M31

M31 TECHNOLOGY

M31

2023 M31 Sustainability Report

Table of contents
2023 Sustainability Report

01 SUSTAINABLE MANAGEMENT

02 SUSTAINABLE GOVERNANCE

03 SUSTAINABLE ENVIRONMENT

04 INDUSTRY SUSTAINABILITY

05 COMMON GOOD FOR SOCIETY

APPENDIX

Words from the Chairman and CEO

To our friends who care about the sustainable operation of M31:

Dear stakeholders,
The sustainable management of our company is reflected in the company's operating activities. Through the publication of the first annual sustainability report, we have highlighted non-financial performance information to demonstrate our commitment to corporate governance, the environment, and society, with the hope of earning the recognition and trust of all stakeholders.

M31 upholds sustainable development as our highest principle. We have established a Sustainable Development Committee to ensure effective stakeholder communication and to participate in sustainable development through corporate governance, environmental sustainability, and social inclusion. We continue to bring a positive influence to society and promote industrial sustainability.

Looking back on 2023, although economies worldwide gradually recovered in the post-pandemic phase, the global market remained highly uncertain due to the impacts of the US-China trade war and the Russia-Ukraine war. Our management team adhered to a risk-based mindset and professional governance, continuously implementing operational plans. The annual consolidated revenue reached NT$1.6 billion, maintaining stable income and meeting investor expectations.

Robust and transparent corporate governance is the foundation of our operations and demonstrates our responsibility to stakeholders. The company strives to improve the effectiveness of corporate governance through the efficient operation of the board of directors, functional committees, and management teams. In 2023, we achieved a top 5% rating in the Taiwan Corporate Governance Evaluation.

In terms of social care, M31 and all employees make full use of limited resources to exert their best efforts to actively support disadvantaged groups and promote social stability. We continue to organize activities such as caring for the disadvantaged, material donations, volunteer participation, and the promotion of artistic and cultural events, and also encourage employees, along with their friends and families, to participate together, demonstrating our commitment through practical actions. In 2023, M31 and its employees collectively invested a total of NT$1,082,000 in social participation.

"Employees" are the company's most valuable assets, and it is our mission to create a safe, healthy, harmonious, and positive working environment. To promote sustainable talent development, we provide diversified training, including general knowledge, professional, and hierarchical courses, to enrich employees' workplace and team capabilities. Specifically, the average training hours per employee in 2023 were 20.91 hours with male employees averaging 19.75 hours and female employees averaging 23.61 hours. We attach importance to the physical and mental health of all our employees, conducting regular health check-ups, promoting healthy diets among colleagues, continuously implementing occupational health and safety plans, and ensuring regulatory compliance. Through risk management and various health promotion initiatives, we strive to improve the work environment and create a healthy workplace.

Regarding the issue of global climate change, M31 actively invests in innovative research and development. From a life cycle perspective, we integrate environmental considerations into our R&D, procurement and technical support processes to comply with international environmental regulations to meet the demand for green, environmentally friendly and low-carbon products to reduce environmental impacts. In 2023, we implemented TCFD climate change financial disclosures and ensured comprehensive governance of climate risks and opportunities throughout our management team to mitigate the impacts of climate change.

For the energy-saving operations, the company selects office spaces that comply with low-carbon building standards as operational bases and is committed to researching and developing energy-efficient products and technologies. Through the implementation of the ISO 14064-1 greenhouse gas inventory management system, the company actively promotes various energy reduction measures and expands the use of renewable energy to improve energy efficiency.

In pursuit of sustainable development, M31 will continue to cultivate the Taiwan market and expand its global presence, fulfilling our corporate responsibility for sustainable development to achieve continuous growth and strive to be a responsible corporate citizen. With these beliefs, the company drives progress through innovation, promotes green supply chains, implements resource management, energy conservation, and carbon reduction goals.

M31 will also continue to leverage company resources and foster voluntary initiatives among employees for charity and public welfare, demonstrating social care. We encourage employee participation in social interactions, identifying more concrete ways to practice compassion and give back to the community. As M31 approaches its thirteenth year, we will continue to harness collective efforts, exert influence, co-create value for the environment and society, and achieve a brighter future.

