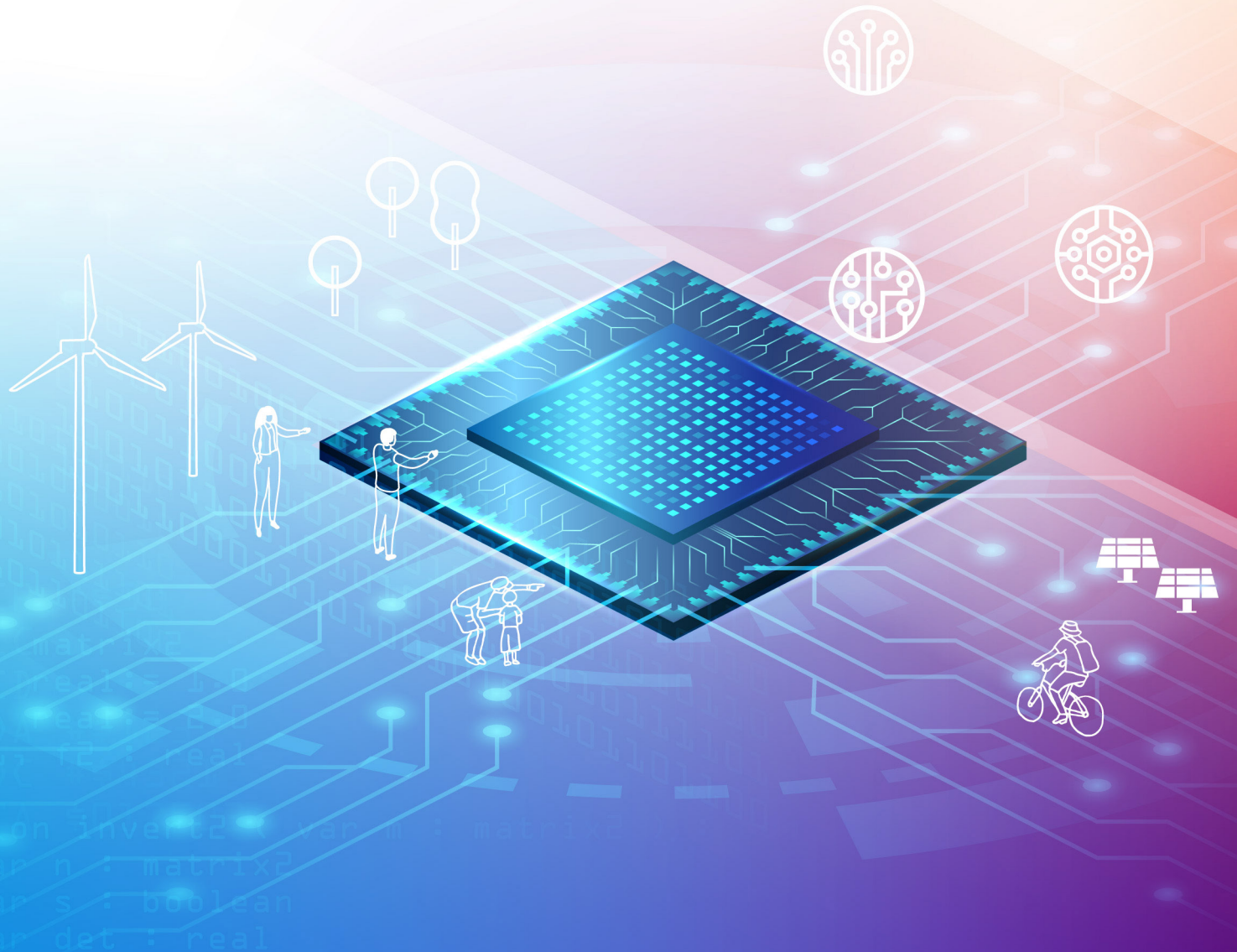




2023

Sustainability Report



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Message from the Management

In the first half of 2023, the global economy slowed down due to a series of factors, such as ongoing Russia-Ukrainian War, unsolved geopolitical tensions and persistent inflation pressure, resulted in continued weak demand for consumer electronics products. The brands of end-user products were still in the process of destocking. Since the second half of the year, the mobile phone market had been gradually recovered driven by increasingly eased inflation, and improved economic prosperity. Although total annual smartphone shipments still declined year on year, such figure was down to a single digit. Sensortek benefited from the recovery of the mobile phone industry from the bottom, with its revenue in 2023 reached NT\$4.54 billion, up 12.85% year-on-year.

Sensortek has continuously promoted the sustainable development through the four pillars of "Corporate Governance", "Environmental Sustainability", "Partnerships", and "Employees and Social Impact". In view of the increasing importance of sustainable development, the Company established a "Sustainability and Risk Management Committee" under the Board of Directors in 2023 to coordinate short-, medium-, and long-term sustainable development strategies and to assist the Board of Directors in making decisions and carrying out the sustainable development and risk management work. Through our multi-departmental Sustainability Promotion Team, we promote the achievement of our corporate sustainable development goals by integrating sustainable risk management into our operations and daily management processes.



/ Corporate Governance

Taking technological innovation as the core value of the company, Sensortek has adopted the "Taiwan Intellectual Property Management System (TIPS)" of the Ministry of Economic Affairs to protect key technologies and improve the quality of intellectual property products. Meanwhile, we follow the ISO 27001 Information Security Management System to build internal information security protection mechanisms so as to reduce information security risks. By implementing management systems in daily operations, we strengthen the risk management mechanism and improve operational resilience. In 2023, Sensortek maintained a corporate governance rating of 6-20% among listed companies and received an A rating from domestic ESG rating agency SinoPac+.



/ Environmental Sustainability

In response to the international trend of net-zero emissions and the "Sustainable Development Roadmap for TWSE/TPEX-Listed Companies" and various "Sustainable Development Action Plans for TWSE/TPEX-Listed Companies" promoted by the Financial Supervisory Commission (FSC), from 2023 we have conducted greenhouse gas inventories in accordance with ISO 14064-1:2018 and have them verified by third-party agencies, and continuously push ahead with carbon inventories related to our upstream and downstream business activities. We have integrated the issue of climate change into our overall risk management process and systematically identify and assess climate risks and opportunities in line with the TCFD framework to respond to the potential impacts of policies, technologies and customers under climate change, thereby building our capacity to govern and manage climate change and laying the foundation for adaptation and mitigation. We are working with stakeholders to raise awareness of climate change. We have actively developed carbon reduction strategies, targets and specific action plans, and have begun purchasing green power since 2023, made the renewable energy used approximately 5% in that year, and we plan to gradually increase the amount of renewable energy used to achieve our goal of net-zero emissions for the Company.



/ Partnerships

In line with international environmental regulations and customers' environmental requirements, we implement our green product management policy from the very beginning of product design and development. We successfully renewed our long-term cooperation with SAMSUNG as its ECO Partner in 2023. We continue to promote sustainable supply chains and then conduct sustainability risk assessments of our supply chains. We also establish supplier codes of conduct to govern supplier behavior and work with suppliers to reduce potential social and environmental risks. We aim to create a sustainable win-win ecosystem with our customers and suppliers.



/ Employee and Social Impact

In 2023, the compensation system maintained the competitiveness above the industry level by motivating employees and retaining talent. The salary of full-time employees who are not in a managerial position in 2023 was 1.83 times the industry average, ranking the Company among the leading companies in the TPEX-listed semiconductor industry.

Chairman

Sheng-Su Lee

About the Report

Sensortek Technology Corporation (hereinafter referred to as "Sensortek") prepares the 2023 Sustainability Report (hereinafter referred to as the Report) based on the following information :

Standard Compliance	This report has been prepared in accordance with the Global Reporting Initiative's (GRI) -- GRI Sustainability Reporting Standards (GRI Standards) issued by the Global Sustainability Standard Board (GSSB) and the Sustainability Accounting Standards Board's (SASB) Guidelines for the Technology and Communications Sector: Semiconductors (SASB) (Version of December, 2023). In addition, we have also disclosed some information with reference to stakeholders and issues related to sustainability evaluation.
Reporting Period	<p>The 2021 Annual Report was first published in September 2022.</p> <p>The period covered by the report : January 1, 2023 to December 31, 2023</p> <p>Release date of the Chinese version : August 2024</p> <p>Release date of the previous Chinese version : September 2023</p> <p>Release frequency in the future : Once per year</p>
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 Sustainability Promotion Team. The completed report is sent to the departmental executives 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, and after being discussed and passed by the Board of Directors, 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 guaranteed 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	<p>Should you have any questions about this Report, or any suggestions for Sensortek, please feel free to contact us through the following methods.</p> <p>Responsible Officer: Executive Secretary, Sustainable Development Promotion Team</p> <p>Company address: F11, No. 6, Taiyuan 2nd Street, Zhubei City, Hsinchu County, Taiwan</p> <p>Company tel. : 03-560-1000</p> <p>E-mail : esg@sensortek.com.tw</p> <p>Company website : www.sensortek.com.tw</p>

2023 Sustainability Highlight Performance

E

Green Future

Environment

- Completed ISO 14064-1:2018 Greenhouse Gas Inventory, and passed Third Party Verification.
- Energy intensity over previous year 3.14%.
- Achieved 40 renewable energy credits, with approximately 5% renewable energy usage.
- Local procurement of raw materials 100%
- Confirmed** Continuously maintained the Samsung Eco-Partner Certification valid certification.



S

Society Common Prosperity

Society

- The median salary of full-time employees who are not in a managerial position reached NT\$2,066,000.
- The average salary of full-time employees who are not in a managerial position was NT\$2,204,000, 1.83 times the average industry standards.
- Total training hours over previous year 1.59 times.
- Retention rate for the parental leave without pay: 100%.
- Confirmed** Continuously included in the TPEX Compensation Index as a constituent stock



G

Sustainable Operation

Governance

- The attendance rates of the Board of Directors/Audit Committee/ Compensation Committee were 100%.
- Female directors account for 14%.
- ESG education hours for directors: 36 hours.
- Completion rate of integrity management education and training: 100%.
- Green fixed deposit commitment: NT\$50 million.
- Sustainability fixed deposit commitment: NT\$5 million.
- Public welfare donation increases over the previous year 9.62%.
- Interim appraisals and annual audits for suppliers: 100%.
- Rate of suppliers signing "Supplier Declaration of Not Using Conflict Minerals": 100%.
- Rate of new suppliers signing "Declaration that the supplier does not use environmentally hazardous substances": 100%.
- Response rate of new suppliers to "RMI Conflict Minerals Questionnaire": 100%.
- Information security education and training for new employees: 100%.
- The Sustainability and Risk Management Committee was established to facilitate decision-making and implement sustainability and risk management.
- Confirmed** The Company ranked in the top 6%-20% tier among the TPEX-listed companies in corporation governance evaluation.
- Confirmed** SinoPac+ ESG Ratings received a grade of A (top 21% to 40%).

Sustainability Goals

2024



Risk Management

Risk Management Culture and Mechanism

- ▮ Training to raise risk management awareness.



Business ethics

Behavioral Policies

- ▮ Complete further education on Code of Conduct.
- ▮ All in-service employees have passed their training with 100% success rate.



Innovation management

Intellectual property management

- ▮ Apply for Taiwan Intellectual Property System (TIPS) Level A certification.



Supply Chain Sustainability Management

Key Supplier Self-Assessment Form

- ▮ Conduct new and annual supplier sustainability risk assessments.

Education and training for high-risk suppliers

- ▮ Perform supplier counseling.



Information Security Management

Strengthen the information security management mechanism

- ▮ Obtain ISO 27001 international certification for information security management.
- ▮ Increase information security awareness.
- ▮ Conduct information security incident drills.
- ▮ Conduct disaster recovery drills.



Greenhouse Gas Management

Greenhouse Gas Inventory

- ▮ Planning inventory schedules for categories under greenhouse gas Scope III.



Labor Practice Indicators

Anti-discrimination and anti-harassment policy

- ▮ Formulate anti-discrimination and anti-harassment policies and procedures.
- ▮ All in-service employees have passed their training with 100% success rate.



Human rights

Human Rights Policy

- ▮ All in-service employees have passed their training with 100% success rate.



Talent Capital Development

Improve employee development programs

- ▮ Develop a model for evaluating response and learning effectiveness.



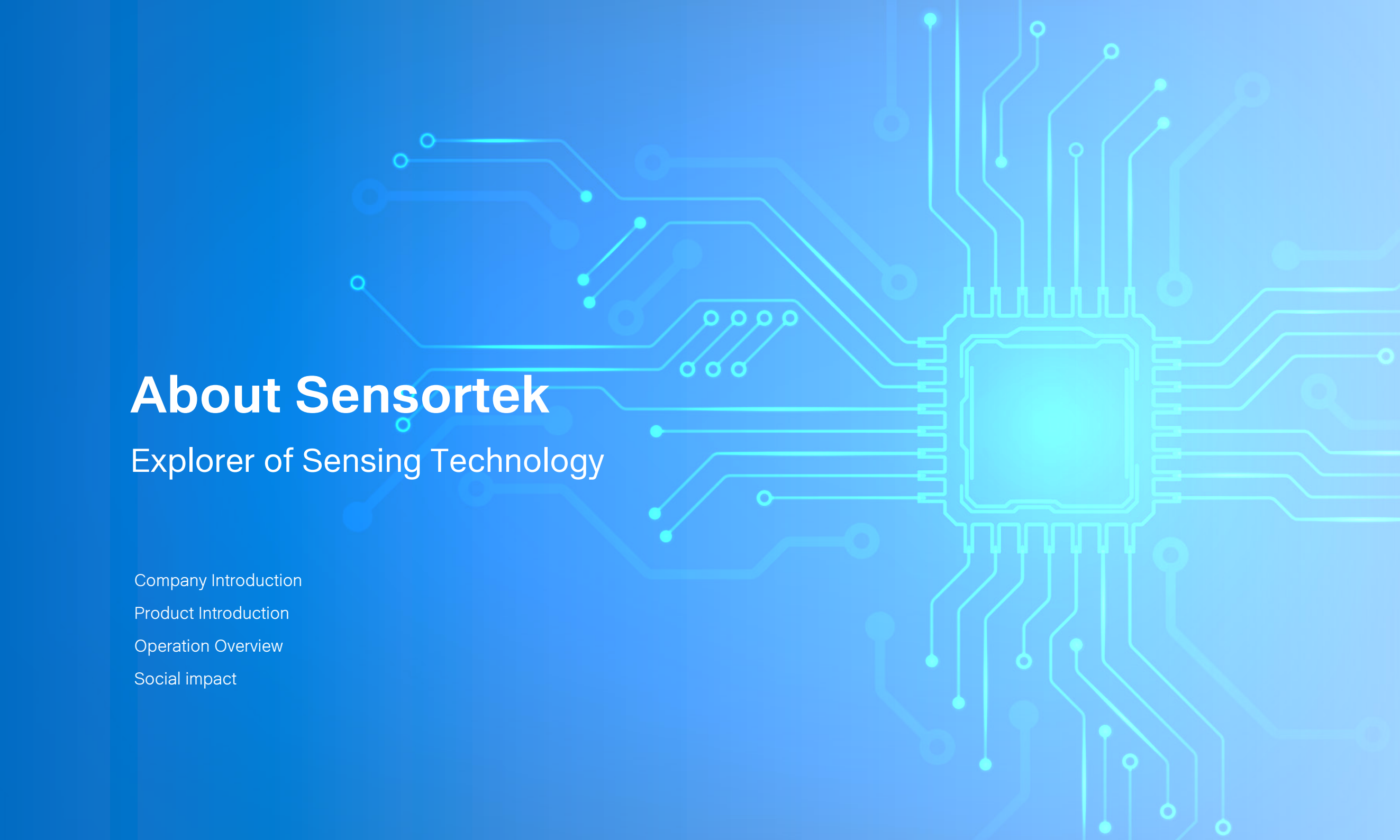
Climate strategy

Climate change strategy

- ▮ Climate-related financial disclosures and the operation of climate change governance mechanisms.

Climate Change Management Mechanism / Greenhouse Gas Reduction

- ▮ Purchase Renewable Energy Certificates (Resupply) with approximately 10% renewable energy usage.



About Sensortek

Explorer of Sensing Technology

Company Introduction

Product Introduction

Operation Overview

Social impact

Company Introduction

Sensortek specializes in the research, development and sales of sensor chips. Our main products, "optical sensor IC" and "microelectromechanical sensor IC", are the foundation of our business. They are mainly used in consumer electronic products such as smartphones and wearable devices such as smart bracelets or TWS (True Wireless Stereo) Bluetooth headsets. Over many years of research and development in environmental light, distance, and gravity sensing, we continue to deepen our expertise and extend our technology to other sensing applications, diversifying our line of sensing ICs to become a leading sensing IC provider.



Company name	Sensortek Technology Corporation
Stock Code	6732
Chairman of the Board	Sheng-Su Lee
Establishment Date	December 1, 2009
Listing Date	June 8, 2020
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 2023)
Number of employees	201 (by the end of 2023)
Revenue	NT\$ 4.5 billion (2023)
Memberships in external organizations	National Tsing Hua University Micro Sensor and Actuator Consortium (Member)

Product Lines	Optical Sensor	MEMS Sensor	Capacitive Sensing Sensor
	<ul style="list-style-type: none">• Proximity Sensor• Ambient Light Sensor	<ul style="list-style-type: none">• Color Sensor• Flicker Detection Sensor	<ul style="list-style-type: none">• Accelerometer Sensor• Pressure Sensor• Specific Absorption Rate Sensor• Capacitive Touch Sensor

Vision and Mission

Sensortek is committed to "creating infinite possibilities of sensing technology in life, so that users can experience a better life thanks to our sensing technology", along with upholding the following core values, which would guide us to become a trusted partner for our customers.



Commitment

Satisfying Customer Needs and Creating Customer Value.



Innovation

Proactive Innovation and Flexibility in Response to Market Changes.



Passion

Love and believe in what we do.



Aggressive

Proactive in identifying problems, willing to improve the status quo, and constantly striving for improvement.

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 vendors, 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.

Sensortek 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.



Organizational Structure of the Company



Note : Please refer to the 2023 Annual Report for the job descriptions at various departments of Sensortek.







Milestone



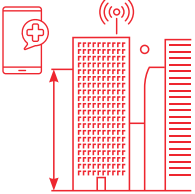
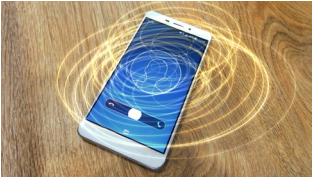

Year 2019	Year 2020	Year 2021	Year 2022	Year 2023
<ul style="list-style-type: none"> Launched the second-generation ambient light and proximity sensor chip for full-screen slit-type and under-display applications Launched small aperture ambient light (RGB) sensor chip Listed on the emerging stock market for trading Initial public offering (stock code: 6732) 	<ul style="list-style-type: none"> Launched ambient light (RGB) sensor chip with flicker detection Won “ISO 9001 Plus Award” for QMS Operation Process Management from SGS Listed on the Taipei Exchange for trading 	<ul style="list-style-type: none"> Launched TWS in-ear detection proximity sensor chip Launched under-display ambient light sensor chip for wearable devices Launched long-wavelength (1,300 nm wavelength of light emitting element) ambient light and proximity sensing chips for under-display applications Launched TWS multi-channel (3CH/5CH) capacitive sensing sensors Launched specific absorption rate sensors Launched multi-laser (light emitting element with a wavelength of 940 nm) chips for under-display ambient light and proximity sensors 	<ul style="list-style-type: none"> Launched ambient light RGB and proximity sensor for full-screen slit-type applications Launched small-package-sized ambient light and proximity sensors for small water droplet screen applications Launched ambient light sensor chip for thin watches and other wearable devices Launched next-generation long-wavelength (1,300 nm wavelength of light emitting element) ambient light and proximity sensing chips for under-display applications 	<ul style="list-style-type: none"> Launched an IC that combines multi-channel ambient light (UV+ALS+RGB) and ambient light source flicker detection Launched next generation multi-laser (light emitting element with a wavelength of 940 nm) chips for under-display ambient light and proximity sensors Launched a dual-in-one ambient light RGB and proximity sensor for under-display applications Launched high-sensitivity and long-wavelength EEL (1,300 nm wavelength of light emitting element) ambient light and proximity sensing chips for under-display applications Launched pressure sensing ICs

Note : Please refer to our 2023 Annual Report for additional milestones.

Product Introduction

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. Sensortek’s products are mainly used in smart phones, tablets, wearable devices and other consumer products.

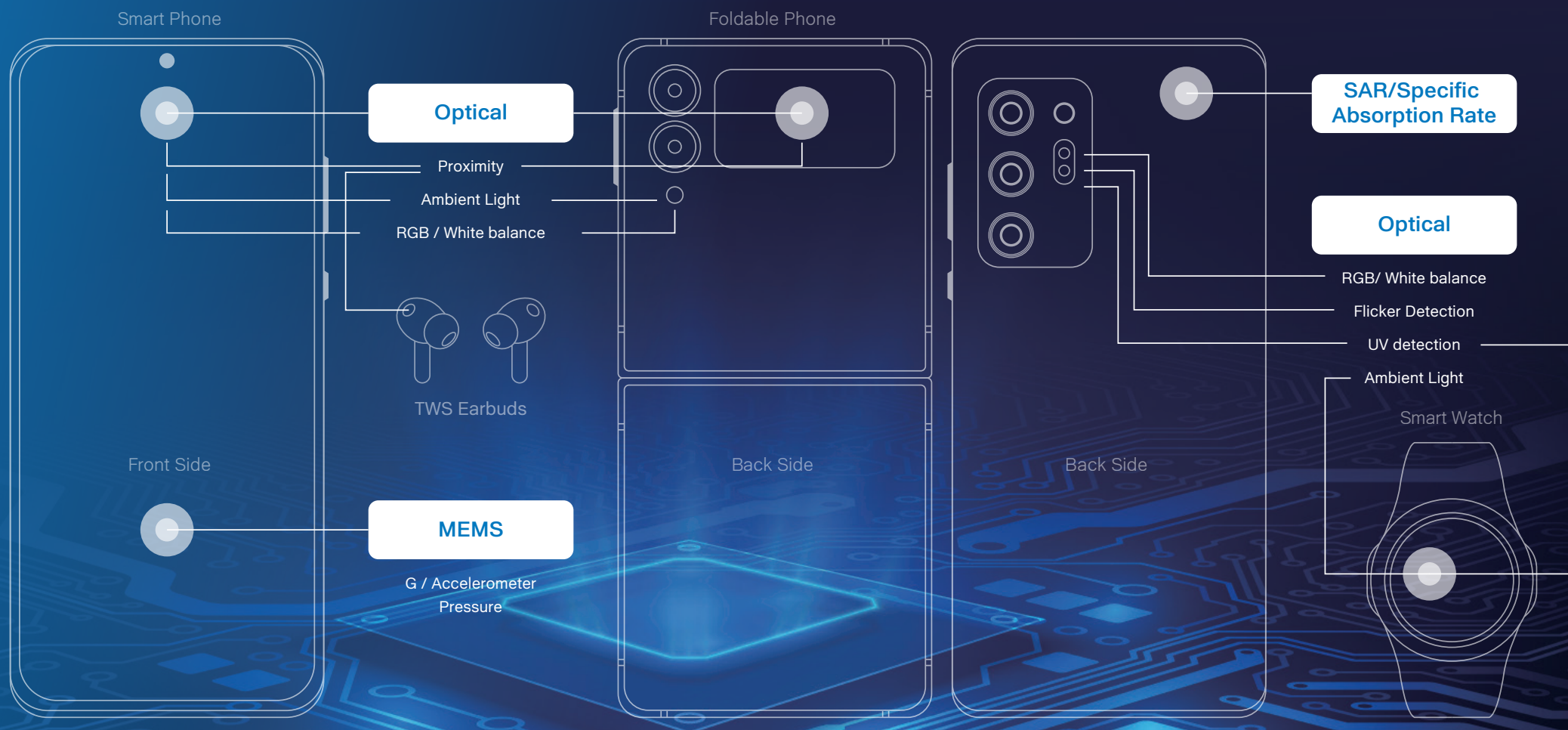
Type	Product Name	Function	Special Features	Application
Optical Sensor	Ambient Light Sensor (ALS)	It applies to ambient light sensing applications to adjust panel brightness and ensure comfort and saving energy.	<ul style="list-style-type: none">With the ability to measure ambient light intensity, which is equivalent to the human eye's response to light under various lighting conditions, high sensitivity and wide dynamic range, the display can adjust and control brightness, which can help reduce power consumption, extend the battery life and improve the overall user experience.	 
	Color Sensor	It can be used to detect the ambient light intensity and ambient color temperature at the same time to automatically adjust the brightness and color performance of the screen or camera to make the effect closer to the real use scene and environment.	<ul style="list-style-type: none">With multi-channel sensors (RGBW or XYZ, etc.) that detect the intensity of various visible or near-infrared lights in the environment, combined with relevant algorithms to accurately determine the color temperature of the ambient light, electronic products equipped with this chip can perform functions such as screen color temperature adjustment or white balance for camera photography and video recording, thus enhancing the user experience.	
	Proximity Sensor (PS)	The proximity sensor is used to shut down the panel and avoid inadvertent contact.	<ul style="list-style-type: none">Using a NIR/SWIR light source in combination with the appropriate sensor design, the intensity of the reflected light can be detected to determine the relative distance between an object and the sensor, which can be applied to applications such as face distance detection during phone calls, smart home appliances, and AR/VR device wear detection.Different wavelengths of light can be used to integrate the reflection intensity of human skin, which can be used for various applications such as ear detection in TWS and skin sensing.	

Type	Product Name	Function	Special Features	Application
Optical Sensor	Flicker Detection Sensor	It can be used to detect the flicker frequency of ambient light sources or other electronic device screens to eliminate flicker lines when taking pictures.	<ul style="list-style-type: none">With high sensitivity, wide dynamic range and precise timing design, it is suitable for judging the light source frequency of artificial light sources and adjusting the screen flicker frequency, or assisting the camera in detecting the light source flicker for automatic shutter adjustment.	
MEMS Sensor	Accelerometer Sensor (GS)	It can be used for screen rotation, posture detection and pedometry.	<ul style="list-style-type: none">Using proprietary technology and unique packaging techniques, the device is able to overcome the potential effects of external mechanical and thermal stresses on performance, enabling precise measurement of object acceleration, intelligent adjustment of screen display orientation, identification of the horizontal, vertical or inclined posture of the object, and simultaneous step counting.	
	Pressure Sensor	It can be used for altitude measurement, staircase movement tracking, climbing rate detection, weather forecasting, water depth measurement, flight altitude control, and others.	<ul style="list-style-type: none">Designed using MEMS piezoelectric technology, the pressure sensor incorporates intelligent temperature compensation and features a unique waterproof and dustproof package, ensuring that the components are not affected by the external environment and achieve high-precision pressure measurement.	
Capacitive Sensing Sensor	Specific Absorption Rate 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">With environmental intelligence compensation, it can detect whether a person is approaching the phone antenna sensitively, allowing the phone to control the radiation pattern and adjust the beam direction, directing the electromagnetic wave emission beam away from the human direction and reducing the potential impact of electromagnetic waves and radiation on the user.	
	Capacitive Touch Sensor	It can be used to detect the distance between the device and the ear, and automatic enable or disable the device to save energy.	<ul style="list-style-type: none">It is able to sense the proximity or distance of the ear, enabling it to automatically turn on or off to save power. It also supports hand gestures for touch sliding, allowing users to easily adjust feature selections and enhance their user experience.	

Manufacturing Process of Sensors



Development Trend of Sensing Products

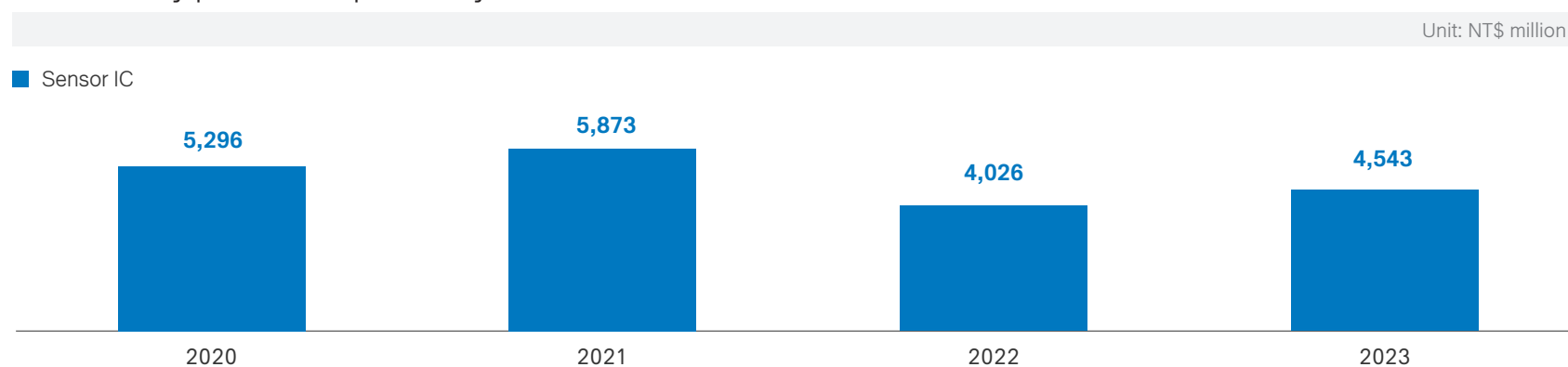


SASB Operational Activity Indicators

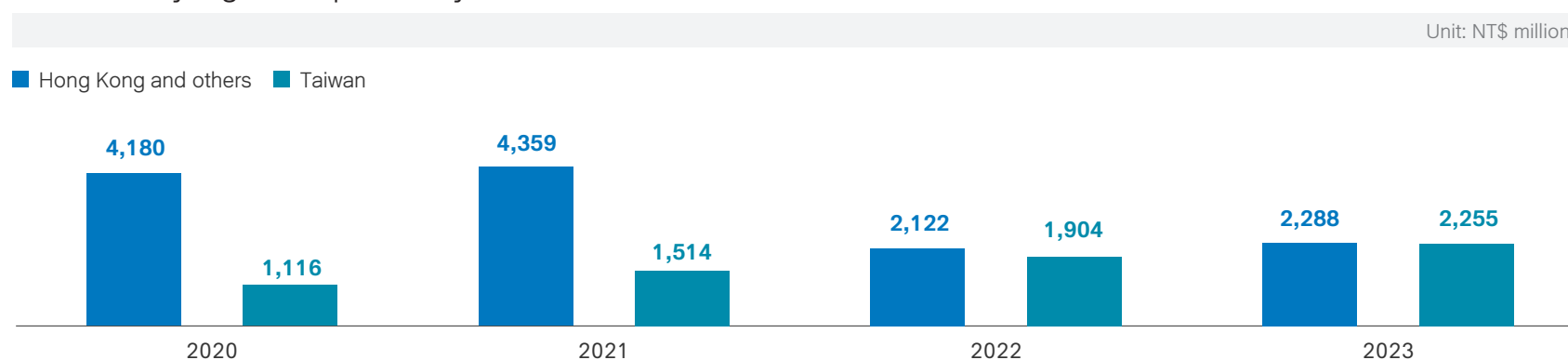
Indicator No.	Item	2020	2021	2022	2023
TC-SC-000.A	Total output of sensors (Unit : 1,000 PCS)	833,309	806,370	479,830	574,951
TC-SC-000.B	Percentage of products made in own plants ^{Note}	0	0	0	0

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



Revenues by regions in previous years



Operation Overview

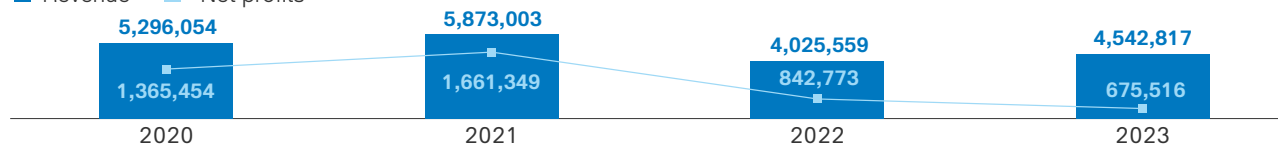
Operating Performance

Sensortek has continuously developed under-screen application solutions with high sensitivity and ambient light temperature adjustment for its optical sensor technology, solidifying its foothold in its customers' flagship smartphones and ensuring its adoption in each generation of flagship models. With the introduction of foldable flagship smartphones from various brands, there is a demand for sensors on both the inner and outer screens. In addition, ambient light flash detection technology is applied to the camera assistant function of smartphones, so the number of optical sensors in smartphones is increasing. With several years of R&D energy invested in the development of smartphone screen applications, environmental light sensing technology has expanded its applications to smartwatch screens, TV screens, and car display screens, and its performance in wearable device applications has continued to improve.

The global economy slowed down due to a series of factors, such as ongoing Russia-Ukrainian War, unsolved geopolitical tensions and persistent inflation pressure, resulted in continued weak demand for consumer electronics products. The brands of end-user products were still in the process of destocking. Since the second half of the year, the mobile phone market had been gradually recovered driven by increasingly eased inflation, and improved economic prosperity. Although total annual smartphone shipments still declined year on year, such figure was down to a single digit.

Revenues and Profit in Previous Years

■ Revenue ■ Net profits



Unit: NT\$ thousand

		Unit: NT\$ thousand			
		2020	2021	2022	2023
Revenues and Profit in Previous Years	Operating revenue	5,296,054	5,873,003	4,025,559	4,542,817
	Operating costs	3,168,226	3,181,972	2,463,434	3,228,451
	Gross profit from operations	2,127,828	2,691,031	1,562,125	1,314,366
	Operating expenses	590,639	791,559	670,661	656,513
	Selling expenses	97,111	117,352	96,903	105,142
	Administrative expenses	124,270	123,427	90,152	87,366
	Research and development expenses	369,258	550,780	483,589	463,925
	Impairment loss	0	0	17	80
	Net other income (expenses)	0	598	21	21
	Net operating income	1,537,189	1,900,070	891,485	657,874
	Non-operating income and expenses	12,928	70,613	99,298	122,813
	Profit from operations before tax	1,550,117	1,970,683	990,783	780,687
	Tax expense	184,663	309,334	148,010	105,171
	Profit	1,365,454	1,661,349	842,773	675,516
	Other comprehensive income	1,602	48,935	(63,512)	72,886
Disclosure of related GRI information	Comprehensive income	1,367,056	1,710,284	779,261	748,702
	Earnings per share	28.81	33.97	17.23	13.81
	Employee compensation and benefits	556,317	697,990	516,110	490,639
Government grants/payments	Interest and dividend expense	832,282	1,100,705	1,467,743	733,849
	Community investment expense	180	349	587	598
	Other government financial subsidies	0	95,879	64,858	50,306
Payments to Governments		186,203	288,452	141,010	103,656
Percentage of R&D expenses to revenue		6.97%	9.38%	12.01%	10.21%

Note : Operating performance includes disclosure items for direct economic value, allocated economic value and retained economic value.

