

Xintec Inc.

2022 ESG Report

About this Report

(GRI2-2~2-5)

Xintec (hereinafter referred to as the Company, Xintec Inc., or we) welcomes you to read our ESG Report for 2022. This is Xintec's ninth annual ESG Report. We uphold the principles of social sustainability and transparency, striving to promote corporate sustainability and social responsibility. Through this report, we intend to showcase our achievements and future plans in environmental, social, and governance aspects to our customers, suppliers, the community, government, and other stakeholders. We also welcome feedback and suggestions from all stakeholders to assist Xintec in continuous improvement and progress.

Xintec publishes its ESG Report annually, and this report primarily discloses our performance information for 2022 (from 2022/1/1 to 2022/12/31). In order to comply with the six quality principles of the GRI ESG Reporting Standards (GRI Standards), some of the information dates back to the year 2020".

- The previous year's (2021) report was published in June 2022.
- This year's (2022) report has been published in August 2023.
- Next year's (2023) report is scheduled for publication in June 2024.

- **Scope and Boundaries:**

- **Scope of disclosure for this Report:**

1. Xintec HQ: 9th Floor, No.23, Jilin Rd, Zhongli District, Taoyuan City
2. Plants: Line A - No.25, Jilin Rd, Zhongli District, Taoyuan City, Line B - No.1 Ziqiang 2nd Rd, Zhongli District, Taoyuan City, Line C - No.188, Zhongyuan Rd. Zhongli District, Taoyuan City

- **Data boundary:**

Xintec will disclose significant topics and management related to entities that have a significant impact on its operations. It will also consider the potential impact on external stakeholders (i.e. customers, investors, communities, government agencies, suppliers, employees, and the media) and incorporate them into the external boundaries of the report.

- **Report quality:**

- The structure of this report follows the latest guidelines and framework released by the Global Reporting Initiative (GRI) in 2021, and it is prepared in accordance with TWSE's ESG Information Disclosure Filing Rules.
- There have been no significant changes in the Company's scale, structure, ownership, or supply chain in 2022 compared to the reporting period of the previous year's report. Significant topics and boundaries remain unchanged compared to the previous year's report. Any adjustments, if applicable, will be explained within this report.
- To enhance performance comparability and report credibility, all information disclosed in this report has been externally verified by the British Standards Institution (BSI) in accordance with the AA1000 V3 Assurance Standard (2008) and its 2018 Type 1 assurance engagement. For detailed information on BSI's assurance statement, please refer to the appendices.

Published by	Compliance item
Global Reporting Initiative, GRI	GRI Standards 2021
AA1000 (2018) Accountability Principles	AA1000 AS v3, based on the four major principles of Materiality, Inclusivity, Responsiveness and Impact
United Nations	Sustainable Development Goals, SDGs
Taiwan Stock Exchange	Taiwan Stock Exchange Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies Taipei Exchange Rules Governing the Preparation and Filing of ESG Reports by TPEX Listed Companies
Financial Stability Board, FSB	Task Force on Climate-Related Financial Disclosures, TCFD
Sustainability Accounting Standards Board	SASB Standards

● **Contact information:**

We sincerely hope that people from all walks of life will continue to provide us with guidance and encouragement. We will maintain ongoing communication with stakeholders and to everyone who is concerned about Xintec, we will continue to listen to your feedback and uphold our commitment to corporate sustainability.

If you have any suggestions for Xintec, please feel free to contact us through the following means.

At the same time, we are publishing this report on our official website for the general public and stakeholders to peruse.

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- Tel: +886-3-4331818
- Corporate sustainability mailbox: ESG@xintec.com.tw

Contents

About this Report	2
Xintec Inc. Excellence in Sustainability Performance in 2022	7
1. Corporate Sustainable Operation	9
1.1 Sustainable development vision	9
1.2 Organizational Structure of ESG Committee	10
1.3 Stakeholder Identification and Engagement	12
1.4 Stakeholder Engagement Channels and Outcomes	13
1.5 Process of Material Topic Identification	15
1.6 List of material topics and Material Topic Matrix	16
1.7 Description of material topics' impact on Xintec	18
1.8 Achieving the United Nations Sustainable Development Goals	23
2. About Xintec	26
2.1 Company Overview	28
2.2 Objectives and Strategies of Sustainable Management	31
2.3 Corporate Governance Policy & Members of the Board	32
2.4 Functional Committees	37
2.5 Corporate Ethical Management	41
2.6 Laws and regulations compliance & Anti-competitive/monopolistic behavior	45
2.7 Associations that Xintec participates in	45
3. Corporate governance and operational performance	46
3.1 Financial Performance	49
3.2 Tax Management	50
3.3 Market and distribution overview	51
3.4 Risk Management	54
3.5 Customer Service	58

3.6 Information Security and Protection of Customers' Privacy Information	59
4. Safe Workplace Culture	61
4.1 Occupational Health and Safety Management	62
4.2 Emergency Response	65
4.3 Occupational Safety Training	66
4.4 Supplier Management	67
4.5 EHS Information Exchange	67
4.6 Loss Days and Disabling Injuries	68
5. Sustainable Supply Chain Management	70
5.1 Supply Chain Type	71
5.2 Supply Chain Management and Audit	72
5.3 Hazardous Substance Procurement Management	76
5.4 Conflict Metal/Mineral Management.....	76
6. Innovative R&D	77
6.1 Xintec's Leading Wafer-Level Packaging Technology.....	79
6.2 Achievements in development in recent years.....	80
6.3 Innovative R&D Achievement and IP Management at Xintec.....	80
7. Environmental Protection.....	83
7.1 Implementing Environment Management System.....	85
7.2 Climate Change Risk Management.....	86
7.3 Waste Management	94
7.4 Water Resource Management	96
7.5 Hazardous Substance Management.....	98
7.6 Xintec's internal energy conservation promotion and solutions.....	98
8. Creating Happy Workplace	100
8.1 Employee Care and Growth.....	101
8.2 Employee Diversity in Hiring.....	102

8.3 Ensuring Employees' Human Rights Protection.....	105
8.4 Attracting and Retaining Talents	106
8.5 Employee Education and Training	108
8.6 Individual Performance Evaluation Planning	112
8.7 Prioritizing Gender Equality and Ensuring Secure Employment for Employees.....	113
8.8 A Healthy and Friendly Happy Workplace	114
8.9 Open and Clear Communication Channel.....	116
8.10 Health Promotion and Management.....	118
9. Community Participation and Giving Back	121
BSI INDEPENDMENT ASSURANCE OPINION STATEMENT.....	124
GRI Standards 2021 Reference Sheet.....	125
Sustainable Accounting Standards Board Index - Reference Sheet	130

Xintec Inc. Excellence in Sustainability Performance in 2022

- Economy and Governance
 - Ranked in the top 5% among TPEX companies in the Corporate Governance Evaluation for many years
 - Our earnings per share (EPS) came to NT\$ 7.31 in 2022, showing a growth of 5.7% compared to the previous year
- Environment
 - Line C obtained ISO 50001 Energy Management System certification
 - Reduced our total waste volume by 10.37%
 - Our average process water recycling rate (RT) reached 67%
 - Line C received the Bronze Award in the 4th National Enterprise Environmental Protection Awards
- Social
 - Received the “Badge of Accredited Healthy Workplace” from the Health Promotion Administration, Ministry of Health and Welfare.
 - Zero case of major occupational safety accident
 - Employee retention rate over 89.4%

A Word from the Chairman:

As the global COVID-19 pandemic gradually subsides, challenges in the business environment and climate change have been increasing by the day. In addition to aiming for corporate profitability and sustainable management, Xintec is also responsible for continuous development in the environmental, social, and governance aspects.

Faced with the threat of extreme climate conditions, the Company has been actively promoting energy conservation, emissions reduction, and resource recycling. We will be purchasing renewable energy every year and, through ISO 50001 energy management system certification and carbon reduction programs, anticipate a further reduction of 20,000 tons of carbon dioxide equivalent emissions this year, gradually achieving a green and low-carbon production and operational model. In addition, we completed our process water optimization and process water recycling system expansion in 2022, successfully reducing process water usage by over 30% and increasing the overall process water recycling rate to over 67%. Line C has also achieved the Bronze Award in the 4th National Enterprise Environmental Protection Awards, thanks to the concerted efforts from all our colleagues.

With regards to the fulfillment of our social responsibility, apart from ensuring human rights protection and a dignified workplace environment, we hold relevant safety and health certifications and have achieved three consecutive years without accidents, ensuring the safety of our colleagues. The Company has also continued to participate in charity activities, organize numerous charity sales events, raise funds for vulnerable groups, and annually engage in child sponsorship activities.

Regarding corporate governance, ever since being listed on TPEX, Xintec has frequently ranked in the top 5% in TPEX's "Corporate Governance Evaluation". The Company has appointed a supervisor for corporate governance to safeguard the rights of our shareholders and ensure equal treatment for shareholders, thus further strengthening our implementation of management practices. Xintec upholds the principles of transparency, integrity, and responsibility and is committed to establishing internal control and oversight mechanisms, continuously improving our corporate governance structure to ensure the Company's long-term stability and development.

This year, the Company will begin its Responsible Business Alliance (RBA) audit certification process to uphold our commitment to sustainable development, with regular supervision by the Board of Directors. I'd like to thank all our colleagues for their efforts; our stakeholders for their trust, and our customers for their support. We look forward to working together to create a more sustainable and brighter future.

1. Corporate Sustainable Operation

1.1 Sustainable development vision:

In the era of global sustainable development, Xintec is committed to achieving comprehensive sustainability goals. We have adopted “Steadfast Sustainable Governance and Operation”, “Green Sustainable Operation Management” and 'Creating a Sustainable and Happy Workplace' as our ESG (Environmental, Social, and Governance) sustainability policies. Through continual enhancement in our technological research and development, we offer diverse products and services to help society address various risks whilst promoting the connection and communication between corporate and societal environments. Together, we aim to achieve sustainable corporate development and a sustainable societal environment.

With regards to climate change, the Company plans to purchase 2 million kWh renewable energy every year and, through ISO 50001 energy management system certification and carbon reduction programs, we anticipate a reduction of 20,000 tons of carbon dioxide emissions this year, gradually achieving a green and low-carbon production and operational model.

In the face of various impacts in the post-pandemic era, we need to enhance the resilience of our operations. We must broach the risks and opportunities presented by the environmental, social, and economic factors with a fresh perspective and different possibilities. By strengthening our core governance principles of ESG, formulating sustainable strategies and goals, incorporating the operations of various departments into relevant ESG indicators and considerations, and continually planning the vision and strategy for sustainable operations, we will be able to set realistic short-term, medium-term, and long-term objectives. These objectives shall enable us to reinforce the concept of sustainable business and lead the Company's steady growth on the path of sustainable development. Since our listing on TPEx, we have placed within the top 5% of TPEx’s “Corporate Governance Evaluation”, which is a testament to our commitment to sustainability and corporate governance.

Looking to the future, the operational outlook for 2023 is filled with uncertainty. Our management shall proceed with due caution, committing resources and talent to key technologies and business development to achieve future growth.

Xintec’s Sustainable Management Vision and Policy

Our policy	ESG perspective	Our objective
<ul style="list-style-type: none"> ■ Pursue corporate sustainability, focusing on economic, environmental and social issues ■ Implement corporate governance to strengthen the Company’s competitive advantage ■ Actively research and innovate to promote industry upgrade ■ Provide a friendly workplace and foster a healthy working environment ■ Enhance resource efficiency and reduce environmental impact ■ Strengthen partnership relationships to jointly enhance value 	E-Environment	Through innovative concrete actions, we aim to create more efficient and environmentally friendly production processes that harken back to our social responsibility and concerns regarding climate change and global warming. We conduct an annual greenhouse gas emissions audit each year, set reduction targets, and collaborate with the Task Force on Climate-related Financial Disclosures (TCFD). We follow the TCFD framework to shape a climate risk management culture, which helps us to fulfill the goals of the Paris Agreement.
	S-Social	As a global corporate citizen, we respond to and support the responsible business alliance's social responsibility standards. We adhere to policies such as those of the International Labour Organization (ILO) and the United Nations Guiding Principles on Human Rights. We undergo RBA verification, establish social conduct guidelines, care for our employees, prioritize workplace safety, and provide a positive and happy work environment.
	G-Governance	We enhance the functioning of our Board of Directors and ESG Committee, ensuring adherence to ethical business principles. We maintain a continuous focus on innovation and social sustainability

		concerns. This approach allows us to design products and services with high added value, ultimately improving the overall operational performance of the Company and fostering a positive cycle for sustainable corporate development.
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1.2 Organizational Structure of ESG Committee

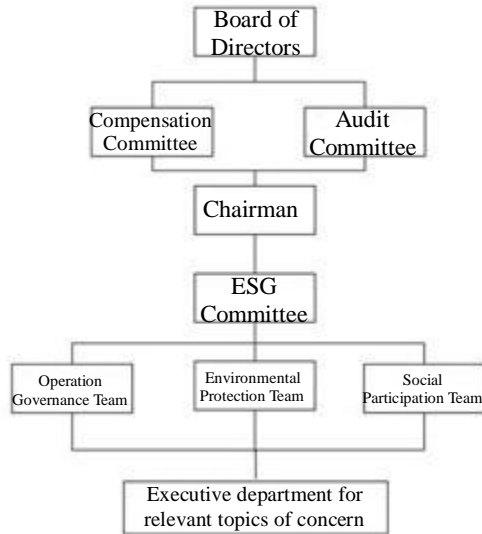
In September 2015, the Company established its “Corporate Social Responsibility Committee” with the authorization from the Board of Directors. The committee serves as the core body that promotes sustainable governance within the Company. The committee, led by a senior executive appointed by the Chairman, consists of three subcommittees: “Corporate Governance”, “Environmental Protection” and “Social Engagement”. Members are representatives from various departments within the organization, including HR, EHS, Sales, R&D, Legal, Operation, Procurement, Quality & Reliability, among others. The committee is responsible for providing and coordinating information on various ESG aspects and ensures adherence to ESG policies to strengthen corporate governance, sustainable environmental protection, social responsibility, and enhanced information disclosure. In January 2022, in an effort to stay abreast with international development trends and in pursuit of sustainable development goals, the Company strengthened its implementation of sustainability among Taiwan's listed and OTC companies. Following the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, the committee was renamed the “ESG Committee”, while continuing to strive for corporate sustainability.

Committee members collect internal and external information and opinions related to economic, environmental, and social issues relevant to the Company's operations. They review action plans, responsibility assignments, and the execution results of these plans. Each year, the subcommittees refine the Group's sustainability governance by staying updated on international ESG trends and regulations. The committee meets quarterly to facilitate ongoing communication between department representatives and stakeholders in daily business activities, to collect feedback and information, and to ensure the execution of various ESG-related tasks. These meetings also facilitate progress coordination among various departments to manage issues related to stakeholders. This is to ensure the commitment of senior executives and maintain the balance between economy, environment, and society whilst facilitating the practical implementation of corporate sustainable development.

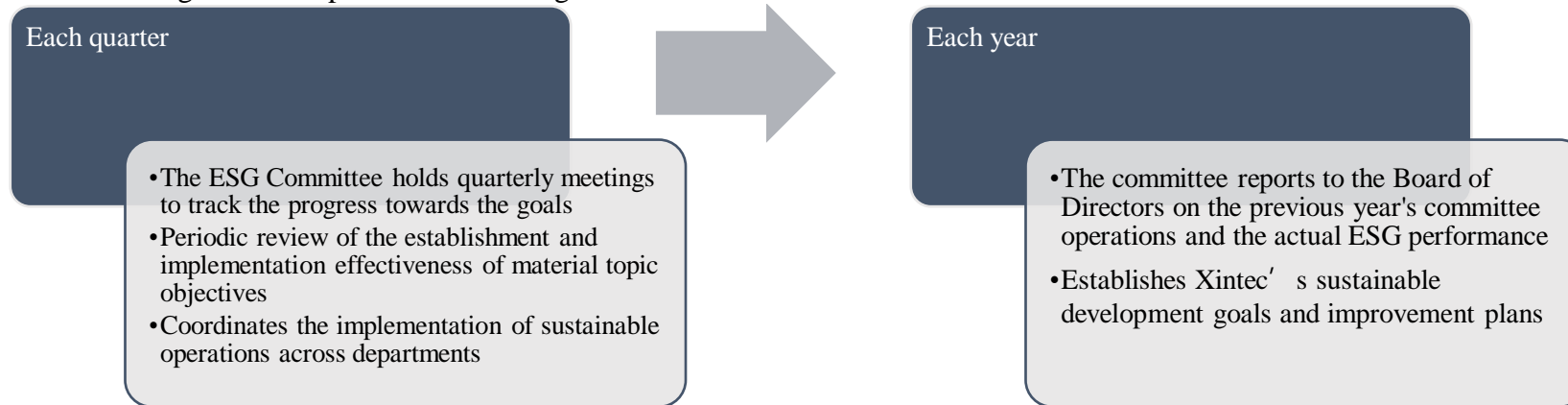
Since 2018, the committee has been reporting to the Board of Directors at least once a year on material topics identified for that year, which include environmental protection and energy conservation, employee care and development, workplace safety, supply chain management, social welfare, and issues of concern to stakeholders. As we pursue sustainable management and profitability, we shall fulfill our social responsibility as well.

In 2022 Q3, the committee reported to the Board on the following points: 1. Energy conservation and waste reduction (including ISO50001 energy management system promotion and verification and energy-saving mode implementation for 12” testing machines at Line C, replacement of chiller in Line A/B offices, optimization of water usage in wet process machine tanks and runoff water recycling system at Line C); 2. Carbon reduction, completion of Scope 1 and Scope2 GHG inventory, adoption of green energy starting from 2023 and setting a net-zero emissions goal for 2050; 3. Safe workplace; 4. Creating a happy workplace; 5. Supply chain management, the promotion of IECQ QC080000 hazardous substance management system certification and Responsible Business Alliance (RBA) Code of Conduct certification

- ESG Committee Organizational Chart



The ESG Committee is led by senior executives and holds regular quarterly meetings. It maintains ongoing communication with department representatives and stakeholders, collecting ESG-related topics of concern to stakeholders. The committee promotes activities related to corporate governance, environmental management, and social responsibility within sustainable operational management. It formulates sustainability strategies, sets short-term, medium-term, and long-term ESG goals, and develops execution plans to establish a culture of sustainability within the Company. Additionally, the committee prepares the Company's annual ESG report, disclosing the Company's achievements in corporate sustainable development to the public, reporting on progress coordination among various departments to manage related stakeholder issues.



1.3 Stakeholder Identification and Engagement

● Determining Key Stakeholders

To fulfill our social responsibility, Xintec has established diverse communication channels, maintains an open attitude, and places high importance on communication and collaboration with various stakeholders. We listen attentively to and understand the needs and expectations of different stakeholders and actively engage in communication to provide sincere responses. We follow the material topic identification process as outlined in the GRI guidelines to identify sustainability topics of concern and potential risks and opportunities for the Company, which serve as the foundation for this year's corporate social responsibility report.

This report references the AA 1000 stakeholder engagement standard to assess the degree of stakeholder relationships based on responsibility, influence, dependence, representativeness, and diversity. After discussions, feedback, and analysis within the ESG Committee and among all employees, we have identified the seven major categories of stakeholders who have the most significant impact on the Company's operations for the year 2022.

● List of Key Stakeholders

Stakeholder	Significance to Xintec
1. Employees	At the core of our operations are our employees, who we aim to attract from around the globe. We provide comprehensive compensation and benefits, along with a training system to unleash our employees' full potential and achieve maximum operational results.
2. Customers	We listen to our customers' voices, meet their needs, and build long-term relationships of trust with them. We are always ready to provide our customers with the highest quality products and services.
3. Suppliers/Contractors	Contractors and suppliers are important partners for Xintec in implementing sustainable development. Together, we commit to promoting green business for a sustainable future.
4. Shareholders/Investors	We operate with the aim of creating maximum value for our shareholders, prudently utilizing our capital to establish a positive feedback loop. We are committed to transparently disclosing operational and financial information.
5. Government/ Competent agencies	We adhere to local government regulations at each of our operational sites and maintain effective communication with authorities, contributing to local employment opportunities and tax revenue.
6. Community/ Non-profit organizations	Non-profit organizations are crucial partners in expanding our sustainability impact. We establish long-term cooperative relationships and maintain ongoing communication with local community organizations and residents to conduct in-depth research on various environmental and social issues.
7. Media	Maintaining effective communication channels with the media helps us convey comprehensive company information and our brand image to a broader range of stakeholders.

※Compared with our 2021 annual report, there have been no significant changes in our primary stakeholders.

1.4 Stakeholder Engagement Channels and Outcomes

We conducted matrix analysis through internal communication, coordination, and assessment by management to understand the impact of various issues on our business operations based on the concerns and importance levels of different types of stakeholders.

■ Stakeholder engagement channels and issues of concern:

Stakeholder	Significance to Xintec	Engagement channel and frequency		Material Topic	Highlights of engagement and performance for 2022
Employees	Employees are the most important partners in the sustainable development of Xintec. In addition to safeguarding employees' labor rights and providing a competitive compensation and benefits system, we also respect and care for our employees. We have created a safe workplace environment and maintain open communication channels. Furthermore, we have established a comprehensive learning roadmap with ample career development opportunities	Each quarter	Labor-management meeting	<ul style="list-style-type: none"> ● Employee benefits ● Operational performance ● Corporate governance and sustainable development ● Occupational safety management 	<ul style="list-style-type: none"> ● Communicate company policies and development directions to employees through various communication channels ● Labor-management meetings are held quarterly, and we held a total of 4 labor-management meetings in 2022 ● We have completed our annual performance evaluation, employee promotions and performance-related salary adjustments for 2022 once ● The company has held a total of 1,247 labor-management communication meetings thus far ● Employee retention rate at 89.4%
		Each year	Performance evaluation		
		Sporadic	Employee Welfare Committee Occupational Health and Safety Committee.		
		Sporadic	Diverse education and training courses		
		Permanent	Employee internal emails, digital communication channels, sexual harassment complaint hotline, digital learning platform		
Customers	Customer needs are at the core of our efforts. We are dedicated to providing high-quality customer service, continuously delivering innovative products that align with customer needs and expectations, and striving to enhance customer satisfaction	Permanent	Business meetings, customer complaint platforms, departmental contact persons, dedicated ESG unit, and our official website	<ul style="list-style-type: none"> ● Corporate governance and sustainable development ● Operational performance ● Innovative R&D ● Legal compliance ● Environmental management and climate change ● Product quality and safety ● Supply chain management 	<ul style="list-style-type: none"> ● We scored 86.8 in our annual customer satisfaction survey ● Protection of customer privacy and meeting customer audit requirements ● By adopting a customer-oriented approach, we strive to maintain a highly cooperative relationship with customers
		Sporadic	Customer satisfaction survey Customer feedback mechanism		
Investors (shareholders)	We protect the interests of investors and shareholders, ensure corporate governance, maintain continuous engagement and communication with investment stakeholders, thus enhancing information transparency and disclosure	Periodic	Board of Directors and Audit Committee	<ul style="list-style-type: none"> ● Operational performance ● Corporate governance and ethical management ● Operational risk management ● Talent development and cultivation ● Innovative R&D ● Environmental 	<ul style="list-style-type: none"> ● We held our shareholders' meeting in May ● We held a total of 6 Board of Director meetings and 4 Audit Committee meetings ● We held 2 investor conferences ● Engaged with institutional investors sporadically in face-to-face, video, and telephone meetings ● Periodic publication of annual report, financial report, corporate governance report and ESG report ● Sporadic publication of 19 significant
		Each year	Publication of annual report and financial report		
		Sporadic	Public information on our website		
		Each year	Shareholders' meeting		
		Periodic	Investor conference		

				management and climate change	<ul style="list-style-type: none"> ● announcements on MOPS website ● We have updated relevant significant information concurrently on our website ● Annual publication of ESG Report
Government/Competent agencies	We continue to monitor the dynamic changes in government regulations and fully cooperate with government policies, strictly complying with laws and regulations to establish a sound operational system	Sporadic	Hotline, email, and meetings	<ul style="list-style-type: none"> ● Corporate governance and ethical management ● Operational performance ● Environmental management and climate change ● Sustainable development strategies ● Legal compliance 	<ul style="list-style-type: none"> ● Periodic disclosure of operational information on the MOPS website
		Sporadic	Official letters/Legislation briefing sessions		
		Sporadic	Roundtables/Seminars/Public hearing/Disclosure of operational information on the MOPS website		
Community/non-profit organizations	Communities serve as the foundation for Xintec's business development. As we conduct our operations, we also actively engage in local community development. We focus on the Company's impact on the community and society, aiming to gain social recognition and contribute to making society a better place	Sporadic	Community activities and outreach/Event organization/Volunteer services/Community engagement	<ul style="list-style-type: none"> ● Social participation and charity ● Environmental management and climate change 	<ul style="list-style-type: none"> ● We continue to invest in social participation and charity-related activities, showing care for vulnerable groups in our local community. We organized a total 6 charity events, raising NT\$266,163, which was donated to various social welfare organizations in the Taoyuan area
Media	We maintain a positive interaction with the media by providing and collecting information, disclosing Xintec's sustainable governance and ESG information	Sporadic	Hotline, email, and social media platforms/Magazine reports	<ul style="list-style-type: none"> ● Operational performance ● Environmental management and climate change ● Legal compliance ● Sustainable development strategies 	<ul style="list-style-type: none"> ● Proactively engage with the media to communicate and present our ESG performance ● Establish diverse communication channels and transparently disseminate company information to the public
Suppliers/Contractors	Implement supplier management and cultivate long-term partnerships of mutual trust with suppliers, collectively committing to drive sustainability in the green enterprise value chain	Periodic	Supplier evaluation Contract communication	<ul style="list-style-type: none"> ● Operational performance ● Operational risk management ● Supplier management mechanism ● Legal compliance 	<ul style="list-style-type: none"> ● When signing contracts with business partners, we will include sustainability clauses in all contracts ● Conduct supplier evaluation and management once per year
		Sporadic	Supplier site visit		

1.5 Process of Material Topic Identification

In order to determine the material topics for the current year, Xintec adopted the new version of the GRI standard (2021 edition) and the AA1000 Accountability Principles standard. We followed a four-stage process of materiality identification and adhered to the inclusivity, materiality, responsiveness, and impact principles as required by AA1000. The materiality identification method was redefined by considering the impact level as the basis for assessing whether a topic is material, rather than solely focusing on the degree of stakeholder concern.

The Company employed a dual-materiality principle to identify material topics that have a significant impact on both the Company itself and the external economic, environmental, and social aspects. During the process of materiality identification, Xintec not only interacted with stakeholders in its regular activities but also conducted surveys and interviews in close collaboration with key stakeholders who have sustainability expertise. This approach enabled us to gain a comprehensive understanding of the tangible impact on stakeholders and their expectations. Simultaneously, it provided transparency on both positive and negative information, serving as the basis for enhancing decision-making quality for all stakeholders.

In the future, Xintec will continue to implement materiality identification and assess the impact of these topics. This will enable the Company to allocate resources more efficiently in its operational planning and formulate short-term, medium-term, and long-term strategies for sustainable development. The process of identifying materiality topics is as follows. Our process of material topic identification is as follows:

Process	Step		Detailed description
Topic identification	Step1. Collection and identification of sustainability topics	20 sustainability topics	<ul style="list-style-type: none"> Based on the principles of "dependency, responsibility, influence, diversity of perspectives, and tension" in accordance with AA1000, we have categorized stakeholders into seven major groups to gain a more comprehensive understanding of their level of dependency on the Company, their responsibilities, influence, diversity of perspectives, and the tension between them. Through discussions within the ESG Development Committee, along with feedback from internal and external stakeholders, ESG standards/criteria (such as GRI Standards, SDGs, TCFD, and SASB), ESG reports from peers, and the company's operational objectives, we have compiled a list of 20 sustainability-related issues pertinent to Xintec and conducted surveys to assess the key issues.
Ranking	Step2. Investigation on the level of concern	Valid questionnaires: 100	To understand the varying levels of concern different types of stakeholders have regarding sustainability topics, we conducted surveys from December 2022 through March 2023. These surveys were conducted through both online and physical questionnaires and were distributed to key stakeholders of Xintec. The stakeholders surveyed included employees, customers, suppliers, the local community, as well as investors, and the media. Through these surveys, we collected data on the levels of concern that different stakeholders have regarding sustainability issues.
	Step3. Dual-materiality evaluation	Operational impact analysis meeting	After completing the surveys, the ESG Committee conducted a sustainability impact assessment. This assessment was led by department heads and followed the four principles of the GRI ESG Reporting Standards: inclusivity, materiality, sustainability, and completeness. Each issue was evaluated for its impact on the operations of Xintec. This evaluation took into account industry standards, expert opinions, and used a dual materiality assessment method to compare and analyze the major themes most relevant to Xintec's operations and ESG trends.

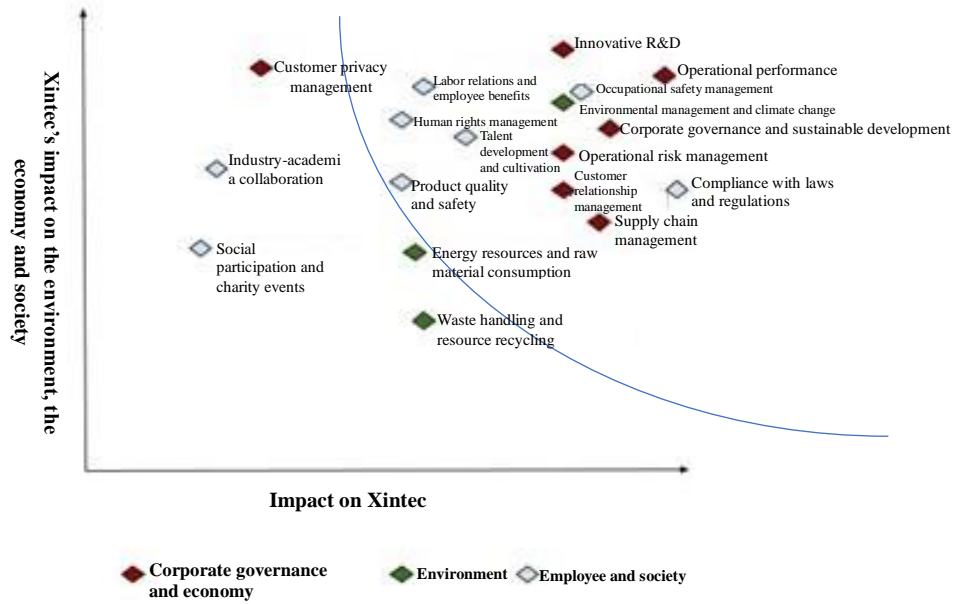
Confirmation of materiality	Step4. Discussion and review of disclosure contents	12 material topics	Through comprehensive discussions within the ESG Committee and considering the perspectives of stakeholders, the task force further assessed the 20 sustainability issues using impact assessment questionnaires. These assessments aimed to evaluate the impact and probability of occurrence of these issues on the economic, environmental, and social aspects. Simultaneously, we also assessed the boundaries of impact and the degree of involvement of these material topics within the value chain. Through this process, we identified a total of 12 material topics that have a significant impact on the Company. These issues will be prioritized as important objectives in Xintec's sustainable operational development.
Periodic review	Step5. Periodic examination		To ensure continuous improvement, Xintec shall review and adjust its management plans and goals annually in the future, with specific focus on the regular review of material topics. We will strengthen communication channels and frequency with stakeholders and actively collect relevant feedback to enhance the scope and quality of our reporting.

1.6 List of material topics and Material Topic Matrix

Item No.	Category	Material Topic
1	Economy	Operational performance
2	Environment/Society/Economy	Innovative R&D
3	Corporate governance	Corporate governance and sustainable development
4	Environment	Environmental management and climate change
5	Social	Occupational safety management
6	Corporate governance	Operational risk management
7	Social	Talent development and cultivation
8	Social	Human rights management
9	Social	Labor relations and employee benefits
10	Corporate governance	Legal compliance
11	Economy	Customer relationship management
12	Economy/Environment/Society	Supply chain management

※After verification by the ESG Committee, in comparison to the previous year, the only new addition to the list of material topics is human rights management.

