

## Implementation of Sustainable Development Promotion and Deviations from "the Sustainable Development Practice Principles for TWSE/TPEX Listed Companies"

By M31 2023 Annual Report

Evaluation Item	Implementation Status			Deviations from "the Sustainable Development Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Explanation	
1. Has the Company established a governance structure to promote sustainable development, and set up a dedicated (or non-dedicated) unit to promote sustainable development, relevant affairs of which are handled by senior managerial officer under the Board's authorization and supervision?	√		<p>The Company has set up an interdepartmental Sustainable Development Group, which is coordinated by the Head of Corporate Governance, to actively fulfill its commitments to society, employees and shareholders, and to implement information disclosure and transparency, and to report annually to the Board of Directors on the status of implementation.</p> <p>On December 27, 2022, the Board of Directors approved the 2023 Sustainability Development Plan, which includes the identification of significant issues related to stakeholders, preparation of sustainability reports, annual plans for greenhouse gas monitoring, establishment of a new ESG website, risk management, and intellectual property performance reports.</p> <p>And on December 21, 2023, the Board approved the Sustainability Development Plan for 2024 and reviewed the execution status of the Sustainability Development Plan for 2023 (please refer to the evaluation Item 7), and received the review and guidance from directors, achieving annual goals in core cultural promotion, legal advocacy and training, internal control and prevention operations, and implementation of reporting mechanisms.</p>	No major difference
2. Did the Company conduct risk assessment of environmental, social and corporate governance issues for its operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	√		<p>The Company's Risk Control Committee, operates in accordance with the established "Risk Control and Management Procedures", whereby risk issues are regularly evaluated and reviewed by each department, and the Risk Control Committee reports the evaluation results and discusses major risk issues and solutions.</p> <p>The Company regularly evaluates the risks of environmental, social and corporate governance issues related to the Company's operations based on the materiality principle (see the Company's corporate website for risk assessment and management strategies), and there is no risk of material impact to the Company. Therefore, the Company expects to evaluate the relevant factors annually for control reference and report significant risks to the Audit Committee and the Board of Directors on a regular basis.</p> <p>On August 3, 2023, the Company's Board of Directors reported on the information and implementation of risk management and information security for 2023.</p>	No major difference

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<p>3. Environmental Issues</p> <p>(1) Has the Company established an appropriate environmental management system in accordance with its industrial characteristics?</p> <p>(2) Has the Company made effort to enhance the resources efficient use and used regenerated materials to mitigate the impact on the environment?</p> <p>(3) Has the Company assessed the potential current and future risks and opportunities from climate change for the Company, and has the Company taken measures to address climaterelated issues?</p> <p>(4) Has the Company compiled statistics on greenhouse gas emissions, water consumption, and total volume of waste materials for the past two years, and has the Company formulated policies for greenhouse gas reduction, water use reduction, and other waste management?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The Company is in the IC design service industry, and its main business is IP licensing, which has no physical products and is a non-polluting business; therefore, no environmental management system verification has been conducted.</p> <p>(2) The Company complies with relevant environmental protection laws and regulations, monitors the temperature of air conditioners on a regular basis, and implements the concept of energy conservation and carbon reduction. The Company also have a contract with a legal cleaning company to clean and recycle resource waste on a daily basis in order to implement the sustainable management policy of environmental protection and resource reuse.</p> <p>(3) The Company assesses the potential risks and opportunities of climate change for businesses, and takes measures to address climate related issues, as described on the Company's corporate website.</p> <p>(4) The company has formulated relevant environmental protection policies and as calculated greenhouse gas emissions, water consumption and total waste weight in the past 1 to 2 years. Please refer to the Company's corporate website for details. It is also expected that ISO 14064 validation and certification will be completed in 2024.</p>	No major difference

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4. Social issues				
(1) Has the Company established related management policy and procedure in accordance with applicable legal rules and international conventions on human rights?	✓		(1) The Company protects employee rights in accordance with the United Nations Universal Declaration of Human Rights to establishes work rules, Complaint and Report Procedures, workplace sexual harassment prevention measures, complaint and disciplinary measures, and other related management policies and procedures in accordance with the Labor Standards Law and related labor laws and regulations to protect the legitimate rights and interests of employees.	No major difference
(2) Has the Company established and implemented reasonable employee benefit measures (including compensation, leave, and other benefits), and are operational performance and results appropriately reflected in employee compensation?	✓		(2) The Company has established a reasonable salary and compensation policy and a clear system of rewards and penalties. Annual salary adjustments, year-end bonuses, employee compensation and performance bonuses are based on the Company's operating conditions, individual employee and departmental performance, and other relevant factors to determine the amount of bonuses to be distributed.	
(3) Has the Company provided a safe and health work environment for the employees, and provided education on labor safety and health regularly?	✓		(3) The Company regularly promotes and implements labor safety and health measures for its employees and conducts regular inspections of the working environment, as described on page 98-99 of this annual report.	
(4) Has the Company established the training program for the effective planning of career development for the employees?	✓		(4) The Company arranges on-the-job training from time to time according to the needs of employees and work. For details, please refer to page 97 of this annual report and the Company's corporate website.	
(5) Does the Company comply with laws, regulations, and international standards when managing customer health and safety, customer privacy, and marketing and labeling of products and services and relevant issues? Has the Company established a policy and complaint procedure to protect consumer rights?	✓		(5) The Company has established procedures for handling customer complaints and a customer-oriented quality system to assess customer satisfaction with the Company's products and services to achieve the goal of sustainable business operation.	
(6) Has the Company established a supplier management policy that requires suppliers to comply with regulations on environmental protection, occupational safety and health, and labor rights issues? Has the Company established an implementation method for such?	✓		(6) The Company is committed to ethical management, ethical behavior and sustainable development. To ensure that our supply chain is consistent with our values, we have formulated a supplier management policy. Through a rigorously implementation of the supplier management system, we emphasize supplier fulfillment in the areas of ethics, environmental protection, workplace safety, respect for labor rights, and	

