



Sustainability Report 2022



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Message from the Management

The Russia-Ukraine war had triggered inflation worldwide, while Mainland China was affected by the COVID-19 pandemic, with the zero-Covid policy implemented. All these factors severely hit the global economy. In the second half of the year, due to economic recession globally and rising inflation, the demand for consumer electronic products remained weak. Sensortek saw its first revenue decline in recent years, along with a significant reduction in gross margins and profitability since 2022, in the face of inventory adjustment by clients, a sharp decline in demand for smartphones in major end-user markets, a decrease in shipment and price cut due to sluggish end-market demand.

We continue to improve the quality and applications of optical sensors. Ambient light and proximity sensors for high sensitivity under-screen applications continue to be widely used by smartphone customers in high-end models. We have become a major supplier of high-end smartphone optical sensors, launched ambient light sensors for smart watches to occupy the market of the

Corporate Governance

Sensortek ranks in the top 6%~20% tier among the listed companies in the Corporate Governance Assessment for the year 2022. We will continue to improve and implement our corporate governance mechanism, take technological innovation as our core value, and introduce the Taiwan Intellectual Property System (TIPS) promoted by the Industrial Development Bureau (IDB) of the Ministry of Economic Affairs (MOEA), to protect our key technologies and enhance the quality of our intellectual property. We plan to implement the ISO 27001 information security management system to reduce the risk of information security, and to improve the Company's risk control mechanism through the implementation of the management system in the daily operation, so as to enhance the operational resilience of the Company.

Environmental Sustainability

In 2022, in response to the international trend of net-zero emissions and the "Sustainable Development Guidemap for TWSE- and TPEX-Listed Companies" promoted by the FSC, we conducted a greenhouse gas inventory in accordance with the ISO 14064-1:2018 and voluntarily obtained verification from a third-party organization. In the future, we will follow the "Action Plan for Sustainable Development of TWSE- and TPEX-Listed Companies" promulgated by the FSC. We will gradually develop carbon reduction strategies, targets and specific action plans in response to the government's green power policy, and set specific quantitative targets for renewable energy by 2030 in order to achieve net-zero corporate emissions.

wearable devices, unveiled the ambient light sensors for the TV displays, and expanded the optical sensor chips to other applications beyond the smartphone screens. The accelerometer sensors have been introduced to smartphone manufacturers to increase the shipment of smartphone applications and our market share.

Sensortek continues to promote sustainable development in four aspects, namely, "Corporate Governance", "Environmental Sustainability", "Partnerships", and "Employee and Social Impact", in response to the United Nations' Sustainable Development Goals (SDGs). As an "Explorer of Sensing Technology", we will keep innovating and be devoted to expanding and extending the application of sensing technology to enable a better and more sustainable life for users, in hope of exerting our influence and making our contribution to the economy, society and environment with our own strengths.

Partnerships

In line with international environmental laws and regulations and customers' environmental requirements, we have implemented a green product management policy from the source of product design and development, and have been certified as a SONY GP (Green Partner) in 2021 and renewed the certification in 2022. In the future, we will activate the key sustainable management for our supply chain, and work with our suppliers to reduce the potential risks related to the society and the environment, take the development of the sustainable supply chain as an important responsibility for the Company's sustainable development, in the hope of creating a sustainable and co-prosperous ecosystem with customers and suppliers.

Employee and Social Impact

In 2022, a structural salary adjustment plan was implemented to keep the salaries of our employees higher than the average level of the industry to motivate our employees and retain our talents. In 2022, the average salary of full-time non-executive employees was 1.8 times the average salary of the industry, and was among the best in the semiconductor industry in all listed companies, and included in the TPEX Compensation Index Constituents.



Sheng-Su Lee

Chairman

About the Report

Sensortek Technology Corporation (referred to as "Sensortek", the "Company", and "We" hereinafter) is devoted to the R&D and technical innovations of sensors and continuously enhances the research and development technologies for ambient light as well as distance and weight sensing, which have been developed for many years, while extending such technologies to other sensor applications. In line with the expansion of operations and the expectations of stakeholders, we will start a sustainability promotion plan, examine the operating environment and risks, and set up visions and goals by integrating the operation strategy of sustainable management.

Standard Compliance

This report is prepared according to the GRI Sustainability Reporting Standards (GRI Standards) issued by the Global Sustainability Standard Board (GSSB) of The Global Reporting Initiative (GRI). In consideration of the trend of sustainable disclosure, Sensortek has also taken the Sustainability Accounting Standards Board (SASB) as the core topic in this report, and followed the SASB standard for the semiconductor industry in the field of technology and communications to prepare this Report. In addition, we have also disclosed some information with reference to stakeholders and issues related to sustainability evaluation.

Reporting Period

The 2021 report was issued in September 2022

The period covered by the report: January 1, 2022 to December 31, 2022

Release date of the Chinese version: September 2023

Release date of the previous Chinese version: September 2022

Release frequency in the future: Once per year

Disclosure Scope

All operational activities of Sensortek are disclosed in terms of economic, social and environmental aspects. The environmental data are mainly from the head office in Hsinchu, and the main operating venue is in Zhubei City, Hsinchu County (including Neihu Office), which will not be specified otherwise in the Report. In addition, we have considered the comparability of information and disclosed data for the last four years. Some performance information is only disclosed for one or two years if we cannot effectively confirm the accuracy of the data because we have not systematically collected relevant information previously or do not have complete information.

Description of disclosure

The sustainability information and results disclosed in this report are also simultaneously disclosed on the official website of Sensortek ESG, and the financial results disclosed in the operating results are based on the financial reports certified by our accountant. All financial figures are accounted in NT\$, and the financial data is disclosed based on IFRSs. Other data in the Report were compiled and calculated by ourselves, and rounded to the nearest dollar in common practice.

Management Style

The data or information disclosed in this Report are provided by each responsible department and compiled by the report team. The completed report is sent to the departmental heads and Convenor (General Manager) of the Sustainable Development Promotion Group for confirmation, and then submitted to the chairman for review and approval. Upon the internal review process, the Report is released on the official website of Sensortek.

External Review

To enhance the information transparency and reliability, the third party (SGS Taiwan Ltd.) has verified that this report complies with the AA1000 AS v3 Type 1 Medium Level of Assurance and follows the GRI Standards 2021. Please refer to the Appendix of this report for the verification statement.

Contact Information

Should you have any questions about this Report, or any suggestions for Sensortek, please feel free to contact us through the following methods.

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Company tel.: 03-560-1000

E-mail: esg@sensortek.com.tw

Company website: www.sensortek.com.tw

Sustainability Performance in 2022



Environment

SONY GP (Green Partner) Green Partner certification was obtained continuously

ISO 14064-1:2018 Greenhouse Gas Inventory by Third Party Verification

Energy intensity over previous year ↓ 15.50%

Water taking intensity over previous year ↓ 17%



Society

The median salary for full-time non-executive employees reached NT\$2,116,000.

The average salary of full-time employees in non-executive positions was NT\$2,352,000, which was 1.8 times the average industry standards

Total training hours over previous year ↑ 1.5 times

Retention rate for the baby-care leave without pay: 100%

Human rights education and training: 100%

Completion rate of occupational safety and health training 100%



Governance

The Company ranked in the top 6%-20% tier among the listed companies in corporation governance evaluation

The attendance rates of the Board of Directors/Audit Committee / Remuneration Committee were 100%

Female directors account for 14%

ESG education hours for employees: 48 hours

Completion rate of operation integrity education and training: 100%

Green fixed deposit commitment: NT\$50 Million

Public welfare donation increase over the previous year ↑ 16.85%

R&D expenditure as a percentage of revenue over the previous year ↑ 2.63%

Interim appraisals and annual audits for suppliers: 100%

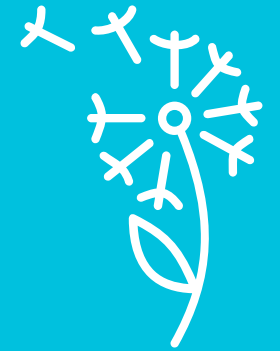
Rate of new suppliers signing "Supplier Declaration of Not Using Environmentally Hazardous Substances": 100%

Response rate of new vendors for "RMI Conflict Minerals Questionnaire": 100%

Information security education and training for new employees: 100%

Local procurement of raw materials 100%

About Sensortek: An Explorer of Sensing Technology



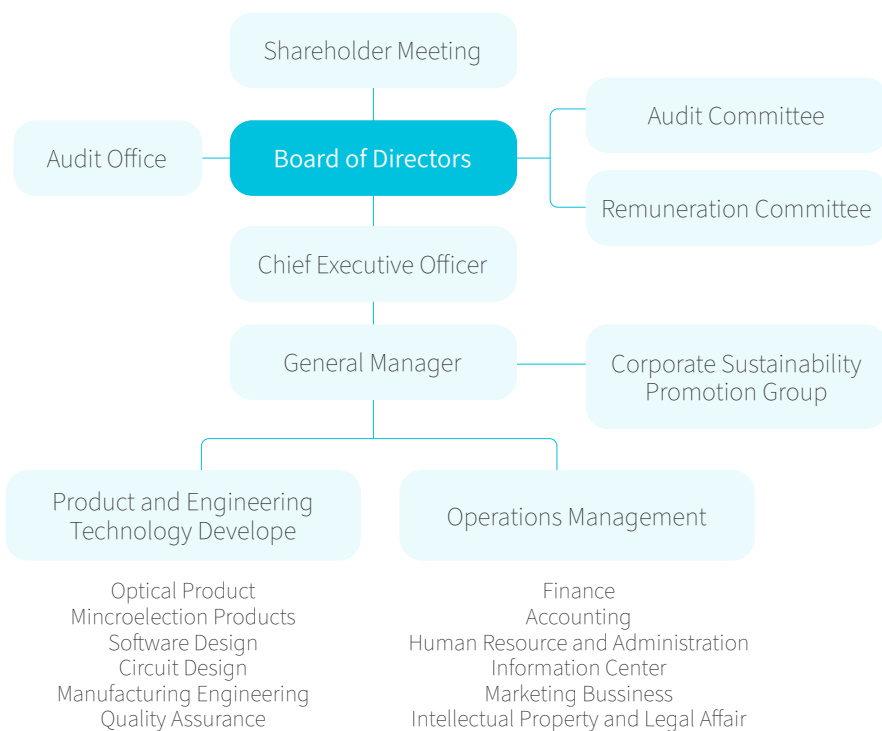
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Company Introduction

Established in 2009, Sensortek is engaged in R&D, design and sales of sensing sensors and focuses on producing "optical sensors" and "MEMS sensors".

Relied on its core competitiveness in R&D and design, the Company adopts IC design as its operational mode, and 100% of products are outsourced to OEMs for manufacturing, and sold through agents. After the products are manufactured, they are shipped to the agents' local warehouses, and then shipped by the agents to the final-end customers (such as the factories of the smartphone manufacturers), where they are assembled into the final product,--smartphones, and then sold to the final-end users worldwide.

Organizational Structure of the Company



Note: Please refer to the 2022 Annual Report for the job descriptions at various departments of Sensortek

Company name
Sensortek Technology Corporation

Stock Code
6732

Chairman of the Board
Sheng-Su Lee

Establishment Date
2009/12/01

Listing Date
2020/06/08

Company Head Office
F11, No. 6, Taiyuan 2nd Street, Zhubei City, Hsinchu County (Zhubei Taiyuan Technology Park)

Operation Site
Taiwan

Markets Served
Taiwan, Mainland China, East Asia

Capital
NT\$489 million (by the end of 2022)

Number of employees
190 (by the end of 2022)

Revenue
NT\$ 4 billion (2022)

Memberships in external organizations
National Tsing Hua University Micro Sensor and Actuator Consortium (Member)

Product Lines

Optical Sensor
Proximity Sensor
Ambient Light Sensor
Color Sensor
Flicker Detection Sensor



MEMS Sensor
Accelerometer Sensor
Pressure Sensor



Capacitive Sensor
Specific Absorption Rate Sensor
Capacitive Touch Sensor



Advantages and Competitiveness

Since its establishment, Sensortek has focused on the R&D of sensor chips for consumer electronic products, and has accumulated solid R&D capabilities in the areas of circuit, optical and package design, and microelectromechanical processes. Sensortek has long-term cooperation with the supply chain on developing microelectromechanical processes, and has developed optical package processes with packaging supplier, in line with the fast-changing trend of the smartphone structural design. Moreover, Sensortek has accumulated sufficient customized molds and testing machines in the packaging and testing stages, and is able to flexibly develop the back-end manufacturing processes. We have established a collaborative model for product development and design with leading smartphone manufacturers to grasp

the future trend of product development and functional requirements, and to provide customized product design that meets the needs.










The Company will continue to develop sensors for a variety of applications, expanding new applications into the supply chain of existing handset customers, providing complete handset-related sensor solutions, and expanding to sensing applications in other product lines, such as wearable devices.

Milestone



Product Introduction

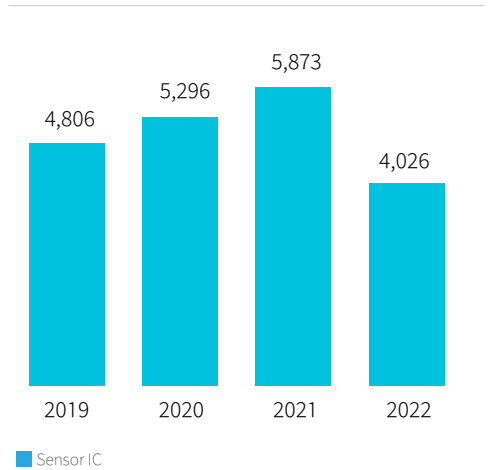
Sensortek is mainly engaged in the research, design, development and sales of sensors. A sensor can receive external environmental, physical, chemical and optoelectronic signals, and intelligently sense distances and changes in ambient light and gravity, then convert them into telecommunication signals for processing to optimize the activation, brightness, color and orientation flipping of the display for different user scenarios. Therefore, the sensors are important components to connect with the external environment, such as ambient light, orientation, gravity, pressure, temperature, humidity or face recognition, which are important applications for the sensors. Our products are mainly used in smart phones, tablets, wearable devices and other consumer products.

Optical Sensor			
<p>Ambient Light Sensor, ALS</p> <p>This product applies to ambient light sensing applications to adjust panel brightness and ensure comfort and saving energy.</p>   <p>Consumer electronic products such as smartphones, tablets, TVs and smart watches.</p>	<p>Color Sensor</p> <p>This product can be used to detect the ambient light intensity and ambient color temperature, while automatically adjusting the brightness and color performance of the screen or camera, so as to make the effect closer to the real use scene and environment.</p>  <p>Smartphones or related electronic devices</p>	<p>Proximity Sensor, PS</p> <p>The proximity sensor is used to shut down the panel and avoid inadvertent contact.</p>  <p>Consumer electronic products such as smartphones and tablet computers</p>	<p>Flicker Detection Sensor</p> <p>This product can be used to detect the flicker frequency of ambient light sources or other electronic device screens to eliminate flicker lines when taking pictures.</p>  <p>Front and rear cameras of smartphones</p>
MEMS Sensor		Capacitive Sensing Sensor	
<p>Accelerometer Sensor, GS</p> <p>This product can be used for screen rotation, posture detection and pedometer</p>  <p>Consumer electronic products such as smartphones, tablets, and wearable devices</p>	<p>Pressure Sensor</p> <p>This product can be used for altitude measurement, staircase movement tracking, climbing rate detection, weather forecasting, water depth measurement, flight altitude control, and others.</p>  <p>Smartphones and Wearable Devices</p>	<p>Specific Absorption Rate Sensor</p> <p>This product can be used to detect whether the human body is close to the antenna of the smartphone, so that the smartphone can adjust the transmitting power and control the radiation field to adjust the beam direction, and keep the electromagnetic wave emitted beam far away from the human body.</p>  <p>Smartphones</p>	<p>Capacitive Touch Sensor</p> <p>This product can be used to detect the distance between the device and the ear, and automatically enable or disable the device to save energy.</p>  <p>TWS headphones with in-ear detection design</p>

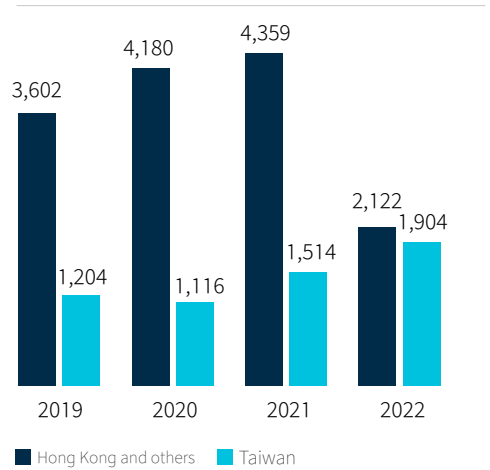
Indicator No.	Item	2019	2020	2021	2022
TC-SC-000.A	Total output of sensors (Unit: 1,000 PCS)	724,772	833,309	806,370	479,830
TC-SC-000.B	Percentage of products made in own plants ^{Note}	0	0	0	0

Note: Sensortek is an IC design company and its main business activities are wafer design and sales, with no production lines and 100% products are outsourced for manufacturing.

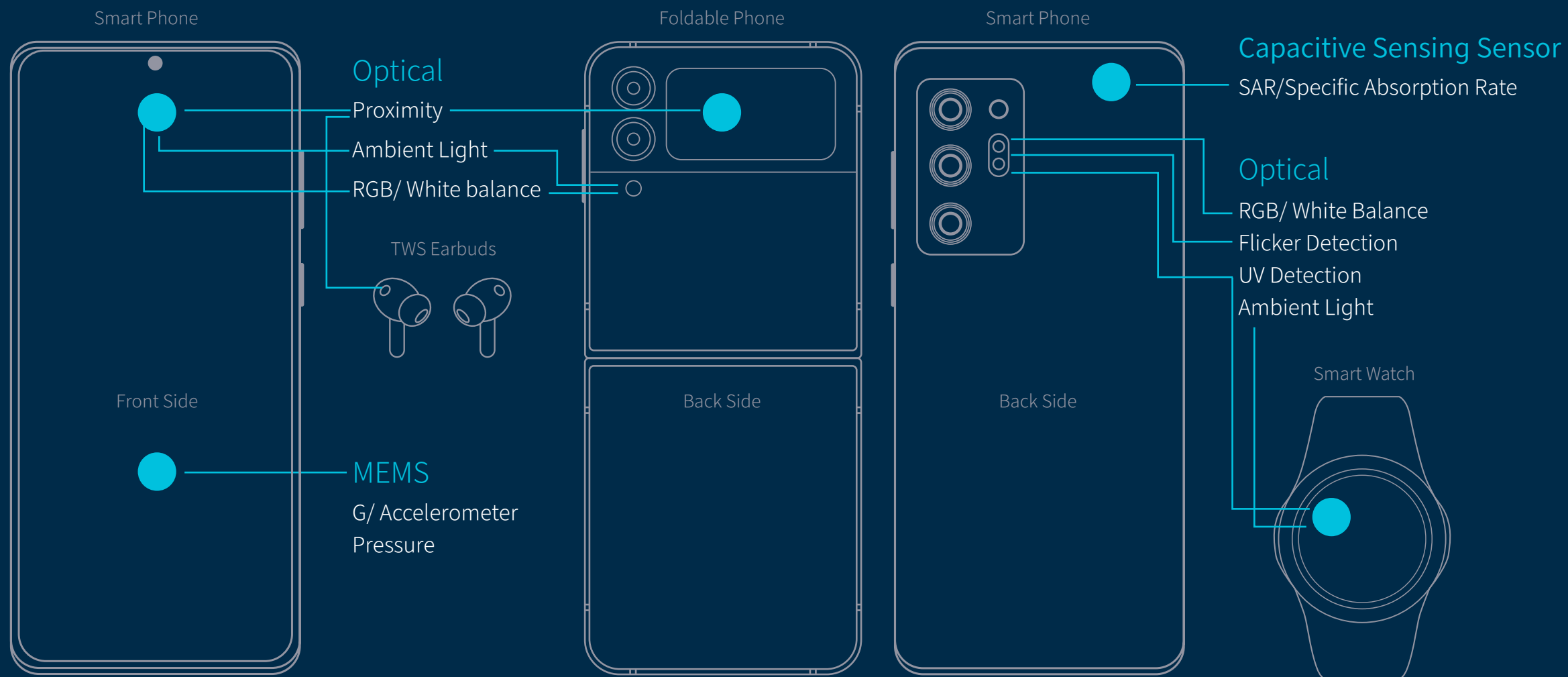
Revenues by products in previous years Unit: NT\$ million



Revenues by regions in previous years Unit: NT\$ million



Development Trend of Sensing Products



Operation Overview

Market Conditions

Mobile devices have become an indispensable and important part in our daily life. So consumers increasingly demand for high quality of smartphone experience, such as the comfort of the screen color temperature display and the photo effect. In addition, with the advancement of display panel technology and cost reductions, the high-resolution and fine OLED panel technology has been gradually extended from the high-end models to the mid-range models. The screen transmittance is a major test for the sensing technology, driving the continuous upgrading of the optical sensing technology. Sensortek continues to improve its technological competitiveness and to develop its technology in the field of high-end optical sensors. In response to the new generation of display screens with lower transmittance, Sensortek is developing solutions for under-screen applications with high sensitivity and ambient color temperature adjustment, and reaches out to new markets through differentiating its products.

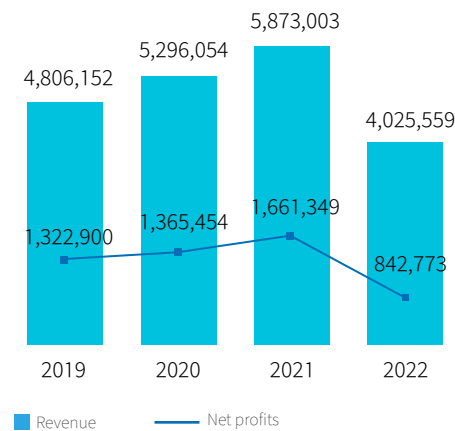
Our microelectromechanical (MEMS) motion sensing technology can be used to detect and measure the movement of objects, and has been already widely used in smartphones and wearable devices. In the future, it can also be used to control the movement of virtual characters, detect and track the user's movements and postures, and realize the whole-body sensory experience to create a more realistic meta-universe virtual experience. Therefore, with the development of smartphones, wearable devices, smart homes, IoT technology and virtual/real integration of meta-universes, the motion and pressure sensor market will continue to grow. The Company has also been deeply engaged in the field of microelectromechanical sensing technology for many years, and has deepened the technical exchanges and quality control with the existing partners, to address the needs of diverse applications and meet the thresholds of the relevant products in the production and testing.

Operating Performance

Sensortek focuses on improving the quality and application of optical sensors. Ambient light and proximity sensors for high sensitivity under-screen applications continue to be adopted by smartphone manufacturers and customers for high-end models, thus consolidating the position of the Company as a major

supplier of optical sensors for high-end smartphones, with a significant increase in the average product price. Optical Sensor also introduced ambient light sensors for wearable devices such as thin watches, expanding the application of optical sensing chips for applications beyond the smartphone screen, and gaining the market share in the field of smart watches to increase shipment of its products. Accelerometer sensor have been introduced to smartphone manufacturers to gradually expand the shipment for smartphone applications. However, the Russia-Ukraine war triggers inflation worldwide, and the COVID-19 cases surged in Mainland China and China implemented the Zero-Covid policy. All these seriously impact the global economy, resulted in a shrinking demand for consumer electronic products and a sharp decline in demand for end-use applications, which led to a decrease in the Company's overall shipment. The Company suffers its first revenue decline in recent years. In 2022, the revenue was NT\$4.02 billion, a decrease of 31.46% from 2021, the gross profit was NT\$1.56 billion, a decrease of 41.95% from 2021, the net income after tax was NT\$840 million, a decrease of 49.27% from 2021, and the EPS was NT\$17.23. For other detailed operating results, please refer to the Financial Highlights section of the 2022 Annual Report.

Revenues and Net profits after tax in previous years Unit: NT\$ thousand



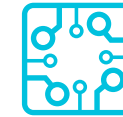
Revenues and Profit in Previous Years

Unit: NT\$ thousand	2019	2020	2021	2022
Revenues and profit in previous years				
Operating revenue	4,806,152	5,296,054	5,873,003	4,025,559
Operating costs	2,787,280	3,168,226	3,181,972	2,463,434
Gross profit from operations	2,018,872	2,127,828	2,691,031	1,562,125
Operating expenses	521,636	590,639	791,559	670,661
Selling expenses	94,669	97,111	117,352	96,903
Administrative expenses	91,050	124,270	123,427	90,152
Research and development expenses	335,877	369,258	550,780	483,589
Impairment loss	40	0	0	17
Net other income (expenses)	0	0	598	21
Net operating income	1,497,236	1,537,189	1,900,070	891,485
Non-operating income and expenses	10,827	12,928	70,613	99,298
Profit from operations before tax	1,508,063	1,550,117	1,970,683	990,783
Tax expense	185,163	184,663	309,334	148,010
Profit	1,322,900	1,365,454	1,661,349	842,773
Other comprehensive income	0	1,602	48,935	-63,512
Comprehensive income	1,322,900	1,367,056	1,710,284	779,261
Earnings per share	29.24	28.81	33.97	17.23
Disclosure of related GRI information				
Employee compensation and benefits	519,267	556,317	697,990	516,110
Interest and dividend expense	141,363	832,282	1,100,705	1,467,743
Community investment expense	0	0	0	0
Direct/indirect political donation	0	0	0	0
Government grant information				
Tax deductions and credits	0	0	0	0
Investment grants, R&D grants	0	0	0	0
Policy incentive awards	0	0	0	0
Other government financial subsidies	0	0	50	274

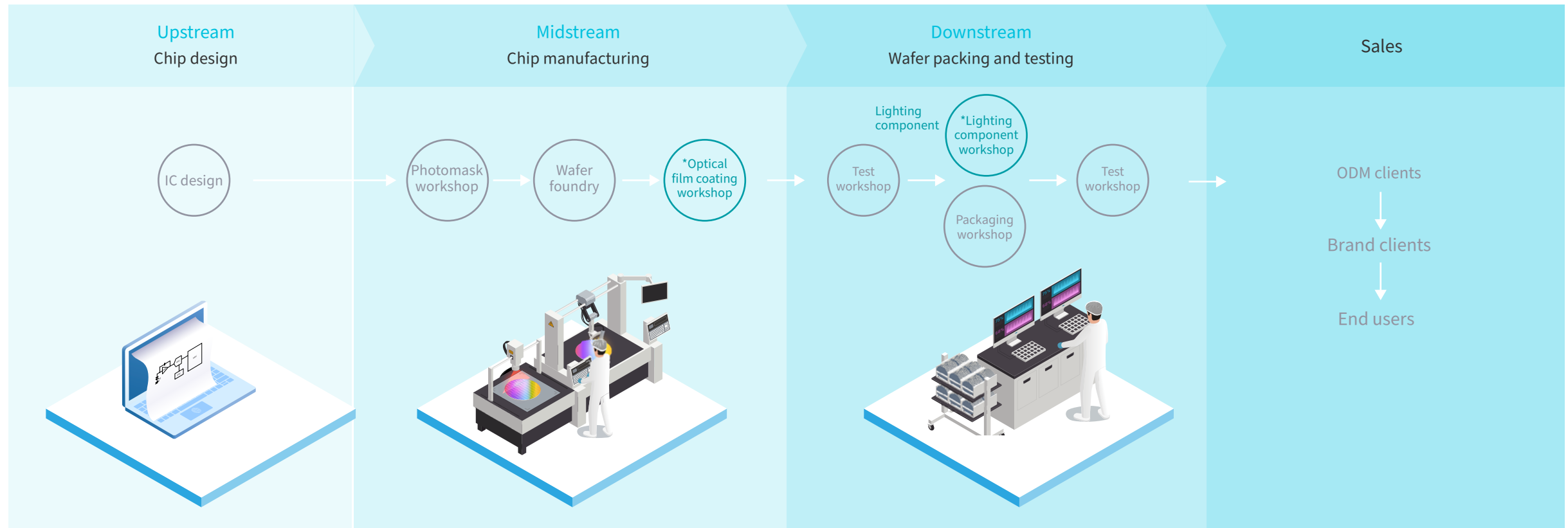
Role in the Industry Chain

As a professional sensor design company in the upstream of the semiconductor industry chain, Sensortek is responsible for the design of integrated circuits and systems. The subsequent production is outsourced to professional foundries for wafer fabrication, and then to professional packaging and testing companies for wafer inspection, dicing, packaging and IC testing. We have established long-term partnerships with midstream and downstream manufacturers in the production process of our products, on a basis of job specialization. We have worked with wafer manufacturers to

optimize the micro-electro-mechanical (MEMS) process. In addition, we have worked with packaging companies to develop packaging methods for optical mechanism design and accumulate sufficient custom molds and test fixtures to ensure sufficient production capacity and flexibility. There have been no significant changes in the organizational activities, products, services, the service markets, supply chain, and the downstream entities of the activities as compared to the previous annual reporting period.



Position of Sensortek in the Semiconductor Industry Chain



*Special processes for optical sensors

Social Impact

While focusing on the R&D of innovative technologies and pursuing profits to create shareholder benefits, Sensortek also pays attention to social needs and environmental issues through charitable donations and environmental protection, and encourages its employees to contribute to the society. Since the second half of 2020, the Company has made monthly donations to charitable organizations and mobilized employees to participate in donation. In 2022, the Company and its employees invested a total of NT\$1.04 million to charitable contributions.

Charitable Donations

We make monthly donations and mobilize our employees to make annual donations to welfare organizations, including the Sunshine Charitable Fund, the Miaoli County Private Infant and Child Care Home, the Taiwan Children and Family Support Foundation, the CAREUS Social Welfare Foundation, and other related organizations. In 2022, 55 employees donated NT\$1,040,000 through Sensortek and Kindness Coffee Fund (income from employee self-service coin-operated coffee machines).

Material Donation

We donate old computers to ASUS Foundation from time to time, and participate in ASUS Project of Recycling Materials, Donating Computers and Loving the Earth to donate recycled information products to disadvantaged groups so as to eliminate digital disparity and reduce pollution for environmental protection. By 2022, the cumulative donation reduced 1.307 metric tons of CO₂ emissions, equivalent to 108.9 trees (source: ASUS Foundation).

Supporting Green Fixed Deposit

In response to the Green Deposit Program launched by financial institutions, the financial institutions will use the deposit funds for green credit in renewable energy, energy conservation, waste gas pollution prevention and control, sewage treatment, wastewater treatment plants and infrastructure, and green buildings, in support of the development of the green energy industry in Taiwan. Committed deposit in 2022: NT\$50 million.

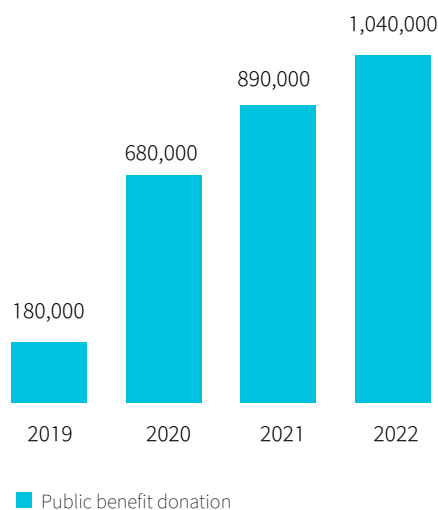
Promoting Community Development

In order to support local education and increase students' work experience, Sensortek has industry-school cooperative projects with its neighboring education institutions and arranged students to receive job-related training, and the cooperation in 2022 is summarized below:

Type	School	Number of employees	Period
Constructive cooperation	Minhsin University of Science and Technology	1	June 2022 to June 2023

Historical social investment

(Unit: NT\$)



Identifying Impacts and Sensing the Drivers of Sustainability



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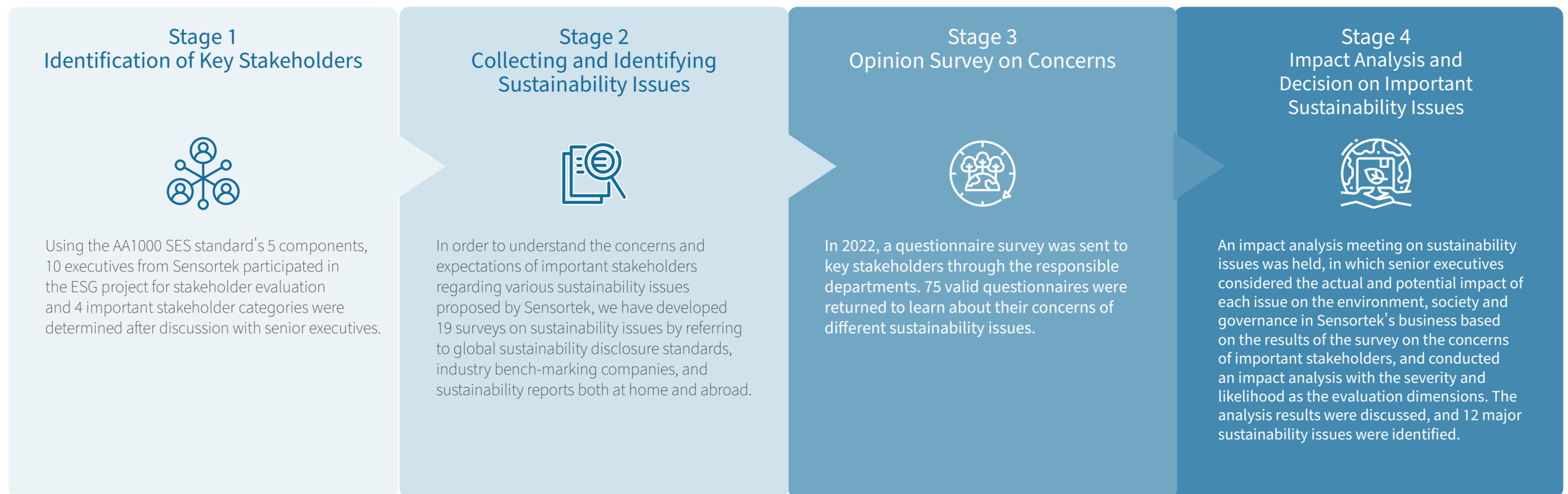
Management of Sustainability Issues

In compliance with the GRI Standards, Sensortek has developed a four-stage process for managing material sustainability issues based on the four reporting principles (i.e. “Stakeholder Inclusiveness, Sustainability Context, Materiality and Integrity”) (see the table below).

The process of managing critical sustainability issues aims to evaluate the impact of critical sustainability issues by investigating the background of operational activities and products, continuously evaluating and discussing them, and making the critical sustainability issues as an important basis for determining Sensortek’s operation strategies and goals.