In 2023, the revenue was NT\$4.54 billion, an increase of 12.9% from 2022, the gross profit was NT\$1.31 billion, a decrease of 15.86% from 2022, the net income after tax was NT\$680 million, a decrease of 19.85% from 2022, and the EPS was NT\$13.81. For other detailed operating results, please refer to the Financial Highlights section of the 2023 Annual Report.

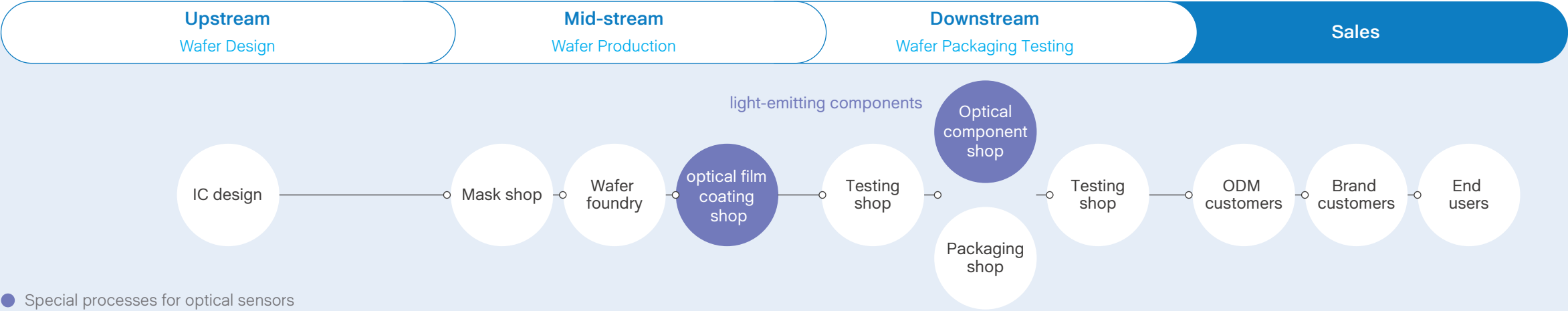
Products and Technologies	Market Trends	Description
Optical Sensing Technology	The mobile display technology is developed towards higher frequencies and higher contrast specifications	As the resolution requirements for displays increase, resulting in a continuous decrease in screen transmittance to drive display brightness at a higher refresh rate, the photodiode must significantly improve its sensing performance. Optical sensing technology is upgraded to an in-screen solution to meet the technical specifications for this screen-penetrating solution.
	OLED panels are transited to mid-end and low-range smartphones.	It optimizes the cost of under-screen application solutions to improve product cost-effectiveness and expand customer usage of under-screen application solutions and capitalize on the opportunities presented by the increasing penetration of OLED panels in smartphones.
	Ambient light fluctuation detection technology	With the trend of mobile phone camera functions to detect high-frequency light sources and recognize multiple scenes, the optical sensing technology has been used as an auxiliary device for the rear camera of mobile phones, which can improve the detection of flashing light frequencies and simultaneously achieve the adjustment of the camera to reduce black lines, and expand the diverse applications of optical sensing technology beyond the mobile phone screen.
	Consumer electronics products such as smartphones emphasize eye protection features	In response to the increasing demand for color temperature adjustment of displays, we will enhance RGB ambient light and proximity sensing technologies for high-sensitivity OLED under-display applications.
MEMS Sensing Technology	Waterproof pressure sensing technology is used in waterproof, high-precision wearable and IoT products, expanding its applications beyond smartphones.	
	The MEMS integrated gyroscope and acceleration sensor technology applied to inertial measurement units is continuously improving product reliability and striving for standard of production (SoP).	

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. The products are also mainly sold through agents. After the products are manufactured, they are shipped to the agents' warehouses in various locations, and then the agents ship them to the end users (such as the factories of various mobile phone brands' manufacturers), where they are assembled into the final product - a mobile phone - and then sold to end users worldwide.

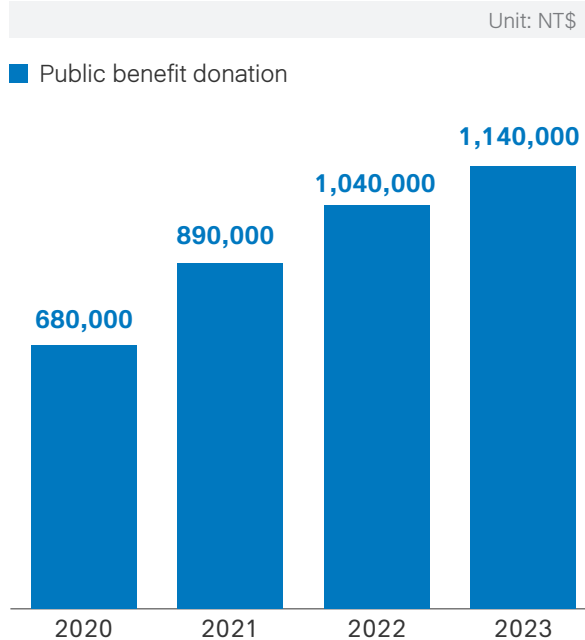
During the production process of wafer products, we have built long-term partnerships with mid- and downstream companies alongside the industry chain, and have worked with wafer manufacturers to optimize the micro-electro-mechanical (MEMS) process. In addition, we have worked with packaging companies 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



Social impact

Historical social investment



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. The Company donates a fixed amount to charitable organizations every month and encourages employees to participate in the donation. In 2023, the Company and its employees donated a total of NT\$1.14 million to the charity.

Charitable Donations

We make monthly donations and mobilize our employees to make annual donations to charitable organizations, including the Sunshine Charitable Fund, the Miaoli County Private Infant and Child Care Home, the Taiwan Children and Family Support Foundation, and other related organizations. In 2023, we expanded our charitable focus and launched a Christmas salary donation program for our colleagues with the goal of spreading love to Wufeng National Middle School in Hsinchu County. This initiative aimed to provide the school's students with more abundant resources for development. A total of 46 colleagues participated in this program, and donations from our Kindness Coffee Fund (income from employee-operated vending machines) resulted in a total donation of NT\$1.14 million for the entire year.

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 2023, the cumulative donation reduced 2.008 tonnes of CO₂ emissions, equivalent to 167.36 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. In 2023, we made green deposits of NT\$50 million.

In response to the financial institutions' regular sustainable deposit investment plan, the financial institutions will use the deposit as a funding source for environmental and social impact investment plans and sustainable performance-linked loans to help companies with significant improvements in environmental and social benefits to source funds. In 2023, we made sustainable deposits of NT\$5 million.

Industry-academy
cooperation

Sensortek supports local education to promote community development and increase internship opportunities for students. It cooperates with nearby universities in Hsinchu County to build a partnership for education and industry-academy cooperation, and arranges for students to receive hands-on skill training. The cooperation in 2023 was as follows :

Type	School	Number of employees	Period
Off-campus Internship	Minghsin University of Science and Technology	1	June 2022 to June 2023
		1	June 2023 to June 2024
Industry-academy cooperation: Development of VAD Algorithm and Optimization of Wafer Testing and Analysis Platform by Applying Big Technology	National Formosa University	1	March 2023 to August 2023
Industry-Academia Cooperation: Research Plan for Modal Matching Gyroscope Design	National Taiwan University	1	September 2023 to April 2024

Note : National Formosa University and National Taiwan University collaborated to support the company's R&D program





Identifying Impacts

Sensing the Drivers of Sustainability

Sustainability and Risk Governance

Identifying and negotiating

Significant Identification and Analysis

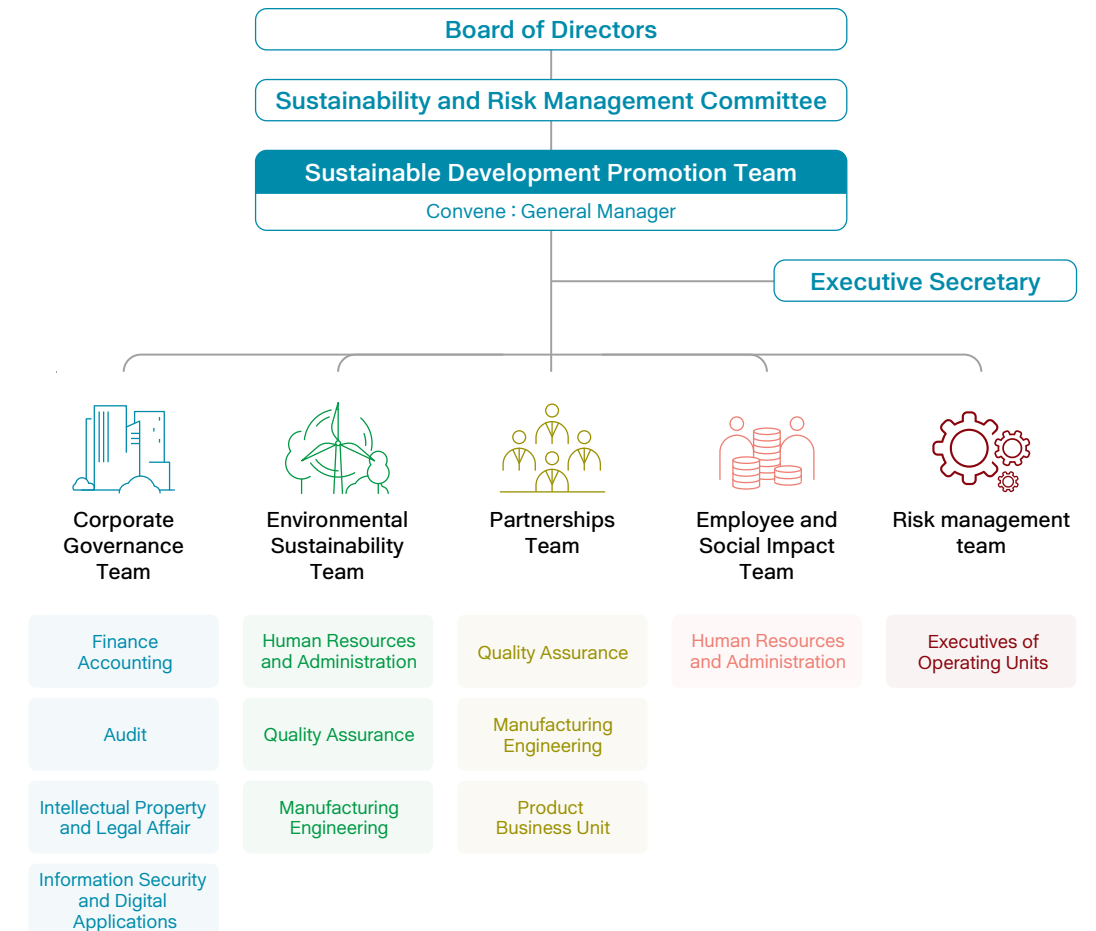
Management Policy of Sustainability Issues

Sustainability and Risk Governance

Sustainability and Risk Governance Organization

In order to promote sustainable development and coordinate short-, medium- and long-term sustainable development strategies, Sensortek established the "Sustainable Development Promotion Team" in 2021, and then, in view of the increasingly important role of sustainable development, the Board of Directors approved the "Risk Management Policy and Procedure" on October 31, 2023, and established the "Sustainability and Risk Management Committee" under the Board of Directors. More than half of the members of the Committee are independent directors and the Chairman is an independent director. The Committee meets at least twice a year and may meet whenever necessary. The Committee manages risks that may affect the Sustainable Development Goals by integrating risk management into operational activities and day-to-day management processes. It assists the Board of Directors in making and implementing decisions and actions to achieve stable business operations and progress toward the company's sustainable development goals.

The Committee has a Sustainable Development Promotion Team, chaired by the General Manager, with sub-groups including a Corporate Governance Group, an Environmental Sustainability Group, a Partnership Group, an Employee and Social Impact Group, and a Risk Management Group. These groups are responsible for implementing relevant initiatives and meet regularly to identify sustainability issues that are relevant to the company's operations and stakeholder concerns. They assess the potential impact of sustainability issues on the Company's operations and stakeholders with a "severity" and "likelihood" scale, and develop corresponding strategies, work plans and initiatives based on the identified material issues. They also track the implementation progress to ensure that sustainability strategies are fully integrated into daily operations, and report to the board regularly.



Duties of the Sustainability and Risk Management Committee

To develop policies, governance structures, roles and responsibilities to promote sustainable development and risk management.



To review policies, management guidelines and specific implementation plans proposed by the Sustainable Development Promotion Team on sustainable development issues.



To review and track implementation and results of sustainable development and risk management.



Duties of Work Groups



Corporate Governance

- It is composed of representatives appointed by the respective department executives, and the responsibilities of each department are assigned to different work groups accordingly.
- As the executive unit responsible for managing sustainability issues, they shall compile the concerns and expectations of key stakeholders regarding the Company's various sustainability issues.



Environmental Sustainability



Partnerships



Employee and Social Impact



Risk Management

- Composed of the heads of operating units, they are responsible for promoting and implementing the Company's risk management.
- They shall assess the degree of negative and positive impact of sustainability issues on the Company, and formulate short-, medium-, and long-term management policies and objectives to plan, execute, and monitor risk management issues.

The Head of the Sustainable Development Promotion Team reports regularly to the Sustainability and Risk Management Committee and the Board of Directors on risk management, including sustainability-related issues, progress in implementing sustainable development and future work plans in connection with the Company's operations and stakeholders. The Sustainability and Risk Management Committee and the Board of Directors review the progress of various strategies to encourage management to make adjustments.

Report to the Board of Directors in 2023 on the implementation of the Company's sustainable development

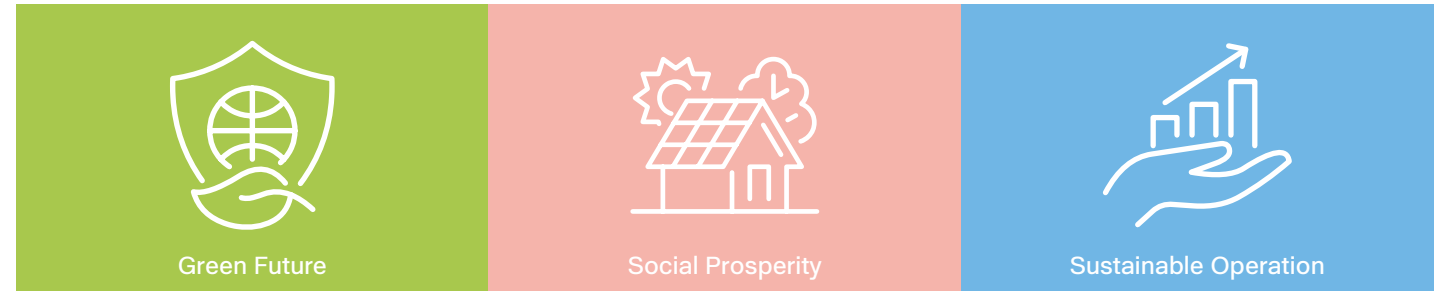
- Sustainability Risk Assessment and Management Policy, Principles, and Objectives
- Communication with stakeholders
- Implementation of intellectual property management
- Implementation of the integrity operation policy
- Implementation of information security management

Sustainable Strategies and Goals

Sensortek aims to fulfill its mission of "creating infinite possibilities of sensing technology in life, so that users can experience a better life thanks to our sensing technology" by developing a sustainable strategy through the three directions of "Green Future", "Social Prosperity", and "Sustainable Operations". The company demonstrates its commitment to solving the SDGs by setting sustainable development targets under the three directions, and regularly reviewing the progress and performance of these targets through the "Sustainability and Risk Management Committee."



Main Shaft



Through innovative R&D and talent development, we are bringing green products to market and working together to create a green future

By leveraging the impact of responsible sourcing in the supply chain, we will lead partners to realize a sustainable growth, and engage in community service

In compliance with regulations and ethical guidelines, we will strengthen corporate governance and risk management, and become a trusted partner to our customers

Aspects/Directions

Talent development
Technical Innovation

Responsible purchasing
Social participation

Integrity Management
Risk Management

SDGs



Sustainability Goals	Goals in 2023	Implementation in 2023
Business ethics	Behavioral Policies	<ul style="list-style-type: none"> Education and training of all full-time employees on Integrity Management Promotion (training completed: 184 people, 100% completion rate) The Company's internal website, the Integrity Education Corner, publishes a quarterly electronic newsletter on the company's integrity policy.
	Information Security Governance	<ul style="list-style-type: none"> The Information Security Committee has established an Information Security Audit Group to evaluate the implementation of information security management systems. Introduction of the ISO 27001 Information Security Management System Information Security Training for all full-time employees (192 employees completed the training with a completion rate of 100%) Conducted 5 information security promotion programs
Information Security Management	Information Security Protection	<ul style="list-style-type: none"> Built a comprehensive network hardware infrastructure and implement multi-site disaster recovery mechanisms Account two-factor authentication
	Information security vulnerabilities	<ul style="list-style-type: none"> Reduce information security patching by 46% by performing vulnerability scanning externally Social engineering exercises were conducted twice, with an employee false positive rate of 26.67%.
Supply chain management	Supplier Code of Conduct	<ul style="list-style-type: none"> Complete development of the Supplier Code of Conduct 14 key suppliers received Supplier Code of Conduct with 100% signing rate
	EGS management is integrated into the supply chain management strategy	<ul style="list-style-type: none"> Complete development of Supplier Sustainability Management Policy
	Conflict minerals	<ul style="list-style-type: none"> Complete the development of the Conflict Minerals Risk Management Process and publish it on the official website Issued a "Supplier Declaration of Not Using Conflict Minerals" with the signing rate of 100%

Sustainability Goals	Goals in 2023	Implementation in 2023
Innovation management	Intellectual property management	<ul style="list-style-type: none"> Introduction of the Taiwan Intellectual Property System (TIPS) Develop and publish an intellectual property management manual and establish an intellectual property management accountability unit Basic Intellectual Property Education and Training for all full-time employees (199 employees completed the training with a completion rate of 100%)
	Climate Change Management Mechanism	<ul style="list-style-type: none"> Introduction of Climate Related Financial Disclosure (TCFD) Establishment of a climate change governance framework and risk management mechanism (Sustainability and Risk Management Committee) Complete the identification of key climate change risks and opportunities
Climate strategy	Climate change strategy	<ul style="list-style-type: none"> Develop climate change strategies and action plans Set quantitative climate change targets: purchase 40 renewable energy certificates (wheeling) in 2023 (40,000 kWh), with a renewable energy usage rate of approximately 5%
	Environmental Policy and Management System	<ul style="list-style-type: none"> Environmental Protection Training for all full-time employees (183 employees completed the training with a completion rate of 100%)
Greenhouse Gas Management	Greenhouse Gas Inventory	<ul style="list-style-type: none"> Complete external verification of greenhouse gas emissions
Human rights	Human Rights Policy and Commitment	<ul style="list-style-type: none"> The "Human Rights Policy" has been finalized and published on the official website.
Health & safety	Establish the Employee Assistance Program EAP	<ul style="list-style-type: none"> Implement an Employee Assistance Program (EAP) to provide a platform for employee wellness and care.
Talent Capital Development	Promote strategic employee development programs	<ul style="list-style-type: none"> Complete the training framework (including job levels, job titles, common courses, and orientation courses based on purpose or need) The strategy deployment approach suggests project-based training course planning

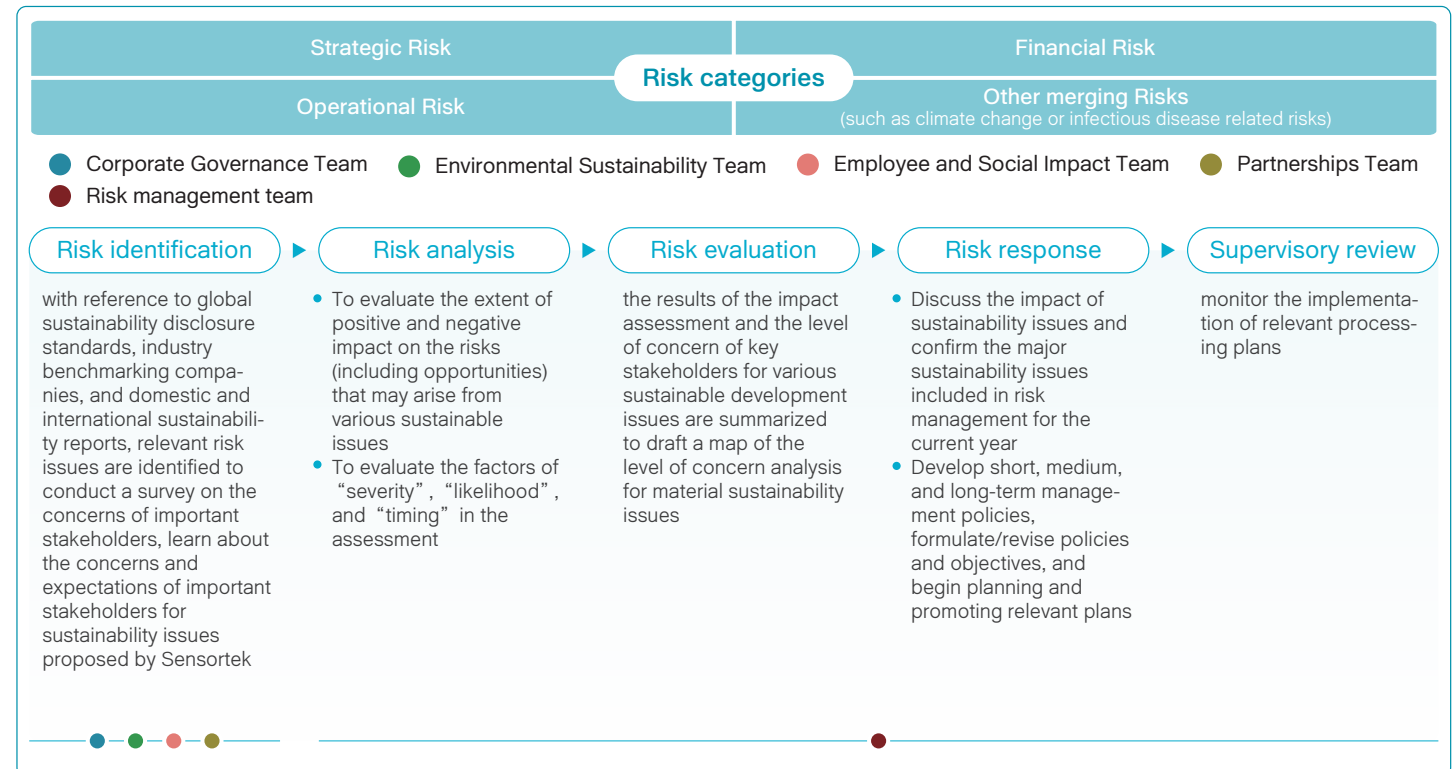
Note : The management mechanism for sustainability objectives is detailed in the Sustainability Issue Management Policy.

Risk and Opportunity

Sensortek has integrated sustainable development into its existing risk management framework by establishing the Sustainability and Risk Management Committee, which helps the Company seize opportunities and better manage risks. The Company conducts its business based on the value of integrity and recruiting high-potential employees in a highly competitive talent market. The Company's sustainability is a key differentiator that improves team member engagement, satisfaction and productivity; conserves energy and reduces waste, which also helps reduce costs. In addition, the current drive for sustainable development also strengthens our relationships with our customers, suppliers, investors and employees, and other stakeholders.

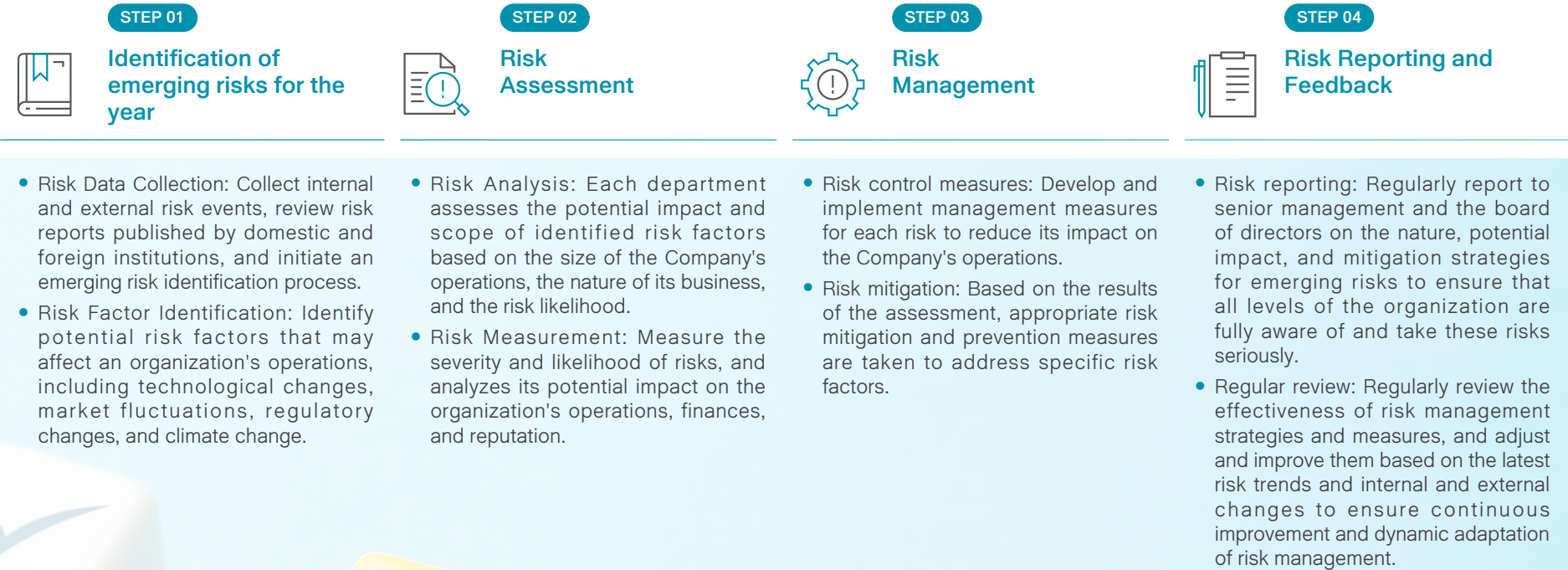
Our supply chain, operations and marketplace continue to face challenges, including various risks such as the potential exacerbation of extreme weather events due to climate change, global pandemics, geopolitical risks, talent shortage risks, materials supply and a range of related challenges. We continue to focus on identifying, assessing, quantifying and managing sustainability-related risks (risk assessment methods and results are detailed in the Majority Identification and Analysis ~ Sustainability Issue Management Policy). The Sustainable Development Promotion Team regularly formulates plans and ensures the implementation of various risk management functions, and the results are regularly discussed in the Sustainability and Risk Management Committee. All sustainable development initiatives are overseen by the Board of Directors.

Depending on the extent of potential positive and negative impacts probably caused by various sustainability 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 management policies, which were reported to the Board of Directors on October 31, 2023. In November 2023, a cognitive education and training course on climate risk management was conducted, including an introduction to climate governance trends and an overview of the disclosure framework of the Task Force on Climate-Related Financial Disclosures (TCFD), in order to raise risk awareness among members of the sustainable development promotion team and familiarize them with assessing climate risks and opportunities.



New Risks

With increasing global regulatory requirements, the rapid development of new technologies, and the threat of climate change, the future of risk management in the semiconductor industry is fraught with uncertainty. In response to emerging risk trends as early as possible, Sensortek has established an innovative risk management mechanism to further enhance the efficiency and effectiveness of risk control.



Identifying and negotiating with key stakeholders

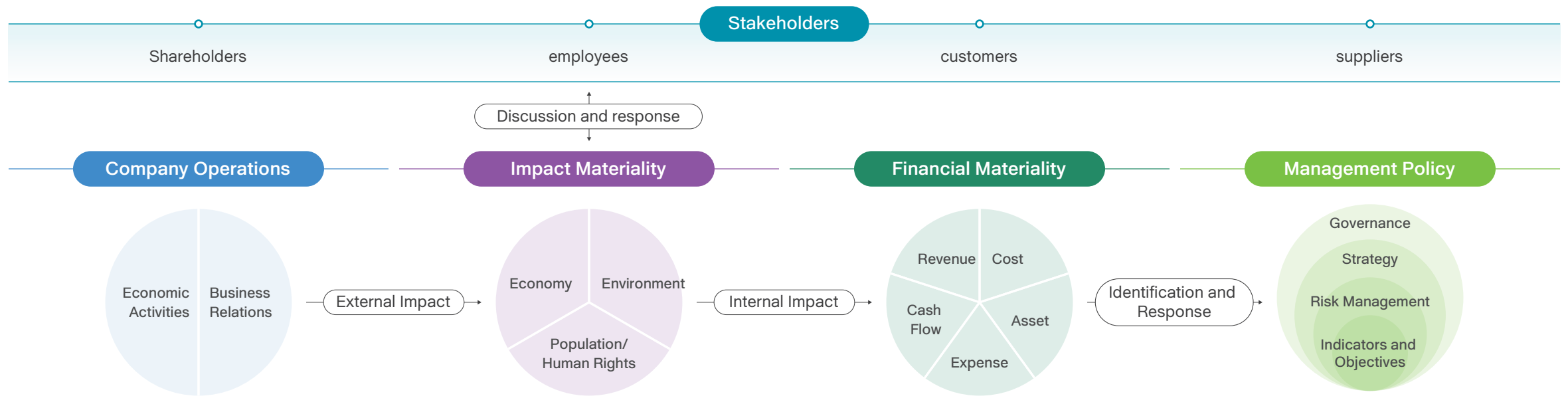
Sensortek follows the five principles of AA1000 SES (Stakeholder Engagement Standard), i.e. "responsibility, influence, tension, diversified perspectives, and dependency", to identify important stakeholders. After a high-level executive assessment and discussion initiated by Sensortek in 2022, four key stakeholders were identified: Customers, Employees, Shareholders, and Suppliers. After discussion by the Sustainable Development Promotion Team in 2023, it was confirmed that there were no significant changes in the stakeholder identification results, so the key stakeholder categories were retained unchanged.

Significant Stakeholder Engagement

Stakeholder Type	Customers	Employees	Shareholders	Vendors
Significance to Sensortek	As a pioneer in making sensors for consumer electronics, with the customers as the driving force behind innovation, 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.	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.	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.	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.
Responsible Department	Marketing/Quality Assurance Departments	Human Resources and Administration Department	Financial and accounting department	Manufacturing engineering/quality assurance departments
Engagement Method/Frequency	<ul style="list-style-type: none">Customer satisfaction survey (annually)Customer audits (from time to time)	<ul style="list-style-type: none">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)	<ul style="list-style-type: none">Legal person presentations (from time to time)Ordinary shareholders' meetings (annually)Announcements on public information websites/company website (from time to time)	<ul style="list-style-type: none">Quality meetings (monthly)Supplier Audit (every six-month/annually)
Engagement Results	<ul style="list-style-type: none">Customer satisfaction survey: 1On-site customer audit: 5	<ul style="list-style-type: none">Average training hours for employees: 22.2 hoursEmployee Benefits Committee Meeting: 4EAP topic news: 12 piecesInterdepartmental Executives Communication Meeting: 2	<ul style="list-style-type: none">Shareholder meeting: 1Investment forums at invitation: 8	<ul style="list-style-type: none">Annual supplier audit rating for 10 companiesDeclaration that the supplier does not use environmentally hazardous substances was signed by 8 suppliersThe Supplier Code of Conduct of Sensortek was signed by 14 key suppliers

Significant Identification and Analysis

Sensortek regularly conducts annual sustainability impact assessments, reviews high-impact sustainability issues identified in the assessments, and formulates strategies and action plans to promote sustainability. It also sets short-, medium- and long-term goals for key projects. In 2023, the IFRS Sustainability Disclosure Standards and the European Sustainability Reporting Standards (ESRS) were officially released, so Sensortek based its sustainability reporting on GRI 3: Major Topics 2021 and also took into account the guidance provided by IFRS and ESRS on sustainability impacts, using the "double materiality" principle to integrate sustainability impacts into both impact materiality and financial materiality for a five-step identification process to assess the impact of Sensortek's operations on various sustainability layers, such as society, environment, people, and human rights, and the financial impact of the external impacts caused by these operations and the resources required to manage these impacts internally, weighing the results of the internal and external impacts to produce a sustainability impact analysis, and deciding on the priority of reporting on key sustainability issues based on this.



Review the Effectiveness of Management Policy (Integrated with IFRS and GRI Standards)

Notes to Sustainability Impact Assessment

01

Learning about the Organization



- Identify 4 types of key stakeholders and their concerns, as well as the potential impact on them.
- Analyze economic activity within operational activities and the potential impact on business relationships alongside the supply chain.
- Map the potential impacts to the 21 sustainability issues.