● Material Topic Matrix



1.7 Description of material topics' impact on Xintec

For GRI topics that correspond with material topics, management policies and boundaries of internal/external impact, refer to the table below:

Material Topic	Actual/Potential/Positive/Negative Impact	Applicable GRI Material Topic	Corresponding chapter	Impact boundary and extent							
				Internal	External						
				Xintec	Investors	Customers	Suppliers	Community/ Non-profit organizations	Government/ Competent agencies	Media	
Material Topic	Operational performance	<ul style="list-style-type: none"> ●Positive impact: <ol style="list-style-type: none"> 1. Continued investment in key technologies, market trend awareness, market opportunity expansion, enhanced cost control, to improve financial performance and shareholder equity, increasing investor willingness to invest. 2. Implementation of corporate governance, strengthening the functions of the Audit Committee and the Board of Directors, establishing performance goals, and increasing operational efficiency. ●Potential Impacts: Due to influences of uncertainties in inflation, geopolitical risks, and global economy, Xintec faces risks of rising raw material costs and potential supply chain disruptions, making it challenging to sustain operational growth in the future. 	GRI 201 Economic Performance	3. Corporate governance and operational performance	★	★	●	●		★	▲
	Innovative R&D	<ul style="list-style-type: none"> ●Positive/Potential impact: <ol style="list-style-type: none"> 1. Focusing on green issues related to climate change, actively investing in the research and development of emerging industries, providing customers with comprehensive and diverse solutions, and becoming an industry leader. 2. Continual advancement in research and manufacturing technology to maintain market competitiveness. 3. Establishing an internal innovative research and development incentive mechanism to encourage employees to innovate, implementing a comprehensive patent system to protect the Company's intellectual property rights. 	Xintec's exclusive material topic	6. Innovative R&D	★	●	●	●			▲
	Corporate governance and sustainable development	<ul style="list-style-type: none"> ●Positive/Actual impact: <ol style="list-style-type: none"> 1. Strengthening of the corporate governance system and developing forward-looking strategic planning based on ESG standards, enhancing the stability and transparency of corporate operations in terms of the environment, social responsibility, 	Xintec's exclusive material topic	2.5 Corporate Ethical Management	★	★	●	●	●	●	▲

	<p>and corporate governance.</p> <ol style="list-style-type: none"> 2. Implementing the integrity management policy in all operational processes, strict adherence to legal compliance. 3. Setting short, medium, and long-term goals as a concrete manifestation of our corporate vision for sustainable development. 4. Enhanced transparency and institutionalize management mechanisms to ensure that important information is fully disclosed and communicated to all stakeholders. 5. Establish internal and external ethical reporting channels, led by the Chairman or their designated senior manager and the legal unit's highest-ranking supervisor, who would be responsible for handling the reports. If necessary, reports may be submitted to independent directors. The whistle-blower protection system reduces the risk of internal corruption and fraud. 6. Good corporate governance contributes to the sound development of the Company, increasing transparency, integrity, competitiveness, innovation, and protecting the rights of shareholders and stakeholders. <ul style="list-style-type: none"> ●Negative/potential impacts: Without robust corporate governance, there may be inadequate risk management and dishonest behavior, detracting from effective company operations and harming shareholder interests. 									
Environmental management and climate change	<ul style="list-style-type: none"> ●Positive/Potential impact: <ol style="list-style-type: none"> 1. Mitigate environmental deterioration by implementing environmental management standards in line with key environmental considerations and regulatory requirements. 2. Reduce greenhouse gas emissions and minimize the impact of climate change by conducting GHG emission audits, strengthen green production practices so as to lower environmental impacts. 3. Continue to monitor the risks and opportunities presented by extreme weather conditions on the economy, enhance compliance with TCFD's climate-related financial disclosures, incorporate climate change risks into operational decision-making, implement ongoing operational management plans, and reduce the risk of operational disruptions. ●Negative/Potential impact: <p>The increasing frequency of extreme weather events caused by climate change may lead to our plants being affected by such events, resulting in damage to building facilities, equipment,</p> 	GRI-305-Emissions GRI-306-Waste	7. Environmental protection	★		●	●	●	●	▲

	information security, transportation, and personnel safety, potentially causing operational disruptions.									
Occupational safety management	<ul style="list-style-type: none"> ●Positive/Actual impact: <ol style="list-style-type: none"> 1. By prioritizing employee health, the Company can reduce sick leave rates, turnover rates, and workplace accidents. This, in turn, can enhance product quality, production volume, and ultimately improve Xintec's image and competitiveness. 2. Implementation of an occupational safety management system in our plants ensures a safe environment and protection of our employee's health. 3. Guided by the spirit of risk management, we continue to implement improvement measures to prevent foreseeable hazards and control losses, thereby ensuring employee safety and health by creating an ideal and safe working environment. ●Negative/Potential impact: This could raise our operating costs and expenses 	GRI-403 Occupational Health and Safety	4. Safe Workplace Culture	★	★				●	▲
Talent development and cultivation	<ul style="list-style-type: none"> ●Positive/Actual impact: <ol style="list-style-type: none"> 1. Nurture professional talents, enhance employees' competence, and improve the quality of the workforce to strengthen employees' skills and the Company's market competitiveness. 2. Address various employee needs, establish effective talent development programs, enhance employee productivity and innovation, thereby improving the Company's operational efficiency. ●Negative/Potential impact: <ol style="list-style-type: none"> 1. Lack of a system to monitor legal certifications related to labor, environmental health and safety, ethics, and etc. 2. Violation of corporate governance or occupational safety and health regulations leading to legal violations 	GRI 404 Training and Education GRI 405 Diversity and Equal Opportunity	8. Creating a Happy Workplace	★						
Human rights management	<ul style="list-style-type: none"> ●Positive/Actual impact: <ol style="list-style-type: none"> 1. Implement Xintec's social responsibility, safeguarding labor rights, and meeting the needs of relevant stakeholders, improve policy compliance with regulations and customer requirements. Through comprehensive training across the facility, employees are made aware of the Company's latest policies, enhancing the well-being of all employees. ●Negative/Potential Impact: There may be evidence of inhumane treatment, violating international regulations and customer requirements. 	GRI-408 Child Labor GRI-409 Forced or Compulsory Labor	2. About Xintec	★		★	●			

Operational risk management	<ul style="list-style-type: none"> ●Positive/Actual impact: <ol style="list-style-type: none"> 1. Establishing a rigorous and comprehensive risk management mechanism would help the Company achieve sustainable and stable operations, reduce operational losses caused by various risks, and increase operational efficiency and effectiveness. 2. Continue to monitor and comply with legal and regulatory requirements. ●Negative/Potential impact: This could raise our operating costs and expenses 	Xintec's exclusive material topic	3. Corporate governance and operational performance	★	●	●	●	●	●	●	▲
Labor relations and employee benefits	<ul style="list-style-type: none"> ●Positive/Actual impact: <ol style="list-style-type: none"> 1. Implement a diverse and inclusive talent policy to create an inclusive, friendly, and respectful work environment; establish a comprehensive compensation structure, and emphasize fair treatment and benefits for employees. 2. Coordinate labor-management relations and promote cooperation between labor and management to enhance communication between both parties. 3. Ensure compliance with legal regulations to protect employee rights. 4. Ensure the personal safety and health of employees and their dependents. ●Negative/Potential impact: Failure to hold quarterly labor-management meetings may potentially violate legal regulations and impact labor-management relations 	GRI 401 Employment GRI-402 Labor/Management Relations	8. Creating a Happy Workplace	★	●					●	
Legal compliance	<ul style="list-style-type: none"> ●Positive/Actual impact: <ol style="list-style-type: none"> 1. Ensuring compliance with laws and regulations is a critical element of the company's operations. Xintec perceives integrity to be one of its core values and in order to protect the rights and interests of shareholders, employees, customers, suppliers, and the broader society, the Company conducts sporadic regulatory tracking, identification, and compliance efforts, fulfilling its obligations diligently. 2. Focus on the application of various technical patents. 	GRI-205 Anti-corruption GRI-206 Anti-competitive behavior	2. About Xintec	★	●		●			●	▲
Customer relationship management	<ul style="list-style-type: none"> ●Positive/Actual impact: <ol style="list-style-type: none"> 1. Cater to the specific needs of customers based on their attributes and industry developments by continuing to commit to the research and development of innovative technologies and provide customized services. 2. To uphold the most rigorous standards to protect customers' rights and data security, earning their trust through safeguarding intellectual property. 	GRI 418 Customer Privacy	3. Corporate governance and operational performance	★		★		★	★	★	

	<p>3. In terms of customer service, we shall strive to excel in customer satisfaction ratings and prevent the incurrence of major quality costs through monitoring and countermeasures</p> <p>●Potential impact: After the pandemic, global economic conditions faced uncertainties due to factors like high inflation and geopolitical tensions (such as the Russia-Ukraine conflict). Consequently, the Company could encounter risks related to rising raw material costs and supply chain instability. Customers will also be expected to manage their inventory more cautiously, presenting significant challenges for the Company's future operational performance.</p>									
Supply chain management	<p>●Positive/Actual impact:</p> <p>1. Our supply chain is a vital partner and the Company shall develop and maintain strong relationships with it to boost supply chain resilience.</p> <p>2. The Company shall provide education, training, and guidance mechanisms for suppliers and contractors, promoting the implementation and adherence to our supply chain-related regulations and practices.</p> <p>●Negative impact: If suppliers are uncooperative in the transition process, it may be challenging for the Company to attain its environmental sustainability goals.</p>	<p>GRI-308 Supplier Environmental Assessment</p> <p>GRI-414 Supplier Social Assessment</p>	5. Sustainable supply chain management	★			★			

Note: The legends for material topics' impact level on Xintec are as follows - ★ represents a direct impact ● represents a facilitative impact ▲ represents a business relationship impact

1.8 Achieving the United Nations Sustainable Development Goals

Here at Xintec, we believe that sustainable development must begin with our core values and be linked to the United Nations Sustainable Development Goals (SDGs). By integrating SDGs into our business operations, we consider SDGs as essential reference information.

We've approached the identification of SDGs relevance in three stages: focusing on the 17 SDGs and establishing the ESG framework, incorporating ESG analysis and continuous improvement tracking mechanisms, and making SDGs an integral part of evaluating our societal engagement. Action plans are set and reviewed periodically to construct a foundation for our future sustainable business development.

With a focus on SDGs, we've not only enhanced our positive support for the economy but also addressed global societal issues. More importantly, we've expanded our positive impact on society and the environment, demonstrating our commitment to being a socially responsible enterprise that shares the burden of societal risks.

To adhere to the United Nations' Sustainable Development Goals (SDGs), Xintec has been paying close attention to all 17 SDGs. Furthermore, we've established an ESG (Environmental, Social, Governance) framework and incorporated these goals into the strategies and operations of various departments within the Company. This includes areas like production, raw material sourcing, labor safety, employee management, supplier management, and community services. From this foundation, we strive to amplify our positive impact on the economy, environment, and society to the greatest extent.

Through the process of materiality analysis, we associated relevant material topics with SDGs and prioritized them. We've outlined the SDGs indicators that are relevant to Xintec's material topics for this year, showcasing our tangible commitment to SDGs and embedding them in our actual operational processes. We've also set corresponding goals and sustainable commitments and moving forward, we will continue to work closely with stakeholders, and our ESG task force will regularly monitor the performance of SDGs as part of our business strategy for sustainable management.

● SDGs Identification Process



Material Topic		Corresponding SDGs	Xintec's approach in alignment with corresponding SDGs	Corresponding report chapter index
1	Operational performance	8. Decent Work and Economic Growth	<ul style="list-style-type: none"> ● No child labor and no forced labor ● The Company has created numerous employment opportunities with a total workforce of 1,519 employees ● We encourage various talent development and cultivation plans that nurture technological innovation and design talents and bridging technology talent cultivation plan 	3. Corporate governance and operational performance
2	Innovative R&D	8. Decent Work and Economic Growth 9. Industry, innovation and infrastructure	<ul style="list-style-type: none"> ● Actively be involved in the development of various high-performance energy conversion technologies and energy-efficient products ● Adopt advanced processes to enhance manufacturing productivity and versatility 	6. Innovative R&D
3	Corporate governance and sustainable development/Legal compliance	12. Ensure sustainable consumption and production patterns 16. Peace, Justice and Strong Institutions 17. Partnerships for the Goals	<ul style="list-style-type: none"> ● The Board has established an ESG Committee, which integrates internal and external technical resources, combines core functions, coordinates internal and external sustainable resources, effectively connects domestic and international resources, and applies a circular approach through collaborations with the government and academia to focus and expand our influence 	3. Corporate governance and operational performance
4.	Occupational safety management	3 Good Health and Well-being 4 Quality Education	<ul style="list-style-type: none"> ● Comply with legal regulations, establish a workplace safety culture, cultivate qualities, and implement a diverse health care system to strengthen awareness of occupational safety and health, creating a complete occupational safety environment 	4. Safe Workplace Culture
5.	Operational risk management	3. Good Health and Well-being 8. Decent Work and Economic Growth	<ul style="list-style-type: none"> ● Focus on sustainable operational risks, with the core framework being risk reduction and aversion; establish management and monitoring mechanisms, along with sustainable operational plans and goals 	3. Corporate governance and operational performance
6	Environmental management and climate change	7. Affordable and Clean Energy 12. Ensure sustainable consumption and production patterns 13. Climate Action	<ul style="list-style-type: none"> ● Innovate green processes, reduce energy consumption, and enhance water resource efficiency, while minimizing waste generation ● Implement the TCFD framework to reduce climate change risks and respond proactively 	7. Environmental protection
7	Labor relations and employee benefits Talent development and cultivation	10. Reduce inequality domestically and internationally 16. Peace, Justice and Strong Institutions	<ul style="list-style-type: none"> ● Establish a comprehensive human resource development plan to provide a sound career development mechanism for our employees ● Provide a transparent and systematic labor-management communication mechanism to enhance workplace benefits 	8. Creating a Happy Workplace
9	Human rights management	5. Gender Equality 8. Decent Work and Economic Growth 10. Reduced Inequalities 17. Partnerships for the Goals	<ul style="list-style-type: none"> ● To fulfill our corporate social responsibility and ensure the protection of human rights by establishing a human rights policy applicable to Xintec. This is to eliminate any infringement or violation of human rights. In addition to providing a safe working environment, we aim to ensure that all our current employees are treated fairly and with dignity 	2. About Xintec

10	Supply chain management	12. Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> ● Strengthen the management of hazardous substances, establish a supplier management system platform, screen and select compliant suppliers, and ensure that raw materials and products meet regulatory requirements 	5. Sustainable supply chain management
11	Social participation and charity	<ul style="list-style-type: none"> 1. No Poverty 2. Zero Hunger 4. Quality Education 8. Decent Work and Economic Growth 	<ul style="list-style-type: none"> ● Actively participate in social and community activities, invest in the lives, education, training, and local employment programs of vulnerable groups, promoting social inclusion 	9. Social participation and co-prosperity
12	Customer relationship management	17. Global partners	<ul style="list-style-type: none"> ● Be more mindful of customer needs, enhance customer relationship management, continue to review and improve and actively seek research breakthroughs so as to offer customers with high-efficiency, low-energy consuming sustainable products and services 	3. Corporate governance and operational performance

2. About Xintec

Material Topic	Specific control policy	Target for 2022	Assessment mechanism and outcomes for 2022	Status of achievement	Med-/Long-term target	Responsible unit	Corresponding SDGs
Operational performance	<ul style="list-style-type: none"> ● Implement a robust operational strategy, emphasizing financial stability, and creating greater economic value to provide returns to shareholders, investors, and other stakeholders ● Treat customers, shareholders, and employees with the principles of integrity and honesty, and show a willingness to commit to and fulfill promises. ● Provide customers with the required technology, stringent production, outstanding quality, and quality services 	<ul style="list-style-type: none"> ● To stabilize our operations and achieve overall business growth 	<ul style="list-style-type: none"> ● Our annual revenue came to NT\$ 7.73 billion, which translates to a growth of 0.8% compared to the previous year, with an after-tax net profit of NT\$ 1.98 billion, which grew by 5.7% compared to the previous year 	<ul style="list-style-type: none"> ● Achieved 	<ul style="list-style-type: none"> ● Xintec is one of the world's leading providers of advanced packaging services, and we aspire to become the largest supplier of wafer-level packaging services for 3D stacking ● As a pioneer in corporate governance, we shall maintain our top 5% rating in the corporate governance ranking for all domestic listed companies ● Pursuit of profit and growth: both our annual revenue and after-tax net profit have shown positive growth 	Financial organization Internal audit	SDG 8 Employment and Economic Growth
Human rights management	<ul style="list-style-type: none"> ● To fulfill our corporate social responsibility and ensure the protection of human rights by establishing a human rights policy applicable to Xintec. This is to eliminate any infringement or violation of human rights. In addition to providing a safe working environment, we aim to ensure that all our current employees are treated fairly and with dignity 	<ul style="list-style-type: none"> ● To have zero incidents of human rights infringement ● To complete RBA VAP 	<ul style="list-style-type: none"> ● We had zero incidents of human rights infringement in 2022 ● The Company has been following RBA regulations and is expected to complete the RBA VAP by 2023 	<ul style="list-style-type: none"> ● Achieved 	<ul style="list-style-type: none"> ● To complete RBA VAP before 2023 ● To ask all suppliers and relevant partner organizations to conduct comprehensive human rights due diligence and sign a full Supplier Code of Conduct Commitment 	Human resource/Procurement	SDG 5 Gender Equality SDG 8 Employment and Economic Growth SDG 10 Reduced Inequalities SDG 17 Partnerships for the Goals

Legal compliance	<ul style="list-style-type: none"> ● Xintec perceives integrity to be one of its core values and in order to protect the rights and interests of shareholders, employees, customers, suppliers, and the broader society, the Company conducts sporadic regulatory tracking, identification, and implementation ● To ensure that our human resources management system complies with government regulations, stakeholder requirements, and industry standards related to human resource management ● Our Legal, Financial, and Customs affairs units have established a laws and regulations compliance system to monitor and ensure compliance with regulations relevant to their respective businesses 	<ul style="list-style-type: none"> ● Regulatory tracking, identification and implementation ● Continual operation of our laws and regulations compliance system ● Include regulatory compliance operations in our annual internal audit plan ● Appointment of a regulatory compliance personnel by the Human Resource unit ● The Human Resource unit conducts quarterly regulatory compliance audits and assessment ● Document relevant records for regulatory compliance assessment 	<ul style="list-style-type: none"> ● Systematically tracked pertinent regulations along with identification and implementation ● Provided updates on regulatory changes identified through tracking and assessment to relevant departments at least on a monthly basis to ensure legal compliance ● Compliance with a total of 65 regulations, with 29 new regulations identified and assessed in 2022 	Achieved	<ul style="list-style-type: none"> ● To have no significant legal violations (fines exceeding NT\$1 million) ● Continue to conduct regulatory identification operations to comply with government regulations and stakeholder requirements ● To stay informed about external environmental changes to ensure that our operations comply with relevant regulations and meet stakeholder requirements ● To continue revising relevant procedures ● To implement the protection of labor rights to promote labor-management harmony ● To report the results of legal compliance in the Human Resources Management Review Committee meeting on a yearly basis ● To construct our laws and regulations compliance system 	The respective project departments have established customer product quality complaint channel	SDG 16 Peace, Justice and Strong Institutions
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2.1 Company Overview

Item	Contents
Company name	Xintec Inc.
Company industry	Semiconductors-IC packaging testing
Chairman & President	CH Chen
Key products	<ul style="list-style-type: none"> ● Wafer Level Chip Scale Packaging <ul style="list-style-type: none"> - Image Sensor - Optical Sensor - Inertial Measurement Unit - Biometric Sensor ● Wafer Level Post Passivation Interconnection <ul style="list-style-type: none"> - 3D Post Passivation Interconnection - Finger Print Sensor - Micro-Electrochemical Systems ● Wafer Level Chip Probeing Test <ul style="list-style-type: none"> - 300mm Wafer CP Testing
Operating locations	Zhongli District, Taoyuan City, Taiwan <ul style="list-style-type: none"> ■ Zhongli Industrial Park Line A (11,000M²) ■ Zhongli Industrial Park Line B (6,500M²) ■ Zhongli Industrial Park Line C (57,007M²)
Founded	1998.09.11
No. of employees	1,519 (as of Dec 31, 2022)
Paid-up capital	NT\$ (the same below) 2.714 billion

Founded in 1998, Xintec Inc. is the first company to commercialize the three-dimensional wafer-level chip scale packaging technology (3D WLCSP). The Company specializes in wafer-level packaging of image sensors, primarily for use in smart mobile devices, including smartphones, automobiles, PCs, and tablet computers. These image sensors are also used in relevant environmental sensing applications. Additionally, we also offer wafer-level post passivation interconnection services for Complementary Metal-Oxide-Semiconductor (CMOS) image sensor components, with applications in fingerprint recognition sensors, micro-electromechanical systems (MEMS) devices such as accelerometers and gyroscopes, and MOSFET power field-effect transistors.

Xintec has been dedicated to the development of Complementary Metal-Oxide-Semiconductor (CMOS) image detection chips and unlike conventional wire bonding methods, we employ wafer-level packaging, and our pricing is calculated on a per-wafer basis. The Company has also applied Through-Silicon Via (TSV) technology to image sensor packaging and developed advanced 3D wafer-level packaging and stacking module solutions for next-generation smart sensors. These solutions cater to key components needed in the Internet of Things (IoT), including motion sensors, environmental sensors, and biometric products.

Xintec is committed to innovation and research and development, and we invest substantial resources each year to develop new processes and technologies based on customer product requirements. These processes include various photolithography steps, exposure, development, etching, wafer bonding, thin and thick film lamination, physical and chemical coating, aluminum wire bonding, copper through-silicon via processes, thinning of special materials, and precision cutting, thus offering more comprehensive WLCSP services. In 2022, the Company developed a second-generation MEMS packaging method, which has passed customer testing and entered the trial production stage. We have also completed an 8-inch TSV copper wire bonding technology, which has been used in environmental sensor product packaging, with applications in devices such as watches, mobile phones, automobiles with ambient light detection features.

We are currently actively developing applications for special packaging for 12-inch sensors, a new generation of copper through-silicon via (Cu-TSV) technology, fine line width and multilayer wire bonding, new micro-electromechanical systems (MEMS) backend processes, heterogeneous packaging integration, and gallium nitride (GaN) process manufacturing so as to meet customer requirements and market trends.

Focusing on the packaging and mid-to-late-stage processing of sensors, MEMS devices, and other related technologies, Xintec will continue to invest in research and development resources to expand our technical capabilities and customer base, with the aim of staying in line with future demand trends and achieving sustained growth.

Xintec is dedicated to forging med/long-term cooperative relationships with customers and suppliers and is committed to the research and development of derivative processes and new processes, including applications of advanced 3D wafer-level stacking, new biometric products, silicon wafer interposers, various MEMS products and so forth. The scope of our products extends from consumer electronics, automobiles, and computers to electronic industries such as monitoring and healthcare. By continuing to collaborate with customers to develop niche 3D wafer-level packaging solutions, Xintec is targeting the automotive and monitoring sectors, applying the technology in automotive surround safety, rearview camera systems, and security monitoring devices. This is accomplished by obtaining car regulations validation from key automotive component suppliers in Europe and Japan, mitigating the impact of economic cycles on consumer electronic products.

Xintec has always been committed to sustainable development and growth, fulfilling its commitment to shareholders and society. We are aware of the environmental impact of climate change and have been gradually implementing green and low-carbon production and operational practices. Through the continuous efforts of all our staff, the trust of stakeholders, and the support of customers, the Company aims to become an outstanding enterprise that fulfills its corporate social responsibility.

- Xintec's Core Values



- Integrity: Treat customers, shareholders, and employees with the principles of integrity and honesty, and willingness to fulfill promises.
- Innovation: To approach our work with a passion for innovation, striving to create added-value.
- Customer Orientation: Provide customers with the required technology, stringent production, outstanding quality, and quality services.

2.2 Objectives and Strategies of Sustainable Management

● Xintec's Outlook for Ongoing Operations

In 2022, the Company achieved an annual revenue of approximately NT\$ 7.732 billion, with a gross profit margin of 37.1%. Our net profit after tax amounted to NT\$ 1.988 billion, reflecting a 5.8% year-over-year growth in both revenue and profit compared to 2021. Particularly notable was the 12% annual growth in the automotive CIS packaging segment, and a 10% annual growth in the testing and subcontracting business.

In terms of process development and innovation, the Company will relaunch its 12-inch new process technology platform in 2023. This includes specialized processing technology projects related to 12-inch CIS, with the expectation of commencing mass production in the first half of 2023. Additionally, the development of a new generation 12-inch Cu-TSV technology is underway, which can be applied beyond CIS chips to CSP. We are anticipating to accept customer project development starting in 2023 Q4.

Regarding capital expenditure, the Company invested approximately NT\$ 842 million in 2022, with a continued focus on innovation and research and development. The capital expenditure for 2023 is expected to expand from approximately NT\$ 10.6 billion to 11.5 billion, with investments directed towards new plant buildings and research equipment resources. Our new facility is expected to contribute to revenue starting in 2026.

In response to the rapidly changing market conditions and increasing competition from domestic and international peers, Xintec has formulated short-term, medium-term, and long-term plans as follows:

Short-term objectives		
	Item	Description
1	Establish customer-oriented professional packaging services to enhance customer satisfaction	Enhance Xintec's reputation for providing high-quality, reliable services to meet customer needs with faster and better technology and services; we aim to offer a broader range of packaging technologies on wafer-level processing platforms to meet the demands of diverse products.
2	Strengthening collaboration between the upstream, midstream, and downstream segments of the industry	Recognizing the increasing demand for advanced processes, we believe that collaboration and integration within the upstream, midstream, and downstream segments are crucial for the success of advanced high-end processes. We are committed to forming strategic alliances with wafer foundries and testing companies, as well as collaborating with international integrated component manufacturers to become a leading provider of advanced wafer-level packaging technology services.
3	Enhancing the overall operational quality of the Company, with a focus on nurturing core competencies and improving management and operational performance	Achieve Xintec's strategic objectives through education and training with a focus on improving management and technical expertise; we aim to nurture core competencies and enhance job efficiency to help our employees become more efficient, thereby enabling the Company to better adapt to the rapidly changing environment and continuous challenges.
Medium/Long-term planning:		
1	Prioritize long-term collaborative development with customers and suppliers	Emphasize long-term collaboration with both upstream and downstream partners and in light of the trend of specialization in our industry, Xintec aims to become a trusted packaging facility for our customers, providing the quality and service they require. At the same time, we will strive to foster good relationships with our suppliers.
2	Strengthen our R&D capabilities	Commit to the research and development of derivative processes and new processes, including applications of advanced 3D wafer-level stacking, new biometric products, silicon wafer interposers, various MEMS products and so forth. The scope of our products extends from consumer electronics, automobiles, and computers to electronic industries such as monitoring and healthcare.

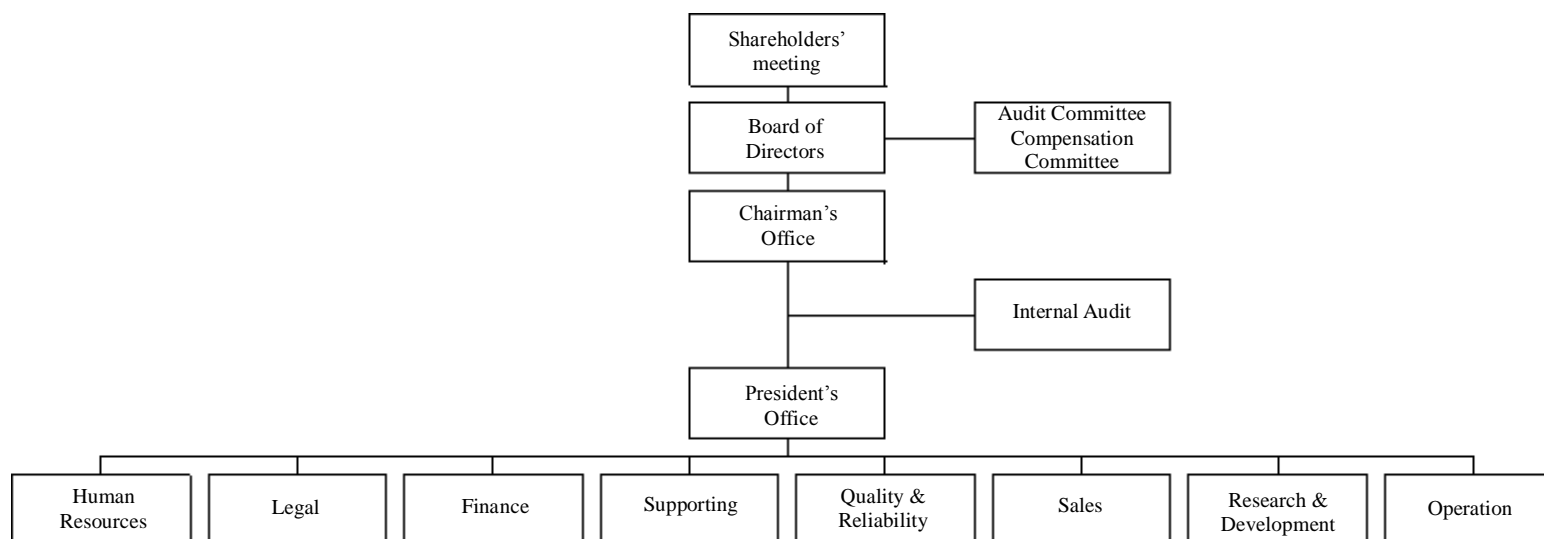
2.3 Corporate Governance Policy

The Company adheres to the principles and values of "Integrity, Innovation, and Customer Orientation" in its business philosophy, and we are committed to becoming a leader in the field of wafer-level chip packaging. We adhere to the principles of integrity and self-discipline, dedicating ourselves to sustainable operations, pursuing excellence in performance, and continuously striving for improvement. We also place great importance on our contributions to customers, society, and the environment, committing to social responsibility and sustainable development. In addition to the dedication of all employees and management, the Company also relies on the support and guidance of external shareholders. Through transparent and systematic corporate management mechanisms, Xintec fully discloses and communicates critical information to meet the needs of all stakeholders.

The top governing body of Xintec is headed by a senior management executive, who is serving both as the Chairman and President. Both of these roles are aligned in their primary objective of maximizing shareholder benefits. Furthermore, there have been no reported conflicts of interest or responsibilities between the organization's requirements and the individual's personal or professional interests during the reporting year.

The Company believes that through a robust, professional, and efficient corporate governance system, it will be able to establish transparency and achieve the goals of sustainable corporate development. Xintec's board structure is well-organized; the director selection process is stringent and rigorous to ensure effective operation and protection of shareholders' rights. The Board includes independent directors with diverse core competencies and backgrounds, and the nomination process adheres to the principles of fairness, justice, and transparency. The Board is responsible for establishing a sound governance system, supervising and guiding the Company's management, strengthening management mechanisms, and taking full responsibility for the Xintec's economic, social, and environmental performance to maximize the protection of stakeholders' interests.

● Xintec's Organizational Structure



Main departments and their respective operations:

Department	Functions
Internal audit	Assisting the Board of Directors and managers in examining and reviewing deficiencies in the internal control system, measuring operational effectiveness and efficiency, and providing timely improvement recommendations to ensure the continuous and effective implementation of the internal control system. Such input serves as the basis for reviewing and rectifying the internal control system
Human Resources	Human resources planning, recruitment and employment, compensation management, training and development, employee services, and employee relations
Legal	Intellectual property legal affairs and related authorization negotiation handling, contract review and negotiation management, corporate legal affairs handling, legal disputes or litigation handling
Financial organization	Financial and accounting services, tax management, investment management, financial planning, fund allocation, and annual performance evaluation
Supporting	Drafting material demand plans, procurement business management, import and export, and warehouse management, as well as plant production capacity and planning. Planning, developing, and maintaining the necessary information infrastructure, communication, and logistical information systems for the enterprise, as well as formulating company information security policies to ensure information security
Quality & Reliability	Quality & reliability management
Sales	Business development, proposing and deciding on pricing guidance policies through customer negotiations, business support, and production planning and control
Research & Development	Project implementation, new process development, R&D project technology and photomask mold design, medium/long-term demand forecasting and market information collection, planning new products/businesses, and defining product development blueprints.
Operation	Manufacturing packaging, product engineering, equipment maintenance, process integration, plant management, environmental health and safety, and risk management

Members of the Board

- The Board of Directors consists of five members. Among the directors, only one also holds an executive position. Three directors are independent directors, accounting for 60% of the Board. This composition complies with the requirement that the majority of directors do not have concurrent role as an employee or executive. Currently, all board members are aged 50 or above, and one of the five directors is female.

Title	Name	Academic credentials & past positions held	Current positions held at Xintec and other companies	Elected date	Diversification of core expertise				
					Operation management	Leadership and decision-making	Industry knowledge	Financial and accounting expertise	Legal proficiency
Chairman	CH Chen	Senior Director of Advanced Packaging and Testing Fab 3, TSMC President of TSMC Solid State Lighting President of TSMC Solar President of TSMC China (Songjiang Fab, Shanghai) Fab 3 Director, TSMC Vice president, Systems on Silicon Manufacturing Co. Pte. Ltd. Director of Production Engineering, TSMC Fab 7 Director, TSMC M.S. degree Institute of Electro-Optical Engineering, , Bachelor of Electronic Physics, NCTU	President of Xintec	2022/5/26	V	V	V		
Director	Y.J. Wan	Director, Intelligent Engineering Center, Fab 3 Director, TSMC Master of Materials Science and Engineering, Tsing Hua University	Director, HR Business Partner Operations, TSMC	2022/5/26	V	V	V		

Independent Director	Wen-Yeu Wang	Independent Director, KGI Bank Independent Director, President Chain Store Corporation Former Executive Yuan Fair Trade Commission member Ph. D., Stanford Law School	Chairman of Compensation Committee, Xintec Professor of College of Law at National Taiwan University Director, IACL Taiwan Branch Independent Director, member of the strategy committee and convener of the remuneration committee, Global Unichip Corp. Independent Director, Nidec Chaun-Choung Technology Corporation	2022/5/26	V	V			V
Independent Director	Robert Hsieh	Independent Director, Anpec Electronics Corporation, member of Compensation Committee Independent Director, Pou Sheng International (Holdings) Limited, Chairman of the Compensation Committee Finance Vice President, Vanguard International Semiconductor Co. Vice President, Country Banking Head, Bank of America, NT&SA Taipei Branch MBA, National Taiwan University B. S. degree in Department of Nuclear Engineering, National Tsing Hua University	Chairman of the Audit Committee and a member of Compensation Committee, Xintec	2022/5/26	V	V		V	
Independent Director	Stella Wen	Deputy R&D Director, Research and Development Office, National Chiao-Tung University B.S., M.S. and Ph.D. degrees in Department of Electrical Engineering, National Cheng-Kung University	A member of Audit Committee and Compensation Committee, Xintec Independent Director and Compensation Committee, ChipMOS Technologies Inc. Vice Professor, Department of Electrical Engineering, National Chiao-Tung University, CEO, Social Responsibility Promotion Office, National Chiao-Tung University and Vice President, International Semiconductor Institute, National Chiao-Tung University	2022/5/26	V	V	V		

In the reporting year, there were a total of 5 director positions, and 6 board meetings were held in 2022, with an average attendance rate of 93%.

● Role of the Board of Directors

Focus of Board Operation	<ul style="list-style-type: none"> ● The Board of Directors, entrusted by the shareholders, serves as the highest governance body of the Company. Its primary responsibilities include ensuring transparency of company information, compliance with regulations, appointing senior executives, formulating profit distribution proposals, and overseeing and guiding the Company's operations.
Implementation of corporate sustainable development	<ul style="list-style-type: none"> ● Through the operation of the Board of Directors and the ESG Committee, an effective risk management system has been established to monitor and plan the Company's sustainable development. Through continuous improvement, operational costs have been reduced to ensure the Company's continued profitability and the creation of an outstanding work environment, all in line with the Company's sustainable operation goals. ● At least once a year, a report is submitted to the directors on the results of environmental, social, and corporate governance issues arising from the Company's operational activities. This includes progress made in the ESG domain, challenges faced, and improvement plans for the future. The report provides the Board with a clear overview of the company's performance and efforts in sustainable development, ensuring that relevant issues receive appropriate attention and management.
Sustained operations Risk management	<ul style="list-style-type: none"> ● The Board plays the highest decision-making and supervisory role in risk management. It is responsible for approving the Company's risk management policies and related measures, monitoring the execution of various risk management systems, and ensuring their effective operation to achieve the Company's risk management objectives.