Sensortek would conduct operational impact analysis based on the concern of key stakeholders. According to the results of the analysis, it would examine the scope of impact of each issue and verify the boundary of management objectives before formulating management guidelines for each issue, which will serve as a reference for subsequent sustainable information disclosure boundaries.

Summary of Sustainability Management Results for 2022



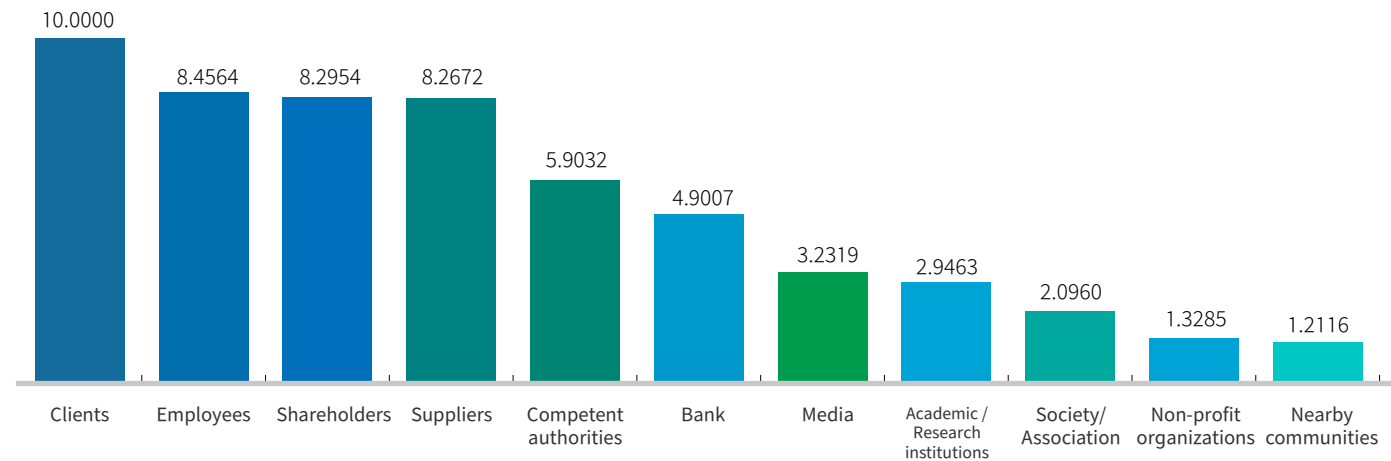
Identification of Important Stakeholders

Sensortek follows the AA1000 SES (Stakeholder Engagement Standard), i.e. "responsibility, influence, tension, diversified perspectives, and dependency", to identify important stakeholders. In 2022, after the evaluation and discussion among the senior executives related to the promotion of sustainability at Sensortek, the operating environment was not significantly different from that of 2021, and therefore the results of the stakeholder

identification were used to identify four categories of significant stakeholders, including customers, employees, shareholders, and suppliers, and the results of the scores for each of the five components are shown in the chart below.

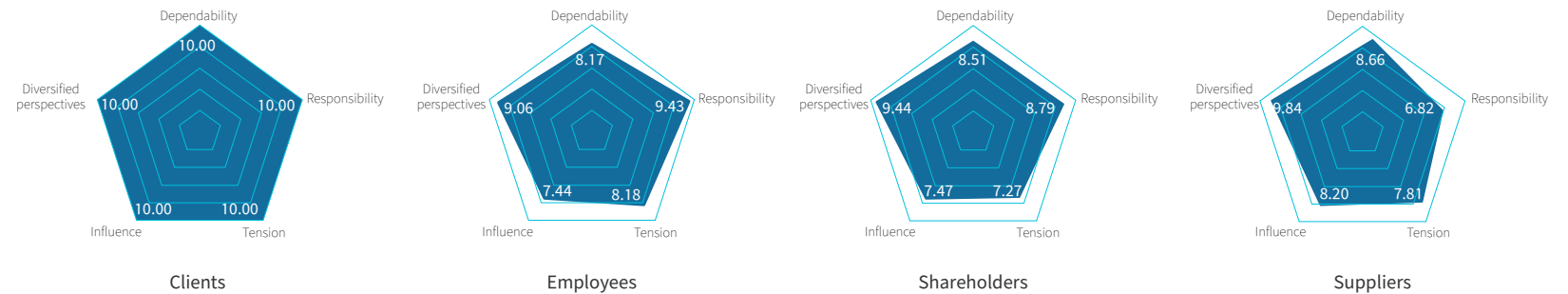


Stakeholder Identification Results







Note: The vertical axis values are based on the results of each executive's evaluation by statistically distinguishing their relative importance and summarizing the analysis results of the 5 components.

Results of the Evaluation of the 5 Components for Important Stakeholders



Significant Stakeholder Engagement

Stakeholder Type	Significance to Sensortek	Responsible Department	Engagement Method / Frequency	Engagement Results
 <p>Customers</p>	<p>Customers are the driving force behind Sensortek's innovation. As a pioneer in making sensors for consumer electronics, Sensortek is actively innovating and developing sensors for various applications and improving the quality and reliability of our products to provide customers with comprehensive solutions, in hope of innovating and developing competitive products that cannot be replaced in the market.</p>	<p>Marketing / Quality Assurance Departments</p>	<p>Customer satisfaction survey (annually) Customer audits (from time to time)</p>	<p>To track and improve customer relation management and product quality</p>
 <p>Employees</p>	<p>Professional and stable human capital is a key element to maintain good business operation, which in turn enhances organizational competitiveness. Therefore, we provide diversified and innovative compensation and benefit programs to meet the expectations of different employees and to enhance the overall contribution of individual employees to the team so as to achieve the operational goals of Sensortek.</p>	<p>Human Resources and Administration Department</p>	<p>Employee Benefits Committee (quarterly) Performance interview (per six months) Education and training (from time to time) Employee-employer meeting (quarterly) Announcement on internal website or e-mails (from time to time) Employee complaint e-mail / Feedback e-mail of Employee Benefits Committee (from time to time)</p>	<p>To announce various employee benefits (e.g. health checkups and group insurance), Employee Benefits Committee information, education and training course information and performance management operations from time to time To receive opinions from employees through employee complaint and feedback e-mails</p>
 <p>Shareholders</p>	<p>The responsible investment increasingly attracts attention, and investors also increase concern about the sustainability of Sensortek. Sustainable management and information transparency are important for Sensortek's development at this stage, and continuous communication with shareholders and key investors about its sustainability planning and execution is a key factor to continuously drive Sensortek's sustainable growth in the future.</p>	<p>Financial and Accounting Department</p>	<p>Legal person presentations (from time to time) Ordinary shareholders' meetings (annually) Announcements on public information websites/company website (from time to time)</p>	<p>To explain operating results to investors and respond to their concerns through annual shareholders' meetings and legal person presentations from time to time. To publish important information in a timely manner, such as the information on corporate governance and operating results that are concerned by shareholders and investors</p>
 <p>Supplier</p>	<p>Supply chain management and carbon management become an important trend in the technology industry. As a professional sensor design company in the upstream of the semiconductor industry chain, Sensortek has built long-term partnerships with mid- and downstream companies in the production process of chips, and in the upstream of the industry chain, we should assume the role of improving the strength of the supply chain. Through the upstream-downstream cooperation, we have developed a management model for sustainable development in both environmental and social aspects.</p>	<p>Manufacturing Engineering / Quality Assurance Departments</p>	<p>Quality meetings (monthly) Supplier Audit (every six-month / annually)</p>	<p>Daily production status tracking and improvement, process improvement and yield requirements, new process progress and platform connection between both parties</p>

Note: Sensortek regularly submits the results of stakeholder identification and the status of agreement to the Board of Directors for reference once a year.

Survey and Identification of Critical Sustainability Issues

Survey on Major Sustainability Issues

With reference to global sustainability disclosure standards, industry bench-marking companies, and domestic and international sustainability reports, Sensortek has prepared 19 surveys related to sustainability issues and will conduct a survey on the concerns of important stakeholders in July 2022 to learn about the concerns and expectations of important stakeholders for sustainability issues proposed by Sensortek.

In the survey, 75 questionnaires were collected actually, and based on the results of the questionnaires, the issues concerned by various stakeholders were summarized by the extent of concern as shown below.

Results of Survey on Issues Concerned by Stakeholders

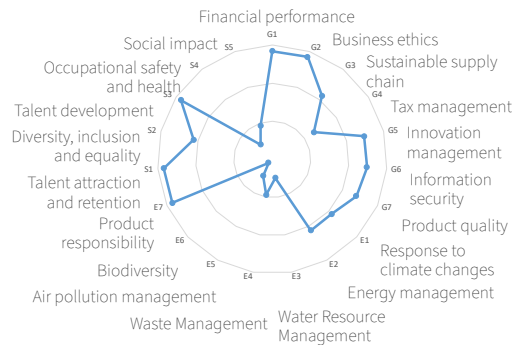
Clients



Employees



Shareholders



Suppliers

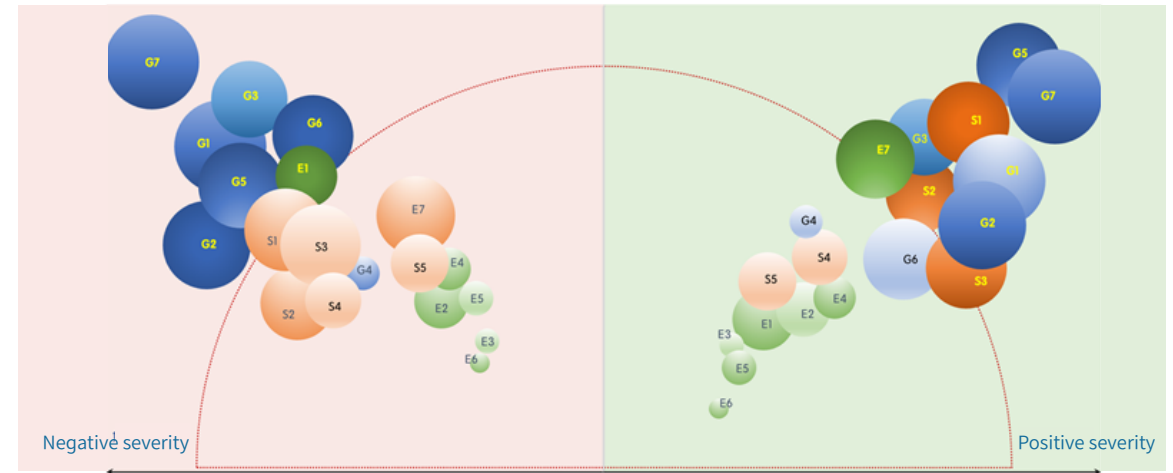


Identification of Key Sustainability Issues

Upon completion of the survey on the level of concern for sustainability issues among key stakeholders, Sensortek's executives at the division level or above analyze the results in terms of "severity" and "likelihood" in terms of the degree of positive and negative impacts brought by various issues, and differentiate the positive impacts and the negative impacts in terms of sustainability issues. When evaluating the degree of impacts, the severity is rated with the highest score if there is an actual or potential risk of human rights in relation to the issue in question. Twelve valid questionnaires were actually collected, and the results and the concerns of key stakeholders on each sustainability issue were summarized and plotted into a three-dimensional impact analysis matrix, which will serve as an assessment tool for Sensortek to continuously review the impact of the sustainability issues in the future (as shown in the figure below).

Upon comprehensive discussion and evaluation of sustainability issues, taking into account the concerns and requirements of government agencies, shareholders, external sustainability evaluation and customers, a total of 12 sustainability issues, including financial performance, business ethics, innovation management, information security, product quality, diversity, inclusion and equality and talent development, sustainable supply chain (Procurement of Raw Materials), climate change response, energy management, product responsibility (product lifecycle management), and talent attraction and retention (recruitment and management of global professionals), have been identified as the basis for the disclosure of the Sustainability Report of Sensortek in 2022.

Analysis of Impacts of Sustainability Issues



Note: X-axis represents the severity of impact (positive / negative); Y-axis represents the likelihood of impact; and the bubble size represents the level of concern of the stakeholders.

G1	G2	G3	G4	G5	G6	G7	E1	E2	E3	E4	E5	E6	E7	S1	S2	S3	S4	S5
Financial performance	Business ethics	Sustainable supply chain	Tax management	Innovation management	Information security	Product quality	Response to climate changes	Energy management	Water Resource Management	Waste Management	Air pollution management	Biodiversity	Product responsibility	Talent attraction and retention	Diversity, inclusion and equality	Talent development	Occupational safety and health	Social impact

Note : Blue background color represent key sustainability issues

Notes to Disclosure of Major Sustainability Issues

GRI Standards is the most important international standard for sustainable information disclosure, while the Sustainability Accounting Standards (SASB), a standard developed from an investor's perspective, has gained much attention in recent years.

The products and processes of Sensortek correspond to the "Technology and Communications" in the semiconductor industry.

The significant sustainability issues identified were corresponded to the GRI Standards and SASB as a basis for subsequent sustainability promotion in

response to the concerns of stakeholders, investment institutions and the FSC's corporate governance policies, and the results of the correspondence of significant sustainability issues are shown in the table below.

Issue type	Corresponding GRI Standards theme or SASB indicator	Significance to Sensortek	Impact Scope				Impact Aspect	
			Sensortek	Customers	Supplier	Economy	Environment	People group
Financial performance	GRI 201 Economic Performance 2016	As a listed company in Taiwan, Sensortek continues to strengthen the implementation of corporate governance to achieve the economic significance of sustainable development and to meet the expectations of its stakeholders, and then innovates and improves its operations, continues to achieve good financial performance, and protects the rights and interests of its investors.	●		●	●		
Business ethics	GRI 205 Anti-Corruption 2016 TC-SC-520a.1 Intellectual Property Rights Protection and Competitive Behavior	Establishing a culture of good integrity and business ethics is the foundation of corporate governance. All employees shall follow the Company's rules and regulations, perform their duties with integrity, demonstrate the Company's values and protect the rights of stakeholders, which is the key to the Company's sustainable and stable growth.	●	●		●		
Innovation management	Self-defined topic: energy consumption, efficiency	In view of the future trend of the semiconductor industry, the functions of consumer electronic products are changing rapidly, and the continuous improvement of the technology and innovation of the sensor chips is the key element, which can create higher economic value for Sensortek's electronic technology and meet the market demand and changes immediately.	●	●		●		
Information security	Self-defined topic: information security events	Information security is an important issue that the semiconductor industry must address in the context of sustainable business operations. Taiwan occupies a key position in the global semiconductor supply chain, and in the face of numerous information security risks, Taiwan should continuously pay attention to information security issues, promote internal and external information security protection software and hardware deployment, and emphasize information security management and protection of customer privacy and trade secrets.	●	●	●	●		●
Product quality Product responsibility	GRI 416 Customer Health and Safety 2016 TC-SC-410a.1 Product Lifecycle Management	To provide quality products and services, the product life cycle shall be taken into consideration as much as possible in designing the products, so as to reduce the material consumption, and to meet the needs and expectations of our customers, which is a key factor for the sustainable growth of Sensortek.	●	●		●	●	
Diversity, inclusion and equality	GRI 406 Non-discrimination 2016	Sensortek is committed to building an equal, inclusive, friendly, safe and healthy working environment, protecting employees' rights and respecting them according to the laws.	●	●	●	●		●
Sustainable supply chain	GRI 204 Procurement Practices 2016 TC-SC-440a.1 Procurement of Raw Materials	All upstream and downstream supplier are important partners of Sensortek, and the sustainable performance of supplier has a significant connection and influence on Sensortek's business.	●	●	●	●		●
Response to climate changes	GRI 305 Emissions 2016 TC-SC-110a.1, TC-SC-110a.2 Greenhouse Gas Emission	In response to the global climate changes, Sensortek attaches importance to energy and greenhouse gas management and incorporates the issue into the Company's sustainable strategy planning.	●	●	●	●	●	●
Energy management	GRI 302 Energy 2016 TC-SC-130a.1 Environment: Energy Management for Process		●	●	●	●	●	●
Talent attraction and retention	GRI 401 Employee-Employer Relationships 2016 TC-SC-330a.1 Recruiting and Managing Global Professionals	We continue to provide excellent compensation and benefits and strengthen our talent development program to share corporate growth with employees.	●	●		●		
Talent development	GRI 404 Training and Education 2016							

Management Policy of Sustainability Issues



Responsibilities
Board of Directors and Senior Managers



Impact	<ul style="list-style-type: none"> Positive: Stable and sound financial performance is the foundation of a company's sustainable operation. Sensortek continues its robust financial performance through sound corporate governance and the capability of technological innovation. Negative: Poor financial performance may make investors and employees lose confidence, which in turn may affect the company's operating performance.
Policy / Strategy / Commitment	<p><u>Operating Policies / Strategies</u></p> <ul style="list-style-type: none"> We pursue continuous "technological innovation" to maximize values for our customers and to achieve long-term, sustainable and stable revenue and growth for our company. <p><u>Commitment</u></p> <ul style="list-style-type: none"> We are committed to pursuing sustainable operations and long-term stable profits, as well as long-term stable economic value, and repay back to all stakeholders, such as shareholders / employees / customers / suppliers.
Goals and Objectives	<ul style="list-style-type: none"> To expand new applications into the supply chain of existing handset customers, provide complete handset-related sensor solutions, and improve customer penetration. We will continue to enhance the product applications either extensively or intensively, set up complete sales channels, and increase the stickiness and market awareness of international brand customers.
Actions to be Taken	<ul style="list-style-type: none"> We will continue to invest in R&D resources to introduce industry-leading specifications and cost-effective sensors for smartphone applications. We will also continuously expand our product lines to develop sensors for different applications, which are widely used in consumer products, wearable devices, the Internet of Things, smart cars, and others. We are also optimizing our product portfolio to minimize the impact of the recessionary cycle on our product line. We will continue to strengthen technical services to existing customers so as to maintain long-term joint development relationships and increase customer retention.
Performance Measurement Mechanism	<ul style="list-style-type: none"> Senior management reviews product development progress and operational performance through regular R&D project meetings and monthly meetings.
Performance Measurement Results	<ul style="list-style-type: none"> R&D expenditures in 2022 amounted to NT\$483 million, representing 12.01% of the revenue, an increase of 2.63% from the previous year.
Participation of Stakeholders	<ul style="list-style-type: none"> The Stakeholders Zone on the Company's website provides a contact point for stakeholders to contact the Company.

Management Policy of Sustainability Issues



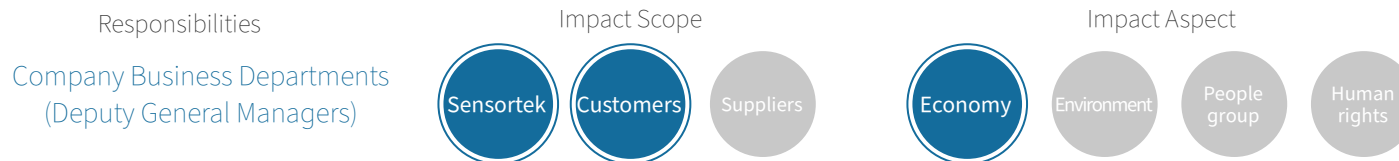
Business ethics

Responsibilities
Board of Directors and Senior Managers



Impact	<ul style="list-style-type: none"> Positive: Implementing corporate governance and establishing an integrity management culture could gain the trust of stakeholders and build the foundation for the sustainable corporate development. Negative: Failure to effectively implement corporate governance, resulting in major violations of laws and regulations or incidents of dishonesty, would tarnish the corporate image and jeopardize the interests of stakeholders.
Policy / Strategy / Commitment	<p><u>Operating Policies / Strategies</u></p> <ul style="list-style-type: none"> Code of Conduct for Integrity, Code of Ethical Conduct and Procedures and Guidelines for Operation Integrity. <p><u>Commitment</u></p> <ul style="list-style-type: none"> To promote the corporate culture of business integrity on a basis of the highest guiding principle of sustainability by improving the corporate governance system, so as to meet the expectations of shareholders and other stakeholders.
Goals and Objectives	<ul style="list-style-type: none"> No major violations of social, environmental, or economic laws and regulations Ranked among the top 20% of all listed companies in the Corporate Governance Assessment
Actions to be Taken	<ul style="list-style-type: none"> Every year, all employees receive education and training on the code and policies of ethics to deepen the corporate culture of integrity management. The audit team will also perform regular audits of "compliance with laws and regulations" every year, report the results to the Audit Committee and the Board of Directors and track improvements if any. To handle and track the results of corporate governance assessment, strengthen the corporate governance structure, and implement the supervision function of the functional committees and the board of directors.
Performance Measurement Mechanism	<ul style="list-style-type: none"> Through the Board of Directors' regular meetings with the senior management, we can track and monitor the effectiveness of our corporate governance programs and performance.
Performance Measurement Results	<ul style="list-style-type: none"> In 2022, 100% of our employees completed the online course "Promoting Integrity Management Behavior". The Company ranked 6%~20% among the listed companies in the Corporate Governance Assessment in 2022 The attendance rates of Board of Directors / Compensation Committee / Audit Committee were 100% in 2022 No violation of social, economic and environmental laws and regulations in 2022.
Participation of Stakeholders	<ul style="list-style-type: none"> A reporting email is available on the Company's official website and intranet site, while the Audit Division is responsible for managing and accepting reports on integrity management.

Management Policy of Sustainability Issues

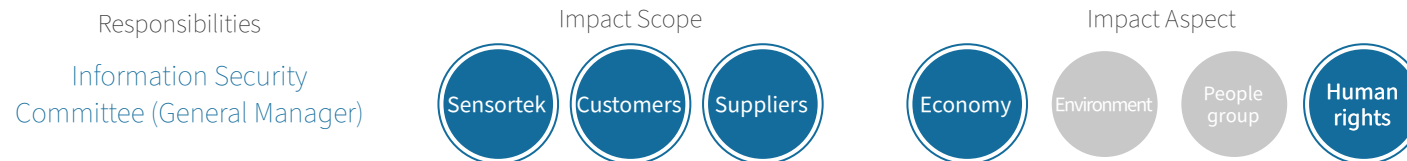


Impact	<ul style="list-style-type: none"> Positive: Sensing technology is constantly upgraded and new applications are increasingly developed. With R&D and innovation capabilities, we are able to collaborate with our customers to create new technological combinations and applications, which will deepen customer relationships and maintain a solid cooperation model for collaborative product development and design. Negative: If the sensing technology fails to meet customers' expectations, it will affect customers' product launch schedule and compromise customers' trust, which in turn will affect our financial performance.
Policy / Strategy / Commitment	<p><u>Operating Policies / Strategies</u></p> <ul style="list-style-type: none"> "Confidential Information and Intellectual Property Law" and "Patent Law" <p><u>Commitment</u></p> <ul style="list-style-type: none"> "Our sensing technology create infinite possibilities in life, and make users experience better lives brought by mobile devices".
Goals and Objectives	<ul style="list-style-type: none"> Continuous improvement in R&D capability and optimization of circuit design to enter the flagship and high-end application markets. We will continue to develop sensors for multiple applications, expanding our product offerings for new applications, providing complete sensing solutions for smartphones, and expanding sensing applications to other product lines, such as wearable devices
Actions to be Taken	<ul style="list-style-type: none"> Continuous improvement of R&D technology capability and optimization of circuit design: Implemented multi-laser (light emitting element with a wavelength of 940nm) chips for under-screen ambient light and proximity sensors Continuous development of sensors for multiple applications: Implementation of the R&D program for ambient light sensors for thin watches and other wearable devices New sensing technology development: bringing MEMS sensor technology into the field of pressure sensing
Performance Measurement Mechanism	<ul style="list-style-type: none"> Discuss and track the progress and performance of R&D programs through R&D project meetings
Performance Measurement Results	<ul style="list-style-type: none"> Continuous improvement of R&D technology and optimization of circuit design: Completed the development of an optical sensor chip that improves the signal-to-noise ratio of the circuit and reduces the number of light-emitting elements used Continuing to develop sensing chips for multiple applications: Adopting the wafer-level chip scale package (WLCSP) and leveraging the long-developed smartphone under-screen application technology to penetrate into wearable device applications, achieving small-size package, low power consumption, and under-screen ambient light sensing performance. Completed the development of new sensing technology: Completed the development of air pressure sensors, which meet the requirements of the U.S. FCC E911 Z-axis positioning accuracy regulations, and can realize high-precision positioning function.
Participation of Stakeholders	<ul style="list-style-type: none"> The product planning department maintains a bidirectional communication channel with customers to learn about the emerging applications of sensing technology. The product planning department communicates with the Company's business and R&D departments on sensing specifications and application requirements to ensure that the products could meet related specifications.

Management Policy of Sustainability Issues



Information security



Impact	<ul style="list-style-type: none"> Positive: Effective security management mechanism can raise the awareness of all employees and minimize the loss of operation caused by the impact of security incidents. Negative: If the Company's information security system is attacked, the Company's information system and its data may be improperly used, leaked, tampered with, or damaged, resulting in operational risks and hazards.
Policy / Strategy / Commitment	<p><u>Operating Policies / Strategies</u></p> <ul style="list-style-type: none"> "Information Security Management Procedures" For information security management, the senior management shall supervise, manage, and approve information security policies, assign security responsibilities, coordinate the implementation of organization-wide security measures, and implement the information security policies. <p><u>Commitment</u></p> <ul style="list-style-type: none"> We have established a comprehensive information security management system and prevention mechanism to ensure that no information security incidents will result in the leakage of the Company's and our customers' operating secrets, and we will continue to improve and strengthen our information security protection capabilities both internally and externally.
Goals and Objectives	<ul style="list-style-type: none"> Information Security Organizational Structure Information Security Audit Implementation: Information Security Education and Training, Social Engineering Exercise, Information Security Audit
Actions to be Taken	<ul style="list-style-type: none"> Continuous education and training on information security, and regular information security bulletins to raise the awareness of employees on information security. Regular social engineering drills, and training courses to enhance the safety awareness of employees who have a low level of safety awareness. Scanning information system is outsourced to identify vulnerability and remedy vulnerability.
Performance Measurement Mechanism	<ul style="list-style-type: none"> The Information Security Committee holds meetings regularly to review information security management-related issues and the implementation of information security policy.
Performance Measurement Results	<ul style="list-style-type: none"> The organizational structure for information security was established in 2022 and 1 information security committee meeting was convened 2 information and Safety Promotion Bulletins were issued in 2022 1 social engineering exercise was carried out in 2022 Information security testing in 2022: 2 vulnerability scanning activities
Participation of Stakeholders	<ul style="list-style-type: none"> Employees: Through regular education and training and social engineering drills, their awareness on information security has been improved.

Management Policy of Sustainability Issues



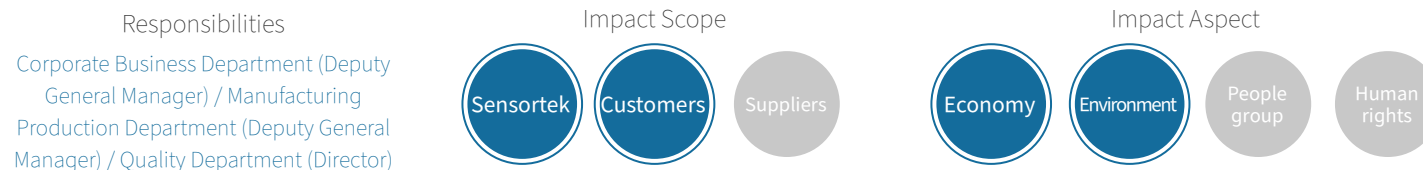
Product quality

Responsibilities
 Quality Assurance Department (Director)
 / Business Department (Deputy General
 Manager) / Business Department (Director)



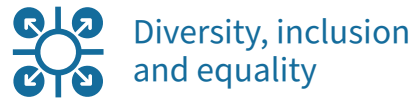
Impact	<ul style="list-style-type: none"> Positive: Continuously improve product quality, technical service capability and efficiency to ensure more stable and reliable shipment quality, reduce the risk of customer complaints, claims and returns, and make the Company's products competitive. Negative: The quality of the products cannot meet the customer's expectations, leading to frequent complaints and returns, and customers' loss confidence in the Company's products, and then cancel the cooperative relationship.
Policy / Strategy / Commitment	<p><u>Operating Policies / Strategies</u></p> <ul style="list-style-type: none"> Management based on the ISO 9001 quality management system <p><u>Commitment</u></p> <ul style="list-style-type: none"> Provide high quality and timely products and services, deal with the quality problems, meet customer needs, and review the quality at any time, in order to improve products and to achieve "full customer satisfaction".
Goals and Objectives	<ul style="list-style-type: none"> Reduce customer complaints and the returns of defective products, and keep the customer return rate below the target (50 Defective parts per million , DPPM) Continuously build up positive communication and good relationship with customers to enhance customer satisfaction to above the target (90%).
Actions to be Taken	<ul style="list-style-type: none"> The quality department shall summarize monthly statistics on customer complaints and return/exchange cases, set up a quality target schedule, and monitor the return rate every month. We conduct annual customer satisfaction surveys for our major end-users, which are analyzed by the quality department, and then the relevant responsible department proposes specific improvement measures based on customer feedback on dissatisfied items. Through the "Customer Service Management System", we consolidate the technical support needs and complaint handling information from customers, and the responsible department analyzes the real causes and proposes improvement measures, accordingly.
Performance Measurement Mechanism	<ul style="list-style-type: none"> Through weekly production quality meeting, find out the solution to product abnormality and improvement measures. Track and implement customer service improvements through customer communication meetings and customer feedback.
Performance Measurement Results	<ul style="list-style-type: none"> Customer satisfaction was 96.1% in 2022, above the target The actual customer return rate was 13 DPPM in 2022, well below the target.
Participation of Stakeholders	<ul style="list-style-type: none"> Gain product information from customer feedback through customer satisfaction surveys. Through the customer service system, each department is integrated to analyze the real causes and propose corresponding improvement measures.

Management Policy of Sustainability Issues



Impact	<ul style="list-style-type: none"> Positive: Through the management of green products, we bring peace of mind to customers and gain customer trust. The miniaturized design of our products reduces the use of raw materials in the manufacturing process, which enhances the competitiveness of our products in line with the market trend of low-carbon products. Negative: Customers require green product certification in compliance with international environmental laws and regulations. Failure to meet customer requirements will result in loss of orders and impact our financial performance.
Policy / Strategy / Commitment	<p><u>Operating Policies / Strategies</u></p> <ul style="list-style-type: none"> We implement green design for our products and raw materials for our manufacturing processes, and strengthen green product management so that our product services and suppliers can comply with the international trend of greening, reduce resource and energy wastage and fulfill our commitment to environmental sustainability. <p><u>Commitment</u></p> <ul style="list-style-type: none"> From the product development stage, we have considered the sustainable needs in the product life cycle to reduce operational power consumption, sensor size and energy consumption and carbon emissions in the production and manufacturing process. We are committed to the continuous improvement in the process of materials, production processes, supplier management and product usage based on a sustainable design.
Goals and Objectives	<ul style="list-style-type: none"> New supplier shall sign "supplier Declaration of Not Using Environmentally Hazardous Substances" Comply with international and customer environmental standards
Actions to be Taken	<ul style="list-style-type: none"> To request new supplier to sign the "Supplier Declaration of Not Using Environmentally Hazardous Substances". The "Environmental Substance Management Team" reviews the list of materials and environmental test reports to ensure that the raw materials and packaging materials used are free of hazardous substances and comply with customers' environmental requirements and the latest international environmental laws and regulations. We have implemented a new supplier evaluation process to ensure that our products and process materials comply with the "SGX Environmental Restricted Substances Management Guidelines", our professional engineering capabilities, and our production requirements. Regular tracking of international environmental regulations and continuous updating of valid certificates
Performance Measurement Mechanism	<ul style="list-style-type: none"> Managed by the supplier evaluation system, the system validation process enables the departmental heads to manage suppliers.
Performance Measurement Results	<ul style="list-style-type: none"> Rate of new supplier signing "Supplier Declaration of Not Using Environmentally Hazardous Substances" in 2022: 100%. Received SONY GP (Green Partner) certification in 2021 and continued to renew the valid certification in 2022.
Participation of Stakeholders	<ul style="list-style-type: none"> Regular meetings with supplier are held to discuss quality and environmental management, production lead time, and product engineering development progress. Through the official website of the International Organization for the Protection of the Environment (IOPE), the chemicals policy advocacy website and e-newsletters, we regularly participate in environmental seminars from time to time, collect customers' environmental specifications, and proactively distribute and recycle questionnaires to our suppliers.

Management Policy of Sustainability Issues



Responsibilities
Human Resources and Administration Department
(General Manager)



Impact	<ul style="list-style-type: none"> Positive: A sound diversity, inclusion and affirmative action policy that reflects the Company's business culture, the way in which it connects team members and communicates with stakeholders, and the value of respecting each individual's differences and uniqueness, which motivates employees to innovate and keep the Company growing. Negative: If the Company fails to provide a diverse, inclusive, and affirmative policy, mechanism, or work environment, it will be impossible to realize the potential of its employees.
Policy / Strategy / Commitment	<p><u>Operating Policies / Strategies</u></p> <ul style="list-style-type: none"> Human Rights Policy <p><u>Commitment</u></p> <ul style="list-style-type: none"> Comply with domestic labor and related laws and regulations, and support and comply with relevant laws and regulations, commitments and declarations of international human rights treaties, and propose corresponding strategies to facilitate the implementation of relevant internal action plans, as well as integrating them into the corporate culture and value chain. Emphasizing gender equality in the workplace, eliminating harassment in the workplace, and creating a working environment with peace of mind.
Goals and Objectives	<ul style="list-style-type: none"> Conduct quarterly regulation inspections to ensure 100% compliance with ordinance requirements.
Actions to be Taken	<ul style="list-style-type: none"> We have set up an e-mail for employee complaints and another one for complaints about workplace harassment, and we carry out annual "harassment questionnaire survey" to make sure that no employees have been subjected to inappropriate language or behavior internally. We carry out regular annual education and training to enhance employees' awareness on human rights. We have established a salary and promotion system in which the starting salaries for all positions are higher than the basic levels stipulated in the Labor Standards Law to ensure that the salaries of employees will not differ on the basis of gender, race, age, religion, sexual orientation, or marital status. We improve our the system of baby-care leave without pay, and provide "the maternal health protection plan" for those employees who have been pregnant or gave birth within a year with onsite health services as well as a breastfeeding room set up in the Company.
Performance Measurement Mechanism	<ul style="list-style-type: none"> We regularly review and update internal manpower forms, recognize and learn about the workplace violence and gender equality management at the workplace.
Performance Measurement Results	<ul style="list-style-type: none"> According to the survey results, there was no unlawful infringement event in 2022
Participation of Stakeholders	<ul style="list-style-type: none"> Through various channels of complaint and communication, we are able to know the opinions of employees and ensure that they are free from workplace violence and sexual harassment.