02

Identifying the External Impacts



- Based on comprehensive information from ongoing stakeholder engagement, the impact of each issue on various aspects, such as actual or potential, positive or negative, is assessed by the respective responsible departments. The significance of the impact alongside supply chain, the environment and social aspects (external relations of the organization) on the 21 sustainability issues are determined from the current management intensity.
- Methods for Identifying Impact Materiality:
The impact materiality of negative impacts: severity (magnitude, scope, and recoverability) x the probability
The impact materiality of a head-on collision: the magnitude of the benefit (size and scope) x the probability

03

Identifying the Internal Impacts



- Financial materiality: Based on the impact significance of 21 sustainability issues, the respective responsible departments further assess the financial impact on the Company's business activities (both external and internal) in the short, medium, and long term, taking into account the degree of impact based on the financial statement significance measurement method. After analyzing the relevance of various financial indicators to the value of Sensortek, the 2022 tax-free net profit is used as the benchmark for measuring the impact of financial materiality. The financial impact includes revenue, cost, expense, cash flow, financing/funding, and other related information related to financial statements.
- Methods for Identifying Financial Materiality:
Financial materiality: Operational impact x the probability

04

Proposing Management Guideline



- Summarize the impact and financial materiality of each agenda item, rank the impact materiality and financial materiality in order of positive/negative impact, and then combine the results with the final significance assessments made by each department based on the Future Operations Planning of Sensortek.
- Based on the evaluation results, the relevant departments formulate policies and implementation plans and set targets for various issues.
- Based on the dual materiality principle of the ESRS, the impact materiality and financial materiality of various issues were considered, and after discussion by the Sustainable Development Promotion Team - Risk Management Working Group, a total of 9 material issues were confirmed for inclusion in the Sustainability Report. In response to the Sustainability and Risk Management Committee established on October 31, 2023, it is planned that the results of the Sustainability Impact Analysis will be included in the agenda of the Committee's meetings starting in 2024 and then approved by the Board of Directors.

05

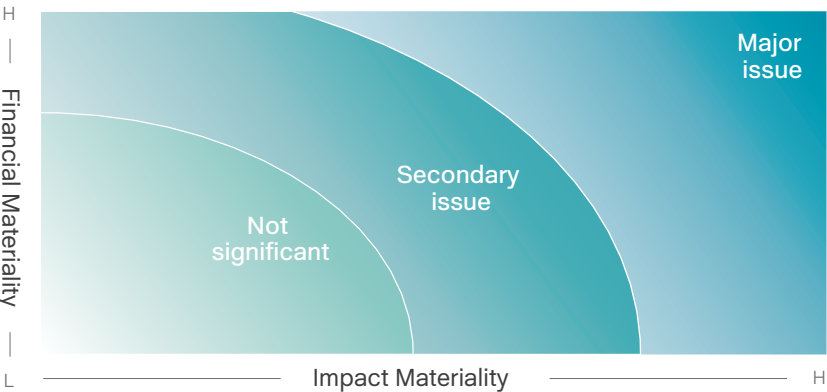
Decision on Important Sustainability Issues



- After discussion of the Sustainable Development Promotion Team's Risk Management Working Group, it was decided to prioritize and disclose the material issues (9 material issues were confirmed).
- Alignment with GRI Topics/Disclosure Indicators (aligned with GRI's 7 major and 2 customized topic principles)
- In response to SASB industry indicator: the Semiconductor section under the Technology and Communications industry.

Identifying Priority Disclosures of Major Issues

Based on the analysis of sustainability issues, 6 issues with significant positive impact are innovative management, product safety and marketing, economic impact, human capital development, product liability, and climate strategy. 9 issues with significant negative impacts are product liability, human capital development, talent attraction and retention, information security, economic impacts, climate strategy, innovative management, energy management, and sustainable supply chain. After extensive discussion and evaluation by the Risk Management Working Group of the Sustainable Development Promotion Team, these nine topics are identified as major issues that should be prioritized in this report, and their management policies and current status are disclosed in this report. This year, we change the method for assessing the material issues, and three material issues have been removed from last year, namely "Business Ethics", "Product Quality", and "Diversity, Inclusion and Equal Opportunity".



Sorting	Impact Materiality		Financial Materiality		Dual Materiality	
	Negative	Positive	Negative	Positive	Negative	Positive
1	Product responsibility	Product Safety and Marketing	HR Capital Development	Innovation management	Product responsibility	Innovation management
2	HR Capital Development	Innovation management	Talent attraction and retention	Product Safety and Marketing	HR Capital Development	Product Safety and Marketing
3	Information security	HR Capital Development	Economic Influence	Economic Influence	Talent attraction and retention	Economic Influence
4	Climate strategy	Economic Influence	Information security	HR Capital Development	Information security	HR Capital Development
5	Talent attraction and retention	Climate strategy	Innovation management	Product responsibility	Economic Influence	Product responsibility
6	Economic Influence	Product responsibility	Energy Management	Quality Management	Climate strategy	Climate strategy
7	Innovation management	Quality Management	Product responsibility	Sustainable supply chain	Innovation management	Quality Management
8	Sustainable supply chain	Integrity Management	Climate strategy	Climate strategy	Energy Management	Sustainable supply chain
9	Energy Management	Sustainable supply chain	Sustainable supply chain	Integrity Management	Sustainable supply chain	Integrity Management
10	Diversity inclusion	Talent attraction and retention	Quality Management	Talent attraction and retention	Diversity inclusion	Talent attraction and retention
11	Quality Management	Social impact	Integrity Management	Social impact	Quality Management	Social impact
12	Integrity Management	Information security	Diversity inclusion	Information security	Integrity Management	Information security
13	Waste management	Tax management	Waste management	Tax management	Waste management	Tax management
14	Water Resource Management	Energy Management	Water Resource Management	Energy Management	Water Resource Management	Energy Management
15	Product Safety and Marketing	Diversity inclusion	Product Safety and Marketing	Diversity inclusion	Product Safety and Marketing	Diversity inclusion
16	Biodiversity	Occupational safety and health	Biodiversity	Occupational safety and health	Biodiversity	Occupational safety and health
17	Air pollution management	Privacy protection	Tax management	Privacy protection	Air pollution management	Privacy protection
18	Tax management	Water Resource Management	Air pollution management	Water Resource Management	Tax management	Water Resource Management
19	Occupational safety and health	Waste Management	Occupational safety and health	Waste Management	Occupational safety and health	Waste Management
20	Social impact	Air pollution management	Social impact	Air pollution management	Social impact	Air pollution management
21	Privacy protection	Biodiversity	Privacy protection	Biodiversity	Privacy protection	Biodiversity

Response to Major Sustainability Issues and Standards

We reviewed the 31 GRI topic sustainability reporting standards, mapped them to key topics, and selected 7 GRI topic standards and 2 self-defined topics that were relevant to the Company. We also compared them to the SASB semiconductor industry benchmark to begin the process of preparing this report.

Major issue	Positive Impact	Negative Impact	Impact Aspect					Value chain impact scope				GRI Thematic Principles or SASB Indicators Correspondence
			Economic items	Environment	People group	Human rights	Upstream Suppliers	Stage 1 Vendors	Sensortek	Customers	End customers	
Product responsibility	●	●	●	●			●	●		●		● TC-SC-410a.1 Product Lifecycle Management
HR Capital Development	●				●				●			● GRI 404 Training and Education 2016
Talent attraction and retention	●	●			●				●			● GRI 401 Employee-Employer Relationships 2016 ● TC-SC-330a.1 Recruiting and Managing Global Professionals
Information security		●	●						●	●		● Self-defined topic: information security events
Economic Influence	●	●	●		●			●	●	●		● GRI 201 Economic Performance 2016
Climate strategy	●	●	●	●				●	●			● GRI 305 Emissions 2016 ● TC-SC-110a.1, TC-SC-110a.2 Greenhouse Gas Emission
Innovation management	●	●	●	●	●			●		●	●	● Self-defined topic: energy consumption, efficiency
Energy Management		●	●	●				●	●			● GRI 302 Energy 2016 ● TC-SC-130a.1 Environment: Energy Management for Process
Sustainable supply chain	●	●		●		●	●	●	●	●		● GRI 204 Procurement Practices 2016 ● TC-SC-440a.1 Procurement of Raw Materials

Impact timeframe of key sustainability issues

Important Disclosure Issues			Notes to external sustainability impact	Notes to internal financial impact	Impact timeframe			
					Occurred	Impact in the future		
						1-2 years	3-5 years	> 5 years
Product responsibility	Negative		The international community is concerned about the impact of stricter regulations on restricted substances (such as perfluorinated compounds).	If suppliers fail to meet future regulatory or customer requirements, they may be excluded and the lack of alternative suppliers may result in additional development and testing costs or even supply disruptions.				
	Positive		Replace regulated substances in advance to expand market shares and gain a competitive advantage.	Negotiate with suppliers in advance to obtain compliant materials ahead of the regulatory or customer deadline, work with customers to introduce alternative materials early and increase customer orders.				
HR Capital Development	Positive		Improve talent and career development mechanisms to increase the value of the Company's talent.	Human capital is aligned with the Company's operational growth and technological innovation needs, maintaining the Company's competitiveness in the industry.				
Talent attraction and retention	Negative		Maintaining the retention rate of key talents.	Additional recruitment costs are paid to attract talent from diverse ethnic groups and to expand talent recruitment channels.				
	Positive		Offer excellent benefits and compensation to attract top talent to join the team and make talent the driving force for the sustainable development.	By establishing or improving a system for talent attraction and retention, we can reduce employee turnover and associated costs (such as recruiting and delayed work).				
Information security	Negative		Potential information security attacks and threats are constantly evolving.	To improve information security, and increase the cost of equipment, systems, and consultancy, as well as audit costs, we have increased administrative expenses, to address potential ransom and data losses from hackers.				
Economic Influence	Negative		Global political and economic developments and geopolitical trends are influencing the development.	If affected by geopolitical factors, some customers may swap orders, resulting in a decline in sales.				
	Positive		Expand into new application product areas.	Continuous technological innovation to meet customer product specifications, coupled with increasing market shares of customer end products, drives the Company's performance growth.				

Important Disclosure Issues	Notes to external sustainability impact		Notes to internal financial impact		Impact timeframe			
					Occurred	Impact in the future		
						1-2 years	3-5 years	> 5 years
Climate strategy	Negative	Customers and governments increasingly face pressure to reduce carbon emissions.	Under pressure from stakeholders concerned about climate change, we need to accelerate the implementation of our climate strategy. As Sensortek is a fabless semiconductor company, OEM and material suppliers will be affected most. However, due to the lack of alternative suppliers, the Company is highly vulnerable to the risk of supply disruptions, leading to a decline in revenue and market share and rising costs.					●
	Positive	Increase the use of renewable energy sources and reduce environmental impact.	Work with suppliers to ensure that materials and production processes meet high environmental standards and that the entire supply chain comply with Company and international climate requirements, thereby reducing overall environmental risks.		●			
Energy management	Negative	The cost of purchasing renewable energy (or credits) has increased.	The current price of renewable energy is relatively high, and as the Company increases its percentage of renewable energy use each year, the cost of electricity use increases.		●			
Innovation management	Negative	The pressure of product sensitivity requirements and R&D timelines.	If product innovation and development technologies fail to meet customer expectations, impacting customer product launch schedules, undermining customer confidence, and resulting in lost orders, financial performance may be adversely affected.			●		
	Positive	Optimize IC design capabilities, enhance sensor technology, and develop new applications.	New product launches are designed to attract new customers and orders, thereby driving revenue growth.					
Sustainable supply chain	Negative	Poor ESG management by suppliers can indirectly affect Sensortek's reputation, sales and environmental issues.	If suppliers have consistently poor ESG management performance, it will reduce the supplier choices for the Company, and shifting business to other suppliers will increase costs.				●	
	Positive	Implement ESG management for suppliers to improve the resilience of the Company's sustainable development.	Ongoing collaboration with suppliers committed to sustainable development to align with customers' sustainable design requirements and accelerate the likelihood and size of customer orders.				●	

Management Policy of Sustainability Issues

Name of Major Issue

Product responsibility

Policy	<ul style="list-style-type: none">An "Environmental Substance Management System" is established under the ISO 9001 Quality Management System, and an "Environmental Manual" and "Procedures for the Management of Environmental Restricted Substances" are established to ensure that outsourced suppliers provide products that comply with international environmental regulations and customer requirements for green product certification.
Commitment	<ul style="list-style-type: none">Implement green design for products and manufacturing materials to improve green product management, so that products, services, and outsourced suppliers all comply with the international environmental trend and fulfill the commitment to environmental sustainability.
Management Responsibility	<ul style="list-style-type: none">Business Department (Deputy General Manager) / Manufacturing Production Department (Deputy General Manager) / Quality Department (Director)
Goals	<ul style="list-style-type: none">Comply with international and customer environmental regulations and continue to be certified as a Sony Green Partner and Samsung Eco Partner.
Action Plan	<div>Improve Positive Impact</div> <ul style="list-style-type: none">Establish the Green Product Management System, drive it through all supply chains to facilitate interactive platform system integration for information systematization management, use the system standardized database to perform data analysis and comparison, and continuously monitor material compliance.
	<div>Reduce Negative Impact</div> <ul style="list-style-type: none">Regularly track international environmental regulations and continually update effective certifications for green products.Conduct regular evaluations of new and qualified suppliers.
Annual achievements	<ul style="list-style-type: none">The "Green Product Management System" will be officially launched in the second quarter of 2024 upon completion.Issued "Declaration that the supplier does not use environmentally hazardous substances" to 8 suppliers, with a signing rate of 100%.Completed evaluation of 1 new supplier and 22 qualified suppliers, with an evaluation rate of 100%.Passed customer audit and maintained valid SAMSUNG Eco-Partner certification.
Tracking and Review Mechanism	<ul style="list-style-type: none">Through the Green Product Management System, we regularly issue notices to suppliers to promote the latest REACH regulations, international regulations and related environmental protection knowledge. We also review product material data in compliance with the latest regulatory control requirements.Use the Supplier Management System to monitor supplier evaluation results.The Environmental Substance Management Team reviews all product material lists and environmental test reports to ensure that the raw materials and packaging used are free of harmful substances, meet customer environmental requirements, and comply with the latest international environmental regulations. The team reports its findings at the annual review meeting.
Stakeholder Engagement	<ul style="list-style-type: none">We regularly access the websites of international environmental organizations, chemical policy advocacy websites and e-newsletters to stay abreast of environmental issues. We also attend ad hoc seminars on environmental issues and collect customer environmental regulations. We participate in supplier environmental training and compile the latest international and customer regulations. We proactively distribute and collect supplier questionnaires.

Name of Major Issue

HR Capital Development

Policy	<ul style="list-style-type: none">By linking the Company's goals, vision, and core values to its talent development strategy and focusing on the functional development roadmap for employees at every level, the Company can continuously build momentum for sustainable talent development while achieving its vision.
Commitment	<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.
Management Responsibility	<ul style="list-style-type: none">Human Resources and Administration Department/General Manager
Goals	<div>Short-term (1-2 years)</div> <ul style="list-style-type: none">Review the learning and development plan for executives in response to the changing environment and train executives to be capable of addressing future challenges.
	<div>Mid-term (3-5 years)</div> <ul style="list-style-type: none">Ongoing organization of advanced technology forums and courses to promote innovative thinking and competitiveness among employees.
	<div>Long-term (5-10 years)</div> <ul style="list-style-type: none">Enhance the professional and managerial skills of employees and executives, and maintain the Company's leadership in technology and operations.
Action Plan	<div>Improve Positive Impact</div> <ul style="list-style-type: none">Through training and development programs, employees increase their skills and knowledge, improve work efficiency and productivity, and help organizations achieve their goals and become more competitive.We provide continuous learning and incentives to stimulate employee creativity and skills, encourage new ideas and problem solving, and drive innovative growth for the Company.
	<div>Reduce Negative Impact</div> <ul style="list-style-type: none">We implement the Talent Quality Management System (TTQS) to improve the quality of training and education programs.
Annual achievements	<ul style="list-style-type: none">Talent Development Quality Management System has been approved by the Work Force Development Agency, Ministry of Labor.
Tracking and Review Mechanism	<ul style="list-style-type: none">Using a post-training questionnaire to track training results. Human Resources and Administration, in conjunction with department executives, reviews the effectiveness of training initiatives and confirms course offerings, which are used to develop an annual training plan and track its ongoing implementation.
Stakeholder Engagement	<ul style="list-style-type: none">Employees can communicate with their executives through communication meetings, performance review meetings, labor-management meetings, or relevant stakeholders can provide feedback and report complaints or appeals through the Stakeholder Area of the official website.

Talent attraction and retention

Name of Major Issue

Policy	<ul style="list-style-type: none"> We will recruit talent in accordance with international human rights conventions and labor standards laws, gender equality laws, and other relevant regulations; treat employees with an inclusive, equal, and respectful attitude; and establish fair, reasonable, and high-quality compensation systems to build a good employer brand image.
Commitment	<ul style="list-style-type: none"> "To Sense, Be Yourself. Connect to the Future", enabling employees to discover their own value and achieve their career development goals by creating a healthy and active work environment and providing higher pay and better benefits.
Management Responsibility	<ul style="list-style-type: none"> Human Resources and Administration Department/General Manager
Goals	<div>Short-term (1-2 years)</div> <ul style="list-style-type: none"> Continue to provide comprehensive, performance-based rewards that are competitive.
	<div>Mid-term (3-5 years)</div> <ul style="list-style-type: none"> Create innovative and diverse channels to recruit the right talent.
	<div>Long-term (5-10 years)</div> <ul style="list-style-type: none"> Create a positive work environment and culture, along with a compelling brand image, and attract top talent.
Action Plan	<div>Improve Positive Impact</div> <ul style="list-style-type: none"> Create an open, inclusive, and collaborative work environment that emphasizes teamwork, effective communication, and work-life balance to increase employee satisfaction. Assign challenging work so to bring employees' talents into full play, and enable them to gain a sense of accomplishment, and feel fulfilled.
	<div>Reduce Negative Impact</div> <ul style="list-style-type: none"> Conduct regular salary surveys to ensure pay levels are above market, and offer attractive benefits and incentive programs to improve employee satisfaction and retention. Regularly review attendance policies and benefits to ensure they meet the needs and expectations of employees. Actively solicit feedback and suggestions from departure employees to improve the work environment and benefits.
Annual achievements	<ul style="list-style-type: none"> In 2023, the rate of new employees reached 16.42%, growing by 83.46%, successfully attracting a large number of new employees to join the Company.
Tracking and Review 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, establish open channels of communication so that employees can voice their opinions and suggestions, and actively respond to their needs and concerns.
Stakeholder Engagement	<ul style="list-style-type: none"> Employees can communicate with their executives through communication meetings, performance review meetings, labor-management meetings, or relevant stakeholders can provide feedback and report complaints or appeals through the Stakeholder Area of the official website.

Name of Major Issue

Information security

Policy	<ul style="list-style-type: none">According to the ISO 27001 Information Security Management System standard, "information security policies" are established to ensure the confidentiality, integrity, and availability of information assets, protecting them from intentional or accidental threats either internally or externally.
Commitment	<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.
Management Responsibility	<ul style="list-style-type: none">Chairman of the Information Security Committee (General Manager)
Goals	<div>Short-term (1-2 years)</div> <ul style="list-style-type: none">Introduce an ISO 27001 information security management system and obtain third-party certification.Conduct social engineering exercises, monthly information security awareness training, and annual education and training to reduce the risk of cognitive state to 20% or less.
	<div>Mid-term (3-5 years)</div> <ul style="list-style-type: none">Testing and patching of security systems.
	<div>Long-term (5-10 years)</div> <ul style="list-style-type: none">Build its own security detection system to increase detection coverage.
Action Plan	<div>Reduce Negative Impact</div> <ul style="list-style-type: none">Introduction of the ISO 27001 Information Security Management System.Scanning information system is outsourced to identify vulnerability and remedy vulnerability.Conduct "Preventing Malicious Email Social Engineering" drills for all employees and provide security awareness training to employees with lower security awareness levels.
Annual achievements	<ul style="list-style-type: none">The ISO 27001 Information Security Management System has been implemented and will be verified by a third party in the first quarter of 2024.Conducted five information security awareness campaigns to provide information security education and training to new employees and all current employees, with a 100% completion rate.Conducted two email social engineering drills for those employees with low information security awareness, conducted information security awareness training (100% completion ratio), reduced false positive ratio from 37% to 26%.
Tracking and Review Mechanism	<ul style="list-style-type: none">The Information Security Committee holds meetings once a year to review information security management-related issues and the implementation of information security policy.
Stakeholder Engagement	<ul style="list-style-type: none">Conduct information security awareness training through the internal website to increase employee information security awareness.

Name of Major Issue

Economic Influence

Policy	<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.
Commitment	<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 and suppliers.
Management Responsibility	<ul style="list-style-type: none"> Board of Directors and Senior Managers
Goals	<div>Short-term (1-2 years)</div> <ul style="list-style-type: none"> Increase the penetration rate of sensing products in a full range with existing mobile brand customers and increase orders to improve operating profitability.
	<div>Mid-term (3-5 years)</div> <ul style="list-style-type: none"> Expand and deepen the application scope and depth of products, deepen long-term cooperative relationships with customers and the supply chain, and jointly achieve customer technological innovation to enhance customer loyalty.
	<div>Long-term (5-10 years)</div> <ul style="list-style-type: none"> Cultivate the global market and become the best partner for customers' sensing products.
Action Plan	<div>Improve Positive Impact</div> <ul style="list-style-type: none"> We continuously expand our product line, develop a variety of sensing chips for various applications widely used in consumer products, wearable devices, IoT, smart automotive, and others, optimize product portfolios, and launch advanced energy-efficient products to meet market needs. We continuously innovate and optimize production processes to improve production efficiency and resource utilization rates in order to reduce costs, enhance competitiveness, expand market share, and promote industry development.
	<div>Reduce Negative Impact</div> <ul style="list-style-type: none"> Continuously investing in R&D resources, we have introduced industry-leading specifications and performance-to-price ratios for mobile application sensing chips. We will continue to strengthen technical services to existing customers so as to maintain long-term joint development relationships and increase customer retention.
Annual achievements	<ul style="list-style-type: none"> The acceleration sensor chip entered the mobile phone brand manufacturers and gradually increased its penetration rate, and promoted the introduction of new sensing applications such as pressure sensing chip and electromagnetic wave special absorption rate sensing chip to existing mobile phone customers, provided customers with a more complete sensing chip solution. The Company's revenue grew by 12.85% in 2023.
Tracking and Review Mechanism	<ul style="list-style-type: none"> Through regular R&D project and business meetings, we review the progress of product development and customer expansion. Senior management reviews operational performance through monthly cross-functional meetings.
Stakeholder Engagement	<ul style="list-style-type: none"> Interested parties can provide feedback on the Stakeholder Area page of the official website.

Name of Major Issue

Climate strategy

Policy

- In response to the Climate Change Initiative, we are committed to reducing energy consumption, increasing the use of renewable energy, and working with suppliers to reduce the negative environmental impact of our operations, products and services.

Commitment

- 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, vendor management and product usage based on a sustainable design.
- By conducting greenhouse gas inventory, we have developed plans to reduce greenhouse gas emissions and use renewable energy, and work with supply chain to implement sustainable operations.

Management
Responsibility

- Sustainability and Risk Management Committee

Goals

- | | |
|---------------------------|---|
| Short-term
(1-2 years) | <ul style="list-style-type: none">• 2023 is taken as the baseline year for GHG emission reductions for Scope I and Scope II emissions.• Risk management is integrated into the climate governance mechanism. |
| Mid-term
(3-5 years) | <ul style="list-style-type: none">• Reduce greenhouse gas emissions in Scope I and II by 30% by 2030. |
| Long-term
(5-10 years) | <ul style="list-style-type: none">• Achieve net zero emissions by 2050. |

Action Plan

- | | |
|----------------------------|---|
| Improve Positive
Impact | <ul style="list-style-type: none">• By increasing the use of renewable energy, the Company aims to increase customer satisfaction by becoming a strategic partner and reduce environmental impacts. |
| Reduce Negative
Impact | <ul style="list-style-type: none">• We conduct annual GHG inventories and external verifications in accordance with ISO 14064-1, continuously promote GHG inventories, expand the scope of inventories, and verify the achievement of GHG reduction targets.• The Board of Directors has established a functional committee, the Sustainability and Risk Management Committee, to oversee sustainability and climate-related risk management issues.• Based on the Task Force on Climate-related Financial Disclosures (TCFD) framework, we identify climate risks and opportunities and develop related management policies. |

Annual
achievements

- We conducted a greenhouse gas inventory for 2023 and obtained external verification.
- We have conducted a climate risk and opportunity assessment based on the TCFD recommendations, identifying 12 short-, medium- and long-term risk factors that could have an impact and 4 potential opportunities. After internal and external discussions, and with the endorsement of the Sustainable Development Promotion Group, three major risks and one potential opportunity were identified.

Tracking
and Review
Mechanism

- We conduct annual greenhouse gas inventories and external verifications in accordance with ISO 14064-1 every year.
- The Sustainable Development Promotion Team reports to the Board of Directors, through the Sustainability and Risk Management Committee, at least once a year on the progress of climate management implementation.

Stakeholder
Engagement

- Through environmental education training, all employees learn the current climate change status in the world and the environmental policy of Sensortek. This will raise employees' awareness and interest on this issue, and ultimately promote environmental sustainability with the participation of all employees.
- Suppliers sign Sensortek "Supplier Code of Conduct" and annual sustainability risk assessment including environmental aspects, and Sensortek works with suppliers to achieve environmental sustainability goals.

Name of Major Issue

Energy Management

Policy	<ul style="list-style-type: none">In response to the Climate Change Initiative, we are committed to reducing energy consumption, increasing the use of renewable energy, and working with suppliers to reduce the negative environmental impact of our operations, products and services.
Commitment	<ul style="list-style-type: none">Improve energy efficiency and increase the use of renewable energy to work with our supply chain so as to achieve green operational goals.
Management Responsibility	<ul style="list-style-type: none">Human Resources and Administration Department/General Manager
Goals	<div>Short-term (1-2 years)</div> <ul style="list-style-type: none">By 2025, the proportion of renewable energy will reach 15%.
	<div>Mid-term (3-5 years)</div> <ul style="list-style-type: none">By 2030, the proportion of renewable energy will reach 50%.
	<div>Long-term (5-10 years)</div> <ul style="list-style-type: none">By 2050, the proportion of renewable energy will reach 100%.
Action Plan	<div>Improve Positive Impact</div> <ul style="list-style-type: none">Evaluate renewable energy solutions, initiate green power procurement, and gradually increase renewable energy usage to reduce environmental impact.
	<div>Reduce Negative Impact</div> <ul style="list-style-type: none">Promoting energy conservation measures, reducing power consumption, and improving energy efficiency will reduce the cost of energy use.
Annual achievements	<ul style="list-style-type: none">We have entered into a three-year contract (2023-2025) for the purchase and sale of renewable energy and certificates, which will initiate the purchase of green energy and gradually increase the share of renewable energy used.We have obtained 40 renewable energy certificates (totaling 40,000 kWh of green electricity) and our annual renewable energy usage has reached 5%, which is equivalent to 19.8 tonnes carbon emissions reduced.
Tracking and Review Mechanism	<ul style="list-style-type: none">The Human Resources and Administration Department reviews the electricity bill monthly, tracks the green power supply situation, and ensures that the annual renewable energy consumption target is met.The Sustainable Development Promotion Team reports to the Board of Directors, through the Sustainability and Risk Management Committee, at least once a year on the progress of climate management implementation.
Stakeholder Engagement	<ul style="list-style-type: none">Through environmental education training, all employees learn the current climate change status in the world and the environmental policy of Sensortek. This will raise employees' awareness and interest on this issue, and ultimately promote environmental sustainability with the participation of all employees.Suppliers sign Sensortek "Supplier Code of Conduct" and annual sustainability risk assessment including environmental aspects, and Sensortek works with suppliers to achieve environmental sustainability goals.

Name of Major Issue

Innovation management

Policy	<ul style="list-style-type: none">By continuously exploring advanced technologies, accurately identifying user needs, creating optimized user scenarios, and making sensor chips an important component for connecting the external environment and electronic products, we aim to enhance the user experience and make our products indispensable in people's daily lives.
Commitment	<ul style="list-style-type: none">To create infinite possibilities of sensing technology in life, so that users can experience a better life thanks to our sensing technology, and to expand diversified sensor product lines with the goal of becoming a leading sensor manufacturer.
Management Responsibility	<ul style="list-style-type: none">Business Departments (Deputy General Managers)
Goals	<div>Short-term (1-2 years)</div> <ul style="list-style-type: none">In response to reduced transmittance and the need for eye protection due to the increased resolution of displays, we have improved the sensing performance of the image sensor and added color temperature sensing to the display.
	<div>Mid-term (3-5 years)</div> <ul style="list-style-type: none">Expanding the use of multi-sensing technology in smartphones to provide customers with a complete mobile sensing chip solution.
	<div>Long-term (5-10 years)</div> <ul style="list-style-type: none">Continuously expanding its product line, the Company develops a variety of sensing chips for multiple applications that are widely used in the Internet of Things and smart car applications.
Action Plan	<div>Improve Positive Impact</div> <ul style="list-style-type: none">Key technologies are invested in human capital to improve the technical specifications of in-screen sensing solutions.We introduce the Taiwan Intellectual Property Management System (TIPS), build advantages and value through intellectual property and enhance innovative research and development capabilities.
	<div>Reduce Negative Impact</div> <ul style="list-style-type: none">Enhance existing product development technology through industry-academy cooperation.
Annual achievements	<ul style="list-style-type: none">In 2023, we invested NT\$460 million in R&D, maintaining our R&D expenditure at over double-digit as a percentage of sales, and we carried out three industry-academy cooperation projects.We launched an IC that combines multi-channel ambient light (UV+ALS+RGB) and ambient light source flicker detection, and added a UV channel to accurately determine indoor and outdoor environments, which can be used to adjust the phone's rear camera for more accurate environmental judgments.To increase the sensitivity of the device, a high-sensitivity EEL (emitting element light wavelength of 1,300 nm) solution is used to meet the design requirements of OLED panels with lower light transmittance.Development of small, low-power, low-noise waterproof pressure sensing chips for use in waterproof, high-precision wearable and IoT products.
Tracking and Review Mechanism	<ul style="list-style-type: none">Discuss and track the progress and performance of R&D programs through R&D project meetings.Optimized and validated IP projects are reviewed and shared.
Stakeholder Engagement	<ul style="list-style-type: none">A customer communication and service mechanism is in place to ensure that customers can communicate and receive prompt responses to any issues or suggestions they may have regarding products or services.Communication with customers continues throughout the product development and design phases to understand front-end technical requirements, identify customer needs, and align with customer schedules.

Name of Major Issue

Sustainable supply chain

Policy

- In accordance with the Code of Conduct - Responsible Business Alliance, we ensure that the working conditions of workers in the supply chain are safe and respected, and that operations comply with environmental regulations and business ethics. In partnership with suppliers, we are devoted to improving supply chain sustainability and building a sustainable business model.

Commitment

- Through the supplier sustainability management, 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.

Management
Responsibility

- Manufacturing Production Department (Deputy General Manager) / Quality Department (Director)

Goals

Short-term
(1-2 years)

- 100% of new suppliers have signed Sensortek's "Supplier Code of Conduct".
- Conduct ongoing risk assessments for new and qualified suppliers.
- 80% of key suppliers completed the sustainability risk self-assessment questionnaire.
- 80% of high-risk sustainability suppliers have implemented education and awareness programs.

Mid-term
(3-5 years)

- 100% of key suppliers completed the sustainability risk self-assessment questionnaire.
- 100% of high-risk sustainability suppliers have implemented education and awareness programs.
- In response to climate change, set energy and carbon reduction targets with key suppliers.

Long-term
(5-10 years)

- Continually improve the environmental and social sustainability of our suppliers.

Action Plan

Improve Positive
Impact

- We have formulated the "Supplier Sustainability Management Policy" and established a sustainability management mechanism for suppliers. We conduct ESG assessments of new and qualified suppliers to identify sustainability risks from three perspectives.

Reduce Negative
Impact

- The "Supplier Code of Conduct" for Sensortek was released and signed by key suppliers.
- The Company issued a Conflict Minerals Policy and suppliers signed the Supplier Declaration of Not Using Conflict Minerals.
- We conduct supplier conflict minerals investigations based on the Conflict Minerals Reporting Template (CMRT) published by the Responsible Minerals Initiative (RMI) to ensure that suppliers provide products that do not contain metals mined in conflict zones in the Democratic Republic of Congo and neighboring countries.

Annual
achievements

- 100% major suppliers (14 in total) have fully signed Sensortek's "Supplier Code of Conduct".
- 100% suppliers have signed the Supplier Declaration of Not Using Conflict Minerals.
- Suppliers provide 100% RMI Conflict Minerals Survey Forms.

Tracking
and Review
Mechanism

- Monitor the sustainability risk assessment of suppliers through the Supplier Management System.
- The Sustainable Development Promotion Team conducts annual sustainability risk assessments of qualified suppliers and prepares reports for the Convenor (General Manager).

Stakeholder
Engagement

- Suppliers sign Sensortek's "Supplier Code of Conduct" and undergo an annual sustainability risk assessment, and the Company communicates its sustainability goals to its suppliers.



Implementing Governance

Sensing the Growth of Business Operations

Corporate Governance

Tax Governance

Integrity Management

Information Security Management

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 highest management at Sensortek is the Board of Directors, which is supported by the Audit Committee, the Compensation Committee, and the Sustainability and Risk Management Committee to assist the Board in fulfilling its supervisory duties, ensuring transparency of operational and financial information, and safeguarding shareholders' rights. 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 3 directors from the parent company Sitronix Group and Sensortek with employee status and 3 independent directors (accounting for 43% of the total number of directors). Directors are not related to each other as spouses or second-degree relatives, and the three independent directors form the Audit Committee, Compensation Committee and Sustainability and Risk Management Committee (established on October 31, 2023), responsible for overseeing the Company. 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 Chairman of the highest governing body is the President (who also serves as CEO), who is responsible for formulating business strategies, managing operations, and evaluating the need for and adequacy of internal controls. The Chairman of the Board concurrently serves as the Chief Executive Officer in order to enhance the efficiency of the decision-making and execution, to minimize friction and misunderstandings among the management, to better understand the operations, and to identify problems and make adjustments in a timely manner.

The board of directors of Sensortek held at least one meeting every quarter, with a total of 4 meetings in 2023. The attendance rate of all directors reached 100%. 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.

Functional Committees

Audit Committee

- The Audit Committee is composed entirely of independent directors and is responsible for overseeing the financial reporting process to effectively monitor internal controls and review financial reports.
- In 2023, the Audit Committee held 4 meetings with the attendance rate of 100%.

