%	36	8.5%	13	3.0%
New Employees Subtotal			114	28.5%	132	31.3%	104	24.3%

	Primary	Secondary	2018		2019		2020	
			No. of Persons	Separation Rate	No. of Persons	Separation Rate	No. of Persons	Separation Rate
Resigned Employees		21 - 30	22	5.5%	36	8.5%	20	4.7%
		31 - 40	40	10.0%	38	9.0%	44	10.3%
		41 - 50	27	6.8%	24	5.7%	17	4.0%
		51 and above	1	0.3%	2	0.5%	1	0.2%
		Male	69	17.3%	71	16.8%	70	16.4%
		Female	21	5.3%	29	6.9%	12	2.8%
Resigned Employees Subtotal			90	22.5%	100	23.7%	82	19.2%

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

Workforce Structure in 2020

Primary	Secondary	Male		Female		Type Subtotal	
		No. of Persons	Proportion	No. of Persons	Proportion	No. of Persons	Proportion
Nationality	Citizen	331	77.3%	97	22.7%	428	100%
	Alien	0	0.0%	0	0.0%	0	0.0%
Employment Type	Full-time Employees ¹	328	76.6%	97	22.7%	425	99.3%
	Contract Employees	3	0.7%	1	0.2%	3	0.7%
Employee Type ²	Senior Officers	31	7.2%	4	0.9%	35	8.2%
	Intermediate Officers	76	17.8%	19	4.4%	95	22.2%
	Entry-level Employees	224	52.3%	74	17.3%	298	69.6%
Age	21 - 30	76	17.8%	23	5.4%	99	23.1%
	31 - 40	154	36.0%	47	11.0%	201	47.0%
	41 - 50	91	21.3%	23	5.4%	114	26.6%
	51 and above	10	2.3%	4	0.9%	14	3.3%
Education	PhD	6	1.4%	0	0.0%	6	1.4%
	MA/MS	248	57.9%	32	7.5%	280	65.4%
	BA/BS/Dipl.	75	17.5%	64	15.0%	139	32.5%
	Senior/Junior (TVET)	2	0.5%	1	0.2%	3	0.7%
Gender Subtotal		331	77.3%	97	22.7%	-	-
Total						428	100%

1 Full-time employees included R&D alternative civilian service

2 Senior officers are division director or higher officers.

Intermediate officers are managers and higher officers.

Entry-level employees are employees other than the above.

5.2 Employee Development

Material Topic	Talent cultivation and training
Policy	Actively participate in talent cultivation programs promoted by the government, increase investments in the training resources for key competencies, and encourage employee participation with concrete incentives to enhance organizational competitiveness.
Target	Survey the competence needs of employees, plan practical technology courses, and significantly stimulate the self-learning motivation and duration of employees.
KPIs	Enrich learning resources, provide diversified learning channels, plan project contents that stimulate the further learning motivation of employee.
Performance	Passed the TTQS certification of the Ministry of Labor. In 2020, we introduced 40 practical technology courses for employees over the e-learning platform.

Diversified Training Channels for Employees

New Employee Training

For new employees to have a basic understanding of the Company's history and prospects and get familiar with the organizational regulations and their rights and obligations within the shortest time, we have established standard training contents for new employees, including common training and professional pre-service (orientation) training, and even high-standard orientation training procedures for special positions, for employees to quickly understand our corporate culture and their job requirements and thereby lower the anxiety from job adaptation and thus smoothly fuse with the organization.

Common Training

Item	Content	Responsible Unit
1	Corporate organizational framework, personnel regulations, and welfare system.	Personnel Administration
2	Instructions related to the Document Control SOP.	QA
3	Quality concept.	

Pre-service Training

The hiring unit shall arrange professional training for new employees as necessary.

Professional Skill Training

Arrange internal professional learning and external professional training opportunities for employees to learn, further learn, and increase opportunities for skill exchange with competitors to enrich own expertise through different ways of learning.

Management Competence Training

Cultivate all-round management competence. Establish common management language to enhance organizational management efficiency.

Statutory Training

Participate in various certificate and license training courses requested by law and operational needs to ensure occupational safety.

In-service Training

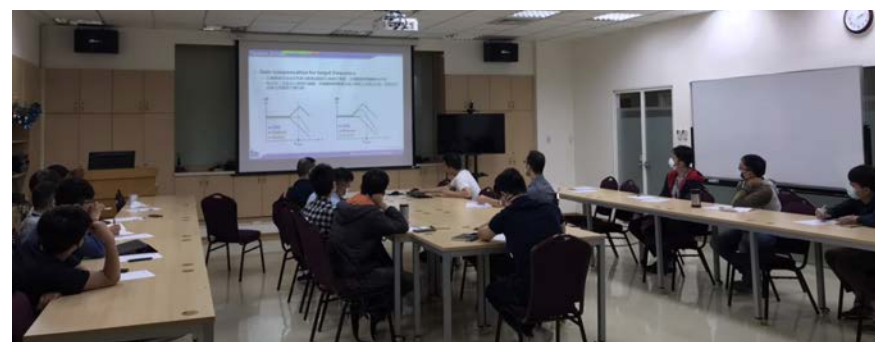
In 2020, each employee received an average of 2.1 hours of training, including an average of 2.2 hours for male employees and 1.6 hours for female employees. In addition to face-to-face physical courses, for employees to enrich themselves ubiquitously with fragmented times, we have built an e-learning platform to provide comprehensive courses, so that employees can arrange their learning schedules with after work with greater flexibility. In 2020, we launched a total of 40 types of practical technology courses in 152 hours for employees to engage in self-learning. Professional staff also planned and developed well-established competence development strategies to promote holistic education and training courses.

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.