M31 Chairman

M31 CEO

M31 Chairman

M31 CEO

About this Report

Report Structure
This sustainability report covers the period from January 1, 2023, to December 31, 2023, marking the inaugural publication for M31 Technology Corporation (referred to as M31 in subsequent chapters). The content includes disclosure of sustainability indicators across corporate governance, economic, social, and environmental aspects. To fully disclose of sustainability performance of M31 and present the results of communication with stakeholders, this report is prepared in reference to GRI Standards: 2021, Sustainable Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD), and complies with regulations from government authorities on "Operation Methods for Preparing and Reporting Corporate Sustainability Reports for Listed Companies." It is also in line with the "United Nations Sustainable Development Goals (SDGs)." This report aims to responsibly inform stakeholders about the company's strategies and activities in the areas of economics, environment, and society, and to demonstrate the company's commitment to social responsibility and sustainable development.

Report Review
This report is overseen and managed by the Sustainable Development Committee, which is directly under the jurisdiction of the Chairman. Members of each working committee gather information on domestic and international economic, environmental, and social sustainability issues. They identify stakeholder concerns through various channels and use negotiation processes and analysis to pinpoint material topics relevant to the company. Based on these topics, they gather relevant management policies and performance information, which is then reviewed and confirmed by the Sustainable Development Committee. Lastly, after approval by the Chairman and CEO, this information is made available to stakeholders through public channels. The financial data in this report is sourced from the consolidated financial report audited by Deloitte Taiwan. To enhance the quality of the report's disclosures, it was verified by Great Certification based on AA1000AS v3 at a Type 1 moderate assurance level, confirming compliance with the GRI Standards 2021 requirements, and a statement of assurance has been obtained and it is also provided in the appendix of the report.

Report Writing Principles and Guidelines
M31 considers industry requirements and significant global economic, environmental, and social issues. By collecting stakeholder impact assessments through questionnaires, we integrate the results with our company's operational strategies and convene the Sustainable Development Committee to select material topics. After receiving the chairperson's approval, the implementation results are disclosed in this report. Financial data covers the operational performance of the parent and subsidiaries as presented in the financial statements. The boundary for non-financial performance indicators is the headquarters of M31. The amounts cited in the report are calculated in New Taiwan Dollars. Any parts exceeding the scope will be specifically explained in the respective chapters of the report.

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Report Management Process

STEP1 — Topic Collection

Stakeholder Identification / Issues Collection	Sustainable Development Committee

STEP2 — Material Topic Determintion

Stakeholders' External Economic, Environmental, and Human Impact Assessment	Internal Operational Impact Assessment	Sustainable Development Committee Resolution

STEP3 — Data Consolidation

Management Policy and Performance Collection	Sustainable Development Committee

STEP4 — Draft Preparation

Report Information Compilation	Sustainable Development Committee / Relevant Departments

STEP5 — Final Draft Review

Internal review of the report	Sustainable Development Committee

STEP6 — Public Announcement

Approval by the Board of Directors / Report Publication	Sustainable Development Committee

Report Management Process

Release Date and Period

The company publishes annually, and the report release dates are as follows:
Last release date: First issuance
This release date: June 2024
Next scheduled release: August 2025

Revisions

This report is the inaugural report, with no significant changes to its scope and thematic boundaries, including scale, structure, ownership, and supply chain. Therefore, there are no revision required.

Contact Information

In line with environmental conservation and promoting paperless initiatives as part of corporate citizenship responsibilities, this report is publicly available in electronic format in Traditional Chinese on the company's website for readers' reference. You are welcome to visit M31 website:
https://www.m31tech.com/esg/report/
If you have any questions or suggestions regarding this report, please feel free to contact us.
Address: 9F, No. 8, Taiyuan 2nd Street, Zhubei City, Hsinchu County, Taiwan.
Contact Person: Sustainability Development Committee
Phone: +886-3-5601866
Email: esg@m31tech.com

Stakeholder Engagement

● **Identifying Key Stakeholders**

  ✓ Through routine business interactions with various stakeholders.
  ✓ Through internal meetings and referencing industry practices.
  ✓ Identifying 7 categories of key stakeholders.