● Board member diversity and professional governance

The Board of Directors comprises 3 independent directors, accounting for 60% of the total board composition. These independent directors serve in a professional and impartial capacity, overseeing and supervising significant corporate policies. The Company adheres to the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", which outline the criteria for nominating independent directors. The board's overall diversity considerations include members possessing the requisite knowledge, skills, and qualities for their executive roles, such as operational judgment, accounting and financial analysis, management skills, crisis management, industry knowledge, international market insights, leadership, and decision-making capacity. The appointment of independent directors also takes into account their integrity, fairness, professional knowledge, extensive experience, and ability to read and interpret financial statements. Independent director nominations can be proposed by the board or by shareholders holding more than 1% of the Company's total issued shares, with final selection being made during the shareholders' meeting.

The incumbent board members fulfill the diversity requirements, and future director nominations will continue to incorporate the Company's long-term development goals and the complementary expertise of board members. Training, such as courses for the directors, may also be utilized to enhance the diversity of the board members.

The board follows corporate governance principles to strengthen corporate operational performance and discuss critical strategic issues. These issues encompass economic, environmental, and social impacts, risks and opportunities and so forth. Information regarding all important board decisions, the Company's governance structure and regulations, board operations, significant company rules, and communication with stakeholders, is promptly disclosed on the Taiwan Stock Exchange's Market Observation Post System and the Company's official website for the reference of both domestic and foreign investors.

- Continued professional development to enhance corporate governance capabilities

To enhance the professional competence of the board members and help them stay updated on evolving topics such as professional skills, corporate governance knowledge, and sustainability, the Board follows the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies" and enrolls directors in relevant training courses every year. In 2022, each director averaged 6 hours of training, covering topics such as "The Last Piece of the Sustainable Business Puzzle - Opportunities and Tools for Impact Investment", "Net Zero Emissions, Carbon Neutrality, and Corporate Regulatory Compliance" and others. This ensures the effectiveness of the board's operations and alignment with international risk management indicators or knowledge, strengthening the board's risk governance and ESG social sustainability functions.

In the future, the Company will pay even more attention to essential topics such as ESG corporate sustainability, corporate governance, net-zero emissions, climate change, and continue to provide diverse external training courses. This will further strengthen the board's capabilities, ensuring operational efficiency, staying aligned with international trends, fulfilling its fiduciary duty, and effectively exercising its decision-making and leadership oversight functions.

2.4 Functional Committees

To achieve our vision of becoming the "most valuable and trustworthy company," Xintec has recruited professionals from different fields to serve as independent directors and members of various functional committees. This ensures that the board can effectively supervise, audit, and manage critical company matters, and that each functional committee fulfills its duties to ensure oversight responsibilities are met.

Under the board of directors, the company has established a "Compensation Committee" and an "Audit Committee" to strengthen corporate governance with the assistance of directors' professional expertise, while enhancing the participation of independent directors in important business matters.

The Company's board of directors is composed of five to seven directors with professional backgrounds and extensive experience. The selected directors carry out their duties in accordance with relevant laws and the Company's bylaws, safeguarding the interests of the Company and its shareholders. They rigorously evaluate and make decisions on the Company's business strategies and policies to enhance company performance and protect shareholder rights.

Although the Company has not established a Nominating Committee, the selection of the Company's directors is nonetheless based on the overall composition of the Board of Directors. Board members are expected to possess the knowledge, skills, and qualities required for their executive roles, including operational judgment, accounting and financial analysis skills, management skills, crisis management abilities, industry knowledge, international market insights, leadership, and decision-making capabilities. The appointment of independent directors also takes into account their integrity, fairness, professional knowledge, extensive experience, and ability to read and interpret financial statements. The qualifications and selection of independent directors should comply with the regulations stipulated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and be in accordance with Article 24 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies". The selection of the Company's directors follows the candidate nomination system procedures specified in Article 192-1 of the Company Act.

The composition of board members should take into account diversity. Apart from the limitation that the number of directors who concurrently serve as company managers should not exceed one-third of the total number of directors, the Company should formulate an appropriate diversity policy based on its operations, business model, and development needs. These policies should encompass but not be limited to the following two major aspects:

1. Basic Criteria and Values: Gender, age, nationality, culture, etc.
2. Professional Knowledge and Skills: Professional backgrounds (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience, etc.

In addition to the diversity policies mentioned above, the Company's goal for board diversity is to have a majority of independent directors and to include at least one female director.

The current Board of Directors of the company consists of six directors, including four independent directors, which constitutes a majority. Additionally, there are no spousal or close blood relationships (within the second degree) among the six directors, underscoring the independence of the Board. Mr. CH Chen, the Chairman of the Board, also serves as the President of the Company, which complies with the regulation that the number of directors concurrently serving as company executives should not exceed one-third of the total number of directors. Furthermore, among the five directors, one of them is a female director. The members of the Board possess diverse and complementary skills and expertise spanning various industries, including backgrounds in law, finance and accounting, industrial technology research and development, management, specialized skills, and industry experience. Each director reflects due implementation of the diversity policy of the Board of Directors:

Name of directors	Diversification of								
	Sex	Nationality	Age	Seniorit	Operation management	Leadership and decision-making	Industry knowledge	Financial and accounting expertise	Legal proficiency
CH Chen	Male	R.O.C. Taiwan	61-70	6-9 years	✓	✓	✓		
Y.J. Wan	Male	R.O.C. Taiwan	51-60	3-6 years	✓	✓	✓		
Wen-Yeu Wang	Male	R.O.C. Taiwan	61-70	Over 9 years	✓	✓			✓
Robert Hsieh	Male	R.O.C. Taiwan	71-80	Over 9 years	✓	✓		✓	
Stella Wen	Female	R.O.C. Taiwan	61-70	6-9 years	✓	✓	✓		

Item	Description
Audit Committee	<p>Composition and description of duties</p> <ul style="list-style-type: none"> ● The Audit Committee is tasked to assist the Board of Directors in overseeing the quality and integrity of the Company's execution in matters related to accounting, auditing, financial reporting processes, and financial controls. ● The committee is composed of three independent directors from Xintecy: Wen-Yeu Wang, Robert Hsieh, and Stella Wen, totaling three members. ● At least one member of the committee possesses expertise in accounting or finance.
	<p>Job responsibilities</p> <ul style="list-style-type: none"> ● Ensuring appropriate expression in the Company's financial statements ● The selection (or dismissal) of CPAs, and the assessment of their independence and performance ● Oversees the policies and procedures related to the Company's internal control system ● Compliance with laws and regulations ● Management of the Company's risks and so forth
	<p>Operating status in 2022</p> <ul style="list-style-type: none"> ● The Audit Committee held a total of six meetings in 2022. ● Each quarter, the CPA reports to the Audit Committee regarding the status of the financial report audits and key audit issues. The Committee discusses updates to regulations and engage in two-way communication with independent directors.

Compensation Committee	Composition and description of duties	<ul style="list-style-type: none"> ● The Compensation Committee's role is to assist the Board of Directors in executing and evaluating the Company's overall compensation, benefit policies, and compensation for managers. ● The committee is headed by independent director Wang Wen-Yeu, along with two other independent directors from Xintec: Robert Hsieh, and Stella Wen, totaling three members.
	Job responsibilities	<ul style="list-style-type: none"> ● Regularly review the organizational regulations of the Compensation Committee and propose suggestions for amendments. ● Establish and periodically review policies, systems, standards, and structures for the evaluation of the performance and remuneration of directors and managers. ● Periodically assess and determine the remuneration of directors and managers based on their level of involvement in the Company's operations, individual performance contributions, job roles, job levels, and achievement of individual performance goals.
	Operating status in 2022	<ul style="list-style-type: none"> ● The Compensation Committee held a total of four meetings in 2022. ● The compensation system is a crucial part of corporate governance and risk management. The committee evaluates and reviews the annual performance and compensation of directors and senior managers, as well as reviews the annual allocation of directors' remuneration and employee compensation, so as to enhance corporate productivity and operational performance, promoting sustainable business development.

Note: The Company has established "Audit Committee Organizational Regulations" and "Compensation Committee Organizational Regulations", which are disclosed on the Company's website.

● Evaluation of Board of Directors Performance

In accordance with the "Board of Directors' Performance Evaluation Method" adopted by the Company in 2022, an annual evaluation of the board's performance will be conducted, and the evaluation results will be submitted to the board by the end of the first quarter of the following year. Following the completion of the board's performance evaluation for 2022, the internal evaluation of the board's performance is rated as "Good", and the individual performance of the board members is rated as "Excellent", confirming the satisfactory operation of the board and its functional committees.

- The evaluation criteria for the board's performance assessment include the following five aspects:
 - Engagement in the Company's operations.
 - Enhancement of board decision qualities.
 - Composition and structure of the board.
 - Selection and continuing education of board members.
 - Internal control.
- The evaluation criteria for the performance assessment of individual board members include the following five aspects:
 - Engagement in the Company's operations.
 - Member's understanding of the responsibilities of the functional committee.
 - Enhancement of committee decision qualities.
 - Composition of committee and selection of members.
 - Internal control.

Through the evaluation criteria mentioned above, we are able to assess the performance of the Board and its functional committees in various aspects and provide directions for improvement and enhancement. In the future, the board will continuously work on improving its functions based on the performance evaluation results. These results will also serve as essential reference points in the selection or nomination of board members.

● Operating mechanism of remuneration for the Board of Directors and senior managers and the Compensation Committee

Board members: In accordance with the Company's bylaws, if the company generates profits, up to 2% of the profits shall be allocated for directors' remuneration. Directors who also hold positions as the Company's managers are not eligible for directors' remuneration. The compensation for the Company's directors is determined in adherence to Xintec's "Directors' Remuneration, Compensation, and Allowances Regulations". The policy for director compensation is established based on their level of involvement and contribution to the Company's operations. International and domestic industry standards are considered during the policy formulation, and results from performance evaluations of directors are taken into account when determining their compensation. The compensation policy is subject to review and approval by the Compensation Committee and the Board of Directors.

Salary and compensation for managers: According to the Company's bylaws, if the Company generates profits, a minimum of 1% of the profits is allocated for employee remuneration. The compensation for the Company's managerial personnel is determined based on factors such as their level of involvement in the Company's operations, individual performance contributions, goal attainment, job position, and rank. Evaluation criteria include goal achievement rates, profit margins, operational efficiency, and overall contribution. Compensation principles are set by considering market standards within the same industry. This policy is subject to review and approval by the Compensation Committee and the Board of Directors.

For a detailed insight into the processes and policies regarding compensation for the highest governing body and senior management, please refer to the Compensation Committee section in our annual report on pages 13-16.

2.5 Corporate Ethical Management

● Implementing ethical management and anti-corruption

Xintec places a strong emphasis on ethical management, as we see it as our core value and the foundation of our operations. And as such, the Company has established a robust ethical framework and follows the principles of integrity, transparency, self-discipline, and accountability in its business conduct by building a culture of integrity and accountability. To strengthen its compliance with pertinent regulations, the Company has developed its "Ethical Management Guidelines" and "Code of Ethics for Directors and Executives", requiring all employees to adhere to its ethical standards. This is to prevent unethical conduct both internally and externally, with the commitment to the highest moral standards reflected in all operational activities. These guidelines are publicly available on our official website, and all employees, managers at all levels, and board members are expected to comply. The Company encourages all employees to report and communicate any unethical behavior through established channels, ensuring their protection against unfair treatment or retaliation. Incidentally, Xintec has not encountered any ethical violations or corruption incidents from 2018 to 2022.

The Company mandates the following for all employees, managers, and directors in their business activities:

- Comply with all applicable laws, regulations, and corporate governance requirements
- Prohibit any offering or acceptance of bribe
- Prohibit any offering of illegal political contributions
- Prohibit improper charitable donation or sponsorship
- Prohibit offering/accepting of unreasonable gifts, hospitality or benefits
- Avoid conflicts of interest

Furthermore, Xintec requires all employees to have a clear understanding of and adhere to the Company's "Code of Business Ethics", bearing the responsibility of upholding high ethical standards. To ensure that all employees are familiar with the "Code of Business Ethics", the Company not only publishes relevant ethical policy documents on its internal website for reference but also conducts awareness campaigns through means such as case-based training, posters, or internal website bulletins. These include topics such as conflict of interest disclosure policies and anti-corruption and anti-bribery awareness within the RBA's annual awareness training. In 2022, a total of 1,623 individuals received RBA Responsible Business Alliance Code of Conduct training, totaling 3,246 person-hours, with 100% of employees completing relevant trainings. All Xintec employees shall adhere to the following regulations:

- Conduct their duties with honesty, rigor, and professionalism.
- Be loyal to their duties, refraining from engaging in any illegal or improper activities.
- Avoid any conflicts of interest that may compromise the alignment of personal interests with the interests of the Company.
- Refrain from engaging in any behavior that could disgrace the Company.
- Refrain from participating in or incite others to engage in activities or relationships that could undermine their loyalty to their duties or professional judgment.
- Refrain from requesting, accepting, or providing any gifts or hospitality that could compromise their loyalty to their duties or professional judgment.
- Refrain from requesting, accepting, or providing any form of bribery.
- Maintain the confidentiality of any Company or customer confidential information.
- The use of Company or customer information must not violate laws and the Company's policies and procedures on the protection of confidential

information. Employees also may not seek personal gain, nor harm the interests of the Company or customers.

- Prepare and maintain company documents and records as required by relevant laws and ensure that the content of documents and records is complete, impartial, and accurate.

● RBA Code of Conduct

Xintec continues to adhere to the RBA Code of Conduct and has established various programs to promote sustainable corporate social responsibility requirements related to customer service, environmental protection, human rights protection, supplier management, and social engagement. These programs include audits of labor practices, environmental standards, employee rights, health and safety, and ethical guidelines, among other relevant provisions and operational processes. The Company is committed to stay true the goals and missions spelled out in its code of conduct, and to have a positive impact on corporate social responsibility, creating a more friendly and inclusive work environment.

In addition, we conduct annual self-assessments for our plants and related departments through RBA-ONLINE. In recent years, the assessment results have been determined to be low risk with no significant non-compliance issues. Not only that, Xintec also plans to obtain RBA VAP formal audit certification in 2023.

On top of that, we have developed our "Supplier Code of Conduct" based on the RBA Code of Conduct. We communicate and require our suppliers to commit to complying with RBA guidelines in order to ensure their compliance with the requirements of the code of conduct.

● Signed and released by the Chairman, the following is Xintec's ESG policy:

The Company pledges to:

- Respect the freedom of employees to choose their profession and prohibit any form of forced labor.
- Never employ child labor
- Provide reasonable wages and benefits
- Respect the basic human rights of employees and prohibit any form of harassment, discrimination, or insults
- Uphold employees' freedom to associate in accordance with local laws
- Reduce the impact on the community, environment, and natural resources
- Comply with laws and regulations, operate with integrity and transparency, and meet customer demands
- Protect the confidential information and privacy of customers, suppliers, and employees
- Continuously implement a conflict-free mineral sourcing policy
- Strengthen environmental responsibility, provide green products, and construct a green supply chain to collectively address the severe challenges of climate change

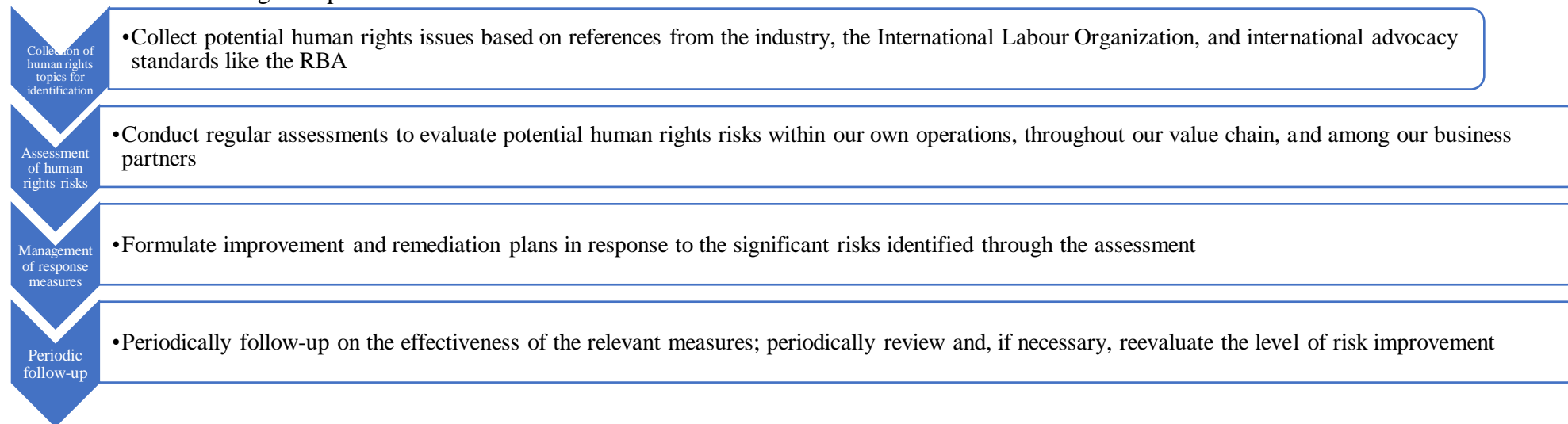
The Company also requires all suppliers and contractors who provide products or services to the Company to support the above-mentioned policy standards and sign the Supplier Code of Conduct. In addition, the Company conducts periodic audits of these suppliers to ensure their compliance with our relevant standards and requirements.

● Process of human rights due diligence

Xintec is committed to understanding and managing human rights issues responsibly. We have established a framework with three due diligence steps to identify, prevent, and mitigate human rights impacts:

1. Assessment of framework: In order to identify, prevent, and reduce human rights impacts on the Company and its supply chain, we assess the supply chain during operational processes to understand factors that may lead to significant risks.
2. Assessment of supply chain: We have developed social responsibility guidelines applicable to suppliers and we ask suppliers to sign a written commitment to ensure strict compliance with and commitment to social responsibility. This includes the prohibition of child labor, human rights protection, non-discrimination, equal treatment, compliance with legal working hours, compensation, and environmental management. Through due diligence, we are able to enhance the rigor and scope of risk identification in our supply chain management.
3. Improvement measures: Based on the results of human rights assessments, appropriate improvement actions are taken to reduce human rights risks. This step helps us track the effectiveness of response actions and address the impact of communication actions related to human rights.

● Process of human rights topic identification:



Scope of investigation	Target of investigation	Potential issue	Method of investigation
Our own operations	Employees	Occupational safety Maternity protection Sexual harassment and discrimination Workplace inclusivity and gender equality	Employee human rights due diligence

To incorporate the concept of human rights into our daily operations, we provide annual human rights education and training to all full-time employees within the Company. These training programs encompass ethical business practices, general employee health and safety education, and relevant courses on gender equality laws. Through these training initiatives, we are committed to increasing employees' awareness and understanding of human rights issues, ensuring that human rights values are upheld and respected in our work environment.

- Education, training and awareness promotion

Xintec has published relevant policies related to ethical business practices and professional ethics on the internal company website and bulletin board for employees to access at any time. This ensures that all employees have a clear understanding of our "Code of Business Ethics". Additionally, we conduct educational programs, including case studies, and utilize internal website bulletin boards to promote awareness among employees so that all employees will adhere to the Company's ethical standards. New employees are required to undergo training on our Code of Business Ethics, with a training completion rate of 100%.

The Company has also established a system for disclosing conflicts of interest, requiring all employees to proactively report any situations involving conflicts of interest. Depending on their managerial responsibilities and job nature, some employees must also undergo training in conflict of interest reporting policies and anti-corruption and anti-bribery awareness programs. All employees are expected to actively report any conflicts of interest. Supervisors and employees with special job roles are required to annually report any conflicts of interest or concerns about potential conflicts. These reports are to be compiled by Human Resources and reviewed by senior management, thus guiding directors, managers, and all employees in adhering to ethical standards and avoiding conflicts of interest in their job execution.

- Reporting channel and whistleblower protection

To provide a secure reporting channel for all employees and external individuals, we have established a reporting system on our official website (http://www.xintec.com.tw/chi/AX_Business-Ethics.aspx) and internal site for reporting any unethical conduct related to finance, legal matters, and integrity. Reports received are handled directly by senior executives appointed by the Chairman. Appropriate measures will be taken to protect the individuals involved, and any form of retaliation against those who make good-faith reports or assist in investigations is strictly prohibited. Over the past four years, no reported incidents have occurred at Xintec.

2.6 Laws and regulations compliance & Anti-competitive/monopolistic behavior

The Company considers laws and regulations compliance to be a core principle of corporate governance. To ensure compliance with the latest relevant regulations, we have established a regulatory change approval process, and it allows various departments to monitor the latest developments related to significant legal amendments affecting their business. The Company conducts legal identification and operational analysis based on these changes, in alignment with the revised internal standards and procedures.

Various departments periodically conduct audits of legal amendments relevant to their business. Legal also periodically provides information on legal updates to relevant units to monitor legal compliance, trade secrets, personal data, and intellectual property management both within and outside the Company. If internal standard procedures are amended due to regulatory updates, the responsible departments notify relevant units and operational management through the regulatory change approval process, assisting different organizational units in effectively implementing legal requirements.

The Company has formulated the "Xintec Inc. Ethical Management Guidelines" based on the principles of integrity and business ethics. According to Article 4 of this code, The Company shall comply with various laws and regulations, including antitrust laws, anti-foreign bribery laws, Company Act, Securities Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflict of Interest, relevant regulations governing TWSE/TPEX listed companies, and internal rules and regulations of the Company, as a basic premise for implementing ethical management. In 2022, the Company identified 65 regulations related to finance that it needed to comply with. During the same year, we also revised 29 regulations and relevant procedural norms. The Company has not been involved in any anti-competitive behavior, antitrust issues, or monopolistic practices. In 2022, there were no significant compliance violations (defined as fines exceeding NT\$1,000,000) in terms of environmental, quality, labor relations, and financial regulations.

2.7 Associations that Xintec participates in

	Name of association	Status
1	National Tsing Hua University Micro Sensors and Actuators Technology Consortium	Member
2	The Manufacturers United General Association of Industrial Park of R.O.C., Zhongli Industrial Park, Taoyuan City	Member
3	High-tech Industry Salary Management Promotion Association	Member

3. Corporate governance and operational performance

Material Topic	Specific control policy	Target for 2022	Assessment mechanism and outcomes for 2022	Status of achievement	Med-/Long-term target	Responsible unit	Corresponding SDGs
Corporate governance and sustainable development	<ul style="list-style-type: none"> Establish a corporate governance supervisor to assist the Board of Directors and management in fulfilling their responsibilities, thus ensuring effective corporate governance Assist directors and corporate governance executives in continuing their participation in corporate governance-related training programs Adopt a candidate nomination system for the election of all directors Implement policies to promote diversity among board members Develop and implement corporate governance best practices and sustainability practices guidelines Enhance the functions of the Board of Directors and contribute to the creation of sustainable corporate value 	<ul style="list-style-type: none"> Disclose our corporate governance practices in our annual report and on our official website Participate in annual corporate governance assessments organized by relevant regulatory authorities Ensure regular operation of the ESG committee and set annual sustainability goals Publish annual corporate ESG report 	<ul style="list-style-type: none"> Convened ESG Committee meetings on a quarterly basis Completed and published our corporate ESG report on a yearly basis Disclose our corporate governance practices in our annual report and on our official website Participate in annual corporate governance assessments organized by relevant regulatory authorities 	Achieved	<ul style="list-style-type: none"> To strengthen the Company's sustainability governance aspect, establish a more comprehensive ESG governance plan, and enhance corporate governance standards. To actively respond to social norms and requirements, and strengthen environmental and climate change responses. To achieve 100% conflict of interest reporting rate To maintain our top 5% rating in the corporate governance ranking for all domestic listed companies 	ESG Committee Board of Directors	<ul style="list-style-type: none"> SDG 12. Ensure sustainable consumption and production patterns SDG 16. Peace, Justice and Strong Institutions SDG 17. Partnerships for the Goals

	<ul style="list-style-type: none"> ● Improve information transparency and promote sustainable operation ● Strengthen our communication with stakeholders, creating effective channels for interaction 								
Operational performance	<ul style="list-style-type: none"> ● Implement a robust operational strategy, emphasizing financial stability, and creating greater economic value to provide returns to shareholders, investors, and other stakeholders. ● Treat customers, shareholders, and employees with the principles of integrity and honesty, and show a willingness to commit to and fulfill promises. ● Provide customers with the required technology, stringent production, outstanding quality, and quality services. 	<ul style="list-style-type: none"> ● To stabilize our operations and achieve overall business growth. 	<ul style="list-style-type: none"> ● 2022 performance: Our annual revenue came to NT\$7.732 billion, with EPS at NT\$7.31. 	<ul style="list-style-type: none"> ● Achieved 	<ul style="list-style-type: none"> ● Xintec is one of the world's leading providers of advanced packaging services, and we aspire to become the largest supplier of wafer-level packaging services for 3D stacking. ● Pursuit of profit and growth: both our annual revenue and after-tax net profit have shown positive growth. 	Financial organization Internal audit	<ul style="list-style-type: none"> ● SDG 8 Employment and Economic Growth 		
Operational risk management	<ul style="list-style-type: none"> ● A robust risk management system is not only an assurance of long-term partnerships with customers but also a cornerstone of sustainable operations. ● And as such, we shall actively implement operational continuity management systems and enhance our employees' risk 	<ul style="list-style-type: none"> ● Establish a Risk Management Committee and conduct quarterly risk review meetings ● Conduct comprehensive risk identification to establish ongoing operational management plans, thus enhancing the Company's operational stability 	<ul style="list-style-type: none"> ● Convened periodic Risk Management Committee meetings ● Focused on our corporate operational risks and formulated corresponding solutions 	<ul style="list-style-type: none"> ● Achieved 	<ul style="list-style-type: none"> ● Implement a Business Continuity Management (BCM) system and formulate a Business Continuity Plan (BCP) to analyze risks in the four major aspects of finance, operations, environment, and society; proactively respond to potential risks and incorporate them not only as key 	Risk Management Committee	<ul style="list-style-type: none"> ● SDG 9 Industry, Innovation and Infrastructure 		

		<ul style="list-style-type: none"> ● response capabilities through relevant training. ● Develop a complete emergency response system with regular drills ● Review material inventory levels on a weekly basis ● Adjust inventory levels in response to supply chain risks 					operational priorities but also as a valuable source of information for future business management planning.		
Customer relationship management	<ul style="list-style-type: none"> ● Continue to establish a sustainable customer service system to enhance relationships with customers and improve the Company's image by providing timely and appropriate services; through market feedback analysis, we shall strive to enhance product quality, increase customer satisfaction, and ultimately achieve the Company's sustainability goals 	<ul style="list-style-type: none"> ● Maintain an overall satisfaction rating within the "satisfied" range ● Improve customer satisfaction by scoring over 85 ● Achieve 0% customer complaint rate 	<ul style="list-style-type: none"> ● In 2022, the Company achieved an average customer satisfaction score of 86.8 ● Achieved 100% in customer feedback and opinions handling ● Had no significant customer complaints or special cases 	Achieved	<ul style="list-style-type: none"> ● Improve customer satisfaction ● By regularly analyzing market information and customer feedback, the Company shall use these insights as a basis for improving product quality and developing new packaging processes. This would allow us to further enhance customer satisfaction and achieve win-win 	The respective project departments have established customer product quality complaint channel	<ul style="list-style-type: none"> ● SDG 17 Partnerships for the Goals 		

3.1 Financial Performance

In 2022, as the global COVID-19 pandemic gradually improved in the latter half of the year, nations around the world began to ease their restrictions. As a result, lifestyles and work patterns also started to return to pre-pandemic norms. However, the demand for related consumer electronic products, which had benefited from the pandemic, rapidly declined, leading to excess inventory in the supply chain. Moreover, the global economic outlook was affected by factors such as geopolitical conflicts, high inflation, and central bank interest rate hikes, contributing to a subdued atmosphere.

The Company experienced a significant decline in orders for consumer image sensor packaging throughout the year. Nevertheless, there was modest growth in packaging for automotive-related products. In contrast, the impact on orders for 3D sensing components and 12-inch wafer testing business was relatively milder. Despite the overall decline in orders for the year, the Company's performance in terms of revenue and profit stayed at the previous year's levels and even showed slight growth, thanks to the appreciation of the U.S. dollar and improvements in operational efficiency.

In 2022, the Company remained committed to innovation and research and development by investing NT\$ 321 million to develop new application processes according to customer product requirements. Xintec also continued to focus on enhancing operational efficiency and reducing production costs. Our overall performance for the year remained robust, with both revenue and profit showing growth compared to 2021. Our annual revenue came to NT\$ 7.73 billion, marking an increase of 0.8% over the previous year, while our after-tax net profit reached NT\$ 1.98 billion, showing a growth of 5.7% from the previous year.

● Overview of operation in 2022

Analysis Item		Unit: NT\$ 1 million			
		2022	2021	Rate of growth/decline	
Financial income and expenditure	Operating revenues	7,732	7,667	0.8	
	Gross profit from operations	2,867	2,587	10.8	
	After-tax net profit	1,984	1,877	5.7	
	Employee salaries and benefit	1,763	1,750	0.7	
	Payment to shareholders	818	683	19.7	
	Payment to government (taxes)	320	229	39.6	
	Community investments	1.16	0.15	658.4	
Profitability	Return on assets (%)	22.53%	23.64%	-1.1%	
	Return on equity (%)	29.16%	33.42%	-4.3%	
	Debt-to-equity ratio (%)	Operating profit	90.61%	64.97%	9.3%
		Pretax profit	92.16%	63.66%	11.1%
	Net profit (%)	25.66%	24.48%	1.2%	
EPS after tax (in NT\$)	7.31	6.92	5.6%		

※The table above represents the individual financial report of Xintec, which has no subsidiaries. For detailed information and scope, please refer to the Xintec's 2022 Annual Report.

The Company complies with the information disclosure regulations for publicly-listed companies by regularly publishing financial information and significant disclosures on its corporate website and on the MOPS website. In addition, Xintec also holds annual shareholder meetings or conducts corporate briefings to engage in two-way communication with shareholders, where it explains the Company's operational vision and future strategies. Shareholders can also provide feedback and suggestions through our spokesperson channels, ensuring that investors have access to comprehensive and accurate information when making investment decisions. For more information about the Company's insights into market trends and the current status and future developments in the semiconductor industry, please refer to the content in the our 2022 Annual Report.

3.2 Tax Management

The Company implements tax governance and adopts a conservative and sustainable tax management policy. We comply with local tax laws and regulations in each operating location, uphold integrity and transparency, follow standard transaction principles, and strictly adhere to the regulations of the relevant authorities. Xintec does not engage in tax avoidance through tax structure adjustments or tax havens and discloses tax information in its financial reports to enhance information transparency. When there are changes in tax laws and regulations in the areas where the Company operates, we would review our tax policy to ensure 100% compliance with local regulations.

The Company is committed to enhancing tax risk management, ensuring information transparency, and compliance with regulations; tax decisions will involve the participation of internal teams with appropriate qualifications and external experts; the Company submits tax declarations and payments on time, complies with disclosure requirements, promptly responds to tax authorities' inquiries, and provides necessary tax information. On top of that, Xintec also supports government tax incentive policies to promote local economic development, research and development, industrial innovation, and sustainable development.

Finance is responsible for tax governance at Xintec. It follows internal control processes, identifies, evaluates, and manages tax risks arising from regulatory changes and operational activities. It also conducts appropriate measurement, management, and control of relevant risks. Significant transactions and decisions of the Company are planned in accordance with Taiwan's local tax laws and tax agreements and are regularly reviewed to ensure compliance with pertinent tax regulations.

The Board of Directors has appointed the Audit Committee to oversee the quality and integrity of accounting, audit, financial reporting processes, and financial controls. It conducts regular reviews of significant matters, including accounting policies and procedures, internal control systems, legal compliance, and enterprise risk management. Naturally, tax compliance is included as part of legal compliance.

The Company ensures strict compliance with local tax laws in the locations where it operates and maintains good communication channels with local tax authorities, adheres to tax principles of fairness, and collaborates closely with them. Not only that, Xintec submits tax declarations and payments as required by local tax laws. Should local tax authorities have any concerns, the Company fully cooperates in providing answers and requested information. All related-party transactions in the Company's financial reports comply with the transfer pricing regulations and standard transaction principles of the respective countries, and risk management and sustainable value are incorporated in our tax considerations.

3.3 Market and distribution overview

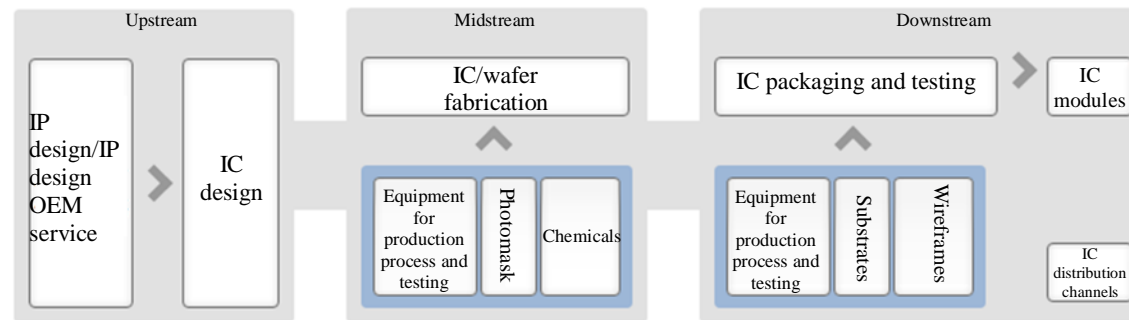
■ Region of distribution for main products

Year	2022	
	Amount	Ratio
Asia	6,023,165	78%
U.S.	1,634,665	21%
Europe	73,967	1%
Total	7,731,797	100%

Unit: NT\$ thousand

■ Xintec's upstream/downstream value chain

The semiconductor industry chain consists of several key segments. At upstream, there are IP design and IC design companies; in the midstream, IC manufacturing, wafer fabrication, equipment for production process testing, photomasks, chemicals, and related businesses. Downstream, there are IC packaging and testing, equipment for production process testing, components (such as substrates and wireframes), IC modules, and distribution channels. Taiwan boasts one of the most complete semiconductor industry clusters globally, with a high degree of specialization. IC design companies, after completing product design, rely on professional foundries or IDM (Integrated Device Manufacturer) factories for wafer fabrication. These wafers are then subjected to front-end testing and handed over to packaging companies for cutting and packaging. Finally, professional testing companies perform back-end testing, and the finished products are sold through distribution channels to system manufacturers for assembly into final system products.