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			other core values. Since 2020, we have required new suppliers to sign a "Supplier Commitment Letter." During the evaluation stage of new suppliers, our company requests them to provide relevant information and also requires them to comply with the laws and regulations of their respective countries and regions. Each year, we conduct comprehensive performance evaluations of new suppliers or suppliers who have already passed the qualification standards based on the 'Supplier Evaluation Assessment Form. In 2023, we evaluated 17 suppliers whose procurement amounts exceeded specific thresholds, demonstrating that they met our company's standards and expectations in sustainable operations, quality management, timely delivery, and reasonable pricing.	
5. Does the Company refer to internationally standards / guidelines in the preparation of its reports, such as Sustainability Report, that disclose non-financial information? Has the Company obtained a third-party verification or assurance opinion on previously-disclosed reports?		√	The Company has prepared the 2023 Sustainability Report, and expect to obtain third-party verification by May 2024.	No major difference
6. If the Company has its own sustainable development practice principles formulated in accordance with the "Corporate Sustainable Development Practice Principles for TWSE/TPEX Listed Companies", please describe the differences between its operations and the said principles: The Company has formulated the "Sustainable Development Practice Principles." and its actual operation does not significantly differ from the established principles.				

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<p>7. Other important information to facilitate better understanding of the Company's corporate social responsibility practices :</p> <ul style="list-style-type: none"> <li>➤ Through regular domestic and international corporate seminars, promptly disclose issues relevant to investors and engage in effective communication with them.</li> <li>➤ Continuously improving product energy efficiency and reducing product power consumption.</li> <li>➤ Donations and supplies to social welfare organizations and participate in social welfare activities: <ul style="list-style-type: none"> <li>Feb. 2023 Raised a total of NT\$382,643 for the "Turkey Disaster Relief Donation" with colleagues.</li> <li>Mar. 2023 Called for 23 colleagues participated as the volunteer team in the Syin-Lu Social Welfare Foundation's 10th annual "Good Day" charity walking event.</li> <li>Mar. 2023 Participated in the Weekly Magazine's nationwide high school reading charity event and made a donation of NT\$100,000.</li> <li>Apr. 2023 Donated 90 new and used books to the Eslite Culture and Arts Foundation.</li> <li>Aug. 2023 Sixteen colleagues served as the volunteer team for the "Syin-Lu Social Welfare Foundation" Graduation Ceremony.</li> <li>Aug. 2023 Together with our colleagues, purchased a total of NT\$220,000 worth of charity materials and donated them to the "Huashan Social Welfare Foundation" and "Genesis Social Welfare Foundation Hsinchu Branch"</li> <li>Oct. 2023 Donated NT\$130,000 to sponsor "2023 Warm Winter Children's Fair" event organized by "Hsinchu Family Support Center", and joined colleagues in subscribing to heartwarming gifts.</li> <li>Nov. 2023 Invited colleagues and their family members to participate in the "ADA Charity Christmas Run", and the organizer donated the registration fee of NT\$64,120 to the " Kid's Book House" and "Grass Book House"</li> <li>Dec. 2023 Subscribed to the Syin-Lu Social Welfare Foundation's Christmas gifts for children in early intervention and invited the Foundation to organize a charity sales event and donate the profit back to the "Syin-Lu Social Welfare Foundation".</li> <li>Mar. 2023 – Dec. 2023 A total of 51 volunteers worked as community volunteers for the Syin-Lu Social Welfare Foundation for a total of 153 hours.</li> </ul> </li> <li>➤ To respond to environmental protection, the Company encourages employees to use electronic documents whenever possible instead of paper, and to reuse blank sides of waste paper. Additionally, the Company has been actively involved in other social responsibilities and public welfare initiatives, providing timely support to the community.</li> <li>➤ Campus industry-academia exchange seminars: The Company's senior managers give lectures at various universities to help students understand the IP industry, which will be helpful for their future career planning. For more details, please refer to our corporate website.</li> </ul>				