M31 pursues sustainable business operations while valuing the voices of stakeholders. Individuals or groups that may have significant impacts on the company's operations are considered stakeholders. The Sustainability Committee identifies key stakeholders based on the five principles of the AA1000 Stakeholder Engagement Standard (SES), which include dependency, responsibility, influence, diverse perspectives, and tension of interest. The identified key stakeholders include employees, customers, suppliers, banks, government agencies, shareholders/investors, and communities.

● **Stakeholder Communication Channels and Issues of Concern**

M31 Corporation addresses concerns raised by key stakeholders through communication channels established during daily operational activities across departments. These concerns are consolidated by the Sustainability Development Committee, referencing specific topics outlined in the GRI Sustainability Reporting Standards 2021 and industry-specific sustainability indicators by SASB. Evaluation of the actual and potential positive and negative impacts on economic, environmental, and social aspects leads to the identification of 20 sustainable issues, ensuring that M31 Corporation's disclosures in the E (Environment), S (Social), and G (Corporate Governance) dimensions meet stakeholders' expectations.

Stakeholder Communication Channels and Issues of Concern

Sustainability Issue	Talent Development and Retention	Innovative R&D	Customer Service	Ethics and Integrity	Regulatory Compliance	Information Security	Labor Relations	Corporate Governance	Risk Management	Occupational Safety and Health	Diversity and Equal Opportunity	Energy Management	Financial Performance	Supply Chain Sustainability	Human Rights Policy	Social Participation	Greenhouse Gas Emissions	Climate Change Response	Water Resource Managemen	Waste Management
Positive Impact	V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	V		V	V	V
Negative Impact																	V			
Actual /Potential	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Potential	Actual	Actual	Potential	Potential	Actual	Actual

Due to the diverse identities of stakeholders, the issues of concern about M31 also vary. We provide relevant information on corporate sustainability development on our official website and have established open and direct communication channels with stakeholders. This enables us to understand the requirements and expectations of stakeholders and respond promptly. We aim to work together with stakeholders towards a win-win situation to achieve the concept of sustainable corporate operation, continuously reviewing and improving our performance in corporate sustainability development. The company reports the communication status with major stakeholders to the Board of Directors every year, which serves as a reference for sustainable strategy planning.
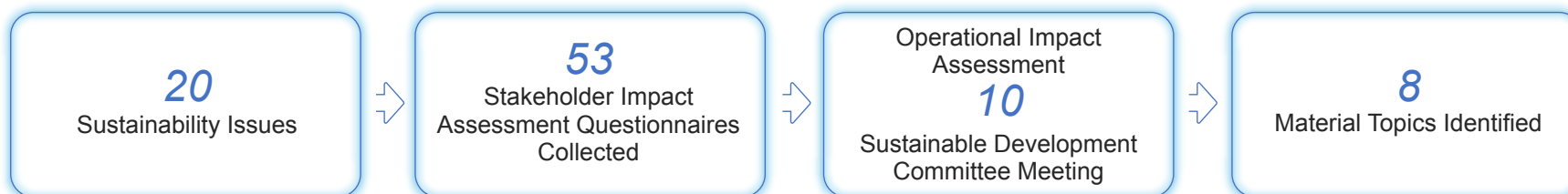
Stakeholder Communication Channels and Concerns