Employee Annual Training (hours/person)

Employee Type	Calculation	Male	Female	Subtotal
Senior Officers	Actual number of employees at the end of reporting period	31	4	35
	Number of training hours during reporting period	49	2	51
	Average hours of training during reporting period	1.6	0.5	1.5
Intermediate Officers	Actual number of employees at the end of reporting period	76	19	95
	Number of training hours during reporting period	141	4	145
	Average hours of training during reporting period	1.9	0.2	1.5
Entry-level Employees	Actual number of employees at the end of reporting period	224	74	298
	Number of training hours during reporting period	534	152	686
	Average hours of training during reporting period	2.4	2.1	2.3
Total	Actual number of employees at the end of reporting period	331	97	428
	Number of training hours during reporting period	724	158	882
	Average hours of training during reporting period	2.2	1.6	2.1

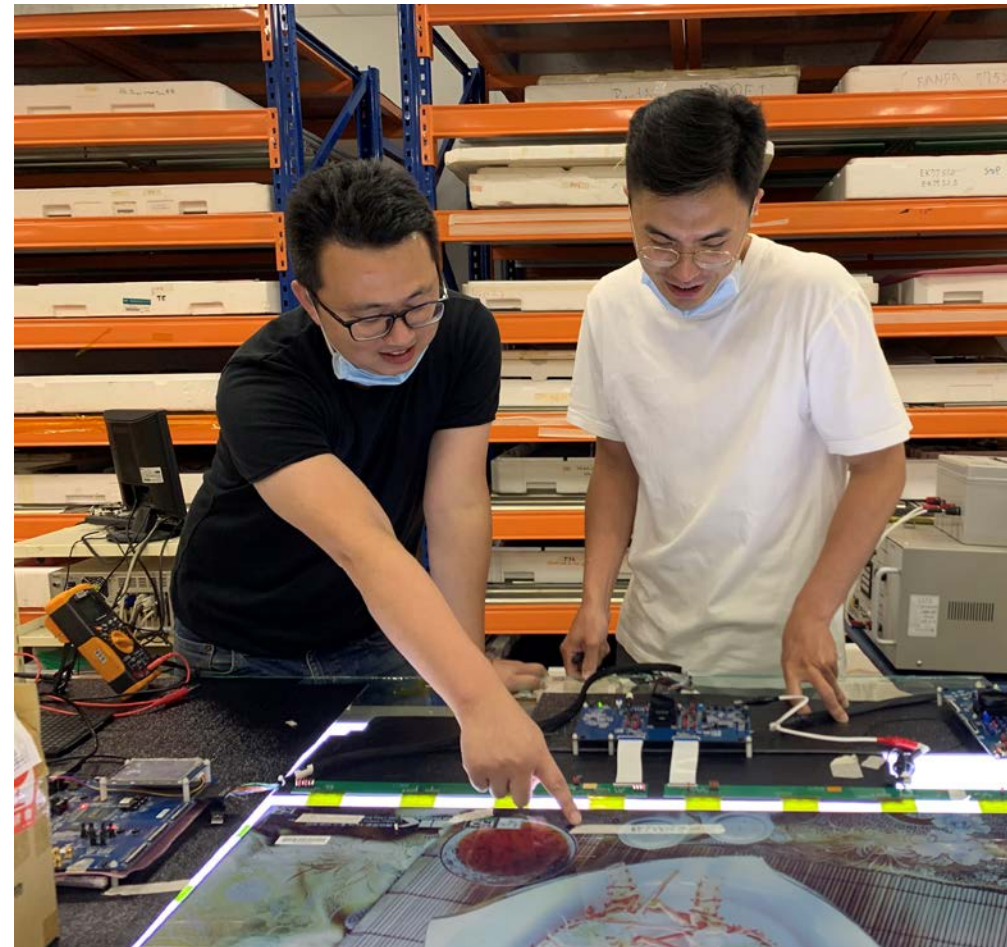
Physical Training Course



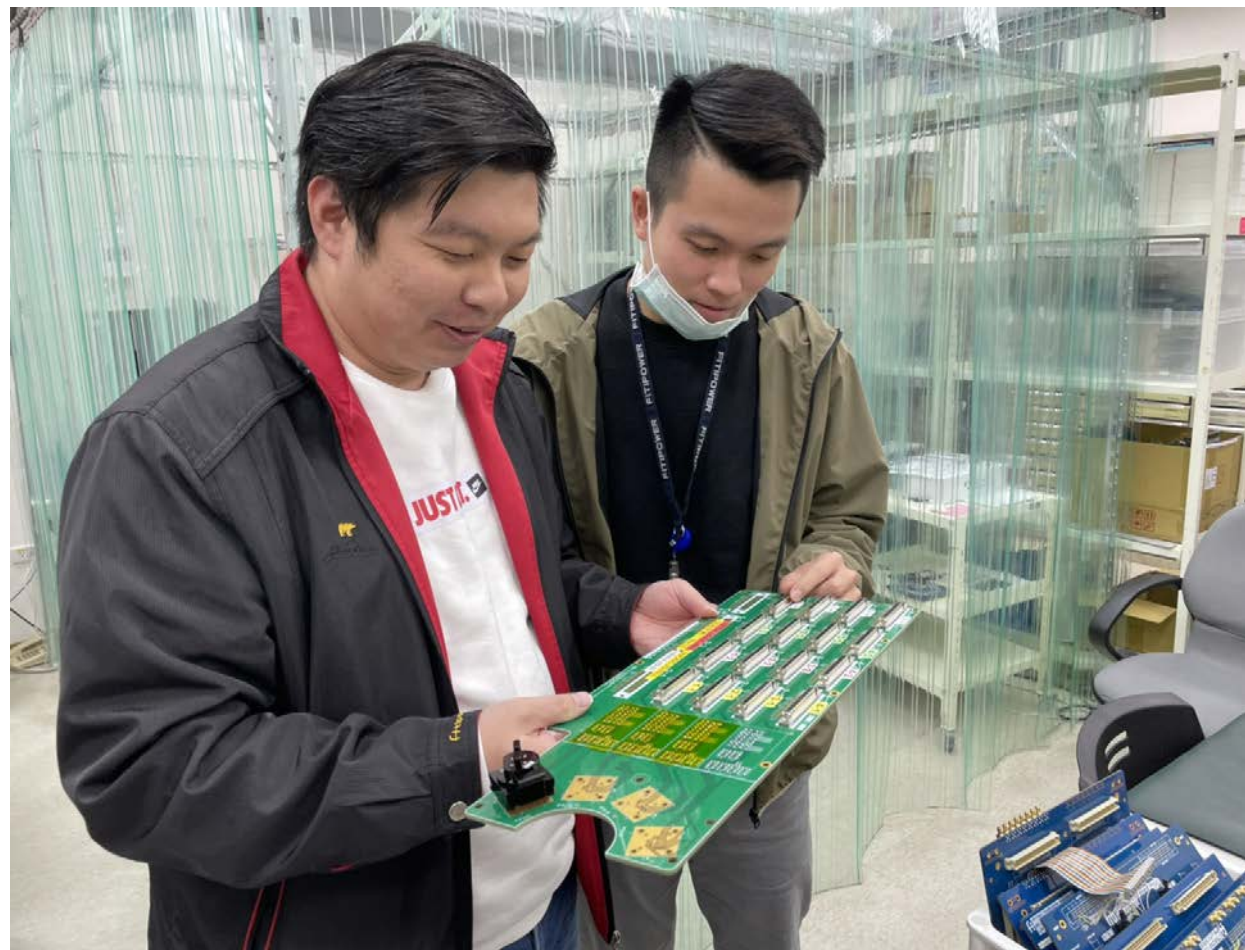
- 1 “The End of Reporting Period” refers statistics on December 31, 2020.
- 2 “Number of Training Hours During Reporting Period” includes the sum of hours of the actual number of employees receiving training of a course.