Semiconductor industry chain

In the post-Moore's Law era, the complexity of IC products has made it challenging to achieve with a single semiconductor technology node. For IC design companies, not every IP can be scaled down to match the requirements of the current technology node. Different technology nodes may require mix and match IPs or designs, and one of the methods to do this is through System-on-Chip (SoC). However, sometimes, due to variations in the maturity of different nodes, integrating circuits of different technologies on the same chip not only lacks cost advantages but can also affect the yield. Consequently, System-in-Package (SiP) has emerged as a solution to address this issue. Product owners can integrate ICs designed by different specialized design houses into a single package using SiP. Such integration is not only flexible across different technology nodes but can even span across different platforms, integrating silicon-based ICs with non-silicon-based components (such as III-V materials or passive components), opening up limitless possibilities.

The emergence of this packaging technology has expanded the Mid-End process platform, which sits between the Front-End and Back-End processes. In addition to well-known techniques like Wafer Bumping, Wafer Level Package (WLP), such as Fan-out Wafer Level Package (FOWLP), Wafer Level Chip Scale Package (WLCSP), 3D WLP, WL Optics, and 3D IC, this platform can combine these technologies to customize various forms of System-in-Package (SiP). Incidentally, Xintec is not only a leader in wafer-level packaging but also the first to commercialize 3D wafer-level packaging technology.

3D wafer-level packaging technology can be applied to various market sectors, including consumer electronics, communications, portable computers, and the automotive industry. Product applications include image sensors, optical sensors, power management integrated circuits, power discrete devices, analog integrated circuits, mixed-signal integrated circuits, micro-electro-mechanical system sensors, various biometric chips (such as fingerprint sensors), integrated passive components and so forth.

Given the demand for advanced packaging processes, such as Flip Chip BGA or Flip Chip CSP, Wafer Level CSP, Cu Wire Bond, Cu Pillar (Copper Pillar) and so forth, and especially in the context of future 2.5D/3D IC integration with Silicon Through Silicon Via (TSV) technology, wafer-level packaging services will continue to play a crucial role in various relevant application products.

■ Advanced packaging market analysis and market share

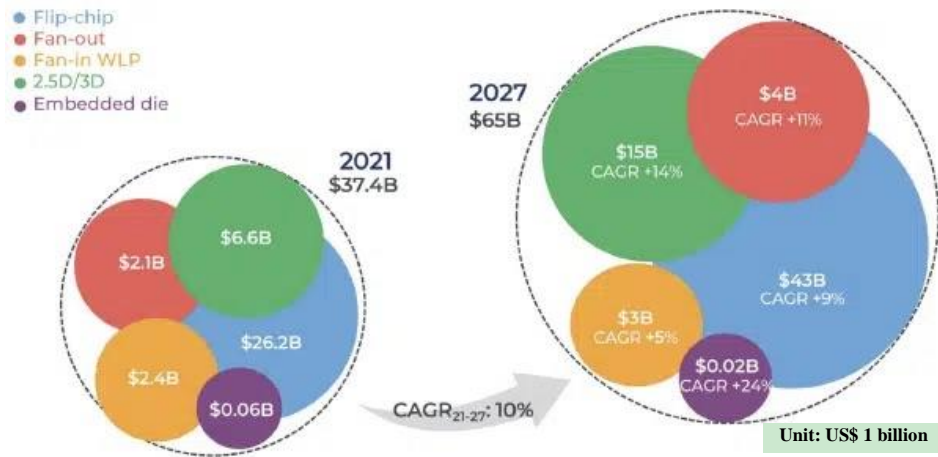
Due to the physical limits and manufacturing costs, achieving higher economic value through transistor scaling has become progressively less effective. In fact, it has been proven that constructing large systems using smaller functional modules is actually more competitive.

From a technological development perspective, as the process nodes evolve from 16/12nm to 3nm, 2nm, and even beyond the nanometer threshold, the industry would become more concerned with whether advanced logic technology can continue to provide the energy efficiency required for future computing systems. Looking at market trends, in the past decade, the development of data computing has exceeded the sum of the past four decades. Cloud computing, big data analytics, artificial intelligence (AI), AI inference, mobile computing, and even autonomous vehicles all require massive computing power.

As a result, the IC technology development path, which is no longer linear, and the market's demand for innovative solutions have driven packaging, especially advanced packaging technology, towards innovation in the forefront.

According to the latest report from Yole Group, the advanced packaging market is projected to grow at a compound annual growth rate (CAGR) of 9.6% from 2021 to 2027. By 2027, the advanced packaging market is expected to reach a size of US\$ 65 billion. Currently, among various advanced packaging technologies, Flip-Chip has the highest revenue market share, reaching 70%. However, during the period from 2021 to 2027, the fastest-growing technologies is expected to be Embedded Die (ED), 2.5D/3D, and Fan-Out packaging, with CAGRs of 24%, 14%, and 11%, respectively.

Projection for advanced packaging market for 2021-2027



Source : Yole Group(8/2022)

Currently, in the advanced packaging market, there are three main categories of players. In addition to Outsourced Semiconductor Assembly and Test (OSAT) providers, Integrated Device Manufacturers (IDM) and Foundries are also significant players in advanced packaging. However, according to Yole Group's report, companies like SEMCO, Amkor, and AT&S, which specialize in substrate and PCB manufacturing, have started to offer Panel Level Fan-Out (PLFO) packaging and Organic Substrate Embedded Die (ED) services. These substrate and PCB companies are becoming important suppliers in the advanced packaging field.

Xintec currently offers services such as Wafer-Level Chip-Scale Packaging (WLCSP) and wafer-level post passivation interconnection, which fall within the scope of the advanced packaging market. We will continue to expand our market share in the advanced packaging market by developing new packaging solutions and processes in response to shrinking front-end wafer processes and customer applications.

- Future market supply and demand conditions and various product development trends

Given the trends in the future driven by the AIoT (Artificial Intelligence of Things), new diverse applications such as AI, 5G, the Internet of Things (IoT), Industry 4.0, and autonomous driving will all bring opportunities for the semiconductor industry. The global professional semiconductor test and packaging industry will continue to be a crucial driver of value from advanced applications and packaging processes. Xintec primarily offers wafer-level packaging and assembly services for various applications, including mobile devices, 5G communications, automotive electronics, and wearable devices. The analysis for the demand and growth for these domains of application is follows:

(1) 3D Sensing:

3D Sensing finds multiple applications across different domains. Examples include facial recognition, 3D cameras, face unlocking on smartphones, gesture sensing, to applications in autonomous driving systems, factory control, healthcare, AR/VR, and more. It is also rapidly growing in areas such as medical, industrial manufacturing, and other sensing applications.

(2) CMOS Image Sensors:

Since the outbreak of the COVID-19 pandemic, the CMOS image sensor (CIS) market has seen rapid growth. It is used in various fields, including mobile phones, automotive, medical devices, scientific system monitoring, industrial robots, and the Internet of Things (IoT). Among these, the demand from the automotive industry for smart driving applications has seen the fastest growth.

(3) Micro-Electrochemical Systems (MEMS):

The main drivers for growth in MEMS include microphones, micro-speakers, and inertial MEMS in the audio domain, optical MEMS used in AR/VR, and other applications. It is estimated that the MEMS market will reach around US\$ 22.3 billion by 2027, with a compound annual growth rate of approximately 9%.

3.4 Risk Management

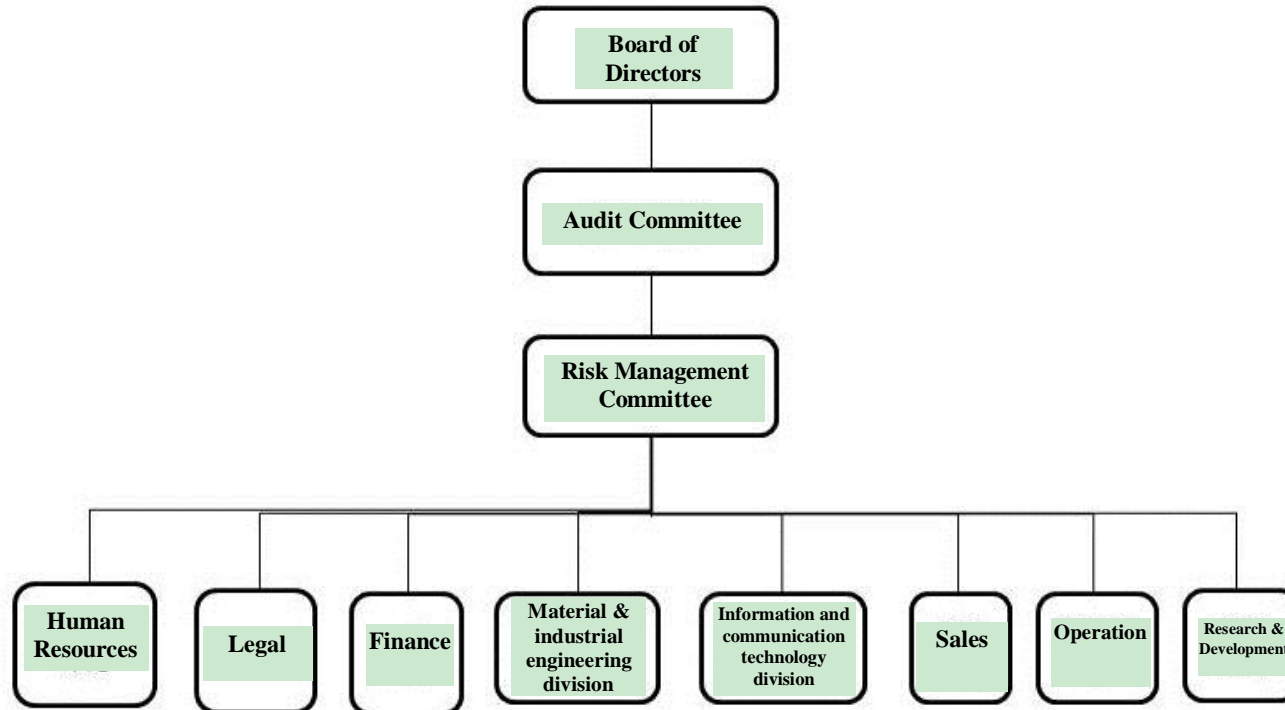
- Risk Management Committee

To strengthen the management and supervisory functions of the Board of Directors and establish a continuous operational risk management mechanism, safeguard shareholder rights, and ensure compliance with relevant laws and regulations, the Company established its "Risk Management Committee" in 2020. In addition, Xintec also formulated its "Risk Management Policy and Procedures" as a guideline, explicitly requiring the establishment of effective mechanisms to identify, assess, monitor, report, and respond to risks, focusing on both internal and external events related to the Company and its operating environment.

The committee is responsible for planning risk management meetings, tracking risk objectives, and overseeing the implementation of management plans. It also formulates specific management principles for various aspects of risk, including financial risk, operational risk, environmental risk, and industry risk. This approach enables the Company to effectively identify, assess, and address various risks, enhancing overall risk awareness within the organization.

Sustainable operation is the core principle of our operations. And as such, the committee submits an annual risk management report to the Audit Committee and the Board of Directors, thereby improving operational risk management and crisis handling in response to risks, making it a central focus of the Company's sustainable operations.

- Risk Management Committee Organizational Chart



- Risk management and sustained operation mechanism

In an effort to mitigate the negative impact and property losses caused by different risks, the Company has implemented a Business Continuity Management (BCM) system and formulate a Business Continuity Plan (BCP) to analyze risks in the four major aspects of finance, operations, environment, and society. By identifying the potential risks and opportunities for the Company, we would be able to implement corresponding risk control to ensure the Company's normal operation while we proactively respond to potential risks and incorporate risk management not only as key operational priorities but also as a valuable source of information for future business management planning.

In addition, we will align our long-term business strategy and direction with relevant operational standards and guidelines, such as Enterprise Risk Management (ISO 31000) and Business Continuity Management (ISO 22301, BCM). We will periodically review emerging risks that may arise in the future, including issues related to climate change, major infectious diseases, and so forth. By enhancing risk awareness among all employees, we will facilitate ongoing internal improvements and ensure continuous monitoring, thus strengthening the Company's ability to respond to emergency events and achieve our risk control objectives.

To prevent potential operational disruptions resulting from major disasters or accidents, the Company has established relevant procedures for Business Continuity Planning (BCP). This plan addresses various events or accidents that could lead to losses, such as fires, hazardous material leaks, power outages, shortages in public facility supplies, earthquakes, floods, labor shortages, product contamination, interruptions in the supply of raw materials, equipment failures, cyberattacks on information systems, infrastructure damage, outbreaks of infectious diseases and so forth. Risk management strategies have been developed for these scenarios to ensure the continuity of critical business activities in the event of such incidents. The Company also plans to work toward achieving ISO 22301 system certification in the future.

● List of Risks for Xintec

Aspect	Risk factor	Description	Our counter-strategy and approach
Financial risks	Exchange rate fluctuation risks	The Company primarily conducts its main operational activities in foreign currencies, and a portion of our manufacturing costs is also paid in foreign currencies. Therefore, any significant fluctuations in international exchange rates could have an adverse impact on the our profits.	Xintec mainly offsets accounts payable (foreign liabilities) generated from purchases against accounts receivable (foreign assets) generated from revenue, achieving a natural hedging effect to reduce exchange rate fluctuation risk. At the same time, we pay close attention to exchange rate trends, regularly review changes in the positions of non-functional currency-denominated assets and liabilities, and manage exchange rate risk by buying and selling forward foreign exchange or spot foreign exchange contracts to minimize the impact of exchange rate fluctuations on the Company's revenues.
	Interest rate fluctuation risks	The impact of interest rate fluctuations on the Company's revenues can be separated into two parts. On the non-operating income side, equivalent cash interest income increases with rising interest rates, while interest expenses will increase due to higher interest rates.	To mitigate the uncertainty of increased financing costs in the event of rising interest rates, Xintec will continue to monitor interest rate trends. In the future, the Company will also assess the market conditions and its medium-to-long-term debt positions to decide whether to enter into interest rate swap transactions with banks to hedge against interest rate fluctuations and reduce the adverse impact of rising rates.
	Inflation risks	Due to the possibility of increased costs or reduced actual income due to inflation, inflation can potentially erode the Company's purchasing power.	Apart from closely monitoring the supply and demand situation for raw materials, and actively seeking alternative sources that deliver both quality and price competitiveness, we will also focus on cost reduction activities through process improvements, yield enhancements, and efficiency gains to mitigate the impact of rising prices.
Operational risks	Technical development	The semiconductor industry is characterized by rapid technological advancements, fast-changing customer demands, and intense competition among peers. There is a continuous increase in the demand for advanced processes.	To align with market trends and the evolving technological requirements of sensor products, we are committed to providing next-generation improved technologies in wafer-level packaging, such as TSV CSP and 3D IC packaging. We have applied these technologies in various sensor components and with innovative wafer-level packaging techniques, we are expanding our product line to include applications in MEMS, power field-effect transistors, power control, and analog components.
	Supplier management	If the Company relies on a single supplier for raw materials and production equipment, it could lead to the risk of supply disruption or instability in our operations.	<ol style="list-style-type: none"> 1. Establish a database of material source regions/countries. In case of unexpected natural disasters in a specific region/country, we will be able to immediately implement our emergency response plans. 2. Conduct "Supply Chain Risk Management Questionnaire" survey and for suppliers receiving Grade B and C scores based on the survey results, we will implement relevant contingency plans. For example: increasing our inventory, seeking 2nd sources, providing guidance and so forth. These measures will reduce our risk of material shortage from existing suppliers. 3. Develop new suppliers and audit existing ones and their quality systems to reduce our dependence on a single supplier while stabilizing the product quality of existing suppliers. 4. Prioritize the establishment of long-term partnerships, especially in the selection of new suppliers within their relevant industries.
	Business risks	Over-concentration of customers.	Actively diversify our product offerings and expand our customer base to mitigate the risk associated with a concentrated customer portfolio.
	Legal risks	Comply with all applicable regulations	Each department is responsible for monitoring the applicable regulations within its scope of business.

Environmental risks	Climate change	Climate change is a major and all-encompassing concern, with global greenhouse gas emissions on the rise. The evident intensification of the greenhouse effect has led to global warming and the increased occurrence of extreme weather events in recent years. The environment and ecosystems are among the first to suffer, and these issues may potentially impact both socio-economic activities and personal safety. Moreover, due to more regulations from customers and governments, Xintec must pay even more attention to the operational implications of this issue.	<p>Legal will also periodically download the latest legal provisions from relevant websites and conduct compliance risk assessments before formulating strategies and taking corresponding actions.</p> <ol style="list-style-type: none"> 1. Adhere to pertinent regulations and conduct regular audits in compliance with environmental laws and regulations; stay up to date with the latest legal requirements and implement environmental monitoring and pollution control measures in accordance with the law. We will also thoroughly implement the ISO 14001 environmental management system, assess environmental factors and develop preventive measures so as to enhance employee awareness of environmental protection. 2. Continue to implement ISO 14064-1 greenhouse gas inventory management system in order to obtain more precise data on greenhouse gas emissions and effectively implement emissions reduction measures to ensure environmental sustainability. 3. Implement product carbon and water footprint and product material cost accounting verification in order to gain a better grasp on various influencing data factors to serve as the basis for risk management.
	Water resources	Extreme climates may lead to scarcity of water resources	
Social risks	Employee recruitment	The Company's growth and development rely on the efforts and contributions of all employees. In the post-pandemic era, due to talent shortage in the domestic market and intense competition in the labor market, there is a risk that we might not be able to recruit a sufficient workforce in a timely manner. Timely recruitment of suitable and sufficient talent is essential for the Company's operational development.	<p>To address this challenge, we regularly review the supply and demand of manpower from various departments, collaborate with government employment services, utilize employee referrals, and explore other recruitment channels to promptly recruit suitable candidates. Additionally, in compliance with government regulations, the Company is entitled to hire foreign workers in proportion to fulfill our operational manpower needs. We would also conduct regular salary surveys to ensure that we attract top talent while offering comprehensive new employee education and training programs, along with new employee support activities, to enhance employee retention. This would in turn protect Xintec against labor shortage and render the Company more competitive in attracting talents.</p> <p>All of the our facilities have obtained the Occupational Health and Safety Management System (ISO 45001: :2018) certification and have passed the Taiwan Occupational Safety and Health Management System (TOSHMS) verification. Through continual improvement of our safety and health management system, we aim to achieve the goals of accident prevention, promoting employee safety and health, and protecting company assets.</p> <ol style="list-style-type: none"> 1. Establish a comprehensive plan and framework for managing major infectious disease outbreaks. 2. Implement robust employee health and safety management protocols. 3. Preparedness for business continuity and risk mitigation, particularly for critical facilities and production lines, to address emergency situations.
	Labor safety	Emphasizing labor safety, the Company has established its EHS policy and guided by the spirit of risk management, we continue to implement improvement measures to prevent foreseeable hazards and control losses, thereby ensuring employee safety and health by creating an ideal and safe working environment.	
	Pandemic risks	Xintec continues to monitor the risk of major infectious diseases and pays attention to the potential operational impacts caused by such outbreaks.	

3.5 Customer Service

- Customer satisfaction

Xintec places significant importance on customer needs and feedback. The Company conducts regular annual customer satisfaction surveys, and through diverse communication channels such as weekly/monthly meetings, quarterly evaluations, ad-hoc phone conferences, customer visits, online meetings and so forth to ensure timely and appropriate responses to customer needs and feedback. We aspire to become the best possible partner for our customers.

Our customer satisfaction survey covers seven key performance indicators, including quality, price, service, technical support, yield rate and process stability, delivery and capacity provision, and overall performance. In 2022, Xintec achieved an average customer satisfaction score of 86.8 points out of 100. Notably, the Company received high recognition from customers in the areas of "delivery and capacity provision", "yield rate and process stability" and "service".

Following the survey, the Company compiled the results, formulated corrective action plans, and incorporated them into our customer satisfaction survey report. These findings were then discussed and tracked during the annual management review meetings to ensure that our management is fully attentive to customer needs and feedback, thereby enhancing the Company's competitiveness. At the same time, the Company provides various communication channels and platforms to accommodate customer needs in real-time, reinforce trust relationships with customers, and achieve the ultimate goal of the highest customer satisfaction.

Xintec shall continue to strengthen collaboration among internal departments, innovate to address both long-term customer development plans and immediate needs, strive to improve product and service quality, and offer a wider range of packaging technologies on the wafer-level process platform to meet the diverse product needs of customers. Furthermore, the Company will maintain open and robust communication with customers, collecting their suggestions as vital reference points for business strategies and future directions. This collaborative approach will enable mutual growth and create win-win opportunities with our customers.

3.6 Information Security and Protection of Customers' Privacy Information

In order to safeguard the confidentiality of Xintec and customer information, the Company established its "Proprietary Information Protection Committee (PIPC) in January 2008. This committee is responsible for managing and overseeing the security of proprietary information. The Company has also established its "Proprietary Information Protection Policy" and "Operating Procedures for Proprietary Information Protection", which outline Xintec's policy, procedures, and regulatory operations for proprietary information protection. Working with our IT department, the Company has built a robust governance system and a comprehensive information security defense capability. By utilizing information security technologies, we identified information security risks and vulnerabilities for prevention and improvement. This enhances employees' awareness of information security and reduces the risks of proprietary information leakage and network virus attacks. We have maintained our competitive advantage and set five guiding principles for action. In 2022, the Company experienced no significant information security incidents, and our external network's third-party security assessment score exceeded the manufacturing industry's average, maintaining an "A" rating.

- Our five guiding principles for information security:

1. Establish and implement a proprietary information and information security management system.
2. Adhere to the proprietary information and information security requirements of laws and contracts.
3. Promote education and awareness of proprietary information protection and information security for employees and relevant groups.
4. Assess and identify risks, and establish improvement objectives and control measures.
5. Continuously enhance the proprietary information and information security management system through internal audit activities.

In addition, with respect to personal privacy, Xintec has established a personal data protection management procedure in accordance with the Personal Data Protection Procedure, which serves as a guideline for our business operations and management of personal data protection.

- Risk management and action measures for privacy management

1. Identify privacy management regulations and customer requirements to ensure that the Company's internal procedures and practices comply with relevant regulations and identify the risks associated with privacy management.
2. Identify risks related to privacy management and take immediate corrective actions; analyze the causes of privacy management incidents and strengthen preventive measures.
3. Conduct quarterly regulatory reviews and risk assessments to fulfill the Company's social responsibility and safeguard Xintec's reputation.

● Information security risk management strategy and key focus of resource allocation:

Content of focus		
1	Enhancing information system security protection	Implement a certified software and hardware authentication system to prevent the spread of computer viruses from unknown files, programs, or devices, and to avoid legal liabilities; establish a procedure for virus scanning of information equipment entering or leaving the plant to ensure a virus-free network environment.
2	Preventing confidential data leakage	Regularly review and audit access permissions for research and development units and other sensitive data to enforce confidential information classification authorization.
3	Improving risk/hazard factors	Conduct external network information system vulnerability scans and testing through reputable third-party internet service companies to continuously address and improve information system vulnerabilities and deficiencies, reducing the risk of hacking; assess and improve the risks and hazard factors in the information data center to ensure the normal operation of the information system.
4	Security awareness promotion and training	Organize regular information security education and training sessions, and promote awareness among employees and suppliers regarding the protection of confidential information and information security; enhance the information system's business continuity and disaster recovery plan to ensure the Company's ability to respond to disasters effectively and expediently.
5	Staying informed about emerging information security trends	Participate in information security seminars and industry exchanges, keep up with information security issues, and plan responses in a timely manner.

Employee negligence and a lack of awareness of information security are common information security risks for businesses. To address this, we regularly conduct awareness promotion and training on the protection of confidential information for all employees. Confidential information protection is included as a mandatory annual training course for all employees at Xintec. The training covers topics such as company network usage policies, email usage guidelines, safeguarding sensitive data, data access, mobile device, and equipment usage policies. The training is meant to strengthen employees' awareness and capabilities in understanding the classification and handling procedures of confidential information. In addition, we conduct regular internal phishing email drills to enhance information security awareness and implement the principles of information security management and continuous business operations. Through these measures, we ensure that the Company, customers, employees, and suppliers can effectively respond to information security risks.

4. Safe Workplace Culture

Material Topic	Specific control policy	Target for 2022	Assessment mechanism and outcomes for 2022	Status of achievement	Med-/Long-term target	Responsible unit	Corresponding SDGs
Occupational safety management	<ul style="list-style-type: none"> Implement the ISO 45001 management system and the Occupational Health and Safety Committee system Ensure that all employees continue to participate in environmental safety and health management courses Comply with statutory regulations for environmental safety and health 	<ul style="list-style-type: none"> Have zero cases of occupational diseases and significant occupational safety incidents 100% compliance with environmental safety and health regulations and licenses 	<ul style="list-style-type: none"> The Company has established an occupational accident reporting mechanism, an online education and training system, which is managed and reviewed by dedicated personnel Monthly statistics of occupational accident rate 	Achieved	To have zero cases of occupational diseases and significant occupational safety incidents at the plant	<ul style="list-style-type: none"> Occupational Health and Safety Committee Labor-management meeting 	<ul style="list-style-type: none"> SDG 3 Good Health and Well-being SDG 4 Quality Education

Xintec is committed to strict compliance with relevant occupational safety and health regulations and other requirements. The Company also strengthens employee awareness of occupational safety and health through training and awareness programs to reduce the risk of accidents. The Company places a special focus on workplace safety, striving to provide employees with a safe and comfortable working environment. We also take the issues of safety and health for both employees and non-employees participating in plant activities very seriously.

During the reporting period of 2022, the Company completed compliance assessments, and all changes to relevant occupational safety and health regulations met legal requirements. Additionally, no significant penalties were imposed by regulatory authorities during this period. The Company not only sets high standards for protective measures and improvements in terms of hardware and facilities but also recognizes that employee safety behavior and awareness are critical to job safety. Through the rigorous implementation of occupational safety management system, the Company regularly conducts hazard identification, precise risk assessments, and detailed accident investigations while ensuring that new equipment undergoes safety inspections before being put into operation, significantly reducing the impact on employee health and safety and the continued operation of the business.

Furthermore, the Company has developed continuity plans to address various risk scenarios, including the COVID pandemic, extreme weather events, natural disasters, and accidents. We also conduct annual disaster emergency response exercises to ensure that the Company can reduce the impact of disasters, safeguard employee safety, and maintain stable business operations in case of emergencies.

4.1 Occupational Health and Safety Management

The Company's core philosophy in ESH management is "Customer Satisfaction is Paramount, Zero Accidents in Safety, and Sustainable Environmental Development". To this end, Xintec diligently promotes the establishment of software and hardware facilities and standards, and the development of comprehensive operational procedures and standards for environmental safety and health throughout the entire plant. We also hold regular internal audits and management review meetings are held to report on the performance of the annual environmental safety and health management system, in addition to proposing improvement projects and a more comprehensive approach and system for environmental safety and health work is established.

Xintec's EHS policy commitment is as follows:

1. Comply with regulations and meet relevant government and customer requirements.
2. Strengthen resource reuse, recycling, and pollution prevention and control measures.
3. Continue to improve with a risk management approach to eliminate foreseeable dangers and control losses, ensuring employee safety and health, and creating a safe and healthy working environment.
4. Enhance the awareness and understanding of employees and contractors regarding environmental safety and health controls.
5. Focus on global environmental issues and trends, enhance green environmental responsibility, provide green products, and construct a green supply chain.
6. Establish effective communication and consultation channels, strengthen interactions with employees, suppliers, contractors, and customers, and fulfill corporate social responsibilities.

● Occupational health and safety management system

Creating a safe and friendly workplace has always been a consistent commitment of the Company to its employees. Cultivating employees' knowledge, attitudes, and competencies related to safety and health and establishing a happy and safe working environment reflect the Company's responsibility to its employees. By implementing the ISO 45001 Occupational Health and Safety Management System throughout the entire plant and achieving verification under the "Taiwan Occupational Safety and Health Management System (CNS 45001)", the Company has established a comprehensive management system, which includes processes for identification, establishment, management, audits, communication, and education and training. All personnel can actively participate in occupational safety and health management activities, take timely corrective actions, and continuously improve abnormal situations. Furthermore, the Company has strengthened safety and health-related requirements in procurement and contracting systems with the aim of achieving the goal of "zero public injuries, zero accidents, zero pollution," creating an environment for sustainable operations.

In addition, the Company maintains a long-term focus on the latest developments in occupational safety and health from internal and external groups or government entities, thus fostering a safe working environment and work culture, improving employee efficiency, and reducing accidents within our plant. Xintec also regularly analyzes the needs and expectations of stakeholders, as well as internal and external issues that may have an impact, including

international conventions and standards, industry trends, social issues, and stakeholder feedback. By including these factors in our considerations to enhance processes, bring outsourced functions and process-related workers into the management scope, we expand the scope of risk assessment (e.g., social factors, visitors, operations of outsourcing contractors) and strengthen the management and evaluation of existing contractors and suppliers. These initiatives have been integrated into the identification of environmental safety and health risks and opportunities, becoming part of our management system objectives, and their control outcomes are included in the annual environmental safety and health management system review meetings. Through this approach, the Company continuously assesses performance, driving the enhancement of employee self-regulation and safety management awareness, and ensures the implementation of the environmental safety and health management system to create a safe and outstanding work environment.

● Main issues of plant occupational safety management for 2022

Source	Internal/External issues	Description of current situation/needs and expectations	Description of future trend	Risks/Opportunities
Stakeholders	Customers	Conduct supplier audit plans and perform on-site audits to propose improvements in EHS and fire safety management	Achieving higher ratings can improve our odds for order acquisition	Opportunities
External issues	Government agencies	Participate in government EHS competitions	Improve the company's image and enhance environmental, EHS ratings for stakeholders	Opportunities
External issues	Fire brigade	The fire brigade asks businesses to create Hazard Identification Cards (H-Cards) to provide emergency command and rescue personnel with accurate information on handling chemicals.	Create Hazard Identification Cards (H-Cards) and place them at the security office.	Risks
Internal issues	EHS performance improvement	With the goal of zero occupational accidents, reduce operational risks in the plant	Each department submits occupational safety and health management plans to reduce operational risks and prevent occupational accidents and diseases	Opportunities

● Work safety promotional activities

Safety and health management at Xintec can be separated into the following three aspects:

1.	Hardware facility safety and health management	For new construction or renovations of factory buildings, a safety and health risk assessment has to be conducted in advance by relevant departments such as Facilities, Environmental Safety, and General Affairs. Planning, design, and construction shall be carried out in accordance with various regulations, international standards, and company guidelines. Upon completion, the	<ul style="list-style-type: none"> ● Management of environmental protection, safety, and health for new machines and chemicals <p>The design of new machines follows a rigorous environmental protection, safety, and health review management process to ensure compliance with relevant international standards, domestic regulations, and company guidelines. Our chemical management involves collaboration with raw material suppliers to assess the risks associated with in-house usage and establish control mechanisms. Safety Data Sheets (SDS) and appropriate personal protective equipment are provided to employees working with hazardous substances to ensure the occupational health and safety of all staff.</p> <ul style="list-style-type: none"> ● Safety change management system <p>A safety change management system covers the planning and design of new factory facilities. When changes lead to</p>
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		<p>Company will implement a specialized mechanism and procedure to ensure safety and health.</p>	<p>alterations in existing safety or fire protection levels, we adhere to this system and engage relevant departments, including Facilities, Equipment, Occupational Safety and Health, and Risk Management to conduct rigorous assessments and reviews to ensure safety before any changes are implemented.</p> <ul style="list-style-type: none"> ● Safety approval system for new equipment before deployment <p>All production machinery and facility equipment must go through a three-stage safety approval management process prior to operation.</p> <div style="border: 1px solid blue; padding: 5px;"> <p>Phase 1</p> <ul style="list-style-type: none"> • Confirm that each system integration between facilities and machinery complies with design specifications and is safe before activating the relevant supply facilities. </div> <div style="border: 1px solid blue; padding: 5px;"> <p>Phase 2</p> <ul style="list-style-type: none"> • Confirm that each system, including the facility's hazardous gas and chemical supply system, fire protection facilities, toxic gas monitoring system, machine safety interlock design, laser and radiation protection, machine-associated gas supply facilities, and process exhaust gas treatment equipment, functions normally before conducting machine tests. </div> <div style="border: 1px solid blue; padding: 5px;"> <p>Phase 3</p> <ul style="list-style-type: none"> • The previous two phases of deficiency improvement and infrared inspection of electrical facilities must be completed with all safety protection requirements incorporated into our periodic maintenance standards before the official production operations may commence. </div>
2.	Occupational health and safety management procedure	<p>In addition to having systems in place for high-risk operation control, contractor management, chemical safety management, and safety audits, we also meticulously plan disaster emergency response procedures and conduct regular drills. This ensures that in the event of a disaster, any potential damage or impact on the Company's assets, personnel, society, and the environment can be minimized.</p>	<p>With regards to operational safety and health management, in addition to having systems in place for high-risk operation control, contractor management, chemical safety management, and safety audits, we also meticulously plan disaster emergency response procedures and conduct regular drills. This ensures that in the event of a disaster, any potential damage or impact on the Company's assets, personnel, society, and the environment can be minimized.</p> <ul style="list-style-type: none"> ● High-risk operation control: Special operation items that may pose risks of injury or property loss in the operations of the facility, equipment department, and contractors are defined as high-risk operations. We monitor and manage such operations rigorously. ● Special protection: Each year, the Company identifies personnel engaged in operations that may have particular health hazards, such as noise, ionizing radiation, lead, hexane, dust, nickel, and their compounds, and creates a managed list of employees working in places with special health hazards related to their work. These employees receive physical and health examinations tailored to the specific hazards in their workplace and the results of these special operation health

			<p>examinations are graded and managed. If anomalies are detected, employees will work with occupational medical specialists, who will assess the results of the examinations by referring to past health examination results and environmental monitoring data, providing appropriate health guidance, and implementing health management measures, including suitable job assignments.</p> <ul style="list-style-type: none"> ● Supplier EHS evaluation: In addition to conducting regular evaluations of suppliers, external contracted operators are also included in the evaluation process.
3.	Establish Occupational Health and Safety Committee and implement effective communication mechanism	<p>The Company complies with legal requirements for the election of labor representatives and the establishment of the Occupational Health and Safety Committee. In addition, we also regularly convene labor-management meetings to discuss the effectiveness and improvement of safety and health-related initiatives at Xintec. These meetings facilitate effective and bi-directional communication between the management team and employees, ultimately enhancing the Company's EHS performance.</p>	<p>We have established a comfortable and safe working environment and promote communication between labor and management. We have an Occupational Health and Safety Committee composed of supervisors, safety personnel, and labor representatives from various levels. This committee holds regular quarterly meetings to collectively make decisions on the planning and operation of the safety and health system. The outcomes and feedback from these meetings are communicated through meeting records, posters, electronic newsletters, and so forth. For contractors, we conduct annual contractor meetings to facilitate outreach, consultation, and communication.</p>
4.	Promotion of safety culture	<p>Through safety culture promotion activities, we aim to strengthen internal safety awareness.</p>	<p>Safety culture is promoted by management representatives and continuously promoted internally. We encourage all employees to actively participate in identifying hazards, reporting them, and suggesting innovative improvements. At the same time, we have established a reward-based system rather than a punitive one, allowing employees to propose improvements independently. Our goal is to internalize safety and health awareness as part of our employees' culture and "DNA", significantly enhancing their safety consciousness.</p>

4.2 Emergency Response

In order to respond correctly and effectively in the event of emergencies or natural disasters, Xintec has implemented a business continuity management standard, which involves comprehensive risk identification, planning, execution, assessment, and continuous improvement. These measures include equipment setup, the development of contingency procedures, enhanced staff training, and practical drills, with the goal of minimizing potential harm to individuals, property damage, and environmental impact resulting from unforeseen events.