Category	Significance to the Company	Concerns	Communication Channels and Response Methods	2023 Communication Results
Customer	Customers are the main source of the company's revenue. The company views product quality, safety, and after-sales service as its highest commitment to customers. Maintaining high customer satisfaction helps enhance customer recognition of the company.	Supply Chain Sustainability Regulatory Compliance Information Security Customer Service Innovative R&D Ethics and Integrity Financial Performance Occupational Safety and Health Risk Management Waste Management Energy Management Human Rights Policy Climate Change Response Water Resource Management	Customer Phone/Email (Daily/Irregular) Customer Satisfaction Survey (Annually/Per Case) Customer Online Feedback System (Irregular) Quality Meetings (Irregular) Customer Visits (Irregular) Customer Meetings (Irregular) Customer Audits (Irregular) Business Service Area (sales@m31tech.com)	• Annual satisfaction survey communications: 15 cases • VIP customer annual communications: 5 cases
Employees	Employees are the cornerstone of the company's operations. The company is committed to providing a workplace environment that ensures the physical and mental health and diverse development of employees, allowing them to work without worries.	Ethics and Integrity Economic Performance Labor Relations Talent Development and Retention Regulatory Compliance Occupational Safety and Health Innovative R&D Human Rights Policy	Department Meetings (Irregular) Employee Symposium (Quarterly) Education and Training (Irregular) Performance Review (Semi-annual) Suggestion Box/Electronic Bulletin Board (Irregular) Employee Complaint Mailbox (Irregular) Employee Ethics Area (hr@m31tech.com / adt@m31tech.com)	• Labor-Management Meetings: 4 times • Welfare Committee Meetings: 4 times • Internal Announcements: 116 times
Government Agencies	Government agencies oversee and audit the company's compliance with various regulations.	Regulatory compliance Information security Ethics and integrity Corporate governance Occupational health and safety Energy management Waste management Social engagement Climate change adaptation	Public announcements via Public Information Observation Station (Irregular) Correspondence (Irregular) Various meetings (Irregular) Relevant statistical surveys from government agencies such as the Directorate-General of Budget, Accounting and Statistics, Ministry of Labor, and Financial Supervisory Commission (Irregular) Ethics section (hr@m31tech.com / adt@m31tech.com)	• Material information announcements on the Public Information Observation Station: 45 times • Corporate governance evaluation: 1 time • Annual fire inspection: 1 time • Correspondence (paper-based) communication: 82 times • Consensus meetings: 9 times

Stakeholder Communication Channels and Concerns

Category	Significance to the Company	Concerns	Communication Channels and Response Methods	2023 Communication Results
Shareholders /Investors	Investors are supporters of the company, and the company should safeguard their interests and treat all investors fairly, ensuring their rights to fully informed, participate, and decide on significant matters of the company.	Regulatory compliance Ethics and integrity Financial performance Risk management	General shareholders' meeting (Annually) Earnings or investor's conference (Quarterly) Meetings with investment institutions or brokerages(Irregular) Shareholder calls/emails (Irregular) Information dissemination through Public Information Observation Station and company website (Irregular) Investor relations and shareholder service section (ir@m31tech.com)	• Material information announcements on the Public Information Observation Station: 45 times • Annual general shareholder meeting: 1 time • Earnings conference: 5 times
Suppliers	Maintaining long-term positive interactions with supply partners ensures stable supply of components and services. Taking measures with suppliers can efficiently prevent environmental pollution and violations of labor rights.	Supply chain sustainability Energy management Innovation and research Regulatory compliance Financial performance Information security	Telephone/Email communication (Irregular) Supplier audits (Irregular) Complaint channels (Irregular) Ethics section (adt@m31tech.com)	• Annual supplier audits communications: 17 companies • New supplier audit communications: 8 companies
Banks	Banks serve as the core gateway for operational fund transactions. Close communication and interaction with banks help understand sustainable financial development trends, ensuring sustainable operation.	Economic performance Regulatory compliance Energy management Social engagement Climate change adaptation	Bank visits (Irregular) Bank information provided (Irregular) Investor relations and shareholder service section (ir@m31tech.com)	• Annual communications: 8 times
Community	Pursuing the goal of sustainable development for societal prosperity, enhancing positive social impact through community contributions	Local community Regulatory compliance Climate change adaptation Energy management Waste management Water resource management	Corporate volunteer services (Irregular) Participation in charitable activities (Irregular) Social care and donations (Irregular) ESG section (esg@m31tech.com)	• Media communications: 11 times • Public welfare activities: 30

Material Topic Assessment

Material Topic Assessment Process

20 Sustainability Issues	⇨	**53** Stakeholder Impact Assessment Questionnaires Collected	⇨

| Operational Impact Assessment **10** Sustainable Development Committee Meeting	⇨	**8** Material Topics Identified

The Sustainable Development Committee formulated 20 sustainability issues and distributed an online questionnaire for key stakeholders and committee members to complete. A total of 63 valid questionnaires were collected (53 from stakeholders and 10 from committee members). These responses provided scores on the impact of each sustainability issue related to corporate governance, environment, and society. The Sustainable Development Committee then discussed and decided on the material topics for the year by considering stakeholders' perspectives and evaluating the internal operational impact. As a result, 8 material topics related to environmental, social, and corporate governance aspects were identified as priorities for disclosure for the year. M31 will outline the management approach and related disclosure items for each material topic in this report.