Remuneration Committee

- The Compensation Committee is composed entirely of independent directors and its charter is specifically designed to oversee the compensation systems for directors and executive officers, to faithfully discharge its duties and to make proposals for consideration by the Board.
- In 2023, the Remuneration Committee held three meetings with the attendance rate of 100%.

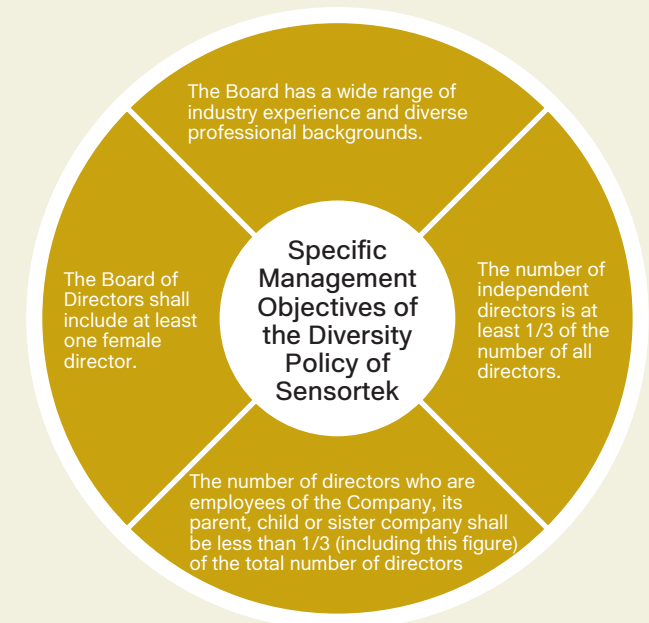
Sustainability and Risk Management Committee

- In order to implement the Company's sustainable development and risk management goals, Sensortek established the "Sustainability and Risk Management Committee" on October 31, 2023, which is responsible for monitoring and managing economic, environmental and social impacts and promoting sustainable development. The "Organizational Charter of the Sustainability and Risk Management Committee" was established in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies", the "Code of Corporate Governance Practices for TWSE/TPEx-Listed Companies" and the "Code of Risk Management Practices for TWSE/TPEx-Listed Companies".

Diversity of Board of Directors

In accordance with Article 20 of the Company's "Corporate Governance Best Practice Principles" and Article 3 of the "Procedures for the 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 six 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.

Sensortek 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.



Title	Chairman of the Board	Director	Director	Independent Director	Independent Director	Independent Director
Name	Sheng-Su Lee	Vincent Mao	Chu-Yuen Yang	Chun-Yi Hsu	Shu-Chun Huang	Jen-Chi Lu
Current position	<ul style="list-style-type: none"> Chairman and Chief Executive Officer, Sensortek Vice-chairman and Deputy Chief Executive Officer, Silicon Power Computer & Communications Inc. 	<ul style="list-style-type: none"> Chairman and Chief Executive Officer, Sitronix Technology Corp. 	<ul style="list-style-type: none"> General Manager, Sensortek Technology Corp. 	<ul style="list-style-type: none"> Chairman, Parkland International Asset Management Co. Chairman, Kunyi Capital Corp. 	<ul style="list-style-type: none"> Chairperson of Sipin Co., Ltd. 	<ul style="list-style-type: none"> Certified Public Accountant, United Way Certified Public Accountants, Inc.
Education background	<ul style="list-style-type: none"> Master's Degree from Graduate School of Electrical Engineering, National Taiwan University 	<ul style="list-style-type: none"> EMBA, National Taiwan University Department of Electrical Engineering Master's Degree from Graduate School of Electrical Engineering, National Cheng Kung University 	<ul style="list-style-type: none"> Master's Degree from Graduate School of Electrical Engineering, National Taiwan University 	<ul style="list-style-type: none"> Master of Business Administration, University of Texas at Dallas 	<ul style="list-style-type: none"> E.M.B.A., Graduate School of Business, National Taiwan University Master of Science and Technology Management Institute, Chiao Tung University 	<ul style="list-style-type: none"> M.S., Graduate School of Accounting, Chung Yuan Christian University
Main experiences	<ul style="list-style-type: none"> General Manager, Sitronix 	<ul style="list-style-type: none"> General Manager, Sitronix Market Planning, Novatek 	<ul style="list-style-type: none"> Deputy General Manager, Sensortek Technology Corp. 	<ul style="list-style-type: none"> Executive Director, United Management Consulting Corp. 	<ul style="list-style-type: none"> Special Assistant to General Manager / Consultant, ITE Tech. Inc. Manager, Strategic Marketing Department, VIS 	<ul style="list-style-type: none"> Associate Manager, Associate Manager, Deloitte Taiwan
Gender	Male	Male	Male	Male	Female	Male
As the employee of Sensortek	●		●			
Age range	A	A	C	A	B	C
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	<ul style="list-style-type: none"> Board of Directors 	<ul style="list-style-type: none"> Board of Directors 	<ul style="list-style-type: none"> Board of Directors 	<ul style="list-style-type: none"> Audit Committee Remuneration Committee Sustainability and Risk Management Committee 	<ul style="list-style-type: none"> Audit Committee Remuneration Committee (Convener) Sustainability and Risk Management Committee (Convener) 	<ul style="list-style-type: none"> Audit Committee (Convener) Remuneration Committee Sustainability and Risk Management Committee

Note : 1. The sixth term: from June 21, 2022 to June 20, 2025.
2. Age range A for 61-70 years old, B for 51-60 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 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.

The selection of directors' training courses is based on the interests and practical needs of board members and is designed to help board members acquire new knowledge and keep up with the times, familiarize them with their roles, functions, responsibilities and obligations related to the board, and enhance the board's functions to meet regulatory expectations. It also helps board members better integrate into the operational pace of the Company.

In 2023, 12 ESG training sessions were organized for directors in a total of 36 hours, including one 3-hour session on anti-corruption. In addition, in August 2023, Sensortek invited the Taiwan Investor Relations Association to conduct two in-house training courses for board members on "Economic Cycles and Industry Trends" and "Practices of Enterprise Mergers and Acquisitions" for a total of 6 hours, thereby enhancing the directors' understanding of relevant industry trends and enabling them to effectively perform their board duties.

Course Type	Course Name	Hours/Class	Training Rate		
 ESG related	<ul style="list-style-type: none">• Boom Cycle and Industry Trend	3 hours	71.43%		
	<ul style="list-style-type: none">• 2023 Taiwan New Net Zero Power Summit Forum• 2023 Cathay Pacific Summit on Sustainable Finance and Climate Change• AI Thinking and Digital Transformation• Seminar on the Action Plan for the Sustainable Development of TWSE/TPEX-Listed Companies• Corporate Governance and Securities Regulation• Corporate Governance Class• SDG Impact Measurement and Management• Establishment and Criticality of Intellectual Property Management System for Enterprises• Domestic and International Economic and Industry Trends and Corporate Response Strategies• Impact of Carbon Pricing on Business Operations• Carbon Rights Development Accountant Opportunity	3 hours	14.29%		
	 Anti-corruption	<ul style="list-style-type: none">• Accountant Money Laundering Prevention Supervisor	3 hours	14.29%	
		 Tax Laws and Practices	<ul style="list-style-type: none">• Mergers and Acquisitions in Taiwan	3 hours	100%
			<ul style="list-style-type: none">• Taxation issues related to the disposal of equity interests	3 hours	14.29%
	<ul style="list-style-type: none">• Latest Tax Laws and Practices• Key Points and Doubts in Business Tax Returns		7 hours	14.29%	

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 (such as financial risk, ESG, information security, integrity management, and internal audit) 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 2023 annual report of Sensortek.

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(1) 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 April 2024, the Company revised its "Management Performance Evaluation Method" to include ESG management performance (accounting for 10%) as an evaluation indicator for executive compensation.

The evaluation indicators for their ESG sustainable development performance are based on the achievement of targets set for high-impact ESG issues identified in the annual impact assessment of sustainability issues, with the aim of strengthening the implementation and execution of the company's sustainable development policy.

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 2023 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.

Internal Self-Assessment

- Frequency: once a year
- Scope: Performance evaluation of the Board as a whole, individual Board members and functional committees
- Evaluation period: From January 1 to December 31, 2023
- 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 2024.

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 Audit Professional Competence

Training Type	Training name	Training Content	Hours
Professional License	(CIA) Internal Audit Nature	To learn the nature of internal audit, the role of internal audit in governance, risk, and control, the conduct of internal audit, business and information analysis, business management skills, understand the direction of the audit, and become familiar with problem-solving skills.	18 hours
Trainings of Internal Audit	ISO 14064-1:2018/27001 Internal Audit Training	Provisions, verification planning and process, verification techniques, and key points.	6 hours
Communication	Trend Talks	Carbon-free industrial techniques, digitizing risk monitoring, deciphering digital sustainable supply chains, digital resilience and information security governance from the perspective of ESG sustainable development, social practices of sustainable management - international human rights trends and corporate actions, intellectual property and trade secrets - the way to protect trade secrets in the era of artificial intelligence.	6 hours

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 2023 (originally scheduled to be once a year).

Communication with Independent Directors and Accountants on Internal Audits

- Attendance of the Internal Audit Director at the Audit Committee Report
 1. Annual risk assessment results and internal audit plan
 2. Effectiveness of design and implementation of internal control system
 3. 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 other departments. 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. Each annual audit unit also conducts regular "compliance" audits to update relevant internal policies and report audit findings and subsequent improvements to the Audit Committee and the Board of Directors.

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 2023.

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.

In 2023, an Intellectual Property Consultation Mailbox was set up on the internal website and managed by the Intellectual Property Legal Affairs Department. In addition to providing legal advice, the department will also regularly update external IP-related course recommendations for colleagues to further their education and improve their necessary IP management skills. In December 2023, an online training course on "Basic Intellectual Property Rights Education and Training" was conducted for managers and all employees to raise their awareness of intellectual property rights protection, and the completion rate was 100%.

An online training course on "Fundamentals of Trade Secrets Protection" will be held in March 2024 for managers and all employees. The course will cover the definition, types, risks, management methods and institutional objectives of trade secrets.

Name of 2023 Course	Number of Completed Trainings	Training Completion Rate
Intellectual property education and training	199	100%

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.

Strengthen the functions of the board of directors	<ul style="list-style-type: none"> In the fourth quarter of 2023, a "Sustainable Development and Risk Management Committee" was established, consisted of three independent directors, to assist the Board in making decisions and implementing sustainable development and risk management work.
Strengthen the Audit Committee's oversight of financial matters	<ul style="list-style-type: none"> All financial reports for the 2023 quarters were approved by the Audit Committee and submitted to the Board of Directors for discussion and action.
Strengthen information security management	<ul style="list-style-type: none"> An Information Security Committee has been established to review matters relating to the Company's information security management and to review the implementation of the Policy and to report to the Board on a regular basis (as of October 31, 2023). In 2023, an "Information Security Audit Team" appointed by the Information Security Committee or supported by third parties was established to evaluate the implementation of information security management systems. In 2023, we implemented the ISO 27001 Information Security Management System and receive third-party certification on February 9, 2024.
Advanced Intellectual Property Management	<ul style="list-style-type: none"> In 2023, we received 19 domestic and foreign patents (i.e., patents granted). The Taiwan Intellectual Property System (TIPS) was introduced in 2023 and the third-party verification or audit for 2024 has been planned.
Promoting sustainable development in environmental, social, and governance (ESG) issues	<ul style="list-style-type: none"> Starting in 2023, we progressively build our climate change governance and management capabilities in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), build our adaptation and mitigation capabilities, and work with stakeholders to prioritize the climate change agenda. Regular reports on these plans are provided to the Board. In 2023, we purchased 40 renewable energy certificates (totaling 40,000 kWh), equivalent to reducing carbon emissions by 19.8 tonnes.
Improve information disclosure and credibility	<ul style="list-style-type: none"> The insiders shall upload the previous month's holding changes (including the 10th of each month) to the TWSE Market Observation Post System. The Company holds a quarterly investor briefing to discuss its operating performance and long-term plans with institutional investors and the general public. Presentations can be found on the enterprise website. In order to protect the rights of shareholders and treat them equally, we have established written guidelines for financial and business transactions between related parties, recorded the important questions raised by shareholders and the Company's responses at the shareholders' meetings, and uploaded the uninterrupted audio-visual recordings of the entire shareholders' meeting to the Company's official website. The Company plans to publish its annual financial report in English in 2024. Starting in 2022, the sustainability report and annual greenhouse gas emissions are verified by a third party. The 2024 Plan will present the Sustainability Report to the Board of Directors for discussion and approval.

Tax Governance

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. Starting from 2021, the tax deduction is available for investment in research and development expenditures and investment in smart machinery obtained in accordance with the law. Investment tax credits are provided for new investments in information security services or products from 2022.

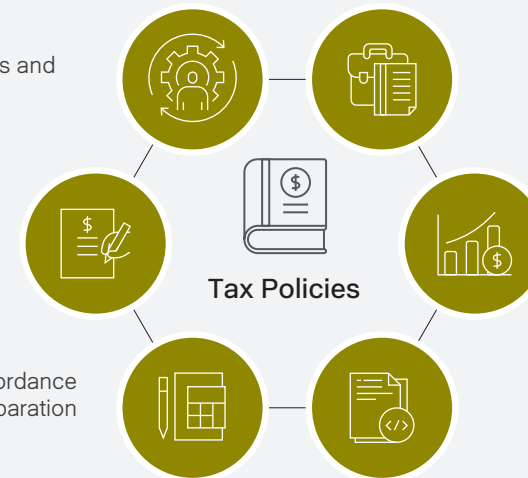


Tax Policies

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.

Tax Payment

Unit: NT\$1,000

Information related to income tax	2020	2021	2022	2023
Profit and loss before tax (A)	1,550,117	1,970,683	990,783	780,687
Income tax expense (B)	184,663	309,334	148,010	105,171
Effective book tax rate (B) ÷ (A)	11.91%	15.70%	14.94%	13.47%
Reasons for tax credits or exemptions (C)	<ul style="list-style-type: none"> "Act for Upgrading Industries" applied Tax-exempt income that qualifies as an award 	<ul style="list-style-type: none"> Applicable to the Statute for Industrial Innovation and the Act for Development of Small and Medium Enterprises Tax credits for research and development expenditures and investment in intellectual property 	<ul style="list-style-type: none"> Applicable to the Statute for Industrial Innovation and the Act for Development of Small and Medium Enterprises Tax credits for research and development expenditures and investments in intelligent machinery and information security services or products 	<ul style="list-style-type: none"> Applicable to the Statute for Industrial Innovation and the Act for Development of Small and Medium Enterprises Tax credits for research and development expenditures and investments in intelligent machinery and information security services or products
Amount of paid tax income (D)	184,537	285,587	137,400	100,246
Effective tax rate for cash (D) ÷ (A)	11.90%	14.49%	13.87%	12.84%

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

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.

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.

Integrity Management

On a basis of integrity management, 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 "Ethical Corporate Management Best Practice Principles," "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 on October 31, 2023) 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.

100% of Sensortek directors have signed a "Confidentiality Agreement Consent Form" upon assuming their positions, and 100% employees have signed an "Employment Contract" and a "Sensortek Confidential Information and Intellectual Property Guarantee Form" upon joining the Company, which regulates the ownership of intellectual property rights and confidentiality requirements during the period of employment, and guarantees that they will strictly abide by the Company's bylaws, on a basis of the integrity principle, and never infringe or violate intellectual property rights. New employees are recommended for requesting and familiarizing themselves with their existing IP rights and obligations upon assuming their positions. Employees are advised of their confidentiality obligations on important intellectual property and relevant rules when they are leaving the Company.

If dishonest behavior is discovered, the Human Resources and Administration Department and the relevant department executives are responsible for reviewing and implementing corrective actions and reporting to the Board of Directors.

Reporting Procedures and Channels for Integrity Management

In accordance with the "Procedures for Ethical Management and Guidelines for Conduct", 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 responsible for managing and accepting 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. 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. No violations of ethical business practices have been received through Sensortek's internal and external whistleblower channels in 2023.

Reporting channels	Responsible department investigation	Reporting and judgment	Improvement measures
<ul style="list-style-type: none">Reporting e-mail of breach of integrity	<ul style="list-style-type: none">Investigation on reported caseEvidence collection, clarification and verification	<ul style="list-style-type: none">Ethics violation reportingConvening meetings and reportingDecisions and penalties for violations of the Code of Ethical Conduct and the Ethical Corporate Management Best Practice Principles	<ul style="list-style-type: none">Require relevant departments to internally review the causes of the violations, and propose improvement reportsAmend internal and external management policies and internal processesEnhance internal and external publicity and education training to avoid the recurrence of similar incidents
Audit office, case department		Intellectual Property Law Department, Human Resources and Administration Department, Case Department	Audit office, case department

Integrity Management Education and Training

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

In August 2023, we conducted an online course on "Integrity Management Promotion" for all employees. All formal employees received this training. The training contents included six pillars of 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, namely, 100% of employees completed the training. In addition, colleagues who are unfamiliar with the Ethical Corporate Management Best Practice Principles may contact the Human Resources and Administration Department and the Intellectual Property and Legal Affairs Department for information.



Sensortek formulated the "Supplier Code of Conduct" in July 2023, which is based on the Responsible Business Alliance (RBA) Code of Conduct. 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 Sensortek's business practices through audits of its suppliers.

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 2023 Course	Number of Completed Trainings	Description
Seminar on Legal Compliance in Insider Equity Transactions in 2023	1	New Manager

Violation of the Code of Conduct/Ethics	Number of complaints received/ resolved in 2023
Corruption or Bribery	No reports received
Anti-discrimination or harassment	No reports received
Customer privacy	No reports received
Conflict of Interest	No reports received
Money laundering or insider trading	No reports received

Political donation

The Ethical Conduct Guidelines of Sensortek do not engage in any donations (such as political donations) other than charitable activities, and no donations or expenses are provided to political movements, political organizations, lobbyists or lobbying organizations, trade associations and other tax-exempt groups to maintain political neutrality, but we also encourage our employees to fulfill their civic responsibilities. Sensortek did not make any political contributions in 2023.

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. In addition, the Company regularly conducts an annual disaster recovery exercise plan for information security emergencies to ensure information security effectiveness.

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 Implementation Team are set up, 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. In addition, Sensortek has joined Taiwan Computer Emergency Response Team/Coordination Center (TWCERT/CC) since 2022 to handle the Company's possible security incidents or vulnerabilities, prevent, improve, and manage them as early as possible.

In 2023, we implemented ISO 27001 and obtained third-party certification in Q1 2024 to strengthen our information security incident management procedures. In 2023, there were no major information security incidents in Sensortek.

Information Security Management Goals for 2023		Implementation
Information security risk management	Information security training	100% of new employees are included in the information security training plan.
	Information security promotion	Five information security promotional campaigns have been launched to strengthen employees' information security awareness.
	Information security member report	It is held annually and 16 new information security policies are introduced with the implementation of ISO 27001.
Information security audit implementation	Social engineering exercise	26.67% of all employees participated in information security awareness-raising lectures.
	Information security accident response	No safety incidents, continuous audits, ensuring environmental safety.
	Weakness scanning	Reduce information security patching by 46% by performing vulnerability scanning externally.

Goal duration	Planning direction
Short-term Goals	<ul style="list-style-type: none">Continuously collect and analyze system logs.Continuously collect network device logs and perform traffic analysis.Continuously monitor endpoints and implement response measures (EDR).Continuously update automated endpoint security vulnerabilities.
Mid-term Goals	<ul style="list-style-type: none">Establish a Security Operations Center (SOC) to achieve the following objectives in detecting and managing information security threats.<ol style="list-style-type: none">High visibilityCollecting data from multiple systemsSemi-automated vulnerability patchingNetwork terminal device management and abnormal traffic monitoring
Long-term Goals	<ul style="list-style-type: none">Long-term goals include the establishment of a more comprehensive information security system and continuous improvement to ensure that the organization's information assets are adequately protected and managed.<ol style="list-style-type: none">Building a comprehensive culture of information securityInformation security and regulatory complianceInformation security threat information sharing and collaborationInformation security risk managementOngoing information security education and trainingContinuous improvement of the IT technical infrastructureIT disaster recovery and business continuity planning

Information Security Committee

Organizational Structure and Responsibilities

Formulates the Company's information security policy and be responsible for the implementation of resolutions related to the information security management system.

Information Security Committee

Responsible for evaluating the implementation of information security management systems.

Information security audit implementation team

Information Security Response Center

Establish corresponding solutions for unanticipated information security incidents, collect traces and event information, compile and control "Risk Improvement Plans", and continue to track improvements until they are completed.

Information Security Implementation Team

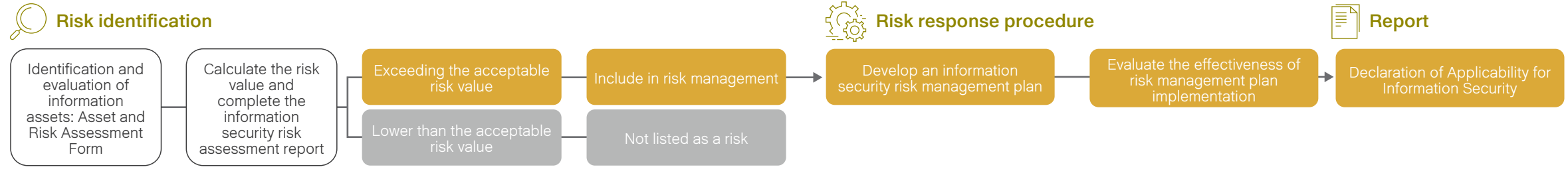
To be responsible for planning and executing various information security operations, providing information security guidance, and assisting external vendors in information security audits.

Information Security Incident Management Procedure

To ensure that the damage caused by security incidents can be quickly controlled, Sensortek has established the "Information Security Incident Management Procedure". When a suspicious information security incident is discovered, it should be reported to the "Information Security Implementation Team" for information security incident reporting. The Information Security Implementation Team should confirm whether the determination is appropriate and, if determined to be an Information Security Incident, the Information Security Incident Report Form shall be completed and the Information Security Implementation Team shall convene a meeting for further action.

- 01 Identification and Reporting**
 When a suspicious information security incident is discovered, it should be reported to the "Information Security Implementation Team" for information security incident reporting
- 02 Assessment**
 The Information Security Implementation Team should confirm whether the determination is appropriate and, if determined to be an Information Security Incident, the Information Security Incident Report Form shall be completed
- 03 Handling**
 The Information Security Implementation Team convenes urgent teams for further processing, and if it is the most severe level, the case will be further evaluated whether to start the business continuity plan
- 04 Report and Review**
 Report the detailed situation, follow-up actions, and lessons learned of the incident to management and relevant stakeholders, conduct a detailed review of the incident, analyze the effectiveness of countermeasures, and identify areas for improvement
- 05 Raising consciousness**
 Regularly conduct security training to enhance employees' awareness and ability to respond to security risks

Information Security Risk Management Procedure



Specific Plans for Information Security Management

Information Security Management/Control Item	Risk Description	Measures	Expected Benefits
Information Security Policy and Education Training	Is the information security policy developed, approved by management, published, communicated to all employees, and maintained to ensure its continued relevance and effectiveness.	<ul style="list-style-type: none"> Upon discussion of the Information Security Committee, the policy is submitted to the General Manager for approval and announcement. Through employee training and e-learning, as well as information security announcements, we aim to raise information security awareness among our employees. 	The effectiveness of the security policy helps employees increase their security awareness.
Information classification and protection	Information should be classified based on unauthorized disclosure or legal requirements, value, importance, and sensitivity, and safeguards should be implemented accordingly.	<ul style="list-style-type: none"> In accordance with data security management regulations, a permission control mechanism has been established to protect important information, including personal data and customer privacy. Control USB write/outgoing email self-audit/file and directory permissions consolidation and implement auditing mechanisms based on management policies. 	Ensure that appropriate measures are in place to protect confidential information, such as personal data and customer privacy.
System and application access control	According to the access control policy, access to information and application system functions is limited, and system and application access is controlled by a secure login program.	<ul style="list-style-type: none"> According to the access control management rules, the system permissions are authorized upon approval. Audit critical information system login records. 	Based on the principle of authorization and approval procedures, prevent unauthorized access.
Protect information records	Records should be protected in accordance with laws, regulations, contracts and operational requirements to prevent loss, damage, falsification, unauthorized access or disclosure.	<ul style="list-style-type: none"> Collect and retain necessary records for protection in accordance with data security management regulations. 	Ensure records are admissible in court and meet regulatory requirements.

Information Security Management/Control Item	Risk Description	Measures	Expected Benefits
Network security management	Is the network adequately managed and controlled to protect system and application data?	<ul style="list-style-type: none"> Set up a firewall to separate the internal and external networks, focus on the critical information space for connection and flow control, and regularly review firewall rules. 	Prevent unauthorized access and data leakage.
Anti-Malware Virus Protection	Are there measures in place to detect, prevent, and recover from malicious code, combined with appropriate user awareness?	<ul style="list-style-type: none"> Deploy a complete malware protection mechanism from the gateway to the endpoint. Security information publication raises security awareness among colleagues. 	Strengthen the security of network access and information services.
Information Security Incident Management	Is there appropriate management accountability and a process in place to ensure a response to information security incidents? By analyzing information security incidents, we aim to reduce the likelihood and impact of such events.	<ul style="list-style-type: none"> Establish handling procedures in accordance with the Information Security Incident Management Procedure. Analyze industry information security incidents to reduce the likelihood and impact of information security incidents. 	Strengthen security incident response procedures to reduce the likelihood of incidents and minimize the impact on operations.
Supply Chain Information Security Management	Should supply chain information security management practices be implemented to improve overall supply chain information security?	<ul style="list-style-type: none"> In accordance with the supplier management regulations, ensure the security of supplier relationship management, and implement a procedural supplier relationship management security control mechanism to ensure the normal operation of supplier relationship management. 	Strengthen security incident response procedures to reduce the impact of supply chain security incidents on business operations.

Information Security Education and Training

- Information Security Education and Training for New Employees :**

100% of new employees received information security education and training in 2023.

- Information security training for all employees :**

In 2023, all employees will receive information security training.

- Regular Information Security Promotion Bulletin :**

5 activities were held in 2023 on topics such as email social attacks.

- Social engineering exercises are conducted to strengthen employees' awareness of information security :**

- In 2023, we had 2 social engineering simulations with an employee false positive rate of 26.67% (compared to 37% in 2022). The initial target for the false positive rate was set at 20%, but it was not achieved due to the weak information security awareness of employees. Therefore, it is necessary to strengthen the education and training mechanism and plan at least one information security awareness training session every quarter.
- Post-class survey: average score of 99.



Pursuing Innovation

Design Power in Sensing Product Development

Innovation management

Protection of Intellectual Property Rights and Competitive Practices

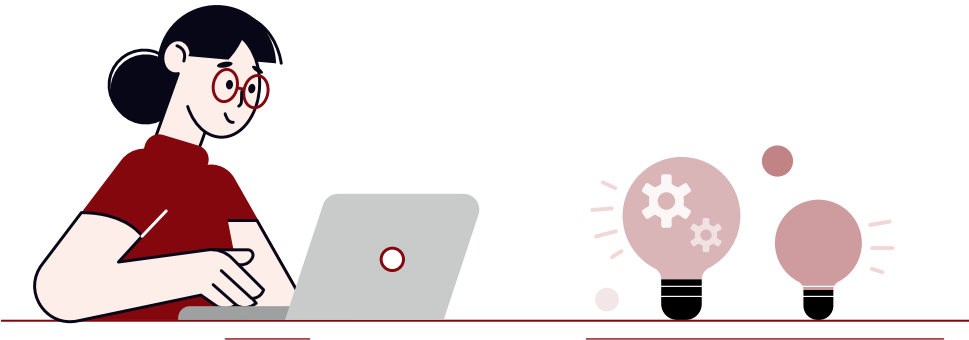
Product Lifecycle Management

Innovation management

Technical Innovation

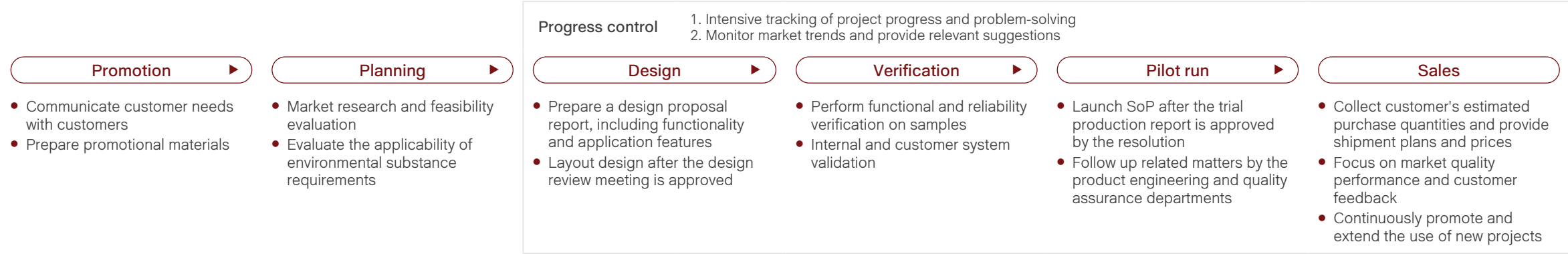
As the trend of mobile phone displays moves toward higher frequency and high contrast specifications, the penetration rate of displays has continued to decline, and optical sensing technology has actively improved the technical specifications of under-display solutions. Sensortek has launched a high-sensitivity long-wavelength EEL (edge-emitting laser) solution; in response to the penetration of OLED panels in mid- to low-end smartphones, the Company has further optimized the cost of under-screen application solutions to enhance product value for customers and expand the use of under-screen application solutions. In addition, the Company introduced a sensor chip that combines UV, ambient light (ALS/RGB) and ambient light flicker detection in a small package size, which can be used to improve the camera function of smartphones and expand the diverse applications of optical sensor chips outside of mobile phone screens.

Micro-MEMS sensing technology has introduced a small, low-power, low-noise waterproof pressure sensor chip for use in waterproof, high-precision wearable and IoT products, expanding applications beyond smartphones. In 2023, the Company's R&D investment reached RMB463 million, accounting for 10.21% of its revenue.



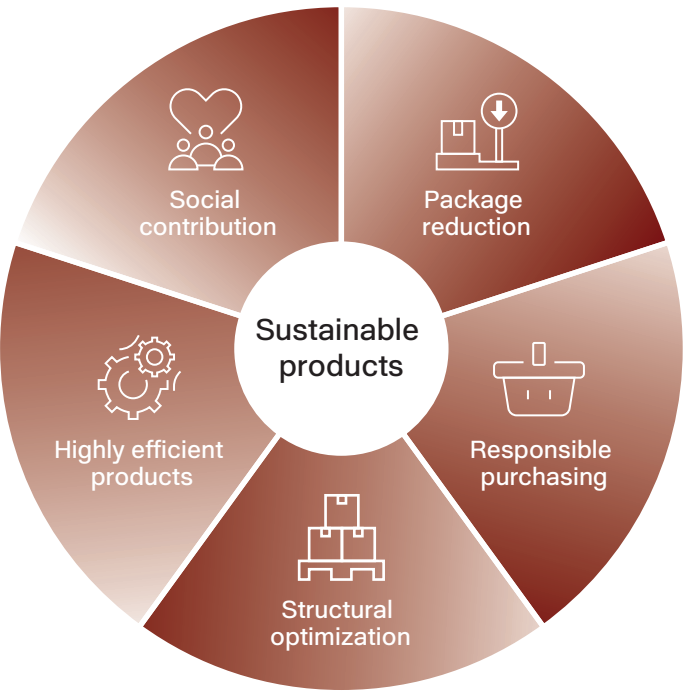
Unit: NT\$1,000

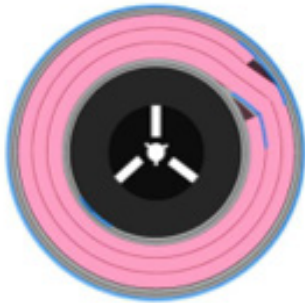
Related Information	2020	2021	2022	2023
R&D Expense	369,258	550,780	483,589	463,925
Proportion in Revenue	6.97%	9.38%	12.01%	10.21%





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	Design	Manufacturing	Transportation
Type	Structural optimization	Productivity	Package reduction
2023 Innovation description/ achievements	<ul style="list-style-type: none">The product is designed with a Wafer-Level Chip-Scale Package (WLCSP), which uses the wafer directly as the substrate without the use of additional substrates or molding processes, reducing the use of packaging materials.	<ul style="list-style-type: none">Productivity Improvement<ul style="list-style-type: none">In the production testing stage of optical sensors, in addition to distance testing (near-field distance function), white light brightness testing (light sensing function), and sensitivity testing for penetration through various materials (glass/plastic) of different thicknesses, more detailed wavelength testing is required for advanced applications such as red, green, blue, and flashing light sources. By building multi-functional test equipment, using a large number of sensors, and integrating computers to achieve individual control and production testing, the number of test equipment can be reduced, and test data and test conditions can be observed and monitored in real time over the network. Test data can also be analyzed and processed by AI to improve the efficiency of product testing.	<ul style="list-style-type: none">Reduce the diameter of product packaging rolls (from 13 inches to 7 inches) to reduce packaging material consumption.
			

Aspect	Use stage	Social contribution	
Type	Highly efficient products	Social contribution	
2023 Innovation description/ achievements	<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.		<ul style="list-style-type: none">• Health Protection<ul style="list-style-type: none">- 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.- Pressure sensing chips are integrated into wearable devices: They can be used in health tracking devices such as smart wristbands or health and fitness monitors to detect changes in elevation during mountain climbing, depth information during scuba diving, and information about the user's exercise intensity and elevation gain, helping users improve their exercise performance more effectively. Users are provided with more accurate and comprehensive health monitoring and exercise tracking capabilities to promote a healthy lifestyle and improve quality of life.- Ambient Light and Color Sensors: Capable of detecting ambient light at different levels, allowing the display to align the color temperature with the ambient light, hereby reducing eye fatigue. It also has a blue light-free function that changes the screen's color temperature to match the human body's melatonin secretion pattern, reducing the impact of blue light on sleep.
			<ul style="list-style-type: none">• Accurate positioning aids in emergency response<ul style="list-style-type: none">- Air pressure sensor is installed on smart phone: the air pressure sensors have been developed, in line with 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.- Pressure sensors installed on drones: provide faster and more accurate positioning functions for emergency rescue, which could improve the efficiency and success rate of disaster response, and also reduce the risks to personnel in disaster areas.