According to our disaster emergency response measures, the Company has established a prioritized approach. First and foremost, the Company will ensure the safety of internal personnel and neighboring residents while preventing the spread of environmental contamination. Next, we focus on damage prevention to properties, and lastly, restore our production lines. By executing an emergency response management plan, the Company can minimize the probability and impact of harm to individuals, environmental pollution, and significantly reduce equipment losses, which lowers the difficulty of recovering our production

capabilities.

The Company evaluates the effectiveness of annual emergency response drills conducted in each plant by combining standard drill scenarios with past experiences and simulating various incidents like fires, gas leaks, and chemical spills. Additionally, each unit has completed the preparation of standard manuals for post-disaster Business Continuity Planning (BCP), ensuring an effective response to the impact of emergency incidents on factory operations.

Our solutions include:

- Establishing a permanent Emergency Response Center: the Company has established a permanent Emergency Response Center responsible for immediate reporting and the formation of on-site response teams in the event of abnormal conditions or accidents.
- Establishing a standardized response procedure to strengthen personnel training: the Company conducts thorough risk assessment for all potential accidents that may occur within the plant and formulates emergency response procedures and post-disaster recovery plans. Daily staff training ensures that employees are familiar with procedures for reporting incidents, disaster relief, facility system responses, on-site control, first aid for casualties, and support from disaster response facilities, among other response skills.
- Pooling emergency response resources from various industrial zones and conducting joint exercises with on-site vendors: This includes themed emergency response drills and full-scale evacuation exercises held annually at each factory. The Company also invites contractors to participate in evacuation drills to ensure that the drills align with real-world situations. Additionally, our active participation in the emergency response cooperative system of the Zhongli Industrial Zone enables resources to be mutually supportive in times of crisis.

4.3 Occupational Safety Training

Each year, we develop a safety and health education training plan to enhance the awareness of safety and health among our employees. We provide comprehensive safety training for different categories of individuals, including new employees, existing employees, and external contractors. Training covers various scenarios that individuals may encounter within the plant area and includes fire drills, emergency response training, hazard awareness training, general safety and health education, and environmental safety training. Our goal is to improve the ability of personnel to respond to emergencies and reduce the impact of damage by deepening the awareness, sense of responsibility, and commitment of relevant personnel to safety and health.

To establish a safety culture among all employees and enhance their awareness of safety and health, we have transitioned from passive workplace safety training to a training model of self-management and self-training from the start of employment. We have expanded training at various levels to enhance response capabilities and individual skills, transforming passive training into an active self-management training awareness. Our ultimate goal is to realize 100% safety throughout the entire facility.

All employees will possess basic safety management skills after training and apply what they have learned in practice, including aspects such as "pre-operation safety check", "promotion of improvement proposals and self-management activities", "improvements to the workplace by on-site colleagues", and "implementation of safety management". Through a continuous, rolling review and improvement process, we aim to sustain the enhancement of employee safety awareness and entrench our cultivation of Xintec's safety culture.

At each of our facility, professional operational personnel responsible for specific tasks undergo regular inspections for compliance with licensing requirements related to environmental safety and health regulations. Across seven major environmental safety and health regulatory licenses, our compliance rate is 100% and it ensures that all personnel engaged in operations within our plants operate safely and comply with regulatory requirements

Professional certification/license	No. of certification holder
Occupational safety and health specialist	5
Occupational safety and health personnel	4
Class-1 Manager of occupational health and safety affairs	6
Hazardous operation supervisor (dust/anaerobic/specialized/organic)	69
Specific high-pressure gas equipment operator	7
Occupational health service nurse	3
First-aid personnel	55

● Items of occupational training at our plants

Training type	Training contents	Participants			
		Executives	Management	Regular employees	Contractor
Mandatory training	Government or client-specific required training	V	V	V	V
EHS training	EHS training (environmental protection, occupational safety, health, fire safety, emergency response and so forth)		V	V	
Professional courses	Departmental specialized competency training (operational safety regulations)		V	V	
Hazard communication training	Pre-operation hazard notification training				V

4.4 Supplier Management

In addition to providing relevant trainings mandated by law to our employees, the Company also requires all contractors to undergo contractor occupational safety and health hazard notification training. The purpose of this training is to inform contractors entering our premises about potential hazard risks and the regulations they need to adhere to, thus ensuring that every contractor understands the construction operation standards and the safety and health training requirements for contractors are reinforced before entering our facilities. Not only that, we also duly conduct daily toolbox meetings before construction as a way of fortifying our management quality.

Furthermore, through regular contractor evaluations and a tiered rating system, we are able to effectively manage contractors and reduce management risks. When we identify contractors with poor safety records, Xintec conducts individual communications and guidance to enhance their safety awareness and collectively prevent construction accidents. Contractors who fail to meet our qualification requirements are not allowed to enter our premises. In 2022, Xintec had 2,452 individuals qualified through safety and health qualification review for contractors entering the premises, and no contractors were singled out for guidance due to poor occupational safety and health records.

4.5 EHS Information Exchange

To enhance the exchange of occupational safety and health information, in addition to regularly convening the Occupational Safety and Health Committee

meeting, our internal communications employ various methods to disseminate relevant information to all employees. We also promptly report and address employees' suggestions and feedback.

We aim to establish an inclusive labor-management communication channel that allows all employees to participate, thereby increasing their awareness of and responsibility for safety. We are committed to building an effective and efficient communication and management system to ensure the health and safety of all colleagues and achieve significant improvements.

The Company complies with legal requirements for the election of labor representatives and the establishment of the Occupational Health and Safety Committee. In 2022, we held a total of 12 meetings for the committee to discuss the effectiveness and improvement of safety and health-related initiatives at Xintec. These meetings facilitate effective and bi-directional communication between the management team and employees, ultimately enhancing the Company's EHS performance.

Members of Xintec's Occupational Health and Safety include:

1. Occupational safety and health personnel
2. Supervisors, managers, and commanding personnel from various departments within the Company
3. Engineering and technical personnel related to occupational safety and health
4. Nursing staff involved in health services
5. Labor representatives

No. of labor representatives	9
Total no. of committee members	26
Ratio (note)	35%

Note: Calculated as No. of labor representatives/Total no. of committee members x 100%

4.6 Loss Days and Disabling Injuries

According to our analysis of disabling injuries in 2022, the main work-related incidents included injuries that occurred within the facility and traffic accidents during commuting. To prevent work-related accidents, we continue to promote safety assessments for high-risk operations and implement occupational injury prevention improvement projects in various facilities. At the same time, we have been educating employees and enhancing their safety awareness during their commute in conjunction with a poster campaign. Our goal is to establish a safety culture that becomes a core value, providing a safe and comfortable working environment for our employees.

Based on the statistics, in 2022, we had a total of 22 disabling injury incidents in our facilities in Taiwan (with a total of 264 loss days). Out of these, 10 incidents involved male employees, and 12 incidents involved female employees, with 18 incidents being related to traffic accidents and 4 incidents occurring within our facilities. There were no significant work-related accidents. In 2022, there were no reported cases of occupational accidents or occupational diseases for non-employee workers. In 2022, Xintec's Frequency Severity Index (FSI) came to 0.05, which was lower than the semiconductor manufacturing industry benchmark of 0.12 (data source: Ministry of Labor's website). Significant work-related accidents are defined as cases involving death, accidents causing injuries to three people or more, accidents causing injuries to one person or more that require hospitalization, All other categories of accidents designated and officially announced by the central competent authority.

- Disabling injury statistics at Xintec plants in 2022 (zero incident of occupational illness)

		2022		
1	Total no. of work days	390,308		
2	Total no. of work hours	3,122,464		
		Male	Female	Total
3	No. of occupational sickness leave days	8	1	9
4	No. of sick leave days (including menstrual leave for female employees)	2,74	7,15	9,89
6	Absenteeism rate	0.73	1.86	2.59
7	No. of work-related injuries	3	1	4
8	No. of work-related fatalities	0	0	0
9	No. of loss days	64	8	72
10	Frequency rate of disabling injuries (FR)	2.26	0.56	1.28
11	Severity rate of disabling injuries (SR)	6.01	0.56	2.88

(In response to the occupational accidents that occurred at our plants in 2022, improvements have been made to machine facilities, work environments, and safety equipment requirements)

*Note:

1. Frequency rate of disabling injuries (FR) = No. of disabling injuries X 1,000,000/Total no. of work hours
2. Severity rate of disabling injuries (SR) = No. loss days due to disabling injuries X 1,000,000/Total no. of work hours
3. Absenteeism rate = (Employees' occupational sickness leave + sickness leave + menstrual leave/total no. of work hours) X100%
4. Frequency-Severity Indicator (FSI) = $\sqrt{[(FR \times SR) \div 1000]}$

For all occupational diseases or accidents that occur, we conduct individual case analyses, propose improvement measures, and perform a periodic analysis for units and accident types with a higher frequency of disabling injuries. Departments with relatively higher severity or those with a recurring or cross-unit nature are identified as targets for relevant training and management with a focus on monitoring to reduce the probability of recurrence.

1. In the event of an occupational sickness or accident at the factory, we will refer to the following procedures to reconsider hazard identification and risk assessment: (1) Work arrangement approach, (2) Routine and non-routine activities and circumstances, (3) Past related events, (4) Potential emergency situations, (5) Affected parties, (6) Changes in the occupational health and safety management system and (7) Other issues

2. Risk assessment levels for potential or occurred events are categorized as follows: $R \leq 3$ for mild risk (maintain existing measures), $R = 4-11$ for low acceptability risk (periodic review to confirm the continuity of measures), $R = 12-29$ for moderate acceptability risk (requires planning and control of risk), $R = 30-75$ for high unacceptability risk (needs to review existing operating procedures, continuous monitoring and goal management plans), $R > 75$ for severe unacceptability risk (no operation may start or continue until the risk is reduced, immediate control measures are required)

3. Comprehensive investigation procedures have been established for accidents and abnormal events. We also adhere to regulations that require immediate cessation of operations when there is an immediate danger to personnel in the workplace or while performing their duties, provided it does not endanger the safety of other workers. Immediate evacuation to a safe location and reporting to the immediate supervisor are our top priorities, with personnel safety as our primary consideration and a zero-occupational accident objective.

5. Sustainable Supply Chain Management

Material Topic	Specific control policy	Target for 2022	Assessment mechanism and outcomes for 2022	Status of achievement	Med-/Long-term target	Responsible unit	Corresponding SDGs
Supply chain management	<ul style="list-style-type: none"> ● Implement supplier management to communicate Xintec's quality-related requirements, with the aim of achieving win-win with suppliers. ● Promote a green supply chain, encouraging suppliers to reduce environmental impacts in their operations and products ● Uphold human rights by requiring the supply chain to comply with the Responsible Business Alliance (RBA) Code of Conduct 	<ul style="list-style-type: none"> ● Audit 31 existing suppliers for both direct materials (DM) and indirect materials (IDM) ● Ensure that RoHS reports and REACH investigations for raw materials are in compliance with regulations ● Verify that suppliers' Conflict Minerals Reporting Templates (CMRT) and Extended Minerals Reporting Templates (EMRT) do not contain conflict minerals ● Confirm that RoHS and REACH reports for products, as well as the absence of added halogens (Halogen-free), meet regulatory standards 	<ul style="list-style-type: none"> ● Requested new suppliers to sign a code of ethical business conduct and behavior guideline ● Maintained zero conflict mineral procurement ● Audited 31 existing suppliers for both direct materials (DM) and indirect materials (IDM) ● Conducted an annual sustainability (ESG) self-assessment questionnaire with a 100% response rate, with all suppliers achieving a grade of B or higher 	<ul style="list-style-type: none"> ● Achieved 	<ul style="list-style-type: none"> ● Continue to conduct supplier-corporate social policy surveys, including construction contracting suppliers, with a target response rate of 100% ● Implement a comprehensive supply chain management system, covering aspects such as quality, environment, and social responsibility, in compliance with industry standards ● In accordance with the Xintec's business philosophy, uphold a high degree of professional ethics as integrity and honesty have always been the most important core values in our corporate culture. 	<ul style="list-style-type: none"> ● Supplier evaluation task force ● Ethical business conduct reporting mechanism on our website 	<ul style="list-style-type: none"> ● SDG 8 Employment and Economic Growth ● /SDG 17 Partnerships for the Goals

Xintec regards suppliers as extremely important partners, since suppliers and contractors provide us with the necessary raw materials, products, and services. In our pursuit of sustainable business practices, the Company maintains close cooperation with its suppliers. This collaboration extends beyond a focus on quality and delivery times; it also includes an ongoing commitment to environmental, health and safety, and social responsibility requirements. Through a

win-win cooperative approach, Xintec and its suppliers work together to achieve sustainable operation and growth.

Especially in recent years, the stability and resilience of our supply chain have been severely tested due to the impact of the COVID-19 pandemic. Therefore, the Company places even greater importance on close collaboration with its suppliers to create a win-win and mutually supportive approach to supply chain management. The Company's procurement supplier management standards are based on various international standards such as ISO 9001, ISO 14001, ISO 45001, and RBA. These standards provide a framework for relevant management mechanisms that require suppliers to adhere to specifications in areas including quality, environment, occupational health and safety, and integrity.

On top of that, Xintec has incorporated ESG (Environmental, Social, and Governance) issues into its supplier selection and audit criteria while continuing to strengthen supply chain management to ensure that our partners can better align with customer and societal expectations regarding sustainability and quality stability. This will also help to establish stable and sustainable relationships with our supply chain partners, reducing supply chain risks and leading the entire supply chain to achieve higher levels of development.

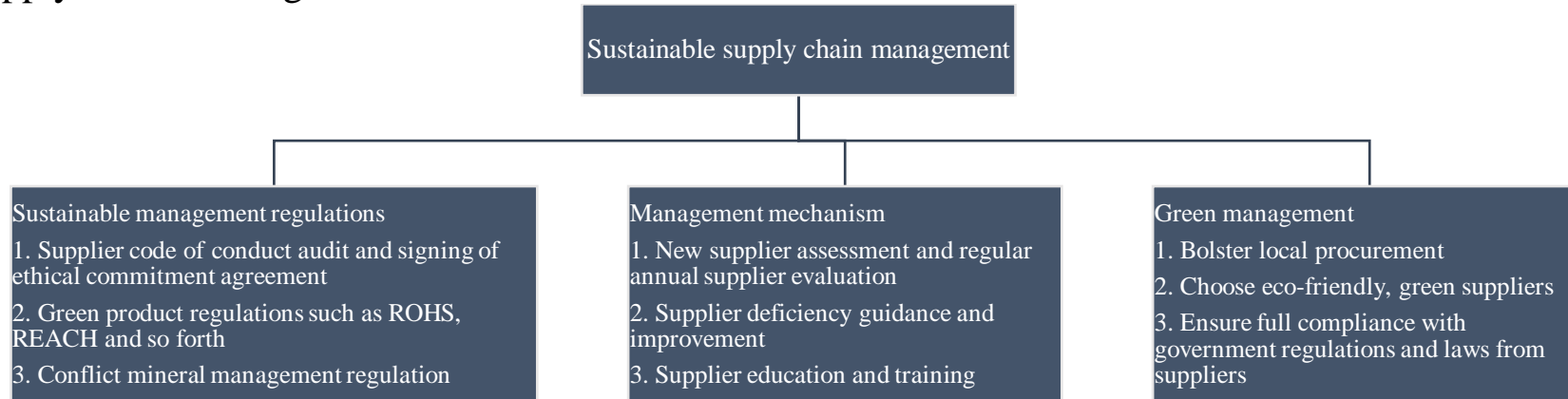
5.1 Supply Chain Type

We are continuing to promote supplier localization, especially in the procurement of direct materials and indirect materials. Our procurement and research and development units prioritize selecting local suppliers in Taiwan, as this not only enables prompt delivery and improved production efficiency but also reduces greenhouse gas emissions resulting from the transportation of raw materials. It also enables Xintec to support the operational development of local businesses and thereby enhance the stable growth of Taiwan's supplier ecosystem, offering more employment opportunities. Currently, among our primary raw material suppliers (Category 2), 80% are local suppliers in Taiwan, surpassing our target of 70%.

Xintec's primary suppliers can be separated into four main types, as follows:

Supplier category	Type description	Products
Category 1	Outsourced processing (raw materials, finished or semi-finished products) or testing	Substrate processing
Category 2	Suppliers for Direct Materials (DM) and Indirect Materials (IDM) within the Bill of Materials (BOM)	Chemicals, target materials, substrates
Category 3	Suppliers providing machinery and equipment, outsourced calibration, and spare parts.	Mechanical maintenance, electrical equipment maintenance and equipment parts
Category 4	Other service-oriented suppliers for facilities and engineering, general affairs, transportation of production tools, and various service providers	Manpower dispatch, occupational safety, environmental protection

5.2 Supply Chain Management and Audit



Suppliers providing products and services directly impact Xintec's operations and may have indirect effects on the Company's risks. And as such, the Company follows international standards such as ISO 9001, ISO 14001, ISO 45001, and RBA to establish internal supplier management standards. Not only that, we also reference international standards like the UN Guiding Principles on Business and Human Rights, the International Labour Organization's Fundamental Principles and Rights at Work, and the Universal Declaration of Human Rights to strengthen our sustainable supply chain management framework. In addition to requiring suppliers to ensure product quality, the Company also demands continuous improvement in areas such as environmental protection, green products, occupational safety, and social responsibility.

Furthermore, Xintec also participates in self-assessment based on the RBA Responsible Business Alliance's Code of Conduct and formulates supplier behavior standards to meet the stringent requirements of the electronics industry regarding responsible business practices. To ensure that our collaborative partners understand Xintec's commitment to ongoing social responsibility and work together on this front, the Company has been conducting surveys, including the "Supplier RBA Self-Assessment Questionnaire" and the "Supply Chain Risk Management Questionnaire" since 2019. For suppliers ranked in the C and D categories, the Company provides 4-8 months of guidance and prepares result reports upon completion. We also continue to track survey results in the following year to ensure that the suppliers fulfill their corporate social responsibility according to our requirements and maintain the stability of raw material supplies. In 2022, the Company conducted surveys related to Supplier Social Responsibility, Environmental, Safety and Health. This is part of a three-year cycle plan, and in the first stage, the response rate for supplier questionnaires was 100%, with no C or D-ranked suppliers requiring guidance. As for our existing suppliers, we have completed the audits for 31 DM & IDM documents.

At present, the questionnaire coverage for raw material/component suppliers has reached 100%, and for other types of suppliers, it has exceeded 80%. We hope to enhance the level of sustainability management in our supply chain by incorporating requirements for corporate sustainable development into procurement contracts. Doing so would not only reduce operational risks in the supply chain but also facilitates optimal partnerships for sustainable growth.

● **Supplier audit and assessment**

To implement the requirements and systems for supplier management, proactive communication with suppliers is vital. This involves conveying the Company's expectations regarding various aspects such as quality, environment, occupational safety, social responsibility, and sustainable operations. In addition, we also maintain continuous communication and coordination with suppliers regarding regulations related to conflict minerals and audit standards to ensure coordination between the Xintec and its suppliers.



Strategy	Action plan and purpose	Behavior/Actions	Performance in recent years
RBA Responsible Business Alliance	<ul style="list-style-type: none"> Implement social responsibility commitments and audits following the RBA Code of Conduct 	<ul style="list-style-type: none"> Suppliers are required to adhere to the RBA Code of Conduct 	<ul style="list-style-type: none"> Xintec's "Supplier Code of Conduct" is made available on its website New suppliers are asked to sign a "Statement of Compliance with the Code of Ethics and Supplier Code of Conduct".
Responsible supply chain actions	<ul style="list-style-type: none"> Ensure our supplier partners have a safe working environment, comply with legal labor relations, and operate in accordance with ethical standards. 	<ul style="list-style-type: none"> Conduct a "Supplier Social Management Assessment Questionnaire" survey. 	<ul style="list-style-type: none"> Completed the annual sustainability (ESG) self-assessment questionnaire for key suppliers with an 88% response rate, with 100% suppliers achieving a A grade.

Green supply chain	<ul style="list-style-type: none"> ● Hazardous substance procurement management ● Conflict mineral management 	<ul style="list-style-type: none"> ● Suppliers provide annual RoHS test reports and REACH survey forms for raw materials. ● Conduct supplier due diligence investigations based on the Responsible Minerals Initiative (RMI) Conflict Minerals Reporting Template (CMRT) / Extended Minerals Reporting Template (EMRT) 	<ul style="list-style-type: none"> ● 100% compliance with RoHS reports and REACH surveys for raw materials. ● 100% compliance with RoHS and REACH test reports for products. ● Completed conflict minerals investigations. ● 100% compliance with gold, tantalum, tungsten, tin, cobalt, and mica metals for raw materials, with no use of conflict minerals
Local sourcing optimization	<ul style="list-style-type: none"> ● Maintain local procurement ratio 	<ul style="list-style-type: none"> ● Maintain domestic procurement ratio 	<ul style="list-style-type: none"> ● Keep our local procurement rate for raw materials above 80%
Business continuity risk management	<ul style="list-style-type: none"> ● Emergency response capabilities ● Risk diversification plan 	<ul style="list-style-type: none"> ● In response to sudden natural disasters or accidents, develop and execute appropriate contingency measures based on "Xintec Business Continuity Plan O.I" to minimize any production disruptions caused by emergencies. ● Avoid reliance on a single supplier. ● Establish measures and mechanisms to mitigate operational risks related to unexpected diseases like COVID-19. 	<ul style="list-style-type: none"> ● In response to sudden natural disasters or accidents, develop and execute appropriate contingency measures based on "Xintec Business Continuity Plan O.I" to minimize any production disruptions caused by emergencies For example, in response to unexpected events like COVID-19, conduct risk assessments based on the source of materials. For materials with "immediate" and "potential" risks, develop and implement appropriate contingency actions. ● Continue to seek alternative second or additional suppliers to prevent supply chain disruptions ● Strengthen health management for both internal and external personnel entering our premises
Supplier audit	<ul style="list-style-type: none"> ● Full implementation of QCDS supplier audit 	<ul style="list-style-type: none"> ● Require suppliers to undergo third-party quality verification ● Enhance supplier audits, including audits related to automotive standards (IATF 16949/VDA 6.3) ● Provide guidance to suppliers for process improvement and quality enhancement 	<ul style="list-style-type: none"> ● Set targets for new and existing suppliers: 100% compliance with ISO 9001 quality system requirements ● Conduct annual audits and assessments based on automotive standards for suppliers providing critical automotive materials; ask suppliers to address any deficiencies to meet the standards ● Provide guidance to department-critical suppliers to meet automotive standards in production and ensure they sign the automotive standards concept and management pledge

● **New supplier assessment**

Xintec has a "New Supplier Review Committee", comprising managers or above from audit, procurement, engineering, and quality control units. The committee conducts regular annual meetings to review and verify the qualifications of suppliers or contractors for the current year's transactions. Before joining the Company's supply chain, suppliers must undergo onsite audits by the review team. They are also required to provide environmental protection certification or sign a commitment to zero environmental pollution and a fire safety commitment. In addition to these requirements, new suppliers must adhere to our Supplier Code of Conduct to meet the stringent criteria for certification by the Responsible Business Alliance (RBA). To ensure that our collaborating partners understand Xintec's commitment to social responsibility and work jointly to fulfill it, all new suppliers must provide "Statement of Compliance with the Code of Ethics and Supplier Code of Conduct".

In 2022, the New Supplier Review Committee held a total of 31 meetings, with 12 new suppliers approved. During these meetings, the financial indicators and professional qualifications of the suppliers were reviewed and evaluated. Approved new suppliers, after the relevant unit's application and endorsement, were granted an official supplier number generated by the ERP system, allowing them to engage in formal transactions with Xintec as qualified suppliers.

- Annual evaluation for existing suppliers

For existing suppliers, the assessment unit will conduct supplier evaluations on a yearly basis. The evaluation primarily focuses on the aspects of Q (Quality), C (Cost), D (Delivery), S (Service), and E (Environmental Management), and the primary direct material suppliers are selected for this evaluation. Based on the annual evaluation results, if a supplier achieves an A-rating for two consecutive years or more, they may be exempted from evaluation in the following year.

In cases where a supplier violates government regulations or exhibits significant anomalies during the audit process, the evaluation unit may conduct sporadic audits to ensure the quality of the Company's procurement. For suppliers with abnormal onsite assessments, they are required to make improvements within a specified timeframe and submit a corrective and preventive action report. After the evaluation unit confirms that the improvements have been completed, cooperation can continue. Otherwise, the supplier will be classified as noncompliant and have their transactions temporarily suspended.

Assessment content and responsible unit

Responsible unit	Assessment content
Procurement unit	The assessment shall include factors such as delivery lead time, pricing and degree of cooperation
Quality assurance unit	The delivery quality assessment, regular verification and documentation related to environmental restricted substances are sent to suppliers as part of their environmental management evaluation
ESH unit	Periodically issue "Supplier Environmental Management Questionnaires" to assess suppliers on ESH and sustainability related items

5.3 Hazardous Substance Procurement Management

To reduce environmental impact, fulfill corporate responsibility towards sustainability, meet stakeholder expectations, and comply with international regulations, Xintec conducts an annual review of its hazardous substance management practices. In addition, the Company also updates its Green Product Hazardous Substance Management Regulations in line with international laws, customer requirements, and environmental trends. Xintec takes steps to implement the management of hazardous substances within its production processes and guides its supply chain to ensure compliance, collectively contributing to the development of a green product supply chain.

During procurement or product design, insist that suppliers provide a "Statement of Non-use of Environmental Restricted Substances" for material and component composition confirmation. This ensures that our raw materials comply with international standards such as the European Union's RoHS and REACH regulations which focus on substances such as lead (Pb), cadmium (Cd), mercury (Hg), hexavalent chromium (Cr6+), specific brominated flame retardants (PBB and PBDE), and phthalates (DEHP, BBP, DBP, DIBP), incorporating these requirements into the scope of control. We endeavor to establish green supply chain management in order to comply with customer specifications, promote environmentally-friendly production, and reduce the environmental impact of our products.

Xintec has also established relevant supplier control regulations, ensuring that materials, components, and packaging supplied by vendors adhere to the Company's procurement standards or customer-specified requirements. By striving to meet global management regulations regarding hazardous substances, we will endeavor to eliminate toxic substances from the manufacturing process, reduce harm to human health and the environment, and protect land, air, and water from pollution.

5.4 Conflict Metal/Mineral Management

In order to fulfill our social responsibility commitments to the Responsible Business Alliance (RBA), the Company has established a "Conflict Metal Management Procedure" and incorporated conflict minerals into the scope of its supplier management. As of the end of 2022, we have completed due diligence investigations on all suppliers regarding non-conflict minerals in raw materials, requiring suppliers to honestly disclose the conflict metal ratios in their products. 100% of our suppliers have met the standard of non-conflict minerals.

By adhering to the principle of avoiding the use of conflict metals/minerals, we provide information on conflict metal investigations and conduct investigations based on the Conflict Minerals Reporting Template (CMRT) and the Extended Minerals Reporting Template (EMRT) provided by the Responsible Minerals Initiative (RMI). This ensures that our supply of metals such as gold, tantalum, tungsten, tin, cobalt, and mica do not originate from conflict areas in or around the Democratic Republic of Congo, thus reducing the impact on local human rights.

6. Innovative R&D

Material Topic	Specific control policy	Target for 2022	Assessment mechanism and outcomes for 2022	Status of achievement	Med-/Long-term target	Responsible unit	Corresponding SDGs
Innovative R&D	<ul style="list-style-type: none"> Actively develop wafer-level packaging and introduce packaging services for automotive, monitoring, and biometric sensor applications Actively engage in the development of high-frequency component-related packaging services to meet the demands of 5G high-frequency communication, automotive connectivity, and IoT applications 	<ul style="list-style-type: none"> Research and develop intermediate processing processes for piezoelectric microelectromechanical devices and the development of single-chip MEMS speakers. Refine our packaging process for image sensors 	<ul style="list-style-type: none"> Conduct design and development project progress meetings to keep track of advanced development processes. Actively develop wafer-level packaging and introduce packaging services for automotive, monitoring, and biometric sensor applications Actively engage in the development of high-frequency component-related packaging services to meet the demands of 5G high-frequency communication, automotive connectivity, and IoT applications 	Achieved	<ul style="list-style-type: none"> Continue to commit to the research and development of advanced technologies and the refinement of manufacturing techniques to meet market demands. Continue to develop wafer-level packaging processes and tailor them to customer requirements, offering packaging services for various sensors Develop new wafer-level packaging technology applications for mobile phones, laptops, personal electronic devices, wearables, automotive surround safety, reverse cameras, security monitoring devices, optical image sensors and so forth. Provide wafer-level packaging testing technology and resources for various microelectromechanical systems, environmental and pressure components, and applications related to 5G high-frequency communication, 	Research & Development	SDG 12 Responsible Consumption and Production

automotive connectivity, IoT, and other applications. Leverage the characteristics of wafer-level packaging in various compact consumer electronics, computers, communication devices, information technology, optical components, and so forth.

- Utilize wafer-level packaging technology to offer packaging services for fingerprint sensors and other biometric sensors to meet the demands of the 3D sensing market.

"Innovation" is one of the core values for Xintec. Incidentally, it also serves as a driving force for our technological growth. Xintec is a leader in professional wafer-level packaging and also the first company to commercialize three-dimensional wafer-level packaging technology. The Company has extended the application of this technology to various market sectors, including consumer electronics, communications, portable computers, and automotive.

Xintec continues to invest in advanced packaging technology, dedicating resources to research and development teams to meet market demands and enhance product effectiveness. In recent years, the Company expanded its capital expenditure and scale for research and innovation to secure its technological edge over competitors. In 2022, our research and development budget reached 4.16% of our total annual revenue, at approximately NT\$ 321, demonstrating the Company's commitment to technological innovation. This not only positions us as a leader in the domestic sector in Taiwan but also puts us ahead in terms of research and development spending of many world-class technology companies.

In the near future, the Company will focus its efforts on the research and development of derivative processes and new processes while continuing to invest in advanced technology research, improving manufacturing techniques, and developing new process modules. We will also extend our cutting technology to multilayer new material lamination and smaller components, mass production of new chemical plating of metals, improvement of glass bonding technology, and laser lift-off technology.

With regards to new processes, Xintec is applying advanced 3D wafer-level stacking, new biometric product applications, and silicon wafer interconnect substrates. These applications will expand from consumer products, automotive, and computers to electronic industries such as monitoring and healthcare. Xintec's wafer-level post passivation layer technology has also extended into products used in the automotive, industrial, medical, and monitoring sectors; GaN

technology plays a crucial role in 5G high-frequency power components, and our GaN wafer-level post passivation interconnection technology is progressing smoothly and is poised to become a significant growth engine when the end markets mature.

On top of that, when it comes to our internal processes, the Company has been researching and innovating to align with the sustainability goals in economic, environmental, and social dimensions, which are important to the general public. The Company emphasizes on the impact on environmental protection, resource management, and human health and safety throughout its product lifecycle and aims to reduce its environmental footprint through more optimized green design, improved process efficiency, and minimizing environmental impact.

A brief description of our new products and efficiency improvement initiatives in 2022 is as follows for various products:

(a) Developed the second generation packaging method for MEMS products. The project has entered the trial production phase after customer testing and this innovation can be applied in areas such as microphones and loudspeakers

(b) Applied the 8-inch TSV (Through-Silicon Via) copper wire technology to the packaging of environmental sensor products

6.1 Xintec’s Leading Wafer-Level Packaging Technology

Xintec is dedicated to providing high-quality semiconductor packaging services to global customers. As the industry's first supplier to mass-produce wafer-level chip scale packaging (WLCSP) technology, and one of the largest capacity providers worldwide, we have years of expertise and experience in the WLCSP field. Through ongoing innovation and research, we focus on developing cutting-edge technologies and invest substantial resources in packaging process technology research. We pay close attention to customer and market needs, and steadily seek growth for our company's growth by rapidly responding to the fast-paced changes in the semiconductor industry.

In our pursuit of advanced packaging process technology development, we not only keep an eye on global trends and developments in the semiconductor industry market but also proactively address worldwide concerns such as climate change and environmental protection. We continually monitor developments in various areas of artificial intelligence, striving to surpass traditional packaging size limits, and providing comprehensive system-level design solutions. We are committed to helping our customers to successfully and rapidly launch products in complex and challenging market environments, enhancing their competitive advantage and securing a leading position in the market.

●List of Xintec’s Technological and R&D Advancement in Current Operations:

Description	
1	TSV (Through-Silicon Via) Packaging Technology: Successfully implemented in CIS (CMOS Image Sensor) product mass production and applied to MEMS related packaging processes, with completed packaging verification for mass production.
2	CIS-CSP Process Improvement Technology: Introduced for automotive camera image packaging products, with completed automotive packaging verification for mass production.
3	Introduced special optical-coating glass for various advanced optical sensors.
4	Developed thick copper process, successfully applied in integrated passive component products and RF component products.
5	Introduced infrared-coating glass and applied it to advanced optical sensor components in mobile phones.
6	Research and development of next-generation improved TSV CSP (Through-Silicon Via Chip Scale Package) wafer-level packaging technology.
7	Development and mass production of ultra-thin sensor component wafer-level packaging technology.
8	Development and mass production of wafer-level packaging technology for fingerprint sensors.
9	Development of 12-inch wafer-level packaging technology, with continuous mass production of various products
10	Completion of the development of a new generation of biometric sensor packaging processes, passing reliability tests and entering mass production.
11	Using core technology to develop Si carrier plate lids for customer-specific IR sensor needs, and completing customer sampling.
12	Continued development of MEMS speaker packaging methods using core TSV technology, with customer testing completed and entering small-scale production.