Active Participation in Government Talent Cultivation and Training Programs

Teenagers Placement Flagship Program in 2020



To enhance the youth hiring intention and proportion of businesses and provide youth with more practical workplace training, for youth aged 15-29 years without work experience or professional skills, the Ministry of Labor (MOL) organizes the employment before training “placement training” based on the resources and labor needs of businesses to enhance the matching rate of the job market. In support of the government’s Teenagers Placement Flagship Program, we released 20 vacancies for the program in 2020 and 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.



TTQS Certification: Bronze



To motivate enterprises to invest in talents training and ensure their training quality and performance, the government has developed the Talent Quality Management System (TTQS) with a set of stringent, impartial, and objective assessment criteria for the design, implementation, audit, and efficacy assessment of training programs, with the Workforce Development Agency (WDA) hiring appraisers to perform the evaluation. By passing the bronze level of TTQS certification, our powerful training for professionals is manifested.

In addition, to constantly increase investments in in-service training resources for employees, we have also participated in the “Enterprises Human Resource Upgrade Program” to strive for funding in order to introduce more quality training courses to enhance organizational competitiveness.

5.3

Labor/ Management Relations

Labor-management Communication

To promote labor-management harmony and sustainable development to smoothen labor-management communication, we have established transparent, open, and effective multidimensional communication channels to listen to the valuable opinions of employees. Although we have not established a labor union, we still hold regular and extraordinary, as necessary, labor-management meetings according to the “Labor Standards Act” to achieve two-way communication and consultation of issues including promotion of labor-management cooperation, coordination of labor-management relations, improvement of labor conditions, and planning labor benefits.

By holding the quarterly labor-management meeting and the biannual officer meeting and setting the employee grievance box (Employee Suggestion For ADM) and wage proposal channel in the internal management system, we listen to the employee’s needs and expectations and address the issues that concern them. We spare no effort in building an organizational environment for unfettered communication and developing labor-management relations. 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* by law regarding operational changes to minimize the impact on operations and employment. By the end of 2020, no lay-off or discharge due to significant operational changes was reported in 2020.

*“Minimum notice periods for termination of employment contract” are as follows: 10 days for service over 3 months but less than one year; 20 days for service over one year but less than three years; and 30 days for service over three years.

Communication Channels



Labor-
Management
Meeting



Manager
Meeting



For ADM
(intranet)



Wage
Suggestion
Channel
(intranet)



Human Rights
Grievance
Channel
fitivoice@fitipower.com

5.4

Employee Benefits

Wage Competitiveness

We offer employees reasonable and competitive wages and benefits as well as gather and retain top talents to work for the steady growth and sustainable development of the company. We emphasize equal remuneration to ensure that employees are paid equally for the same job regardless of gender. We always adhere to the equal remuneration policy. In 2020, the female to male proportion of basic salary was 0.64:1 (instead of the gender difference, it was the result of duty difference). 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.

We have established the “Wage Management Regulations” and “Performance Bonus Regulations” that are communicated to employees through the new employee education and training and internal email for them to fully understand our wage system. Besides setting performance targets, we have also established the policy, system, standard, and structure for wages. The pay and benefits for officers are all approved by the Compensation Committee and Board to enhance the transparency of the Company’s governance and wages. In 2020, the average amount of the overall pay for non-officer full-time employees was NT\$1.657 million, while the mean salary of full-time officers was NT\$1.365 million. With respect to the statistics of the MOPS, our wages and benefits were ranked among the top 100 enterprises in Taiwan, suggesting that our wages are highly competitive.

Average Pay of Employees (NT\$10K)

Year	Non-Officer Full-Time Employees (annual pay)	
	Average Pay	Mean Pay
2018	141.2	108.3
2019	152.8	117.5
2020	165.7	136.5

Year	Average Standard Entry-Level Pay/ Local Minimum Wage* (monthly pay)	
	Male	Female
2018	4.14	2.77
2019	5.06	2.99
2020	4.83	3.12

*The local minimum wage was: NT\$22,000 in 2018, NT\$23,100 in 2019, and NT\$23,800 in 2020.

Employee Performance and Career Development Reviews in 2020

Employee Type	Calculation	Male	Female	Subtotal
Senior Officers	Total number of employees at the end of reporting period	31	4	35
	Number of employees receiving performance and career development reviews	25	3	28
	Proportion of employees receiving performance and career development reviews	81%	75%	80%
Intermediate Officers	Total number of employees at the end of reporting period	76	19	95
	Number of employees receiving performance and career development reviews	71	17	88
	Proportion of employees receiving performance and career development reviews	93%	89%	93%
Entry-level Employees	Total number of employees at the end of reporting period	224	74	298
	Number of employees receiving performance and career development reviews	176	68	244
	Proportion of employees receiving performance and career development reviews	79%	92%	82%
Total	Total number of employees at the end of reporting period	331	97	428
	Number of employees receiving performance and career development reviews	274	86	360
	Proportion of employees receiving performance and career development reviews	83%	90%	84%

1 Employees not on unpaid leave, contract employees, and employees with a service less than three months in the annual evaluation year were not included.