Industry-academy cooperation

Sensortek expects to integrate industry-academy cooperation 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 2023, three industry-academy cooperation projects were completed. Through the industry-academy 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.

Academic institutions	Industry-Academy Cooperation Project Name	Content	Benefits to Sensortek
 國立陽明交通大學 <small>NATIONAL YANG MING CHIAO TUNG UNIVERSITY</small> Yang Ming University of Transportation and Communications	High resolution capacitive digital converter design	<ul style="list-style-type: none"> A suitable architectural analysis method is proposed for SAR applications with high capacitive loading environments, which is of great significance to SAR sensor design. 	<ul style="list-style-type: none"> We investigate the feasibility of new architectures through school research and analyze the limitations of current designs. Through cooperation, students can gain a better understanding of Sensortek and increase its popularity among students.
 國立虎尾科技大學 <small>NATIONAL FORMOSA UNIVERSITY</small> National Formosa University	Development of VAD Algorithm and Optimization of Wafer Testing and Analysis Platform by Applying Big Technology	<ul style="list-style-type: none"> Build a database for CP/FT analysis and use AI to analyze the correlation between test data to improve wafer yield. Using AI algorithms to analyze the bone-conduction vibration signals collected by the G Sensor, it can be applied to edge computing on VAD chips in the future. 	<ul style="list-style-type: none"> Analyzing CP/FT data to improve production saves millions of dollars in commercial analysis software purchases. Reports can be automatically generated by stringing together data from CP/FT/EQC, eliminating the need for manual analysis. The students responsible for the development will join Sensortek after their graduation, thus to achieve the purpose of talent training. In the area of G Sensor speech analysis, a large amount of data collected from schools is used for AI analysis and model training.
 國立臺灣大學 <small>National Taiwan University</small> National Taiwan University	Research Plan for Modal Matching Gyroscope Design	<ul style="list-style-type: none"> The Mode Match architecture of gyroscopes is explored to enhance the features of gyroscopes designed by Sensortek. This project analyzes and designs the nonlinear effects of gyroscopes to improve product performance. 	<ul style="list-style-type: none"> It helps Sensortek analyze and solve nonlinear effects in product development so as to improve product performance. Ph.D. students are provided with internships at Sensortek and invited to join Sensortek after graduation, thus achieving the goal of attracting outstanding talents. Research on a new gyroscope architecture to explore future research directions.

Protection of Intellectual Property Rights and Competitive Practices

Disclosure Issue: Protection of Intellectual Property Rights and Competitive Practices					
Indicator No.	Item	2020	2021	2022	2023
TC-SC-520a.1	Total amount of losses from anti-competitive practices in violation of relevant laws and regulations (in NT\$)	0	0	0	0

Intellectual property management

Sensortek sets to create the greatest value for customers and achieve sustainable and stable long-term growth as its operational goal. In addition, we continuously pursue "technological innovation" and take intellectual property as an important asset and core competitiveness. The Company establishes an intellectual property management plan that combines operational goals and technological innovation capabilities, continuously improves the number and quality of its research and development patents, and maintains sustainable competitiveness. Furthermore, Sensortek respects the intellectual property rights of others and, in addition to requiring employees to comply with the confidentiality requirements of customers and suppliers, carefully evaluates the development of intellectual property rights held by others to reduce the risk of violation and infringement.

To further establish a systematic intellectual property management system, in 2023 we introduced the Intellectual Property Management System (TIPS) of the Industrial Development Administration, Ministry of Economic Affairs. Through the PDCA (Plan-Do-Check-Action) management cycle, we will improve our internal intellectual property management system. We will establish a cross-departmental intellectual property management work organization and an intellectual property management manual, review the differences between our current management system and the TIPS system, and make improvements and adjustments. We will also provide basic IPR training for all employees, with the goal of achieving TIPS A-level certification for the first time in 2024.



Trade Secrets Management

The Company establishes a confidential document management policy and conducts regular training and education on the protection of trade secrets. Internally, we establish an information security environment to control the information flow, and when disclosing or accepting confidential documents from outside sources, we require that a confidentiality agreement be signed and that relevant employees abide by the confidentiality agreement.

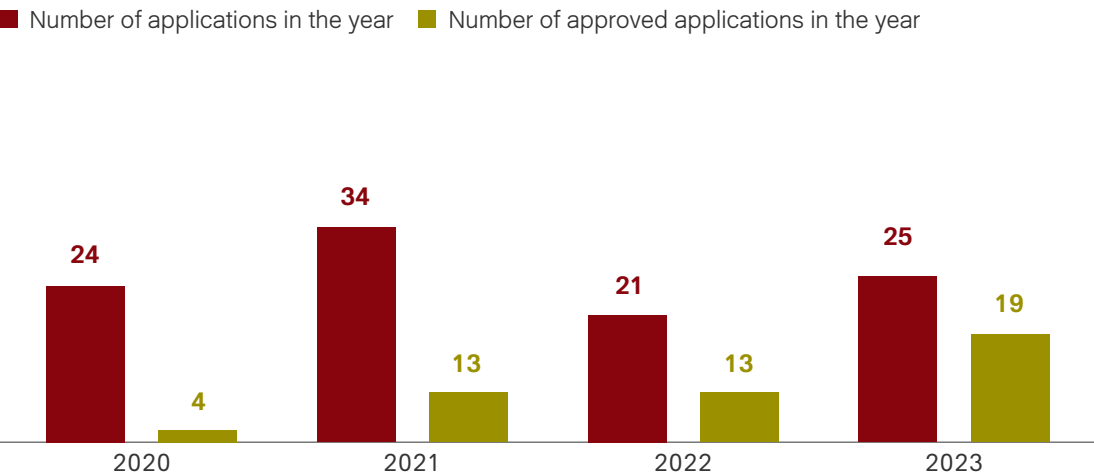
Management item	Content
Signature of Confidentiality Agreement	<ul style="list-style-type: none">Sensortek has signed employment contracts with its employees and confidentiality agreements with its clients and suppliers to prevent employees, customers or suppliers from disclosing trade secrets.
Information flow control	<ul style="list-style-type: none">The technical database of the R&D department is built. The data produced by the 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	<ul style="list-style-type: none">New employee training:<ul style="list-style-type: none">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 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 2023 new employees completed 100% of the Company's new employee online learning course.Training for all employees:<ul style="list-style-type: none">In August 2023, an online training course on "Promoting Integrity Management" was conducted, which included training on the protection of intellectual property and trade secrets to strengthen employees' awareness of confidentiality, with a 100% completion rate.In December 2023, we conducted an education and training program on "Basic Concepts of Intellectual Property Rights" with a 100% completion rate.

Patent Management

Sensortek encourages innovative research and takes a rigorous approach to employee inventions and innovation proposals. A patent review committee has been set up to evaluate and confirm patent application plans so as to protect the research results and related rights.

We push forward the effective translation of R&D results into patent applications through reward policies by following standardized operating procedures, and appropriately translate R&D results into patent applications to improve patent quality. In addition, we review the use of granted patents and their relevance to products, and regularly evaluate and confirm the need for ongoing 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.

Number of patent applications and approvals over the years





Patent Management

- We formulate patent regulations to standardize award and compensation matters for "proposal rewards" and "patent award rewards" to encourage employees to creatively utilize their work-related technologies, actively participate in research and improvement, and file patent applications in order to protect intellectual property, accumulate research results, and enhance competitiveness.
- A patent management system is in place, and a professional patent agency is also employed to assist in patent search and application, which effectively manages various R&D innovation proposals and improves the approval rate of patent applications.
- As of December 2023, the total number of domestic and foreign patents owned by the Company was 162 (including 66 pending patents and 96 granted patents). In 2023, the Company received 19 domestic and foreign patents (i.e., granted patents) with a total reward amount of NT\$387,500.

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.



Product Lifecycle Management

Disclosure Issue: Product Lifecycle Management					
Indicator No.	Item	2020	2021	2022	2023
TC-SC-410a.1	The percentage of sales for products containing IEC 62474 declared substances.	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.	As Sensortek is a fabless IC design company without a factory, it is responsible for chip research and sales and cannot control the processor power efficiency of customer products at the system level. In addition, our products are not currently used in commercial servers or personal computers, so they are not applicable to this disclosure metric.			

Environmental Substances Management

Sensortek established the "Environmental Substance Management Team" to promote environmental substance management and formulated the "Procedures for the Management of Environmental 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 materials and packaging materials used are free of Hazardous Substance Free (HSF), in compliance with the latest international environmental regulations and customers' environmental requirements.

Environmental Substances Management Team		Duties
Management representative	The top executive in quality assurance department	To develop and review matters related to environmental management system.
Audit team	Quality system department Vendor management department	To audit, plan and carry out environmental quality, correct any non-compliance matters, confirm and track preventive measures and make report on management audit meetings.
Information collection team	Customer service department	To collect, update and report related regulations and matters requested by customers.
Substance management team	Quality system department	To survey operations related to environment. <ul style="list-style-type: none">• To receive education and training required by the environmental management system, related international environmental protection regulations and specifications of customers.• To confirm the environmental substance testing data of all materials used for all products in the supply chain including wafers and packaging plants, such as RoHS and halogen.• Vendor environmental data review:<ol style="list-style-type: none">1. To provide the latest "Sensortek Environmentally Restricted Substances List" .2. To request new suppliers to sign the "Declaration that the supplier does not use environmentally hazardous substances".
	Product engineering department	To select green products for product development.
	Manufacturing management department	To control the list of environmentally qualified suppliers and procurement.

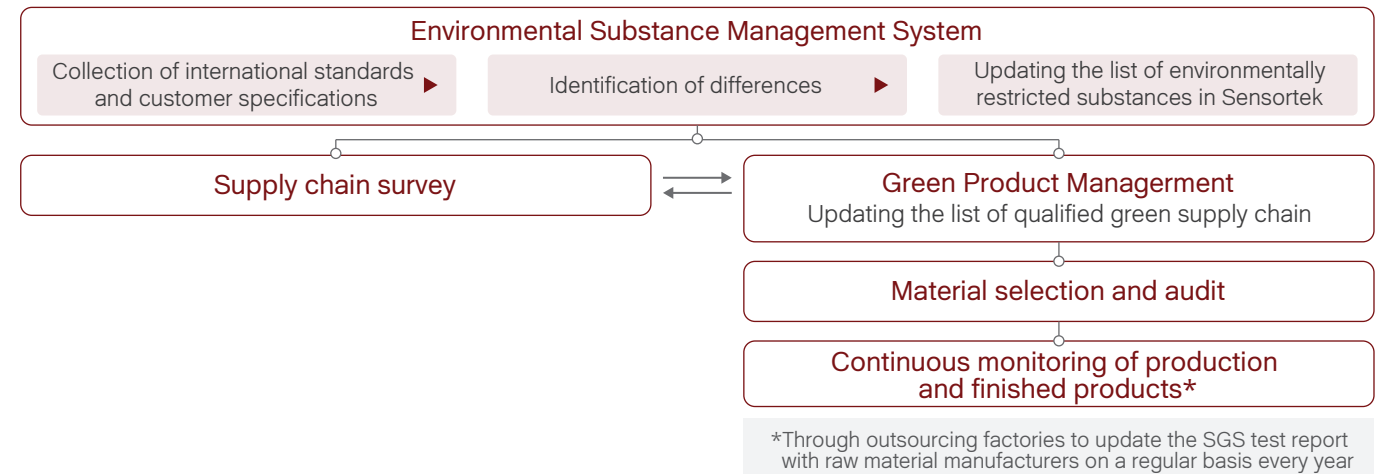
In response to the design and development of new products, new international environmental regulations, and customer restrictions on the use of chemicals, Sensortek launched the Green Product Management System (GPM) in 2023, which is expected to be officially put into use in the third quarter of 2024 and widely promoted to all supply chains for system-platform interaction. It replaces the current manual use of electronic order forms and systematically integrates information to collect and compile all types of materials used in products, including their composition and content. This improves the efficiency of investigation and statistical reporting of chemical test reports, material safety data sheets, and conflict mineral sources submitted by suppliers. The system uses a standardized database to perform data analysis and comparison, continuously monitor material compliance, and fully implement green supply chain management. It can also communicate product material safety information to customers in an accurate and timely manner, increasing customer confidence and trust in the Company's products.

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

In 2023, we passed SONY's Green Partner (GP) certification and obtained the latest Eco Partner certification through regular audits by Samsung every two years. Internally, we conduct regular product testing every year and clearly label "RoHS GP" on product packaging to indicate that all products do not contain harmful substances, thereby ensuring safety and trust for our customers.



Environmental Substances Management Procedures



Collection of international and customer specifications

International Environmental Conventions	Customer Requirements
Montreal Protocol (Ozone Layer Protection)	SAMSUNG Product Substance Control Standards
Stockholm Convention	OPPO Harmful Substances Control Standard
	VIVO Environmental Standards for Purchased Materials
European Environmental Protection Act	Environmental Laws and Regulations in Asia, Europe and the United States
RoHS Directive	Taiwan RoHS
REACH Directive	China RoHS
Halogen Free Directive	California Proposition 65
Packaging Materials Directive (PPWD)	U.S. Toxic Substance Control (TSCA)
PoHS Norway	U.S. Toxic Substance Requirements for Packaging Materials (TPCH)
Other European regulations	Canada - Prohibition of Certain Toxic Substances Act
	Other Asian and European regulations

Identification of Differences

We regularly access the websites of international environmental organizations, chemical policy advocacy websites and monthly e-newsletters. We also participate in ad hoc discussions on environmental issues, collect customer environmental regulations, participate in supply chain environmental training, compile the latest international and customer regulations, and compare them to the chemical substance positions and control specifications in the current "List of Restricted Substances in the Environment".

Updating the Eco-Superior Electronics Restricted Substances List

Sensortek regularly updates the latest international and customer environmental regulations and requirements in the "HSF (Hazardous Substance Free) Customer Specifications and Regulations List". We proactively distribute and collect questionnaires from suppliers, and request suppliers to provide material test reports or compliance statements to conduct thorough checks and confirmations so as to ensure that our products meet the latest international and customer environmental regulations and requirements.

Supply Chain Investigation

We issue a "Supplier Declaration of Non-Use of Environmentally Hazardous Substances": 8 suppliers received the declaration in 2023, with a 100% signing rate.

We control "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 list is under control: Suppliers are required to provide the inventory results and survey form required by the new international and customer environmental substance requirements.

Environmentally-Friendly Product Management System

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 regularly issue notices to suppliers to promote the latest REACH regulations, international regulations and related environmental protection knowledge. We also review product material data to ensure compliance with the latest regulatory control requirements.

Material Selection and Verification

Sensortek considers the potential impact of IC manufacturing processes on the environment and adopts the principle of using low-hazardous chemical substances in product design and development that comply with current regulations. In addition, when selecting materials in the initial stage, we include the requirements for environmentally restricted substances in the inspection items, including homogeneous material precision test reports, material safety data sheets, and other material documents, to confirm the validity of the data and ensure that the products do not contain environmentally restricted substances. We archive and maintain all approved environmental data for a minimum of 10 years.

Continuous Inspection of Production and Final Products

Sensortek ensures stable raw material sources by conducting XRF (X-ray fluorescence spectrometer) spectral analysis on materials before production to confirm that the numerical values of chemical elements comply with specifications before they can be used. After the finished products are manufactured, the final state of the chemical substances is controlled, and precise analyses are conducted on a regular basis each year based on the product packaging type, including testing projects such as RoHS, Halogen, REACH, PFOS, PFOA, and TVOC.



Protecting the Environment

Sensing the Mission of Energy Saving and
Carbon Reduction

Environmental Policy

Climate Management

Energy Management

Water Resource Management

Waste Management

Environmental Policy



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

<ul style="list-style-type: none">○ Comply with environmental laws and regulations and relevant international standards.	<ul style="list-style-type: none">○ We are committed to improving the efficiency of resource utilization and using recycled materials with low impact on the environment.	<ul style="list-style-type: none">○ We regularly review the progress of environmental sustainability goals or objectives.	<ul style="list-style-type: none">○ 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.
<ul style="list-style-type: none">○ Reduce resource and energy consumption for products and services.	<ul style="list-style-type: none">○ Enhance the recyclability and reusability of raw materials and products.	<ul style="list-style-type: none">○ Extend the durability of the product.	

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.



In order to achieve the goal of environmental sustainability, and address climate and environmental issues in the world and Taiwan, and align with the global response to environmental change, our response to environmental change, and Sensortek's environmental policy, Sensortek conducted an environmental education and training program for all employees in November 2023 to enable them to understand the current state of global climate change, to increase their concern and awareness of this issue, and to achieve the goal that all employees will participate in the Company's energy conservation and carbon reduction strategy.

Climate Management

Promotion Plan

According to the World Economic Forum's (WEF) annual Global Risks Report, climate-related issues have long been identified as a significant risk. Sensortek recognizes the impact of climate change on its business operations and the potential consequences. Sensortek first evaluates its operating conditions and industry characteristics, which are low-energy and low-emission industries. However, considering that climate change, a global issue, may occur along the supply chain, it is still necessary to understand the relevant impacts as early as possible. Since 2022, Sensortek has kept an eye on the relevant trends of climate change management. Starting from 2023, Sensortek follows the "Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)" and gradually builds its capacity for climate change governance and management, accumulates adaptation and mitigation foundation, and cooperates with stakeholders to address the issue of climate change.

Net Zero Emissions Roadmap

Climate Target Initiative	Target Scope		
 Greenhouse Gas Reduction	Scope I and II (Category I and II) Emissions from Sensortek's Hsinchu Headquarters		
	Planning Schedule	Base year	Short-term target
		• 2023	• 30% reduction by 2030
 Renewable energy use	Sensortek Hsinchu Headquarters		
	Planning Schedule	Base year	Short-term target
		• 15% utilization by 2025	• 50% utilization by 2030
			• 100% utilization by 2050

Governance Mechanisms and Architecture

The Board is the highest decision-making body for Sensortek's climate-related issues, guiding and overseeing the response to climate-related risks and opportunities. In order to strengthen its sustainability and climate change risk management, Sensortek established a functional committee - the Sustainability and Risk Management Committee - in the third quarter of 2023. The committee is responsible for managing sustainability and climate change risk issues and holds at least two meetings a year, reporting to the Board of Directors.

In addition, Sensortek has established a Sustainable Development Promotion Team, with the general manager as convener and departmental executives as group leaders. The group is responsible for identifying and promoting response plans for climate change risks and opportunities, and meets at least once a year. The group reports annually to the Board of Directors through the Sustainability and Risk Management Committee. The climate change risk management process at Sensortek will be integrated into the existing risk management process and implemented on a regular basis.



Climate Risk and Opportunity Identification and Assessment

In 2023, Sensortek systematically initiated the process of identifying and assessing climate risks and opportunities for the first time in response to the potential impact of policies, technologies and customers in the face of climate change.

Identification of Risks and Opportunities

- Based on the TCFD recommendations, industry information, internal and external discussions, Sensortek has identified potential risks and opportunities in connection with the Company.
- Based on domestic policy directions, net-zero commitments, and international assessment reports, a scenario is set for assessing climate risks and opportunities, with transition risks primarily considered in the 2050 net-zero emissions scenario and physical risks primarily considered in the SSP-8.5 scenario.

Risk and Opportunity Assessment

- We conduct cross-departmental meetings, provide climate risk education, and raise awareness.
- We invite five relevant departments to conduct a risk and opportunity assessment, and then confirm and discuss the assessment results with internal and external parties to understand the impact of risk factors on Sensortek, the time intervals in which they may occur, and their possible financial impact.
- Key findings: Identified three types of potential risks and one type of derived opportunity.

Planning

- In response to the identified potential risks and resulting opportunities, the Company reviews its existing business development strategies and plans corresponding countermeasures with relevant departments, and then implements subsequent review and implementation in accordance with the "Risk Management Policy and Procedures".

Supervision and Reporting

- Regular meetings are held to review the implementation of the response plan, which is led by the Sustainable Development Promotion Team and reported to the Board of Directors through the Sustainability and Risk Management Committee.

Short-, medium-, and long-term climate-related risks and opportunities

We conducted climate risk awareness training in 2023 and invited five related departments to conduct a climate risk and opportunity assessment to identify 12 short-, medium-, and long-term risk factors that may have an impact and 4 potential opportunities. After internal and external discussions and confirmation by the Sustainable Development Promotion Team, three major risks and one potential opportunity are identified.

Risk Types		Potential financial impact	Response actions
Physical risks	(In the short term, within 0-1 years)	Increasing Indirect Costs	<ul style="list-style-type: none"> We set ambitious carbon reduction targets: we will increase the use of green power year by year, with a goal of achieving 50% green power by 2030 and net-zero carbon emissions by 2050. » <u>Related performance and information can be found in the Energy Management section.</u>
	<ul style="list-style-type: none"> the severity and frequency of extreme weather events are increasing. Impact Scope: Direct Operations 		<ul style="list-style-type: none"> We improve sustainable supply chain management: to evaluate the establishment of supplier climate risk awareness and improve supplier climate resilience. We plan to review the supply chain's electricity consumption and assess the feasibility of increasing the proportion of green electricity in the supply chain. » <u>See the Supply Chain Management section for related services and information.</u>
Transition Risk	(Medium term, 1-3 years)	Increasing Indirect Costs	<ul style="list-style-type: none"> Improve corporate resilience: Continually implement the carbon inventory, expand inventory projects and scope, and gain an understanding of the Company's operational emissions. Subsequent efforts will be made to promote carbon footprint auditing and to establish a comprehensive information network for carbon emissions. » <u>Related services and information are provided in the Climate Governance section.</u>
	<ul style="list-style-type: none"> Carbon-related regulations need to be strengthened. Impact Scope: Direct operations, upstream suppliers 		<ul style="list-style-type: none"> Improve sustainable supply chain management: Assess supplier sustainability standards to include GHG-related standards, encourage suppliers to partner and collaborate to reduce emissions along the industrial value chain. » <u>See the Supply Chain Management section for related services and information.</u>
	(Intermediate 1-3 years)	Reducing revenue	<ul style="list-style-type: none"> Improve business resilience: Continuously monitor international benchmark requirements, conduct annual assessments and adjustments to carbon reduction plans, and actively address carbon management issues. » <u>Related performance and information can be found in the Greenhouse Gas Emissions section.</u>
	<ul style="list-style-type: none"> Stakeholders and International Assessment with negative feedback Impact Scope: Direct Operations 		<ul style="list-style-type: none"> Strengthen supply chain sustainability management: Long-term increase in sustainable supplier partnerships to collectively reduce emissions across the industry value chain. » <u>See the Supply Chain Management section for related services and information.</u>

Transition Opportunities	Potential financial impact	Implement a transformation opportunity strategy
Low-carbon manufacturing	Reduce direct costs, lower indirect costs, and increase revenue	<ul style="list-style-type: none"> Align with existing product lifecycle management strategies to drive low-carbon manufacturing solutions: proactively understand customer needs, plan production schedules, and improve transportation efficiency. Supplier collaboration: Understand suppliers' carbon-efficient energy use and encourage them to increase their share of green energy. Evaluate the feasibility of digital information exchange, improve supplier collaboration for efficient production, reduce costs, and reduce the industry's carbon footprint.

Low-carbon transformation strategy

Sensortek operational strategy refers to the identification results of climate risks and opportunities, integrates low-carbon awareness into its existing business plans, expands the benefits of low-carbon manufacturing by deepening customer relationships and continuously strengthening technological capabilities, and strives to achieve a win-win situation. On the other hand, Sensortek strengthens awareness and coordination on carbon-related issues in evaluating suppliers' sustainability management, seeking more opportunities for low-carbon industrial carbon footprint.

Indicators and Objectives

- The climate change risk assessment process has been integrated into existing risk management systems and is implemented in accordance with the Risk Management Policies and Procedures. Going forward, we will continuously engage with business units based on the results of the climate change risk identification and establish climate-related indicators. We will also regularly review progress against our targets.
- Sensortek's greenhouse gas emissions situation and targets can be found in the "Net Zero Emissions Roadmap" and "Greenhouse Gas Emissions" sections.

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 2023 in accordance with ISO 14064-1:2018, and the 2022 greenhouse gas inventory has been externally verified. The audit scope includes direct GHG emissions in Scope I, purchased electricity in Scope II, and taking into account operational characteristics, Scope III items. Upstream transportation and distribution of products and waste IC treatment were counted in 2022; in 2023, in addition to auditing upstream transportation and distribution of products, we expanded the audit to include employee commuting, with the main bulk emissions from refrigerant leakage under Scope I and purchased electricity under Scope II.

Emissions (Scope I & II) for 2023 were 459,307 tonnes CO₂e based on the regional benchmark, 438,892 tonnes CO₂e based on the market benchmark, 463.35 tonnes CO₂e for 2022 and 1,490.35 tonnes CO₂e for 2021. In addition, the building's floor area (m²) is used to calculate the carbon dioxide equivalent (CO₂e) emission intensity, with emission intensities of 0.521 tonnes CO₂e/m², 0.096 tonnes CO₂e/m² from 2021 to 2022, 0.095 tonnes CO₂e/m² as the regional baseline, and 0.091 tonnes CO₂e/m² as the market baseline in 2023. In 2021, emissions and emission intensity were higher due to the relocation of the office to a new location in the second half of 2021 and the purchase of a full set of HFC-23 automatic fire extinguishing equipment for the new information server room to meet fire safety requirements. From 2022, the emission intensity has returned to normal levels, and the emission intensity in 2023 decreased by 5.2% year-on-year due to the gradual introduction of green electricity at the end of the year.

Disclosure issue: Greenhouse gas emissions

Indicator No.	Item	2020	2021	2022	2023
TC-SC-110a.1	(1) Total global Scope 1 greenhouse gas emissions (unit: tonnes CO ₂ e)	18.53	1,210.90	63.37	62.66
	(2) Total perfluorocarbon emissions (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. Scope I carbon dioxide emissions for the years 2021 to 2023 were ^{Note 3} 81.25%, 13.68%, and 14.28%, respectively. The emission sources under Scope I include 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 reducing emissions in Scope I, such as completing sewer connections, eliminating septic tanks, and evaluating the selection of environmentally friendly refrigerants when replacing refrigerators and ice machines. In addition to the emission reduction measures for Scope I, emission reduction planning is also carried out for the procurement of external electricity in Scope II, with green electricity to be supplied from 2023 and the proportion of green electricity to be increased year by year, with the target of renewable energy accounting for 50% of total electricity consumption by 2030. 			

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.
2. The emission factor for Scope I is taken from the Greenhouse Gas Emission Factor Management Table 6.0.4 of the Climate Change Administration of the Ministry of Environment; the emission factor for Scope II is based on the carbon dioxide equivalent emission coefficient for electricity consumption in 2022 published by the Energy Administration of the Ministry of Economic Affairs, which is 0.495 tonnes CO₂e/thousand kWh.
3. The calculation formula for the Scope I contribution ratio is (Scope I emission volume) divided by (Scope I emission volume + Scope II emission volume).

Unit: tonnes CO₂e

Direct greenhouse gas emissions (by greenhouse gas type)

Greenhouse gas	Methane (CH ₄)	Hydrofluorocarbons (HFCs)	Total
2020	13.5315	4.9990	18.5305
2021	14.2903	1,196.6157	1,210.9060
2022	15.5236	47.8500	63.3736
2023	14.2059	48.4531	62.6590

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

Unit: tonnes CO₂e

Greenhouse gas emissions (by category)							
Scope	Scope I	Scope II	Scope III				Greenhouse Gases Total Emissions
Category	Direct greenhouse gas emission	Purchased electricity power	Upstream transportation and distribution of goods	Disposal of waste ICs	Staff Commuting	Fuel and energy-related activities (not included in Scope I or II)	
2020	18.5305	156.7028	0.5565	0.0976	-	-	175.8874
2021	1,210.9060	279.4408	1.7557	0.1517	-	-	1,492.2542
2022	63.3736	399.9721	2.0102	0.1213	-	-	465.4772
2023	62.6590	Regional benchmarks	20.3132	0.0177	98.2034	73.955	Regional benchmarks
		Market benchmarks					Market benchmarks
		396.6481					651.7964
		376.2333					631.3816

Note : Disposal of ICs and fuel and energy-related activities (not included in Scope I or Scope II) are self-reported items that have not been verified by external auditors.

Scope I + Scope II + Scope III Greenhouse Gas Emissions		Scope I + Scope II emissions		Intensity of greenhouse gas emissions ^{Note 2}		Intensity of greenhouse gas emissions ^{Note 3}	
	Unit : tonnes CO ₂ e		Unit : tonnes CO ₂ e		Unit : tonnes CO ₂ e / m ²		Unit : tonnes CO ₂ e / NT\$ million
2020	175.8874		175.2333		0.1214		0.0331
2021	1,492.2542		1,490.3468		0.5207		0.2538
2022	465.4772		463.3457		0.0956		0.1151
2023	Regional benchmarks		459.3071		0.0947		0.1011
	Market benchmarks		438.8923		0.0905		0.0966

- 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.
 2. The GHG emission intensity calculation formula = [(Scope I + Scope II GHG emissions (tonnes CO₂e))] ÷ average floor area (m²). The average floor area for the last three years is 1,443.74 m² in 2020, 2,862.29 m² in 2021, and 4,848.27 m² in 2022 and 2023.
 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).
 4. Scope III emission factors are from the Product Carbon Footprint Information Network.

Energy Management

Disclosure Issue: Process Energy Management					
Indicator No.	Item	2020	2021	2022	2023
TC-SC-130a.1	(1) Total energy consumption (including fuel and electricity) (GJ)	1,123.77	1,976.4	2,828.88	2,736.24
	(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%	5.15%

Note : 1. Unit conversion: 1 kWh (degree) = 860 Kcal, 1 Kcal = 4.186798 J, so 1 kWh (degree) = 3.6×10⁻³ GJ.
 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

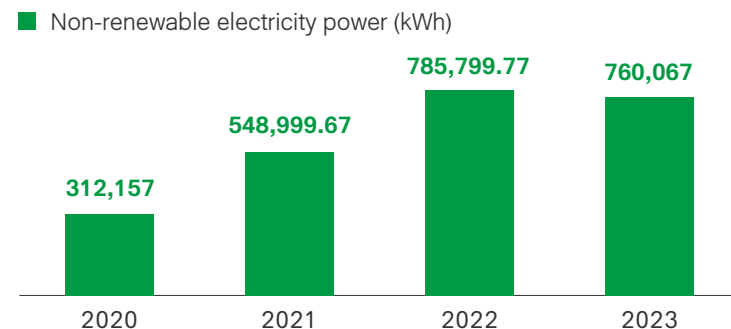
As a professional IC design company, Sensortek has no energy consumption for manufacturing, packaging, testing and other production machines, and our operation is mainly carried out in office space. Air conditioning accounted for the largest share of the total energy consumption, along with lamps, computers 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 2023, 94.85% of the energy used was purchased from Taiwan Power Company's non-renewable energy, about 5% was solar power supplied by Taiwan Power Grid, the total energy consumption was 801,309 kWh, of which 41,242 kWh was supplied by renewable energy, a total of 40 renewable energy certificates were obtained.

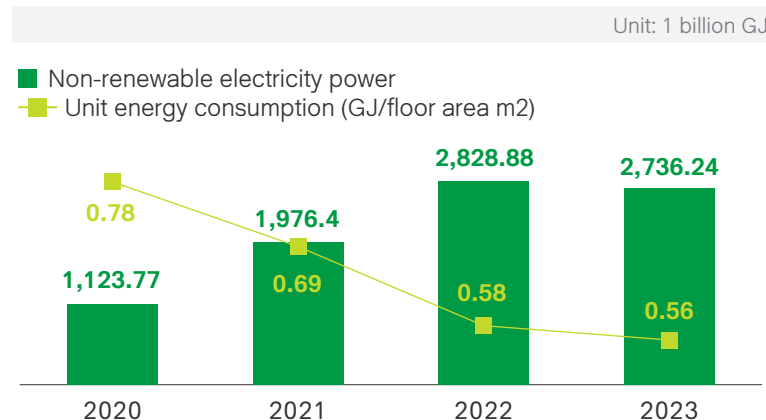
In 2022, 100% of the energy used was non-renewable electricity purchased from TEPCO, and the amount of electricity consumed was 785,800 kWh, an increase of 43% compared to 2021. The main reason was that we moved to a new office in the second half of 2021, and the floor area of the new office had increased 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.

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.

Total energy consumption in previous years



Total energy consumption in previous years



Energy Saving Improvements

Sensortek has implemented a total of 7 energy saving measures in the planning of the energy saving facilities of its new office, with an estimated annual energy saving of 315.17 GJ in 2022, and an additional energy saving measure "Computer Energy Saving Settings" in 2023, which reduced the Company's energy consumption of equipment.

In 2023, we added SMT production equipment to the office and built a clean room environment. We educated users to reduce the power consumption of the equipment by adopting best practices. The equipment should be turned off immediately after use, and the clean room lighting and air conditioning should be turned off when people get off work, so as to prevent unnecessary waste. With a 2% increase in headcount, the addition of large SMT machines, and the establishment of a clean room environment, total electricity consumption in 2023 increased by only 2% compared to 2022. In 2023, we also implemented an "Energy Management Policy" that set standards and guidelines for lighting, air conditioning, computer rooms, and other electrical equipment. All employees were required to follow these guidelines.