Management Policy of Sustainability Issues



Responsibilities
Supplier Management
Department (Director)



Impact	<ul style="list-style-type: none"> • Positive: Building a sustainable business model with suppliers could strengthen the supply chain and the Company's operational resilience. • Negative: The outsourcing of manufacturing is the key to the social and environmental impact exerted by R&D and design companies. Without sustainable supply chain management, it may not be able to minimize the potential risks to the society and environment.
Policy / Strategy / Commitment	<p><u>Operating Policies / Strategies</u></p> <ul style="list-style-type: none"> • Evaluate, audit and counsel suppliers in accordance with the "Supplier Management Procedure" to achieve competitive product quality strategy goals. • Establish a mechanism for sustainable management of suppliers, conduct sustainability risk assessment for new suppliers, and regularly conduct sustainability self-assessment for qualified suppliers. <p><u>Commitment</u></p> <ul style="list-style-type: none"> • Through the supplier sustainability management system, ESG performance is incorporated into the procurement decision-making process and supplier evaluation management to maximize the impact of responsible purchasing, to work with suppliers to reduce potential risks related to the society and environment and to build a sustainable supply chain.
Goals and Objectives	<ul style="list-style-type: none"> • 100% of the new supplier shall sign the "Supplier Declaration of Not Using Environmentally Hazardous Substances" to comply with the Green Product Supply Chain policy. • 100% of new suppliers are qualified for environmental, occupational safety and quality system management certification • 100% of qualified suppliers conduct regular evaluation audits to continuously improve the stability of product quality.
Actions to be Taken	<ul style="list-style-type: none"> • Perform new supplier evaluations to verify that new suppliers have obtained environmental, occupational safety, and quality system certifications. • Regularly evaluate the quality and process capability of qualified suppliers, and summarize and track annual evaluation results. • Request new supplier to sign "Supplier Declaration of Not Using Environmentally Hazardous Substances" and summarize the signing rate.
Performance Measurement Mechanism	<ul style="list-style-type: none"> • Managed by the supplier evaluation system, the system validation process enables the departmental heads to manage suppliers.
Performance Measurement Results	<ul style="list-style-type: none"> • In 2022, 100% of the new supplier signed "Supplier Declaration of Not Using Environmentally Hazardous Substances" • In 2022, 100% of new suppliers obtained environmental, occupational safety and quality system management certifications • In 2022, 100% of the qualified suppliers completed the annual audit
Participation of Stakeholders	<ul style="list-style-type: none"> • The Supplier Management Department conducts regular quality meetings weekly / monthly with suppliers to obtain feedback from the supply chain.

Management Policy of Sustainability Issues



Climate Change and Energy Management

Responsibilities

Human Resources and Administration Department (General Manager) / Business Department (Deputy General Manager) / Manufacturing Department (Deputy General Manager)

Impact Scope

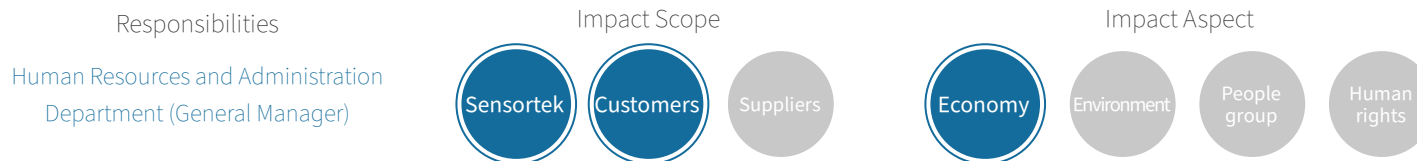


Impact Aspect



Impact	<ul style="list-style-type: none"> Positive: Identify the risks and opportunities posed by climate change to the company's operations, and develop corresponding management systems and resource inputs to reduce long-term operational risks. Negative: The increasing frequency and scale of extreme weather disasters caused by climate change will affect suppliers, product manufacturing, logistics, and even power supply, which will result in financial losses due to chain rupture and work stoppages.
Policy / Strategy / Commitment	<p><u>Operating Policies / Strategies</u></p> <ul style="list-style-type: none"> We will work on the introduction of the TCFD, and climate change risk factors are included in the risk management to strengthen climate resilience The Company has designated a responsible department to formulate its strategies for energy saving, carbon reduction and greenhouse gas reduction based on the operating conditions and the results of the greenhouse gas inventory, and incorporated renewable energy into the Company's carbon reduction strategy. <p><u>Commitment</u></p> <ul style="list-style-type: none"> Sensortek is located in the upstream of the semiconductor industry chain and is actively responding to global climate action by improving the energy efficiency of its products through its R&D capabilities, while driving its supply chain towards low-carbon manufacturing, incorporating the use of renewable energy into its operational strategy and planning, and minimizing the carbon emissions generated by its business operations.
Goals and Objectives	<ul style="list-style-type: none"> Set 2023 as the base year for GHG emission reductions, with a target of a 30% reduction by 2030. Plan to increase the proportion of renewable energy to 50% by 2030
Actions to be Taken	<ul style="list-style-type: none"> Develop a strategy for sustainable management of the supply chain Evaluate renewable energy use plans Continuously promote energy conservation measures to save electricity and actively improve the efficiency of energy use. Carry out annual greenhouse gas inventory and external third-party verification in accordance with ISO 14064
Performance Measurement Mechanism	<ul style="list-style-type: none"> The Human Resources and Administration Department analyzes greenhouse gas emissions on a monthly basis and reports regularly to the Board of Directors to review energy usage, approve and implement energy-saving and carbon reduction measures or targets.
Performance Measurement Results	<ul style="list-style-type: none"> Completed GHG inventory and third-party verification in 2022, with a total GHG emission intensity of 0.1156 (metric tons of CO₂e/NT\$ 1 million of turnover) In 2022, three energy-saving measures were taken: heat-insulating paper was attached to the windows in the entire office area; heat-insulating panels were added to the outside of the windows in the warehouse; and an energy-efficient green data center was put into operation
Participation of Stakeholders	<ul style="list-style-type: none"> Employees: Raise their awareness of the hazards of climate change through education and training and internal announcements Suppliers: Promote GHG reduction in key supply chains through sustainable supplier management.

Management Policy of Sustainability Issues



Impact	<ul style="list-style-type: none"> Positive: Talents are the key to sustainable growth and a source of continuous innovation. Continuously recruiting and retaining key talents will maintain the Company's competitiveness in the industry. Negative: Failure to attract and retain talents, maintain team cohesiveness, manage employee recognition, engage in talent training and thus impact the employer brand image.
Policy / Strategy / Commitment	<p><u>Operating Policies / Strategies</u></p> <ul style="list-style-type: none"> We provide diversified recruitment channels for different talents required by the Company, benchmark the industry salary, and formulate an overall salary and benefit strategy that is competitive in the industry, so as to improve the talent attractiveness and employee retention rate. <p><u>Commitment</u></p> <ul style="list-style-type: none"> Through our diversified recruitment channels, we regular review the overall compensation structure, uphold employees the concept of profit-sharing with employees, offer competitive salaries and a comprehensive welfare system to attract and retain high-quality talents.
Goals and Objectives	<ul style="list-style-type: none"> Maintain the overall remuneration at a level better than the average remuneration of TWSE- and TPEX-listed companies published by the TWSE annually. Keep the Company's overall turnover rate between 5% and 10% Keep the proportion of new employees at more than 5%
Actions to be Taken	<ul style="list-style-type: none"> Conduct regular salary surveys, and review the competitiveness of the overall incentive pay structure, leave policy and benefits system Provide diversified recruitment channels and employee referral bonuses A questionnaire will be sent to the resigned employees with a view to collecting the resignation reasons and suggestions to the Company
Performance Measurement Mechanism	<ul style="list-style-type: none"> Regularly discuss the development of the Company's business, manpower (including changes in manpower irregularities), finance and products at the monthly meetings
Performance Measurement Results	<ul style="list-style-type: none"> In terms of the average and median salaries of full-time non-executive employees offered by the TWSE- and TPEX-listed companies in 2022, the figures of Sensortek were NT\$2,352 thousand and NT\$2,116 thousand, respectively. The overall departure rate of the company was 8.42% in 2022 The new employee rate of the company was 8.95% in 2022
Participation of Stakeholders	<ul style="list-style-type: none"> Collecting reasons for leaving the company and suggestions to the company through the employee departure questionnaires

Management Policy of Sustainability Issues



Responsibilities
Human Resources and
Administration Department
(General Manager)



Impact	<ul style="list-style-type: none"> Positive: To improve the mechanism of talent training and career development, to enhance the professional skills and management functions of employees at all levels, to increase the value of corporate talent, and to create a win-win situation for both the employees and the company. Negative: Excellent human resources are the key to business growth. The Company will not accumulate the assets for sustainable operation if without improving HR quality and work skills.
Policy / Strategy / Commitment	<p><u>Operating Policies and Strategies</u></p> <ul style="list-style-type: none"> For employees and executives of all levels and duties, we plan corresponding training and provide diversified learning resources to help them enhance their job functions and sustainable career development. <p><u>Commitment</u></p> <ul style="list-style-type: none"> We have established a comprehensive training framework, which supports employees at all levels to set up their respective self-development goals, and provides employees with corresponding training and learning resources in support of their job responsibilities and sustainable career development.
Goals and Objectives	<ul style="list-style-type: none"> Over 90% of annual education and training programs have been implemented Provide courses in addition to routine education and training, such as continuing education, professional related courses and soft skill courses.
Actions to be Taken	<ul style="list-style-type: none"> Every year, the Human Resources and Administration Department sets up an annual education and training program to regularly review the learning and development paths of professional employees. Implement an in-house lecturer system to encourage outstanding talents to pass on their skills to other employees. Conduct questionnaire surveys on education and training courses
Performance Measurement Mechanism	<ul style="list-style-type: none"> In the annual education and training program, the Human Resources and Administration Department reviews the effectiveness of education and training and confirms the status of course offerings with departmental heads.
Performance Measurement Results	<ul style="list-style-type: none"> 100% of education and training courses were delivered in 2022. In 2022, we offered the Knowledge of Sustainability course (4 sessions), the Professional Skills course (4 sessions), and the Physical and Mental Health course (2 sessions). In 2022, a two-day training camp for junior executives was organized, with a total of 14 hours and 108 participants.
Participation of Stakeholders	<ul style="list-style-type: none"> We know the feedback of employees on education and training based on annual training programs and post training surveys. Employees provide feedback on education, training and career development needs through performance appraisals

Implementing Governance and Sensing the Growth of Business Operations



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Corporate Governance

In order to protect shareholders' rights and interests, strengthen the functions of the board of directors, perform the functions of committees, respect the rights and interests of stakeholders, and enhance the transparency of information, Sensortek complies with the provisions of relevant laws and regulations in corporate governance and internal management mechanism based on the Code of Corporate Governance Practices for Listed Companies.

Composition and Operation of the Board of Directors

The supreme management organ of Sensortek is its Board of Directors, under which an Audit Committee and Remuneration Committee are established to assist the Board of Directors in fulfilling its supervisory duties and ensuring the transparency of operational and financial information in order to protect our shareholders' rights and interests. The Company's Articles of Association stipulate that a candidate

nomination system shall be adopted for the election of directors (including independent directors). The directors are nominated based on a rigorous selection process that takes into account not only diversified backgrounds, professional competence and experience, but also places great emphasis on their personal reputation in respect of ethics and leadership skills in the selection process. The professional qualifications, restrictions on both shareholding and concurrent positions held, method of nomination and election with regard to the independent directors shall be in accordance with the provisions of the Company Act, the Securities and Exchange Act and other relevant laws and regulations.

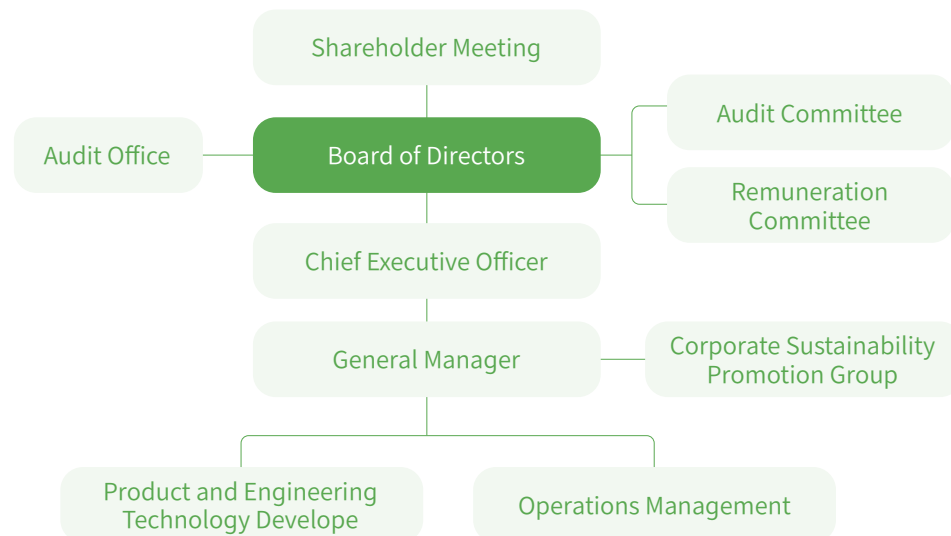
The current Board of Directors consists of seven directors, three of whom are employees of our parent companies, Sitronix and Sensortek, one external director, and three independent directors (accounting for 43% of the total number of seats on the Board of Directors). There are no spouses or relatives within the

second degree of consanguinity among the directors, and the Audit Committee and the Compensation Committee are comprised of three independent directors who play a supervisory role. The directors were fully re-elected on June 21, 2022, with an additional independent director planned to be elected in the next term (2025 re-election).

The Board of Directors is the highest governing body of the Company, chaired by the Chairman (who also serves as the Chief Executive Officer), responsible for the formulation of the Company's operating strategy, which is necessary and reasonable in terms of operational management and internal control. The Chairman of the Board concurrently serves as the Chief Executive Officer in order to enhance the efficiency of the Company's decision-making and execution, to minimize friction and misunderstandings among the management, to better understand the Company's operations, and to identify problems and make adjustments in a timely manner. In addition,

the Company plans to establish an independent oversight body, the Sustainability Committee, which is responsible for overseeing the management of economic, environmental, and people-related impacts and promoting the Company's sustainable development.

The Board of Directors of Sensortek meets at least once every quarter. 6 meetings were held in 2022, with 100% attendance by all directors. The Company will maintain a 100% attendance rate of the Board meeting in the future. Members of the Board of Directors have conducted relevant training in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies", and have continued to enhance the Board's understanding of regulatory amendments and emerging issues in order to improve the effectiveness of corporate governance.



Sustainability Committee

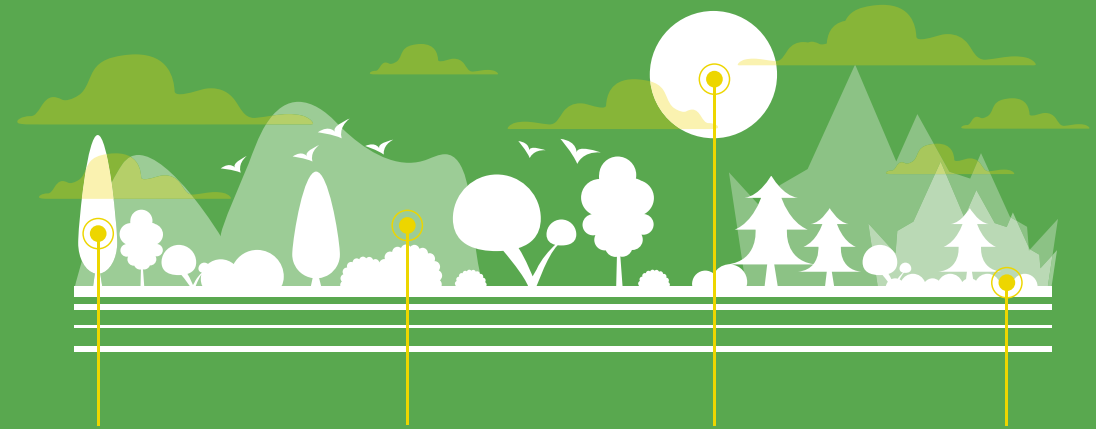
In order to promote the sustainable development of the Company and to coordinate the strategic direction of short-, medium- and long-term sustainable development, Sensortek set up a "Sustainable Development Promotion Team" in 2021, and then planned to set up a "Sustainable Development Committee" in 2023, which will be composed of all independent directors. Under the Sustainable Development Promotion Team, the General Manager is the convener, and the working groups under the team include the Corporate Governance Team, the Environmental Sustainability Team, the Partnership Team, and the Employee and Social Impact Team, which are operated by the relevant departments. Through irregular meetings and working groups, the team identifies sustainability issues that are of concern to the Company's operations and stakeholders, develops strategies and work policies to address these issues, plans and executes programs related to sustainable development, and tracks the effectiveness of the programs, so as to ensure that the strategies of sustainable development are fully implemented into the day-to-day operations of the Company.

The Convenor of the Sustainability Promotion Team reports to the Board of Directors once a year on sustainability issues of concern to the Company's operations and stakeholders, the results of sustainability implementation and future work plans, and the Board of Directors reviews the progress of each strategy to urge the management team to make adjustments.



Report to the Board of Directors in 2022 on the implementation of the Company's sustainable development

- The Company voluntarily issued the 2021 Sustainability Report for the first time to disclose the performance of all operating activities in terms of economic, social, and environmental aspects, and the strategies, objectives, input resources, and promotional programs for the management of sustainability issues will be incorporated into the Company's day-to-day operations for long-term implementation.
- Report on the implementation of sustainable development in 2022:
 - Risk assessment and management of major environmental, social and corporate governance issues related to the Company's operations
 - Communication with stakeholders
 - Intellectual property management
 - Implementation of the integrity operation policy
 - Implementation of information security management



Diversity of Board of Directors

In accordance with Article 20 of the Company's "Code of Corporate Governance Practices" and Article 3 of the "Procedures for Election of Directors", the election of directors should take into consideration the overall configuration of the Board of Directors. The members of the Board generally possess the knowledge, skills and qualities necessary for their duties. The seven members of the board of directors have diverse backgrounds, including industry experience in semiconductor-related fields, accounting experience, and financial and asset management expertise. In addition to the professionalism of the directors in their respective fields, the Company also ensures the objectivity and independence of its deliberations through the participation of independent directors.

The Company sets standards for the diversity of backgrounds and independence in terms of expertise, skills, experience and gender required for board members and senior managers, and has one female director (14%) out of seven directors. In addition, Sensortek fully relies on and respects the participation of independent directors, thus building a positive Board operating culture.

Specific Management Objectives of the Diversity Policy of Sensortek

- The Board of Directors shall include at least one female director
- The Board has a wide range of industry experience and diverse professional backgrounds
- The number of directors who are employees of the Company, its parent, child or sister company shall be less than 1/3 (including this figure) of the total number of directors.
- The number of independent directors is at least 1/3 of the number of all directors.

Title	Name	Current position	Education background	Main experiences	Gender	Employee status	Age range	Business judgment capacity	Accounting and financial analysis capacity	Operational management capability	Crisis management capacity	Industry knowledge	International outlook on the world	Leadership ability	Decision-making ability	Participation in Committees
Chairman of the Board	Sheng-Su Lee	Chairman and Chief Executive Officer, Sensortek Vice-chairman and Deputy Chief Executive Officer, Silicon Power Computer & Communications Inc.	Master's Degree from Graduate School of Electrical Engineering, National Taiwan University	General Manager, Sitronix	Male	●	A	●	●	●	●	●	●	●	●	
Director	Vincent Mao	Chairman and Chief Executive Officer, Sitronix Technology Corp.	EMBA, National Taiwan University Department of Electrical Engineering Master's Degree from Graduate School of Electrical Engineering, National Cheng Kung University	General Manager, Sitronix Market Planning, Novatek	Male	●	A	●	●	●	●	●	●	●	●	
Director	Chu-Yuen Yang	General Manager, Sensortek Technology Corp.	Master's Degree from Graduate School of Electrical Engineering, National Taiwan University	Deputy General Manager, Sensortek Technology Corp.	Male	●	C	●	●	●	●	●	●	●	●	
Director	Hua-Cheng Tseng		B.S., Electronic Engineering, National Taiwan Ocean University	Chairman, MagnaChip Semiconductor Ltd, Taiwan branch	Male		B	●	●	●	●	●	●	●	●	
Independent Director	Chun-Yi Hsu	Chairman, Parkland International Asset Management Co. Chairman, Kunyi Capital Corp.	Master of Business Administration, University of Texas at Dallas	Executive Director, United Management Consulting Corp.	Male		B	●	●	●	●	●	●	●	●	Audit Committee / Remuneration Committee
Independent Director	Shu-Chun Huang	Chairperson of Sipin Co., Ltd.	E.M.B.A., Graduate School of Business, National Taiwan University Master of Science and Technology Management Institute, Chiao Tung University	Special Assistant to General Manager / Consultant, ITE Tech. Inc. Manager, Strategic Marketing Department, VIS	Female		B	●	●	●	●	●	●	●	●	Audit Committee / Remuneration Committee (Convener)
Independent Director	Jen-Chi Lu	Certified Public Accountant, United Way Certified Public Accountants, Inc.	M.S., Graduate School of Accounting, Chung Yuan Christian University	Associate Manager, Associate Manager, Deloitte Taiwan	Male		C	●	●	●	●	●	●	●	●	Audit Committee (Convener) / Remuneration Committee

Note 1: The sixth term: from June 21, 2022 to June 20, 2025

Note 2: Age range A for 61-70 years old, B for 50-60 years old and C for 41-50 years old

ESG Education for Directors

Members of the Board of Directors have conducted relevant training in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies", and have continued to enhance the Board's understanding of regulatory amendments and emerging issues in order to improve the effectiveness of corporate governance. From time to time, the Company arranges training courses for the Board of Directors on economic, environmental and social issues related to its operations to assist the Directors in enhancing their sustainable development functions. In 2022, directors received the ESG training in a total of 48 hours, of which 4 directors received anti-corruption related courses, with a training rate of 57.14%.

Conflict of Interest

To avoid and mitigate conflicts of interest for the Chairman of the highest governance body and other senior management, the Company requires the Chairman of the highest governance body and other senior management to disclose their own interests when participating in decision-making and to refrain from any decisions with their personal interests involved. If there is a conflict of interest, the annual report will state the director's interest, the name of the director, the proposed content, and the reason for avoiding conflict of interest. In addition, information on the existence of controlling shareholders and related party transactions is disclosed in the annual report to avoid or mitigate the possibility of conflicts of interest.

Communication on Key Issues

Each year, the Board of Directors formulates major strategies for the interests of stakeholders and provides important guidelines for sustainable management. The management of the Company also regularly reports on the key events (including financial risk, ESG, information security, integrity, internal audit, etc.) and provides the directors with relevant information, including quarterly derivatives trading, quarterly financial reports and quarterly internal audit reports. For details, please refer to "Operation of the Board of Directors" and "Operation of the Audit Committee" in the 2022 annual report of Sensortek.

Education of directors in 2022

Course Name	Course Content	Hours	Training Rate	ESG Course
Advocacy Meeting on Sustainability Roadmap Industry Theme	<ul style="list-style-type: none"> Learn about the Sustainable Development Guidemap for TWSE- and TPEX-Listed Companies Assist the company in setting carbon reduction targets as soon as possible 	2	28.57%	●
Seminar on the declaration of insiders' shareholding rights of listed companies	<ul style="list-style-type: none"> Insider trading and stock price manipulation laws and regulations 	3	42.86%	●
Corporate Governance Summit - Enhancing Directors' Functions for Sustainable Corporate Governance	<ul style="list-style-type: none"> Environmentally Sustainable Development of TWSE- and TPEX-Listed Companies Enhancing the Independence and Professionalism of Independent Directors How the Board of Directors and the Audit Committee Supervise the Company to Improve Risk Management 	3	71.43%	●
Online Forum of the Two International Summits	<ul style="list-style-type: none"> Communicating with major foreign shareholders to fully implement ESG and set KPIs for future sustainability 	2	14.29%	●
Seminar on Legal Compliance in Insider Equity Transactions	<ul style="list-style-type: none"> Recent Amendments to Provisions Related to Changes in Equity Interests under the Securities and Exchange Act ("SEA") 	3	14.29%	●
Corporate Governance and Corporate Sustainability Workshop	<ul style="list-style-type: none"> Corporate Sustainability Domestic and International Tax Trends 	3	28.57%	●
Corporate Governance Class	<ul style="list-style-type: none"> Corporate Sustainability Domestic and International Tax Trends 	3	28.57%	●
Seminar on Release of Reference Guidelines on the Exercise of Functions and Powers of Independent Directors, Audit Committee, Directors and Supervisors	<ul style="list-style-type: none"> Amendments to Regulations of Sustainability / Corporate Governance Exercise of Duties by Independent Directors / Audit Committee Corporate Risk Management Mechanism 	3	14.29%	●
The National Federation of Certified Public Accountants of the Republic of China	<ul style="list-style-type: none"> Business Registration Practice Sharing Amendments to the Relevant Acts of the Finance and Accounting Business Tax Options and Common Mistakes 	31	14.29%	

Audit Committee and Remuneration Committee

To improve corporate governance and operations, Sensortek has established an Audit Committee, which consists of all independent directors and is responsible for overseeing the financial reporting process in order to effectively monitor internal controls and check financial reports of the Company. In 2022, the Audit Committee held 4 meetings with the attendance rate of 100%.

In order to implement corporate governance and improve the remuneration system for directors and managers, Sensortek has established a Remuneration Committee in accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange", which is composed of all independent directors, and has defined organizational rules and regulations to oversee the remuneration system for directors and managers in order to faithfully perform their duties and make proposals to the Board of Directors for review. In 2022, the Remuneration Committee held four meetings with the attendance rate of 100%.

Remuneration Policy for the Management

In addition to the "Evaluation Questionnaire for Board Members", the results of the Board of Directors' performance evaluation, the attendance of the Board of Directors' meeting and the status of the directors' education shall also be used as references for the determination of the remuneration of the directors of Sensortek. The remuneration of directors shall be reviewed by the Compensation Committee, submitted to the Board of Directors for resolution and reported to the shareholder meeting. The remuneration of directors consists of compensation and bonus. Among them, compensation is fixed remuneration, which is authorized to be determined by the board of directors in accordance with Article 16 of the Articles of Association of Sensortek, depending on the extent of the director's participation in the operation of the Company and the value of his/her contribution, and taking into consideration the industry standards both at home and abroad; and the bonus for directors is connected with the profit and operating performance of Sensortek, as a variable remuneration, which is authorized to be determined by the board of directors at a rate of up to 1% of the profit for the current year in accordance with the Article 18 of the Articles of Association of Sensortek.

Remuneration Policy for Senior Managers

The compensation of Sensortek's CEO, President and Vice President consists of fixed salaries, operating bonuses and employee compensation. Fixed salaries are determined based on the manager's position, responsibilities and contribution to the Company with reference to industry standards, and are evaluated and adjusted annually in accordance with the "Regulations for Evaluating the Performance of Managerial Personnel," and appropriate compensation is provided based on the results of evaluations of achievement of goals and behavioral assessments, and is submitted to the Board of Directors for approval upon the deliberation of the Remuneration Committee.

The operating bonus depends on the Company's overall operating performance and are allocated at a fixed percentage of the Company's profit. Employees' compensation is based on Article 18 of the Company's Articles of Association, which stipulates that if the Company makes a profit in a year, the Company shall allocate a percentage of the profit at 1% to 25% as the compensation to the employees. However, if the Company has accumulated losses, profit shall first be used to offset accumulated losses, and then pay employees'

compensation in accordance with the aforementioned ratio.

In addition to the above regulations, Sensortek minimizes the possibility of future operational risks and reviews the compensation system in accordance with the actual operating conditions and relevant laws and regulations, in order to strengthen the balance between the Company's sustainable operation and risk control.

For information on directors' and managers' remunerations, please refer to "Remuneration paid to directors, supervisors, general manager and deputy general manager in recent years" in the 2022 Annual Report of Shareholders.

Performance Assessment of Board of Directors

On the meeting of the Board of Directors on August 4, 2020, Sensortek approved its Rules for Performance Evaluation of Board of Directors, to carry out an internal performance assessment for the Board of Directors, individual directors and functional committees once per year. The Board of Directors is required to conduct an evaluation by an externally independent professional organization or a team of external experts and scholars once every three years, depending on the management needs, and the results of the evaluation are reported to the Board of Directors in the first quarter of the following year in order to continuously improve the operational efficiency of the Board of Directors.

Performance Assessment of Board of Directors

Internal Self-Assessment	<p>Frequency: once a year</p> <p>Scope: Performance evaluation of the Board as a whole, individual Board members and functional committees</p> <p>Evaluation period: From January 1 to December 31, 2022</p> <p>Evaluation method and results: The internal self-assessment questionnaire was distributed to assess the engagement of the Company's operations, awareness of responsibilities, quality of decision making, composition and structure of members, appointment and continuing education, and internal control. The average rating of the Board of Directors, the Audit Committee, the Remuneration Committee and the individual directors is above 4.5 (out of 5) according to the recovered assessment results, which was reported to the Board of Directors in the first quarter of 2023.</p>
External Assessment	To be conducted from the next term of the Board of Directors (re-election in 2025)

Internal Audit

Sensortek has established an internal control system in accordance with laws and regulations, and has set up an internal audit department under the Board of Directors, which reports regularly to the Board of Directors and the Audit Committee to ensure its independence and professionalism. Dedicated auditors are assigned to perform regular or project audits each year, provide recommendations for improvement, and continue to track improvements until they are completed. Sensortek has stipulated that the appointment, removal, evaluation, and remuneration of auditors should be signed by the internal audit director and approved by the chairman of the board of directors in order to improve corporate governance and audit independence.

Internal Audit Duties

Internal auditors shall consider the risks that may result in integrity management in the course of operations and include them in the risk assessment (sales and payment receipts cycle, purchasing and payment cycle, and payroll cycle), and based on the results of the risk assessment, prepare an annual audit plan, including the items that should be audited on a monthly basis. The annual audit plan shall be implemented to evaluate the Company's internal control system, and an audit report should be prepared with working papers and related information.

The audit department shall review the self-assessment reports submitted by all departments of the Company, and the improvements of internal control deficiencies and anomalies identified, to serve as the primary basis for the Board of Directors and the President to assess the effectiveness of the overall internal control system and to issue a statement on the internal control system. For internal control system deficiencies and anomalies identified in an audit, in addition to disclosing them in the audit report, a quarterly tracking report shall also be prepared until improvements being made. The audit report and the tracking report shall be delivered to the independent directors of the Company for inspection by the end of the month following the date when the audit items are audited.

Internal and External Compliant Mechanism

In accordance with the "Procedures and Guidelines for Operation Integrity", Sensortek has established a "Reporting System" and provided a reporting email (report@sensortek.com.tw) on its official website and internal website, with the Audit Office as the dedicated department to manage and accept related case reports. No complaints were received internally or externally in 2022.

Communication with Independent Directors and Accountants on Internal Audits

The internal audit director shall send the audit report of the previous month to each independent director for review every month, and the independent directors can communicate directly with the auditor director regarding the report. The internal audit director shall regularly participate in the seminar meetings between the accountants and the independent directors, and report the audit execution to the independent directors individually. Such communication was increased to at least twice a year in 2022 (originally scheduled to be once a year).

- ▶ Attendance of the Internal Audit Director at the Audit Committee Report
 - » Annual risk assessment results and internal audit plan
 - » Effectiveness of design and implementation of internal control system
 - » Quarterly internal audit performance and tracking of audit findings for improvement
- ▶ At least twice a year, the accountants shall report to the independent directors the results of the audits/reviews of the financial statements, the accounting policies and estimates, the significant accounting policies and estimates, and the standards, laws and regulations that will be applied in the future (soon to be applied), and also discuss the questions raised by the independent directors at these meetings.
- ▶ Others: In case of material abnormal matters, or in the event that the independent directors, the audit director, and the accountants deem it necessary to communicate independently, a meeting may be convened from time to time.

Regulatory Compliance

Sensortek complies with the internal practices of the relevant laws and regulations for listed companies. The Company has a dedicated department for intellectual property and legal affairs to provide legal advice and assistance to each operating department. Various departments pay attention to the amendments and promulgation of laws and regulations by the competent authorities in order to update and formulate the Company's internal regulations and practices in a timely manner, so as to ensure the legal operation, and to protect the Company from penalties due to the violation of the laws and regulations and affecting the operation of the Company. The audit team will also perform regular audits of "compliance with laws and regulations" every year, report the results to the Audit Committee and the Board of Directors and track improvements if any.

In accordance with the "Procedures for Processing Internal Material Information and Procedures for the Prevention of Insider Trading", Sensortek comprehensively evaluates whether an incident has a material impact on its finances, business, shareholders' equity, or the price of securities, and determines that the incident is a "material non-compliance event" or not. No violation of social, economic and environmental laws and regulations occurred in Sensortek in 2022.

Sensortek has included various regulations in its standard contracts, and sets benchmarks for business partners in cooperation with Sensortek. The responsible department is careful in reviewing contracts to ensure that the relevant regulations are included in the contracts and other documents to meet the requirements of relevant domestic regulations and international standards.

Corporate Governance Performance

In the 9th Corporate Governance Assessment published in 2023, Sensortek ranked 6%~20% among the listed companies, and the relevant departments will continuously work on improvement and optimization plans based on the indicators without score earned in order to strengthen the performance of corporate governance.

In the future, Sensortek will maintain an effective corporate governance mechanism in all aspects for its operations, strengthen the structure and operation of its board of directors, enhance the transparency of information disclosure, integrate the guiding principle of sustainability with operational management in a more effective manner, and fulfill its corporate social responsibility.

Tax Governance

Tax Governance Principles

All business activities of Sensortek are conducted in accordance with the relevant tax laws and regulations of the Taiwan government. The accounting department coordinates the daily tax administration operations and investment credit applications, and the staff responsible for taxation regularly participates in relevant tax courses or seminars held by the competent authorities, and receives professional advice from external tax consulting organizations. Accounting firm shall be assigned to review financial reports on a quarterly basis to ensure the reasonableness and correctness of disclosed tax information.

Sensortek supports the government's tax policies for promoting industrial innovation and economic growth. In accordance with the Statute for Upgrading Industries and the Statute for Industrial Innovation, the five-year tax exemptions applied to the expansion of the previous year's capital increase and the tax credits for investment in research and development expenditures and investment in intelligent machinery, as provided by laws, were applied from 2016 to 2020. Investment tax credits are provided for new investments in information security services or products from 2022.

Tax Policies

Compliance with the local tax regulations and the spirit of its legislation

Inter-affiliate transactions are governed by conventional trading principles

The tax information is disclosed in accordance with the Regulations Governing the Preparation of Financial Reports

Do not use tax havens or engage in tax planning for tax avoidance purposes

Do not transfer profits generated by the Company to countries with lower tax rates

Maintain good relations with tax authorities based on the principles of mutual trust and information transparency

Tax Risk Management

All operations shall be subject to internal control processes to identify, assess and manage tax risks arising from regulatory changes, and the Audit Committee shall oversee the implementation of internal controls relating to accounting, tax and financial reporting processes.