2 “The End of Reporting Period” refers statistics on December 31, 2020.

Well-Planned Benefits and Protection

To protect the rights and benefits and enhance the organizational commitment of employees, we have planned a well-established welfare system. In addition to the basic rights including the Labor Insurance, National Health Insurance, special leave, maternity leave, and parental leave as stated by law, we offer comprehensive benefits through different policies and systems as shown in the table below (Well-Established Welfare System and Measures).

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. Besides screening talents comply with the organizational culture and meeting the professional needs of the Company, this system can enhance the successful rate of talents recruitment.

Bonus Type	Bonus Amount	Job Title
Recommendation Bonus	800	Non-R&D engineer
	1,500	R&D engineer
Referral Bonus	10,000	Engineer
	20,000	Above senior engineer and below manager

Retirement System

For employees qualified for the system under the “Labor Standards Act”, we contribute the labor retirement reserve according to the Labor Standards Act monthly. The reserve will be supervised by the Labor Retirement Reserve Supervisory Committee and deposited in the Bank of Taiwan in the committee’s name for disbursement, custody, and utilization.

For employees qualified for the “Labor Pension Act,” we contribute 6% of the employee’s contribution monthly and deposit the amount 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.



Well-Established Welfare System and Measures

Type	Description
Rewards and Benefits	<ul style="list-style-type: none"> Guaranteed basic salary of 14 months: In addition to the basic salary for 12 months, there are supplementary rewards of half-month salary during each the Dragon Boat Festival and the Mid-Autumn Festival, and one month salary for the end of year. In addition to the basic annual pay, we introduce the excellent employee reward and profit-sharing systems. Referral bonus: Employees recommending new employees to the Company will receive a referral bonus at NT\$10,000 to NT\$20,000 based on the pay grade when these new employees pass the probation. Patent bonus: After a patent application is granted an application number by the competent authorities, the applicant will receive a bonus of NT\$10,000. After the patent has been approved, the applicant will receive a bonus of NT\$22,000 to NT\$46,000, depending on the patent territory. Up to NT\$68,000 can be awarded for the same patent granted in different regions.
Health Promotion	<ul style="list-style-type: none"> Labor Insurance, NHI, group insurance, and travel insurance: Each employee is entitled to the Labor Insurance, NHI, 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). Free health checkup: free annual health checkup to take care of the employee's physical health. Free massage: Inhouse massage service twice a week for employees to relax from busy work. In 2020, 1,443 employees enjoyed the service. Employee clubs: Employees are encouraged to form sports and recreational clubs to exercise and develop interest appropriately to promote physical and mental health and relieve stress. Special festive events: Events including Fitipower Family Day, Mid-Autumn Festival Party, Christmas Party, and Year-end Reunion are organized to promote friendship and emotional exchange for a more intimate partnership among employees. Department travel funding: Each year we fund NT\$18,000 for each employee. Employees with a service less than one year will be funded proportionally by quarter (NT\$4,500/quarter). Family travel funding: Encourage employees to join company tours with their family with this funding.
Complete Care	<ul style="list-style-type: none"> Flextime: Employees can check in between 08:30 and 09:30 to ensure humane management. Advance special leave: Employees can advance their special leave of up to 56 hours. Meal allowance: Employees are entitled to the lunch and dinner allowance to encourage them to develop a balanced diet habit. Free afternoon tea: Free afternoon tea is provided biweekly for employees to relax a bit from work. Cash gifts on major festivals. Allowance for wedding, funeral, birth, and hospitalization. Paid sick leave and female menstrual leave: 5 days a year. Employee dormitory. Maternal health protection: Please refer to "Maternal Health Protection Plan" in section 5.5 Occupational Health and Safety Promotion for details.



Sports Friendship Game | Mid-Autumn Festival Party



Employee travel funding



5.5

Occupational Health and Safety Promotion

Occupational Health and Safety Management

To maintain employee safety, prevent occupational hazards, 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 employees at all levels, the specifications of various operational activities, and equipment periodic maintenance and first response and reporting processes. We also assign first responders and organize education and training activities related to safety and health every year. Given that talents are one of the largest momenta of organizational operations, we endeavor to eliminate all injuries and potential risk that may harm corporate finance and employees in order to maintain constant organizational growth and pursue sustainable development.

Our OH&S Objectives



We perform safety check of the buildings of our sales locations and make related reports biennially by law. In addition, we hold fire safety education and training once biannually. In 2020, we completed two fire safety training courses (two hours) for 54 participants. In addition, to further implement preventive management, we will implement the emergency evacuation drill in 2021 and ISO 45001 occupational health and safety management system in 2022. In occupational accident, no accident was reported in 2020 as shown below.

Work-Related Injuries, Ill Health, Lost Day, and Absenteeism in 2020

Plant	Injury Rate (IR)		Occupational Disease Rate (ODR)		Lost Day Rate (LDR)		Absenteeism Rate (AR)	
	Male	Female	Male	Female	Male	Female	Male	Female
Proportion	0	0	0	0	0	0	0.74%	0.89%

1 The statistics do not include the work-related injury information of contractors; the statistics on work-related ill health were subject to the definition of work-related ill health according to the local laws and regulations of plants.

2 Calculations of different items:

- Injury Rate (IR) = (Number of Work-Related Injury ÷ Total Hours Worked) × 200,000
- Occupational Disease Rate (ODR) = (Number of Employees with Work-Related Ill Health ÷ Total Hours Worked) × 200,000
- Lost Day Rate (LDR) = (Number of Days Lost for Work-Related Injury ÷ Total Hours Worked) × 200,000
- Absenteeism Rate (AR) = (Hours Lost on Absenteeism ÷ Total Hours Worked) × 100%

3 The statistics on Absenteeism Rate (AR) include traffic accidents on the way to work or home, i.e. including work-related sick leave, personal leave, and sick leave.

54
participants

108
hours of
training

Fire safety education and training



Care for Workplace Environmental Health

We care for the health and safety of each employee. To provide employees with a healthy and comfortable work environment, care for every detail is our unchanged policy, such as the monthly disinfection and sterilization of the cooling tower and periodic test of the legionnaires' disease; drinking equipment tests and filter replacement; and even the liquid soap, paper towel, and alcohol for personal disinfection. All these are the representation of our care for employee health.