Item	Content	Annual energy saving	Annual power saving	Annual carbon reduction
		Unit : GJ	Unit : kWh	Unit : tonnes CO ₂ e
To use energy-saving lighting facilities ^{Note 2}	All replace with LED lights.	32.93	89,145.9	44.13
Lighting control ^{Note 3}	To turn off lamps during launch break.	15.45	4,292.2	2.12
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.	-	-	-
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.	-	-	-

Item	Content	Annual energy saving	Annual power saving	Annual carbon reduction
		Unit : GJ	Unit : kWh	Unit : tonnes CO ₂ e
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).	7.17	1,928	0.95
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	31.57
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	4.12
Computer Energy Saving Settings ^{Note 8}	If the personal computer is not used for 10 minutes, it automatically enters a low-power sleep mode.	6.87	1,908.7	0.94

Note : 1. Unit Conversion 1 Giga-Joule (GJ) = 0.277778 MWh = 277.78 kWh.
2. The difference between traditional 2-foot lamps and LEDs is about 13.5 W per lamp, totaling 685 lamps in the office x 4 = 2,740 lamps. The lamps are used for about 2,410 hours per year. 13.5 W x 2,740 pcs x 2,410 hours / 1,000 = 89,145.9 kWh.
3. 6.5 W x 2,740 pcs x 1 hour x 241 days per / 1,000 = 4,292.2 kWh.
4-5.The establishment of the air-conditioning control system and the improvement of air-conditioning equipment in the energy-saving measures are presented in a qualitative manner due to the lack of reference energy calculation basis or quantitative data before the improvement.
6. Based on a total of 241 working days in 2023, it is estimated that the equipment in the conference room can save about 8 kWh of electricity per day.
7. According to the test results of National Cheng Kung University, the added heat insulation stickers can save air-conditioning power by 17.6%.
8. Based on 241 business days in 2023, with a total of 180 computers in the office, it is estimated that each computer saves 0.5 hours per day, with a power consumption of 88 W per hour. 88 W x 180 units x 0.5 hours x 241 days / 1,000 = 1,908.7 kWh.
9. The reduction is under Scope II. The electricity emission factor is based on the 0.495 tonnes of CO₂e/kWh released in 2022 released by the Energy Administration in 2023.

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-integrating 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.

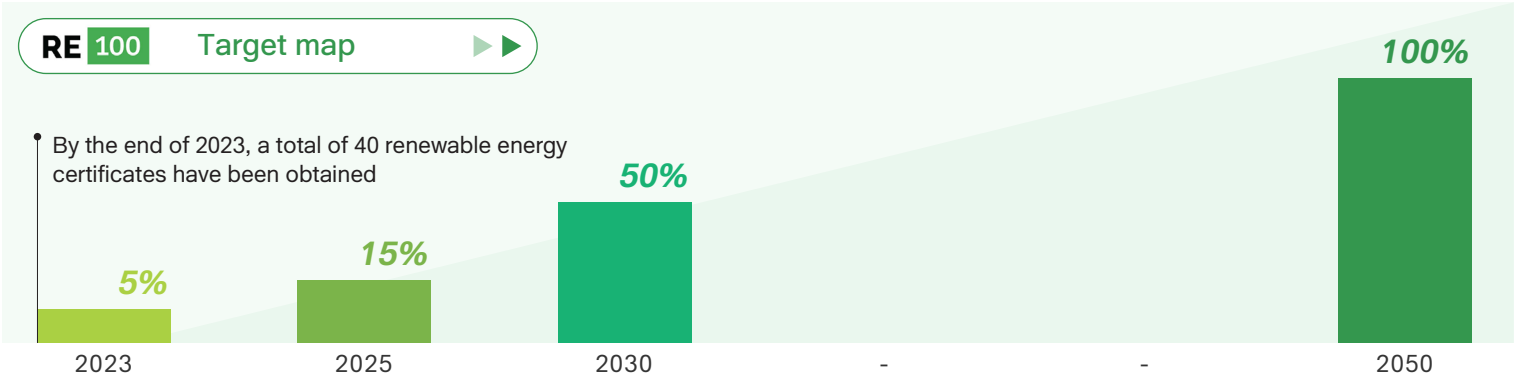
Benefits

- 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".

Renewable energy use and planning

In response to the global goal of reducing greenhouse gas emissions and in line with the global trend of green energy, Sensortek evaluated renewable energy usage plans in 2023 and began using renewable energy (green electricity) in October 2023. By the end of 2023, we had obtained a total of 40 renewable energy certificates. We plan to gradually increase the proportion of green energy usage each year, with the goal of having renewable energy account for 50% of our total energy usage by 2030 and 100% by 2050.



Water Resource Management

Disclosure Issue: Water Resource Management					
Indicator No.	Item	2020	2021	2022	2023
TC-SC-140a.1	(1) Water taking amount (1,000 m³): percentage of water amount taken from water resource shortage zones to the total water taking amount (high and very high)	1.16	1.85	2.61	2.96
	(2) Water consumption (1,000 m³): 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

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

- 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%.
- 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.

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 Sensortek 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 office 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.

In 2023, water consumption was 2.96 million cubic meters, and self-use water consumption increased by 0.17 million cubic meters compared to 2022, mainly due to the increase in the number of employees.



Unit: 1 million liters

Water resource management in previous years								
Item	Source / Destination	Type	2020	2021	2022		2023	
Water taking amount	Water from third parties	Fresh water	1.16	1.85	Self-usage	1.06	Self-usage	1.23
					Public usage	1.55	Public usage	1.73
Total discharge	Domestic sewage treatment facility in the park	Others	1.16	1.85	2.61		2.96	
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.

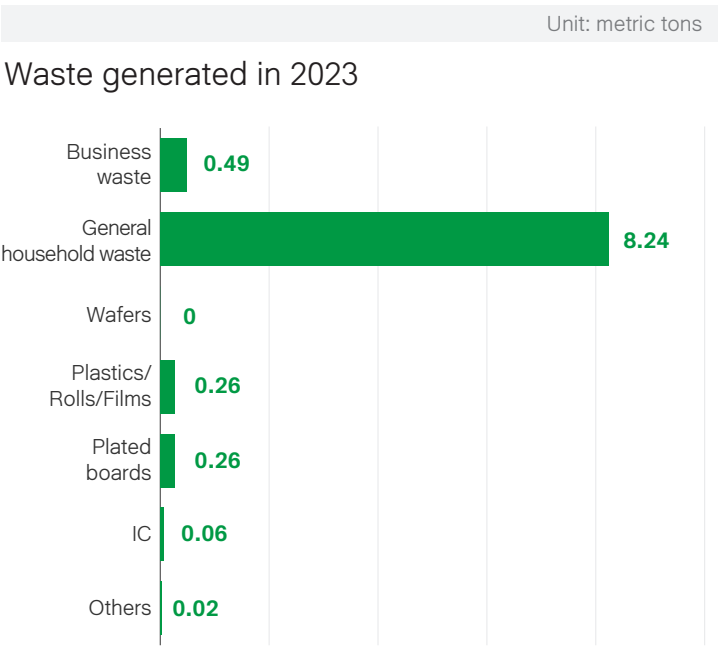
Unit: 1 million liters/floor area m²

Water taking intensity of water sources in previous years				
Year	2020	2021	2022	2023
Water taking intensity	0.00080	0.00065	0.00054	0.00061

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 9.88 tonnes of waste generated in 2023 and a reduction of 9.02% over the previous year.



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

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 2023 was 8.24 tonnes, all of which was non-hazardous, and the Company has been free of hazardous waste for three consecutive years. Waste from the electronics industry is generated from in-house recovery of defective IC products from outsourced manufacturing, as well as discarded chips from product development and testing. In 2023, Sensortek recovered a total of 1.64 tonnes of such waste. Waste would be collected by a professional waste treatment plant for gold recovery and recycling. A total of 0.32 tonnes of waste had been treated, in hope of achieving a circular economy and reducing the impact on the environment.

Unit: tonne

Recycling				Direct disposal		
	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%	-
2023	1.64	-	1.64	0	8.24	8.24
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 of by qualified waste disposal companies.
 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.
 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 2023.



Connecting Partners

Sensing the Tightness of Value Chain Integration

Product quality

Client relationship management

Supply chain management

Procurement of Raw Materials

Product quality

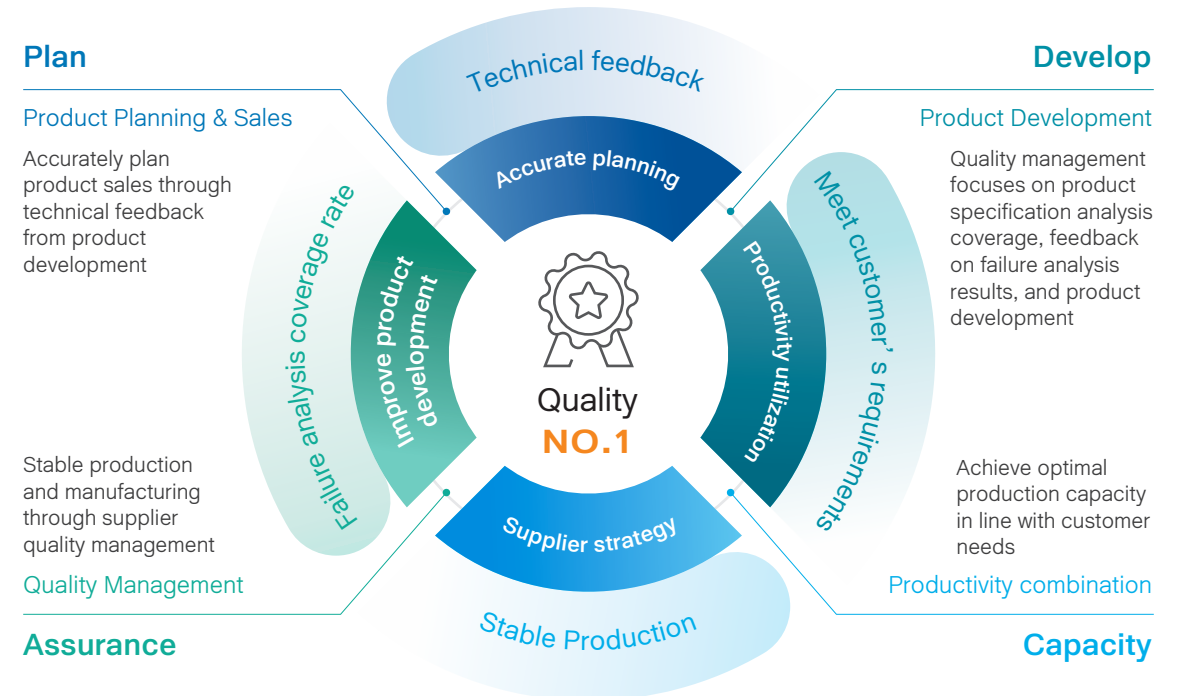


Quality Policy

Achieve the highest level of customer satisfaction with the most competitive cost and 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 and 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 product quality, and satisfy customers with our services. In 2023, none violations (including voluntary breaches) of health and safety regulations related to products and services.

In order to strengthen the quality control process of R&D products, 9 series of new products had been reviewed and approved for SoP in 2023 through the "New Product Quality Review Mechanism". The quality department invited relevant departments to hold a formal SoP review meeting to jointly review product design, manufacturing technology, quality reliability, and trial production verification results, and others, to ensure that all monitoring projects and data align with product specifications and targets. At present, no customer feedback on product quality and specification problems has been received so far. By conducting rigorous pre-production inspections, we aim to improve the stability of product delivery quality.





Quality Assurance Unit



Quality System

- 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
- 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



Quality Engineering

- 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



Supplier Quality Management

- Quality control (QC) inspection
- Audit of vendor management
- Vendor audit and inspection
- Process control and monitoring
- Vendor 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



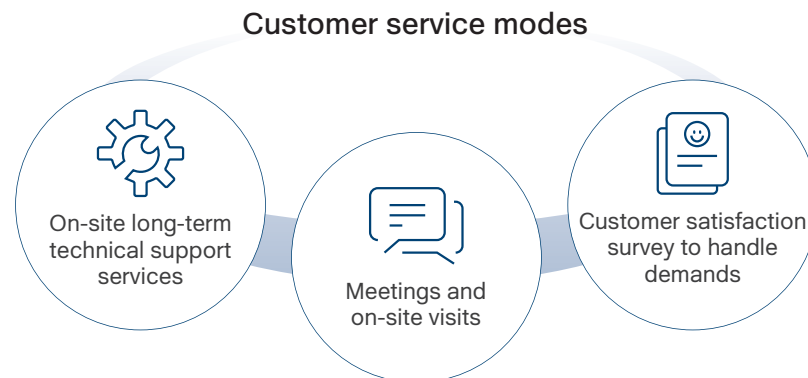
Customer Service

- 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
- 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.

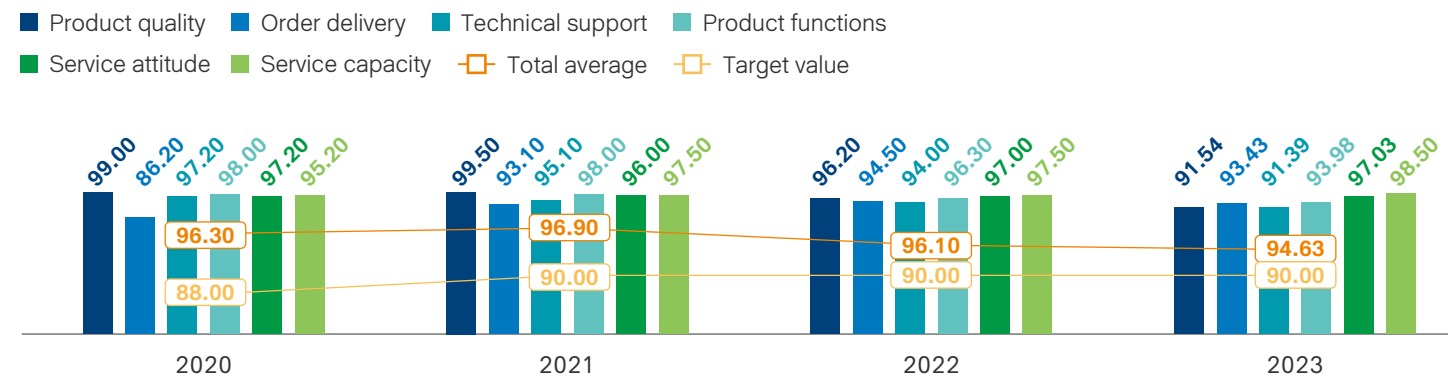


Customer satisfaction

On a basis of customer-oriented approach, we conduct annual customer satisfaction surveys in accordance with the "Customer Satisfaction Operation 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 2023 was 100%, and the average customer satisfaction rate was 94.6%, achieving the target set for the year (90%).

Customer satisfaction survey over the years





Achievements in Customer Service in 2023

2023 Samsung Electronics Eco-Partner Certified

- Sensortek continuously renewed its Samsung Electronics Eco-Partner certification and submitted product environmental reports that included information on the use of relevant substances and data provided by raw material suppliers.
- Sensortek evaluated all suppliers who provided products or components to ensure the products in line with Samsung Electronics' requirements and free of substances harmful to the environment. The Company also continuously managed and evaluated all supply partners to ensure compliance with Samsung Electronics' sustainable supply chain management.

Modeling of product environmental temperature variations and life cycles

- The global average handset replacement cycle continued to increase, reached a 43-month record high in 2023. As a result, the customer requested a product lifecycle model to evaluate post-sale life. Sensortek created an "Environmental Temperature Variation and Life Cycle Model" in accordance with international standards and technical literature to calculate product life cycles, and the results can meet customers' requirements.

Winning 2023 Excellence in Quality Award from Customers

- Reason for Award: On-time delivery of products in 2023, no major quality issues, lower defect rate than industry production standards, served as a benchmark for others.

Winner of the Customer Excellence Quality Award and the Best Delivery Award.

- Reason for Award :
 1. No major supply and quality anomalies
 2. Ranked #1 in comprehensive annual quality performance review
 3. No. 1 in volume shipped
 4. Achieve 100% on-time delivery, proactive response to schedule changes, and first-time delivery performance

Awarded the title of "Trusted Business Partner" by the customer.

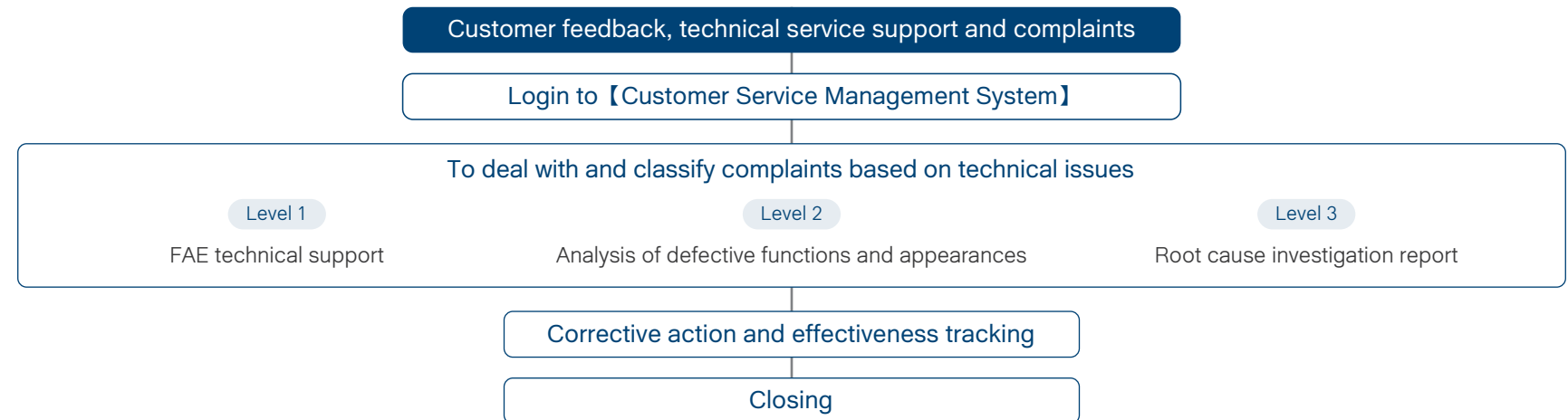
- Reason for Award: Active interaction and cooperation with customers, rapid completion of product certification and introduction of mass production to achieve a win-win situation.



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". The initial technical service unit will respond promptly and handle customer needs as required; if a problem cannot be handled immediately, it will be transferred to the quality assurance unit to clarify the problem. After receiving a valid sample and related circuit information, the general case will be assigned responsibility within three to seven business days, root cause analysis will be conducted, and countermeasures will be proposed. The process will be recorded on the "Customer Service Handling Form" for effect tracking, with the most proactive service attitude and actions to meet customers' technical support needs and prevent complaints from recurring.

The quality assurance 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.





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:

Key suppliers

- 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.**

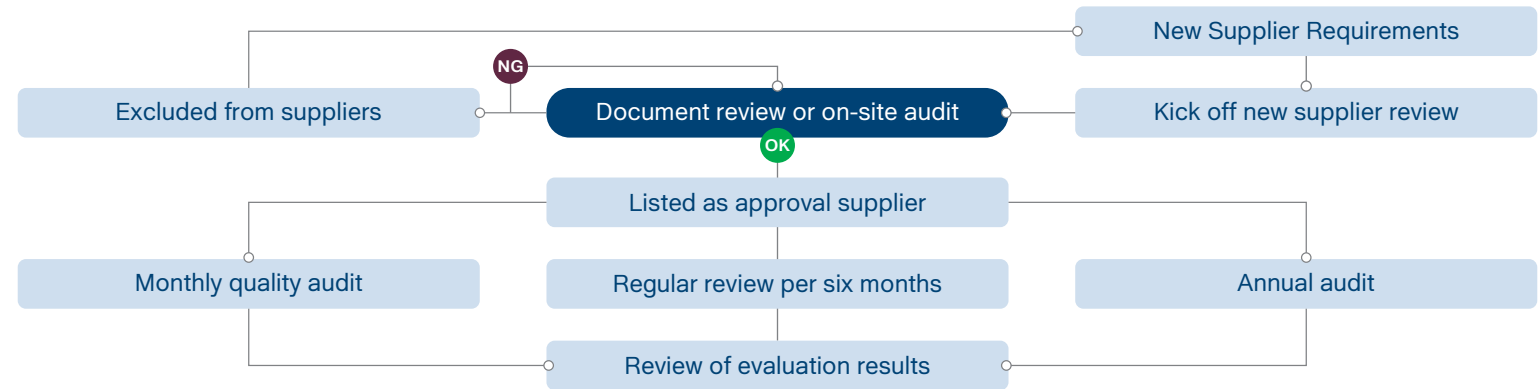
In 2023, there were 30 suppliers in total, of which 16 were critical suppliers. To further promote sustainable operation, Sensortek looks forward to working with its suppliers to build a more resilient and sustainable supply chain, and to realize the sustainable development of the Company.

Supplier quality 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, promoting a sustainable supply chain is one of the most important aspects of sustainable development.



To strengthen the vendor management mechanism, Sensortek has established a "Vendor Management System Platform" for use by all evaluation departments. The performance information of the management process, from the audit of new vendors to the regular evaluation of qualified vendors, is recorded in the system. Based on a clear management mechanism, unqualified vendors 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 (AVL). In 2023, 1 new supplier was selected, 100% of suppliers have signed the "Declaration that the supplier does not use environmentally hazardous substances" and 100% of suppliers submitted RMI Conflict Minerals Survey Forms.

New Vendor Evaluation Sustainability Project

- The new vendor shall pass ISO 9001, ISO 14001, ISO 45001, IATF 16949 or other international quality system certification.
- All products and process materials shall comply with the "Sensortek Management Regulation on Environmentally Restricted Substances", and the "Declaration that the supplier does not use 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 Vendor 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 vendors can continue to provide stable products and engineering services. In principle, we evaluate approval vendors 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 vendors.

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

Supplier management achievement

A total of 22 suppliers were audited in 2023. For raw materials and outsourced processing, all qualified suppliers completed 100% of the semi-annual review and annual audit, and all passed the audit. Tooling suppliers are not critical process items, so no audits were conducted.

▮ Evaluation Items

Frequency	Evaluation Items	Weight
Every six months	Delivery	30
	Quality	60
	Process yields	
	Engineering services	10
Year	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 vendor again for confirmation. If the vendor still fails in the second evaluation, it will be removed from the approval vendor list.

Venfor Mentor

Sensortek holds regular (weekly and monthly) meetings with vendors to discuss quality and environmental management, production lead time, and product engineering development progress, and to identify areas for further improvement. For suppliers with unsatisfactory performance, Sensortek establishes a "Supply Chain Quality Coaching Program", visits to the supplier's site to discuss improvement issues every week and tracks progress until the case is closed. When all deficiencies have been corrected and improved, a verification team will be arranged to conduct another verification. If the re-audit fails to meet qualification standards, the supplier will be removed from the qualified supplier list.

Supplier Sustainability
Management

Provider Sustainability Risk
Assessment Criteria

Sensortek evaluates suppliers' risks in sustainable development through relevant evaluation standards in economic, social and environmental aspects. The qualification status of all eligible suppliers is tracked annually against this standard, and certification status is updated periodically to ensure that the process meets management standards.

Economy	Pursue high-quality standards with suppliers to continuously improve and develop innovative technologies.
Environment	Ensure that suppliers do not use harmful substances, combine green products with green procurement, reduce environmental impact, and jointly build a sustainable ecosystem.
Social	Ensure that suppliers fulfill their social responsibilities, protect international labor rights, and provide a healthy and safe workplace.

Supplier Code of Conduct

In 2023, Sensortek formulated the "Supplier Code of Conduct" with reference to the RBA (Responsible Business Alliance) Code of Conduct, and the "UN Guiding Principles on Business and Human Rights", on a basis of internationally recognized standards, including the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work and the "UN Universal Declaration of Human Rights". Sensortek asks suppliers to comply with the sustainable management guidelines of labor, health and safety, environmental protection, ethical standards, and management systems. Preliminarily, we require key suppliers to provide a written commitment to comply with Sensortek's Supplier Code of Conduct. In 2023, 100% of our key suppliers signed the Sensortek's Supplier Code of Conduct. In the future, 100% new suppliers will be required to complete the signing process before they can be managed.



Management system	Labors	Health & safety	Environmental Protection	Ethics
<ul style="list-style-type: none">• Company commitment• Management responsibilities and liabilities• Legal and customer requirements• Risk assessment and risk management• Improvement objectives• Training• Communication/employee opinions/participation and appeals• Audit and evaluation/corrective measures• Documents and records• Supplier responsibilities	<ul style="list-style-type: none">• Free choice of employment• Prevention of child labor• Working hours• Wages and benefits• Humanized treatment• Anti-discrimination/anti-harassment• Freedom of association	<ul style="list-style-type: none">• Occupational safety• Emergency preparedness• Work injuries and occupational diseases• Industrial hygiene• Physical labor work• Machine protection• Public health and accommodation• Health and safety communication	<ul style="list-style-type: none">• Environmental permits and reporting• Pollution prevention and resource conservation• Hazardous substance management• Solid waste management• Waste gas emissions• Material control• Water resource management• Energy consumption and greenhouse gas emissions	<ul style="list-style-type: none">• Integrity management• No improper income• Information disclosure• Intellectual property• Fair trade, advertising, and competition• Identity protection and prevention of retaliation• Responsible mineral procurement• Privacy

Note : The "Social Assessment Standards" in the Supplier Code of Conduct are the corresponding management content for the labor and health and safety aspects of the five major orientations of the Code of Conduct.

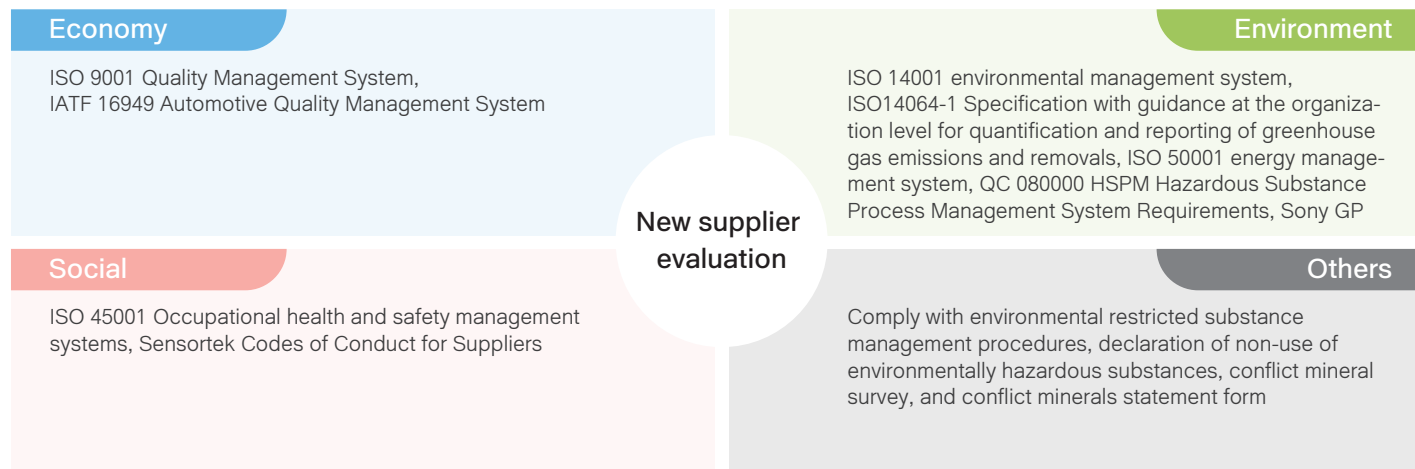
Supplier Sustainability Management Planning

We develop a Sustainable Supplier Management Policy:

To ensure that suppliers comply with the requirements of the "Supplier Code of Conduct", Sensortek has developed a Sustainable Supplier Management Policy, which assesses suppliers' sustainability risks from economic, social, and environmental perspectives and manages them accordingly to build a sustainable supply chain. The Company also works with suppliers to uphold corporate social responsibility and improve sustainability performance.

Sustainability Risk Assessment for New Suppliers:

Sensortek has improved its evaluation standards for economic, social and environmental aspects to integrate the original evaluation of new suppliers and add several relevant certifications that comply with sustainable operations as measurement standards. After finding new suppliers with professional engineering capabilities and meeting production needs by the production engineering department, the evaluation team is established in cooperation with the sustainable development promotion group to conduct the capability review. The evaluation results are classified into low-risk and high-risk suppliers based on the evaluation standards, with low-risk suppliers being the preferred procurement targets and high-risk suppliers being procured on a discretionary basis.



Annual Sustainability Risk Assessment of Qualified Suppliers:

Sensortek conducts annual sustainability risk assessments in accordance with standard practices, assigning different weights based on importance to evaluate the risks that suppliers may face in terms of sustainable development. For key suppliers, additional scores from the Sensortek Supplier Code of Conduct Self-Assessment Form and a target of 2% annual reduction in carbon emission intensity are added, and the assessment results are divided into three risk categories of low, medium and high. Low-risk suppliers are the preferred procurement targets, while medium-risk suppliers are selectively selected for procurement. High-risk suppliers are tracked for improvement, and if they fail to meet standards, they are removed from the supplier list.

Annual Sustainability Risk Assessment of Qualified Suppliers



Procurement of Raw Materials


Disclosure Issue: 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 vendors 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 vendors, 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 vendor evaluation is conducted regularly to mitigate the risk of delivery interruption.


- Market demand survey


- Confirmation of production cycle changes


- Confirmation of vendor delivery schedule


- Safe inventory adjustment


- Regular review



Conflict Minerals Management

Sensortek had already established a Conflict Minerals Policy for 2023 and communicated it to all its supply chain partners to ensure its implementation. All supply chain partners have signed a "Supplier Declaration of Not Using Conflict Minerals", guaranteeing that the metal raw materials supplied to Sensortek are not mined in conflict mineral regions. Together, we will fulfill our corporate social responsibility and continue to pay attention to human rights issues in international conflict mineral regions.

Sensortek Conflict Minerals Commitment :

1. Supply chain do not purchase metals produced in conflict zones
2. The supplier should communicate the conflict minerals policy to its supply chain and implement it accordingly
3. Accept and provide Conflict Minerals Due Diligence materials and certify to the authenticity and completeness of the contents

Based on the Conflict Minerals Reporting Template (CMRT) published by the Responsible Minerals Initiative (RMI), Sensortek investigates suppliers by using the Extended Minerals Reporting Template (EMRT) to ensure that suppliers provide products that do not contain metals from conflict zones in the Democratic Republic of Congo or neighboring countries, and to continuously monitor upstream procurement practices to avoid sourcing controversial metal raw materials.



Conflict Minerals Policy
QR CODE

In 2023, 79 qualified smelters that supplied raw materials for wafer and FPC, and the sources of their metal minerals were listed below:

Sources of Tungsten (Tungsten) Qualified Smelters



Distribution of Qualified Tin Smelters Source



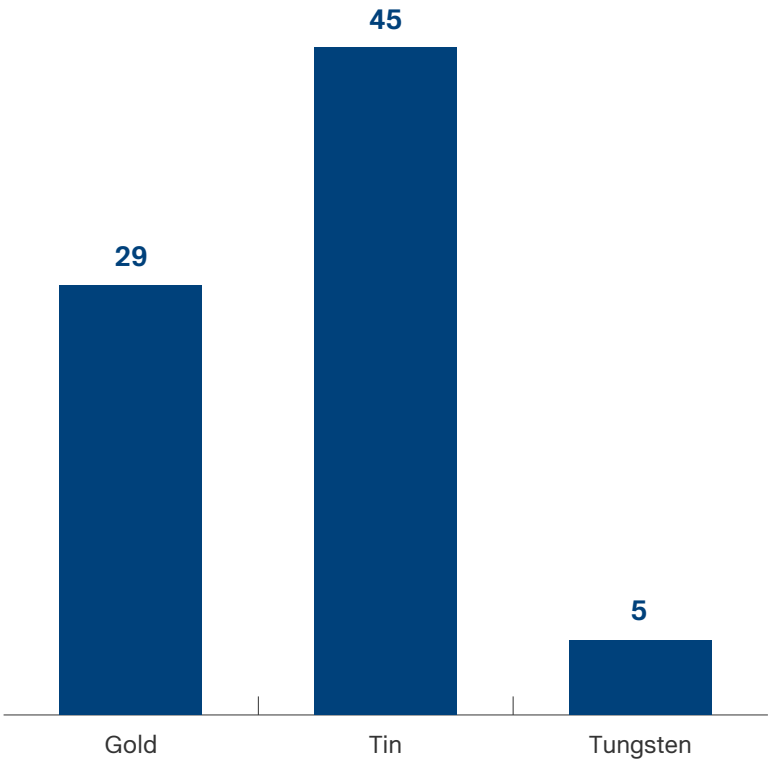
Distribution of Qualified Gold Smelter Sources

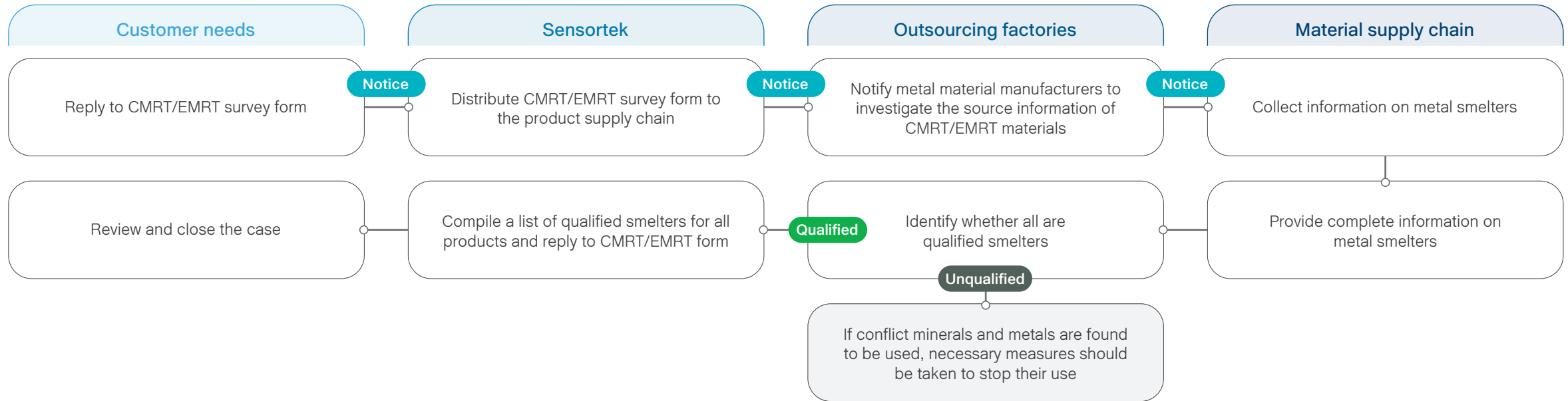


Unit: Number of Qualified Smelters

RMI Qualified Smelters

79 in total (100%)





Local Procurement

Sensortek is committed to reducing carbon emissions from transportation and developing local economy. Over the past three years, the Company has sourced 100% of its operational raw materials (such as wafers, LEDs, and PCBs) from local suppliers (companies registered in Taiwan). In the future, except for those materials that can only be sourced from abroad, we will continue to work with local suppliers.