Transfer Pricing Management

The transactions between Sensortek and its affiliates are based on the principle of regular transactions and follow the "Regulations Governing Assessment of Profit-seeking Enterprise Income Tax on Non-arm's Length Transfer Pricing", and a transfer pricing report is issued by a tax-accredited accounting firm.

Tax Payment

Unit: NT\$1,000

Information related to income tax	2019	2020	2021	2022
Profit and loss before tax	1,508,063	1,550,117	1,970,683	990,783
Income tax expense	185,163	184,663	309,334	148,010
Effective book tax rate	12.28%	11.91%	15.70%	14.94%
Amount of paid tax income	184,492	183,214	283,721	135,303
Effective tax rate for cash	12.23%	11.82%	14.40%	13.66%

Note 1: No income tax is paid in other places than Taiwan

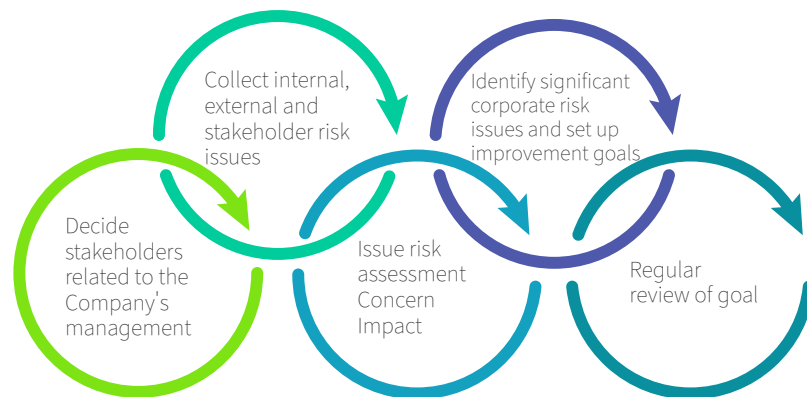
Note 2: Book effective tax rate = current year income tax expense ÷ current year profit or loss before tax; cash effective tax rate = current year income tax paid ÷ current year profit or loss before tax

Risk Management

Sensortek has developed "Risk Management Policy and Procedures" as the highest guiding principle for risk management. In accordance with its overall operating policy, the Company has defined various risk types and establishes a risk management mechanism to identify, supervise and control risks, keep the risks that may be encountered in operation activities within tolerable ranges and prevent possible losses, as a basis for making business strategies and achieving the Company's strategic goals.

Risk Management Process

Each year, the risk management team analyzes internal and external issues, identifies stakeholders and issues of concern, and proposes topics in each risk area. After each departmental head evaluates the concern (based on the Company's sustainable management) and impact level (the possible consequences of the risk) of the issue, identifies the significant risk issues, and submits them to the top management for approval, each relevant department shall set annual targets and make management plans.



Risk Management Organization and its Authorities and Responsibilities

In order to reduce potential operational risks, strengthen corporate governance, and ensure the Company's stable operation and sustainable development, Sensortek has formulated the "Risk Management Policies and Procedures" and set up a "Risk Management Team", which consists of the top management members and the executives of all departments for different risk areas according to their own responsibilities, which was approved by the Audit Committee and the Board of Directors on March 16, 2021. It is planned to set up a sustainability committee in 2023 to supervise the operation of risk management, and report the operation of risk management to the board of directors once a year.

Depending on the extent of potential positive and negative impacts probably caused by various issues, Sensortek conducted a risk assessment with the terms of "severity" and "likelihood". Based on the major issues assessed, Sensortek formulated the relevant risk management strategies and measures, which were reported to the Board of Directors on November 1, 2022.



Top Management Responsibilities

- To coordinate and direct the implementation and operation of risk management policies and procedures
- To coordinate cross-departmental risk management interaction and communication
- To supervise the improvement of risk control measures and review the effectiveness of risk management system

Responsibilities of Departmental Head

- To identify, evaluate and make countermeasures for risks, and take into account changes in external conditions and internal goals
- To control and supervise the related risks within the department in daily management

Future Planning for Risk Management

In 2023, we will follow the Task Force on Climate-related Financial Disclosures issued by the Financial Stability Board (FSB) to promote and disclose the governance, strategy, risk management, indicators and targets for climate-related risks. In addition, in order to continuously strengthen the Company's information security, the introduction and certification of ISO 27001 has been planned for 2023, and a continuous operation plan for information security will be implemented.

Operation Integrity

On a basis of integrity operation, Sensortek keeps abreast of domestic and international policies and laws that have potential impact on its business and financial position, and has defined corporate governance rules and regulations in a timely manner. The audit department also regularly checks the compliance with regulations and revises relevant internal regulations.

On April 9, 2019, the Board of Directors approved the "Code of Integrity," "Code of Ethical Conduct" and "Procedures for Ethical Management and Guidelines for Conduct," which require all employees to conduct their business activities with integrity and fairness and to comply with government regulations. The members of the Board of Directors and the management also operate the Company with integrity. Each year, through the corporate internal control self-assessment, each internal department reviews and completes a self-assessment form on integrity and ethical standards in order to strengthen the effectiveness of the overall internal control environment.

The Human Resources and Administration Department is responsible for the promotion and implementation of the integrity management, and shall report to the Board of Directors once a year (the report was made in November 2022) on the integrity management policy and the plan for dishonesty prohibition and monitor the implementation.

We have adopted a zero tolerance policy against corruption, bribery, unfair competition, secret disclosure, infringement of rights, and insider trading. If any employee is found to have violated the code of ethical conduct or internal regulations through the reporting mechanism or internal audit department, we will record, investigate and punish them in accordance with the relevant regulations to maintain a fair and honest reputation.

Eight Principles for Corporate Integrity

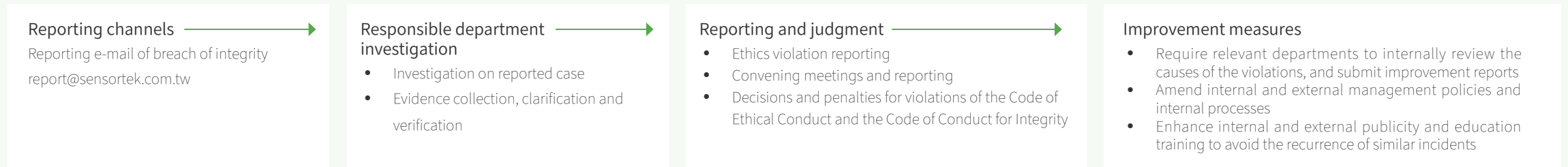
- Prohibition of offering
- Prohibition of offering illegal political contributions
- Prohibition of improper charitable donations or sponsorships
- Prohibition of unreasonable gifts and hospitality or other improper benefits
- Prohibition of insider trading
- Prohibition of infringing intellectual properties
- Prohibition of unfair competition
- Preventing products or services from damaging the interests of stakeholders

Reporting Procedures and Channels for Operation Integrity

In accordance with the "Procedures and Guidelines for Operation Integrity", Sensortek has established a "Reporting System" and provided a reporting email on its official website and internal website, with the Audit Office as the dedicated department to manage and accept related case reports. In addition, upholding the principle of confidentiality, we will protect the identity of whistleblowers and reported contents. The rewards to the person(s) reporting the violation and penalties for violations will be determined based on the circumstances. In

2022, Sensortek's dedicated reporting e-mail did not receive any report or compliant. If the reported case has been verified to be true upon investigation, the relevant department shall review the relevant internal control system and operational procedures, and propose improvement measures to prevent the recurrence of the same problem.

專責單位調查



Reporting Handling Procedures

Sensortek's "Reporting System" provides a channel for reporting internal and external violations of integrity management, with a reporting mailbox, where the complainant's personal information and the reported information will be kept confidential and handled by designated personnel.

Reporting channels	Contact e-mail	Receiving unit
Internal/external	Reporting e-mail of breach of integrity report@sensortek.com.tw	Audit Office

Operation Integrity Education and Training

In order to ensure operation integrity and compliance with laws and regulations, we provide our employees with regular training courses on the core values of operation integrity to raise their awareness of operation integrity, and put course presentations in our internal education and training system for them to review at any time.

In August 2022, we conducted an online course on "Integrity Management Promotion" for all employees. All formal employees received this training. The training contents included the Company's Code of Integrity and Integrity Management Policy, Procedures and Regulations for Handling Material Internal Information, Prevention of Insider Trading, Protection of Trade Secrets and Intellectual Property, and Reporting Channels and others. 100% of employees completed the training. All directors signed a "Consent to Confidentiality Agreement" when they took office.

In 2023, we will prepare annual intellectual property and trade secret protection courses for directors, managers, and all employees to strengthen their awareness on trade secret protection. In addition, with reference to the code of conduct of the Responsible Business Alliance (RBA), Sensortek has planned and formulated the "Code of Ethical Conduct for Suppliers", which covers the ethical standards that should be observed by suppliers. Initially, key suppliers have been required to provide a written commitment to comply with the Sensortek Code of Ethical Conduct for Suppliers, and Sensortek has also conveyed the ethical standards of the Company's business practices through audits of its suppliers.

Name of 2022 Course	Number of Completed Trainings	Training Completion Rate
Operation Integrity Behavior Promotion	184	100%

Insider Trading Prevention Promotion and Training

On December 27, 2016, the Board of Directors' Meeting approved the "Procedures for Processing Internal Material Information and Procedures for the Prevention of Insider Trading". In order to prevent insider trading, we have made the "Insider Trading Act" and the "Procedures for Processing Internal Material Information and Procedures for the Prevention of Insider Trading" mandatory online courses for employees every year, and the course covers such contents as elements of insider trading, legal responsibilities and examples of transactions, as well as the guidelines for confidentiality and disclosure of internal material information of the Company. The course presentations are also published in the internal education and training system.

On November 1, 2022, Sensortek revised the "Procedures for Processing Internal Material Information and Procedures for the Prevention of Insider Trading" to prohibit directors from trading in their stocks 30 days prior to the announcement of the annual financial statements and 15 days prior to the announcement of the quarterly financial statements. The Company schedules the date of the next annual board of directors' meeting in the fourth quarter of each year, and after the fourth quarterly meeting of the board, the Company advises the directors of the closure periods of the quarterly stock trading before the announcement of the quarterly financial statements, and notifies the insiders (including the directors and managers of the issuer) by e-mail in the quarterly period so as to avoid any misunderstanding of the regulation by the insiders.

Name of 2022 Course	Number of Completed Trainings	Training Completion Rate
Insider Equity Promotion (Designated Training Course for New Managers)	1	100%

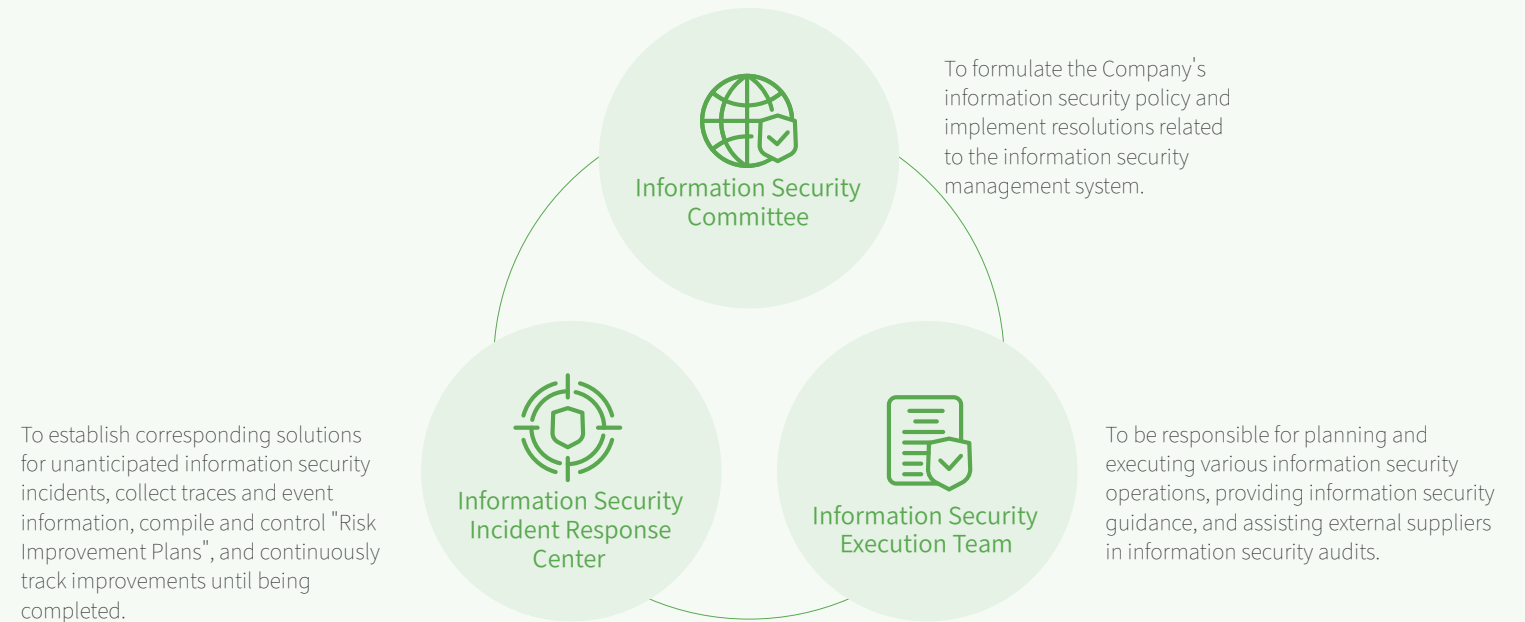
Information Security Management

To better implement the information security management system and information security policy, Sensortek manages its business in accordance with the "Information Security Management Procedures", initiates and controls the implementation of information security through a systematic management framework.

The Information Security Committee (ISC) was established in November 2021, with the General Manager as the convener, and under the ISC, the Information Security Response Center (ISRC) and the Information Security Execution Team (ISET) are established, which are responsible for the management, planning, supervision, and execution of information security. The ISC meets regularly once a year to review matters related to the management of the Company's information security and the implementation of its information security policies, and reports to the Board of Directors. (The table below shows information security matters reported to the Board of Directors in 2022). In 2023, we plan to introduce ISO 27001 and obtain third-party certification in order to strengthen and develop the management procedures for information security incidents. In 2022, there were no major information security incidents in Sensortek.

Duration	Short- and medium-term planning directions
2022	Information security organizational structure Information security infrastructure audit
2023	Data backup protection construction System log collection and analysis Terminal computer information collection and analysis Dual-factor authentication for external application service systems Network device log collection and traffic analysis
2024	Endpoint detection and response mechanism (EDR) Endpoint equipment automated security vulnerability update system
2025	Set up the detection and management platform (SOC) for information security threat.

Organizational Structure and Job Responsibilities



Item	Implementation in 2022
Information security risk management	Information security training ▶ 100% of new employees are included in the information security training plan
	Information security promotion ▶ Two information security promotional campaigns have been launched to strengthen employees' information security awareness.
	Information security member report ▶ Every year, 2 meetings will be held and 11 information security policies have been newly issued.
Information security audit implementation	Social engineering exercise ▶ 37.84% of all employees participated in information security awareness-raising lectures.
	Information security accident response ▶ One minor information security incident was reported. Continuous audits were conducted to ensure environmental safety.
	Weakness scanning ▶ Reduce information security patching by 30% by performing vulnerability scanning externally.

Specific Plans for Information Security Management

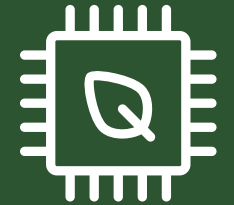
In addition to continuously raising the information security awareness of all employees, we have implemented relevant information security control measures, to provide reliable information services and prevent operational risks and hazards such as improper use, leakage, tampering and destruction of the Company's information systems and data.

Information Security Management	Measure
System access control	<ul style="list-style-type: none"> ▶ Important documents and technologies are included in the document management system ▶ The responsible person of the application system shall formulate system access control policy according to the partners business needs, specify the access authorization of users and personnel, and properly document the change process and preserve the records. ▶ Software installation must be requested and carried out by information personnel, and recorded for investigation purpose. ▶ Changes to the information system must be approved by the department head, and the change process must be properly controlled and documented for reference. ▶ We separate the R&D from general office environment to prevent unauthorized personnel from directly accessing confidential and sensitive data, and keep critical data from being disclosed.
Terminal equipment management	<ul style="list-style-type: none"> ▶ We manage security control for servers, PCs and private devices, including software and hardware asset inventory, anti-virus, system patch update, and sensitive data access control.
Network security management	<ul style="list-style-type: none"> ▶ Firewalls are installed and the information flow in the firewall is monitored to ensure the security of the information flow. ▶ The information flow in the outsourcing suppliers' systems is controlled by a firewall to prevent illegal information flow transmission. ▶ We outsource the scanning of information system weaknesses and fix the vulnerabilities
Data protection	<ul style="list-style-type: none"> ▶ We regularly schedule data preservation backups, including electronic files, documents, mails, server operating environment, personal computers, and network devices.
Participation in external information security organizations	<ul style="list-style-type: none"> ▶ In 2022, we joined Taiwan Computer Emergency Response Team / Coordination Center (TWCERT / CC) to handle the Company's possible security incidents or vulnerabilities, prevent, improve, and manage them as early as possible.

Information Security Education and Training

- ▶ Information Security Education and Training for New Employees: 100% of new employees received information security education and training in 2022.
- ▶ Regular Information Security Promotion Bulletin: 2 activities were held in 2022 on topics such as email social attacks.
- ▶ Outsourcing social engineering drills to improve employees' awareness on information security: 1 social engineering drill was conducted in 2022, with 185 accounts and a mistake rate of 37.84%; internal training was conducted to strengthen information security education for those who had made mistakes in the drill, and the completion rate reached 100%.

Pursuing Innovative Design in Sensing Product Development



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Innovation Management

R&D Input

Bearing the corporate mission in mind ("Our sensing technology create infinite possibilities in life, and make users experience better lives brought by mobile devices"), Sensortek continuously explores advanced technologies and gains precise insights into user needs, making sensors an indispensable product in our lives.

With many years of R&D in ambient light source, distance and gravity sensing technologies, our products are mainly used to adjust the brightness and color of smartphone screen with the change of ambient light, to reduce the discomfort of human eyes and allow users to enjoy a more comfortable screen color. Distance sensing allows users to turn off the screen automatically during a call to prevent the ear or face from touching the screen, which may cause incorrect operation. Gravity sensing is used to rotate the screen, which is an important part that affects the experience of the consumers.

With the development of high-resolution and fine OLED panel technology, the smartphone screen further reduces its light penetration rate. Sensortek's optical sensing technology continues to develop with high sensitivity and ambient color temperature adjustment solutions for under-screen applications, and extends ambient light sensing to other applications such as smartwatch screens, TV screens, and automotive displays. Our microelectro-mechanical sensing technology crosses over into the field of pressure sensing for altitude measurement. Microelectromechanical sensing technology has been applied to the field of pressure sensing for height measurement, up and down stairs movement status tracking, climbing rate detection, weather forecasting, water depth measurement, flight altitude control, and other scenarios. We aim to become a leading sensor maker. In 2022, our R&D investment amounted to NT\$484 million, accounted for 12.01% of our revenues.

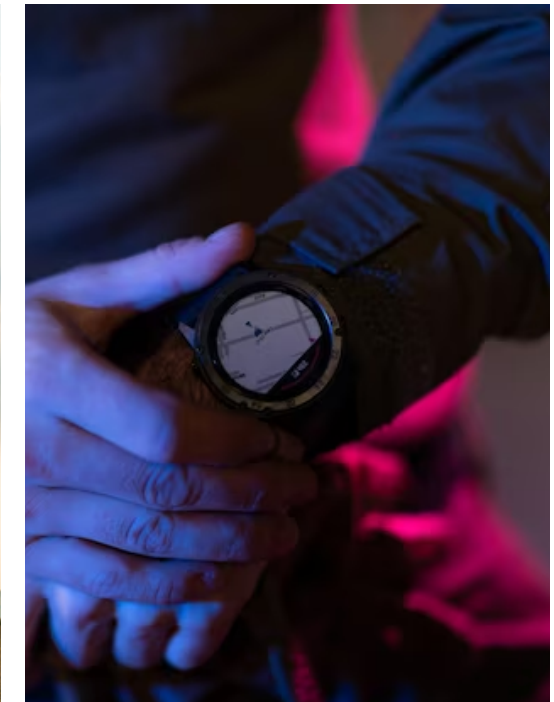
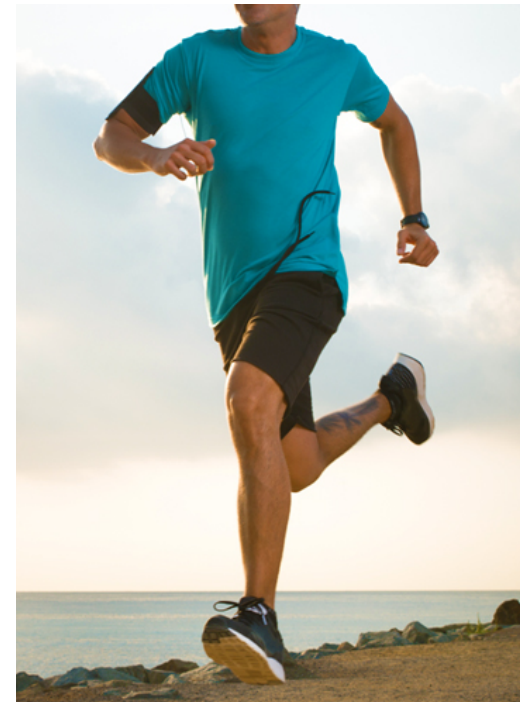
Unit: NT\$1,000

Related Information	2019	2020	2021	2022
R&D Expense	335,877	369,258	550,780	483,589
Proportion in Revenue	6.99%	6.97%	9.38%	12.01%

Technical Innovation

Sensortek's ambient light sensor technology has been utilized in smartphone screen applications for years. In order to continue to expand its market share and develop higher value products, Sensortek has been actively searching for emerging applications with potential for new market development. Wearable devices are one of the fast-growing new areas, including smartwatches, smart bracelets, as well as wearable interactive devices in the somatosensory technology market, such as AR / VR / MR. The size of this market is impressive, and the ambient light sensors are increasingly adopted in the market.

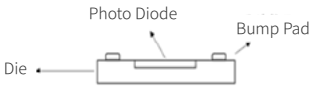

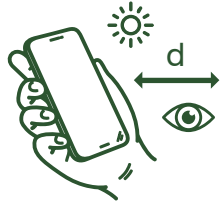
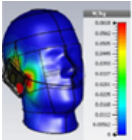
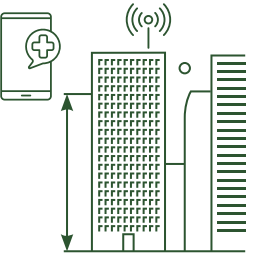
With smart phone under-screen application technology, the Company has rapidly penetrated into the application features of wearable devices, including small-size package type, low power consumption, and under-screen ambient light sensing performance. The Company adopts the wafer-level chip scale package (WLCSPP) and optimizes the size of the product, which is conducive to the angle of view of light harvesting and the processing rate of surface-mount technology (SMT). The WLCSPP also takes into account both low-power and high-performance under-screen ambient light sensing. It suppresses ambient light flickering noise in the low-power measurement mode, better meeting the needs of wearable devices for long-time wearing and longer charging due to a small battery capacity.



Sustainable Products

From the product development stage, we have considered the sustainable needs in the product life cycle to reduce operational power consumption, sensor size and energy consumption and carbon emissions in the production and manufacturing process. We are committed to the continuous improvement in the process of materials, production processes, supplier management and product usage based on a sustainable design.



Aspect	Type	2022 Innovation description / achievements
Design	Structural optimization	<ul style="list-style-type: none"> The Wafer Level Chip Scale Package (WLCSPP) is used for optical sensors for wearable devices, which is directly based on wafer, without additional substrate and molding process, reducing the packaging materials. 
		<ul style="list-style-type: none"> In response to the decreasing light penetration rate of smart phone screens, the use of light emitting components has been reduced by improving the sensing performance of the photo-diode and reducing noise interference in the circuit design.
Transportation	Package reduction	<ul style="list-style-type: none"> As the size of the sensor is reduced, the diameter of the reel and the width of the belt are reduced to minimize packaging consumables. Prepare packaging materials depending on sensor volume <ul style="list-style-type: none"> » Reduced reel diameter from 13 Inch to 7 Inch » Reduced belt width from 12 mm to 8 mm 
Use stage	Highly efficient products	<ul style="list-style-type: none"> Help terminal devices save energy and power <ul style="list-style-type: none"> » Smartphone / tablet / smart phone: To detect ambient light source and automatically adjust screen brightness to save power and protect user sight. » Wireless headset: To detect proximity and automatically turn on or off the device to save power. » TV: Sensing the brightness of the ambient light source, automatically adjusting the brightness of the TV screen to save power. The end product complies with the EU energy-saving label requirements. After adding RF antennas in 5G smartphones, the special absorptivity sensors for electromagnetic waves are added with a number of channels to assist in the terminal RF power adjustment discrimination, so as to reduce the impact of electromagnetic waves on human body. 
Social contribution	Social contribution	<ul style="list-style-type: none"> Health Protection Electromagnetic Wave Special Absorption Sensor: It can be used to detect whether the human body is close to the antenna of the smartphone, so that the smartphone can adjust the transmitting power and control the radiation field to adjust the beam direction, and keep the electromagnetic wave emitted beam far away from the human body. 
		<ul style="list-style-type: none"> Accurate positioning aids in emergency response Air Pressure Sensor: Completed the development of air pressure sensors, which meet the requirements of the U.S. FCC E911 Z-axis positioning accuracy regulations, and can realize high-precision positioning function. The indoor location positioning via smartphone could be used for accurately locating trapped victims in emergencies. 

Company-School Cooperation

Sensortek expects to integrate school and industry resources to improve its sensor technologies and international competitiveness. Over the years, we have cooperated with NTU, Central Taiwan University, Tsinghua University and Yang Ming University of Transportation and Communications, and have established cooperation with NTU System-on-Chip Center (SoC) and Tsinghua University's Microsensor and Actuator Industry Alliance.

In 2022, two company-school cooperation projects were implemented. Through the company-school cooperation, we enhance the product design capability of our employees, and bring valuable learning and development opportunities for students. The project achievements have an important impact on the academic research and practice in the industry, inject new vitality and innovative thinking into the development of Sensortek, and successfully recruit excellent talents for the company.

In addition, we are actively investing in the training of talents in the related industries through campus roadshows and the recruitment of R&D talents as alternative military service, in order to develop outstanding talents in the field of sensors in Taiwan.

Technical Exchange

Sensortek is one of the few domestic manufacturers of MEMS accelerometers with stable SoP and shipment. MEMS technologies feature a high cost of commercialization of R&D results. Through the company-school technical exchange model, we combine the research theories of the university and the results of industrial research and development, to accelerate the process of product commercialization and effectively enhance the research and development force of the domestic MEMS industry.

In 2022, we had technical exchanges with the National Formosa University on the "Wafer CP Test and Analysis Platform" to analyze the reliability and quality of MEMS products. Through this platform, Sensortek optimizes product design, solves the deficiencies of our employees in data analysis during the research process, provides corresponding training and guidance, and invites lecturers to discuss with employees on a regular basis, and enhances their understanding and application of data analysis by sharing experience and knowledge.

Academic institutions	Company-School Cooperation Project Name	Content
Yang Ming University of Transportation and Communications	High resolution capacitive digital converter design	A suitable architectural analysis method is proposed for SAR applications with high capacitive loading environments, which is of great significance to SAR sensor design.
Yen Ching Ling Industrial Development Foundation, National Taiwan University	Theoretical analysis and design of a resonant mode localization accelerometer	To obtain a suitable architecture analysis method for MEMS sensor applications.



Protection of Intellectual Properties and Competitive Behaviors

Indicator No.	Item	2019	2020	2021	2022
TC-SC-520a.1	Total amount of losses from anti-competitive practices in violation of relevant laws and regulations (in NTS)	0	0	0	0

Intellectual properties are the core competitiveness of Sensortek. To address the management needs and meet the goals of intellectual property rights, we formulate the Measures for the Information Confidentiality and Intellectual Property Rights and the Patent Measures to regulate the protection and acquisition of rights, the use of rights, incentive and other aspects. Through proactive intellectual property management, we motivate employees to keep innovative and create high-quality intellectual properties to strengthen our operational competitiveness. In addition, we respect the intellectual properties of others and require our employees to comply with the confidentiality requirements of our customers and suppliers, and to carefully evaluate the development of intellectual properties of others, so as to reduce the risk of breach of contract and infringement of rights.

Intellectual Property Management

Sensortek takes "technological innovation" to maximize the value for customers and the Company's long-term, sustainable and steady growth as its operational goals. Therefore, intellectual property rights are our important assets. By combining our operational goals with technological innovation capabilities, we have established an intellectual property management program to continuously improve the quantity and quality of our R&D patents, and maintain the competitiveness of our sustainable growth.



Trade Secrets Management

We have established our trade secret information requirements and regulations to require employees to sign confidentiality agreements, and provide regular trade secret protection courses and awareness-raising programs. Internally, we have built an information security environment for confidential information to control the flow of information, and when we disclose or receive other confidential information, we require of our employees to sign and comply with the confidentiality agreement.

Management item	Content
Signature of confidentiality agreement	Sensortek has signed employment contracts with its employees and confidentiality agreements with its clients and suppliers to prevent employees, customers or suppliers from disclosing the Company's trade secrets.
Information flow control	The technical database of the R&D department is built. The data produced by the Company's R&D personnel is centralized stored in a securely controlled data center to preserve the R&D results, and the file and security management practices are defined and implemented in the internal control system to strictly control the confidential information. In case of external disclosure required, a permission shall be applied for and the information shall be provided through specific transmission channels to avoid access and leakage by unrelated personnel.
Education and training	We continuously promote and update the online e-learning courses for new employees to enhance and strengthen the awareness and knowledge of Sensortek employees on intellectual property protection. – New employee education and training: New employees should complete online learning course within two weeks upon their arrival, covering the introduction of intellectual property rights and the company's patent application and incentive system. In 2022 new employees completed 100% of the company's new employee online learning course. – Employee education and training: In August 2022, we conducted an online training course on "Integrity Management Behavior Promotion", which covered all regular employees. The training included the promotion of the protection of intellectual property and trade secrets, and the reinforcement of employees' awareness of confidentiality. 184 employees received the training, with a 100% completion rate.

Patent Management

Sensortek encourages innovative R&D and considers the inventions and innovative proposals submitted by its employees seriously. It has set up the Patent Review Meeting, which consists of the general manager, inventors, inventor's executives, and patent engineers, to evaluate and confirm the patent application of each proposal to protect the Company's R&D achievements as well as the related rights and interests.

Through incentive regulations and close communication between patent personnel and R&D personnel, we facilitate the effective conversion of R&D results into patent applications, appropriately convert R&D results into patent rights to enhance the quality of patent applications. In accordance with our standardized operating procedures, we review the use of granted patents and the degree of relevance to the product, and regularly evaluate and confirm the need for continued maintenance. In addition, we control the timing of proposals and applications in line with the production and sales schedules of the Company's products, and effectively manage patents in various countries to strengthen our competitive advantage in the global marketplace.

- ▶ Patent regulations have been formulated to regulate the rewards and compensation for "patent applications", "proposal awards", and "licensing awards". Employees are encouraged to keep creative, actively engage in R&D and improvement of technologies related to their own duties, and apply for patents based on them, in order to protect the intellectual properties of the Company, accumulate R&D results, and strengthen competitiveness.
- ▶ According to the R&D strategy and direction, patent search is conducted in advance to facilitate the planning of subsequent patent applications.
- ▶ We have patent management staff and system, and we have also employed a professional patent firm to assist in patent search and application, so as to effectively manage our R&D innovative proposals and enhance the approval rate of patent applications.
- ▶ From 2019 to December 2022, a total of 88 patent applications had been filed by Sensortek worldwide, and in addition to 14 invention innovation proposals in 2022, 85 patents had been obtained, covering major markets and countries such as Taiwan, the United States, and the Mainland of China. The total amount of incentives paid was NT\$214,166.

Patent Management Process



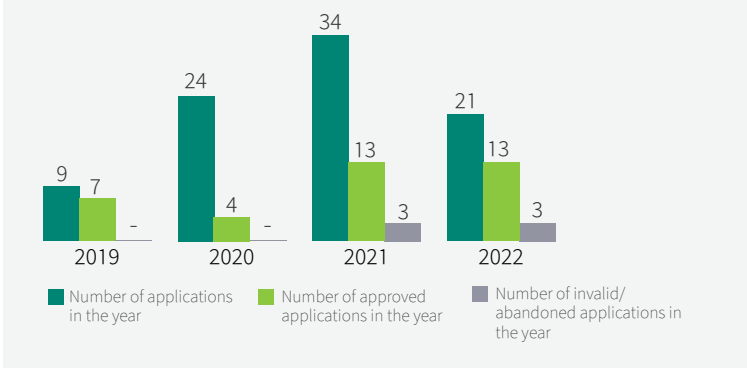
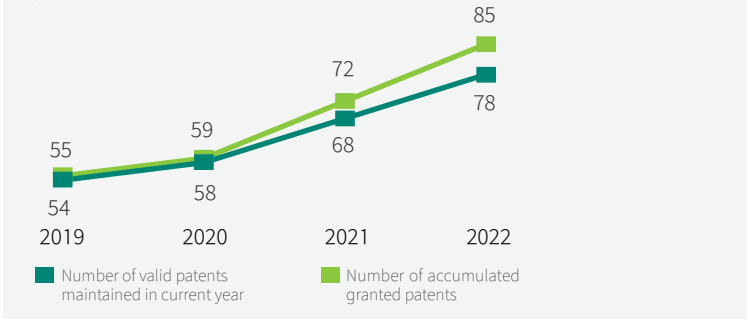
Intellectual Property Management Plan

- ▶ Trade Secrets Management:
 - » Improvement of the Company's overall trade secret management mechanism: Acquisition of TIPS certification
 - We plan to introduce the TIPS system in 2023, review and improve existing notifications and processes through the PDCA process to further improve the Company's internal intellectual property management system and obtain external certification.
 - » Strengthening trade secret education and training courses: We will plan annual training courses for all employees on intellectual property rights and trade secret protection, and raise employees' awareness of confidentiality.
 - Basic training for all employees: The training covers the basic definition of trade secrets, the labeling of documents classified as confidential, and the regulations on the use of confidential documents.
 - Advanced education and training for authorized personnel: The education and training covers R&D, information, human resources, procurement, and legal and financial departments, including relevant business secret inventory work, confidentiality measures and the implementation process.
- ▶ Patent management: According to the R&D strategy and direction, patent search is conducted in advance to facilitate the planning of subsequent patent applications. In addition, we continue to raise our R&D employees' awareness of the importance of patent application to ensure that we can effectively improve the quality and management efficiency of our patents.
- ▶ Trademark management: For new market countries, evaluation is conducted to determine whether the trademark shall be registered to provide a more complete protection of trademark rights.