輝揚環境檢測股份有限公司

行政院環保署認可證照字第 099 號
檢驗室地址：桃園市龍潭區888號5樓之4
採樣行證代碼：A

電話：(03)361590
傳真：(03)366781

委託單位：天益科技股份有限公司
類別：(無害自造) ?
樣品基質：飲用水
採樣地址：新竹市馬行路6之8號3樓
採樣單位：輝揚環境檢測股份有限公司

編號：T-15-03-01
層次：1.0
日期：103.01.01

樣品檢驗報告

採樣日期：110年01月11日 13時49分
收樣日期：110年01月11日 14時30分
報告日期：110年01月20日
報告編號：IC1108011108
聯絡人：鄭國隆、黃國峰

是否認可	檢測項目	單位	樣品名稱/編號及檢測值	公告標準值	檢測方法	備註
★	大腸桿菌群	CFU/100mL	F-2(桌上型) H011106-01	<1	6	NIEA E230.55B
	以下空白					

備註：1. 本報告已由認可報告簽署人審核無誤，並簽署於內部報告文件，簽署人如下：
無誤檢測：許桂秋(ICI-02)、石顯顯(ICI-03)。
2. 本報告共 1 頁，分發使用無誤。
3. 檢測項目有標示“★”者，表示該檢測項目經行政院環保署認可，並依公告檢驗方法分析。
4. 低於方法偵測極限之測定值以“N.D.”表示，並於備註欄註明其方法偵測極限值(MDL)。
5. 本報告僅對樣品負責，不得隨意複製及作為宣傳廣告之用；如樣品委託分析，則於備註處說明委託公司名稱。

聲明書
(一) 茲保證本報告內容完全依照行政院環保署及有關機關之標準方法及品質管理規範規定，秉持公正、誠實進行採樣、檢測，絕無虛偽不實，如有違反，就政府機關所受損失願負賠償責任之外，並接受主管機關依法所為之行政處份及刑事處罰。
(二) 吾人瞭解如自受政府機關委託從事公務，亦屬於刑法上之公務員，並瞭解刑法上圖利罪，公務員受賄不實偽造公文書及貪污治罪條例之相關規定，如有違反，亦為刑法及貪污治罪條例之適用對象，願受最嚴厲之處份。

公司名稱：輝揚環境檢測股份有限公司

負責人(簽章)：施國隆

檢驗室主管(簽名蓋章)：許桂秋

報告專用章
輝揚環境檢測股份有限公司
負責人：施國隆
檢驗室主任：許桂秋

Cooling water tower testing report



Full set of sanitary products in the pantry.



Touchless spray disinfectant dispensers at entrances/offices

Total Epidemic Control

The outbreak of COVID-19 in 2020 forced the public to change their lifestyle, and businesses were deeply affected. To ensure employee health and 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.

Fitipower Epidemic Control Measures

Measure	Action
Personnel Education and Training	<ul style="list-style-type: none"> Principal shareholder (Foxconn Technology Group) held the “COVID-19 Prevention Course” for Taiwan on February 5. Explanation of the teleworking system to facilitate quick response to COVID-19 outbreak in Taiwan with the WFH shift. Instructions for plant access control. Suggestion for taking the stairs and reduce the use of elevators to prevent the risk of clustering in confined space.
Resources and Equipment Management	<ul style="list-style-type: none"> Contact reduction: Replaced touch with automatic sensing at 3-12 cm 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.
Epidemic Controls Implementation	<ul style="list-style-type: none"> Measured and recorded body temperature daily and disinfected the office environment and common space twice a day. Disinfected incoming visitors at entrances with 100ppm chlorine dioxide. Outsourced full-house disinfection monthly. Measured the body temperature and requested the health statement of visitors. Social distancing at 1.5m in the smoking area. Closed the cafeteria during the pandemic period. Disinfected goods dispatched by courier with chlorine dioxide.
Employee WFH	<ul style="list-style-type: none"> Complete planning for teleworking. WFH on shift. Personal home computer equipment survey. Test and simulation of WFH connections.

Worker Health Promotion

For employees to balance work, life, and mental and physical health, besides arranging well-planned free health checkups and comprehensive insurance items, we also invite physicians and nurses to provide one-on-one professional health consultations for employees to show active care for employee health. In addition, in modern society where diseases of affluence are prevalent and the concept of dietary therapy has been widely accepted, “eat safe and eat healthily” has become the dietary principle of most people. Hence, we supply various nutritional diets, such as rich-protein meals and high-fiber vegetarian meals, and even burden-free refreshing fruit meals, for employees to satisfy the preferences and demands of different individuals and groups. Then, we arrange massage service that can effectively relieve physical tension for employees and encourage them to form various sports and recreational clubs to turn the workplace into a place for work and a platform with easy access to professional resources, in-depth interpersonal relations, and quality life.

Every year we plan health checkups for all employees. Then, occupational health nurses and specialists are arranged to provide health education and follow-up checkups for employees based on the checkup results. In addition, onsite inspection of probable workplace hazards is conducted as necessary. In 2020, a total of 394 employees received the health checkup.

Maternal Health Protection Program

We implement the “Act of Gender Equality in Employment” and support the SDG5 Gender Equality to protect the reproductive rights of employees. Besides providing birth allowances, we further ensure the right to unpaid parental leave and the smooth return to work right of employees. 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 leave 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.

In recognition of the efforts of pregnant employees, we have prioritized parking spaces for them to share their commuting inconveniences. For female employees requiring breastfeeding after returning to work, we have built the breastfeeding (lactation) room for them to work without worries while nurturing their babies.