Aspect	Material Topics of M31
Environmental	Greenhouse Gas Emissions
Social	Labor Relations, Talent Development and Retention, Customer Service
Corporate Governance	Corporate Governance, Innovative R&D, Information Security, Risk Management

Material Topic Risk Matrix

Category Number	Sustainability Issue
S4	Talent Development and Retention
G3	Innovative R&D
S6	Customer Service
G6	Information Security
S5	Labor Relations
G1	Corporate Governance
G2	Risk Management
G5	Regulatory Compliance
G4	Ethics and Integrity
S3	Occupational Health and Safety
S2	Diversity and Equal Opportunity
E2	Energy Management
G7	Financial Performance
G8	Supply Chain Sustainability
S7	Human Rights
S1	Social Engagement
E5	Greenhouse Gas Emissions
E1	Climate Change Adaptation
E4	Water Resource Management
E3	Waste Management
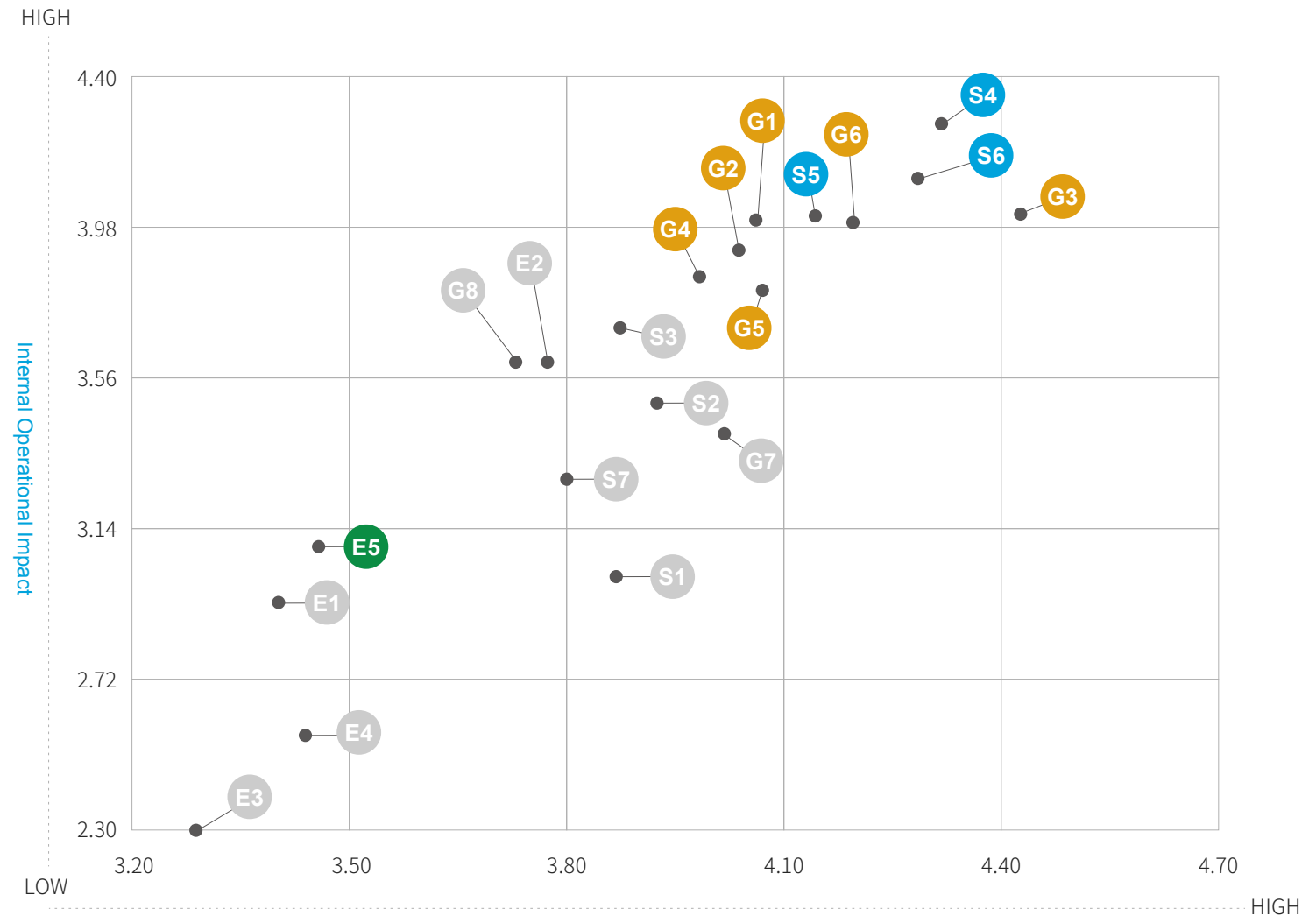
Material Topic Changes This year is the first year of publishing the sustainability report, so there are no changes in material topics compared to previous years.