Trademark Management

The Sensortek's name and LOGO are registered as trademarks and are maintained in accordance with the laws in order to prevent others from registering in advance in major markets and countries and to protect the company's name and LOGO.

Patent applications in previous years and the granted and maintained patents



Product Lifecycle Management

Indicator No.	Item	2019	2020	2021	2022
TC-SC-410a.1	Percentage of sales of products containing substances declared in IEC 62474	0%	0%	0%	0%
		Sensortek follows the latest EU RoHS Directive, REACH SVHC concerns about restricted substances. During the reporting period, it was confirmed that the amount of chemicals used in the current products did not meet the limits required by the IEC 62474 standard.			
TC-SC-410a.2	Processor energy efficiency at the system level: (1) Servers, (2) Desktops, (3) Laptops	The products of Sensortek are not used in commercial hosts and personal computers, therefore, this disclosure indicator is not applicable.			

Chemical Management Mechanism

Sensortek established the "Environmental Substance Management Team" to promote environmental substance management and formulated the "Procedures for the Management of Environmentally Restricted Substances".

We have developed the "Environmentally Restricted Substances Management Procedure" to strictly control substances with high impact on the environment. We review BOMs and environmental testing reports of all products to ensure that the raw and packaging materials used are Hazardous Substances Free (HSF) and comply with customers' environmental requirements and the latest international environmental regulations.

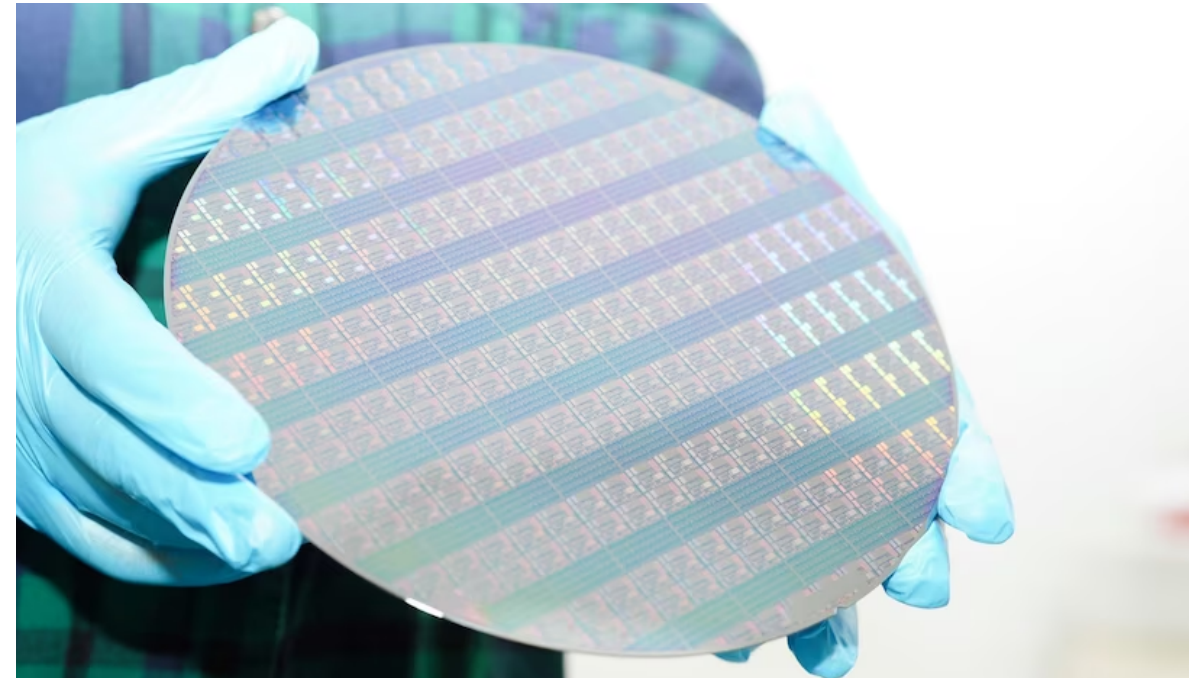
Considering the possible impact of the IC manufacturing process on the environment, from the beginning of product design and development, we have adopted the method and principle of using low-hazardous chemical materials or alternative materials. In 2022, we included the selection of materials in the auditing, including homogeneous material precision test reports, material safety data sheets, and other material documents, to confirm the validity of the information and the use of materials in the products without containing environmentally hazardous restricted substances, and to file all the reviewed and approved environmental protection information and keep it for at least 10 years.



Supplier Chemical Management

We regularly update the latest environmental regulations for the "HSF (Hazardous Substance Free) Customer Rules and Regulations List" through the official websites of international environmental organizations, chemical policy promotion websites and e-newsletters, seminars on environmental issues from time to time, and environmental regulations of our customers. We take the initiative to issue and collect questionnaires to and from our suppliers and ask them to provide material testing reports to ensure that our products meet the latest international and customer environmental regulations and responsibilities.

- ▶ Issued "Supplier Declaration of Not Using Environmentally Hazardous Substances" with a 100% signing rate by suppliers in 2022.
- ▶ Regular material test reports: Suppliers are required to submit annual material test reports for the 10 RoHS controlled substances and Halogen Free (HF) regulations, including lead (Pb), cadmium (Cd), mercury (Hg), hexavalent chromium (Cr6+), polybrominated biphenyls (PBBs), polybrominated diphenyl ethers (PBDEs), di(2-ethylhexyl) phthalate (DEHP), benzyl butyl phthalate (BBP), dibutyl phthalate (DBP), diisobutyl phthalate (DIBP), and two halogen substances such as chlorine (Cl) and bromine (Br).
- ▶ Environmental substance requirements table: Suppliers are required to provide the inventory results and survey table required by the new international and customer environmental substance requirements.



Introduction of Green Environmental Substance Management System

In response to new product design and development, new international environmental laws and regulations, and customer chemical restrictions, Sensortek plans to introduce the "Green Environmental Substance Management System" in 2023, to replace the current electronic form management, which will widely collect all documents related to the types of materials used in all products, their composition content, and so on, and will enhance the efficiency of retrieving the chemical test reports, safety data sheets, and sources of conflict minerals declared by suppliers, so as to continually monitor the compliance of substances, and to comprehensively manage a green supply chain.

Sensortek conducts audits of new suppliers' product substance management and manufacturing processes in accordance with the "Environmentally Restricted Substances Management Procedures", and after being qualified, the supplier shall report the survey information in accordance with the Green Product Management ("GPM") program.

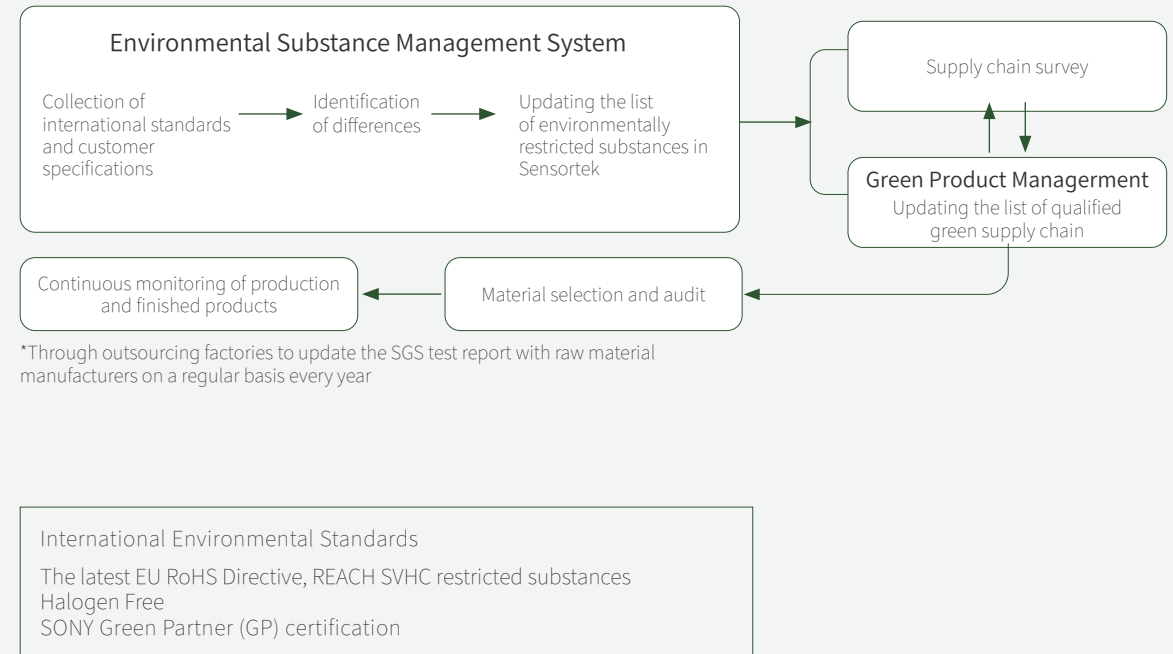
- ▶ In accordance with Sensortek's "List of Environmentally Hazardous Substances", suppliers upload material declaration information (including: suppliers' declaration of not using environmentally hazardous substances, material certificates, test reports, etc.) to the GPM system, and the Company audits suppliers' declarations through the GPM system to ensure that the materials comply with the international environmental protection regulations and the requirements of Sensortek' customers.
- ▶ Through the GPM system, we educate our suppliers from time to time on the latest REACH regulations, international regulatory developments and related knowledge, and we also review our products and materials to ensure that they meet the latest regulatory control requirements.

“ In 2022, we passed the SONY Green Partner (GP) certification, and through regular internal product testing every year, we also clearly marked "RoHS GP" on our product labels to indicate that all products are free of harmful materials, so that our customers can use our products at ease.

Environmental Substances Management Team



Environmental Substances Management Procedures



Protecting the Environment and Achieving the Mission of Energy Saving and Carbon Reduction



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Environmental Policy

Sensortek has set up an environmental policy to ensure its products in compliance with international regulations such as RoHS, REACH. Sensortek also promotes a green supply chain and encourages the participation of all employees. In addition, Sensortek has set up an Environmental Substance Management System under the ISO 9001 framework, and has planned, developed, implemented, maintained, measured, monitored, analyzed, and continually improved the system in order to promote environment-oriented sustainable development and to minimize the impact of its operations on the environment.

Environmental Management Principle

- ▶ Comply with environmental laws and regulations and relevant international standards
- ▶ We are committed to improving the efficiency of resource utilization and using recycled materials with low impact on the environment
- ▶ Reduce resource and energy consumption for products and services
- ▶ Enhance the recyclability and reusability of raw materials and products
- ▶ Extend the durability of the product
- ▶ We are concerned about the impact of climate change on our operations, and based on the results of our operations and greenhouse gas inventories, we have formulated a strategy for energy conservation, carbon reduction and greenhouse gas reduction, and are promoting it accordingly to minimize the impact of our operations on climate change
- ▶ We regularly review the progress of environmental sustainability goals or objectives

In order to strengthen and implement the workplace and laboratory waste disposal, and resource recycling, ensure a clean and tidy environment, prevent environmental pollution, and protect the safety and hygiene of our employees, we have formulated the "Environmental Control System Procedures", which have been communicated to all employees. The authority and responsibility are designated to corresponding divisions, to minimize the disposal of waste and to increase the recycling of resources.

We implement a paperless policy in our daily operations, and all application forms are in electronic formats, reducing the use of paper. Since 2021, we distribute eco-friendly tableware and straws to all employees and new recruits, and disposable tableware and straws will no longer be provided for meals in the office in order to reduce waste. We are also actively implementing green procurement, such as selecting computers and monitors with Energy Star labels, using PEFC-certified paper products for office paper, and using environmentally friendly toner cartridges.



Greenhouse Gas Emissions

Sensortek is a professional IC design company, engaging in product design, R&D and sales, and all the operation activities are in its office building. Manufacturing-related operations such as wafer fabrication, packaging and testing are delegated to professional foundries, and therefore air pollution, waste water, waste and greenhouse gas emissions are not generated without causing the environmental impact.

In response to the international trend of carbon reduction and the policy promotion of the FSC, Sensortek has completed its own inventory of greenhouse gas emissions from 2020 to 2022 in accordance with ISO 14064-1:2018, and the 2022 greenhouse gas inventory has been externally verified. The inventory covered direct greenhouse gas emissions under Category 1, acquired power under Category 2, and upstream transportation and distribution of products under Category 3 and waste IC disposal under Category 4, taking into account operational characteristics. The major bulk of such emissions are air conditioning refrigerant fugitive emissions under Category 1 and purchased power under Category 2.

The total emission in 2022 was 465.48 tonnes CO₂e. In addition, using the floor area (m²) as the basis for calculating the GHG emission intensity, the emission intensities from 2020 to 2022 were 0.12 tonnes CO₂e / m², 0.52 tonnes CO₂e / m², and 0.10 tonnes CO₂e / m², respectively. In 2021, the higher emissions and emission intensity were mainly due to the relocation to our new office in the second half of 2021, which was 3.4 times larger than the old office and used larger air-conditioning and chilled-water mainframes, and also due to the fire-fighting needs of the new information server room, caused by the purchase of HFC-23 automatic fire-fighting equipment, and in 2022, the emission intensity had been restored to the ordinary level.

Indicator No.	Item	2019	2020	2021	2022
TC-SC-110a.1	(1) Total global greenhouse gas emission (Scope 1) (Unit: tonnes CO ₂ e)	No inventory	18.53	1,210.90	63.37
	(2) Total emission of perfluorinated compounds (PFCs) (Unit: tonnes CO ₂ e)	0	0	0	0
TC-SC-110a.2	Description of short-, medium-, and long-term strategies or plans for managing Scope 1 emissions, reduction targets, and their performance analysis	<ul style="list-style-type: none"> Sensortek is mainly engaged in IC design, research and development and sales without wafer fabrication, packaging, testing and other related semiconductor processes, so there is no emission of PFCs. The share of GHG emissions in Scope 1 is 81.15% in 2021 and 13.61% in 2022. The emission sources are septic tank methane, disposable fire extinguishers and air-conditioning facilities in machine rooms and escape of refrigerator refrigerant, which can hardly be reduced. In the future, we will continue to evaluate the feasibility of Scope 1 emission reduction, such as the use of environmentally friendly refrigerant equipment to replace refrigerators and chillers. Due to the move to the new office in the second half of 2021, there will be more changes in the reporting scope, so the year of 2022 was used as the base year for greenhouse gas emissions management in the future. In addition to regular annual inventories of greenhouse gas emissions, we carried major greenhouse gas emission reduction programs for Category 2 purchased electricity. 			

Note 1: GHG emissions are subject to the operation control right (OCR) method; the global warming potential (GWP) of each greenhouse gas is based on the IPCC's sixth assessment report (AR6) released in 2021

Note 2: The source of emission factors for Category 1 was referred to Table 6.0.4 of the Greenhouse Gas Emission Factor Management System of the Environmental Protection Administration; and the emission factor of electricity for Category 2 was based on the carbon dioxide emission factor of 0.509 tons of CO₂e/kilowatt-hour of electricity for 2021 announced by the Bureau of Energy Resources Management (BERM) in 2022.

Note 3: Scope 1 share formula = Scope 1 emissions ÷ (Scope 1 emissions + Scope 2 emissions)

Direct greenhouse gas emissions (by greenhouse gas type) (Unit: tonnes CO₂e)

Greenhouse gas	2020	2021	2022
Methane (CH ₄)	13.5315	14.2903	15.5236
Hydrofluorocarbons (HFCs)	4.9990	1,196.6157	47.8500
Total	18.5305	1,210.9060	63.3736

Note 1: The greenhouse gases inventoried include CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, and NF₃, but Sensortek does not produce PFCs, SF₆, and NF₃ because Sensortek does not have any manufacturing process.

Note 2: No CO₂, N₂O, PFCs, SF₆, NF₃ and other gases are emitted directly.

Greenhouse gas emissions (by scopes)(Unit: tonnes CO₂e)

Scope	Type	2020	2021	2022
Scope 1	Direct greenhouse gas emission	18.5305	1,210.9060	63.3736
Scope 2	Purchased electricity power	156.7028	279.4408	399.9721
Scope 3	Upstream transportation and distribution of goods	0.5565	1.7557	2.0102
Scope 4	Disposal of waste ICs	0.0976	0.1517	0.1213
Greenhouse Gases Total Emissions		175.8874	1,492.2542	465.4772

	2020	2021	2022
Total Greenhouse Gas Emissions (tonnes CO ₂ e)	175.8874	1,492.2542	465.4772
Floor area (m ²)	1,443.74	2,862.29	4,848.27
Intensity of greenhouse gas emissions ^{Note 2} (tonnes CO ₂ e / m ²)	0.1219	0.5213	0.0960
Intensity of greenhouse gas emissions ^{Note 3} (tonnes CO ₂ e / NT\$ million)	0.0332	0.2540	0.1156

Note 1: The denominator of emission intensity is calculated based on floor area because the office was moved in the second half of 2021, so the weighted average floor area was calculated based on the number of days used by the old and new offices in 2021.

Note 2: Formula for calculating GHG emission intensity = GHG emissions (tonnes CO₂e) ÷ average floor area (m²)

The average floor area over the years was 1,443.74 m² in 2020, 2,862.29 m² in 2021 and 4,848.27 m² in 2022.

Note 3: According to the "Guidelines Governing Matters to be Recorded in Annual Reports of Listed Companies", Annex II-2-3, "Climate-related Information of TWSE- and TPEX-Listed Companies", the intensity of greenhouse gas emissions should be disclosed at least based on revenue (NT\$ million).

Energy Management

Indicator No.	Item	2019	2020	2021	2022
TC-SC-130a.1	(1) Total energy consumption (including fuel and electricity) (GJ)	1,016.38	1,123.77	1,976.4	2,828.88
	(2) Proportion of electricity consumption in total energy consumption	100%	100%	100%	100%
	(3) Proportion of renewable energy in total energy consumption	0%	0%	0%	0%

Note 1: Unit conversion: 1 kWh (degree) = 860 Kcal, 1 Kcal = 4.186798 J, so 1 kWh (degree) = 3.6×10³ GJ.

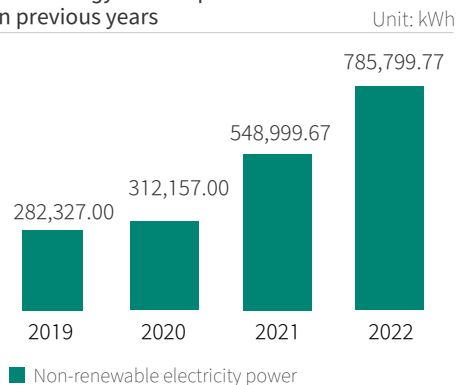
Note 2: Sensortek does not have any production, and 100% of the energy consumption is related to electricity power for the offices and laboratories.

Energy Overview

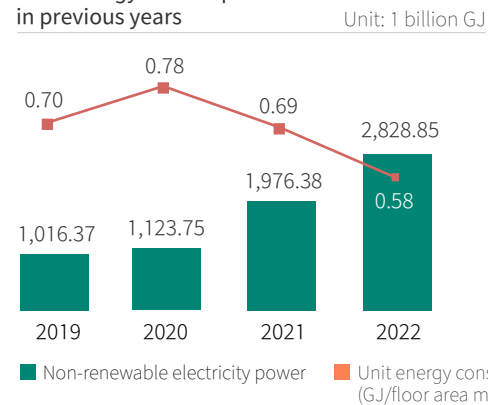
As a professional IC design company, Sensortek has no energy consumption for manufacturing, packaging, testing and other production machines, and our operation is mainly carried out in office space. Air conditioning accounted for the largest share of the total energy consumption, along with lamps, computers IT equipment, and laboratory equipment. In the second half of 2021, we moved to the new office in a building with the Green Building Silver Label, which has been certified for daily energy saving, air conditioning system testing, adjustment and balancing, ventilation environment and light environment.

In 2022, 100% of the energy used was non-renewable electricity purchased from TEPCO, and the amount of electricity consumed was 785,800 kWh, an increase of 43% compared to 2021. The main reason was that we moved to a new office in the second half of 2021, and the floor area of the new office had increased by 3.4 times compared to that of the old office. We worked in the new office building in the whole period of 2022. The number of air-conditioning, lighting, computer and laboratory devices had increased significantly, resulting in higher power consumption. The energy intensity was 0.58 (GJ/m² of floor area) in 2022, which was mainly because Sensortek had properly planned the energy-saving facilities in its new office, and adopted an energy-efficient green data center with modularization and excellent system integration for the information server room that consumes more electricity power, and the floor area of the new office was larger than that of the old one, which was a decrease of 15.50% compared with that in 2021.

Total energy consumption in previous years



Total energy consumption in previous years



Energy Saving Improvements

Sensortek had invested in 7 reduction measures in its new office energy-saving facilities, saved 936.40 GJ in 2022. In order to continue our efforts in energy saving and carbon reduction, in 2022, we put up heat insulation stickers on all windows in the office and install thermal insulation panels on the windows of the constant temperature and humidity warehouse to reduce the heat of the sunlight entering into the warehouse and reduce the load of air-conditioning. Considering the establishment of Surface Mount Technology (SMT) production lines and clean rooms in 2023, Sensortek has set 2023 as the base year for energy reduction, and will continue to evaluate the feasible space for energy reduction and target setting.

Item	Content	Energy savings in 2022 (GJ)	Power saving (kWh)	Carbon reduction (tonnes CO ₂ e)
To use energy-saving lighting facilities ^{Note 2}	All replace with LED lights	330.25	91,735.2	46,693.22
Lighting control ^{Note 3}	To turn off lamps during launch break	18.35	5,096.4	2,594.07
Setting of air-conditioning control system ^{Note 4}	To set auto-start and auto-shutdown schedules and link with the security system to avoid air conditioner from keeping on after work.	140.98	39,160	19,932.44
Improvement of air-conditioning facilities ^{Note 5}	The new office has a high-ceilinged space, and the fan coils are equipped with forced air return equipment to increase the cooling effect and reduce air conditioning energy consumption.	180.00	50,000	25,450
Behavior management ^{Note 6}	To promote energy-saving behaviors from time to time (such as turning off meeting devices, air-conditioning equipment and lamps after meeting)	7.20	1,992	1,013.93
Thermal insulation added to windows ^{Note 7}	The office is surrounded by curtained glass with insulation stickers to block heat from entering the room.	229.62	63,783.3	32,465.7
Constant temperature and humidity warehouse windows are installed with insulated panels	Blocking heat from entering the room increases the stability of a constant temperature and humidity warehouse and reduces the load on the air conditioner.	30.00	8,333.3	4,241.65

Note 1: Unit Conversion 1 Giga-Joule (GJ) = 0.277778 MWh = 277.78 kWh

Note 2: The difference between traditional 2-foot lamps and LEDs is about 13.5W per lamp, totaling 685 lamps in the office x 4 = 2,740 lamps. The lamps are used for about 2,480 hours per year. 13.5W x 2,740 pcs x 2,480 hours / 1,000 = 91,735.2 kWh

Note 3: 13.5W x 2,740 x 248 days / 1,000 = 5,096.4 kWh

Note 4: Ice and water dispenser consumes 178 kWh of electricity per hour. 178 kWh x 11 hours x 20 days = 39,160 kWh

Note 5: The new office is a high-ceiling space, and there is still a height of nearly 2 meters above the light steel ceiling. The forced-air return equipment could prevent hot air from entering the office space below and reduce the space used for air-conditioning.

Note 6: Based on a total of 249 working days in 2022, it is estimated that the equipment in the conference room can save about 8 kWh of electricity per day.

Note 7: According to the test results of National Cheng Kung University, the added heat insulation stickers can save air-conditioning power by 17.6%.

Note 8: The reduction is under Scope 2. The electricity emission factor is based on the 2021 0.509 tons of CO₂e/kWh released by the Bureau of Energy Resources in 2022.

Building Energy Efficient Green Information Server Rooms

- ▶ The data center management system uses Hyper-Converged Infrastructure (HCI) to create a green data center, equipped with pre-embedded computing, storage, and networking components to reduce power consumption and improve overall power usage effectiveness (PUE).
- ▶ Specifications: Sensortek uses Delta's InfraSuite data center solution with power system, cabinets and accessories, precision air-conditioning, and all-around environmental management and monitoring.
- ▶ Energy-saving method: cold and hot channel separation, automatic temperature control, DC inverter fan.
- ▶ Benefits: A modern data center with an energy use efficiency (PUE) better than 1.5 or less

Note: PUE = Total facility power consumption/ IT equipment power consumption. PUE is categorized into six grades: Platinum (<1.25), Gold (1.25~1.43), Silver (1.43~1.67), Copper (1.67~2), Average (2~2.5), and Not Good (>2.5).
Source: Green Grid Alliance White Paper "PUE, A Comprehensive Examination of the Metric"



Energy Saving Planning

In 2023, Sensortek will formulate the "Energy Conservation Management Policy", establish the authority and responsibility divisions, and adopt the accountability zoning management to continuously promote energy conservation in the office. In addition to the current automatic shutdown function for air-conditioners, it is also planned to provide the shutdown function of lighting facilities in 2023 to prevent the energy waste caused by not turning off air-conditioners after off-work.

The Company will continue to review its energy consumption, and in 2023, it will evaluate the feasibility of installing solar panels on the top floor of the building or purchasing green power, in support of the energy transition and reducing the use of purchased electricity.



Water Resource Management

Indicator No.	Item	2019	2020	2021	2022
TC-SC-140a.1	(1) Water taking amount (1,000 m ³): percentage of water amount taken from water resource shortage zones to the total water taking amount (high and very high)	1.05	1.16	1.85	2.61
		Hsinchu County, where SEGA's operations are located, is not in a high or very high risk area according to the WRI Water Stress Assessment Map. Therefore, the percentage of water taken from the water stress zone is 0%.			
	(2) Water consumption (1,000 m ³): percentage of water from the water resource shortage zone (high and very high) to the total water consumption	0.00	0.00	0.00	0.00
		Sensortek is an IC design company without production or manufacturing activities. No processes would consume water due to evaporated or consumed, and thus this item is not applicable.			

Note: Thousands of cubic meters (1,000 m³) = millions of liters (ML)

Sensortek's products are 100% outsourced, and all water is used for domestic use, and is obtained from the Taiwan Water Supply Corporation. The building in which SEGA is located has a Silver Green Building Label, and the water conservation measures for the base, water resources (domestic water conservation), and domestic wastewater have all been certified by relevant organizations. The faucets, toilets, and urinals used in the building are all water-saving products, and the amount of water discharged from the faucets is adjusted to the appropriate amount to prevent water waste. The Sensortek office in the park basement is equipped with a domestic sewage treatment facility to treat the domestic sewage discharged from the public toilets and pantries in each building. After the sewage has been treated in the sewage treatment facility, the water quality must meet the discharge standard of discharging water before it can be released.

The water amount taken in 2022 was 2.61 million liters, an increase of 0.76 million liters compared to 2021. The increase was due to the move to the new office in the second half of 2021 and the increase in the apportionment of water for public use in 2022, which was the first full year in the new office, where the floor area was nearly 3.4 times larger than that of the old office. In 2022, the Company's internal water consumption accounted for 40.7% of the total water consumption, and the publicly shared water consumption (air-conditioning cooling towers and rooftop flower irrigation) accounted for 59.3% of the total water consumption. The intensity of water intake in terms of floor area decreased by 17% compared to the previous year, as the floor area of the new office was also larger than that of the old one.

Water resource management in previous years (Unit: 1 million liters)

Item	Source / Destination	Type	2019	2020	2021	2022
Water taking amount	Water from third parties	Fresh water	1.05	1.16	1.85	Self-usage 1.06
						Public usage 1.55
Total discharge	Domestic sewage treatment facility in the park	Others	1.05	1.16	1.85	2.61
Water consumption	Leakage from air-conditioning cooling tower	Fresh water	0.00	0.00	0.00	0.00

Note: A small amount of water was consumed due to water used in air-conditioning cooling towers. However, this figure is negligible as it is in a small amount and cannot be counted.

Water taking intensity of water sources in previous years (Unit: 1 million liters/floor area m²)

Year	2019	2020	2021	2022
Water taking intensity	0.00073	0.00080	0.00065	0.00054

Note: Although the main purpose of water intake is for employees' domestic use, the floor area of the building is used as the basis for calculating the intensity of water intake, considering that the proportion of public water used in Sensortek's building is approximately 59%.



Waste Management

The waste generated from the operational activities at Sensortek mainly includes general household waste and a small amount of business waste for product development and testing, including general business waste and electronic waste (wafers, plastics / rolls / films, discarded ICs and plated boards), mainly from defective or obsolete ICs that cannot be sold, with a total of 10.88 tons of waste generated in 2022.

General household waste mainly consists of household garbage. Sensortek has separated general garbage, resource recycling garbage and food waste for disposal, placed them in the designated recycling areas of the Taoyuan Management Center, and then such waste is transported and disposed of by qualified companies outsourced by the park administration. The general domestic waste in 2022 was 7.71 tons, all of which was non-hazardous, and the Company has been free of hazardous waste for three consecutive years. Business waste was generated from outsourced manufacturing of IC defective products for in-factory recycling, as well as product development and testing of waste wafers, which would be collected by a professional waste treatment plant for gold recovery and recycling. A total of 0.79 metric tons of waste had been treated in 2022, in hope of achieving a circular economy and reducing the impact on the environment. A total of 3.15 metric tons of waste were recycled in 2022 by Sensortek.

	Recycling (Unit: metric tons)			Direct disposal (Unit: metric tons)		
	Hazardous waste	Non-hazardous waste	Total weight	Hazardous waste	Non-hazardous waste	Total weight
2020	2.45	-	2.45	0	5.86	5.86
Ratio	100%	0%	-	0%	100%	-
2021	3.28	-	3.28	0	5.97	5.97
Ratio	100%	0%	-	0%	100%	-
2022	3.15	-	3.15	0	7.71	7.71
Ratio	100%	0%	-	0%	100%	-

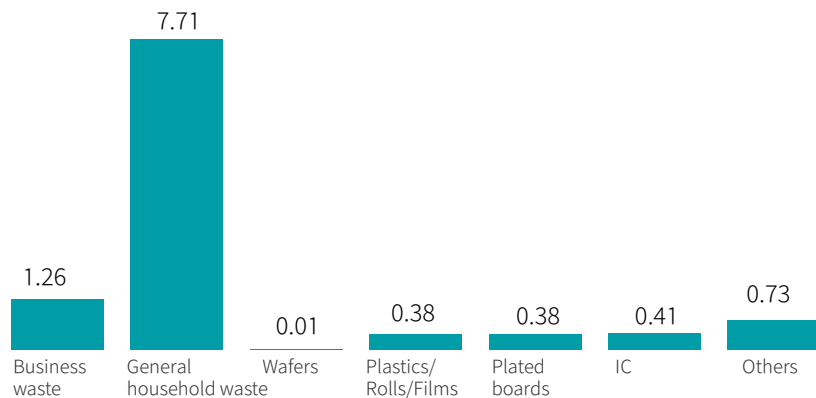
Note 1: Hazardous waste could be classified as other recycling operations under the category of recycling and reuse, and is regularly disposed by qualified waste disposal companies.

Note 2: Wastes directly disposed of (all non-hazardous waste) is all domestic waste, which is incinerated (including for energy recovery), and the weight of domestic waste is estimated based on the "total amount of waste generated ÷ the total number of employees in the enterprises × the number of employees of Sensortek" in the Taiyuan Science and Technology Park, where Sensortek's office is located.

Note 3: Sensortek would summarize annual statistics on its waste disposal (categorized according to the type of disposal, reuse, and nature of waste), with a coverage rate of 100% by 2022.

Waste generated in 2022

Unit: metric tons



Note: The data of 2022 is based on Sensortek's classification, so it is slightly different from the reported statistics



Connecting Partners and Integrating the Value Chain



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Product Quality

Sensortek passed ISO 9001 quality system certification in 2014. Through an improved quality management system, the Company has improved its quality operation management capability. The P-D-C-A (Plan-Do-Check-Action) continuous improvement model is adopted to meet customers' needs and expectations for services, increase customer confidence in our product quality, and satisfy customers with our services. In 2022, none violations (including voluntary breaches) of health and safety regulations related to products and services.

In order to strengthen the quality production process of product R&D, we have established the "New Product Development Quality Review Mechanism". When a new product meets the SoP standard, the quality department invites the relevant departments to convene a formal new product SoP review meeting to jointly examine whether the product design, manufacturing engineering, quality reliability, trial production verification results and other items and data align with the specifications and objectives.

Quality Policy -
Achieve the highest level of customer satisfaction with the most competitive cost and quality.



Quality Assurance Unit	<p>Quality System</p>	<ul style="list-style-type: none"> To plan and implement quality / environmental quality audits, correct non-conformance items, confirm and track preventive measures and report the results on management audit meetings To survey operations related to quality / environment To receive education and training related to quality / environment management systems, quality / environmental regulations and customer requirements 	<ul style="list-style-type: none"> To implement corrective measures in case of non-compliance with relevant quality / environmental regulations and customer requirements To confirm and prepare quality / environmental management substance testing data To audit customers
	<p>Quality Engineering</p>	<ul style="list-style-type: none"> Verification of new product quality and reliability On-going Reliability Test (ORT) and SoP reliability monitoring Analysis of abnormal quality and customer complaints Engineering change management 	
	<p>Supplier Quality Management</p>	<ul style="list-style-type: none"> Quality control (QC) Audit of supplier management Supplier audit and inspection Process control and monitoring 	<ul style="list-style-type: none"> Supplier abnormality handling To plan and implement quality / environmental quality audits, correct non-conformance items, confirm and track preventive measures and report the results on management audit meetings
	<p>Customer Service</p>	<ul style="list-style-type: none"> To collect, upgrade and report matters related to regulations and customer requirements To collect and promote external quality / environment information Customer complaint window Matters related to customer product certification 	<ul style="list-style-type: none"> Customer SoP support Other matters related to customer services

Client Relationship Management

Customer Service

In addition to continuously innovating and developing sensing technologies and maintaining the stability of product quality, Sensortek also maintains long-term co-development relationships with customers through immediate technical support services to increase customer loyalty. To better understand customers' requirements for products, the product planning department closely discusses with customers through online meetings or on-site customer visits from time to time, and sends staff to key customers to provide long-term on-site technical support services and assist them in solving technical problems immediately. We conduct annual customer satisfaction surveys and propose specific improvement measures based on the results of the questionnaires in order to continuously improve the quality of customer service.