Parental Leave in 2020

	Male	Female	Total
Total number of employees entitled to parental leave in that year ¹	69	20	89
Total number of employees taking parental leave in the year	0	4	4
Rate of employees taking parental leave ²	0	20%	4.5%
Total number of employees due to return to work after parental leave in the year	0	4	4
Total number of employees actually returning to work after parental leave in the year	0	4	4
Return to work rate ³	0	100%	100%
Total number of employees returning to work after parental leave in the previous year	0	2	2
Total number of employees returning work after parental leave and still employed 12 months after their return to work in the previous year	0	2	2
Retention rate ⁴	0	100%	100%

- 1 Employees still in service in 2020 after taking parental leave during 2017-2020.
- 2 Total number of employees entitled to parental leave in the year
÷ Total number of employees applying for parental leave in the year.
- 3 Total number of employees returning to work after parental leave in the year ÷ Total number of employees due to return to work after parental leave in the year.
- 4 Total number of employees retained 12 months after returning to work following a period of parental leave in previous year ÷ Total number of employees returning from parental leave in the previous year × 100%



Breastfeeding room at Fitipower

5.6 Social Participation

To cultivate Taiwan and repay society, we will establish a foundation to gather more resources to demonstrate our positive influence. In 2020, the Board already passed the proposal to establish the “Fitipower Technology Environmental Sustainability Foundation” in 2021 to continue our efforts in environmental protection, sci-tech talent education and cultivation, active care for local industries and vulnerable groups, as well as to assess and extend our ESG contributions.

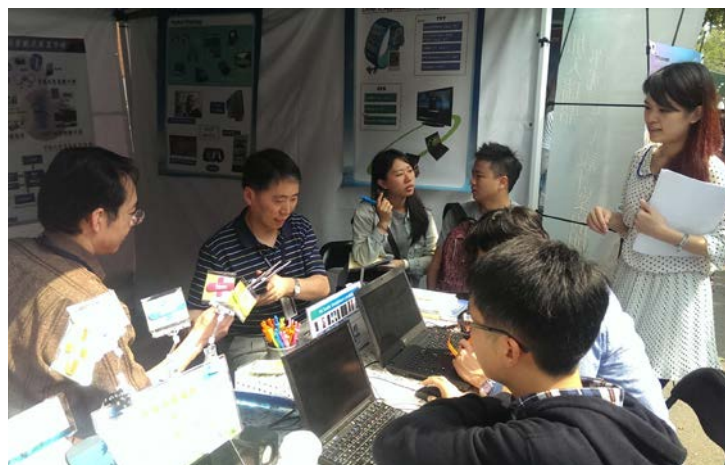
Sci-Tech Talent Cultivation

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 (not held in 2020 due to the pandemic).

Year	2018	2019	2020
Number of Participants	217	287	Note

Note: Campus talent recruitment was held off in 2020 due to the COVID-19 pandemic.



Internship Program

We will implement an internship program in collaboration with National Tsing Hua University in 2021 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.

Small Alliance: MOST University-Industry Collaboration Projects

We collaborated with Professor Ming-Dou Ker of the Institute of Electronics, National Chiao Tung University, to develop the ESD technology related to ICs and electronic systems using high-performance control algorithm to overcome the low yield rate. By combining the industry-academic resources and through knowledge and technology change, we accelerated the R&D, enriched the outcomes, and enhanced the efficiency.

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 (1,443 employees received the service) to care for the physical and mental health of employees.
- Encouraged employees to donate uniform invoices (receipts) to vulnerable groups regularly. In 2020, we donated 284 uniform invoices (receipts) to vulnerable groups.
- 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.



Hiring persons with disabilities.

Appendix

GRI Index

General Disclosures

Disclosure Topic	Disclosure No.	Disclosure Title	Corresponding Section (Supplementation)	Page
GRI 102:2016				
Organizational profile	102-1	Name of the organization	1.1 About Fitipower	16
	102-2	Activities, brands, products, and services	1.1 About Fitipower	
	102-3	Location of headquarters	1.1 About Fitipower	
	102-4	Location of operations	1.1 About Fitipower	
	102-5	Ownership and legal form	1.1 About Fitipower	
	102-6	Markets served	1.1 About Fitipower	
	102-7	Scale of the organization	1.1 About Fitipower	60
	102-8	Information on employees and other workers	5.1 Talent Hub	
	102-9	Supply chain	3.2 Sustainable Supply Chain	46
	102-10	Significant changes to the organization and its supply chain	(No significant changes to the organization and its supply chain)	-
	102-11	Precautionary Principle or approach	2.3 Risk Management	35
	102-12	External initiatives	(No signing any external initiatives in 2020)	-
	102-13	Membership of associations	1.1 About Fitipower	16
Strategy	102-14	Statement from senior decision-maker	Message from the Chairman	5
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	ESG Vision and Management	7
Governance	102-18	Governance structure	2.1 Governance Framework ESG Vision and Management	28 7

Disclosure Topic	Disclosure No.	Disclosure Title	Corresponding Section (Supplementation)	Page
Stakeholders engagement	102-40	List of stakeholder groups	Stakeholder Engagement and Priorities	10
	102-41	Collective bargaining agreements	(no collective bargaining agreements)	-
	102-42	Identifying and selecting stakeholders	Stakeholder Engagement and Priorities	10
	102-43	Approach to stakeholder engagement	Stakeholder Engagement and Priorities	
	102-44	Key topics and concerns raised	Stakeholder Engagement and Priorities	
Reporting practice	102-45	Entities included in the consolidated financial statements	About this Report	1
	102-46	Defining report content and topic Boundaries	About this Report	
	102-47	List of material topics	Stakeholder Engagement and Priorities	10
	102-48	Restatements of information	(First report release)	-
	102-49	Changes in reporting	(First report release)	
	102-50	Reporting period	About this Report	1
	102-51	Date of most recent report	About this Report	
	102-52	Reporting cycle	About this Report	
	102-53	Contact point for questions regarding the report	About this Report	
	102-54	Claims of reporting in accordance with the GRI Standards	About this Report	
	102-55	GRI content index	GRI Index	83
	102-56	External assurance	Third Party Assurance Statement	90