List of Material Topics

Material Topic	Positive/Negative Impact	GRI Standards	Impact Boundary of Material Topic Value Chain						Management Approach Disclosure Section
			Headquarters	Customers	Banks	Government Agencies	Suppliers	Shareholders /Investors	
Corporate Governance	Effective operation of a robust board and functional committees, along with transparent governance information disclosure, contributes to company visibility and external evaluation improvement. This year, the company received an MSCI BBB rating, indicating a positive actual impact.	Custom	●	●	●	●	●	●	2.2 Responsible Governance
Labor Relations	To fulfill social responsibility and reduce human rights risks, we provide a friendly workplace, prioritize employee welfare, offer communication and complain channels, and actively optimize a good working environment, aligning with company development goals, indicating a positive actual impact.	401-1 401-2	●	●		●			4.2 Friendly Workplace
Risk Management	Through the operation of the Sustainable Development Committee and the Risk Control Committee, we implement comprehensive ESG risk management, aligning with company development goals, indicating a positive actual impact.	Custom	●	●		●			2.3 Risk Management and Climate Change Response Strategy
Innovative R&D	By implementing product safety and quality, environmental responsibility through green design, supply chain management, and quality assurance systems, the company's competitiveness is enhanced. In 2023, we continued innovation with project performance meeting expected targets, indicating a positive actual impact.	Custom	●	●				●	2.5 Innovative R&D
Talent Development and Retention	Comprehensive career planning and training are fundamental to sustainable talent. M31 implements all-around diverse training, enhancing talent competitiveness, with training outcomes meeting company goals, indicating a positive actual impact.	404-1 404-2 404-3	●	●					4.1 Talent Sustainability
Information Security	The occurrence of cybersecurity incidents can cause operational disruptions and information leaks. M31 continues to invest resources to strengthen the cybersecurity network, indicating a positive actual impact.	Custom	●	●		●			2.4 Information Security Management
Customer Service	Quality supervision throughout the product lifecycle, along with customized design and integrated supply chain design services to meet customer needs, indicates a positive actual impact.	Custom	●	●		●			4.4 Quality and Customer Service
Greenhouse Gas Emissions	In 2024, the government will impose a carbon fee and the EU will pilot carbon tariffs in 2023, which will inevitably impact future operating costs, indicating a negative potential impact.	305-1 305-2 305-3 305-4 305-5	●	●		●			3.2 Greenhouse Gas Management