Customer Satisfaction

On a basis of customer-oriented approach, we conduct annual customer satisfaction surveys in accordance with the "Customer Satisfaction Procedure" to further understand customer needs and expectations, which is used as a basis for overall quality system management improvement to achieve the goal of sustainable operation.

In the fourth quarter of each year, the "Customer Satisfaction Survey Forms" will be distributed to the top 10 end users, and the returned forms will be collected and sent to the quality assurance department for analysis. Then specific improvement measures will be proposed by the relevant departments based on the dissatisfied items indicated in customer feedback, and the measures will be reviewed in the annual management review meeting in order to continuously improve customer satisfaction. The return rate of "Customer Satisfaction Survey Form" for the top 10 end customers in 2022 was 100%, and the average customer satisfaction rate was 96.1%, achieving the target set for the year (90%).

Client Compliant Management

Sensortek is committed to communicating and interacting closely with our customers, attaching importance to customer feedback and paying continuous attention to their needs. We have developed the "Customer Service and Complaint Handling Procedures" to integrate the technical support needs and complaint handling information from customers through the "Customer Service Management System", and the responsible department will analyze the root causes and propose improvement measures to meet customers' technical support needs and avoid recurrence of complaints with a positive service attitude.

The quality department counts customer complaints and product return cases monthly, and through regular weekly production quality meetings, we can effectively identify solutions to product abnormalities and improvement measures. The target customer return rate for 2022 was 50 ppm (defective parts per millions), and the actual return rate was 13 ppm, far below the target.

Customer service modes



On-site long-term technical support services

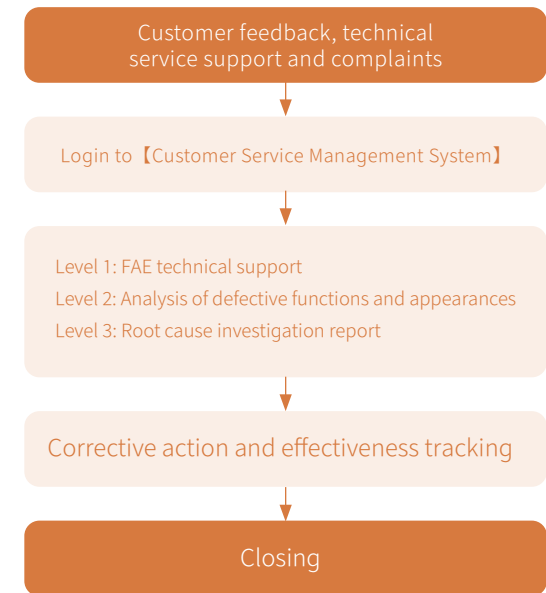
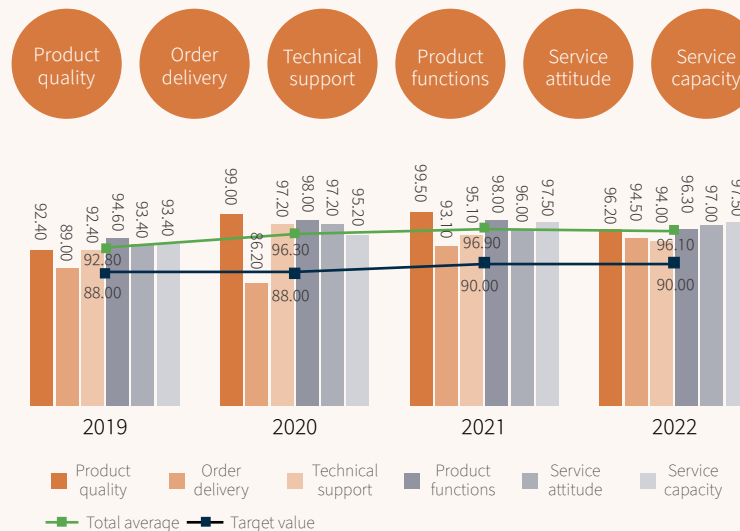


Meetings and on-site visits



Customer satisfaction survey to handle demands

Satisfaction survey items



Supply Chain Management

Conditions of Suppliers

As a professional sensor design company in the upstream of the semiconductor industry chain, Sensortek is responsible for integrated circuit and system design, and the subsequent manufacturing is commissioned to professional wafer foundries for fabrication, and then to professional packaging and testing company for wafer inspection, cutting, packaging and IC testing. Optical sensors must be fitted with appropriate light-emitting components, such as light-emitting diodes (LEDs) or laser diodes (VCSELs), design the optical mechanism, and the packaging method corresponding to the development, in order to optimize the product features and meet the needs of different customers.

Due to the characteristics of highly customized products, the tools required for production, such as packaging molds and test fixtures, have to be specially developed for the downstream packaging and testing stages. Therefore, suppliers are divided into four categories, including raw materials suppliers (e.g. wafers, light-emitting components and printed circuit boards), outsourced processing suppliers (for optical film coating, cutting, packaging and trial production), production tool suppliers (for packaging molds and test fixtures) and general procurement suppliers (for computer software and hardware equipment, parts and consumables, and engineering testing services). With regard to the top three categories of suppliers, Sensortek has defined "key suppliers" as follows:

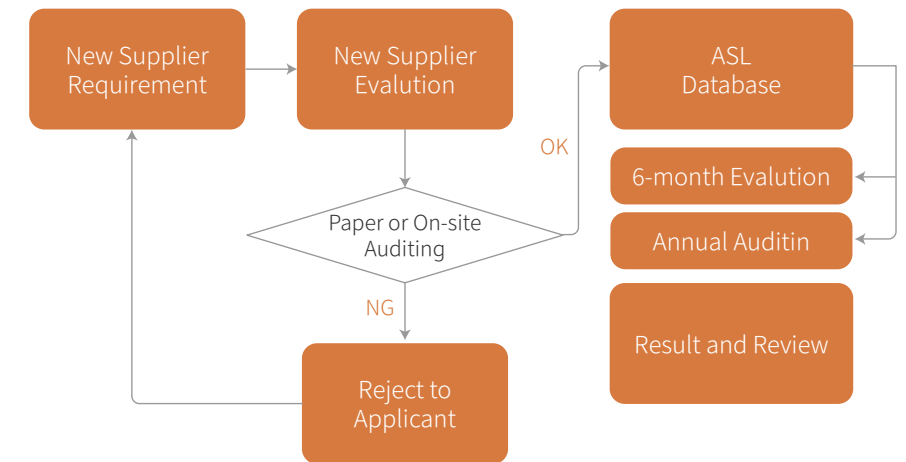
- ▶ Raw material suppliers: Top 80% of the annual purchase amount of raw materials.
- ▶ Outsourced processing suppliers: The top three types of processing capacities supplied according to different types of processing.
- ▶ Production tools: The top three production tools purchasing for test tools and packaging molds.
- ▶ Critical and irreplaceable suppliers.

In 2022, there were 30 suppliers in total, of which 14 were critical suppliers. To further promote sustainable operation, Sensortek looks forward to working with its suppliers to build a more resilient and sustainable supply chain, and to realize the sustainable development of the Company.

Supplier Management

In the value chain of the semiconductor industry, Sensortek is located in the upstream of wafer design. The back-end of the production processes such as material procurement, foundry manufacturing, packaging, and testing are all outsourced to its suppliers, to build a cooperative partnership on a basis of job specialization. Therefore, Sensortek is liable for working with suppliers to reduce the potential risks related to the society and environment, and to build a sustainable supply chain for the Company's sustainable development.

To strengthen the supplier management mechanism, Sensortek has established a "Supplier Management System Platform" for use by all evaluation departments. The performance information of the management process, from the audit of new suppliers to the regular evaluation of qualified suppliers, is recorded in the system. Based on a clear management mechanism, unqualified suppliers are excluded to stabilize the production and quality alongside the supply chain.



New Supplier Evaluation

In accordance with the "Supplier Management Procedures", the manufacturing engineering department of Sensortek will find new suppliers with professional engineering capabilities that can meet our production requirements, and set up an evaluation team to review their capabilities. The team members shall include quality assurance and manufacturing engineering departments. According to the key points of the new supplier evaluation, the evaluation shall be carried out and the suppliers that can meet the evaluation conditions will be officially included in the Approval Supplier List (ASL). In 2022, 2 new suppliers were selected, 100% of which have signed the "Supplier Declaration of Not Using Environmentally Hazardous Substances" and provided RMI Conflict Minerals Survey Forms.

New Supplier Evaluation Sustainability Project

- ▶ The new supplier shall pass ISO 9001, ISO 14001, ISO 45001, IATF 16949 or other international quality system certification.
- ▶ All products and process materials shall be in compliance with the "Sensortek Management Regulation on Environmentally Restricted Substances", and the "Supplier Declaration of Not Using Environmentally Hazardous Substances" shall be signed.
- ▶ RMI Conflict Minerals Survey Form shall be provided to disclose the source of the minerals in a responsible manner.



Approval Supplier Management

All of our major suppliers are well-known manufacturers both at home and abroad, and it is important to maintain long-term partnerships with them. In order to ensure that our suppliers can continue to provide stable products and engineering services. In principle, we evaluate approval suppliers every six months and audit every year to ensure the stability of new product manufacturing capabilities and fully learn about the current conditions of our suppliers.

If it is not possible to conduct on-site audit due to geographical or other factors, the supplier's quality assurance department shall provide self-assessment and relevant audit documents, which will be reviewed and approved by Sensortek.

Approval Supplier Evaluation

- ▶ Six-month evaluation
 - » Process capacity evaluation (delivery / quality / yields / services)
- ▶ Annual audit
 - » On-site quality system audit
 - » QSA (Quality System Audit)
 - » QPA (Quality Process Audit)
 - » Environmental friendly product management

Supplier Mentor

Sensortek holds regular (weekly and monthly) meetings with suppliers to discuss quality and environmental management, production lead time, and product engineering development progress, and to identify areas for further improvement. For suppliers who fail to pass the evaluation, after all deficiencies corrected, the evaluation team will re-examine them again; if they still fail to meet the requirements after re-validation, they will be removed from the approval supplier list.

Supplier Management Achievement

In 2022, 23 suppliers were audited, all of which had completed interim evaluation and annual evaluation. Production tool suppliers are not important for processes, so they were not audited.

Audit Frequency

Approval supplier	Six-month evaluation	Annual audit
Raw material suppliers	V	V
Outsourcing suppliers	V	V
Production tools		
Others		

Evaluation Items

Frequency	Evaluation Items	Weight
Every six months	Delivery	30
	Quality	60
	Process yields	
Year	Engineering services	10
	Quality System Assessment (QSA)	100
	Quality Process Audit (QPA)	100

Evaluation Criteria and Grades

Grade	Score	Definition
A Grade	≥ 80	Approval
B Grade	79 ~ 65	Conditional Approval
C Grade	< 65	Dis-approval

Note: In case of C Grade, the evaluation team shall evaluate the supplier again for confirmation. If the supplier still fails in the second evaluation, it will be removed from the approval supplier list.

Management Results

Statistics of audits in 2022	Material suppliers	Outsourced processing suppliers
Six-month evaluation	100%	100%
Annual audit	100%	100%

The 2023 plan is formulated with reference to the Responsible Business Alliance (RBA) Code of Conduct. Sensortek's "Supplier Code of Conduct" is formulated, which requires suppliers to sign a written commitment in compliance with the Sensortek's Supplier Code of Conduct in terms of labor, safety and health, environmental protection, and ethical practices in the sustainable management. The critical suppliers are initially selected to do so, and then Sensortek requires all new supplies to sign a written commitment to comply with its Supplier Code of Conduct.



Procurement of Raw Materials

Indicator No.	Item	Description
TC-SC-440a.1	To describe the risk management for using key raw materials	100% wafers, one of main materials, are outsourced to the foundries for manufacturing. Although the rare earth metals mentioned in SASB are not directly used, they are the key materials for foundries. Therefore, the supply capability of foundries is a procurement risk issue for Sensortek, and we also continue to control and manage the risks of suppliers through regular evaluation.

Raw Material Risk Management

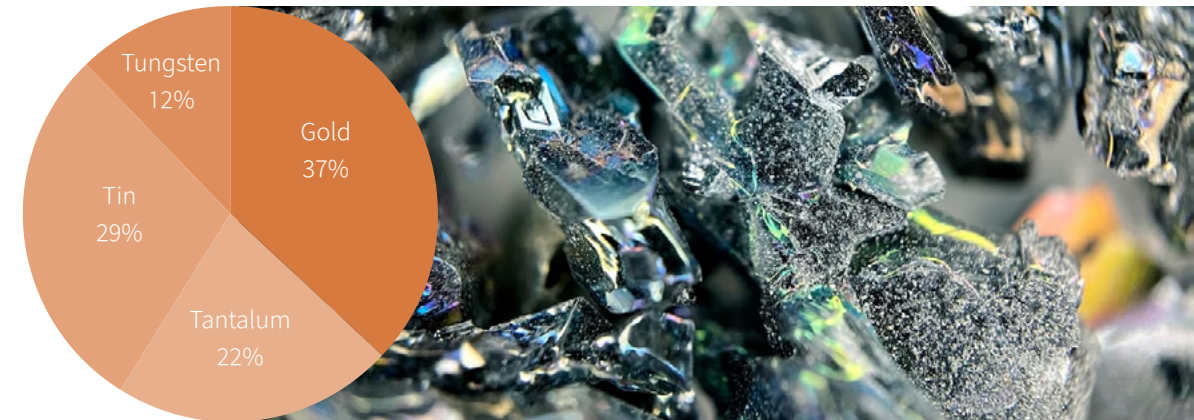
The manufacturing management department of Sensortek proposes the stock quantity according to the inventory status and the delivery schedules of suppliers, and then follows the procurement procedures to place orders and track the progress of delivery; at the same time, the safe inventory shall be adjusted according to the market demand, and the supplier evaluation is conducted regularly to mitigate the risk of delivery interruption.



Conflict Minerals Management

Sensortek adopts the Conflict Minerals Reporting Template (CMRT) prepared by the Responsible Minerals Initiative to investigate suppliers to ensure that the metals used in their products are not sourced from conflict zones in the Democratic Republic of Congo or neighboring countries, and to continuously monitor upstream procurement to avoid acquiring conflict metal materials. In 2022, 65 qualified smelters that supplied raw materials for wafer and FPC, and the sources of their metal minerals were listed below:

RMI Qualified Smelters 65 in total (100%)



Local Procurement

Based on the principles of reducing transportation carbon mileage and prospering the local economy, Sensortek has purchased 100% of the raw materials related to its operations in Taiwan over the past three years, and will continue to cooperate with local suppliers in the future unless otherwise specific raw materials need to be purchased from overseas.

Diversity and Inclusion at the Workplace



Human Rights Management	68
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Human Rights Management

Human Rights Policy

Sensortek abides by domestic labor laws and regulations, supports and follows the principles of international human rights conventions such as the United Nations Universal Declaration of Human Rights, the Guiding Principles on Business and Human Rights, the United Nations Global Covenants, and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. Sensortek is devoted to promoting and protecting human rights among its employees, partners, and customers. We expect all stakeholders around us, including but not limited to employees, partners and customers, to be treated fairly and with dignity. The Human Rights Policy was formulated by Sensortek in 2022 and approved by the Chairman of the Board of Directors.



Diversity, Inclusion and Equal Opportunity

- We value the diversity and inclusion of the stakeholders that work with us. We are committed to equal opportunity and do not tolerate discrimination. We strive to maintain a workplace without discriminating against anyone based on race, sex, color, national or social origin, ethnicity, religious belief, age, disability, sexual orientation, gender identity or expression, political opinion, or any other status protected by applicable laws.
- The basis for recruitment, hiring, placement, development, training, compensation and promotion are qualifications, performance, skills and experience. We will not tolerate disrespectful or inappropriate behavior, unfair treatment or retaliation of any kind.

Freedom of Association and Collective Bargaining

- We respect our employees' right to join, form or not join a labor union without fear of reprisal, intimidation or harassment. Where employees are represented by a legally recognized union, we are committed to a sincere and constructive dialog with their freely chosen representatives.

Safe and Healthy Workplace

- The safety and health of our employees is of paramount importance. Our policy is to provide a safe and healthy workplace and comply with applicable safety and health laws and regulations, as well as internal requirements. We work to provide and maintain a safe, healthy and productive workplace, in consultation with our employees, by addressing and rectifying identified risks of accidents, injury and health impacts.

Eliminating Illegal Infringement in the Workplace

- We are committed to maintaining a workplace that is free from violence, harassment, intimidation and other unsafe or destructive conditions due to internal and external threats. Security safeguards for employees are provided, as needed, and are maintained with respect for employee privacy and dignity.

Opposing Forced Labor, Human Trafficking and Child Labor

- We prohibit the use of all forms of forced labor, including prison labor, bonded labor, military labor, slave labor, or any form of human trafficking. We do not employ anyone under the age of 18, except as permitted by local laws.

Respecting the Underprivileged

- To fulfill our commitment to respecting human rights, we care for vulnerable groups such as children, women and the physically and mentally disabled and ensure that we could respect the human rights of all vulnerable groups and prevent them from being harmed in our technological development, business activities and employment.

Legal Work Hours, Salary and Benefits

- We respect national labor laws and compensate our employees competitively relative to the local industry and local labor markets. We work to ensure full compliance with all laws and regulations regarding work hours, payroll, leave, overtime work and benefits.

Information Security

- To protect human rights and privacy, we have completely controlled the access, processing, transmission, and storage of data of employees, customers, and suppliers, as well as the security of personnel and equipment, and have taken relevant security maintenance and control measures at all levels for the related application system development, design, and maintenance, databases, networks, personal computers, and storage media to prevent data from being stolen, tampered with, destroyed, or compromised, and to ensure the security of personal and group data.

Human Rights Promotion Programs and Improvement Measures

In 2022, Sensortek formulated relevant regulations and measures to implement its human rights strategy. Considering the requirements of the overall international sustainability trend, Sensortek will carry out human rights risk assessment again in 2023 to systematically and specifically reduce risks.

Human Rights Incident Complaint Channel and Procedure

On the internal website of Sensortek, an "Employee Complaint E-mail", a "Workplace Misconduct Complaint E-mail" and "Employee Benefits Committee Suggestion E-mail" are provided, and regular employee-employer meetings and Employee Benefits Committee meetings and other multiple communication channels are provided for employees to express opinions and complain. The reported cases are accepted by the Human Resources and Administration Department and then referred to relevant responsible departments for communication with the related employees depending on the actual issues. In 2022, there were no complaints of gender discrimination or violations of labor laws and regulations related to human rights and legal compliance.

Management of Human Rights of Suppliers

In 2023, we plan to formulate "Code of Ethical Conduct for Suppliers" in accordance with the code of conduct of Responsible Business Alliance (RBA), which specifies the ethical standards that suppliers should abide by. Initially, key suppliers are required to submit a written commitment to comply with the Code of Ethical Conduct for Suppliers, so as to raise the awareness of suppliers on human rights issues in the supply chain. The Code of Ethical Conduct covers ethical standards for suppliers.

System	Program	Improvement results
Equal Opportunities and Anti-discrimination	<ul style="list-style-type: none"> To develop the "Selection and Appointment Rules" and "Salary and Promotion Management Rules" to fulfill the mentioned equality commitments. 	<ul style="list-style-type: none"> To review the work conditions and regulations at any time in accordance with governmental regulations and changes in the social environment. If a violation of the "Human Rights Policy" is found, the company will take necessary measures with related executives and give back the rights to employees.
Reasonable Working Hours	<ul style="list-style-type: none"> An access control system is set up to actively remind the employees of abnormal working hours. 	<ul style="list-style-type: none"> The reminder function can be actively set in the attendance access control system, and is regularly reviewed and controlled.
Prohibition of Child Labor	<ul style="list-style-type: none"> The candidates shall provide their age in the recruitment form, and those under 16 will not be qualified for job interview. Newly recruits must submit their identification documents on the day of reporting to work to confirm that they have reached the age of 16 before they can be employed. 	<ul style="list-style-type: none"> To regularly review government regulations to comply with corporate social responsibility and ethical norms.
Health and Safe Workplace	<ul style="list-style-type: none"> The "Labor Health Management Procedures", "Fire Protection Plan", and "Employee Grievance Handling Measures" are formulated, and Sexual Harassment Prevention Measures and Grievance and Disciplinary Measures are included in the employee manual, which are managed by the relevant authorized departments. 	<ul style="list-style-type: none"> In accordance with government regulations, we have carried out personnel education and training, workplace inspections and internal / external audits to review company-wide environmental, safety and health practices to ensure a safe work environment.
Freedom of Association	<ul style="list-style-type: none"> To hold regular employee benefits committee meetings, and plan employee welfare activities with the members of the employee benefits committee. In accordance with the "Regulations for the Management of Associations", we regularly organize activities and provide subsidies for social activities to enable the smooth operation of the associations of our employees. 	<ul style="list-style-type: none"> The responsible departments shall review the establishment of associations and regularly supervise the organization of activities and reimbursement of funds, and correct any violations of employee rights and interests or other illegal matters.
Forced Labor	<ul style="list-style-type: none"> In compliance with the Labor Standards Law, we value the free choice of occupation. The Company shall not compel a worker to perform work by force, coercion, detention or other illegal means. The employee handbook contains grievance and disciplinary measures and is managed by the relevant department on a case-by-case basis. 	<ul style="list-style-type: none"> We regularly review records of regular and overtime hours worked.

Human Rights Education and Training

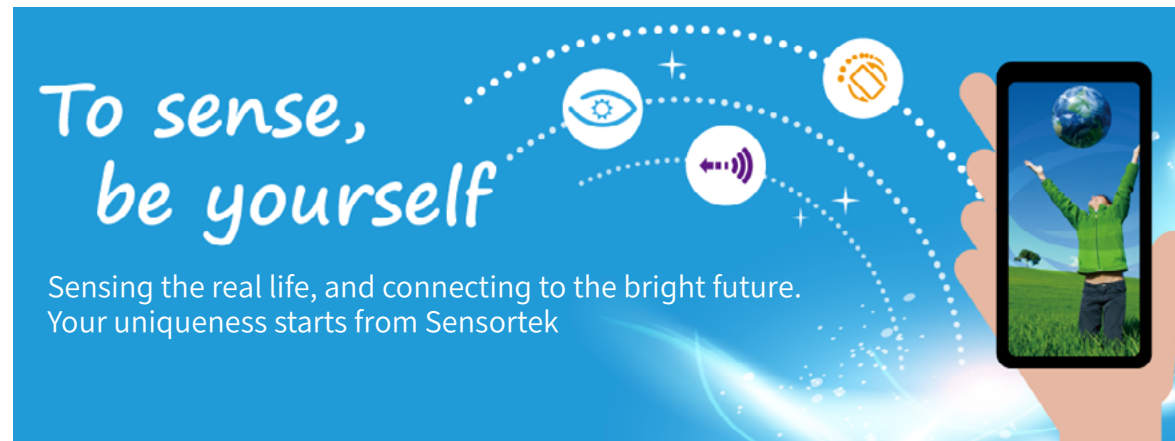
Year	Course Type	Course Name	Description	Number of Participants	Training Completion Rate
2022	Occupational Safety Training Series	General safety and health on-the-job education and training (Online course)	We provide a variety of workplace safety training courses, covering sexual harassment prevention, workplace assault (anti-bullying), and so on.	188	100%
		Firefighting training	Firefighting knowledge course, fire extinguisher and hydrant practical training	3	
		Training for first-aid personnel	First Aid Overview / CPR & AED / Loss of Consciousness: Fainting, Dizziness, Coma / Stroke, Epilepsy First Aid	1	

Note: The denominator of the completion rate is calculated based on the number of employees when the course was held.

Recruitment and Retention

Indicator No.	Item	2019	2020	2021	2022
TC-SC-330a.1	(1) Percentage of foreign employees	0%	0%	0%	0%
	(2) Percentage of dispatched employees	3.2%	2.3%	2.1%	2.1%

Note: Expatriates are Taiwanese employees who work overseas, mainly responsible for assisting customers in solving product problems, and act as a bridge between customers and the Company for communication.



Talent Priorities

Sensortek believes that talents are the foundation of sustainable development. We strive to create an open management model and a two-way communication platform to encourage the creativity of our employees and create a brighter future with our customers with the technological advancement, so that our employees can explore their potential in their work and climb up their career ladder. Also, we attract and retain key talents by creating a healthy and happy work environment and offering excellent compensation and benefits.

In compliance with the Labor Standards Act, Gender Equality Act, and Employment Service Act, the priority is given to those local residents where we operate in our recruitment. We continue to develop a talent pipeline of outstanding students through the recruiting platform of the Human Resource Bank by providing internship programs, company-school cooperation, and other programs to assist students in working with semiconductor manufacturing and R&D ahead of time, and to train outstanding talents for the industry.

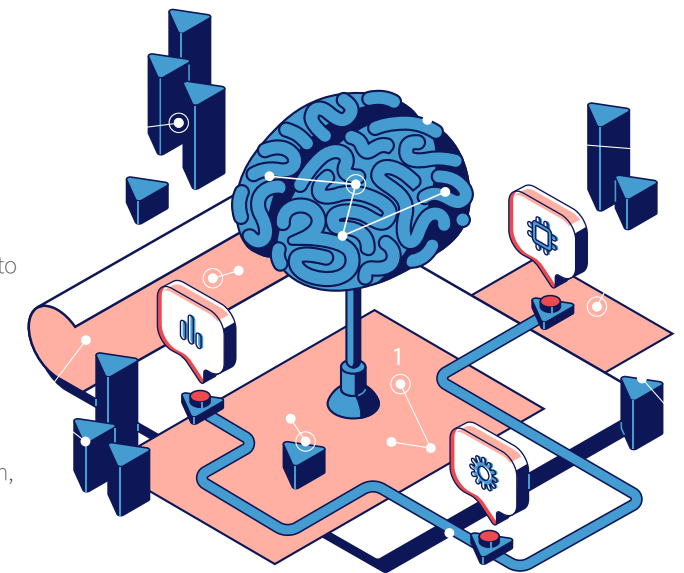
Diversified Recruitment

Our employees are recruited based on the principle of "Recruiting Based on Skills and Appointing the Right People in the Right Place", and employees are recruited according to our actual business needs. The requested departments shall make recruitment applications for employees, and then the Human Resources and Administration Department will coordinate the internal transfer or externally public recruitment of suitable candidates. Our talent recruitment is conducted in accordance with the Basic Labor Act, the Gender Equality Act, the Employment Service Act and other relevant regulations in a fair and open way. Candidates who are qualified from the recruitment process shall sign employment contracts to protect their work rights and interests.

Through different recruitment channels, such as online recruiting platform, talent hunting firms and recommendations by employees, Sensortek has developed multiple sources of human resources to meet the needs of current operations and future planning and R&D of the Company.

In addition, we offer internship / R&D positions as alternative military service every year, in hope of integrating school and industry resources to enhance sensor technology capabilities and international competitiveness of the Company, so that students can transfer their knowledge and skills to industry practices, deepen their learning cycle, get in touch with and adapt to corporate culture in advance so as to improve their workplace competitiveness. We can also take this opportunity to prioritize the training and teamwork to find out potential talents and provide them with job opportunities upon completion of their internship or service period to become formal employees of Sensortek.

In view of the challenges of recruiting talents for the technology industry due to the growing number of young children and the shortage of semiconductor talents in Taiwan, Sensortek regularly conducts company-school cooperation, symposiums and technical seminars with academic institutions such as National Taiwan University, National Central University and National Tsing Hua University, so that students have more in-depth exchanges and interactions with Sensortek, which not only raises the Company's reputation and corporate image, but also enhances the willingness of the students to work for Sensortek after graduation.



Employment of Staff

At the end of 2022, the total number of employees was 190, including 135 (71.05%) males and 55 (28.95%) females. 17.89% of the employees were under the age of 30, 79.47% were between 31 and 50, and 2.63% were over 50. According to the contractual statistics, there were 185 employees on non-fixed-term contracts (permanent employees) and 5 employees on fixed-term contracts (temporary employees), mainly IC inspectors and computer testers. 2 non-staff workers were dispatched from outsourced cleaning companies, and there were no non-guaranteed hour's employees.

Sensortek's R&D capacity mainly competes for electronics and electrical engineering. Taiwan has a high proportion of males enrolled in technical colleges, with males accounting for 71.05% and females accounting for 28.95%. Currently, the percentage of female executives is 15.79%. Although the majority of R&D employees and company executives are male, the Company continues to recruit female employees, increase the percentage of female executives promoted, and create a gender-equal work environment.

In addition, Sensortek supports the employment of physically and mentally disabled people and has already hired enough physically and mentally disabled employees in 2022 in accordance with Taiwan's laws and regulations on employment. We will continue to provide suitable job vacancies to enhance the job opportunities for the physically and mentally disabled to create a diversified and friendly workplace. For more information on hiring personnel, please see 8-1 Manpower Data.

Manpower Mobility

In 2022, 8.95% of all employees were newly recruited, including 10.37% of male and 5.45% of female employees. Based on the fulfillment of corporate social responsibility, creating employment opportunities for local (Taiwan) residents and promoting the development of the local economy, by 2022, 100% of full-time employees employed by Sensortek were local residents, and the proportion of local residents in senior management was 100%. By age, the rate of new employees was 23.53% for those aged below 30, 5.30% for those aged 31-50, and 20% for those aged 50 and above.

In 2022, the turnover rate by gender was 9.63% for males and 5.45% for females. Although the turnover rate of men is higher than that of women, the new recruitment rate of men is also better than that of women. By age, the turnover rate was 8.82% for those aged below 30, 7.95% for those aged 31-50, and 20% for those aged 50 and above. Since Sensortek only has a history of 13 years, the employees are relatively young, and the business of the company is still growing, so the resignation rate is relatively low compared to the whole industry, and the new recruitment rate is higher than the resignation rate.

Providing good quality and fast service is a fundamental requirement in the technology industry, and therefore, employee retention and stability is extremely important. We ask executives at all levels to care for their employees at all times and actively provide the necessary assistance. For more information on employee turnover, please see 8-1 Manpower Data.

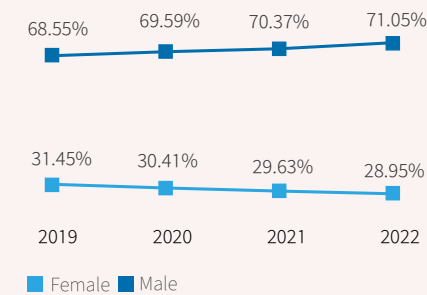
Resignation Rate Management

Sensortek would continue to review talent management and retention strategies according to the feedbacks from resigned employees. When an employee submits an application for resignation, the immediate executive and the Human Resources and Administration Department will interview the employee to understand the reason for the resignation and assess whether the job content, workplace or internal transfer are implemented in a timely manner to retain the employee through analyzing the individual expertise and willingness. The turnover rate was 8.42% in 2022.

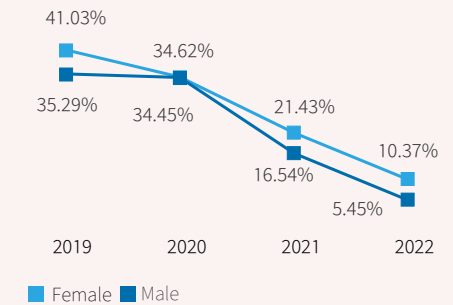
A questionnaire will be sent to the resigned employees with a view to collecting the resignation reasons and suggestions to the Company, which will serve as an important basis for future revisions of our retention strategies and improvements. Sensortek made structural salary adjustment in the first quarter of 2022, optimized the work-life balance, provided competitive salaries and benefits and improved executives' capabilities to provide employees with career development opportunities, and continuously implemented the performance appraisal system to enhance the retention rate of high-quality talents.



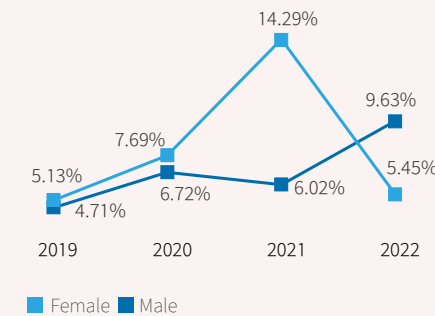
Gender ratio of employees in previous years



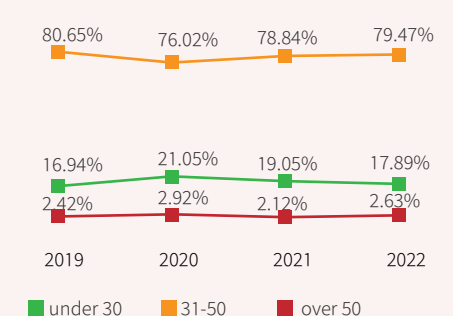
New recruit rates in previous years (by gender)



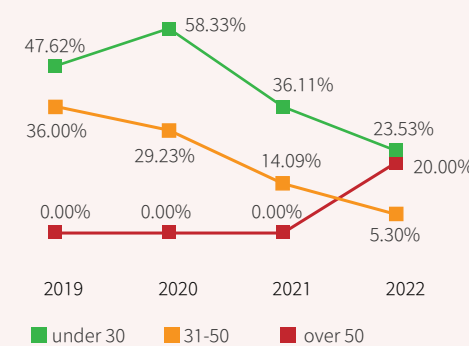
Employee turnover rates in previous years (by gender)



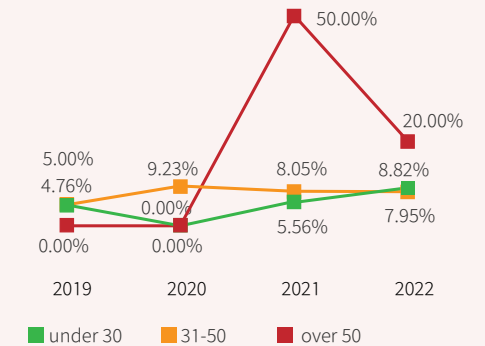
Employee age breakdown in previous years



New recruit rates in previous years (by age)



Employee turnover rates in previous years (by age)



Note 1: Recruitment rate = number of new recruits in the category in the year ÷ total number of staff in the category at the end of the year
 Note 2: Turnover rate = number of number of employees left the company in the category in the year ÷ total number of staff in the category who are still working at the company at the end of the year

Payroll Structure

The remuneration of employees includes fixed monthly salary, fixed year-end bonus and fixed percentage of operating bonus based on profits. In addition, according to Article 18-1 of the Company's Articles of Association, if there is a profit in the year, a share 1% to 25% of the earnings shall be set aside for employee remuneration, and a share of less than 1% of the earnings shall be preserved for director remuneration. The fixed monthly salary is adjusted with the industry standards and labor market statistics, while taking into account the position, job nature, professional competency and job market supply and demand. The variable remuneration includes employee compensation and operating bonuses. Through the variable remuneration system, some part of the remuneration is linked with the operating performance to motivate the employees and the Company to achieve their goals.