● Xintec’s wafer-level packaging technology can be further broken down as follows:

Product	Primary purpose	Primary domain of application
Wafer-level chip scale packaging	Image sensors, environmental sensors	Mobile phones, tablets, laptops, cars, medical devices
Wafer-level post passivation interconnection	Fingerprint sensors, motion sensors, MEMS devices, power, analog, and RF components	Mobile phones, tablets, laptops, cars

6.2 Achievements in development in recent years

Year	R&D achievement	Primary function/benefit
2015	Completed the development of AI Wire TSV Process and passed reliability testing	Provide different wire requirements to meet CSP packaging demands
2016	Developed packaging process for ultra-thin sensors	Developed ultra-thin CSP packaging technology for sensor components to address the future trend of thinner smartphones
2017	Completed the development of new biometric sensor packaging process and passed reliability testing	Address applications in smartphones and the financial transaction market
2018	Developed packaging process for RF components	Adapt to future 5G high-frequency applications, such as the automotive and electric vehicle sectors
2019	New 3D sensor packaging process passed reliability testing and entered trial production phase; developed new 5G power component and sent samples to customers	
2020	Improved the biometric sensor packaging process, passed reliability testing and entered trial production phase. Developed MEMS speaker packaging process and submitted samples	Accommodate the demands of the wearable device, automotive, and digital communication markets
2021	Researched the mid-process of piezoelectric MEMS device and developed single-chip MEMS speakers, applicable to Bluetooth earbuds and true wireless Bluetooth earbuds	Utilize the encapsulation molding technology in module houses for automotive imaging modules.
2022	Developed the 2nd-Gen packaging method for MEMS products, passed customer testing and entered the trial production phase Applied 8-inch TSV Copper Wire Technology to packaging of environmental sensors	Apply wire bonding packaging technology in module houses for microphones, speakers, and related fields Products can be used for ambient light sensing in devices like watches and smartphones

6.3 Innovative R&D Achievement and IP Management at Xintec

Xintec places significant emphasis on the strategic importance of intellectual property (IP) in the high-tech industry. Over the years, the Company has dedicated itself to cultivating a strong presence in the field of intellectual property, continually reviewing and enhancing the integrity of its IP management system. In addition, to comply with regulatory governance policies and strengthen its position as an industry leader while safeguarding research and development achievements, the Company has formulated an IP strategy that is aligned with its business objectives. Through its IP management system, the Company aims to create intangible asset value from IP rights. This not only ensures Xintec's operational freedom but also reinforces the critical competitive advantages of its technological products. Furthermore, it also aids the Company and its customers in achieving profitability and sustaining the Company's operational growth.

● IP management system

IP type	Internal management procedure
Patent	IP Rights Protection Management Procedure Bonus Management Procedure
Trademark	Trademark Application and Usage Management Procedure
Trade secret	Confidential Information Protection Policy Confidential Level Change Application Form Confidential Security Authorization Investigation Form Confidential Security Investigation Report Recruitment and Employment Management Procedure Confidentiality Agreement (applicable to all new hires) Departure Procedure Management Regulations

● IP management and operation

IP type	Management	Operation
Patent	Patent mining and proposals	●Combine operational objectives to identify potentially valuable inventions, and provide guidance to inventors for patent applications
	Patent quality enhancement	●Regularly convene patent review meetings
	Patent rewards	●Establish a patent bonus system to encourage innovative research in various departments
	Electronic patent management	●Establish an electronic patent management system
	Patent education and training	●Offer courses on IP rights
Trademark	Regularly review the use and maintenance of approved trademarks	
Trade secret	Promotion of PIP policy	Regularly convene PIP Committee meetings, conduct trainings and audits
	Confidentiality agreements	●Requiring employees to sign individual confidentiality agreements ●Requiring customers, suppliers and collaborating research partners to sign confidentiality agreements

Since its inception and up to the end of 2022, Xintec has secured a total of 740 patents, including 266 Taiwanese patents, 202 Chinese patents, 8 Japanese patents, 1 German patent, and 263 US patents. In 2022, the Company obtained an additional 17 patents, comprising 3 Taiwanese patents, 4 Chinese patents, 9 US patents, and 1 Japanese patent.

Furthermore, the Company continues to pursue patent applications for various advanced packaging technologies, encompassing structural designs and manufacturing methods. Xintec remains committed to the protection and management of its intellectual property. By obtaining patent protections in multiple countries, the Company safeguards its IP rights, significantly enhancing its competitive edge in research and development, thus maintaining a leading position in the market.

7. Environmental Protection

Material Topic	Specific control policy	Target for 2022	Assessment mechanism and outcomes for 2022	Status of achievement	Med-/Long-term target	Responsible unit	Corresponding SDGs
Environmental management and climate change	<ul style="list-style-type: none"> To protect the environment, implement and adhere to the ISO 14001 Environmental Management and ISO 50001 Energy Management Systems; focus on key environmental considerations and regulatory requirements, ensuring the proper execution of environmental management standards and continuously improving energy consumption at our facilities to achieve energy savings and carbon reduction. In response to TCFD, analyze and improve our operations to address the impact of climate change. Consistently enhance our environmental systems and culture at our facilities and conduct an annual GHG inventory. 	<ul style="list-style-type: none"> Compile monthly statistics on water resource recycling data Compile monthly statistics on waste disposal data Continue to undergo external verification for ISO 14001/14064-1 Obtain ISO 50001 Energy Management certification Continue to improve resource utilization and recycling rates 	<ul style="list-style-type: none"> Our daily water recycling volume reached 3,081 tons, with a process water recycling rate exceeding 67% Our waste reduction rate came to 10.37% Water consumption per wafer has decreased from 3.3 cubic meters to 1.93 cubic meters per wafer. Our FAB3 obtained ISO 50001 certification in 2022 	Achieved	<ul style="list-style-type: none"> At the operational level of its environmental management system, Xintec not only complies with legal and regulatory requirements but also conducts environmental assessments based on a lifecycle perspective. The Company's internal processes adhere to various pollution prevention standards and measures, actively reducing their environmental impact. The Company evaluates the opportunities and risks that climate change may bring to its operations. Climate change factors are incorporated into the strategic planning and decision-making processes. Xintec actively promotes green manufacturing processes and various environmental protection, energy efficiency, and carbon reduction measures. Not only that, the Company also assesses green energy procurement, enhances 	<ul style="list-style-type: none"> Occupational Health and Safety Committee Employee suggestion mailbox 	<ul style="list-style-type: none"> SDG 7 Affordable and Clean Energy SDG 12 Responsible Consumption and Production SDG 13 Climate Action

the installation rate of emission reduction equipment, annually replaces energy-efficient equipment, and establishes various energy-saving standards within the facility. These efforts cultivate an awareness of energy conservation and carbon reduction among our staff with the goal of reducing the total emissions of greenhouse gases to mitigate the operational impact of climate change

As Xintec continues to expand its business operations, the Company places a significant emphasis on contemporary societal concerns such as climate change and environmental protection. "Environmental conservation" is prioritized as one of our critical management initiatives and by assuming more significant social and environmental responsibilities, the Company ensures sustainable production, with a commitment to leaving the best possible living environment for all future generations.

The Company engages in long-term advocacy for environmental protection and energy conservation. This commitment aims to mitigate the effects of global warming caused by greenhouse gases and alleviate the environmental impacts of our manufacturing process. Xintec continues to enhance its processes through process optimization, green materials, increased recycling rates, the construction of green facilities, and the implementation of eco-friendly processes to prevent or reduce environmental risks and meet stringent environmental management system standards. We adopt standards that exceed pertinent regulations in addressing the environmental impacts of energy, resources, emissions, and waste throughout all operational processes. In addition, the Company establishes annual improvement objectives, assesses sustainability performance, and responsibly practices green production to enhance the natural environment, improve energy and resource efficiency, and significantly reduce its impact on the Earth's environment.

The Company routinely complies with evolving environmental, safety, and health regulations and enhances its impact assessments. In 2022, there were no significant events involving pollution or violations of environmental laws and regulations that resulted in fines. Looking ahead, we are committed to adhering to regulations, continuous improvement, energy conservation, carbon reduction, green research and development, and strengthened communication. The Company will work diligently to implement environmental management, focusing on improving air quality, water management, waste reduction, hazardous substances, and green initiatives both within and outside our facilities to establish Xintec as an industry benchmark for environmental responsibility.

7.1 Implementing Environment Management System

Xintec is firmly committed to implementing its corporate environmental sustainability policy pledge by continuing to promote environmental sustainability in its operations, enhances resource recycling, and takes green operations and low-carbon production as strategic directions for achieving environmental sustainability in the future. We are making conscious efforts to address issues of societal concern, such as climate change, energy management, water resource management, and waste handling with the aim to reduce the environmental impact of our production and ensure the effective execution of our environmental management system.

For over a decade, the Company has implemented the ISO 14001 environmental management system and regularly undergoes reviews by verification organizations. These reviews confirm the performance of the Company's environmental management processes, ensuring compliance with essential environmental considerations and relevant regulatory requirements.

We periodically discuss our environmental management goals and plans for the new year. we actively seek to minimize our impact on the environment, continuously improve environmental systems on our premises, and promote environmental awareness among our staff. The Company has made an ongoing commitment to improvement and hazard prevention, aligning with the policy of sustainable environmental development. On top of that, in order to improve our resource efficiency, the Company has established an Environmental and Safety Department and cross-departmental energy conservation and carbon reduction teams. In keeping with international trends, Xintec has implemented an ISO 50001 energy management system in 2022, and is making efforts to reduce energy consumption, enhance energy efficiency, and proactively respond to global trends for carbon neutrality. In recognition of our efforts, the Company was awarded the Bronze Medal at the 4th National Corporate Environmental Protection Awards by the Environmental Protection Administration of the Executive Yuan in 2022. We will continue to promote relevant initiatives in environmental protection in the future as our way to fulfill our corporate social responsibilities.

Xintec's ESH management policy:

- (1) Comply with regulations and meet relevant government and customer requirements
- (2) Strengthen resource reuse, recycling, and pollution prevention and control measures
- (3) Guided by the spirit of risk management, we continue to implement improvement measures to prevent foreseeable hazards and control losses, thereby ensuring employee safety and health by creating an ideal and safe working environment.
- (4) Increase the awareness, responsibility, and commitment of all employees towards environmental protection and safety.
- (5) Focus on global environmental issues and trends, enhance green environmental responsibility, provide green products, and construct a green supply chain
- (6) Establish effective communication and consultation channels, strengthen interactions with employees, suppliers, contractors, outsource service providers, and customers so that we can work together to improve our EHS performance.

- **Environmental Management Objective 123 Initiative**

Since 2016, the Company has been implementing an annual environmental objective management project called the "123 Initiative". This project involves various departments within the plant proposing improvement plans to enhance environmental facilities and systems in order to achieve quantifiable environmental management objectives, including a 1% reduction in energy consumption, a 2% reduction in waste production, and a 3% reduction in water usage each year as we gradually reduce energy consumption at our plants.



At present, the Company continues to invest in various improvement measures, including:

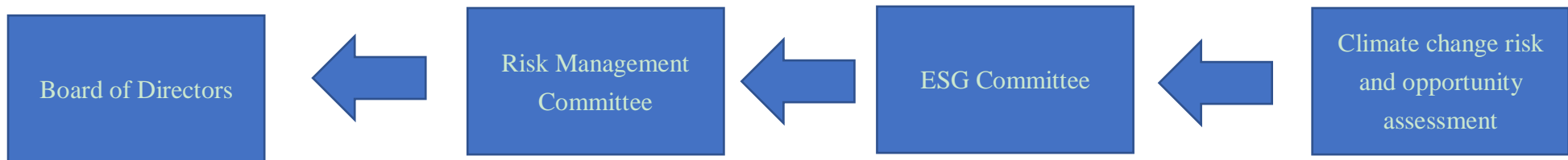
- Enhancements and upgrades to air compressors and air conditioning equipment to improve energy efficiency.
- Improvements to the plant's wastewater recycling system to increase water resource recycling rates.
- Evaluations to increase the recyclable concentration of waste solvents and establish dedicated recycling processes for high-concentration waste solvents.

7.2 Climate Change Risk Management

Xintec recognizes that climate change and related environmental risks are significant global issues that must be addressed. Given the nature of our industry, the substantial consumption of energy resources in our production processes leads to greenhouse gas emissions, contributing to the global greenhouse effect. To ensure that the global temperature increase does not exceed the 2°C target, we must prudently address the opportunities and risks climate change poses to the Company's capacity expansion and market opportunities as they may seriously threaten the continuity of our operations and production. In response to the impact of climate change on operational risks, Xintec will continue to strengthen climate change adaptation and governance measures by perceiving climate change as our most pressing issue at present.

In recent years, the Company has established a GHG Management Task Force, with the Risk Management Committee at its core. The task force comprises senior executives and representatives from various departments and following the guidelines outlined in the "Task Force on Climate-Related Financial Disclosures (TCFD)" recommendations, it identifies and assesses potential climate change-related risks, opportunities, and financial impacts within the Company's operations. Information is disclosed under the four categories of governance, policy, risk management, and indicators and targets. The task force would prepare a matrix of significant risks and opportunities, and based on this analysis, develop strategies for risk management. These strategies are discussed with the Board of Directors or senior management for action on addressing climate change.

The Board of Directors is responsible for assisting in the formulation of action plans and short-, medium-, and long-term objectives for addressing significant climate change risks and opportunities. Regular reviews and reporting on the progress of these actions take place during board meetings to achieve the goals of climate governance and management.



● Xintec’s TCFD framework and actual actions

Core factor	Contents	Xintec’s actual actions
Governance	Disclosure of Xintec’s governance of climate-related risks and opportunities	<ul style="list-style-type: none"> ● Incorporate climate change issues into the Company’s comprehensive risk management framework, with the Risk Management Committee appointed by the Board of Directors providing regular reports on climate change-related issues to the Board of Directors. ● Improve production processes and innovate product and process structures in response to ESG and other relevant environmental issues. ● The Board of Directors will continue to monitor trends related to climate change issues, establish relevant operational goals and plans, and conduct regular reviews and improvements.
Strategy	Disclosing actual and potential climate-related impacts on the Company’s business, strategy, and financial planning	<ul style="list-style-type: none"> ● Identify short, medium, and long-term climate-related risks and opportunities facing the Company; analyze industry climate change risks, strengthen the Company’s resilience, and improve its financial structure. ● Introduce and plan the adoption of the Task Force on Climate-Related Financial Disclosures (TCFD) framework as required by government agencies. ● Continue to develop and optimize voluntary energy-saving and water-saving measures, gradually replace them with energy-efficient equipment, and obtain ISO 50001 Energy Management System certification in 2022 to achieve optimal energy usage. In terms of direct emissions, comprehensive installation of tail gas reduction equipment shall be included in procurement specifications. ● Identify and formulate emergency response plans related to climate change, conduct response drills for potential climate emergencies, and regularly review and continuously improve response actions. ● Various business units and company departments assess the potential benefits of opportunities, seek opportunities in the market, products/services, resource efficiency, etc., develop new businesses and services, and integrate them into the Company’s operational processes through short, medium, and long-term project plans.
Risk management	Disclosing how the organization identifies, assesses, and manages climate-related risks	<ul style="list-style-type: none"> ● Each functional unit, in addition to following the risk management policy approved by the Board of Directors, integrates the risk management steps into the operational management process in conjunction with the climate action mechanisms established in the plant (various ISO management systems). ● Strengthen the risk and opportunity identification capabilities of various departments at Xintec and enhance internal awareness of climate change risks. ● Establish risk assessment procedures for identification, measurement, monitoring, and reporting, as well as managing high-risk climate issues.
Indicators and targets	Disclosing indicators and targets used to assess and manage climate-related topics of materiality	<ul style="list-style-type: none"> ● The Risk Management Committee annually formulates relevant risk and opportunity indicators and plans based on the results of the Company’s environmental policy and risk management process. ● Greenhouse gas inventory indicators, external verification, and disclosure of greenhouse gas carbon emissions (Scope 1 and Scope 2). ● Reduction in onsite waste, increase in water resource recovery rates, and reduce onsite electricity density rates. ● The Risk Management Committee annually formulates relevant risk and opportunity indicators and plans based on the results of the Company’s environmental policy and risk management process. ● The Company discloses its major greenhouse gas emissions data annually in its ESG report and is committed to reducing Xintec’s emissions density to achieve low-carbon service goals.

● Climate change risks and opportunities identified by Xintec

Xintec uses the IPCC's RCP 4.5 and 8.5 scenarios as references when identifying the risks and opportunities associated with climate change. Based on these scenarios, the Company conducts analyses to assess potential climate-related impacts on various aspects of its business, operational strategies, finances, and investments under different climate scenarios.

The Risk Management Committee convenes various departments to discuss and evaluate the impacts of climate change on their respective business areas while actively identifying risks and opportunities and assessing their potential effects on finances, business operations, and strategies. By combining probabilities, the committee is able to identify significant climate-related risks and opportunities the Company faces.

The Risk Management Committee then formulates comprehensive and long-term response policies and action plans to effectively control and improve climate-related risks and opportunities. Regular monitoring of the implementation effectiveness is carried out to ensure that the Company can respond appropriately to climate change and achieve its climate governance and management goals.

● Climate change risks and opportunities identified by Xintec in 2022

Climate change risk				
Category	Item		Impact on Xintec	Measures in response to risk impact
Physical risk	Immediate	Extreme climate	<ul style="list-style-type: none"> ● In recent years, the increasing frequency of extreme weather events caused by climate change has led to our plants being affected by such events, resulting in damage to building facilities, equipment, information security, transportation, and personnel safety, potentially causing operational disruptions ● Potential impairment of investment targets resulting in asset losses. 	<ul style="list-style-type: none"> ● Incorporating physical risks stemming from climate change into the Company's risk management committee's key agenda. We also regular assessments of environmental risks at various operational locations and with major customers, and establish and enforce a risk management mechanism ● Business units are planning Business Continuity Plans (BCP) for risk management, while facility management units at the factory level are establishing emergency response mechanisms to enhance disaster preparedness and ensure the Company's continued operations ● Evaluate supplier risk levels, continue seeking alternative suppliers for raw materials, and ensuring the uninterrupted progress of production activities and shipments ● When establishing new operational sites, the Company will take extreme weather factors as a location consideration; for existing operational sites or assets, a comprehensive review of physical conditions is conducted to make improvements, enhance personnel awareness, and strengthen the installation of facilities such as floodgates and uninterruptible power systems to ensure
	Immediate	Torrential rains or typhoon	<ul style="list-style-type: none"> ● Equipment damage within the Company, leading to operational disruptions and property losses 	
	Immediate	Extreme temperatures	<ul style="list-style-type: none"> ● Damage to machinery and equipment from flooding, affecting production and increasing repair costs ● Implementation of water supply restrictions in response to water shortages, which could lead to inadequate water supply for production. If supplemental water sources like water trucks are needed, it will increase operational costs ● Possible damage or collapse of outdoor facilities, impacting production and incurring additional maintenance costs 	

	Long-term	The ongoing increase in global average temperatures.	<ul style="list-style-type: none"> ● The ongoing increase in global average temperatures ● Growing discussions and actions related to carbon emissions reduction 	<p>uninterrupted operations</p> <ul style="list-style-type: none"> ● The Company keeps a close eye on water conditions in northern Taiwan, proactively establishing water replenishment mechanisms, and optimizing water usage and recovery in the product manufacturing process ● Continue to implement energy conservation measures at our plants ● Follow-up and stay updated on regulatory requirements; purchase green energy certifications to reduce GHG emission. Xintec is planning to engage in carbon trading in 2023
		Growing discussions and actions related to carbon emissions reduction	<ul style="list-style-type: none"> ● Rising electricity demand and potential power shortages due to Taipower's insufficient reserve capacity, leading to anticipated and unanticipated power restrictions or voltage drops that impact production. ● Higher costs associated with green energy will drive up our operational expenses 	
Transitional risk	Policy and regulation	International conventions and regulations	<ul style="list-style-type: none"> ● Compliance with greenhouse gas emission regulations, carbon taxes relevant fees would raise our operating costs ● The requirement to purchase a 10% green energy due to governmental policy would leading to increased operating expenses ● Adhere to norms and regulations related to international agreements such as TCFD disclosure requirements would necessitate the development of climate risk management and response strategies for the Company 	<ul style="list-style-type: none"> ● Respond to climate-related risks and develop response plans in accordance with TCFD guidelines; integrate this information into performance objectives and regularly reviewing and improving these measures ● Design and develop environmentally friendly processes and products that align with environmental management issues, thereby addressing protection and societal expectations ● Line C obtained ISO 50001 Energy Management System certification in 2022 ● Continue to improvement ISO 14064-1 Greenhouse Gas Inventory Management Operations ● Continue to promote efforts to install emission reduction equipment ● Setting carbon reduction goals: Commit to achieving net-zero emissions by 2050
	Policy and regulation	Updates to national laws and regulations	<ul style="list-style-type: none"> ● Adapting to the development of environmental laws and policies in Taiwan, which includes the country's nationally determined contributions and the target of having renewable energy account for over 20% of energy generation by 2025 	
	Technology	Demand for low-carbon products and services	<ul style="list-style-type: none"> ● The need to allocate significant investments to develop and invest in low-carbon products and services, altering existing operational processes and possibly causing adaptation challenges ● The difficulty in retrofitting existing facilities with carbon reduction equipment due to space limitations 	
	Market	Customer demand for carbon neutrality	<ul style="list-style-type: none"> ● Potential loss of customers if the Company cannot meet their expectations 	
			<ul style="list-style-type: none"> ● Complete regular inventories of greenhouse gas emissions to establish carbon reduction plans ● Stay informed about government policies and advancements in carbon reduction technologies ● Implement Scope 3 GHG inventory to transparently disclose the 	

				Company's carbon reduction performance, thereby enhancing its corporate image <ul style="list-style-type: none"> ● Participate in national competitions related to safety, health, and environmental protection
	Reputation	Impact on reputation due to failure to comply with international climate actions	<ul style="list-style-type: none"> ● The impact on the Company's reputation and, consequently, sales if stakeholder expectations are not met 	<ul style="list-style-type: none"> ● Transparently disclose energy-saving and carbon reduction performance to enhance the Company's corporate image ● Participate in national competitions related to safety, health, and environmental protection

Climate change opportunities

Category	Item		Opportunity for Xintec
Opportunities	Resource efficiency	Promote energy-saving measures to enhance energy efficiency.	<ul style="list-style-type: none"> ● Through the use of energy monitoring systems and data analysis, we are able to adjust the efficiency of energy-consuming equipment at our production facilities, thereby reducing energy consumption. ● Continue to implement energy-saving, carbon reduction, water conservation, and waste reduction management programs at our facilities to reduce our overall resource consumption
		Implement resource recycling/reuse.	

● Indicators and targets

Xintec's future business strategy is centered around low-carbon production, actively establishing a low-carbon operational environment to respond to the international and societal calls for carbon reduction. The Company intends to continue promoting the integration of environmental management systems such as ISO 50001, ISO 14064-1, and ISO 14001, guiding the entire industry towards a low-carbon transformation.

We are also committed to accelerating the green transformation of the entire semiconductor technology industry chain, strengthening social sustainability investments and sustainable development by becoming a key driver of social sustainability development, as we work towards the shared ultimate goal of mitigating global warming.

■ Xintec's short-/medium-/long-term indicators

Strategic promotion			Intermediate objectives	
			2030	2050
1	Energy efficiency improvement	Improve energy efficiency by reducing energy consumption	Improve energy efficiency by 20%	Improve energy efficiency by an additional 20%
2	Use green power	Use power from renewable energy sources (primarily from solar and wind power)	Increase our ratio of green power consumption to at least 25%	Increase our ratio of green power consumption to 100%

3	Fluorinated gas reduction	Installing processing equipment Local/Central Scrubber	Achieve 85% for processing equipment installation rate	Achieve 100% for processing equipment installation rate
4	Carbon reduction technology	Carbon capture and storage (CCS)/carbon credit purchasing	CCS technology development/establishment of carbon credit mechanism	Demo construction/Scaled-up adoption

● GHG emission management

Every year, the Company follows the guidelines of ISO 14064-1 and greenhouse gas inventory protocols from various national and international organizations. We have also established an annual GHG inventory system for all emission sources within our Zhongli plant, which has been verified by third-party external verification bodies, thereby obtaining ISO 14064-1 certification.

Our annual greenhouse gas inventory system follows the ISO 14064-1 standard and guidelines provided by national and international organizations. We establish an inventory mechanism for all greenhouse gas emission sources at our Zhongli plant and undergo third-party external verification, culminating in the issuance of an ISO 14064-1 verification statement. In our greenhouse gas inventory report, we account for various types of greenhouse gases, including carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆), and nitrogen trifluoride (NF₃). Most of the emissions come from direct sources such as process emissions and stationary/mobile fuel combustion (Scope 1), while indirect emissions are attributed to electricity consumption. For other indirect emissions (Scope 3), as data collection has proven to be challenging, we have adopted a qualitative approach instead.

In 2022, Xintec achieved an emissions intensity of 19.15 metric tons of CO₂ equivalent per NT\$ 1 million in revenue. The reduction in direct greenhouse gas emissions was due to lower capacity utilization and the installation of emission reduction equipment on certain machines, which led to a decrease in PFCs and SF₆ emissions. The installation of emission reduction equipment contributed to a reduction of 5,163 metric tons of CO₂ equivalent emissions. As for indirect emissions, various energy-saving measures resulted in a decrease of 14.93 million kWh in electricity consumption, leading to a reduction of 7,599 metric tons of CO₂ equivalent in emissions.

By comprehensively understanding Xintec's greenhouse gas emissions and taking relevant measures to mitigate potential emissions risks, we are progressively improving our processes and system operations. This not only reduces our financial costs but also minimizes the impact of extreme weather conditions. We have also established annual greenhouse gas reduction and energy resource efficiency improvement targets for the entire company and each department, integrating them into our daily operational management, thus enhancing our environmental performance and mitigating our impact on the environment.

● Statistics of Xintec’s GHG emission in the past three years:

	2020	2021	2022
Direct emission - Scope 1 (metric ton CO ₂ e)	76,224	73,392	55,077
Indirect emission - Scope 2 (metric ton CO ₂ e)	83,983	99,187	92,965
Total	160,207	172,579	148,042

Note:

- The energy factor is taken from information published by the Energy Bureau of the Ministry of Economic Affairs.
- Terminologies:
Scope 1: refers to direct greenhouse gas emissions from sources that are owned or controlled by an organization/ Scope 2: indirect energy emissions that result from the generation of electricity, heat, or steam purchased or acquired by an organization
Scope 3: refers to other indirect emissions that result from an organization's activities
- The greenhouse gas inventory is compiled based on "operational control" using the "emission factor method". The emission factors are taken from the latest coefficient table featured in "Greenhouse Gas Emission Coefficient Management Table Version 6.0.4", published by the national greenhouse gas registration platform. All emission sources within the boundary of Xintec have been accounted for, and relevant calculations are based on latest the "Greenhouse Gas Inventory Registration Form 3.0.0," according to the data published by the national greenhouse gas registration platform on July 10, 2017. After calculating emissions for various greenhouse gases from all sources, we referred to "Greenhouse Gas Emission Coefficient Management Table Version 6.0.4" for the global warming potentials for various greenhouse gases as outlined in the 2007 IPCC Fourth Assessment Report (Note: For greenhouse gases not covered in the Fourth Assessment Report, data from the Fifth Assessment Report is used instead). The results are then converted into carbon dioxide equivalent (CO₂e) values, measured in metric tons per year.
- Our Zhongli Plant and Zhongli 2nd Plant conducted their greenhouse gas emissions inventory in compliance with legal regulations, and we chose 2015 as the base year for calculation. However, for Line C, which has been added as a source of greenhouse gas emissions in 2020, we have chosen 2020 to be its base year.
- Xintec obtained its 2022 GHG verification statement in June 2023

● Calculation of energy intensity based on energy consumption per unit of revenue in NT\$:

	Power consumption (kWh)	MJ	Revenue (NT\$ 1 million)	Energy intensity (MJ/NT\$ 1 million of revenue)	Comparison to the previous year
2020	162,583,215	585.299	7,277	0.0804	+7.1%
2021	194,668,998	700.808	7,667	0.0914	+13.6
2022	179,743,320	647.075	7,731	0.0837	- 8.4%

In 2022, our reduction in power consumption due to energy-saving measures came to 8.66 million kWh, which is equivalent to 31.18 MJ

7.3 Waste Management

We are committed to source management to reduce waste generation and ensure that the waste generated in our operational processes complies with environmental, regulatory, and safety handling standards with the hope of minimizing our impact on the environment. At present, we have been diligently managing the waste generated in our operational processes in compliance with legal requirements. All waste generated in our facilities has been properly entrusted to qualified waste disposal companies for subsequent appropriate handling and reported in accordance with government regulations. Within the constraints of technology and cost, we have diligently implemented waste reduction and resource recycling mechanisms, such as reusing trays and packaging materials, as well as ensuring the proper recycling and treatment of waste liquids from processes such as electroplating. Our goal is to reduce waste generation during the production process and improve the recycling and reuse of sustainable resources to achieve effective waste reduction goals.

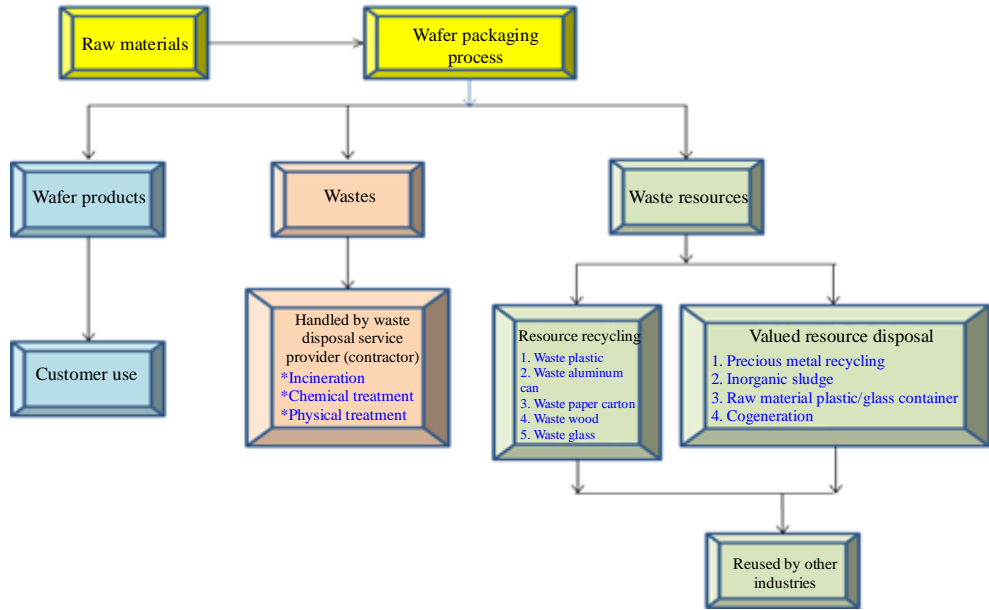
In 2022, despite the continuous increase in our production capacity, our overall business waste decreased by 10.37% compared to 2021, reflecting our actual green performance in waste reduction and enhanced recycling and reuse. In 2022, Xintec generated a total of 1,124.94 tons of business waste, including 573.1 tons of hazardous business waste and 551.84 metric tons of general business waste.

Apart from our own waste management, we have also been conducting annual onsite/written audits of outsourced waste removal and disposal vendors in accordance with our supplier management standards. The audits include detailed inspections of the vendor's site control, waste storage area management, waste treatment equipment and pollution control facility operation, as well as onsite operational safety, to ensure that waste disposal vendors comply with legal requirements and contractual specifications for proper handling.

Statistics of Xintec's business wastes									
Type	Hazardous				General				Total volume
Method of intermediate treatment	Incineration	Thermal treatment	Chemical treatment	Physical treatment	Chemical treatment	Physical treatment	Incineration	Thermal treatment	
2020	338.25	14.57	136.56	457.43	0	253.78	150.07	33.58	1,384.23
2021	328.27	10.64	121.36	345.34	1.95	196.98	146.41	104.11	1,255.06
2022	231.00	0.00	91.84	250.26	1.92	294.38	138.04	117.50	1124.94

Unit/Tons

Xintec's Up/mid/downstream suppliers, investments, operations and productions



EPA waste code	Names of wastes from Xintec	Disposal method	Method of intermediate treatment	Final disposal method
D-1503	Non-hazardous waste acid	Transferred for treatment	Chemical treatment	Recycled
C-0201 (waste plastic can)	Waste liquid with pH value greater than (or equal to) 12.5		Physical treatment	Recycled
C-0202 (waste plastic can)	Waste liquid with pH value smaller than (or equal) to 2.0		Physical treatment	Recycled
C-0301 (waste plastic can)	Waste liquid with a flash point of less than 60°C (excluding alcoholic waste with an ethanol volume concentration under 24%)		Physical treatment	Recycled
C-0301 (waste glass can)	Waste liquid with a flash point of less than 60°C (excluding alcoholic waste with an ethanol volume concentration under 24%)		Physical treatment	Recycled
D-0902	Inorganic sludge		Physical treatment	Recycled
C-0301	Waste liquid with a flash point of less than 60°C (excluding alcoholic waste with an ethanol volume concentration under 24%)		Physical treatment	Resource products
C-0301	Waste liquid with a flash point of less than 60°C (excluding alcoholic waste with an ethanol volume concentration under 24%)		Incineration	Ash landfill disposal
D-1801	General wastes produced by business activities		Incineration	Ash landfill disposal
C-0399	Other flammable business waste mixtures		Incineration	Ash landfill disposal
C-0299	Other corrosive business waste mixtures		Incineration	Ash landfill disposal
C-0172	Waste lighting sources (lamps, bulbs) containing mercury (not classified as announced recyclable waste), with a dry weight mercury concentration of less than 260 milligrams per kilogram		Physical treatment	Recycled
R-category wastes	General resource recycling items		Resource recycling	

7.4 Water Resource Management

Faced with the challenges of global climate change and limited water resources in Taiwan, Xintec has been committed to improving the efficiency of water resource usage and wastewater recovery and treatment. This is achieved through process machine enhancements and process optimization to reduce wastewater generation. In addition, we continue to invest in human resources and equipment towards the enhancement of wastewater recovery systems efficiency, reducing our dependence on water resources and enhancing manufacturing efficiency.