Diversity and Inclusion

Sensing Workplace Balance

Human rights management

Recruitment and Retention

Talent development

Employee Relations

Employees Health and Safety

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 2023 and approved by the Chairman of the Board of Directors.



Human Rights Policy
QR CODE



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.

Anti-discrimination and Anti-harassment

Sensortek is committed to eliminating and preventing any form of discrimination within the Company and in its employment processes. To the extent possible, Sensortek will continue to promote anti-discrimination policy within the Company and to external groups, including customers, suppliers and the general public.

» Anti-discrimination and anti-harassment policies will be formulated in 2024.

Human Rights Promotion Programs and Improvement Measures

Sensortek promotes relevant human rights systems and measures to implement its human rights policy.

Equal opportunities and anti-discrimination		Reasonable Working Hours		Prohibition of Child Labor	
Program	Improvement results	Program	Improvement results	Program	Improvement results
<ul style="list-style-type: none"> To develop the "Personnel Selection and Appointment Measures" and "Grading and Promotion Management Measures" 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. 	<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. 	<ul style="list-style-type: none"> The candidates shall provide their age in the recruitment form, and those under the age of 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		Freedom of Association		Forced labor	
Program	Improvement results	Program	Improvement results	Program	Improvement results
<ul style="list-style-type: none"> The "Labor Health Management Procedures", "Fire Protection Plan", and "Employee Complaint 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. 	<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. 	<ul style="list-style-type: none"> In compliance with the Labor Standards Act, 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 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 2023, there were no complaints of gender discrimination or violations of labor laws and regulations related to human rights and legal compliance.

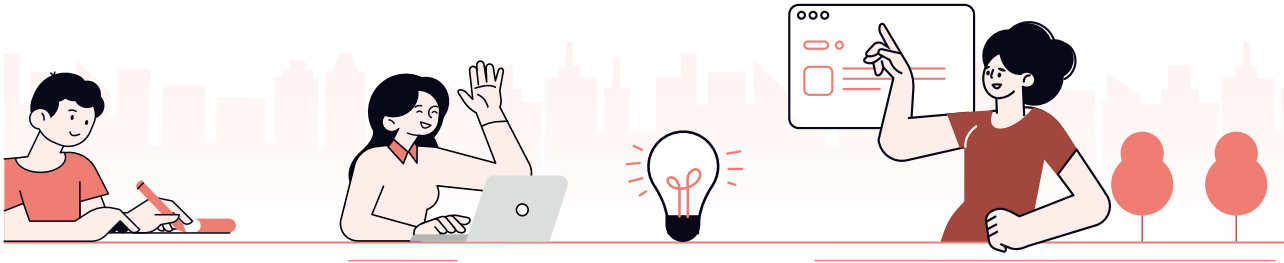
Human rights education and training

Year	Course Type	Course Name	Description	Number of Participants	Training Completion Rate
2023	Occupational Safety Training Series	General safety and health on-the-job education and training	Provide training on unlawful workplace harassment (anti-bullying).	201	100%
		Fire fighting training	Firefighting knowledge course, fire extinguisher and hydrant practical training.	4	
		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.

Management of human rights of suppliers

In 2023, we formulated "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.



Recruitment and Retention

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, industry-academy 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.



Talent Priorities

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.

Type	School	Number of employees	Period
Off-campus Internship	Minghsin University of Science and Technology	1	June 2022 to June 2023
		1	June 2023 to June 2024
Industry-academy cooperation: Development of VAD Algorithm and Optimization of Wafer Testing and Analysis Platform by Applying Big Technology	National Formosa University	1	March 2023 to August 2023
Industry-Academia Cooperation: Research Plan for Modal Matching Gyroscope Design	National Taiwan University	1	September 2023 to April 2024

Note : National Formosa University and National Taiwan University collaborated to support the company's R&D program.

In view of the challenges of recruiting talents for the technology industry due to the population decline and the shortage of semiconductor talents in Taiwan, Sensortek regularly conducts industry-academy 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 2023, the total number of employees was 201, of which 144 were male (71.64%) and 57 were female (28.36%). Employees aged 30 or less accounted for 19.40%, those aged 31-50 for 77.11%, and those aged 50 or more for 3.48%. By type of contract, 199 employees signed permanent contracts, 2 signed temporary contracts, and 3 were temporary workers from an outsourced cleaning company. No employees worked irregular hours.

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 71.64% and females accounting for 28.36%. Currently, the percentage of female executives is 14.29%. Although the majority of company executives and R&D employees 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 2023 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, please refer to the attached manpower data.](#)



Manpower Mobility

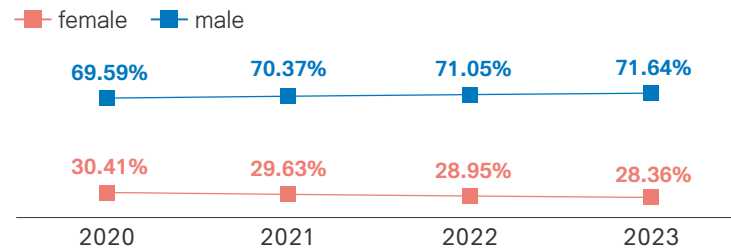
In 2023, 16.41% of all employees were newly recruited, including 12.50% of male and 26.32% of female employees. Based on the fulfillment of corporate social responsibility, creating employment opportunities for local (Taiwan) residents and promoting the development of the local economy, by 2023, 100% 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 51.28% for those aged below 30, 8.39% for those aged 31-50, and 0.00% for those aged 50 and above.

In 2023, the turnover rate by gender was 6.25% for males and 22.81% for females. By age, the turnover rate was 23.08% for those aged below 30, 7.74% for those aged 31-50, and 14.29% for those aged 50 and above. Since Sensortek only has a history of 14 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.

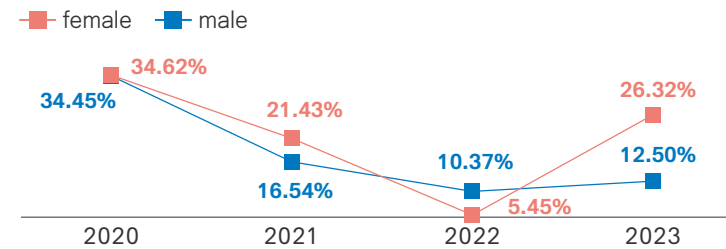
Providing good quality and fast service is a fundamental requirement in the technology industry, and therefore, employee retention and stability is extremely important. Sensortek asks executives at all levels to care for their employees at all times and actively provide the necessary assistance.

» For more information on employee turnover, please see attached Manpower Data.

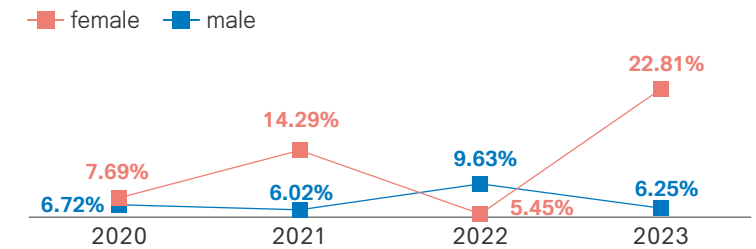
Gender ratio of employees in previous years



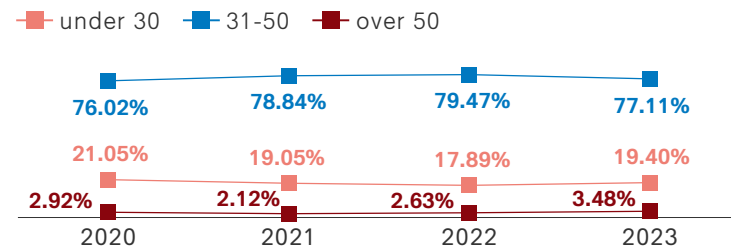
New recruit rates in previous years (by gender)



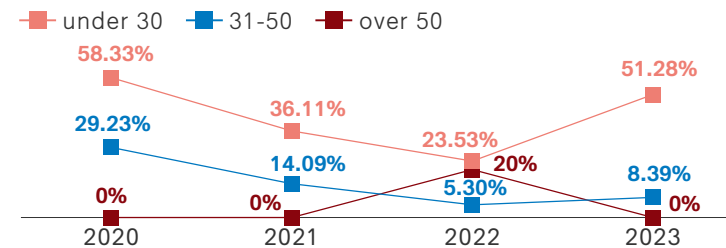
Employee turnover rates in previous years (by gender)



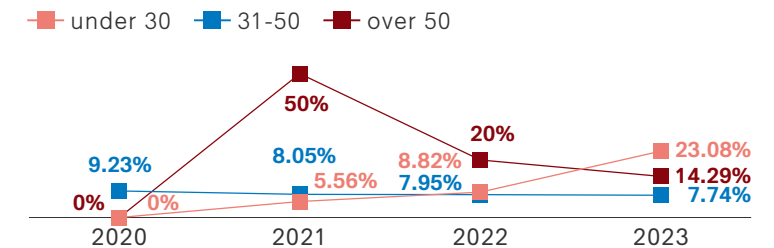
Employee age breakdown in previous years



New recruit rates in previous years (by age)



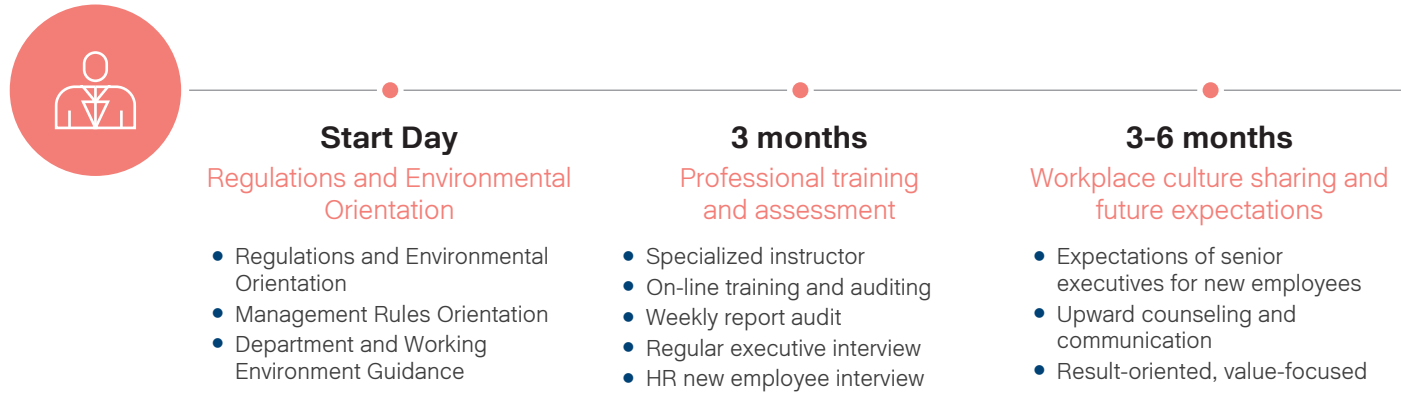
Employee turnover rates in previous years (by age)



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.

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.

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 and culture, and gain knowledge and experience in order to increase their retention rate.

In addition, we held an orientation camp for new employees in 2023, including a talk with the general manager, an introduction to the Company's products, testing and packaging processes, and other activities. Through on-site exchanges, we helped new employees understand our Company's management concepts, values, and goals, and to connect their individual values with team values.

New Employee Experience Sharing

I have joined the Sensortek family for almost a year now, and looking back on my experience in the MEMS RD team, I feel the sincerity of my executives and senior colleagues to share their knowledge and help me grow quickly. They not only patiently guide me through various challenges, but also arrange some projects for me, enabled me to get started easily and participate in the design of the new version. These experiences not only improve my work efficiency, but also enhance my professional skills, giving me more confidence in my work.

In addition to the support from executives and seniors, the Company's other activities and clubs have given me the opportunity to build friendships with more colleagues, and I look forward to more fun activities and experiences that can not only increase my knowledge in addition to professional skills, but also relieve my stress.

In addition, the Company offers comprehensive benefits. The flexible working hours, travel allowance and other benefits are all quite good. Of course, we also look forward to more benefits and incentive policies.

The working environment over the past year has helped me to learn a lot and I am very grateful to the Company for giving me the opportunities and support. In the future, I hope to continuously improve my skills and contribute my knowledge to the development of the department, thus realizing my own value.

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 10.95% in 2023.

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. In 2023, Sensortek 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.

Receiving the resigning application from an employee ▶	Executive interview ▶	HR interview ▶	Analyzing reason for departure
	<ul style="list-style-type: none">• Learning about the reason• Work arrangement• Career suggestion	<ul style="list-style-type: none">• Explanation of employee rights• Handling procedures• Q&A	<ul style="list-style-type: none">• Optimizing corporate systems• Improving departure process• Targeted talent retention



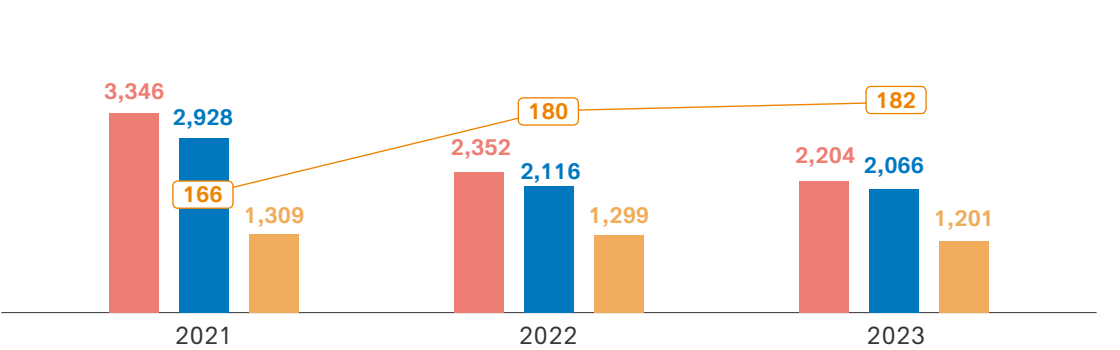
Payroll structure

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 Operation 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 steady growth of operations. 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 Compensation 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\$2,066,000 and the average salary is NT\$2,204,000, which is 1.83 times more than the average salary (NT\$1,201,000) 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 engineering employees (including the R&D) 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.

Item		2020	2021	2022	2023
Minimum basic salary ratio	Ratio	1.09	1.08	1.02	1.02
Average basic monthly salary	First-level executive (male/female)	-	-	-	-
	All executives (except for 1st-level executives and above) (male / female)	1.38	1.49	1.71	1.69
	Non-executives (male/female)	1.60	1.65	1.72	1.76
	Average monthly salary of full-time employees (male/female)	1.62	1.66	1.83	1.88
	Median average monthly salary of employees (male/female)	1.68	1.82	1.94	2.21
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)	1.58	1.73	1.75	1.85
	Annual salary for employees other than executives (male/female)	1.73	1.84	1.84	1.97
	Average bonus for full-time employees (male/female)	2.35	2.68	1.92	2.50
	Median average bonus for full-time employees (male/female)	2.36	2.47	2.47	2.56

- Note :
1. The legal minimum wage and the lowest basic wage at Sensortek are the same for men and women, with equal pay for equal work; the calculation of the lowest basic wage rate is based on the legal minimum wage of NT\$26,400 in 2023.
 2. There is only one female first-level executive, so the salary proportion is not disclosed due to confidentiality requirements.
 3. A first-level executive is defined as a department head or above; all other executives are defined as department heads or below; non-executives are defined as general employees.
 4. Basic monthly salary is calculated as the sum of regular salary components, such as meal allowance, and the average basic monthly salary is the aggregate average of monthly salary of all employees in 2023.
 5. Basic monthly salary + average annual bonus = average monthly salary + bonus for all employees in the year.
 6. The calculation of full-time employee and median employee is based on the "Guidelines for Reporting Information on Salary of Full-Time Non-Managerial Employees" issued by the Taiwan Stock Exchange.

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.

Sensortek provides 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.

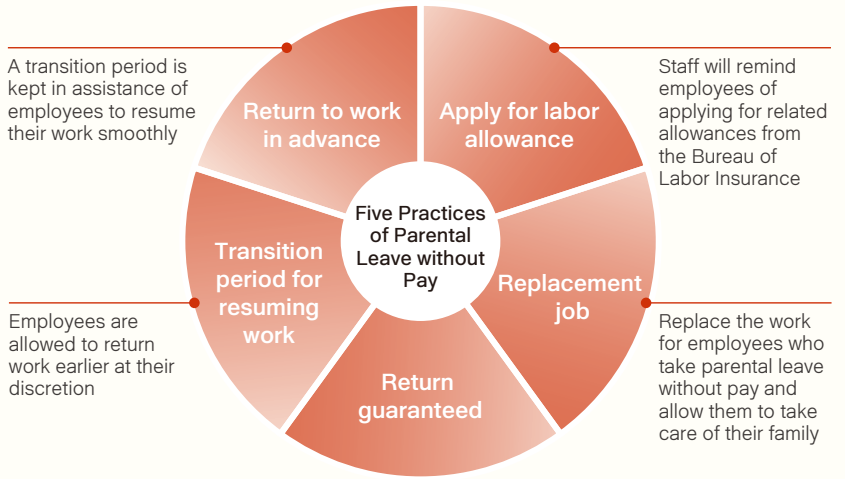
Benefit Type	Welfare measure	Welfare description
Remuneration and benefits	• Employee benefit and subsidy plan	In response to the changing roles of employees at different stages of their lives, the Company has designed festive gifts, maternity and wedding subsidies, as well as domestic / overseas travel 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 operation revenue 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 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	Professional occupational health nurses are employed to provide on-site consultation services once a month to provide one-on-one professional consultation to employees. In addition to counseling on health-related issues, the nurse also provides interpretation of health screening reports.
	• 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	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.

Benefit Type	Welfare measure	Welfare description
Activity and exchanges	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Dedicated breastfeeding room • Automatic coffee machine and beverage vending machine • Shower toilet 	Listen to employees' voices and optimize the office environment.
Convenience services	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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.

♥ Parental 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 leave (56 days) and paternity leave (7 days) for both men and women, Sensortek also provides a comprehensive leave management system to support the government's policy on parental 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 2023, 5 female employees applied for parental leave without pay, with a 100% retention and return to work rate.

In addition to the system of parental 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.



Number of employees who took parental leave without pay (Female)	2021	2022	2023
Number of employees who are qualified for parental leave without pay (A)	3	7	12
Number of employees who applied for parental leave without pay (B)	1	3	5
Estimated number of employees returning back for the year (C)	1	2	4
Actual number of employees returning back (D)	1	2	4
Number of employees still working for the Company in 12 months after returning (E)	1	1	2
Rate of application for parental leave without pay (B)/(A)	33.33%	42.86%	41.67%
Rate of return after the expiration of parental leave without pay (D)/(C)	100.00%	100.00%	100.00%
Retention rate in the year of resuming work (E)/(previous year)(D)	100.00%	100.00%	100.00%

Number of employees who took parental leave without pay (Male)	2021	2022	2023
Number of employees who are qualified for parental leave without pay (A)	23	29	30
Number of employees who applied for parental leave without pay (B)	1	2	-
Estimated number of employees returning back for the year (C)	1	1	1
Actual number of employees returning back (D)	1	1	-
Number of employees still working for the Company in 12 months after returning (E)	1	1	1
Rate of application for parental leave without pay (B)/(A)	4.35%	6.90%	0.00%
Rate of return after the expiration of parental leave without pay (D)/(C)	100.00%	100.00%	0.00%
Retention rate in the year of resuming work (E)/(previous year)(D)	100.00%	100.00%	100.00%

Note : The number of employees eligible for parental leave without pay is the number of employees who requested maternity and paternity leave from January 1, 2020 through December 31, 2023.

Pension System

In accordance with 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 2023 was NT\$13,187,000. 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.

List of Labor Pensions	
Targets	Domestic employees
Applicable law	Labor Pension Act
Contribution method	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%

Talent development

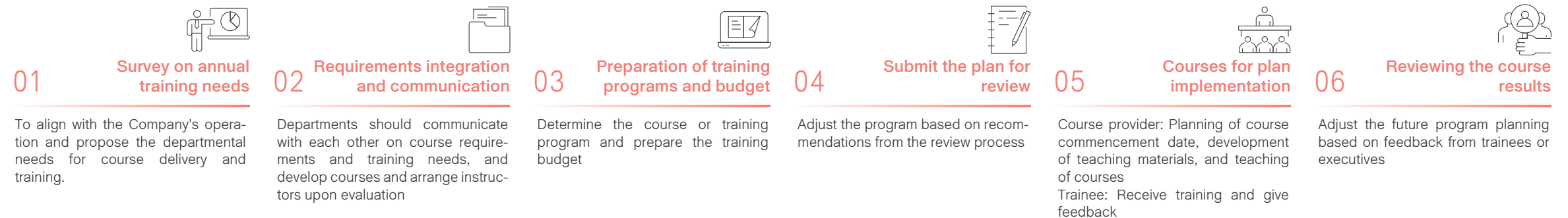
In a highly knowledge-intensive industry, Sensortek's core competency is the design capability and experience of our R&D staff. Therefore, we attach great importance to the training and development of talents, and have developed "Procedures for Education and Training Management" to encourage employees 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.



Education and training management process

The human resources department follows the determined 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.



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.

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

Corporate Goals, Vision, Core Values and Talent Development Strategy

INNOVATION

Proactive Innovation and Flexibility in Response to Market Changes

COMMITMENT

Satisfying Customer Needs and Creating Customer Value

Love and believe in what we do

PASSION

Proactive in identifying problems, willing to improve the status quo, and constantly striving for improvement

AGGRESSIVE

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

▶ Training Strategy for Employees at All Levels

New employees	Engineering/Business/ Administrative Grassroots Executive	Grassroots executives	Intermediate executives	Senior executives
Basic training	Personal Training Plan	Direct Leadership Training	Organizational Leadership Training	Strategic Leadership Training

Key Training Programs and Diverse Learning Resources

Plan Type	Training Subject	Training Objectives/Practices	Course Type	Course Content	Training performance
Executive Development	CEO, Division level and above	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.	<ul style="list-style-type: none"> • Boom Cycle and Industry Trend. • Mergers and Acquisitions in Taiwan. 	Understand the current economic cycle and industry trends.	<ul style="list-style-type: none"> • 1 session, 7 persons, 3 hours in total. • 1 session, 7 persons, 3 hours in total.
Executive Leadership Development	Junior executive	Each year, according to the training objectives of management functions, the human resources unit designs and provides thematic 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.	Designing courses to meet different organizational development needs, and guiding executives to think and discuss issues. <ul style="list-style-type: none"> • Executive Leadership Training Course. • Executive Experience Sharing Course. 	Topics such as Management Effectiveness Development, Analyzing and Solving, and Across-Team Working.	5 sessions, 237 persons, 34 hours in total.
Professional Competence Development	All employees	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.	Specialized training is provided for functional groups to strengthen the transmission of professional skills in various departments.	Professional and technical training is organized, including basic and critical skills training, such as off-screen optical distance sensing.	35 sessions, 228 persons, 35 hours in total.
Competence Development of New Employees	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.	Learn about the Company's core values, policies, and product information.	Through a one-day orientation camp led by the CEO, the Core Value Program shares the Company's management concepts and future outlook with new employees, fostering a sense of unity.	1 session, 90 persons, 6 hours in total.
Soft Courses	All employees	Sensortek is a highly resilient and concentrated workplace that allows all colleagues to understand their physical and mental well-being through the right methods to achieve a balance between work and life.	Understanding the mind and body can achieve a balance between work and life.	Balance work and life.	2 sessions, 30 persons, 4 hours in total.



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 also sends out questionnaires after the course, and the feedback is used as the basis for future adjustments to the course. In the future, the course planning will adopt the Kirkpatrick Model.

L4

Performance assessment

organizational performance improvement



L3

Behavioral assessment

whether personal behavior has improved and whether they are good at work

- Obtained qualification records



L2

Learning evaluation

After-class grades

- Test results



L1

Response evaluation

after-class investigation

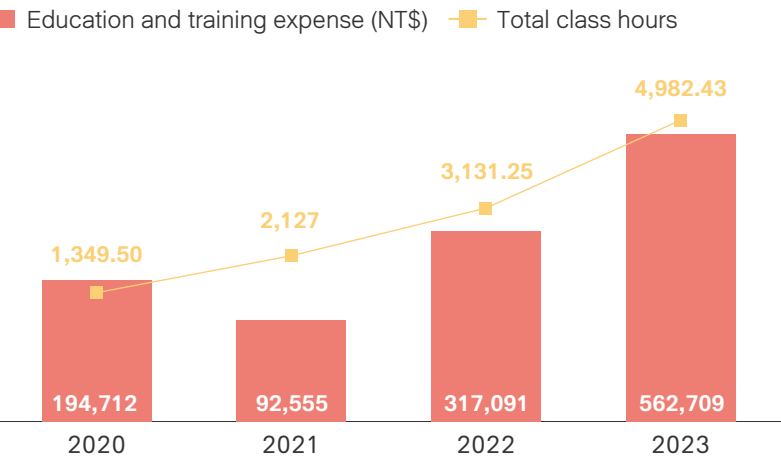
- Trained Employees Satisfaction Survey
- Lecturer Feedback Survey



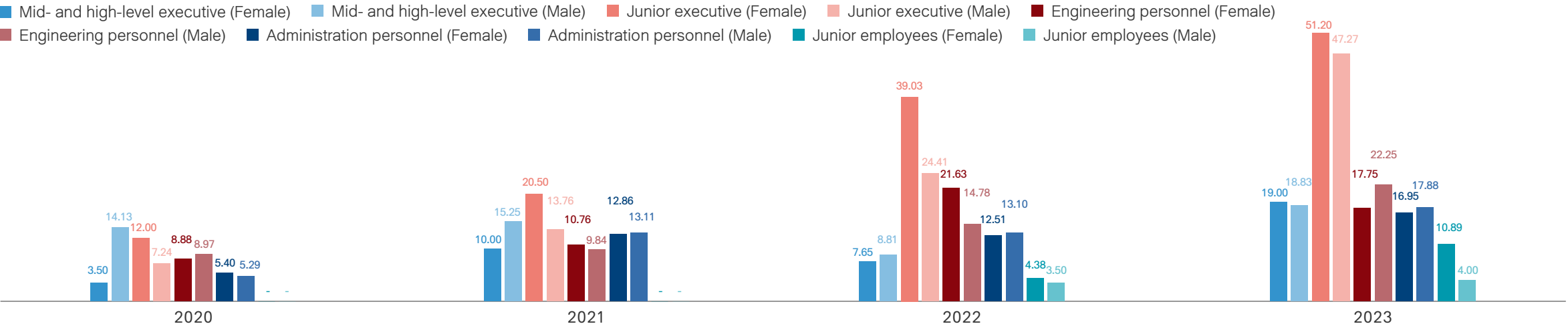
Education and training performance

In 2023, 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\$560,000, in a total of 4,982 training hours (Statistics are based on the number of classes held multiplied by the number of hours per class), of which 4,600 hours were internal training (including education and training for new employees, professional training, and executive training), and 382 hours were external training, with the average number of hours of training for employees at 24.79 hours, with an average of 26.95 hours for males and 19.32 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



Education and training average hours in previous years (by job and gender)



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.

If the in-house training is provided by the Company, the in-house trainers work with the Company to design the courses and deliver them to all employees. The Company provide an incentive bonus for course design. Employees who are interested in becoming internal trainers can nominate themselves to their executives, and upon evaluation and approval of executive, they would become candidates for internal trainers.

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.



New Employee Care and Mentor System

To quickly familiarize new employees with the Company's environmental culture along with a mentor system.



Suitability period assessment for new employees

Based on the new employee schedule, track their learning outcomes and comprehensively evaluate their job competence.



Mid-year Performance Assessment

Review work progress and adjust work direction for training period employees or employees designated by supervisors.



Annual Performance Assessment

Review annual work results, formulate future work plans and develop potential professional skills.



Performance coaching plan

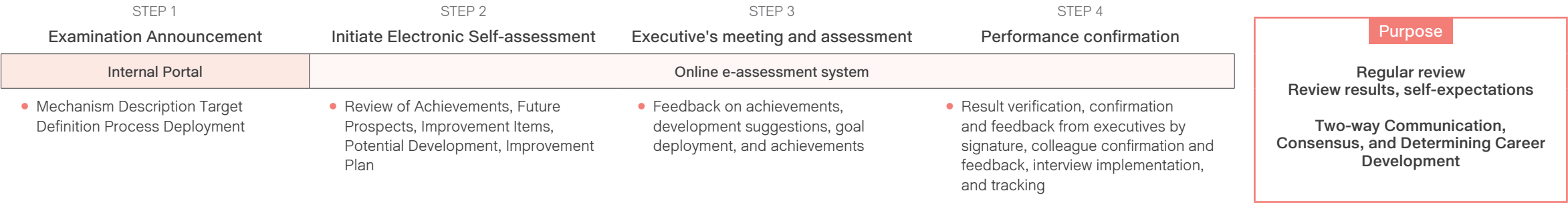
Assist underperformed employees in improving their work performance.

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 2023, 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.

In addition to performance evaluation methods for overall assessment, we also offer project-based rewards to encourage employees to actively participate in the Company's research and innovation.

Through annual 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

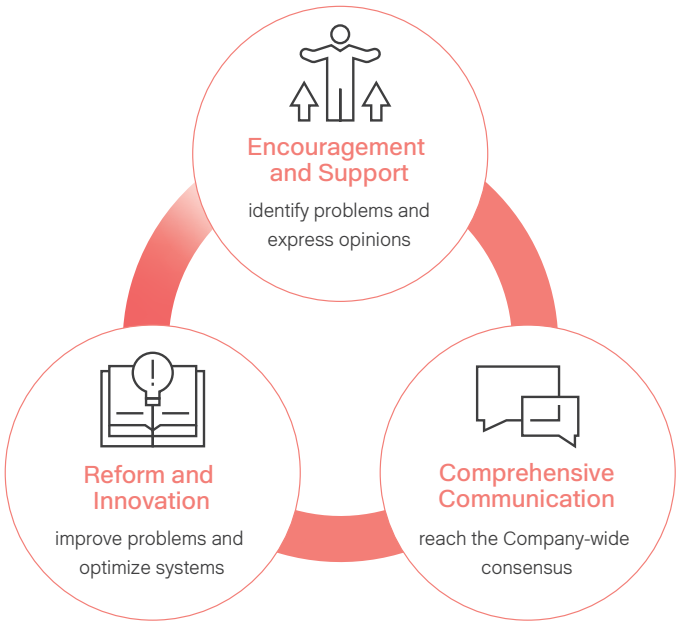


Employee Relations

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.

Sensortek provides e-mail addresses for employees to express their opinions, so that they can make inquiries, suggestions and complaints, and helps 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. There were no employee complaints in 2023.



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

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, 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.

Employee Activities

Large Event Management

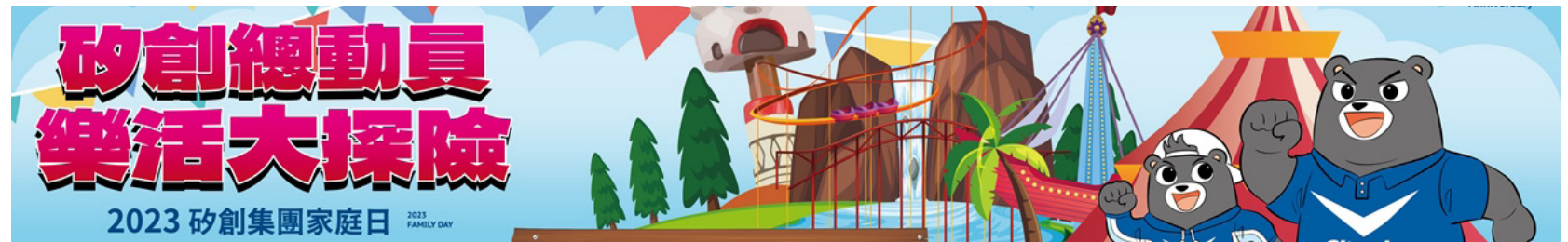
- Lunar New Year Eve Celebration: To thank employees for their hard work in the past and to motivate them for the future, the Company prepared a lavish feast and prizes for its employees to celebrate the first gala since the pandemic.
- 2023 Annual Party: In this event, we shared operational achievements with employees and declared the Company's operational goals to executives.
- Group Family Day: Let's walk together with steady steps, full of unlimited vitality and energy, and continue to create endless possibilities!

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 2023: 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.
- Various sports competitions to stimulate employee potential.



2023 Sitronix Group Family Day

Employee Activities



2023 Million-step Club



2023 Halloween Costume Party



2023 Sensortek Year-End Banquet



2023 Badminton Doubles Championship



Colorful Social Activities



2023 Sensortek Cup Bowling

♥ Employee Assistance Program

Sensortek continues to promote work-life balance initiatives and launched an Employee Assistance Program (EAP) in February 2023, which places a strong emphasis on employee well-being. In addition to offering psychological courses through the EAP, the Company regularly sends EAP-related articles via internal e-mail, and strengthens onboarding training by offering group courses for new employees to enhance interdepartmental bonding, business skills, and related professional knowledge to help new employees adjust to and understand the Company's culture, values, and operational goals as soon as possible.

矽創集團員工協助方案



本服務依心理師法之法律規範及服務人員的專業倫理，非經您的書面同意，決不會將您的資料透露給其他人。



Employees Health and Safety

Disclosure Issue: Employees Health and Safety					
Indicator No.	Item	2020	2021	2022	2023
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. 	<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. 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 is committed to providing a good, safe, healthy, comfortable and people-oriented working environment. In 2023, we were awarded the Badge of Accredited Healthy Workplace - Healthy Start 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.