Quality Remuneration

Sensortek provides employees with a comfortable and safe working environment, and has set up the "Salary and Wage Practices Guidelines", on a basis of the fair and reasonable principles. Through the salary and compensation system, Sensortek provides reasonable and competitive salaries and a diversified welfare system that is superior to the laws and regulations, in order to attract, motivate, and retain excellent talents, and to promote the company's steady growth. Salaries and rewards are combined with the Company's operation and personal performance, so that employees and the Company can share the operational achievements. The employees are advised of the Company's remuneration system through internal training to new employees and internal mail announcements. The compensations for management shall be submitted to the Remuneration Committee and the Board of Directors for approval to enhance the transparency of corporate governance and remunerations.

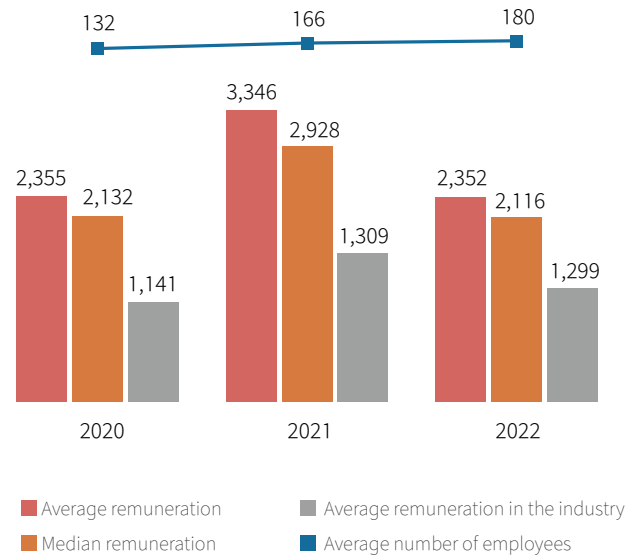
Sensortek conducts annual salary market surveys based on the economic growth rate, consumer price index, profitability of the Company's operations, and salary adjustments of industry benchmarks in each location.

Sensortek also provides a basic wage about 1.02 times higher than that specified by the government with reference to the basic wage announced by the government of each location. Salary adjustments are planned based on the results of employee performance evaluations to ensure that the Company's overall compensation system meets the goals of attracting and retaining talent.

In addition, according to the regulations of the FSC, the salaries of full-time non-executive employees are disclosed, the median salary is NT\$2,116,000 and the average salary is NT\$2,352,000, which is 1.8 times more than the average salary (NT\$1,299,000) of the industry, indicating that Sensortek offers competitive salary.

Sensortek is a professional IC design company. Since the salaries of R&D and engineering employees are obviously better than those of administrative and junior employees, and most of the R&D and engineering employees are male while most of the administrative/junior employees are female, the average salary of male employees is obviously higher than that of female employees when calculating average salaries by genders. Sensortek expects to reduce the difference in average salaries by increasing the percentage of female employees in R&D and engineering positions.

Full-time payroll for non-executive employees Unit: NT\$ thousand



Item	2019	2020	2021	2022
Minimum basic salary ratio				
Ratio	1.13	1.09	1.08	1.02
Average basic monthly salary				
First-level executive (male / female)	-	-	-	-
All executives (except for 1st-level executives and above) (male / female)	1.43	1.38	1.49	1.71
Non-executives (male / female)	1.52	1.60	1.65	1.72
Average monthly salary of full-time employees (male / female)	-	1.62	1.66	1.83
Median average monthly salary of employees (male / female)	-	1.68	1.82	1.94
Average of basic monthly salary + annual bonus				
Annual salary for first-level executives or above including bonus (male / female)	-	-	-	-
Annual salary for all executives (except for first-level executives or above) including bonus (male / female)	1.48	1.58	1.73	1.75
Annual salary for employees other than executives (male / female)	1.51	1.73	1.84	1.84
Average bonus for full-time employees (male / female)	-	2.35	2.68	1.92
Median average bonus for full-time employees (male / female)	-	2.36	2.47	2.47

Note: There is only one female first-level executive, so the salary proportion is not disclosed due to confidentiality requirements.

Diversified Benefits

In order to protect the rights and interests of our employees and to enhance the Company's cohesion, Sensortek follows the "Rules Governing Employees' Welfare Committee" issued by the Council of Labor Affairs, in which the Company votes for representatives to serve as committee members, and the Executive Director coordinates the affairs, and holds occasional meetings to discuss and plan for the improvement of welfare measures and activities.

We provide a comprehensive welfare system for formal employees. In addition to the basic rights of labor and health insurance, special leave, maternity leave, and parental leave as stipulated in the law, we also offer a wide range of employee benefits, such as vacation days, life insurance, medical insurance, disability insurance, retirement benefits, emergency assistance, wedding and childbirth gifts, and funeral subsidies, which allow employees to take flexible vacations, and to take care of their babies and children.



Remuneration and benefits

Employee benefit and subsidy plan

In response to the changing roles of employees at different stages of their lives, the Company has designed festive gifts, maternity and wedding subsidies, as well as domestic / overseas travel subsidies, so that employees can take care of their family lives in addition to their work, and the work-life balance can be achieved.

Fixed salary

A 14-month base salary is guaranteed with annual salary adjustments, in connection with individual performance to ensure that employees are rewarded immediately for their efforts and achievements.

Operating bonus

Based on the principle of profit-sharing, the Company sets aside a percentage of profits each year as employees' remuneration and bonuses to encourage continuous innovation and teamwork.

Patent bonus

In order to encourage employees to make innovations, the Company provides bonuses to those who have applied for and received patents.



Employee protection

Leave system better than the Labor Standards Act

We provide special leaves superior to the Labor Standards Act. Special leave hours are given in advance, for either newcomers or existing employees, so that the employee can use such hours flexibly.

In addition to the special leave regulated by the Labor Standards Act, Sensortek also provides a fixed number of days as flexible leave each year.

Well-established insurance system

In addition to the statutory insurance protection (including labor insurance and National Health Insurance), we also help every employee to subscribe the group insurance, which includes: life insurance, critical illness insurance, injury insurance, accident insurance, hospitalization insurance and cancer medical insurance, so as to provide a full range of insurance protection for our employees. In addition, our employees can also choose to include their dependents in corporate group insurance at the most favorable rates, so that they can enjoy the same comprehensive protection as the employees.



Health promotion

Health checkup

We attach great importance to the health of our employees, and every year we provide health checkups that are better than those stipulated in the regulations, and additional checkups such as cancer screening, ultrasound examination of two body parts, ABC Hepatitis Antigen Antibody, and Glycated Hemoglobin, all of which are at the expense of the Company.

Healthcare clinical services

In cooperation with professional health consulting firms, we provide on-site services by nurse practitioners three times a month and by physicians three times a year, assisting in the implementation of the four major plans for labor health protection, analysis of physical examination reports, and other promotional work to strengthen labor health services in the workplace, and to create a healthy and friendly environment in the workplace.

Employee assistance program

The Company cooperates with external organizations to provide free consultation services on family, emotional, interpersonal, and work-related issues, and the related consultation fees are all borne by the Company.

We uphold the principle of maintaining employee privacy and confidentiality, allowing employees to seek help at ease, and increasing the positive energy of individuals to cope with or adapt to both internal and external stress.

Massage service (Suspended in 2022 due to epidemic, resumed in 2023)

To relax our employees properly, and provide work opportunities to visually impaired masseurs, we would employ them on a long-term basis to provide in-house massage service to our employees.



Activity and exchanges

- Social activities
- Festival activities
- Family Day

The diversified activities are held with the themes of "working with leisure", "having fun with family" and "enjoying health and happiness".



Complete facilities

- Dedicated breastfeeding room
- Automatic coffee machine and beverage vending machine
- Shower toilet

Listen to employees' voices and optimize the office environment.



Convenience services

Banking and group insurance on-site services at fixed time

To facilitate the employees to receive banking and insurance services at company



Off-site benefits

- Repatriation leave and airfare subsidy
- Airfare subsidy for dependents
- Accommodation allowance

Provide additional subsidies to offer dispatched employees the flexibility to maintain family-work balance.

Baby-care Leave without Pay

Sensortek is committed to promoting the balance between work and family care for its employees. In addition to actively ensuring the legal rights to maternity and paternity leave for both men and women, Sensortek also provides a comprehensive leave management system to support the government's policy on baby-care leave without pay, implements and promotes the five major practices, namely, "guaranteed return to work", "alternative manpower", "application for labor insurance subsidy", "resuming handover period", and "application for early job resuming". Employees can flexibly take their leaves for family care, and when they need long-term leave in case of serious injuries or illnesses, they can also apply for leave without pay to meet the needs of themselves and their families, so that they can work at ease. In 2022, two male and three female employees applied for the baby-care leave without pay, and 100% of both applied male and female employees retained their jobs.

In addition to the system of baby-care leave without pay, Sensortek's on-site medical care also provides female employees with "maternal protection" health care starting from the middle of pregnancy and one year after giving birth, and provides clean, safe, comfortable, and private breastfeeding rooms within the Company to provide new mothers with a friendly and stress-free environment for breastfeeding.

2022 Baby-care leave without pay		Female	Male
Number of employees who are qualified for baby-care leave without pay (A)		4	6
Number of employees who applied for baby-care leave without pay (B)		3	2
Estimated number of employees returning back for the year (C)		2	1
Actual number of employees returning back (D)		2	1
Number of employees still working for the company in 12 months after returning (E)		2	1
Rate of application for baby-care leave without pay (B)/(A)		75.00%	33.33%
Rate of return after the expiration of baby-care leave without pay (D)/(C)		100.00%	100.00%
Reinstatement anniversary retention rate (E)/previous year (D)		0.00%	0.00%



Pension System

In accordance with the Labor Standards Act and the Labor Pension Act, Sensortek has established an employee retirement plan to provide stable pension contributions and benefits. The Company contributes 6% of the monthly wages of the employees to the pension account of the Bureau of Labor Insurance, and the amount of the expense recognized for the year of 2022 was NT\$12,465,000. Employees can voluntarily contribute from 0-6% of their monthly salaries to the pension account, and the portion of the employees' voluntary contributions can be deducted from the total comprehensive income of the current year.

According to the Basic Labor Act, for foreign employees, 2% of their monthly salaries are set aside as a pension fund and deposited in the name of the Labor Pension Fund Supervisory Committee into a designated account at the Bank of Taiwan.

List of Labor Pensions

Targets	Foreign employees	Domestic employees
Applicable law	Basic Labor Act	Labor Pension Act
Contribution method	The Company: To deposit 2% of the total income of an employee as the pension fund on a monthly basis in the name of the Labor Pension Fund Supervisory Committee into a special account at the Bank of Taiwan.	Company: To deposit 6% of the monthly salary of an employee into the personal pension account at the Labor Insurance Bureau. Employee: To deposit another 0-6% of the monthly salary into the personal pension account.
Proportion of employees participating in the retirement program	100%	

Note 1: The monetary assets in the old labor pension fund shall be authorized to the Bank of Taiwan in accordance with Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (Such assets will be deposited at domestic or foreign financial institutions for investment in equity securities listed on the stock exchange or private placements, such as securitized commodities of domestic or foreign real estate). The use of the assets will be supervised by the Labor Pension Fund Supervisory Board, and the Company has no right to operate or manage the fund.

Note 2: In 2022, a foreign employee was subject to the Labor Standards Act; however, the employee was resigned at the end of 2022, so the Company was approved by the competent authority to receive the remaining balance of the Labor Retirement Reserve Account in January 2023 and canceled the account.

Talent Development

In a highly knowledge-intensive industry, Sensortek's core competency is the design capability and experience of our R&D staff. Therefore, we attach great importance to the training and development of talents, and have developed "Education and Training Management Procedures" to encourage employees to participate in various training courses and technical seminars. We also set up annual budget to deliver internal and external training courses and improve employees' career skills, and through experience sharing and transmission, we realize mutual learning and improvement.

Functional Development Blueprint

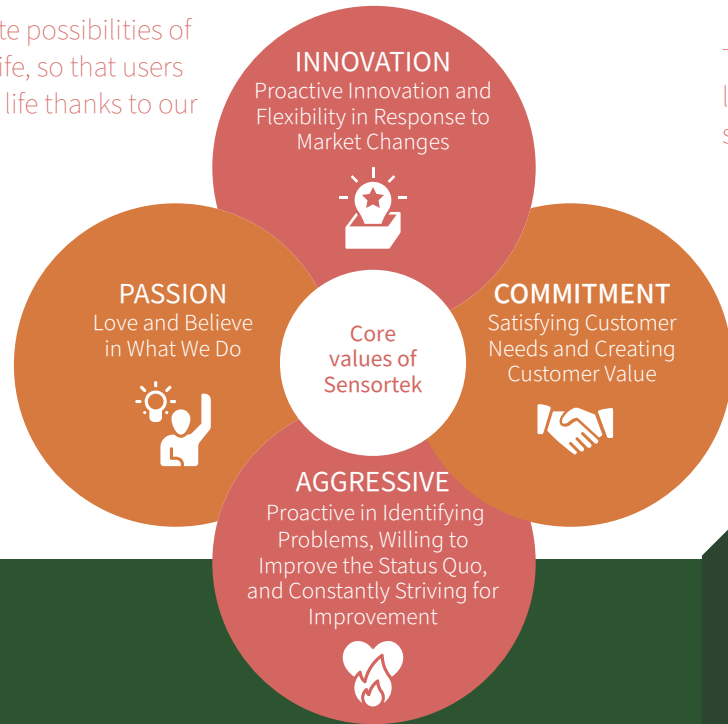
To address the operational growth needs, Sensortek emphasizes the building of the talent pool, puts suitable capacities in place when needed and gives the employees' advantages into full play in response to the fast corporate growth.

Sensortek focuses on its operational needs, establishes its talent pool, considers different perspectives of development purposes, and provides complete training programs to ensure the overall strength of high-quality talent and strengthen the leadership and

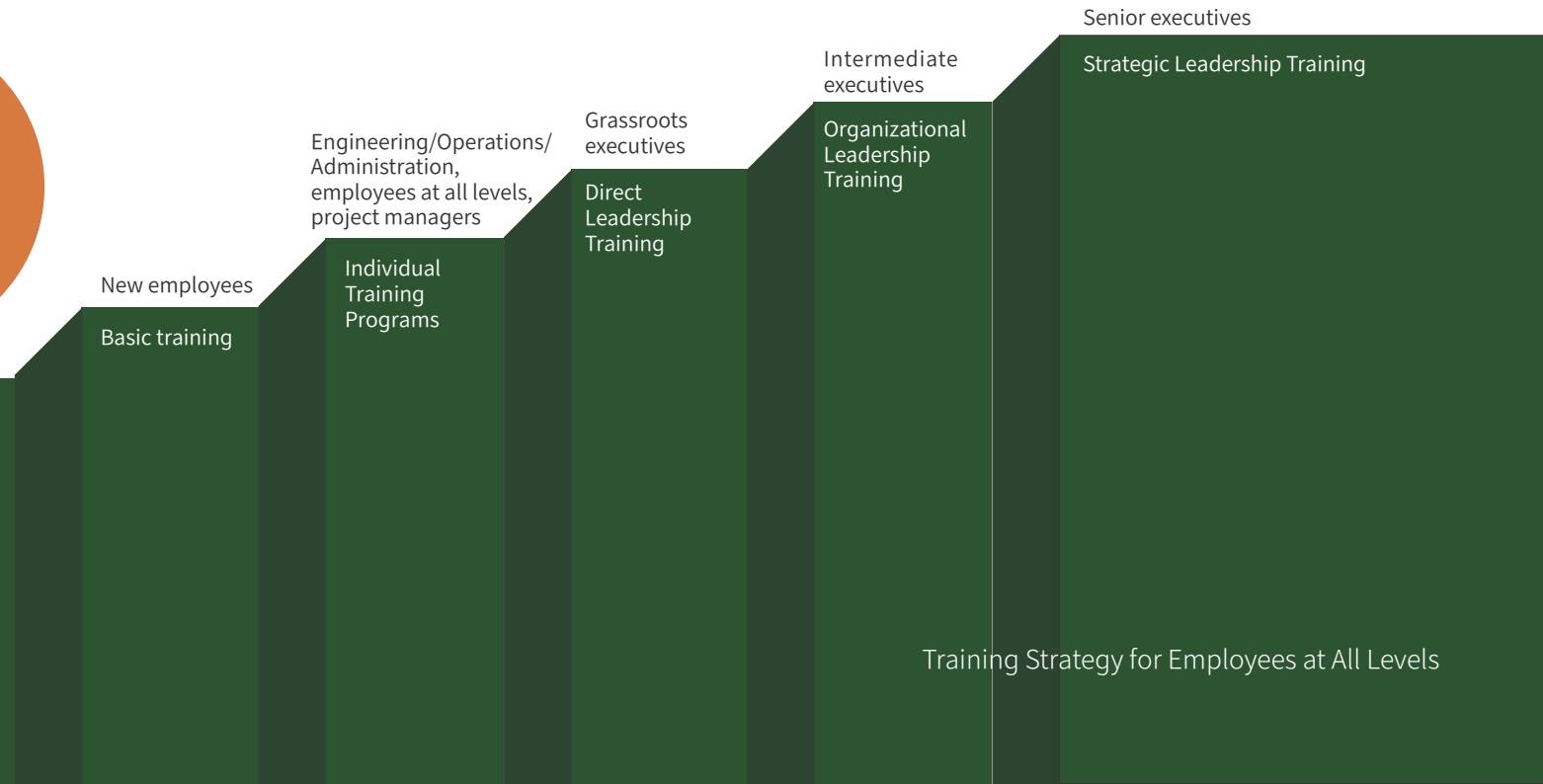
management capabilities of executives at all levels, including senior manager training and development, executive leadership development, and professional competency development, and assists executives and employees to continuously strengthen the motivation for sustainable career development through the establishment of personal development programs and a diversified and comprehensive education and training system.

Corporate Goals, Vision, Core Values and Talent Development Strategy

“ “ To create infinite possibilities of sensing technology in life, so that users can experience a better life thanks to our sensing technology



To expand diversified sensor product lines with the goal of becoming a leading sensor manufacturer.



Key Training Programs and Diverse Learning Resources

Functional Development Blueprint

Executive Development

- ▶ Regularly work with the company to ensure that executive development is aligned with the direction of the organization and business development.
- ▶ The development direction includes senior executive coaching mechanism, deepening of professional competence, and personal competence development program.

The development plan for key management focuses on the organizational and talent capabilities required for the Company's future development goals, emphasizing that senior managers should possess excellent strategic planning and operational capabilities, as well as their beliefs and practices of core values (commitment, positivity, innovation, and passion). The managerial performance and development direction and plans are regularly discussed to ensure that the training of senior managers aligns with the direction of the organizational and business development.

The Company has established an agent system. In addition to acting as agents for each other in their day-to-day duties, the Company continues to develop mid- and high-level managers with potential into successor candidates in response to the growth and long-term development of the Company. Through job rotations and project assignments and other job experiences, these managers familiarize with the organizational operations and operational goals, and participate in the Company's monthly management meetings, enhance their managerial and decision-making abilities and thinking, and so as to strengthen the management team in a planned manner, and plan for the succession of the key management team.

Executive Leadership Development

- ▶ Designing courses to meet different organizational development needs, and guiding executives to think and discuss issues.
- ▶ Executive Leadership Training Course
- ▶ Executive Experience Sharing Course

Each year, according to the training objectives of management functions, the human resources department designs and provides themed courses to enhance the ability of executives to think and solve various issues through the design of different guidance methods and discussion of the best cases. The 2022 Theme-Based Program includes topics such as Management Effectiveness Development, Analyzing and Solving, and Across-Team Working. 55 employees participated in the course in 2022, totaling more than 756 hours.

Professional Competence Development

- ▶ Specialized training for functional groups to strengthen the transmission of professional skills in various departments.
- ▶ Provide personal development programs, develop job assignments, and encourage self-education to accelerate the development of professional competence.
- ▶ Provide personal effectiveness courses and learning resources for non-executives to enhance their work efficiency, including presentation skills and communication skills.
- ▶ Provide professional and technical training, including basic and critical skills training such as off-screen optical distance sensing

In order to maintain Sensortek's technology in the semiconductor industry, the Company focuses on educating and developing executives and employees at all levels, and immediately makes adjustments according to the needs of the internal and external environments. For example, a dedicated section for technical courses (e.g. online learning resources area) is built on the online learning platform to enable all employees to learn new knowledge anytime.

Competence Development of New Employees

- ▶ Specialized Learning Blueprint
- ▶ Matching with a mentor for Competence Development of New Employees

Each new employee has his or her own learning blueprint, and through multiple learning methods such as new employee camps and assignment of counselors, Sensortek's new employees will be guided to quickly understand the Company's core values, systems, and product information. In the courses on core values, the president will personally share the management philosophy and future outlook of Sensortek with the new employees through the one-day experiential camp in order to reach a consensus on the corporate development.

Fair Performance Appraisal System

In order to improve the performance of individuals and the organization, Sensortek has developed a performance management system that respects the diversity and differences among all employees, defined an equal performance management system and assessment procedures, implemented two-way communication and employee development plans, conducted assessments for all employees as a basis for employee development and training, job promotions, salary adjustments and employee compensation payments, and performance-based salaries and rewards. Each year, based on the performance assessment results and the career development needs of the employees, the executives and employees will jointly formulate "personal development plans" to fully use the advantages and abilities of our talents.

The Company's performance is assessed every six months. After the first half of the year, employees shall fill out their personal goals online, their executives will conduct employee performance interviews to review the progress in achieving the goals set for the first half of the year and re-confirm the goals for the second half; and in the second half of the year, after the employees fill out their annual performance appraisal forms, the executives will conduct employee performance interviews to review their performance and set the goals for next year. In 2022, 100% of the Company's employees completed performance appraisals. Except for employees who have been employed for less than three months, all employees shall follow the rules and regulations, and will be provided with fair opportunities for promotion.

Through biannual employee performance appraisals, Sensortek collects employees' opinions on job resources, training, and personal career development, as well as suggestions on the current systems and internal processes of the Company, and learns about employees' ideas. Through the communication meeting with departmental heads after the performance appraisal, Sensortek examines the suggestions made by employees, and through the exchange of opinions among cross-departmental heads, Sensortek develops and proposes amendments to its policies and assistance programs for inter-departmental cooperation, which is announced by the human resource department, and the effectiveness of the implementation of the program is tracked, so as to enable Sensortek to continue to make progress.

Performance Appraisal Procedure

01 Examination Announcement	02 Launching e-Self-Assessment: an online e-assessment system	03 Executive's meeting and assessment	04 Performance Confirmation
<ol style="list-style-type: none"> Mechanism Description Object Definition Process Distribution 	<ol style="list-style-type: none"> Achievement Review Improvement Items Improvement Plan Future Outlook Abilities to be Developed 	<ol style="list-style-type: none"> Feedback on Achievement Target Distribution Development Suggestion Provision of Results 	<ol style="list-style-type: none"> Performance Verification Confirmation and Feedback by Executives Confirmation and Feedback by Colleagues Meeting Implementation and Tracking
<p>Purpose: Regular Assessment: Result Review, Self-expectation / Two-way Communication, Consensus, and Determining Career Development</p>			

New Employee Care and Mentor System

Sensortek has set up a mentor system, whereby the executive assigns departmental employees as the dedicated mentors to provide immediate assistance in work and life. The executive and the human resource department also conduct interviews with the new employees to learn about their status and provide feedback and assistance, so as to enable the new employees to shorten the learning curve, familiarize themselves with the Company's environment and culture, and gain knowledge and experience in order to increase their retention rate.

In addition, in 2022, we also organized a new employee experience camp, covering conversations with the general manager, company products, product engineering, testing engineering, and packaging engineering. Through on-site exchanges, employees were able to understand the Company's business philosophy, values, and goals, which in turn connected their personal values to team values.



Education and Training Management

Education and Training Management Process

The human resources department follows the education and training plan and carries out the daily course procedures. Through regular meetings and reviews and a continuous improvement cycle, we ensure that Sensortek's education and training can cover the job functions of employees at all levels and realize the sustainable development of their careers. All internal and external education and training programs are managed through the "Learning Development System" and e-Learning platform, and training records are kept for knowledge and experience transfer and sharing.

Process	Departmental/executive responsibilities
Survey on annual training needs	To align with the Company's operation and propose the departmental needs for course delivery and training.
Requirements integration and communication	Departments should communicate with each other on course requirements and training needs, and develop courses and arrange instructors upon evaluation.
Preparation of training programs and budget	Determine the course or training program and prepare the training budget.
Submit the plan for review	Adjust the program based on recommendations from the review process
Implement the planned courses	<ul style="list-style-type: none"> Course provider: Planning of course commencement date, development of teaching materials, and teaching of courses. Trainee: Receive training and give feedback
Reviewing the course results	Adjust the future program planning based on feedback from trainees or executives.

Education and Training Evaluation Method

Sensortek emphasizes on the actual benefits and continuous improvement of the training courses, and conducts post-training evaluation through questionnaires, experience reports, and sharing sessions for different training programs. For e-Learning and professional function courses, the system will also send out questionnaires after the course, and the feedback will be used as the basis for future adjustments to the course. In the future, the course planning will adopt the Kirkpatrick Model.

- Behavioral effectiveness**
 Management, Core Functions Courses
- Classroom lectures, hands-on skill training after class
 - Retraining the course

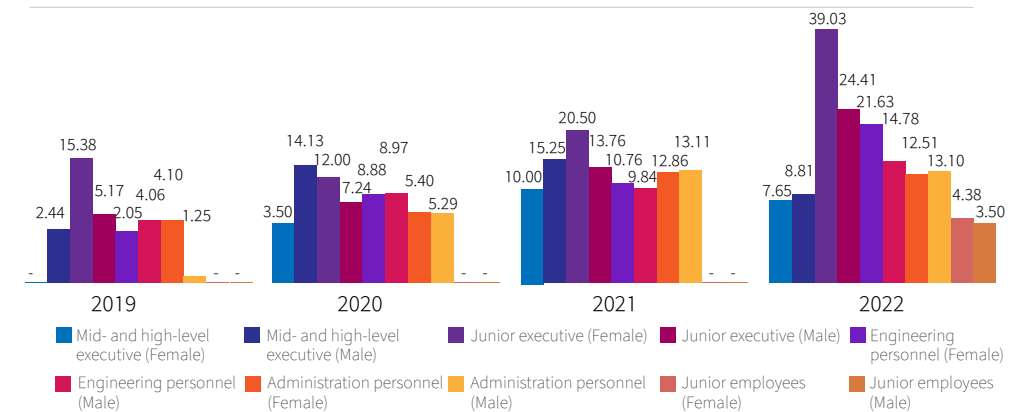
- Learning Effectiveness**
 Professional, Core Functions Courses
- After-school tests
 - Retrain to relevant departments

- Response Effectiveness**
 Professional, Management, Core Functions Courses
- Satisfaction Feedback: Course Content, Teaching Materials, Lecturer's Teaching Style

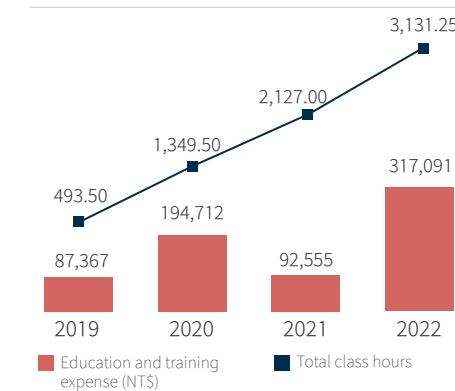
Education and Training Performance

In 2022, we planned a series of diversified training courses, including professional development, professional knowledge enhancement courses, and soft courses; and we also encourage employees to improve their self-learning ability and on-the-job training to strengthen the quality of human resources of the Company. The total education and training expenses amounted to approximately NT\$310,000, in a total of 3,131.25 training hours, of which 2,517.75 hours were internal training (including education and training for new employees, professional training, and executive training), and 613.5 hours were external training, with the average number of hours of training for employees at 16.48 hours, with an average of 16.04 hours for males and 17.56 hours for females. We will continue to improve the effectiveness of education and training so that through the planning of education and training strategies, we can continue to strengthen Sensortek's long-term competitiveness in the knowledge development layout.

Education and training expenses in previous years (by job and gender)



Education and training expenses in previous years



Internal Lecturer Reward System

In order to encourage the internal transfer of experience, Sensortek has formulated the "Internal Lecturer Reward System" to enhance the quality and effectiveness of teaching, facilitate the transfer of knowledge, skills and experience, and promote the cross-departmental learning culture of internal transfer.

Professional course

Management power, communication power



Number of participants

Content

- 108
- Understand the nature, position, and responsibilities of a manager's job.
 - With good communication skills, stature, and attitude, we will lead our employees to face obstacles and solve problems together.

Social engineering exercise



- 70
- HEIS Information Security Awareness Human Factors Analyzing System.

Product Processing Course



- 113
- Enable employees to better understand a product at all stages from manufacturing to completion.

Soft Courses

Office Health Course



Number of participants

Content

- 11
- To help our employees understand the causes of neck and shoulder tension and low back pain, we have provided simple office / home exercises to train the core muscles, so as to say goodbye to low back pain!

Positive Thinking Course



- 183
- Allow our employees to use stress relief methods in life and work by utilizing positive thinking tools.

Employee Relations

Employee Communication

Sensortek respects employees' voices, adopts an open leadership style without hierarchical authority, and strives to create a smooth two-way communication environment. Regular communication meetings are held by the Company, including new employee training, labor-management meetings (all employees' opinions can be reflected by labor representatives), and performance interviews twice a year, so that communication channels can be smooth and information can be conveyed to the management.

We provide e-mail addresses for employees to express their opinions, so that they can make inquiries, suggestions and complaints, and help them solve problems through a two-way communication channel, which can be used as a basis for upgrading and improving management measures. All cases are handled confidentially and the progress and results of improvements are tracked by dedicated personnel to ensure a smooth two-way communication between the employees and the Company.



Open Communication Environment

Internal website of the company

- ▶ Electronic bulletin
- ▶ Information sharing
- ▶ Health promotion
- ▶ EAP Employee Assistance Promotion

Various e-mails

- ▶ Employee compliant e-mail: To receive inquiries, suggestions and complaints from employees
- ▶ Employee Benefits Committee e-mail: To receive benefit-related suggestions and feedback
- ▶ Workplace abuse complaint e-mail
- ▶ Reporting e-mail of breach of integrity
- ▶ EAP Employee Assistance E-mail

Communication meetings

- ▶ Employee-employer meetings
- ▶ Employee Benefits Committee meetings
- ▶ New employee training
- ▶ Performance interview between executives and employees
- ▶ Annual gatherings of the company
- ▶ Interdepartmental Heads Communication Meeting (newly added in 2022)



Employee Activities

Only with healthy and happy employees can we have a highly efficient company. Sensortek is committed to providing employees with a happy workplace, integrating welfare, and fun and health elements together, through a variety of welfare facilities and activities, allowing them to explore their creativity and vitality in work and spare time.

In order to promote work-life balance, we have set up a variety of clubs to encourage socialization, hobbies, physical fitness, and friendship among employees, so as to activate the company atmosphere. In order to help our employees to relieve their stress and promote health out of their busy work, we often organize all employees to participate many activities, such as festivals, family days, and ball games, to extend our care to the families of our employees and build a sense of belonging to Sensortek.

Large-scale Events: Large-scale events were suspended in 2022 due to COVID-19 to protect the health of our employees.

- Year-end events: Due to COVID-19, we canceled the reunion meal, group health games and lottery, and replaced them with live online lottery and individual meals, so that our employees can enjoy the events without any difference.
- 2022 Annual Party: In this event, we shared operational achievements with employees and declared the Company's operational goals to executives.

Diversified Social and Leisure Activities

- In order to expand employee networking and develop their interests, the Company encourages them to set up various clubs such as sports and stress relief clubs, and provides subsidies and assistance in the operation of clubs to attract employees to participate in social activities.
- Four clubs for 2022: Competitive Ball Club, Basketball Club, Coffee Club, and Succulent Club.

Comprehensive Health Management and Promotion

- We offer participation and achievement awards to promote healthy practices, healthy lifestyles, and healthy concepts for employees to take care of their work and health.
- Each event runs for three months and helps employees to develop regular exercise habits.

Employee Assistance Program

Sensortek continued to promote work-life balance programs and launched the EAP employee assistance program in February 2023 to provide a platform for employees to improve their physical and mental health. The service includes four major items, physical and mental health assessment, articles written by experts, the EAP online garden, and knowledge related to the protection of physical and mental health, to remind employees of health management and timely relief of stress, and to continuously build a friendly labor environment and care for the physical and mental health of the employees.

In addition to taking care of the physical health of our employees, we also attach importance to the psychological aspect of our employees. In addition to organizing EAP psychological courses, we regularly send EAP-related articles to the Company's internal mailbox. We also strengthen the training of new employees by organizing group courses in order to improve the relationships among colleagues and strengthen the courses on business skills and related professional knowledge, so as to help the new employees to adapt to the Company's culture, values, and operational goals as early as possible.



Employees Health and Safety

Indicator No.	Item	2019	2020	2021	2022
TC-SC-320a.1	To describe the ways and results to assess, monitor and reduce employees' exposure to hazardous environments			<ul style="list-style-type: none"> To conduct annual risk assessments to identify and qualify hazards in the office. To detect the CO₂ concentration in the office every six months. 	<ul style="list-style-type: none"> Lead concentration test in soldering area
TC-SC-320a.2	Total amount of damages caused by violations of employee health and safety laws and regulations (NT\$)	0	0	0	0
				<ul style="list-style-type: none"> No employees were found in violation of health and safety laws and regulations over the past year 	

Safety Management Mechanism

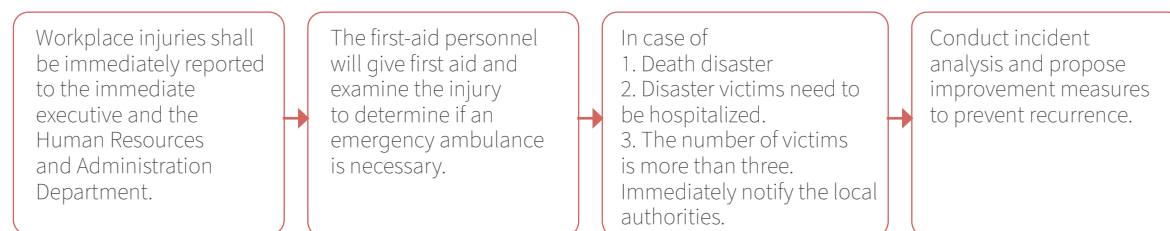
The core operating activity of Sensortek is IC design. The operating environment of the Company is in office space. All of the manufacturing activities are outsourced to professional foundries. Therefore, in its operating activities, there is no hazardous chemical, fire-related work, limited space or high-risk work.