At present, our wastewater treatment facilities are equipped with automated processes and real-time precision monitoring to ensure compliance with regulatory requirements. We have also established water quality standards that exceed government discharge water quality standards. The Company conducts regular water quality testing and control to ensure that only qualified wastewater is discharged.

The Company draws its water from Shimen Reservoir, which is not in a water-stressed area. Furthermore, we have been actively participating in the Industrial Bureau of the Ministry of Economic Affairs' "Industrial Water Efficiency Improvement Program". Since 2012, we have invested significant funds and human resources to monitor and improve process water usage through data analysis and collaboration with research and development units. This allows us to effectively utilize water resources, reduce consumption, lower environmental impact and pollution while establishing a sophisticated wastewater recovery and management system. This system has significantly increased our recycling rate of water resources, reducing Xintec's water consumption and dependence. In 2022, despite continued revenue growth, we were able to save 14.97% (approximately 188,000 tons) of tap water usage, achieving the highest water conservation rate in recent years.

Moreover, by increasing water recovery rates, we were able to recover an average of over 3,082 tons of water per day in 2022, with an average process water recovery rate (RT) of 67%. This is indicative of Xintec's commitment to continuous improvement and reducing its impact on the nearby ecological environment.

In the future, we will continue to reduce the consumption of various forms of energy and resources required per unit of product, enhance production efficiency, and reduce our environmental impact. Our goal is to achieve a 3% reduction in total plant water usage each year.

	2020	2021	2022	Difference compared to the previous year	Variance rate compared to the previous year (%)
Tap water usage (megaliters/yr)	1,361.194	1,260.487	1,071.842	-188,645	-14.97%
Well water usage (megaliters/yr)	14.283	47.377	61.003	13,626	28.76%
Total water usage (megaliters/yr)	1,375.477	1,307.864	1,132.845	-175,019	-13.38%
Reclaimed water (megaliters/yr)	1,470.929	1,323.231	1,124.935	-198,296	-14.99%
Wastewater (megaliters/yr)	1,293.407	1,004.460	914.588	-89,872	-8.95%

- The water-saving measures implemented at our facilities in 2022 are as follows:
Line A/B: QDR (Quick Down Rinse) allocation optimization.
Line C: Installation of rainwater harvesting and reuse facility.
Line C: GWR reclamation system optimization and wastewater recycling.

- Xintec's six major water-saving measures
 - Improving water usage efficiency for all process machinery in the entire plant area to reduce water consumption.
 - Implementing segregation and improvement measures for process machinery drainage, with the design of segregation for 23 types of liquid waste, and proper routing for disposal based on the chemical condition.
 - Designing drainage pipelines for process equipment Quick Down Rinse (QDR) water tanks, equipped with pneumatic valves to facilitate segregation of high and low concentration wastewater for recycling.
 - Installing ten wastewater recycling systems with an investment of over NT\$150 million for the recovery of seven different types of process wastewater, reducing water consumption per wafer from 3.3 cubic meters to 1.93 cubic meters per wafer.
 - Adjusting the usage of cooling towers and scrubbers to save secondary water
 - Conserving domestic water usage by installing water-saving devices based on actual employee usage., reducing water consumption.

7.5 Hazardous Substance Management

Xintec prioritizes environmental sustainability and responsibility. We adhere to international regulatory requirements and have maintained our GREEN PARTNER certification from SONY for an extended period. Each year, we review our hazardous substance management practices and regularly update our guidelines for managing hazardous substances in green products. We rigorously control the use of hazardous substances in our production processes and provide guidance to partners within our supply chain, working collaboratively to create a green product supply chain aimed at reducing our impact on the environment and ecosystems.

During the procurement and product design phases, we have included substances such as lead (Pb), cadmium (Cd), mercury (Hg), hexavalent chromium (Cr6+), specific brominated flame retardants (PBB and PBDE), and phthalates (DEHP, BBP, DBP, DIBP) in our restricted substance list. We ask our suppliers to provide a "Statement of Non-use of Environmental Restricted Substances" to confirm the composition of our materials and components, ensuring compliance with international regulations like RoHS and REACH set by the European Union. Our goal is to establish a green supply chain management system that aligns with customer specifications, produces environmentally friendly products, and reduces the environmental impact and harm caused by our products.

Xintec has also established relevant supplier control regulations, ensuring that materials, components, and packaging supplied by vendors adhere to our procurement standards or customer-specified requirements. By striving to meet global management regulations regarding hazardous substances, we will endeavor to eliminate toxic substances from the manufacturing process, reduce harm to human health and the environment, and protect land, air, and water from pollution.

7.6 Xintec's internal energy conservation promotion and solutions

Xintec takes its energy conservation measures very seriously and promotes awareness of relevant initiatives. All internal units are expected to collaborate to implement comprehensive low-carbon operations and various environmental sustainability actions. These actions encompass greenhouse gas management, reducing energy consumption, managing water resources, and waste management. Through a cyclic process of planning, execution, evaluation, and improvement, we establish our environmental improvement goals, which demonstrate our commitment as responsible global citizens to reduce our environmental impact and achieve the objective of sustainable and green operations.

In recent years, we have made efforts to minimize energy consumption by replacing energy-efficient equipment, (such as chiller units, air compressor systems) and introducing variable frequency devices. The Company will continue to commit to environmental protection, energy conservation, and emissions reduction while continuing to seek improvements and innovations to achieve a more sustainable model of operation.

■ Our internal energy-conservation advocacy and measures

Our advocacy	
1	For the sake of health and the environment, walk more; use the elevator less
2	After work, remember to turn off your computer and photocopier, and unplug electronic devices that are not necessary
3	Raise the air conditioning temperature setting by 1 degree; just one degree can make a difference. Set the office air conditioning to between 26-28 degrees Celsius and use a fan for comfort and energy savings
4	Keep doors and windows closed when the air conditioning is on
5	Turn off the lights in the office for 1 hour during lunch breaks

6	Set your computer to power-saving mode, which will automatically enter sleep mode after 5-10 minutes of inactivity
7	Choose energy-efficient lighting for the office
8	Reduce the standby time of LCD screens to lower power consumption

8. Creating Happy Workplace

Material Topic	Specific control policy	Target for 2022	Assessment mechanism and outcomes for 2022	Status of achievement	Med-/Long-term target	Responsible unit	Corresponding SDGs
Talent development and cultivation	<ul style="list-style-type: none"> ● Through nurturing professional talent, improve the quality of talent and enhance the Company's competitiveness ● Commit to establishing harmonious labor relations to enhance overall operational performance ● Develop comprehensive education and training plans and mechanisms, providing training subsidies to encourage employees to actively pursue further education ● Fostering a proactive culture of occupational safety that focuses on attention to detail and quality at the same time. ● Prioritizing gender equality in the workplace, eliminating workplace or authority harassment, and creating a secure working environment 	<ul style="list-style-type: none"> ● Training for new employees: Planned and implemented by the HR department. ● Training for current employees: The HR department conducts an annual survey of educational needs, collects training requirements from various units, and plans the annual education and training program based on the company's operational strategy, business development needs, and employee training needs. Training needs with commonality and urgency shall take priority in the Company's annual training plan. ● Management training, self-development training, shared training, and cross-unit training: To be coordinated and implemented by the HR department, with professional training organized by respective units, and HR connecting relevant resources to assist in organizing training. 	<ul style="list-style-type: none"> ● In 2022, a total of 82 physical training courses were conducted, with a total training duration of 256.75 hours and a total participation of 1,418 individuals. Additionally, 86 digital courses on professional technical topics were recorded and reproduced, with a total duration of 28.6 hours. 	<ul style="list-style-type: none"> ● Achieved 	<ul style="list-style-type: none"> ● Xintec has always insisted on nurturing professional talent and improving the quality of its workforce. Through a systematic training blueprint as part of its education and training program, with a focus on developing core competencies to enhance management and operational performance, the Company is able to achieve its strategic objectives and these educational efforts serve to elevate employees' management and technical expertise, thereby strengthening their work efficiency and performance. With improved employee productivity, the Company will be able to adapt to the rapidly changing environment and ongoing challenges. 	Human Resources	<ul style="list-style-type: none"> ● SDG 4 Quality Education
Labor relations and employee benefits	<ul style="list-style-type: none"> ● Enhancing labor relations and promoting cooperation between labor and management to facilitate communication, reduce conflicts, and foster consensus by engaging both parties to work together 	<ul style="list-style-type: none"> ● Establish work rules ● Hold labor-management meetings at least once per quarter, four times a year ● Address employee feedback promptly within 24 hours and offer improvement strategies 	<ul style="list-style-type: none"> ● Implemented various employee benefit measures ● Maintained open channel for employee feedback and complaints and conducted four 	<ul style="list-style-type: none"> ● Achieved 	<ul style="list-style-type: none"> ● Ensure compliance with legal regulations to protect employee rights ● Adhere to legal regulations to safeguard employee rights and implement measures to take care of employee 	Human Resources	<ul style="list-style-type: none"> ● SDG 5 Gender Equality ● SDG 8 Employment and Economic Growth

<ul style="list-style-type: none"> ● Emphasize fair compensation and benefits for employees, create a culture of outstanding operational performance; uphold the belief in profit-sharing with employees and offer competitive, performance-driven compensation packages to attract and retain outstanding talent ● Ensure compliance with legal regulations to protect employee rights ● Ensure the personal safety and health of employees and their dependents ● Regularly provide various employee benefits such as health check-ups, travel subsidies, and club activities to enhance employees' sense of well-being at the Company 	<ul style="list-style-type: none"> ● within two weeks ● Organize routine labor law compliance meetings ● Host a wide range of employee welfare activities ● Routinely conduct surveys and hold seminars for new employees each month ● Conduct regulatory identification on a quarterly basis and ensure a 100% compliance rate ● Hold employee communication meetings on a quarterly basis ● Achieve 100% participation rate for special employee health check-ups 	<ul style="list-style-type: none"> ● labor-management meetings. ● Held sporadic legal compliance advocacy workshops ● Ensured that all of our labor agreements are in full compliance with legal requirements. 	<ul style="list-style-type: none"> ● welfare ● Maintain open and effective communication mechanism
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8.1 Employee Care and Growth

Xintec dedicates itself to creating a workplace that is happy and friendly, perceiving employees as the cornerstone of the Company's growth. We deeply care about the physical and mental well-being of our employees and we strive to establish an ideal environment that offers the right balance between work and life. Through practical actions, we seek to promote a stable and harmonious labor relationship. We value each and every colleague as our most precious asset and through a multi-faceted talent development and recruitment policy, we endeavor to understand the diverse needs of employees based on their unique characteristics. We offer innovative and suitable training programs to enhance their professional skills and innovative research and development capabilities, allowing them to fully unleash their talents and abilities. We hope to grow together with our colleagues by fostering a sense of accomplishment and corporate identity, so as to enhance employee engagement, strengthen organizational productivity and capabilities. This will in turn help us create the best and most friendly workplace in the semiconductor sector.

Amidst the ongoing impact of the pandemic in 2022, we placed even greater importance on smooth communication between labor and management and the support of employee health and safety. By continually listening to the voices of our employees, we are committed to building a culture of happiness, safety, and health in the workplace. Our goal is to help employees find a good balance between their work and family life.

In the face of ever-changing market demands in the future, we shall enhance our reserve of diverse professional human capital to achieve our sustainability

goals. And as such, we encourage employees to continue learning and achieve breakthroughs while strengthening the management capabilities of supervisors at all levels. We will foster mutual respect and teamwork to unleash new creativity at the Company. Xintec shall provide digitally-oriented tech talents with a diverse and inclusive work environment, professional leadership, and a sense of direction by creating a positive corporate atmosphere to lead employees in pursuing excellence and fostering a culture of happiness.

8.2 Employee Diversity in Hiring

A company's human resources is the strong backbone of its sustainable development. And as such, we actively use digitized and flexible recruitment policies to create a diverse, inclusive, and mutually beneficial work environment. We also provide employees with sustainable development goals, competitive compensation, and equal job conditions, focusing on the well-being and protection of all employees. Not only that, we also strictly adhere to the regulations of the "Labor Standards Act" and the Responsible Business Alliance (RBA) Code of Conduct, and we do not employ workers under the age of 15.

As of 2022, Xintec has 1,519 employees on its payroll, including 148 managers and 1,371 regular employee. We have a total of 655 male employees and 864 female employees at the Company. Employees under the age of 30 account for 20.6% of the total, those aged 31 to 50 make up 69.3%, and those over 50 account for 10.1%. The average age of our employees is 38 years. In addition, 19.2% of our employees have a master's degree or higher. Currently, all of our managers are Taiwanese, and 90% of our employees are under 50 years old. Our employees bring enthusiasm, innovation, and dedication to their work, making the Company more competitive and productive.

Non-employee workers at Xintec are primarily onsite personnel dispatched by our contractors, responsible for tasks such as catering, cleaning, and security within our premises.

● Ratio of full-time employees in different categories

Primary category	Secondary category	Male		Female		Subtotal	
		No. of persons	Ratio	No. of persons	Ratio	No. of persons	Ratio
Employee type	Local employees	590	38.8%	542	35.7%	1132	74.5%
	Foreign employees	65	4.3%	322	21.2%	387	25.5%
Subtotal		655	43.1%	864	56.9%	1519	100%

● Classification ratio by employee labor type: (new general disclosure item) (x indicates no data available for 2021)

Disclosure item	Male	Female	Undisclosed	Total
No. of employees (Headcount/FTE)	655	864	x	1519
No. of permanent employees (Headcount/FTE)	x	x	x	x
No. of temporary employees (Headcount/FTE)	x	x	x	x

No. of zero-hour contract employees (Headcount/FTE)	x	x	x	x
No. of full-time employees (Headcount/FTE)	652	863	x	1515

Disclosure item	Male	Female	Total
No. of employees (Headcount/FTE)	655	864	1519
No. of contract employees (Headcount/FTE)	3	1	4
No. of full-time employees (Headcount/FTE)	652	863	1515

● Employee category by age

Primary category	Secondary category	Male		Female		Subtotal	
		No. of persons(person)	Ratio (%)	No. of persons(person)	Ratio (%)	No. of persons(person)	Ratio (%)
Age	Under 30	132	8.7%	181	11.9%	313	20.6%
	30~50	465	30.6%	588	38.7%	1053	69.3%
	Over 50	58	3.8%	95	6.3%	153	10.1%
Subtotal		655	43.1%	864	56.9%	1519	-

● Ratio of managerial and non-managerial employees

Primary category	Secondary category	Male		Female		Subtotal	
		No. of persons (person)	Ratio (%)	No. of persons (person)	Ratio (%)	No. of persons (person)	Ratio (%)
Employee type	Managerial position	123	8.1%	25	1.6%	148	9.7%
	Non-managerial position	532	35.0%	839	55.3%	1371	90.3%
Subtotal		655	43.1%	864	56.9%	1519	-

Note: Managerial personnel include section managers and higher

● Employee category and ratio by academic credentials

Primary category	Secondary category	Male		Female		Subtotal	
		No. of persons(person)	Ratio (%)	No. of persons(person)	Ratio (%)	No. of persons(person)	Ratio (%)
Academic credential	Doctorate degree	13	0.8%	3	0.2%	16	1.0%
	Master degree	195	12.8%	81	5.3%	276	18.2%
	Bachelor degree	376	24.8%	452	29.8%	828	54.5%
	Senior/vocational high school (and below)	71	4.7%	328	21.6%	399	26.3%
Subtotal		655	43.1%	864	56.9%	1519	-

● Employee category and ratio by labor type:

Primary category	Secondary category	Male		Female		Subtotal	
		No. of persons(person)	Ratio (%)	No. of persons(person)	Ratio (%)	No. of persons(person)	Ratio (%)
Labor type	Full-time employees	652	42.9%	863	56.8%	1515	99.7%
	Part-time employees	3	0.2%	1	0.1%	4	0.3%
Subtotal		655	43.1%	864	56.9%	1519	-

Note: the above information is accurate as of December 31, 2022

- Workers who are not employees

Regular contractor jobs at Xintec include catering, cleaning, and security. The numbers of these workers are as follows:

Category	Male	Female	Subtotal
Contractor	39	71	110

8.3 Ensuring Employees’ Human Rights Protection

99.7% of our employees have signed formal employment contracts with the Company, granting them full and comprehensive employment and collective labor rights protection. We are committed to strict compliance with the International Labor Organization (ILO) and the Responsible Business Alliance (RBA) standards, and the Company has established a social responsibility code and commitment, which includes policies on freedom of association, prohibiting forced labor, child labor, and so forth. These policies emphasize Xintec’s dedication to human rights and apply to all employees, business partners, suppliers, and contractors. These policies, along with our regulations and procedures for whistleblowing and unlawful infringements are fundamental standards that all colleagues are expected to adhere to in their work and business activities.

In terms of talent recruitment, we follow guidelines that promote equality, non-discrimination, and diversity and inclusivity. We do not discriminate based on factors such as race, class, religion, political affiliation, gender, age, marital status, appearance, disability, and other characteristics in the recruitment, selection, compensation, benefits, promotion, education, training, and retirement planning of our employees.

Furthermore, we ensure the fair and diverse employment rights of individuals with disabilities. Based on the principle of employing people according to their abilities, in 2022, we employed a total of 15 individuals with disabilities, in compliance with the relevant regulations of the People with Disabilities Rights Protection Act. In addition to offering accessible pathways to employment and job opportunities, the Company also provides suitable job roles and necessary assessments and assistance tailored to the individual needs of colleague with disabilities. We also offer a supportive and equal environment in terms of hardware and workplace conditions, allowing individuals with disabilities to adapt to their work, showcase their abilities, and create a fair and mutually respectful work environment.

- Human rights policy and remedial measures:

In addition, in order to fulfill the Company’s social responsibility, safeguard labor rights, and meet the needs of relevant stakeholders, Human Resource conducts quarterly legal compliance checks and internal audits to identify relevant risks and rectify the situation to improve policy compliance with regulations and customer requirements. Through comprehensive training across the facility, employees are made aware of the Company's latest policies, enhancing the well-being of all employees.

Relevant responsibilities include:

- Conducting quarterly legal compliance and customer regulation checks on human resource related issues to ensure that the Company’s internal practices comply with pertinent regulations.
- In the event of identified risks related to forced labor, discrimination, complaint mechanisms, or other harmful practices, such as the use of child labor, immediate remedial actions shall be taken by considering the best interests of the affected parties. This may include taking prompt and appropriate actions

to protect health and safety, assisting by fulfilling educational obligations, ensuring the income of child workers, and collaborating with local authorities to return workers to their guardians. The Company will also conduct internal analyses to understand the causes that led to the accidental use of child labor and strengthen preventive measures.

- Through quarterly legal compliance checks and risk assessments, the Company continues to refine its human resources management system, thus fulfilling its commitment to social responsibility and the protection of labor rights.

In the event of human rights violations by internal or external suppliers, Xintec shall take immediate and proactive actions to implement remedial measures by collaborating with internal and external parties to address the issue in question and make subsequent improvements so as to prevent similar incidents from reoccurring in the future.

8.4 Attracting and Retaining Talents

Xintec has a robust talent management system and places a strong emphasis on the diversity of employee backgrounds. The Company is also committed to providing comprehensive workplace welfare measures and compensation systems, creating a diverse, inclusive, and friendly work environment so as to improve the balance between work and personal life and enhance workplace stability. By enhancing Xintec’s image as an employer and fostering positive corporate culture, we hope to appeal to and attract more industry-leading talents.

The Company will continue to promote employee performance management based on the principles of equal opportunity and proactively tailor short-term, medium-term, and long-term career development opportunities for each employee, given their expertise and qualities. At the same time, we will also promote an internal performance management system that is transparent and comprehensive. The system will incorporate differential bonus structures, following the principles of equal opportunity, and serve as the basis for future promotions and performance evaluations to ensure that all employees have access to a fair, transparent, and brighter future.

Regarding employee turnover, the total number of employees who left the Company in 2022 came to 120, translating to a turnover rate of 7.9%. In terms of gender distribution, 80 male employees and 40 female employees left the Xintec. As for new hires, 208 newcomers joined the Company in 2022, resulting in a new hire rate of 13.7%. Among them, 135 were male and 73 were female. The average length of service for employees at the Company is 7.3 years for males and 8.6 years for females, reflecting the trust and recognition that the majority of our employees have in Xintec.

- Statistics for new hire rate and turnover rate

	New hire rate	Turnover rate
2020	21.0%	7.4%
2021	8.2%	8.4%
2022	13.7%	7.9%

Note: Average new hire rate = [(Number of new hires / (Beginning-of-period full-time employees + End-of-period employees) / 2)]

Note: Average turnover rate = [(Number of turnovers / (Beginning-of-period full-time employees + End-of-period employees) / 2)]

New hire and turnover statistics for 2022

Categories		New employees		Departing employees	
		No. of persons (person)	Ratio (%)	No. of persons (person)	No. of persons (person)
Sex	Male	135	Sex	Male	80
	Female	73	8.4	Female	40
Age	Under 30	118	Age	Under 30	35
	31~50	88	8.4	31~50	84
	Over 51	2	1.3	Over 51	1
Overall		208	13.7	Overall	120

Note: Gender ratio of new hires = (Number of gender-specific new hires / No. of employees of that gender at the end of the year in the organization)* 100%

Age new hire ratio = (No. of New hires in the age range / No. of employees in that age range at the end of the year in the organization) * 100%

● Turnover type

Turnover type	Type	No. of persons
	Voluntary resignation	120
	Foreign employees/Fixed-term contract personnel	85
	Leave of absence without pay	15

8.5 Employee Education and Training

Xintec Corporation recognizes the importance of talent to the Company and considers it the most valuable asset and a crucial foundation for sustainable operations. The Company provides various opportunities and resources for employees to grow professionally. Based on the Company's operational policies and goals, a systematic employee training program has been established to nurture professional talents and enhance the quality of the workforce, ultimately achieving Xintec's continuous growth and competitiveness.

In 2022, Xintec implemented management training at various levels and formulated annual educational training plans based on specific job requirements:

- Middle and senior management and front-line supervisors: By defining specific key objectives, these training programs help supervisors establish and fulfill their responsibilities, assisting them in developing effective management and execution skills while fostering consensus and alignment with the Company's values.
- Front-line supervisors: Through the sharing of leadership experiences and real company cases, an efficient team and a pleasant work environment are established to reinforce supervisors' management skills; We train employees to make effective decisions swiftly when faced with various challenging issues, thus enhancing their problem-solving abilities.

Through these training programs, management and supervisors are empowered to improve their leadership and management capabilities. Employees are encouraged to actively address a wide range of challenges and issues, fostering a positive work environment that promotes collaboration and productivity, ultimately enhancing the whole team's abilities and performance. This enables the Company to adapt to rapidly changing environments and ongoing challenges.

- Talent cultivation policy

The Company adheres to a nurturing policy of "Learning Together, Growing Together", with a focus on on-the-job training (OJT). OJT is promoted to accelerate the understanding of new employees and enhance the professional knowledge and skills of existing staff. Departments are encouraged to review and implement OJT training, and employees take on roles such as instructors, project leaders, or proxies to facilitate experiential learning and cultivate future talent.

Upon joining the Company, new employees are enrolled in a comprehensive education and training program to ensure they have access to ample training resources. The program covers entry-level to advanced professional training across different domains, continuously optimizing employees' workflows and professional competencies. Diverse employee training channels are provided to meet the developmental needs of employees at various levels and roles, enhancing their professional qualifications.

Furthermore, the Company encourages employees to actively participate in training programs and obtain relevant certifications necessary for their roles. Professional certifications are included as bonus criteria in the annual performance evaluation, and employees are encouraged to submit innovative work proposals to improve their professional capabilities. The aim is to motivate employees to engage in continuous learning and growth, helping them make progress in their long-term career development and personal growth.

- Employee individual development program

Our talent development system is designed with a goal to systematically enhance employees' professional and management abilities. Training plans are tailored to the professional competencies and the developmental needs of the Company, offering employees various types and forms of educational courses. The training programs are divided into two main categories: OJT (On Job Training) and Off-JT (Off Job Training), including internal training courses such as management courses and other specialized training to reinforce professional competencies. Moreover, training programs incorporate elements of new employee

training, individual development, and self-improvement to deepen employees' talent and enhance their professional skills, thus elevating their overall qualifications.

Departments have the flexibility to arrange for employees to attend external training programs from specialized institutions based on their specific job requirements and professional skill needs. The Company continues to provide various types and forms of ongoing training courses for personnel who have an impact on product quality management, product requirements, the Company's business philosophy, mandatory educational training, and human rights-related regulations (such as RBA standards) to enhance their work capabilities and work consciousness.

In the future, Xintec's short, medium, and long-term talent cultivation plans and development projects will aim to strengthen the Company's operational resilience. Core development areas will focus on professional competencies, enhancing employees' management and professional abilities. Through a well-structured education and training system, the Company will nurture a reserve of talent, enhance team performance, and achieve synergies, thus realizing its strategic business objectives, thus leading to an improvement in management and technical expertise, increased work efficiency, and the enhancement of employee job performance.

● Xintec's education and training structure

Training courses are organized based on the needs of the respective units and job responsibilities. The primary focus of these courses is on engineering quality and environmental safety certification programs. The majority of participants in roles related to this type of work are male, such as equipment engineers, process engineers, and facility engineers. In 2022, a total of 82 in-person training sessions were conducted, with a cumulative training duration of 256.75 hours. The total number of participants in these sessions amounted to 1,418 employees. Additionally, 86 digital courses on professional technical topics were recorded and reproduced, with a total duration of 28.6 hours.

Our primary training categories and contents are as follows:

Training type	Training contents	Participants	
		Management	Regular employees
Orientation training	Orientation training is arranged by the HR unit, and the content includes an introduction to the Company, an overview of occupational health and safety, the management of quality and environmental restricted substances, and an introduction to confidential information protection awareness.		V
Personal effectiveness training	To enhance research and development capabilities and improve product technology for increased competitiveness, we provide technical professional training courses to strengthen the technical expertise of our engineering and R&D personnel.		V
On Job Training	To ensure the transmission of engineering skills and knowledge, we promote On Job Training to cultivate technical talent, ensuring product quality		V
Technical training	To enhance research and development capabilities and improve product technology for increased competitiveness, we provide technical professional training courses to strengthen the technical expertise of our engineering and R&D personnel		V
Management learning	Based on different levels of management functions, we systematically plan management personnel learning programs and accordingly conduct relevant management courses	V	V
Training for specific qualifications	We conduct specific qualification training based on relevant legal requirements or job demands and carry out regular evaluations to enhance work skills, thereby improving product quality	V	V

Company philosophy and human rights regulations	This includes the Company's business philosophy and vision/core job functions/ personnel regulations/labor rights	V	V
Mandatory training	Government or client-specific required training	V	V
Occupational health and safety training	EHS training: occupational safety, environmental protection, health, fire safety, emergency response and so forth	V	V
Professional courses	Training in professional skills for various departments		V
Management courses	Training for managerial personnel	V	
Other trainings	Soft skill development courses or general knowledge training	V	V

- Statistics of average hours of annual training

Statistics of Xintec's annual training hours completed for 2022:

Category	Male			Female			Subtotal		
	No. of persons (person)	Training hours (hrs)	Average training hours (hrs)	No. of persons (person)	Training hours (hrs)	Average training hours (hrs)	No. of persons (person)	Training hours (hrs)	Average training hours (hrs)
Management	123	2114.59	17.19	25	309.77	12.39	148	2424.36	16.38
Regular employees	532	9134.04	17.17	839	8984.35	10.71	1371	18118.39	13.22
Subtotal	655	11248.63	17.17	864	9294.12	10.76	1519	20542.75	13.52

- Managerial and labor rights-related training statistics

In order to strengthen the management capabilities of the Company's management and comply with the RBA regulations to enforce labor rights within the Company, ensuring that employees have a full understanding of their work-related rights and benefits, we conducted the RBA Code of Conduct training in 2022. This training covered topics such as ethical business practices, legal and customer requirements, labor rights, prevention of improper benefits, fair trade, and prohibition of insider trading. A total of 1,623 individuals participated in this training, accumulating 3,246 hours of training completed.

Statistics on relevant courses:

Course type	Course name	Course description	Training hours (hrs)	No. of participants
Managerial	Leadership builder	Assist supervisors in encouraging their subordinates to be accountable for results and cultivating effective management and execution capabilities, thereby enhancing team consensus and alignment with values.	1 Class /7H	27
Managerial	Happy leadership, Happy Xintec	Create a highly efficient team and a joyful working environment through the transmission of leadership experiences.	2 Class /4H	47
Managerial	Accountable management	Learning how to encourage others to be accountable for results and develop effective management and execution capabilities, building upon key results derived from advanced workshops.	1 Class /7H	31
Managerial	Effective presentation skills - Designing and delivering key information	Enhance employees' presentation skills by grasping the content of presentation creation, thereby increasing the effectiveness of communication and exchange.	3 Class /6H	73
Managerial	Engineer responsibilities and work assignments	Provide employees with a better understanding of the primary responsibilities and attitude criteria of engineers, helping them excel in their current roles and identifying the necessary competencies	4 Class /4H	91
Managerial	Project management and organizational function	Strengthening the understanding of project management among managerial staff, integrating and controlling various knowledge and technologies effectively to meet project development requirements.	2 Class /6H	51
Human rights	RBA Code of Conduct training	RBA Code of Conduct training covers topics such as ethical operations, legal and customer requirements, labor rights, prevention of improper benefits, fair trade, and prevention of insider trading	1 Class /2H	1623
			Total	1,943

8.6 Individual Performance Evaluation Planning

The performance management system is at the core of talent development, management, compensation and bonus design, and planning within the Company. It is designed to encourage employees to strive for outstanding performance and achieve objectives such as communication, work improvement, salary increases, promotions, and training and development. Xintec has a comprehensive performance evaluation system in place, complete with performance assessment guidelines. This system allows supervisors and employees to jointly review the annual work performance, set appropriate work objectives, identify potential development directions, and find the best talent fit, providing a diverse platform for development.

The primary purpose of performance assessments is to understand employee work performance while establishing a mechanism for communication and interaction between supervisors and employees. Through various assessment facets, supported by the performance assessment system and cycle, it not only focuses on the achievement of annual key mission objectives but also places importance on daily work behavior and real-time feedback. Complemented by Xintec's comprehensive training plan, it offers the professional knowledge and skills needed for various job positions, thus driving unit and individual work efficiency, enhancing two-way communication between supervisors and subordinates, stimulating team and individual potential, and ultimately improving the overall organizational operational performance. Xintec conducts performance assessments at least once a year, allowing for an inventory of current employees' potential for development and areas for improvement. This serves as a reference for training and development, salary adjustments, job rotations, and promotions. In 2022, 100% of our regular employees who completed their probationary period underwent performance assessment. Outstanding employees receive opportunities and channels for promotion and salary increases each year. Additionally, bonuses and employee rewards are distributed based on the Company's operational performance and individual performance assessments for the respective year. Through performance management, supervisors link employees to the Company's goals, assess and evaluate employees' competency development, ultimately creating a mutually beneficial goal for both the individual and the Company.

8.7 Prioritizing Gender Equality and Ensuring Secure Employment for Employees

We promote work-life balance and value the needs of employees with childcare responsibilities by enabling them to cater to both their career development and the needs of their families. In order to support employees who need to care for their young children, the Company allows employees who have been in their positions for at least 6 months to apply for parental leave according to the "Act of Gender Equality in Employment" and the "Regulations for Implementing Unpaid Parental Leave for Raising Children" This leave can be taken until the child reaches 3 years of age. The Company offers various types of leave, including family care leave, paternity leave, and maternity leave. Female employees are also entitled to menstrual leave and pregnancy check-up leave.

When employees who have taken parental leave complete their leave period and apply for reinstatement, the Company shall prioritize their placement in their original positions and departments. This is done to accommodate the needs of employees who have childcare responsibilities and to help employees achieve a suitable balance between their physical and mental well-being, work, and family life. Our goal is to create a warmer, more harmonious, and high-quality work environment.

	Male	Female	Total
No. of employees who were eligible for unpaid parental leave in 2022	64	36	100
No. of employees on unpaid parental leave in 2022	5	4	9
No. of employees on unpaid parental leave due for reinstatement in 2022 (A)	4	23	27
No. of employees on unpaid parental leave due for reinstatement and returned to work in 2022 (B)	3	13	16
No. of employees who remained at the Company for a year after reinstatement from unpaid parental leave in 2021 (C)	2	7	9
No. of employees who returned to work after unpaid parental leave in 2021(D)	2	7	9
Reinstatement rate=(B)/(A)	75.0%	56.5%	59.3%
Retention rate=(C)/(D)	100%	100%	100%

Note: Reinstatement rate = (No. of employees who actually returned to work in 2022 / No. of employees expected to return in 2021) x 100

Retention rate = (Total no of employees still at the Company 12 months after reinstatement in 2021 / No. of employees who actually returned in 2021) x 100

8.8 A Healthy and Friendly Happy Workplace

Xintec places great emphasis on the physical and mental health of its employees as well as their family's well-being. We provide comprehensive care and benefits to promote the well-being of our employees and create a positive work environment. To this end, the Company has established a diverse employee health management system and welfare measures with the core goal of holistic employee care so that we can create a harmonious work environment that balances work and family, fostering a sense of belonging among our employees.

Furthermore, we are dedicated to creating a "healthy workplace" by establishing internal facilities and services related to leisure, healthcare, and well-being at the Company to motivate our employees to work with the goal of "working healthily and happily for a fulfilling life". By providing all-round employee care to ensure a safe and secure working environment, we hope that our employees can balance their work with a healthy and happy family life.

To provide our employees with favorable labor conditions and meet their welfare needs, both management and labor representatives have formed the "Employee Welfare Committee". This committee regularly convenes to discuss and execute various welfare projects that cater to our employees' needs. In addition, we organize regular club activities and travel events to strengthen the bonds between our employees. We offer bonuses or vouchers for various holidays, along with a range of welfare subsidies, including marriage, funeral, birth, birthday bonuses, travel subsidies, annual health check-ups, emergency assistance, and condolence support. Our objective is to diversify our welfare measures to enhance employee enthusiasm and cohesion.

The following is a summary of our diverse employee health management mechanism and benefits:

Employee benefits

Insurance planning and health checkups

- We provide mandatory labor insurance and national health insurance for each employee in compliance with relevant laws to protect employee rights.
- We offer group comprehensive insurance, including life insurance, accident insurance, occupational accident insurance, medical insurance, cancer insurance, overseas travel insurance and so forth, covering not only employees but also their spouses and children within the scope of the group comprehensive insurance.