Occupational Safety and Health Education and Training

Course Type	Number of sessions	Number of Attendants in 2023
Emergency response	1	90
Infringement Prevention	1	188

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 2023, occupational safety and health education and training focused on the prevention of unlawful assault at the workplace, as a common problem in the high-pressure, high-overtime technology industry. Simulation films of unlawful attacks in the office were provided to strengthen management and employee awareness and boundaries of "verbal bullying" and "sexual harassment". In July of the same year, an emergency evacuation drill was conducted, followed by a fire accident evacuation drill and a self-defense firefighting task group emergency mission drill for general employees to familiarize and educate employees on evacuation routes and task group personnel assignments. A total of 88 employees and 2 subcontractors participated in the training, with a 100% completion rate for all employees.

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 addition, the company's SMT production equipment uses lead-free solder wire, and since 2022, lead concentration testing has been arranged for the soldering operation area to ensure that the concentration is below the legal requirement, so that employees can work in a more comfortable environment.

In addition to the annual air quality and lead testing mentioned above, electrical inspections were added in 2023, with professional electrical contractors inspecting the Company's electrical panels twice a year to prevent potential electrical shock or fire accidents.



Firefighting Management

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.

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 provided 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 2023, 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. In the same year, a random survey was also conducted to investigate possible illegal harassment of executives. The survey looked at whether any of the three executives had been fault-finding, yelled at, belittled or demeaned their subordinates, or refused them to take leaves. None of the three executives were found to have engaged in any of these behaviors.

Man-made Hazards Prevention Plan

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 2023 indicated that no employee had a pain index of more than 3 points.

In addition, for those with lower musculoskeletal pain scores during health screenings, the physician from the health consulting firm used the ROSA Office Worker Fatigue Assessment Tool to confirm employees' posture, seat height, and screen position when using computers, and made appropriate suggestions to improve posture for those with lower overall scores.



▮ Prevention Plan 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 2023, 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.

▮ Maternal Health Protection Plan 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.

In 2023, under the Maternal Health Protection Program, we provided mentoring support to 6 colleagues to ensure that they can work comfortably during pregnancy and return to work smoothly after childbirth, thus safeguarding their right to work and workplace safety.

▮ Mid-to-Senior Employee Program

In 2023, we implemented a workplace fitness program for middle-aged and senior workers in accordance with the "Safety and Health Guidelines for Middle-aged and Senior Workers" issued by the Occupational Safety and Health Administration. This program aims to prevent potential safety and health hazards for middle-aged and senior workers at the workplace and to assess their work capacity. We would also take necessary fitness measures based on the health examination reports of middle-aged colleagues, with a focus on musculoskeletal and cardiovascular disease assessments.

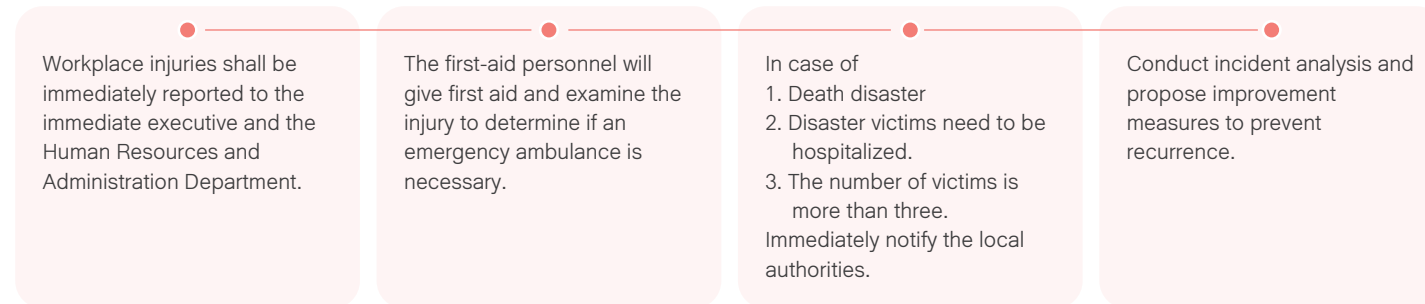
▮ Health promotion

In October 2023, we organized a health lecture with our partner health on-site service consulting company called "Unveiling Common Ultrasound Examinations - A Practical Course for Preventive Self-Rescue". The lecture focused on the clinical significance of abdominal, breast, prostate, and thyroid ultrasound examinations, as well as follow-up treatment and preventive measures, how ultrasound examinations can assist in cancer screening for both sexes, the correlation between thyroid ultrasound abnormalities and stress, and provided clear explanations and lectures. A total of 28 participants attended the course.

In November 2023, the Group held a lecture entitled "Start from the Heart, Fun and Relaxation" and invited a professional counseling psychologist to give a lecture. The Group expected its employees who could achieve a balance between work, life and family, and live healthy and happy lives. A total of 18 Sensortek employees attended the lecture.

From January to April 2023, the Group's "Million Jolly Steps" event ran 100 days, with the goal of reaching one million steps. A total of 55 colleagues from Sensortek participated in the event, and 24 of them reached the goal.

Incident Investigation Process and Handling Mechanism



Occupational Disaster Statistics

In the past three years, there had been no disabling injuries, no Fatalities, no High-Consequence Work-Related Injuries, no Recordable Work-Related Injuries, no Disabling Injury Frequency Rate (FR), no Disabling Injury Severity Rate (SR), and no Lost Time Injury Frequency Rate (LTIFR). 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%.

» [See Appendix for more data Occupational safety and health data.](#)

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 2023, there were no occupational injuries in the workplace where contractors entered Sensortek. In addition, in 2023, we will provide safety and hygiene education and training to long-term on-site cleaning contractors so that they are also familiar with office hazards and evacuation routes, with a 100% completion rate.

Health checkup

Each employee receives a full annual subsidy of NT\$3,000, and a qualified medical team is arranged to conduct health checks at the office. As of July 2023, a total of 179 employees have completed health screenings, representing a 91% completion rate. 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. In addition to the general health check, we arranged for 12 employees who come into contact with solder to undergo a special health check in 2023. The check included the presence of a lead gum line, physical examinations of the digestive, nervous, respiratory, and renal systems, hematocrit, red blood cell count, and lead in the blood. The results of the examination showed no abnormalities. (After actual monitoring of the soldering work environment, the lead concentration is less than 0.0018 mg/m³, which is less than 2% of the legally permissible concentration).

An assessment of the effectiveness of health management was conducted for employees who participated in health checks in both 2022 and 2023, with 26 individuals showing improvement in their health check results and 21 others identified as high or moderate risk groups and under control on a priority basis. In the future, the scope of health management will be expanded to include low-risk groups in order to promote the health of all employees.



Appendix

HR Data

Occupational safety and health data

GRI STANDARDS INDEX

SASB STANDARDS INDEX

Semi-conductor industry sustainability disclosure indicators

Climate-related information for TWSE/TPEX-listed companies

Greenhouse gas inventory and assurance status.

SDGs Disclosure Index

External Guarantee Certificate

HR Data

Total number of employees in previous years (by gender)					
Year		2020	2021	2022	2023
Number of employees	Female	52	56	55	57
	Male	119	133	135	144
	Total	171	189	190	201
Ratio	Female	30.41%	29.63%	28.95%	28.36%
	Male	69.59%	70.37%	71.05%	71.64%
Total number of employees in previous years (by age)					
Year		2020	2021	2022	2023
Number of employees	< 30	36	36	34	39
	31-50	130	149	151	155
	> 50	5	4	5	7
	Total	171	189	190	201
Ratio	< 30	21.05%	19.05%	17.89%	19.40%
	31-50	76.02%	78.84%	79.47%	77.11%
	> 50	2.92%	2.12%	2.63%	3.48%

Total number of employees in previous years (by position and gender)					
Year		2020	2021	2022	2023
Mid- and high-level executive	Female	1	1	1	1
	Male	8	8	7	6
Junior executive	Female	5	4	5	5
	Male	29	27	25	30
Engineering personnel	Female	16	21	20	20
	Male	73	89	92	99
Administration personnel	Female	24	25	25	22
	Male	7	9	10	8
Junior personnel	Female	6	5	4	9
	Male	2	-	1	1

Total number of employees in previous years (by position and gender ratios)					
Year		2020	2021	2022	2023
Mid- and high-level executive	Female	11%	11%	13%	14%
	Male	89%	89%	87%	86%
Junior executive	Female	15%	13%	17%	14%
	Male	85%	87%	83%	86%
Engineering personnel	Female	18%	19%	18%	17%
	Male	82%	81%	82%	83%
Administration personnel	Female	77%	74%	71%	73%
	Male	23%	26%	29%	27%
Junior personnel	Female	75%	100%	80%	90%
	Male	25%	0%	20%	10%

Total number of employees in previous years (by position and age)					
Year		2020	2021	2022	2023
Mid- and high-level executive	< 30	-	-	-	-
	31-50	7	6	5	4
	> 50	2	3	3	3
Junior executive	< 30	-	-	-	-
	31-50	32	30	30	34
	> 50	2	1	-	1
Engineering personnel	< 30	23	23	22	24
	31-50	66	87	88	93
	> 50	-	-	2	2
Administration personnel	< 30	9	12	10	10
	31-50	22	22	25	20
	> 50	-	-	-	-
Junior personnel	< 30	4	1	2	5
	31-50	3	4	3	4
	> 50	1	-	-	1

Total number of employees in previous years (by position and age ratios)					
Year		2020	2021	2022	2023
Mid- and high-level executive	< 30	0%	0%	0%	0%
	31-50	78%	67%	63%	57%
	> 50	22%	33%	37%	43%
Junior executive	< 30	0%	0%	0%	0%
	31-50	94%	97%	100%	97%
	> 50	6%	3%	0%	3%
Engineering personnel	< 30	26%	21%	20%	20%
	31-50	74%	79%	78%	78%
	> 50	0%	0%	2%	2%
Administration personnel	< 30	29%	35%	29%	33%
	31-50	71%	65%	71%	67%
	> 50	0%	0%	0%	0%
Junior personnel	< 30	50%	20%	40%	50%
	31-50	37%	80%	60%	40%
	> 50	13%	0%	0%	10%

- 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. From 2023, information workers are listed under the category of engineers.
 2. The scope of disclosure of Sensortek's HR data is Taiwan, and there are no other overseas regions.
 3. The number of employees is calculated based on the number of employees on the payroll as of December 31, 2023, excluding those on leave.
 4. Only 11 employees are different between 2023 and 2021, without significant changes.

Number of employees hired under contract over the previous years						
Type	Year	2020	2021	2022	2023	
Permanent employees	Indefinite Contract	Non-fixed term (female)	46	51	51	55
		Non-fixed term (male)	117	133	134	144
Temporary employees	Fixed-term contract	Fixed-term contract (female)	6	5	4	2
		Fixed-term contract (male)	2	-	1	-

Number of employees by type of employment in the previous years				
Year	2020	2021	2022	2023
Full-time employees (female)	52	56	55	57
Full-time employees (male)	119	133	135	144
Part-time employees (female)	-	-	-	-
Part-time employees (male)	-	-	-	-

Note : There are no male part-time employees in Sensortek from 2019 to 2023.

Number of new and former employees in previous years (by gender)					
Year		2020	2021	2022	2023
New employees	Female	18	12	3	15
	Male	41	22	14	18
	Total	59	34	17	33
Former employees	Female	4	8	3	13
	Male	8	8	13	9
	Total	12	16	16	22

Note : As of 2023, the number of new and departure employees was calculated by adopting the Group's method for employee counting.
New employees include those returned from leave without pay and those converted from contract-based to regular employment; departure employees include those leaving without pay and those converted from contract-based to regular employment. °

Number of new and former employees in previous years (by age)					
Year		2020	2021	2022	2023
New employees	< 30	21	13	8	20
	31-50	38	21	8	13
	> 50	-	-	1	-
Former employees	< 30	-	2	3	9
	31-50	12	12	12	12
	> 50	-	2	1	1

Number of new hires and departures (by nationality)		
Year		2023
New employees	Republic of China (Taiwan)	33
	Foreign nationalities	0
	Total	33
Former employees	Republic of China (Taiwan)	22
	Foreign nationalities	0
	Total	22

Number of new hires and departures (by titles)		
Year		2023
New employees	Mid- and high-level executive	0
	Junior executive	1
	Engineering personnel	18
	Administration personnel	6
	Junior personnel	8
	Total	33
Former employees	Mid- and high-level executive	0
	Junior executive	3
	Engineering personnel	6
	Administration personnel	3
	Junior personnel	10
	Total	22

Staff diversity				
Ethnicities of staff	Proportion of total staff (%)		Proportion of management (%)	
	2022	2023	2022	2023
Republic of China (Taiwan)	100	100	100	100
Foreign nationalities	0	0	0	0
Aboriginal residents	0	0	0	0
Female Diversity Proportion		2022	2023	
Women in senior management (%)		12.50	14.29	
Women in total staff (%)		28.95	28.36	
Percentage of female executives (%)		15.79	14.29	
Women in STEM-related (Science, Technology, Engineering, and Mathematics) positions (%)		17.86	16.81	
The proportion of women in revenue-generating functions ^{Note}		46.15%	46.67%	

Note : e.g. Business Divisions, excluding units in HR, IT, Legal, and other support functions.

Disclosure Issue: Recruiting and Managing Global Talents					
Indicator No.	Item	2020	2021	2022	2023
TC-SC-330a.1	Indicate the percentage of employees who require a work visa	0%	0%	0%	0%

Occupational safety and health data

Employee occupational injury statistics

	2020		2021		2022		2023	
	Employees	Non-employees	Employees	Non-employees	Employees	Non-employees	Employees	Non-employees
Annual working hours	270,136	248	339,416	1,652	379,616	3,250	381,208	3,224
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
Lost Time Injury Frequency Rate (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
Disabling Injury Frequency Rate (FR)	0	0	0	0	0	0	0	0
Disabling 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. The Taipei office will be billed at 1 hour per day starting in February 2021.

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

3. Calculation formula

- Occupational Injury Death Rate = (Number of Occupational Injury Deaths × 10⁶) ÷ Total Hours Worked Per Year
- Serious Occupational Injury Rate = [Number of Serious Occupational Injuries (Excluding Occupational Deaths) × 10⁶] ÷ Total Hours Worked Per Year
- Disabling Injury Frequency Rate (FR) = (Number of Work Injuries × 10⁶) ÷ Total Hours Worked Per Year
- Disabling Injury Severity Rate (SR) = (Days Lost × 10⁶) ÷ Total Hours Worked Per Year
- Composite Injury Index (FSI) = $\sqrt{(FR \times SR) / 1000}$
- Lost Time Injury Frequency Rate (LTIFR) = (Number of Recordable Occupational Injuries × 10⁶) ÷ Total Hours Worked Per Year

GRI STANDARDS INDEX

General Standards Disclosure Index

Use instructions	Sensortek has followed the GRI Standards for the period 2023/1/1 - 2023/12/31
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				
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2-2	Entities Included in Organization Sustainability Report	Company Introduction	9	
2-3	Reporting Period, Frequency and Contact Person	About the Report	5	
2-4	Information Re-editing	Tax Governance	56	Updated historical income tax payment data and effective cash tax rate
		Occupational safety and health data	138	Updated historical data on annual hours worked by employees and non-employees
2-5	External Guarantee/Assurance	About the Report	5	
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Events & Workers				
2-6	Events, value chains and other business relationships	Operation Overview	18	
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2-8	Non-staff workers	Recruitment and Retention	109	
Governance				
2-9	Governance Structure and Composition	Corporate Governance	47	

Indicator	Disclosure Item	Corresponding section of the report	Page	Supplementary Explanation or Reason for Omission
2-10	Nomination and Selection of Members of Supreme Governance Unit	Corporate Governance	47	
2-11	Chairman of the Supreme Governance Department	Corporate Governance	47	
2-12	Role of the top governance unit in overseeing impact management	Corporate Governance	47	
2-13	Responsible Person for Impact Management	Management Policy of Sustainability Issues	37	
2-14	Role of Supreme Governance Unit in Sustainability Reporting	Corporate Governance	47	
2-15	Conflict of Interest	Corporate Governance	47	
2-16	Communication on Key Events	Corporate Governance	47	
2-17	Group Intelligence of the Supreme Governance Department	Corporate Governance	47	
2-18	Performance Assessment of the Supreme Governance Department	Corporate Governance	47	
2-19	Remuneration Policy	Corporate Governance	47	
2-20	Process of Compensation Decision	Corporate Governance	47	
2-21	Annual Total Compensation Ratio	The Company's highest annual compensation to the median compensation of the employees was 8.1 times; the ratio of the Company's highest compensation's percentage growth to the median percentage growth was -5.6 times. The calculation of total compensation for employees includes fixed salaries and variable salaries (bonuses, year-end bonuses, and employee compensation, excluding retirement pensions). Salary growth percentage is calculated after excluding the highest paid individual.		
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	47	
		Integrity Management	58	
		Supply chain management	97	
		Human rights management	106	
		Procurement of Raw Materials	102	

Indicator	Disclosure Item	Corresponding section of the report	Page	Supplementary Explanation or Reason for Omission
2-24	Inclusion of Policy Commitments	Corporate Governance	47	
		Integrity Management	58	
		Supply chain management	97	
		Human rights management	106	
		Procurement of Raw Materials	102	
2-25	Procedures for Remediation of Negative Impacts	Corporate Governance	47	
		Integrity Management	58	
2-26	Mechanism for Seeking Advice and Raising Concerns	Corporate Governance	47	
		Integrity Management	58	
2-27	Regulatory Compliance	Corporate Governance	47	
2-28	Membership of the Association	Company Introduction	9	
Stakeholder Engagement				
2-29	Stakeholder Engagement Policy	Identifying and negotiating	30	
2-30	Group Agreements	-		No Group Agreements
3-1	Process of Deciding on Major Issues	Significant Identification and Analysis	31	
3-2	List of Major Issues	Significant Identification and Analysis	31	
Major Issues 1: Product responsibility				
3-3	Management of Major Issues	Management Policy of Sustainability Issues	37	
416-1	Assess the health and safety impact of product and service categories	Product Lifecycle Management	73	
416-2	Violations of health and safety regulations related to products and services	Corporate Governance	47	
		Product quality	92	No such incident in 2023
Major Issues 2: Talent Development				
3-3	Management of Major Issues	Management Policy of Sustainability Issues	37	
404-1	Average number of hours of training per employee per year	Talent development	119	
404-2	Employee enhancement and transition assistance programs	Recruitment and Retention	109	

Indicator	Disclosure Item	Corresponding section of the report	Page	Supplementary Explanation or Reason for Omission
404-3	Percentage of employees who receive regular performance and career development reviews	Talent development	119	
Major Issue 3: Talent attraction and retention				
3-3	Management of Major Issues	Management Policy of Sustainability Issues	37	
401-1	New Employees and Former Employees	Recruitment and Retention	109	
401-2	Benefits only provided to full-time employees (excluding temporary or part-time employees)	Recruitment and Retention	109	
401-3	Parental leave	Recruitment and Retention	109	
Major Issues 4: Information Security				
3-3	Management of Major Issues	Management Policy of Sustainability Issues	37	
-	Self-defined topic: information security events	Information Security Management	61	
Major Issue 5: Economic Influence				
3-3	Management of Major Issues	Management Policy of Sustainability Issues	37	
201-1	Direct economic value generated and distributed by the organization	Operation Overview	18	
201-2	Financial impact of climate change and other risks and opportunities	Climate Management	79	
201-3	Obligations of Developing Benefit Plans and Other Retirement Plans	Recruitment and Retention	109	
201-4	Benefits from Government Subsidy	Innovation management	66	
		Tax Governance	56	
Major Issues 6: Climate changes				
3-3	Management of Major Issues	Management Policy of Sustainability Issues	37	
305-1	Direct (Scope I) greenhouse gas emissions	Climate Management	79	
305-2	Energy indirect (Scope II) greenhouse gas emissions	Climate Management	79	
305-3	Other indirect (Scope III) greenhouse gas emissions	Climate Management	79	
305-4	Intensity of greenhouse gas emissions	Climate Management	79	
305-5	Reduction of Greenhouse Gas Emission	Climate Management	79	

Indicator	Disclosure Item	Corresponding section of the report	Page	Supplementary Explanation or Reason for Omission
305-6	Emissions of substances that deplete the ozone layer	-	-	No production or emission of ODS operations, not applicable
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant gas emissions CUX	-	-	Non-critical issues do not apply
Major Issues 7: Innovation Management				
3-3	Management of Major Issues	Management Policy of Sustainability Issues	37	
-	Self-defined topic: energy consumption, efficiency	Innovation management	66	
Major Issues 8: Energy Management				
3-3	Management of Major Issues	Management Policy of Sustainability Issues	37	
302-1	Energy consumption within the organization	Energy management	85	
302-2	Energy consumption outside the organization	-	-	Energy consumption outside of organizations is not currently quantified
302-3	Energy Intensity	Energy management	85	
302-4	Reduction of Energy Consumption	Energy management	85	
302-5	Reduction of energy demand for products and services	-	-	Non-terminal products are not applicable
Major Issues 9: Sustainable supply chain				
3-3	Management of Major Issues	Management Policy of Sustainability Issues	37	
204-1	Percentage of procurement spending for local vendors	Procurement of Raw Materials	102	

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	109
202-2	Percentage of local residents in senior management	Recruitment and Retention	109
GRI 207: Tax 2019			
207-1	Tax policy	Tax Governance	56
GRI 300: Environmental Issue			
GRI 303: Water and Water Flow 2018			
303-3	Water taking amount	Water Resource Management	88
GRI 306: Waste 2020			
306-3	Generation of Waste	Waste Management	90
GRI 400: Social Issue			
GRI 405: Employee Diversity and Equal Opportunity 2016			
405-1	Diversity of governance department and employees	Corporate Governance	47
		Recruitment and Retention	109
405-2	Ratio of women to men's base salary plus remuneration	Recruitment and Retention	109

SASB STANDARDS INDEX

Semi-conductor Industry Disclosure Indicators (Version December 2023)

Disclosure Issue	Accounting Indicators	Indicator No.	Corresponding Chapter
Greenhouse Gas Emissions	<ul style="list-style-type: none"> The following greenhouse gas emission information is disclosed: <ul style="list-style-type: none"> (1) Total global greenhouse gas emissions (Scope 1) (2) Total emissions from perfluorinated compounds (PFCs) 	TC-SC-110a.1	Climate Management
	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> To disclose the following energy consumption information: <ul style="list-style-type: none"> (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	<ul style="list-style-type: none"> To disclose the following water resources information: <ul style="list-style-type: none"> (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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> To describe the ways and results to assess, monitor and reduce employees' exposure to hazardous environments 	TC-SC-320a.1	Employee Health and Safety
	<ul style="list-style-type: none"> Total amount of damages caused by violations of employee health and safety laws and regulations 	TC-SC-320a.2	
Recruiting and Managing Global Professionals	<ul style="list-style-type: none"> Indicate the percentage of employees who require a work visa 	TC-SC-330a.1	Recruitment and Retention
Product Lifecycle Management	<ul style="list-style-type: none"> Percentage of sales of products containing IEC 62474 declared substances 	TC-SC-410a.1	Product Lifecycle Management
	<ul style="list-style-type: none"> Energy efficiency at the overall processor system level: (1) Servers, (2) Desktops, (3) Laptops 	TC-SC-410a.2	
Raw Material Procurement	<ul style="list-style-type: none"> To describe the risk management for using key raw materials 	TC-SC-440a.1	Procurement of Raw Materials
Protection of intellectual properties and competitive behaviors	<ul style="list-style-type: none"> 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	Product Introduction
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	Product Introduction

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

Climate-related information for TWSE/TPEX-listed companies

Item	Implementation
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities. ^{Note 2}	Sustainability and Risk Governance
	Climate Management
2. Describe how the identified climate risks and opportunities affect the business, strategy and finances of the organization (short, medium and long term). ^{Note 3}	Sustainability and Risk Governance
	Climate Management
3. Describe the financial impact of extreme weather events and transformative actions. ^{Note 3}	Climate Management
	Sustainability and Risk Governance
4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system. ^{Note 4}	Innovation management
	Climate Management
5. If scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analytical factors, and major financial impacts shall be described. ^{Note 3}	Climate Management
6. If there is a transition plan for managing climate-related risks, describe the content of the plan and the indicators and targets used to identify and manage physical and transition risks. ^{Note 5}	Climate Management
7. If internal carbon pricing is used as a planning tool, the basis for setting price shall be specified. ^{Note 5}	Climate Management
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified. ^{Note 5}	Climate Management
9. Disclose the indicators used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management processes. ^{Note 5}	Climate Management
10. Greenhouse gas inventory and status review and reduction targets, strategies and specific action plans. ^{Note 5}	Greenhouse gas inventory and assurance status.

Note : 1. Sensortek follows the TCFD Framework and Operating Procedures for Preparing and Submitting Sustainability Reports for TPEX-Listed Companies, including Table 2 of the Operating Procedures for TPEX-Listed Companies' Climate-Related Information, which discloses the company's governance, strategies, risk management, indicators, and targets related to climate-related risks and opportunities.

2. Governance

3. Strategy

4. Risk Management

5. Indicators and Objectives

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 I (Category I), Scope II (Category II), and Scope III (Categories III~VI). For details of the organizational boundaries and the scope of confidence, please refer to the table titled "Explanation of Organizational Boundaries".

Greenhouse gas inventory and verification status in the past two years

Greenhouse Gas Inventory Information

Year		2022	2023
Scope I Greenhouse Gas Emissions (tonnes CO ₂ e)		63.374	62.659
Scope II Greenhouse gas emission(tonnes of CO ₂ e)	Regional benchmarks	399.972	396.648
	Market benchmarks	N/A	376.233
Scope I + Scope II Greenhouse gas emission(tonnes of CO ₂ e)	Regional benchmarks	463.346	459.307
	Market benchmarks	N/A	438.892
Scope I + Scope II Greenhouse Gas Emission Intensity (tonnes CO ₂ e/NT\$ million)	Regional benchmarks	0.115	0.101
	Market benchmarks	N/A	0.097
Scope III	Upstream Transportation and Distribution	2.010	20.313
	Staff Commuting	N/A	98.203
	Waste generated from operations	0.121	N/A
	Fuel and energy-related activities (not included in Scope I or II)	NA	73.955

Note : 1. Sensortek shall comply with the time schedule stipulated in Article 10, Paragraph 2 of the Regulations on the Disclosure of Annual Reports of Publicly Held Companies, which is required by the relevant regulations.
2. The GHG inventory standard is based on ISO 14064-1:2018, published by the International Organization for Standardization (ISO).
3. Sensortek starts supplying green electricity from October 2023, so we distinguish between regional benchmarks and market benchmarks.
4. The calculation category for Scope III changes each year, so it is not included in the calculation of audit intensity.

Description of organizational boundaries

Operation Site Category	Operation Site Description	Inventory	Confirmation	Exclusion
Financial Reporting Company	Emissions from 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 financial reporting companies.			
Sensortek	Hsinchu Headquarters	V	V	
Operation Site 1	Taipei Neihsu Office			V
Exclusion Scope	Description			
Taipei Neihsu Office	Determined to be less than 5% of the total emissions at the time of initial confirmation in 2022.			


Confidential Greenhouse Gas Information

Describe the assurance status for the most recent two years, including the scope of assurance, assurance agency, assurance criteria, and assurance opinions.
In order to comply with the international standard ISO 14064-1:2018 and enhance the credibility of the Company's greenhouse gas inventory information and reports, Sensortek has engaged the Singapore-based British Standards Institution Group Private Limited Taiwan Branch to conduct external verification activities, and has adopted the "reasonable assurance" verification level for Scopes I and II, and the "limited assurance" level for Scope III in 2022, and the "AUP agreement procedure" for Scope III in 2023, in order to obtain a verification statement to enhance the credibility of greenhouse gas inventory data.



Targets, strategies and specific action plans to reduce greenhouse gas emissions

Describe the baseline year for greenhouse gas reductions, its data, reduction targets, strategies, and specific action plans to achieve the reduction targets.
Sensortek chose 2023 as the base year for its Scope I and Scope II GHG reduction targets because this year's activities are representative of the organization's data and the year provides verifiable data. The ongoing environmental changes caused by climate change are continuously affecting the global economy and society. Sensortek, on the upstream of the semiconductor industry chain, is actively responding to global climate change by strengthening its R&D capabilities to improve the energy efficiency of its products, while driving its supply chain to implement low-carbon manufacturing. It also integrates the use of renewable energy into its operational strategic planning, gradually increasing the use of renewable energy to reach 50% by 2030, with a 30% reduction in carbon emissions. The Company is committed to reducing carbon emissions from its operations.

Checking the organization's declaration of authenticity



Opinion Statement

By Royal Charter

Greenhouse Gas Emissions

Verification Opinion Statement

This is to verify that:

Sensortek Technology Corp.
11F.
No. 6 and No. 8
Taiyuan 2nd St.
Zhubei City
Hsinchu County 302082
Taiwan


昇佳電子股份有限公司
臺灣
新竹縣
竹北市
台元二街
6號11樓及8號11樓
302082

Holds Statement No: GHGEV 804156

Verification opinion statement
As a result of carrying out verification and validation procedures in accordance with ISO 14064-3:2019, it is the statement for mixed engagement including reasonable assurance for verification activity as well as validation and agreed-upon procedures (AUP) contains the following:

- The Greenhouse Gas Emissions with Sensortek Technology Corp. for the period from 2023-01-01 to 2023-12-31 was verified and validated.
- The verified organization-level greenhouse gas emissions include direct greenhouse gas emissions 62,6589 tonnes of CO₂ equivalent and indirect greenhouse gas emissions from imported energy 396,6481 tonnes of CO₂ equivalent.
- Sensortek Technology Corp. has defined and explained its own process and pre-determined criteria for significance of indirect Greenhouse Gas Emissions and quantify and report these identified significant emissions accordingly.

For and on behalf of BSI:










Managing Director BSI Taiwan, Peter Pu

Originally Issue: 2024-04-12 Latest Issue: 2024-04-12 Page: 1 of 4

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The British Standards Institution is independent to the above named client and has no financial interest in the above named client. This Opinion Statement has been prepared for the above named client only for the purposes of verifying its statements relating to its carbon emissions more particularly described in the scope. It was not prepared for any other purpose. The British Standards Institution will not, in providing this Opinion Statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used or to any person by whom the Opinion Statement may be read. This Opinion Statement is prepared on the basis of review by The British Standards Institution of information presented to it by the above named client. The review does not extend beyond such information and is solely based on it. In performing such review, The British Standards Institution has assumed that all such information is complete and accurate. Any queries that may arise by virtue of this Opinion Statement or matters relating to it should be addressed to the above named client only.
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
	1.1	Eradicate extreme poverty everywhere, currently defined as a daily income of less than \$1.25.	Social Impact	21
	4.3	Ensuring equal access for all women and men to affordable and quality technical, vocational and higher education.	Talent Development	119
	4.4	Significantly increase the acquisition of relevant skills for employment, decent work and entrepreneurship.	Talent Development	119
	5.1	Elimination of all forms of discrimination against women and girls.	Human Rights Management	106
	5.5	Ensuring women's effective participation in and access to economic decision-making.	Recruitment and Retention	109
	8.2	Achieving higher levels of economic productivity through diversified operations, technological upgrading and innovation.	Operation Overview Innovation Management	18 66
	8.8	Protect labor rights and create a safe and secure work environment for all employees.	Employee Health and Safety	128
	12.5	Significantly reduce waste generation by implementing prevention, reduction, recycling and reuse measures.	Waste Management	90
	13.2	Incorporating climate change initiatives into policies, strategies and plans.	Greenhouse Gas Emissions	82
	16.5	Substantial reduction of all forms of corruption and bribery.	Integrity Management	58

External Guarantee Certificate



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE SENSORTEK TECHNOLOGY CORP.'S SUSTAINABILITY REPORT FOR 2023

NATURE AND SCOPE OF THE ASSURANCE

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 2023 (hereinafter referred to as the Report). 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 Standards and AA1000 Accountability Principles (2018) during assurance (2024/4/25~2024/5/30) in SENSORTEK headquarter. The assurance process did not include the evaluation of specific performance information outside the scope, such as sustainability accounting standards (SASB) and non-material topics and the related indicators.

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 2023 and its presentation are the responsibility of the directors or governing body and management of SENSORTEK. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the report content within the scope of assurance 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 organization's reporting practices and other organizational detail, GRI 3 2021 for organization'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 (AA1000AP Evaluation only)

TWLPP 5008 Issue 2404

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 Standards (in Accordance to GRI Standards)
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) is conducted at a moderate level of scrutiny, and therefore the reliability and quality of specified sustainability performance information is excluded.
- The evaluation of the report against the requirements of GRI Standards, includes GRI 1, GRI 2, GRI 3, 200, 300 and 400 series claimed in the GRI content index as material and is conducted in accordance with the GRI standards.

ASSURANCE METHODOLOGY

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

LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts, SASB related disclosures and non-material topics and related indicators 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 assurance, 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 organization, 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.

ASSURANCE / VERIFICATION OPINION

On the basis of the methodology described and the assurance 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 organization has chosen an appropriate level of assurance for this stage in their reporting.

TWLPP 5008 Issue 2404

ADHERENCE TO AA1000 ACCOUNTABILITY PRINCIPLES (2018)

INCLUSIVITY

SENSORTEK has demonstrated practice to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, SENSORTEK may proactively consider having more direct two-ways involvement of stakeholders during future engagement.

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. Measurement and evaluation of its impacts related to material topic were in place at target setting with combination of qualitative and quantitative measurements.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, SENSORTEK's Sustainability Report of 2023, is adequately in accordance with the GRI Universal Standards 2021 and complies with the requirements set out in section 3 of GRI 1 Foundation 2021, where the significant impacts on the economy, environment, and people, including impacts on their human rights are assessed and disclosed following the requirement and 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 future reporting, it is recommended to strengthen governance involvement in overseeing sustainability material topics performance management and strategic development of Sensortek.

Signed:
For and on behalf of SGS Taiwan Ltd.



Stephen Pao
Business Assurance Director
Taipei, Taiwan
10 July, 2024
www.sgs.com



AA1000
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002000 02 30 REP #20
002002 18 CEC
002003 F8 SCD
002004 A9 34 12 LDA #0234
002007 69 21 43 ADC #0201
00200A 8F 03 7F 01 STA #037F01
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