Sensortek regards employees as the most important asset of the Company and is committed to providing a good, safe, healthy, comfortable and people-oriented working environment. In 2023, we were awarded the Healthy Workplace Certification - Healthy Start Seal and received excellent scores for tobacco prevention and health management.

The Human Resources and Administration Department is responsible for occupational safety and health. In accordance with the requirements of the Occupational Safety and Health Management Act, the Human Resources and Administration Department has assigned a Class A occupational safety and health manager, who is responsible for formulating, planning and promoting measures related to safety and health management issues. In order to prevent occupational disasters from occurring in the workplace and to ensure the safety and health of employees, Sensortek has established a safety and health code of practice in accordance with Article 34 of the Occupational Safety and Health Act to establish full participation and enhance the safety and health knowledge and awareness of all employees.



Incident Investigation Process and Handling Mechanism



Occupational Safety and Health Education and Training

For all employees, we conduct an annual occupational safety and health training course to inform them of the possible hazards in the office environment, electrical safety, general knowledge of firefighting and first aid, and traffic safety, to increase their awareness of safety and health.

In 2022, new courses were provided, including the four major training programs for workers' health protection, which focus on the prevention of workplace violence; the prevention of human-caused hazards associated with sedentary and prolonged daily use of computers; the prevention of work-related illnesses associated with work pressure and long working hours; and the maternity protection program for women who have given birth less than a year ago during pregnancy, and has strengthened the publicity and provision

of the correct concepts of protection, and has achieved a 100% completion rate for the employees.

Course Type	2022 Number of Attendants
Regular promotion	188
Basic knowledge	188
Hazardous operations	188
Emergency response	188
Management system	188
Four major plans	188

Safety Management Promotion

Environmental Monitoring and Safety Management in Office

We commission a professional organization to test the carbon dioxide concentration in the office environment every six months, and we also purchase a carbon dioxide concentration monitor to track the change of carbon dioxide concentration in the office anytime, and maintain the air quality in the office equipped with a fresh air blower. Noise, lighting, temperature and humidity are measured and office environment risks are assessed every year. In the second half of 2022, we also arranged the lead concentration testing in the soldering area to ensure that the concentration is below the legal requirements, and we will continue to test once a year in the future.

Plan for Protecting Executives from Unlawful Infringement

All entrances and exits are equipped with access control and surveillance devices to prevent improper intrusion by outsiders, which may pose a threat to our employees. We have provide an internal "Unlawful Infringement and Sexual Harassment Complaint E-mail" as a channel for complaints, and regularly send out "Unlawful Infringement Questionnaires" every year to make sure that no employee is treated inappropriately, and that no employee is ostracized or misfit for work because of gender, age, nationality or religious beliefs. In addition to education and training to raise the awareness of preventing unlawful infringement, in 2022, a random sample of 10 employees were surveyed on the status of unlawful assault within the organization, and the results of the survey were all in favor of no unlawful infringement.

Man-made Hazards Prevention Process

We ask our employees to complete the Musculoskeletal Symptom Questionnaire in conjunction with annual employee health checks. According to the results of the injury and illness investigation, employees with confirmed or suspected hazards will be further analyzed, evaluated, and improved, and musculoskeletal-related education and training courses will be arranged or relevant health education information and massage services will be provided from time to time for prevention and improvement measures. The results of the musculoskeletal symptom assessment of the "Human-caused Hazard Prevention Program" for the protection of workers' physical and mental health in 2022 indicated that no employee had a pain index of more than 3 points.

Prevention Plan and Process for Diseases Caused by Abnormal Workload

Every year, we ask our employees to fill out the "Abnormal Workload Checklist" to assess their workload in conjunction with employee health checkups, and then arrange for clinical staff to visit and check high-risk employees or those with a family history of hypertension and other diseases on a regular basis.

In 2022, the Labor Health Protection Project, "Disease Prevention Program for Abnormal Work Load" was implemented, and the results of the load assessment showed that there were no cases of high risk and moderate load among the employees.

In line with the Group's health promotion activities, such as sports competitions, Happy Sports 531, and hiking activities, Sensortek encourages its employees to exercise more to improve their physical conditions and to reduce their physical and mental stress.

Maternal Health Protection Plan and Process at Workplace

For the employees who have been pregnant or gave birth within a year, we arrange clinical staff to visit and take care of them regularly and make appropriate work deployment. The office is equipped with a breastfeeding room to provide a safe and secure environment for mothers returning to work after childbirth.

Health Checkup

We provide a full subsidy of NT\$3,000 per person every year and arrange qualified medical teams to conduct employee health checkups at our office. 167 employees received health checkups in 2022, with a participation rate of 92%. In addition, we have contracted with a professional health consulting company to send nursing staff to our company to provide on-site services three times a month and doctors to our company to provide medical advices three times a year, so that we can ensure the health and safety of our employees.

Firefighting Management

- Firefighting management personnel is assigned to check power consumption and fire sources every day; and inspect firefighting and evacuation facilities and fire safety equipment on a monthly basis.
- Every year, we request professional firefighting agencies to carry out dynamic tests of office smoke gates, smoke detectors and fire radio to ensure that all fire protection facilities are functioning properly.
- The self-defense fire brigade has been established and training in safety and hygiene education and training in the duties of each group in case of emergency are provided.
- Four additional fire extinguishers have been added to the laboratory so that they can be used in case of emergency nearby.

Occupational Disaster Statistics

In the past three years, no work-related injury occurred, and the number of cases of fatality, high-consequence work-related injury, and recordable work-related injury was 0. In the future, we will continue to optimize the office environment to provide a safe and healthy workplace for all employees. Sensortek regularly collects, analyzes, and discloses data related to disabling injuries, and the data coverage rate is 100%.

Contractor Safety Management

The entrances and exits of Sensortek office are controlled by an access system. Visitors or contractors must wait in the lobby before being guided to the office by our employees; if they are construction companies, they must follow Sensortek's safety and hygiene rules and regulations, and employees from our Human Resources and Administration Department will inform them of the hazards of the project and supervise the construction work in order to prevent any accidents from occurring. In 2022, there were no occupational injuries in the workplace where contractors entered Sensortek.

Epidemic Prevention and Management

In recent years, the COVID-19 wave has surged both domestically and internationally. If we are not careful, it will seriously affect the safety and health of our employees and company operations. We have made related disease control regulations and measures to reduce the risk of the spreading of COVID-19 inside our company. Taking into account the fact that the domestic pandemic is under stable control, the relevant epidemic prevention regulations will be adjusted as appropriate. From March 20, 2023, the office quarantine and isolation policy of Sensortek has been adjusted as follows:



Item	Code
Confirmation by employee	<ol style="list-style-type: none"> 1. Mildly ill/asymptomatic patients will be isolated for five days from the day of infection or the day following the confirmation, and will attend work normally on the sixth day and have self-health management. 2. The employees are required to wear a mask in the office and keep a social distance from gatherings and dinners. <p>Note 1: Applicable to employees returning to Taiwan from overseas Note 2: If the employees test positive for COVID-19, they shall immediately notify the executive and HR, and the executive will decide whether the employee needs to work at home.</p>
Close contact with someone who test positive for COVID (Including persons inside and outside the Company and family members)	Conduct rapid screening on the day on which close-contact is confirmed. Conduct rapid screening within 7 days in case of any symptom.
Regulations on masks	Please wear masks in office in case of any of the following conditions <ol style="list-style-type: none"> 1. Those who are undergoing self-health management 2. Those with fever or respiratory symptoms 3. Those with a weak immune system 4. In the space where proper distance or ventilation could not be maintained

Appendix

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HR Data

Total number of employees in previous years (by gender)					
Year		2019	2020	2021	2022
Number of employees	Female	39	52	56	55
	Male	85	119	133	135
	Total	124	171	189	190
Ratio	Female	31.45%	30.41%	29.63%	28.95%
	Male	68.55%	69.59%	70.37%	71.05%

Total number of employees in previous years (by age)					
Year		2019	2020	2021	2022
Number of employees	< 30	21	36	36	34
	31-50	100	130	149	151
	> 50	3	5	4	5
	Total	124	171	189	190
Ratio	< 30	16.94%	21.05%	19.05%	17.89%
	31-50	80.65%	76.02%	78.84%	79.47%
	> 50	2.42%	2.92%	2.12%	2.63%

Total number of employees in previous years (by position and gender)					
Year		2019	2020	2021	2022
Mid- and high-level executive	Female	1	1	1	1
	Male	8	8	8	7
Junior executive	Female	4	5	4	5
	Male	26	29	27	25
Engineering personnel	Female	10	16	21	20
	Male	47	73	89	92
Administration personnel	Female	15	24	25	25
	Male	4	7	9	10
Junior personnel	Female	9	6	5	4
	Male	-	2	-	1

Total number of employees in previous years (by position and age)					
Year		2019	2020	2021	2022
Mid- and high-level executive	< 30	-	-	-	-
	31-50	8	7	6	5
	> 50	1	2	3	3
Junior executive	< 30	-	-	-	-
	31-50	29	32	30	30
	> 50	1	2	1	-
Engineering personnel	< 30	12	23	23	22
	31-50	45	66	87	88
	> 50	-	-	-	2
Administration personnel	< 30	8	9	12	10
	31-50	11	22	22	25
	> 50	-	-	-	-
Junior personnel	< 30	1	4	1	2
	31-50	7	3	4	3
	> 50	1	1	-	-

Note 1: Executives at mid- and high-level refer to divisional executives and above, junior executives are those below divisional level, engineering staff are engineering / business / R&D staff, administrative staff are finance / information / human resources / general affairs staff, and junior staff are fixed-term contract staff.

Note 2: The scope of disclosure of Sensortek's HR data is Taiwan, and there are no other overseas regions.

Note 3: The headcount method is based on the number of employees on work as of December 31, 2022.

Note 4: Only one employee is different between 2022 and 2021, without significant changes.

HR Data

Number of employees hired under contract over the previous years						
Type		Year	2019	2020	2021	2022
Permanent employees	Indefinite Contract	Indefinite contract (female)	30	46	51	51
		Indefinite contract (male)	85	117	133	134
Temporary employees	Fixed-term contract	Fixed-term contract (female)	9	6	5	4
		Fixed-term contract (male)	-	2	-	1

Number of employees by type of employment in the previous years					
Type	Year	2019	2020	2021	2022
Permanent employees	Full-time employees (female)	30	30	51	51
	Full-time employees (male)	85	85	133	134
	Part-time employees (female)	-	-	-	-
	Part-time employees (male)	-	-	-	-

Note: There are no male part-time employees in Sensortek from 2019 to 2022.

Number of new and former employees in previous years (by gender)					
	Year	2019	2020	2021	2022
New employees	Female	16	18	12	3
	Male	30	41	22	14
	Total	46	59	34	17
Former employees	Female	2	4	8	3
	Male	4	8	8	13
	Total	6	12	16	16

Number of new and former employees in previous years (by age)					
	Year	2019	2020	2021	2022
New employees	< 30	10	21	13	8
	31-50	36	38	21	8
	> 50	-	-	-	1
Former employees	< 30	1	-	2	3
	31-50	5	12	12	12
	> 50	-	-	2	1

Staff diversity			
Ethnicity of staff	Type	Proportion of total staff (%)	Proportion of management (%)
	Republic of China (Taiwan)	100	100
	Foreign nationalities	0	0
	Aboriginal residents	0	0
Female Diversity Proportion	Type	Percentage (%)	
	Women in senior management (%)	12.50	
	Proportion	28.95	
	Percentage of female executives (%)	15.79	
	Women in STEM-related (Science, Technology, Engineering, and Mathematics) positions (%)	17.86	

Occupational Safety and Health Data

Employee occupational injury statistics	2019		2020		2021		2022	
	Employees	Non-employees	Employees	Non-employees	Employees	Non-employees	Employees	Non-employees
Annual working hours	195,359	247	270,136	248	314,767	1,425	332,174	3,000
Number of deaths caused by occupational injuries	0	0	0	0	0	0	0	0
Rate of number of deaths caused by occupational injuries	0	0	0	0	0	0	0	0
Number of serious occupational injuries	0	0	0	0	0	0	0	0
Rate of number serious occupational injuries	0	0	0	0	0	0	0	0
Recordable number of occupational injuries	0	0	0	0	0	0	0	0
Recordable occupational injury ratio (LTIFR)	0	0	0	0	0	0	0	0
Number of incapacitating injuries	0	0	0	0	0	0	0	0
Number of days lost due to incapacitating injuries	0	0	0	0	0	0	0	0
Frequency of incapacitating injuries (FR)	0	0	0	0	0	0	0	0
Incapacitating injury severity rate (SR)	0	0	0	0	0	0	0	0
Composite injury index (FSI)	0	0	0	0	0	0	0	0

• Note 1: The basis for calculating the working hours of employees is the number of employees at the end of the year × 8 hours per day × the number of working days of Sensortek; for non-employees who are contractors (cleaning staff), the basis for calculating the working hours is 1 hour per day for the old office before the end of July 2021, and 12 hours per day for the new office after August 2021.

• Note 2: The calculation of the indicator does not include traffic injuries.

• Note 3: Calculation formula

• Occupational Injury Death Rate = (Number of Occupational Injury Deaths × 10⁶) ÷ Annual Working Hours

• Serious Occupational Injury Rate = [Number of Serious Occupational Injuries (Excluding Occupational Deaths) × 10⁶] ÷ Annual Working Hours

• Frequency of disabling injuries (FR) = (number of occupational injuries × 10⁶) ÷ number of working hours in a year

• Disabling Injury Severity Rate (SR) = (Days Lost × 10⁶) ÷ Annual Working Hours

• Composite injury index (FSI) = $\sqrt{((FR \times SR) / 1000)}$

• Lost Time Injury Frequency Rate (LTIFR) = (Number of Recordable Occupational Injuries × 10⁶) ÷ Annual Working Hours

GRI STANDARDS INDEX

General Standards Disclosure Index

Use instructions

Sensortek has followed the GRI Standards for the period 2022/1/1 - 2022/12/31

Used GRI 1

GRI 1: Basics 2021

Applicable GRI industry standards

None

Indicator	Disclosure Item	Corresponding section of the report	Page	Supplementary Explanation or Reason for Omission
GRI 2: General Disclosure 2021				
Organization and Reporting Practices				
2-1	Organization Details	Company Introduction	7	
2-2	Entities Included in Organization Sustainability Report	Company Introduction	7	
2-3	Reporting Period, Frequency and Contact Person	About the Report	4	
2-4	Information Re-editing	Greenhouse Gas Emissions Energy management Water Resource Management	55 56 58	Due to the adjustment of the calculation method of floor area, the density of environmental data was updated; the density decreased after the information was recompiled compared with the previous year's report. 2021 GHG emissions are included in utility power emissions, which are increased in Scope 2 after the information restatement compared to the previous annual report.
2-5	External Assurance / Confirmation	About the Report External Assurance Certificate	4 95	
Events & Workers				
2-6	Events, value chains and other business relationships	Operation Overview	12	
2-7	Employees	Recruitment and Retention	70	
2-8	Non-staff workers	Recruitment and Retention	70	
Governance				
2-9	Governance Structure and Composition	Corporate Governance	33	
2-10	Nomination and Selection of Members of Supreme Governance Unit	Corporate Governance	33	
2-11	Chairman of the Supreme Governance Department	Corporate Governance	33	
2-12	Role of the top governance unit in overseeing impact management	Corporate Governance	33	
2-13	Responsible Person for Impact Management	Management Policy of Sustainability Issues	21	

Indicator	Disclosure Item	Corresponding section of the report	Page	Supplementary Explanation or Reason for Omission
2-14	Role of Supreme Governance Unit in Sustainability Reporting	Corporate Governance	33	
2-15	Conflict of Interest	Corporate Governance	33	
2-16	Communication on Key Events	Corporate Governance	33	
2-17	Group Intelligence of the Supreme Governance Department	Corporate Governance	33	
2-18	Performance Assessment of the Supreme Governance Department	Corporate Governance	33	
2-19	Remuneration Policy	Corporate Governance	33	
2-20	Process of Compensation Decision	Corporate Governance	33	
2-21	Annual Total Compensation Ratio	The Company's highest annual compensation to the median compensation of the employees was 7.5 times; the ratio of the Company's highest compensation's percentage growth to the median percentage growth was -5 times. The calculation of total compensation for Sensortek's employees in 2022 includes fixed salaries and variable salaries (bonuses, year-end bonuses, and employee compensation, excluding retirement pensions).		
GRI 2: General Disclosure 2021				
Strategy, Policy and Practice				
2-22	Statement of Sustainable Development Strategy	Message from the Management	3	
2-23	Policy commitments (responsible business conduct, respect for human rights)	Corporate Governance Operation Integrity Human rights management Procurement of Raw Materials	33 41 68 66	
2-24	Inclusion of Policy Commitments	Corporate Governance Operation Integrity	33 41	
2-25	Procedures for Remediation of Negative Impacts	Corporate Governance	33	
2-26	Mechanism for Seeking Advice and Raising Concerns	Corporate Governance Operation Integrity	33 41	
2-27	Regulatory Compliance	Corporate Governance	33	
2-28	Membership of the Association	Company Introduction	7	
Stakeholder Engagement				
2-29	Stakeholder Engagement Policy	Significant Stakeholder Engagement	18	
2-30	Group Agreements	-		No Group Agreements

GRI STANDARDS INDEX

General Standards Disclosure Index

Indicator	Disclosure Item	Corresponding section of the report	Page	Supplementary Explanation or Reason for Omission
GRI 3: Major Issues in 2021				
3-1	Process of Deciding on Major Issues	Survey and Identification of Critical Sustainability Issues	19	
3-2	List of Major Issues	Notes to Disclosure of Major Sustainability Issues	20	
Major Issues 1 : Financial Performance				
3-3	Management of Major Issues	Management Policy of Sustainability Issues	21	
201-1	Direct economic value generated and distributed by the organization	Operation Overview	12	
Major Issues 2: Business Ethics				
3-3	Management of Major Issues	Management Policy of Sustainability Issues	21	
205-2	Communication and training on anti-corruption policies and procedures	Corporate Governance Operation Integrity	33 41	
205-3	Confirmed corruption incidents and actions taken	Operation Integrity	41	No such incident in 2022
Major Issues 3: Innovation Management				
Management Policy of Sustainability Issues	Management of Major Issues	Management Policy of Sustainability Issues	21	
Innovation management	Self-defined topic: energy consumption, efficiency	Innovation management	46	
Major Issues 4: Information Security				
3-3	Management of Major Issues	Management Policy of Sustainability Issues	21	
-	Self-defined topic: information security events	Information Security Management	43	
Major Issues 5: Product Quality				
3-3	Management of Major Issues	Management Policy of Sustainability Issues	21	
416-2	Violations of health and safety regulations related to products and services	Corporate Governance Product quality	33 61	No such incident in 2022
Major Issues 6: Product responsibility				
3-3	Management of Major Issues	Management Policy of Sustainability Issues	21	
416-2	Violations of health and safety regulations related to products and services	Corporate Governance Product quality	33 61	No such incident in 2022
Major Issues 7: Diversity, inclusion and equality				
3-3	Management of Major Issues	Management Policy of Sustainability Issues	21	
406-1	Incidents of discrimination and actions taken by the organization for improvement	Human rights management	68	No such incident in 2022
Major Issues 8: Sustainable supply chain				
3-3	Management of Major Issues	Management Policy of Sustainability Issues	21	
204-1	Percentage of procurement spending for local suppliers	Procurement of Raw Materials	66	
Major Issues 9: Climate changes				
3-3	Management of Major Issues	Management Policy of Sustainability Issues	21	
305-1	Direct (Scope I) greenhouse gas emissions	Greenhouse Gas Emissions	55	
305-2	Energy indirect (Scope II) greenhouse gas emissions	Greenhouse Gas Emissions	55	

Indicator	Disclosure Item	Corresponding section of the report	Page	Supplementary Explanation or Reason for Omission
305-3	Other indirect (Scope III) greenhouse gas emissions	Greenhouse Gas Emissions	55	
305-4	Intensity of greenhouse gas emissions	Greenhouse Gas Emissions	55	
305-5	Reduction of Greenhouse Gas Emission	Greenhouse Gas Emissions	55	
3-3	Management of Major Issues	Management Policy of Sustainability Issues	21	
302-1	Energy consumption within the organization	Energy management	56	
302-3	Energy Intensity	Energy management	56	
302-4	Reduction of Energy Consumption	Energy management	56	
Major Issues 11: Talent attraction and retention				
3-3	Management of Major Issues	Management Policy of Sustainability Issues	21	
401-1	New Employees and Former Employees	Recruitment and Retention	70	
401-2	Benefits only provided to full-time employees (excluding temporary or part-time employees)	Recruitment and Retention	70	
401-3	Parental leave	Recruitment and Retention	70	
Major Issues 12: Talent Development				
3-3	Management of Major Issues	Management Policy of Sustainability Issues	21	
404-1	Average number of hours of training per employee per year	Talent development	75	
404-3	Percentage of employees who receive regular performance and career development reviews	Talent development	75	

Index of Topic-Specific Disclosure Standards

Standard	Disclosure Item	Corresponding Chapter / Description	Page
GRI 200: Economic Topic			
GRI 202: Market Status 2016			
202-1	Ratio of standard salary to local minimum salary for junior employees by gender	Recruitment and Retention	70
202-2	Percentage of local residents in senior management	Recruitment and Retention	70
GRI 207: Tax 2019			
207-1	Tax policy	Tax Governance	39
GRI 300: Environmental Issue			
GRI 303: Water and Water Flow 2018			
303-3	Water taking amount	Water Resource Management	58
GRI 306: Waste 2020			
306-3	Generation of Waste	Waste Management	59
GRI 400: Social Issue			
GRI 405: Employee Diversity and Equal Opportunity 2016			
405-1	Diversity of governance department and employees	Corporate Governance Recruitment and Retention	33 70
405-2	Ratio of women to men's base salary plus remuneration	Recruitment and Retention	70

SASB STANDARDS INDEX

Semi-conductor Industry Disclosure Indicators

Disclosure Issue	Accounting Indicators	Indicator No.	Corresponding Chapter
Greenhouse Gas Emissions	The following greenhouse gas emission information is disclosed: (1) Total global greenhouse gas emissions (Scope 1) (2) Total emissions from perfluorinated compounds (PFCs)	TC-SC-110a.1	Greenhouse Gas Emissions
	To discuss short-, medium- and long-term strategies or plans for managing Scope 1 emissions, reduction targets and their performance analysis	TC-SC-110a.2	
Process Energy Management	To disclose the following energy consumption information: (1) Total energy consumption (including fuel and electricity) (2) Percentage of total energy consumption using the electricity from grid (3) Percentage of renewable energy in total energy consumption	TC-SC-130a.1	Energy Management
Water Resource Management	To disclose the following water resources information: (1) Water taking amount: percentage of water taken from water resource shortage zones in total water taking amount (high and very high) (2) Water consumption: percentage of water from water resource shortage zones in total water consumption (high and very high)	TC-SC-140a.1	Water resource management
Waste Management	The weight of hazardous waste produced during the manufacturing process is disclosed, as well as its recovery percentage.	TC-SC-150a.1	Not applicable as manufacturing is outsourced. Waste Management.
Employees Health and Safety	To describe the ways and results to assess, monitor and reduce employees' exposure to hazardous environments	TC-SC-320a.1	Employee Health and Safety
	Total amount of damages caused by violations of employee health and safety laws and regulations	TC-SC-320a.2	
Recruiting and Managing Global Professionals	Note: (1) Percentage of foreign employees(2) Percentage of dispatched employees	TC-SC-330a.1	Recruitment and Retention
Product Lifecycle Management	Percentage of sales of products containing IEC 62474 declared substances	TC-SC-410a.1	Product Lifecycle Management
	Energy efficiency at the overall processor system level: (1) Servers, (2) Desktops, (3) Laptops	TC-SC-410a.2	
Raw Material Procurement	(1) Servers, (2) Desktops, (3) Laptops	TC-SC-440a.1	Procurement of Raw Materials
Protection of intellectual properties and competitive behaviors	Total amount of damages caused by incidents of anti-competitive behavior in violation of relevant laws and regulations	TC-SC-520a.1	No such incident
Active Indicator		Indicator No.	Corresponding Chapter
Total Output		TC-SC-000.A	Products and Services
Percentage of production in own plants		TC-SC-000.B	

Semi-conductor Industry Sustainability Disclosure Indicators

No.	Indicator	Indicator Type	Corresponding Chapter and Description
I	Total energy consumption (One billion joules), percentage of purchased electricity and utilization rate of renewable energy (%)	Quantification	Energy Management
II	Total water taking and consumption (thousand cubic meters)	Quantification	Water resource management
III	Weight of hazardous waste (tonnage) generated and recycling percentage (%)	Quantification	Waste Management
IV	Describe the occupational hazard type, number of persons and percentage	Quantification	Employee Health and Safety No occupational disasters
V	Disclosure of product lifecycle management: Weight of end-of-life products (tonnage) and e-waste and percentage of recycling (%) ^(Note 1)	Quantification	Waste Management
VI	Description of Risk Management Related to the Use of Critical Materials	Qualitative transformation	Procurement of Raw Materials
VII	Total pecuniary losses arising from legal proceedings relating to the Anti-Competitive Practices Ordinance (reporting currency)	Quantification	No such incident
VIII	Production volume of major products by categories	Quantification	Products and Services

Note 1: Including the sale of scraps or other recycling treatment, and relevant instructions shall be provided.

TCFD Disclosure Index⁵ TCFD Disclosure Index

Aspect	TCFD Proposed Disclosure Items	Description
Governance	<ul style="list-style-type: none"> Describe the board's oversight of climate-related risks and opportunities Describe management's role in assessing and managing climate-related risks and opportunities 	<ul style="list-style-type: none"> Governance of climate-related risks is planned for 2023 in accordance with the proposed framework for climate-related financial disclosure (TCFD), and the results of the governance and operations will be periodically reported to the Board of Directors for review. The Board of Directors receives regular ESG-related education and training: the total number of hours of ESG education for directors in 2022 was 48 hours.
Strategy	<ul style="list-style-type: none"> Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios (including a 2° C or lower scenario). 	<ul style="list-style-type: none"> The plan is based on the Climate Change Risk and Opportunity Assessment Methodology, and the scenarios are set up to focus on upgrading e-risks and opportunities by means of discriminatory assessments.
Risk Management	<ul style="list-style-type: none"> Describe the organization's processes for identifying and assessing climate-related risks. Describe the organization's processes for managing climate-related risks Describe how processes for identifying, assessing, and managing climate related risks are integrated into the organization's overall risk management. 	<ul style="list-style-type: none"> Plan to use the TCFD framework to establish a process for identifying climate change, ranking and analyzing the results of the identification and assessment, and initiating risk response for significant risks through the Sustainable Development Promotion Team. The Sustainability Committee holds annual management review meetings to ensure the operational effectiveness.
Indicators and Goals	<ul style="list-style-type: none"> Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. Disclose Category 1, Category 2, and Category 3 (if applicable) GHG emissions and associated risks Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets. 	<ul style="list-style-type: none"> A GHG inventory was conducted in 2022 by following ISO 14064-1:2018 and the Company's feasible GHG reduction space and strategy had been assessed.

Greenhouse Gas Inventory and Assurance Status

Sensortek is a company with a capital of less than NT\$5,000,000,000, and according to the Sustainable Development Guide map for TWSE- and TPEX- Listed Companies, it has not yet reached the timeframe for mandatory disclosure, which is a voluntary disclosure. The GHG emission information in this report is based on ISO 14064-1, and the operational boundaries include scope 1 (category 1), scope 2 (category 2), and scope 3 (categories 3 and 4). For details of the organizational boundaries and the scope of confidence, please refer to the table titled "Explanation of Organizational Boundaries".

Greenhouse gas emissions (Scope 1 and 2)

Scope of Emissions	Total Emission (metric tons of CO ₂ e)	Intensity (metric tons of CO ₂ e/ NT\$ million)	Confirmation Organizations	Notes to Confirmation
Scope 1			British Standards Institution Pacific Ltd. Taiwan Branch (BSI)	BSI verified Sensortek's reasonable assurance level for greenhouse gas under scope 1 and 2 and limited assurance level for scope 3. The organizational boundary is set by the operational control method in this process, and there is a total of 1 operational site. Please refer to the following table for the detailed explanation of the organizational boundary.
Sensortek	63.3736	0.01574		
Scope 2				
Sensortek	399.9721	0.09934		



Greenhouse Gases Total Emissions (Scope 3)

Scope of Emissions	Total Emission (metric tons of CO ₂ e)	Confirmation Organizations	Notes to Confirmation
Total amount of Scope 3			
RawMaterialTransportation - Land Transportation Section	2.1315	British Standards Institution Pacific Ltd. Taiwan Branch (BSI)	Limited Warranty Level, please refer to the Certification Statement for more information.
Raw Material Transportation - Air Transportation Section	0.0629		
Disposal of waste ICs	1.9473		
Waste ICs transportation	0.0541		
Waste ICs transportation	0.0672		

Description of organizational boundaries

Operation Site Category	Operation Site Description	Inventory	Confirmation	Exclusion
Consolidated Financial Reporting Company	Emissions from consolidated financial reporting companies are all emissions from all of the following operating sites that have been inventoried, except for operating sites that account for less than 5% of total emissions, which are included in all consolidated financial reporting companies.			
Sensortek	Hsinchu Headquarters	✓	✓	
Operation Site 1	Taipei NeiHu Office			✓
Exclusion Scope	Description			
Taipei Office	Determined to be less than 5% of the Group's emissions at the time of initial confirmation in 2022			

Checking the organization's declaration of authenticity

bsi.  
By Royal Charter

Opinion Statement

Greenhouse Gas Emissions Verification Opinion Statement


This is to verify that: Sensortek Technology Corp. 昇佳電子股份有限公司
11F, No. 6 and No. 8, Taiyuan 2nd St. 臺灣新竹縣竹北市
Zhubei City, Hsinchu County 302082, Taiwan 台元二街6號11樓及8號11樓 302082

Hold Statement No: GHGEV 784872

Verification opinion statement
As a result of carrying out verification procedures in accordance with ISO 14064-3:2006, it is the opinion of BSI with reasonable assurance that:

- The Greenhouse Gas Emissions with Sensortek Technology Corp. for the period from 2022-01-01 to 2022-12-31 was verified, including direct greenhouse gas emissions 63.374 tonnes of CO₂ equivalent and indirect greenhouse gas emissions from imported energy 399.972 tonnes of CO₂ equivalent.
- No material misstatements for the period from 2022-01-01 to 2022-12-31 Greenhouse Gas Emissions calculation were revealed.
- Data quality was considered acceptable in meeting the principles as set out in ISO 14064-1:2018.
- The emission factor for electricity for the year 2022 is not published by Taiwan government so far, the emission factor used for electricity is 0.509 kilograms of Carbon Dioxide equivalent per kWh instead which may potentially result in different Greenhouse Gas Emission estimates.

The other selected indirect GHG emissions listed in the attached table on the next page were also reported and thus verified with limited assurance, and data quality was not considered unacceptable in meeting the principles as set out in ISO 14064-1: 2018.

For and on behalf of BSI: 
Managing Director BSI Taiwan, Peter Pu

Originally Issue: 2023-04-11 Latest Issue: 2023-04-11 Page: 1 of 3


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Taiwan Headquarters: 2nd Floor, No. 37, Ji-Hu Rd., Nei-Hu Dist., Taipei 114, Taiwan, R.O.C.
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SDGs Disclosure Index

Corresponding SDGs	Sub-goal No.	Corresponding SDG sub-goal	Corresponding Chapter	Page
	4.3	Ensuring equal access for all women and men to affordable and quality technical, vocational and higher education	Talent Development	75
	4.4	Significantly increase the acquisition of relevant skills for employment, decent work and entrepreneurship	Talent Development	75
	5.1	Elimination of all forms of discrimination against women and girls	Human Rights Management	68
	5.5	Ensuring women's effective participation in and access to economic decision-making	Recruitment and Retention	70
	8.2	Achieving higher levels of economic productivity through diversified operations, technological upgrading and innovation	Operation Overview Innovation Management	12 46
	8.8	Protect labor rights and create a safe and secure work environment for all employees.	Employee Health and Safety	82
	13.2	Incorporating climate change initiatives into policies, strategies and plans	Greenhouse Gas Emissions	55
	16.5	Substantial reduction of all forms of corruption and bribery.	Operation Integrity	41

External Assurance Certificate



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE SENSORTEK TECHNOLOGY CORP.'S SUSTAINABILITY REPORT FOR 2022

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION
 SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by Sensortek Technology Corp. (hereinafter referred to as Sensortek) to conduct an independent assurance of the Sustainability Report for 2022. The scope of assurance is based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standard v3 Type 1 Moderate level to assess whether the text and data in accompanying tables contained in the report presented and complies with the GRI Universal Standard (2021) and AA1000 Accountability Principles (2018) during verification (2023/07/21-2023/08/31) in Sensortek headquarter. The assurance process did not include the evaluation of specific performance information outside the scope, such as climate-related financial disclosures (TCFD) and sustainability accounting standards (SASB).

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 Sensortek's Stakeholders.

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

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

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

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)
B	AA1000ASv3 Type 1 Moderate Level (AA1000AP Evaluation only)

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SCOPE OF ASSURANCE AND REPORTING CRITERIA
 The scope of the assurance included evaluation of adherence to the following reporting criteria:

Reporting Criteria Options	
1	GRI Universal Standard (2021) (In Accordance)
2	AA1000 Accountability Principles (2018)

- AA1000 Assurance Standard v3 Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018) at a moderate level of scrutiny; and
- evaluation of the report against the requirements of Global Reporting Initiative Universal Standard 2021 (GRI 2, GRI 3, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with the GRI Universal Standards (2021).

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

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

STATEMENT OF INDEPENDENCE AND COMPETENCE
 The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification, quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from Sensortek, 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

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

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

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ADHERENCE TO AA1000 ACCOUNTABILITY PRINCIPLES (2018)

INCLUSIVITY
 Sensortek 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, Sensortek may consider having direct two-ways stakeholder engagements to have better understanding of its stakeholder concerns.

MATERIALITY
 Sensortek 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
 Sensortek 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.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, Sensortek's Sustainability Report of 2022, is reporting with reference to the GRI Universal Standards 2021 and complies with the requirements set out in section 3 of GRI 1 Foundation 2021. The significant impacts were assessed and disclosed with reference to the guidance defined in GRI 3: Material Topic 2021 and the relevant 200/300/400 series Topic Standard related to Material Topic have been disclosed. The report has properly disclosed information related to Sensortek's contributions to sustainability development. For upcoming reports, it is recommended to present the goals and objectives pertaining to each material topic in a quantifiable and easily trackable manner. Additionally, consider outlining goals for different timeframes (short, medium, and long-term).

Signed:
 For and on behalf of SGS Taiwan Ltd.

Stephen Pao
 Knowledge Deputy General Manager
 Taipei, Taiwan
 25 September, 2023
www.sgs.com

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