Establishment of the Employee Welfare Committee

- The committee is responsible for planning and implementing various benefit welfare programs that cater to the needs of the employees. Employees who have been employed for at least 90 days are eligible for these benefits during holidays such as Chinese New Year, Dragon Boat Festival, Mid-Autumn Festival, Labor Day, and their birthdays. The benefits include holiday bonuses, wedding and funeral gift/condolence money, travel subsidies, store vouchers, gatherings and so forth.
- In an effort to take care of employee health and foster emotional connections among our employees, the Company organizes activities such as health checkups, year-end banquets, employee trips, movie outings, and festive events. In 2022, the Company provided a total subsidy of NT\$ 12,720,412 for these activities.

Fair and reasonable wage policy

- The Company has established a fair, reasonable, and competitive salary policy that adheres to the principles of equality. Salaries are not influenced by factors such as race, religion, gender, or marital status. The evaluation of both female and male employees is based on job responsibilities, annual performance, and capability. Exceptional performers will receive appropriate recognition and rewards. We have also implemented a fair and reasonable salary structure, considering individual qualifications, job responsibilities, and performance. Our gender ratio in basic salary is 1:1. Additionally, periodic external salary surveys are conducted, and statistical data compiled and analyzed by third parties are used as references for salary policies to ensure that the Company maintains a competitive salary structure in the market and fairness in internal salary.
- Each year, the company formulates a salary adjustment plan based on business needs, external business environments, and industry standards. Salary adjustments are made according to employees' performance and job roles, and these adjustments are typically carried out in April each year.

Our overall remuneration policies include:

- Base Salary: Fixed monthly salary with an additional two months of year-end bonus
- Allowances: Various allowances are provided based on business needs and job requirements. Special job-related allowances may be given for roles with different

- responsibilities, such as managerial allowances, shift allowances, and special station allowances.
- Various bonuses: To encourage employees to enhance productivity, improve work efficiency, achieve quality targets, and engage in continuous improvement, the company offers various types of bonuses, including incentive bonuses, special incentive bonuses, outstanding performance retention bonuses, proposal improvement bonuses, patent bonuses, monthly performance bonuses, referral bonuses, and so forth.
- Employee compensation: In accordance with the Company's bylaws, employee profit-sharing is allocated to share the Company's operational success with employees.

Comparison of compensation for male and female employees

Primary category	Position	Male	Female
Compensation (total compensation)	Supervisors	1.11	1
	Specialists (indirect personnel)	1.10	1
	Technicians (direct personnel)	1.03	1

Average salary of full-time, non-managerial employees

Year	2022	2021	2020
No. of persons	1435	1542	1536
Average salary (NT\$ 10,000)	103.0	93.4	90.3
Median salary (NT\$ 10,000)	73.6	67.9	66.9
Average cost of employee benefit (NT\$ 10,000)	117.0	109.0	105.0

Note: The number of full-time, non-managerial employees is calculated based on the "Salary Information of Full-time Non-managerial Employees" declaration operation. According to the Taiwan Stock Exchange Corporation's Regulations for Filing of Information by Listed Companies and Overseas ETF Institutions on Securities Centralized Exchange Market, the above data was audited and approved by Deloitte Taiwan on March 22, 2023.

Emergency relief and support for dependents

For employees facing financial difficulties due to family economic crises or property damage caused by natural disasters, we conduct proactive visits and assessments to understand their specific situations. Based on individual cases, we provide substantial assistance to help our employees overcome these challenges.

Diverse recreational activities:

We organize various recreational activities, including family days, birthday celebrations, year-end parties, employee fitness events, and onsite gym facilities. Additionally, there are employee-initiated clubs and travel activities that provide employees with opportunities to maintain a work-life balance.

Club subsidies

We prioritize the mental and physical well-being of our employees and encourage them to participate in recreational activities. To promote a sports-oriented culture and support employees' physical and mental balance, the Employee Welfare Committee actively supports the establishment of clubs and the organization of recreational activities so as to encourage employees to join or establish various clubs, fostering positive and healthy interests. Currently, the Company has a diverse range of sports and leisure clubs, such as basketball, badminton, running, bowling, cycling, and motorcycle clubs, as well as board game clubs. We aim to ensure that employees can relax outside of work, promote positive interactions, and develop teamwork skills through club activities. These activities also help employees build friendships and enhance their overall well-being. In 2022, the Company provided subsidies for club expenses, totaling NT\$31,292.

Love for the Visually Impaired - "FUN Relaxation Booth"

In an effort to support the well-being of our employees at work, the Company collaborates with organizations serving visually impaired individuals to establish the "FUN Relaxation Booth" within our facility, hiring visually impaired massage therapists from the Taoyuan area to provide free stress-relief massage services to our employees every week. This initiative allows our employees to relax their muscles, relieve stress, and create a happier workplace environment during their free time, significantly improving their work efficiency. In 2022, a total of 1,200 employees had the opportunity to enjoy comfortable massage services, while visually impaired therapists gained stable income to support their families. This initiative exemplifies our commitment to actively caring for socially disadvantaged groups and our employees, resulting in a mutually beneficial situation for all.

8.9 Open and Clear Communication Channel

Xintec Corporation places a strong emphasis on facilitating the participation and communication of each employee. While the Company currently does not have a labor union, it has established diverse communication platforms to encourage effective communication between labor and management. These platforms have created clear and confidential communication channels that enable a direct and efficient understanding of each employee's voice. All employees are encouraged to share their suggestions or complaints by sending emails to the President and department managers. This open avenue ensures that employee feedback, opinions, and complaints can be handled accordingly. The Company also conducts various internal promotion efforts through orientation training, internal policies and procedures, and official announcements to effectively disseminate important company announcements. Xintec holds quarterly labor-management meetings to establish a communication mechanism between labor and management. These meetings also allow employees to provide suggestions and improvement proposals regarding company policies, thus enabling the Company to understand employee needs and make timely improvements to the work environment.

The management holds regular management meetings, quarterly employee communication sessions, and provides an email channel for direct communication with senior company executives. Additionally, any employee can use the employee feedback and complaints mailbox to express their opinions. Apart from these internal channels, external individuals, such as suppliers or contractors, can use our official website (http://www.xintec.com.tw/chi/AX_Business-Ethics.aspx) to submit anonymous or signed reports. The Company is committed to establishing open communication channels to listen to feedback from all stakeholders, respond promptly, resolve concerns, and make progress through mutual learning.

During the reporting period, there were no significant operational changes that had a major impact on employee rights. The Company strictly adheres to the standards set by the Labor Standards Act, and there were no significant employee complaints or disputes during this time.

Issues of labor-management communication discussion	Description
Labor-management meeting	<ul style="list-style-type: none">● Through close communication between management and employees in labor-management meetings, we facilitate effective dialogue with employees and promote good labor-management relations, which provide a positive working environment and reduce employee turnover, thereby maintaining employee satisfaction and motivation.● Labor-management meeting representatives consist of an equal number of representatives from both labor and management, with a total of 10 committee members, 5 from each side.● In 2022, a total of 4 labor-management meetings were held, involving 72 participants. Additional ad-hoc meetings can be convened when necessary.
Sexual harassment prevention	<ul style="list-style-type: none">● The Company adheres to the revised "Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace" set forth by the competent authority and formulated corresponding procedures and guidelines for preventing and addressing workplace sexual harassment, offering employees a channel for lodging complaints. When an employee experiences harassment while performing their duties, they have the option to file a complaint. The body responsible for handling complaints will handle such cases

	appropriately, offering protection and assistance to the employee.
Occupational Health and Safety Management Committee	In accordance with the "Regulations on Occupational Safety and Health Management", the Company has established an Occupational Safety and Health Management Committee, consisting of 26 members, with 9 representing labor. The committee convened a total of 12 meetings in 2022.
Notice period for major operational changes	If the Company is about to undergo a significant operational change, it will adhere to Article 16 of the "Labor Standards Act" by issuing a termination plan to the competent authority and labor representatives from the labor-management meetings, disclosing relevant information. We are committed to complying with the law to ensure that the rights of employees are not compromised. Incidentally, no major operational changes occurred during the 2022 reporting year.
Employee communication meeting	We strive to establish a culture of open communication, and any organizational adjustments or operational changes shall be promptly announced on our internal website. In 2022, we conducted a total of 1,247 communication meetings, including management communication meetings, new employee forums, labor-management meetings, and safety committee meetings, involving a cumulative total of 31,160 participants. These meetings allow the Company to gain a comprehensive understanding of employees' needs.

● Statistics of employee suggestions

Category	Total
Management communications	16
Environment communications	9
Catering communications	1
Employee motivation	3
Total	29

● Labor hour management and HR regulatory compliance:

As more major international companies have been asking their supply chains to comply with the "RBA Code of Conduct", Xintec, in accordance with Taiwan's Labor Standards Act and RBA working hour standards, has set targets for the rate of compliance with rest days (ensuring that at least one day of rest is provided within every seven working days) and the total weekly working hours. These targets are established as part of the Company's labor hour management goals, and we actively implement related labor hour management practices. In 2022, we achieved the compliance rate for both of these targets, ensuring the labor rights of employees and meeting the human rights management requirements of international clients.

Furthermore, we have established a human resources regulatory audit operation, which involves quarterly checks of relevant regulations, with 33 updated regulations identified in 2022. In total, we have monitored 106 regulations to ensure compliance. Quarterly spot checks of human resources daily operations have been conducted, with audits focus on RBA labor-related matters. The audit results for 2022 indicated no instances of non-compliance, and there were no significant labor rights violations.

8.10 Health Promotion and Management

Xintec provides comprehensive group insurance, including life insurance, accident insurance, medical insurance, and cancer insurance to offer thorough security for employees, ensuring they can work with peace of mind and be protected from the risk of harm. We also take responsibility for the health management of personnel from our resident contractors, such as those in charge of catering, cleaning, and security by regularly reviewing the implementation of health management for contractor personnel.

We promote health and manage employees' well-being through professional medical staff and health management. The Company has a dedicated unit responsible for managing employee health-related matters, and each plant has professional healthcare personnel to monitor the health status of employees. Furthermore, we have been actively participating in government health workplace initiatives and have been honored with the "Badge of Accredited Healthy Workplace" by the Health Promotion Administration Health Service of the Ministry of Health and Welfare.

In addition, we also collaborate with external medical institutions to implement a comprehensive employee health project. We have established a robust employee health management system and regularly engage specialized medical examination teams to conduct health checks on employees, exceeding regulatory requirements. This includes general health check-ups and health checks tailored to specific job roles and unique environments. Health management is then implemented based on the results of these health checks. We track and manage employee health through medical institutions and internal nursing staff, and the Company provides access to individual psychological counseling and medical consultation services through external medical teams. The Company employs three full-time nurses to carry out employee health protection and promotion. Employee health management nurses schedule consultations with employees in batches, prioritizing shift workers, middle-aged and older employees, and female employees who are pregnant or within one year postpartum. We highly encourage employees to sign up for these consultations and make full use of the resources provided by the Company to receive face-to-face health and psychological counseling, aiming to create a work environment that balances employee health and work-life balance.

In 2022, we conducted health checks for employees in compliance with regulations, with 987 and 560 people undergoing regular health checks and special health checks, respectively. Our compliance rates were exceptionally high, reaching 99.7% and 100%. After the health checks were completed, we also provided detailed health check reports to help employees understand the status of their health. For employees with significant abnormalities in their health check results, we implemented a tiered management approach involving medical staff offering regularly reminders for them to return for follow-up, focusing on their well-being, and helped with the reassessment of their work arrangements. The Company also offered care, self-health education, or referred them to medical services as needed, reinforcing employees' physical and mental well-being.

Furthermore, during the pandemic, we disseminated a total of 22 pieces of health education information through the Company's system. Our goal was to convey and promote awareness among employees and enhance their understanding of disease prevention concepts.

Health check tiered management system:

	Health check tiered management	Special health check tiered management
Level 1	Self-health management	Normal
Level 2	Health management based on doctor's assessment and recommendations based on the health check report	When an abnormal finding in the health check has been deemed by a doctor to be unrelated to the individual's work, the employer is obliged to provide the affected employee with personal health guidance.
Level 3	Recommendation for health consultation with the plant's nurse	When a doctor initially identifies an abnormality, further evaluation is required to determine its relevance to the employee's work
Level 4	1. Recommendation for health consultation with the plant's nurse 2. Assisting the employee to schedule for follow-up examination 3. Provide medical record based on the situation	A doctor has identified an abnormal finding in the health check to be related to the individual's work

The Company has implemented an "Abnormal Workload-Induced Disease Prevention Program" to manage and assess the health status of employees who are exposed to high-stress work conditions at the plant. This program is designed to prevent employees from developing health issues due to factors like shift work, night shifts, and prolonged working hours and to proactively address and mitigate any adverse health effects associated with abnormal workloads.

● COVID-19 management

During the height of the COVID-19 pandemic in 2020-2021, the Company recognized that safeguarding the health of its employees was a top priority. In response to this, Xintec established an epidemic prevention mechanism in January 2020 by assembling emergency response teams in various departments and establishing an epidemic prevention committee. The Company promptly activated epidemic response measures to strengthen control measures and risk management to prevent any disruptions to the company's operations due to the pandemic.

To ensure a safe working environment, all visitors (including contractors) were required to undergo relevant epidemiological investigations before entering the premises. Several epidemic prevention measures were implemented within the company's facilities, such as the installation of automatic hand sanitizers at all entrance and exit points, the installation of partitions in the internal cafeteria, restrictions on the number of individuals using elevators, and the dissemination of epidemic prevention information. Furthermore, environmental disinfection was enhanced, with regular disinfection of key areas by professional disinfection companies engaged to conduct routine comprehensive disinfection throughout the Company's facilities.

Xintec's relevant control measures include:

1. Holding 12 epidemic prevention committee meetings in accordance with the guidelines from the Central Epidemic Command Center. These meetings were used to adjust various epidemic prevention measures within the Company.
2. Implementing zoning and crowd control measures to reduce the risk of gatherings. This included planning activity routes within the Company premises, creating separate working zones, segregating smoking areas, implementing partitioning, and establishing mechanisms for people entering and exiting the cafeteria. These measures helped minimize the risk of gatherings.
3. Making adjustments to domestic and international business trips in response to the pandemic.
4. Requiring visitors, guests, and suppliers to comply with epidemic prevention measures, including online health declarations and providing negative rapid test results when necessary.
5. Setting up an epidemic prevention section on the Company's internal website, where epidemic prevention measures and guidelines were posted.

- Temperature checks and self-health declarations were required for all employees and incoming suppliers to ensure safety.
 - Foreign workers in dormitories were housed separately to reduce risks.
 - Compliance with the guidelines from the Central Epidemic Command Center was enforced, including monitoring, testing, and quarantining as required for individuals entering the country, confirmed cases, or close contacts or cohabitants.
6. Stocking various supplies, such as sanitizer, rapid test kits, ear/forehead thermometers, and masks, in response to the pandemic's severity.
 7. Creating 15 pieces of epidemic-related health education and information announcements in response to changing conditions.
 8. Promoting COVID-19 vaccination and encouraging all employees to complete their vaccinations. The reporting rate for vaccination completion was 100%, and the third dose vaccination rate for the entire Company was 89.21%.
 9. Developing guidelines for managing epidemic cases, including confirmed cases and close contacts or cohabitants of confirmed cases.

Looking back to 2022, we have safely navigated the most challenging times of the pandemic. The Company will continue to prioritize the well-being of its employees and provide assistance where necessary. We are also committed to strengthening our operational sustainability and resilience in emergency situations.

9. Community Participation and Giving Back

Xintec has always adhered to the spirit of "taking from society and giving back to society", which is deeply ingrained in its business operations. Over the years, we have embraced the concept of corporate sustainability to contribute to society. Our core foundation is based on "caring for social issues, improving the lives of disadvantaged groups, and fulfilling our social responsibility" and we continue to promote various social welfare activities, encouraging our employees to participate in local charity events in Taoyuan City, donate school supplies to remote schools and kindergartens in Fuxing District, and establish a "NT\$ 100 Club" to support children in family centers. Through the enthusiastic involvement of our colleagues, we collaborated with local welfare organizations to plan and execute these activities with the intention of conveying warmth and love for society through the dedication of our employees, fostering a cycle of kindness, supporting sustainable social development, and balancing economic, environmental, and social dimensions. We are also committed to nurturing a shared culture of corporate sustainability, expanding our company's impact, and realizing our commitment to giving back to society. We are dedicated to making both campuses and society better places for all.

● Xintec has participated in the following initiatives of social charity in 2022:

	Event	Description
1	Muhsiang Home and Taoyuan Family Assistance Center	Xintec has been working with local social welfare organizations and in 2022, the Company collaborated with Muhsiang Home and Taoyuan Family Assistance Center to assist and support these institutions. Through the initiative of our employees, we collectively gathered essential items such as rice, preserved long-life milk, noodles, biscuits, canned goods, and eight-treasure congee to be donated to these organizations, thus helping to improve the living conditions and quality of life for the children at the child care center.
2	Tree Planting Activity - Charity Sale	The Company worked together with the Autism Association, Ruth Society For Disability Services, and Chensenmei Social Welfare Foundation to organize a charity sale event on Arbor Day. Our employees provided the items for sale, and the proceeds, totaling NT\$64,217, were donated in full. This initiative reflects our commitment to supporting disadvantaged groups in the Taoyuan area, helping them access better resources, and improving their quality of life.
3	Gift of appreciation for blood donors - Mixed grain rice	Xintec continued its partnership with Taoyuan Blood Donation Center to conduct blood donation activities within the Company. In a year affected by the pandemic, blood bank levels were at times critically low. In response, the Company organized two events, rallying employees to participate in the "Passionate Blood" campaign. These activities aimed to raise awareness about the importance of blood donation, cultivate the habit of blood donation, and contribute to a stable blood supply in Taiwan. In 2022, we held two blood donation events, resulting in the collection of 242 bags of precious blood. After the blood donation, the Company purchased ten bags of Ruth Society For Disability Services' mixed grain rice as a gift to the blood donors as our way of offering additional help to Ruth Society For Disability Services.
4	Sending Love to Remote Areas - Xintec Cares, Better Children for a Better Future	Before school reopened in 2022, Xintec organized the "Sending Love to Remote Areas - Xintec Cares, Better Children for a Better Future" event. Group employees were invited to prepare school supplies and gifts for students in remote areas of Taoyuan. The Company successfully raised NT\$150,000, which will benefit 250 young children in Luofu, Yisheng, and Kuihui Elementary Schools (including their kindergartens) in Fuxing District. This funding will provide additional school supplies and enhance educational resources, with the aim of conveying our warmest care to these children.
5	Ruth Society For Disability	Ruth Society For Disability Services provides a stable educational environment and living space for special-needs children

	Services Charity Fair	in the Taoyuan area. In the domains of special education, vocational training, and employment counseling, the organization promotes love and persistence, offering the appropriate environment and professional methods to provide comprehensive training and proper care for individuals with disabilities and their families. Through the initiative from our employees, the Company collected second-hand items and held a charity sale at the school fair, with all proceeds donated to the Ruth Society For Disability Services.
6	Xintec's Flea Market of Charity	On November 4, 2022, we held an internal second-hand charity sale within the plant. Through the collective efforts of all employees, we raised a total of \$65,985, and the proceeds was donated in full to social welfare organizations in Taoyuan.
7	Donation of 10% from the purchase of Eternal Love Charity Gift Box for Mid-Autumn Festival	Xintec Corporation has continued its collaboration with Rivon by purchasing its Mid-Autumn Festival gift boxes for employees as holiday gifts. In 2022, the "Eternal Love Charity Gift Box" was co-created by children from the Yunlin Minsheng Elementary School, sponsored by the Child Welfare League Foundation. The gift box featured a "Moon Party" as its theme, depicted in a children's storybook format, showcasing the children's vivid imaginations. Xintec Corporation actively participated in this event and donated 10% of the purchase amount, totaling NT\$ 97,140, to the Child Welfare League Foundation to support the care and education of underprivileged children. We will continue to be involved in this charitable cause in the future as our way of extending care to the beautiful island of Formosa
8	NT\$ 100 Club - Adopting/Helping children at TFCF	Taiwan Fund for Children and Families (TFCF) is an international non-profit organization that focuses on the well-being of vulnerable children and their families. The foundation is guided by "the concept of providing immediate assistance, warm care, and professional social work with the love of Christ" to support children from impoverished families, protect abused and special-needs children. Deeply inspired by this philanthropic spirit, Xintec joined forces with employees to collectively donate NT\$680,600 to assist 2,268 underprivileged children through TFCF in the hopes of helping these children improve their living conditions and enabling them to embrace a brighter future with courage.
9	Burn Fat & Send Love	Xintec prioritizes the physical and mental health of its employees and organized the "Burn Fat & Send Love" event. Through a fitness program, the Company endeavored to help employees control their body fat and weight while cultivating healthy exercise and dietary habits. This initiative is intended to promote better physical well-being, reduce the risk of diseases, and enhance work efficiency for our employees. Furthermore, during this health promotion campaign, for every 1% reduction in body fat achieved by participants, the Company would donate NT\$10 to charitable organizations. In total, 69 employees participated in the campaign and together, they achieved a collective of 142% reduction in body fat. Their efforts led to a donation of NT\$1,420 to charity and we hope to continue inspiring our employees to attain better health.
10	Christmas Charity Sale	During the Christmas season, Xintec organized a grand charity sale event with the aim of supporting various local welfare organizations that cater to the needs of underprivileged individuals. These organizations include Daan Sheltered Farm, Ruth Society For Disability Services, Institute for the Blind of Taiwan, Chensenmei Social Welfare Foundation, the Taoyuan Autism Association, New Taipei City Love Nature Sheltered Workshop, the Spinal Cord Injury Potential Development Center, Merry House Foundation and so forth. During the event, employees and these organizations came together, working hand in hand to set up various booths for the charity sale, featuring handicrafts, food items, and gifts, which attracted many

		people to participate and brought warmth and hope to these underprivileged organizations. This event showcased the unity between us and the community, highlighting the importance of love and care. Xintec will continue to support these organizations and is dedicated to building a more inclusive and compassionate society.
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In the future, Xintec aspires to be a responsible corporate citizen dedicated to giving back to society. The Company will continue to invest in various social welfare initiatives, not only striving for sustainable business development but also fulfilling its corporate social responsibility. We will actively participate in charitable activities, support disadvantaged groups in society, and be a driving force behind a more inclusive and prosperous community. Through concrete actions, the Company hopes to contribute to the well-being of society, making more people feel the care and contributions of businesses, and promoting the sustainable development of society.

BSI INDEPENDENT ASSURANCE OPINION STATEMENT



INDEPENDENT ASSURANCE OPINION STATEMENT

Xintec Inc. 2022 ESG Report

The British Standards Institution is independent to Xintec Inc. (hereafter referred to as Xintec in this statement) and has no financial interest in the operation of Xintec other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of Xintec only for the purpose of assuring its statements relating to its ESG report, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance 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 independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by Xintec. 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 independent assurance opinion statement or matters relating to it should be addressed to Xintec only.

Scope

The scope of engagement agreed upon with Xintec includes the followings:

1. The assurance scope is consistent with the description of Xintec Inc. 2022 ESG Report.
2. The evaluation of the nature and extent of the Xintec's adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process. This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the Xintec Inc. 2022 ESG Report provides a fair view of the Xintec sustainability programmes and performances during 2022. The sustainability report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the Xintec and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are fairly represented. The sustainability performance information disclosed in the report demonstrate Xintec's efforts recognized by its stakeholders.

Our work was carried out by a team of ESG report assurers in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that Xintec's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a review of issues raised by external parties that could be relevant to Xintec's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 15 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000AP (2018).

Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness and Impact of AA1000AP (2018) and GRI Standards is set out below:

Inclusivity

This report has reflected a fact that Xintec has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for the information of Environment, Social and Governance (ESG) in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the Xintec's Inclusivity issues.

Materiality

Xintec publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of Xintec and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the Xintec's management and performance. In our professional opinion the report covers the Xintec's material issues.

Responsiveness

Xintec has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for Xintec is developed and continually provides the opportunity to further enhance Xintec's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the Xintec's responsiveness issues.

Impact

Xintec has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. Xintec has established processes to monitor, measure, evaluate and manage impacts that lead to more effective decision-making and results-based management within the organization. In our professional opinion the report covers the Xintec's Impact issues.

GRI Sustainability Reporting Standards (GRI Standards)

Xintec provided us with their self-declaration of in accordance with GRI Standards 2021 (For each material topic covered in the applicable GRI Sector Standard and relevant GRI Topic Standard, comply with all reporting requirements for disclosures). Based on our review, we confirm that sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the Xintec's sustainability topics. However, the future report will be improved by the following areas:

- It is encouraged not to use "confidentiality constraints" as a reason for omitting the disclosure GRI 2-21 annual total compensation ratio. The organization should consider referring to international peer practices to respond to the requirements of the standards and increase the transparency of the ESG report.

Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

Responsibility

The ESG report is the responsibility of the Xintec's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of Lead auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:


Peter Pu, Managing Director BSI Taiwan



Statement No: SRA-TW-792428
2023-08-17

...making excellence a habit.™

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A Member of the BSI Group of Companies.

GRI Standards 2021 Reference Sheet

Disclaimer: Xintec Inc. has reported its activities in accordance with GRI guidelines for the period from January 1, 2022 to December 31, 2022.

GRI version used: GRI 1: Foundation 2021

Application of GRI Industry Standards: None

Indicator	GRI Standard	Disclosure content	Corresponding chapter	Page no.	Reason for deletion
General standard disclosure					
GRI 2 General Disclosures 2021	GRI-2-1	Organizational details	Chap2		
	GRI-2-2	Entities included in the organization's sustainability reporting	About this Report	2	
	GRI-2-3	Reporting period, frequency and contact point	About this Report	2	
	GRI-2-4	Restatements of information	About this Report	2	
	GRI-2-5	External assurance	About this Report	2	
	GRI-2-6	Activities, value chain and other business relationships	Chacp2.1	31	
	GRI-2-7	Employees	Chap8.2	101	
	GRI-2-8	Workers who are not employees	Chap8.2	101	
	GRI-2-9	Governance structure and composition	Chap2.3	34	
	GRI-2-10	Nomination and selection of the highest governance body	Chap2.3	34	
	GRI-2-11	Chair of the highest governance body	Chap2.3	35	
	GRI-2-12	Role of the highest governance body in overseeing the management of impacts	Chap2.3	35	
	GRI-2-13	Delegation of responsibility for managing impacts	Chap2.3	35	
	GRI-2-14	Role of the highest governance body in sustainability reporting	Chap2.3	36	
	GRI-2-15	Conflicts of interest	Chap2.3	36	
	GRI-2-16	Communication of critical concerns	Chap2.3	36	
	GRI-2-17	Collective knowledge of the highest governance body	Chap2.3	37	
	GRI-2-18	Evaluation of the performance of the highest governance body	Chap2.3	37	

	GRI-2-19	Remuneration policies	Chap2.4	38	
	GRI-2-20	Process to determine remuneration	Chap2.4	38	
	GRI-2-21	Annual total compensation ratio	Xintec's highest annual total compensation is confidential information		
	GRI-2-22	Statement on sustainable development strategy	Chap1.1	11	
	GRI-2-23	Policy commitments	Chap1.1/2.5/4.1/8.8		
	GRI-2-24	Embedding policy commitments	Chap1.1	11	
	GRI-2-25	Processes to remediate negative impacts	Chap2.5	42/55	
	GRI-2-26	Mechanisms for seeking advice and raising concerns	Chap2.5	42	
	GRI-2-27	Compliance with laws and regulations	Chap2.6	73	
	GRI-2-28	Membership associations	Chap2.7	47	
	GRI-2-29	Approach to stakeholder engagement	Chap1.5	17	
	GRI-2-30	Collective bargaining agreements	No collective bargaining agreements have been signed		
GRI 3 Material Topics 2021	GRI-3-1	Process to determine material topics	Chap1.5	17	
	GRI-3-2	List of Material Topics	Chap1.5	17	
	GRI-3-3	Material Topics Management	Chap1.5	17	
1. Operational performance					
GRI 3: Material Topics 2021	GRI 3-3	Material Topics Management	Chap3	17/38	
GRI 201:2016 Economic Performance	GRI 201-1	Direct economic value generated and distributed	Chap3.1	50	
2. Corporate governance and sustainable development					
GRI 3: Material Topics 2021	GRI 3-3	Material Topics Management	Chap3	17/28	
3. Innovative R&D					
GRI 3: Material Topics 2021	GRI 3-3	Material Topics Management	Chap6	17/78	
4. Environmental management and climate change					
GRI 3: Material Topics 2021	GRI 3-3	Material Topics Management	Chap7	17/84	

GRI-305:2016 Emissions	GRI-305-01	Direct (Scope 1) GHG emissions	Chap7.2	92	
	GRI-305-02	Energy indirect (Scope 2) GHG emissions	Chap7.2	92	
	GRI-305-04	GHG emission intensity	Chap7.2	92	
	GRI-305-05	Reduction of GHG emissions	Chap7.2	91	
GRI-306:2020 Waste	GRI-306-01	Management of significant waste-related impacts	Chap7.3	93	
	GRI-306-02	Management of significant waste-related impacts	Chap7.3	93	
	GRI-306-03	Waste generated	Chap7.3	93	
	GRI-306-04	Waste diverted from disposal	Chap7.3	93	
	GRI-306-05	Waste directed to disposal	Chap7.3	93	
5. Occupational Safety Management					
GRI 3: Material Topics 2021	GRI 3-3	Material Topics Management	Chap4	17/62	
GRI-403:2018 Occupational Health and Safety	GRI-403-01	Occupational health and safety management system	Chap4.1	62	
	GRI-403-02	Hazard identification, risk assessment and incident investigation	Chap4.1	62	
	GRI-403-03	Occupational health services	Chap8.10	118	
	GRI-403-04	Occupational health and safety workers participating in consultation and communication	Chap4.5	68	
	GRI-403-05	Worker training on occupational health and safety	Chap4.3	67	
	GRI-403-06	Promotion of worker health	Chap8.10	118	
	GRI-403-07	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Chap4.1	62	
	GRI-403-08	Workers covered by an occupational health and safety management system	Chap4.1	62	
	GRI-403-09	Work-related injuries	Chap4.6	69	
	GRI-403-10	Work-related ill health	Chap4.6	69	
6. Operational risk management					
GRI 3: Material Topics 2021	GRI 3-3	Material Topics Management	Chap3	17/49	

7. Talent development and cultivation					
GRI 3: Material Topics 2021	GRI 3-3	Material Topics Management	Chap8	17/99	
GRI 404:2016 Training and Education	GRI-404-01	Average hours of training per year per employee	Chap8.5	108	
	GRI-404-03	Percentage of employees receiving regular performance and career development reviews	Chap8.6	112	
GRI 405:2016 Diversity and Equal Opportunity	GRI-405-01	Diversity of governance bodies and employees	Chap2.3/8.2	35/101	
	GRI-405-02	Ratio of basic salary and remuneration of women to men	Chap8.8	114	
8. Human rights management					
GRI 3: Material Topics 2021	GRI 3-3	Material Topics Management	Chap2	17/28	
GRI-408:2016 Child Labor	GRI-408-01	Operations and suppliers at significant risk for incidents of child labor	Chap2.5	42	
GRI-409:2016 Forced or Compulsory Labor	GRI-409-01	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Chap2.5	42	
9. Labor relations and employee benefits					
GRI 3: Material Topics 2021	GRI 3-3	Material Topics Management	Chap8	17/99	
GRI 401:2016 Employment	GRI-401-1	New employee hires and employee turnover	Chap8.4	106	
	GRI-401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Chap8.8	114	
	GRI-401-3	Parental leave	Chap8.7	113	
GRI-402:2016 Labor/Management Relations	GRI-402-1	Minimum notice periods regarding operational changes	Chap8.9	116	
10 Legal compliance					
GRI 3: Material Topics 2021	GRI 3-3	Material Topics Management	Chap2	17/28	
GRI-205:2016 Anti-corruption	GRI205-2	Communication and training about anti-corruption policies and procedures	Chap2.6	46	

GRI-206:2016 Anti-competitive behavior	GRI206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Chap2.6	46	
11. Customer relationship management					
GRI 3: Material Topics 2021	GRI 3-3	Material Topics Management	Chap3	17/49	
12. Supply chain management					
GRI 3: Material Topics 2021	GRI 3-3	Material Topics Management	Chap5	17/71	
GRI-308:2016 Supplier Environmental Assessment	GRI-308-01	New suppliers that were screened using environmental criteria	Chap5.2	73	
GRI-414:2016 Supplier Social Assessment	GRI-414-01	New suppliers that were screened using social criteria	Chap5.2	73	

● Sustainable Accounting Standards Board Index - Reference Sheet

SASB Standards Topic	Code	Accounting Metric	Corresponding chapter	Remark
Greenhouse Gas Emissions	TC-SC-110.a.1	Gross global Scope 1 emissions Total emissions from PFCs	Chap 7 Environmental Protection	
	TC-SC-110.a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Chap 7 Environmental Protection	
Energy Management in Manufacturing	TC-SC-130.a.1	Total energy consumed Percentage grid electricity Percentage renewable	Chap 7 Environmental Protection	
Water Resource Management	TC-SC-140.a.1	Total water withdrawn, percentage of each in regions with High or Extremely High Baseline Water Stress Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Chap 7 Environmental Protection	
Waste Management	TC-SC-150.a.1	Amount of hazardous waste from manufacturing, percentage recycled	Chap 7 Environmental Protection	
Employee Health & Safety	TC-SC-320.a.1	Description of efforts to assess, monitor, and reduce exposure of employees to human health hazards	Chap 4 Safe Workplace Culture	
	TC-SC-320.a.2	Total amount of monetary losses as a result of legal proceedings associated with employee safety and health violations	Chap 4 Safe Workplace Culture	No incidents
Recruiting & Managing a Global & Skilled Workforce	TC-SC-330.a.1	Percentage of employees that are foreign nationals and located offshore	-	
Product Lifecycle Management	TC-SC-410.a.1	Percentage of products by revenue that contain IEC 62474-declarable substances		None
	TC-SC-410.a.2	Processor energy efficiency at a system level for: servers, desktops, and laptops		None
Materials Sourcing	TC-SC-440.a.1	Description of the management of risks associated with the use of critical materials	3. Corporate governance and operational performance	None
Intellectual Property Protection & Competitive Behavior	TC-SC-520.a.1	Total monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	2. About Xintec	No incidents
Activity Metric	TC-SC-000.A	Total production		
	TC-SC-000.B	Percentage of production from owned facilities		