Disclosure of Material Topics





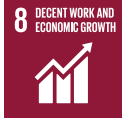

Material Topic	Disclosure Topic	Disclosure No.	Disclosure Title	Corresponding Section (Supplementation)	Page
GRI 200 Economic					
Economic Performance	GRI 103 Management Approach	103-1	Explanation of the material topic and its boundary	Stakeholder Engagement and Priorities	10
		103-2	The management approach and its components	1.4 Financial Performance	25
		103-3	Evaluation of the management approach	1.4 Financial Performance	
	GRI 201 Economic Performance	201-1	Direct economic value generated and distributed	1.4 Financial Performance	68 69
		201-3	Defined benefit plan obligations and other retirement plans	5.3 Labor/Management Relations 5.4 Employee Benefits	
		201-4	Financial assistance received from government	1.4 Financial Performance	25
GRI 300 Environmental					
Supply Chain Management	GRI 103 Management Approach	103-1	Explanation of the material topic and its boundary	Stakeholder Engagement and Priorities	10
		103-2	The management approach and its components	3.2 Sustainable Supply Chain	46
		103-3	Evaluation of the management approach	3.2 Sustainable Supply Chain	
	GRI 308 Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	3.2 Sustainable Supply Chain 4.1 Green Product	46 52
Legal Compliance	GRI 103 Management Approach	103-1	Explanation of the material topic and its boundary	Stakeholder Engagement and Priorities	10
		103-2	The management approach and its components	2.2 Legal Compliance and Ethics	34
		103-3	Evaluation of the management approach	2.2 Legal Compliance and Ethics	
	GRI 307 Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	2.2 Legal Compliance and Ethics	
GRI 400 Social					
Legal Compliance	GRI 103 Management Approach	103-1	Explanation of the material topic and its boundary	Stakeholder Engagement and Priorities	10
		103-2	The management approach and its components	2.2 Legal Compliance and Ethics	34
		103-3	Evaluation of the management approach	2.2 Legal Compliance and Ethics	
	GRI 419 Socioeconomic compliance	419-1	Non-compliance with laws and regulations in the social and economic area	2.2 Legal Compliance and Ethics	








Material Topic	Disclosure Topic	Disclosure No.	Disclosure Title	Corresponding Section (Supplementation)	Page
Talents Cultivation and Training	GRI 103:2016 Management Approach	103-1	Explanation of the material topic and its boundary	Stakeholder Engagement and Priorities	10
		103-2	The management approach and its components	5.2 Employee Development	63
		103-3	Evaluation of the management approach	5.2 Employee Development	
	GRI 404:2016 Training and Education	404-1	Average hours of training per year per employee	5.2 Employee Development	
		404-3	Percentage of employees receiving regular performance and career development reviews	5.2 Employee Development	
Customer Relationship and Privacy	GRI 103:2016 Management Approach	103-1	Explanation of the material topic and its boundary	Stakeholder Engagement and Priorities	10
		103-2	The management approach and its components	2.4 Cybersecurity	37
		103-3	Evaluation of the management approach	2.4 Cybersecurity	
	GRI 418:2016 Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.4 Cybersecurity 3.1 Customer Service	37 42
Self-Defined Topics					
R&D and Innovation	GRI 103:2016 Management Approach	103-1	Explanation of the material topic and its boundary	Stakeholder Engagement and Priorities	10
		103-2	The management approach and its components	1.3 R&D and Patent	23
		103-3	Evaluation of the management approach	1.3 R&D and Patent	
Green Product	GRI 103:2016 Management Approach	103-1	Explanation of the material topic and its boundary	Stakeholder Engagement and Priorities	10
		103-2	The management approach and its components	4.1 Green Product	52
		103-3	Evaluation of the management approach	4.1 Green Product	

Voluntary Disclosure of Specific Topics

Disclosure Topic	Disclosure No.	Disclosure Title	Corresponding Section (Supplementation)	Page
GRI 200 Economic				
GRI 202:2016 Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5.4 Employee Benefits	69
GRI 204:2016 Procurement Practices	204-1	Proportion of spending on local suppliers	3.2 Sustainable Supply Chain	46
GRI 300 Environmental				
GRI 302:2016 Energy	302-1	Energy consumption within the organization	4.3 Energy and Resource Management	56
	302-3	Energy intensity	4.3 Energy and Resource Management	
	302-4	Reduction of energy consumption	4.3 Energy and Resource Management	
GRI 305:2016 Emissions	305-2	Energy indirect (Scope 2) GHG emissions	4.3 Energy and Resource Management	
	305-5	Reduction of GHG emissions	4.3 Energy and Resource Management	
GRI 400 Social				
GRI 401:2016 Employment	401-1	New employee hires and employee turnover	5.1 Talent Hub	60
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.4 Employee Benefits	69
	401-3	Parental leave	5.5 Occupational Health and Safety Promotion	75
GRI 405:2016 Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	5.1 Talent Hub	60
	405-2	Ratio of basic salary and remuneration of women to men	5.4 Employee Benefits	69

SDGs Index

UN SDGs	Fitipower Action	Corresponding Section	Page
 3 GOOD HEALTH AND WELL-BEING	<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. Provide employees with free annual health checkup to take care of the employee's physical health. 	5.4 Employee Benefits	69
 4 QUALITY EDUCATION	<ul style="list-style-type: none"> Board members actively take various further education courses. In 2020, Board members took a total of 42 hours of courses, averaging six hours per member. Establish the e-Learning platform. In 2020, we launched a total of 40 types of practical technology courses with a total of 152 hours for employees to engage in self-learning. Active Participation in Government Talent Cultivation and Training Programs: TTQS Certification: Bronze and Teenagers Placement Flagship Program 2020. 	2.1 Governance Framework 5.2 Employee Development 5.2 Employee Development	28 63 63
 5 GENDER EQUALITY	<ul style="list-style-type: none"> Ensure the diversity and inclusivity of Board members, two of the seven directors are female, accounting for 29%. Emphasize equal remuneration to ensure that employees are paid equally for the same job regardless of gender. We always adhere to the equal remuneration policy. Promote the "Maternal Health Protection Program", with contents including birth allowance, priority parking spaces for pregnant employees, right to unpaid parental leave, and breastfeeding (lactation) room. 	2.1 Governance Framework 5.4 Employee Benefits 5.5 Occupational Health and Safety Promotion	28 69 75
 6 CLEAN WATER AND SANITATION	<ul style="list-style-type: none"> Monthly disinfection and sterilization of the cooling tower and periodic test of the legionnaires' disease; drinking equipment tests and filter replacement. Constantly communicate water conservation to employees and purchase equipment carrying the Water Conservation Mark. In the future, we will plan appropriate water reclamation action based on water consumption. 	5.5 Occupational Health and Safety Promotion 4.3 Energy and Resource Management	75 56
 8 DECENT WORK AND ECONOMIC GROWTH	<ul style="list-style-type: none"> In 2020, we hired 104 employees, with a new employee rate of 24.3% (the female to male ratio is 1:7), and 5 persons with disabilities. Regular campus talent recruitment at National Taiwan University, National Cheng Kung University, National Tsing Hua University and National Chiao Tung University attracts about 200-300 students each time. 	5.1 Talent Hub 5.6 Social Participation	60 81
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	<ul style="list-style-type: none"> In 2020, the R&D team had 332 members, accounting for 78% of all employees, and the R&D fund was NT\$1.15 billion, accounting for 10.5% of the 2020 revenue. By the end of 2020, we have accumulated a total of 67 valid patents at home and abroad. In 2020, we also applied for three new patents. In the future, we will expand the scope of patent deployment, increase R&D funds, and encourage patent invention. We are committed to developing various low-power-consumption, energy-efficient technologies. In 2020, we launched 10 innovative products to bring significant effectiveness in energy conservation and carbon reduction to terminal electronic products. 	1.3 R&D and Patent 4.2 Innovation and Energy Conservation	23 53

UN SDGs	Fitipower Action	Corresponding Section	Page
	<ul style="list-style-type: none"> No differential treatment or discrimination based on race, language, blood type, religion, political party, native place, gender, age, marital status, facial features, or other factors in recruitment, employment, promotion, reward, and benefits. Except for the special limitation of jobs, persons with disabilities are hired, and differential treatment is prevented due to the above reasons. In personnel management, we emphasize “talent-oriented and right jobs for the right persons” regardless of irrelevant personal traits. 	5.1 Talent Hub	60
	<ul style="list-style-type: none"> In 2020, the overall waste generated was reduced by 5.6% over the last year to about 38.472MT. The recycling rate was 29%. No related hazardous waste was produced, and qualified contractors were entrusted to scrap and perform online report of production waste including electronic components, slags, and nonconforming products (including wafer and packaging materials). 	4.3 Energy and Resource Management	56
	<ul style="list-style-type: none"> 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. 	4.1 Green Product	52
	<ul style="list-style-type: none"> The old equipment replacement project was implemented to replace energy-inefficient appliances with certified energy-efficient products. In 2020, we saved electricity by 47,545 kWh to reduce carbon by about 24 tCO₂e. In employee lunch, we supply vegetarian meals and fruit meals to take care of the employee’s dietary health and reduce CO₂ emissions. 	4.3 Energy and Resource Management	56
	<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 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. 	4.3 Energy and Resource Management 1.2 Product and Technology	56 18
	<ul style="list-style-type: none"> Ensure that all precious metals from a legal source, comply with responsible procurement, do not involve with money laundering or financing of terrorism, armed conflicts, or violation of human rights; and request suppliers to sign the “Environmentally Restricted Substances Undertaking.” In 2020, we purchased precious metals from 133 customers/suppliers, all of them have accepted and completed our due diligence, and the CMRT collection rate is 100%. Abide by the “Personal Data Protection Act,” “Trade Secrets Act,” and “Fair Trade Act.” In 2020, no non-compliance with ethical corporate management or the above acts was reported. Internal auditors shall maintain integrity and independency to carry out their duties objectively and impartially and periodically report the audit outcomes to the Audit Committee. 	3.2 Sustainable Supply Chain 3.2 Sustainable Supply Chain 2.2 Legal Compliance and Ethics 2.1 Governance Framework	46 46 34 28
	<ul style="list-style-type: none"> In 2020 we began to plan the internship program in collaboration with National Tsing Hua University to offer professional R&D and engineering verification vacancies to students. Implementation will start in 2021. We collaborated with the Institute of Electronics, National Chiao Tung University, by combining the industry-academic resources and through knowledge and technology change, we accelerated the R&D, enriched the outcomes, and enhanced the efficiency. 	5.6 Social Participation	81

Third Party Assurance Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE FITIPOWER INTEGRATED TECHNOLOGY INC.'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2020

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by Fitpower Technology CO., LTD. (hereinafter referred to as Fitpower) to conduct an independent assurance of the Corporate Social Responsibility Report for 2020 (hereinafter referred to as the Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during on-site verification in the period of 25 June 2021 to 10 August 2021. 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 Fitpower's Stakeholders.

RESPONSIBILITIES

The information in the Fitpower's CSR Report of 2020 and its presentation are the responsibility of the directors or governing body (as applicable) and management of Fitpower. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the report content within the scope of verification with the intention to inform all Fitpower'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		Level of Assurance
A	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)	n/a
B	AA1000ASv3 Type 1 (AA1000AP Evaluation only)	Moderate

Assurance has been conducted at a moderate level of scrutiny.

TWLPP 5008 Issue 2104

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:

Select specific reporting criteria included in the contract

Reporting Criteria Options

1	GRI Standards (Core)
2	AA1000 Accountability Principles Standard (2018)

- AA1000 Assurance Standard v3 Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018) at a moderate level of scrutiny; and
- evaluation of the report against the requirements of Global Reporting Initiative Sustainability Reporting Standards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with.

ASSURANCE METHODOLOGY

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

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 Fitpower, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

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

FINDINGS AND CONCLUSIONS

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

Fitpower 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, CSR experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, Fitpower may proactively consider having more direct two-ways involvement of stakeholders during future engagement.

TWLPP5008 Issue 2104

Materiality

Fitpower 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.

Responsiveness

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

Impact

Fitpower has demonstrated a process on identify and fairly represented impacts that encompass a range of environmental, social and governance topics from wide range of sources, such as activities, policies, programs, decisions and products and services, as well as any related performance. Measurement and evaluation of its impacts related to material topic were in place at target setting with combination of qualitative and quantitative measurements.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, Fitpower's CSR Report of 2020, 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, it is recommended to have more descriptions of Fitpower's involvement with the impacts for each material topic (103-1), and how efforts were given to mitigate the impacts.

It is recommended to have more disclosures how Fitpower integrate SDGs into Fitpower's business strategies and how to identify potential opportunities related to SDGs which may have positive influence in enhancing the creating shared value of Fitpower.

Signed:

For and on behalf of SGS Taiwan Ltd.

David Huang
Senior Director
Taipei, Taiwan
17 August, 2021
WWW.SGS.COM



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TWLPP5008 Issue 2104



Fitipower Integrated Technology ESG Report



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