01

Sustainable Management

1.1 Sustainable Development Policy

Under the mission of "Creating maximum value for customers, employees, and shareholders through innovative services and high-quality products," M31 strives to build sustainable corporate value and fulfilling its responsibilities and missions of commitment to shareholders, environmental sustainability, customer trust, employee welfare, and social care.
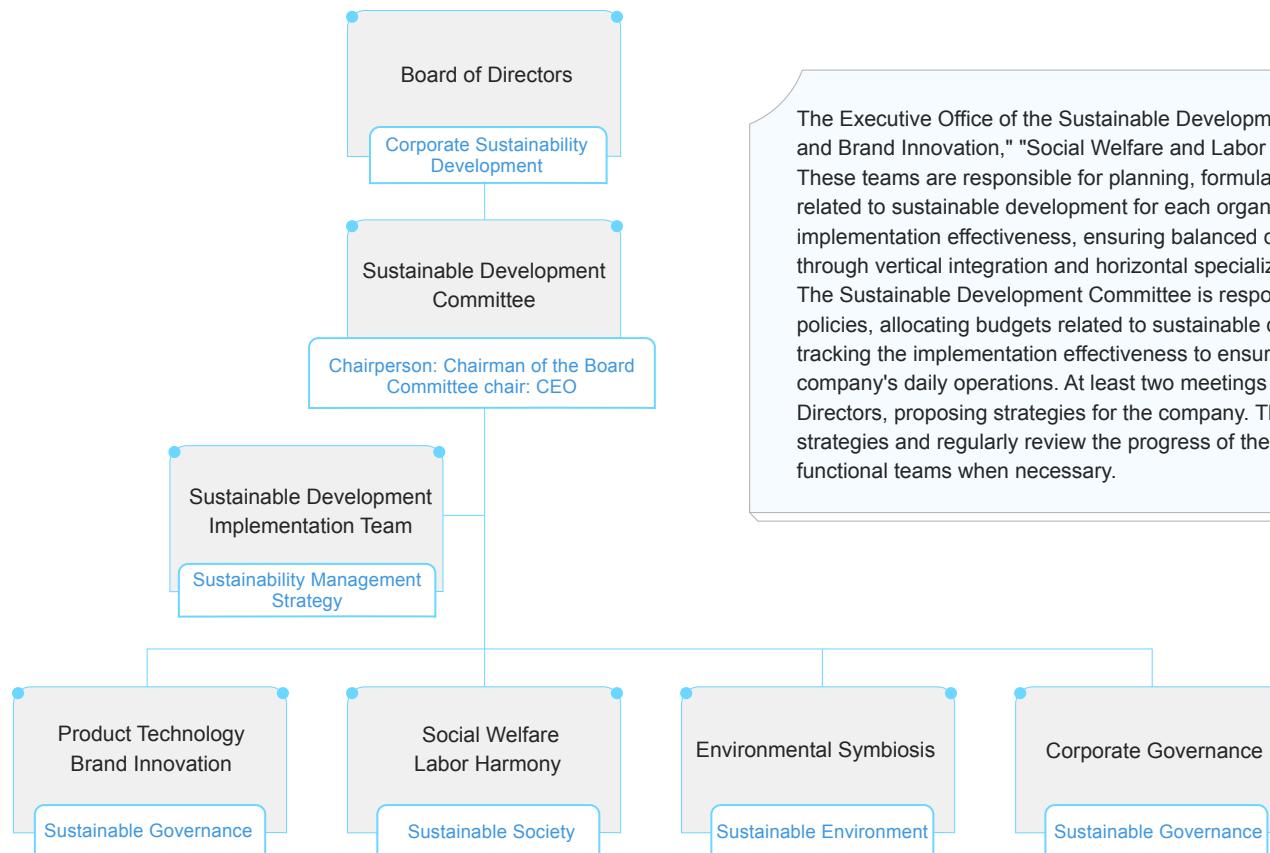
With core values of "Innovation Excellence, Customer Value, Integrity Management, and Industry Sustainability," M31 endeavors not only to create customer trust and maximum profit in the process of product development, sales, and service but also persistently engages in activities related to labor, ethics, environmental protection, and occupational safety, demonstrating corporate social responsibility.

The sustainable development policy is as follows:

Sustainability Blueprint	Core Strategies	Core Development Strategies
Environmental Symbiosis	Caring for our planet, M31 will create a sustainable future.	1. Continuously invest in innovative R&D and green design to improve energy and resource efficiency. 2. Committed to energy saving and carbon reduction to lower environmental load, mitigate climate change, and maintain ecological balance. 3. Implement an environmentally friendly corporate culture through environmental safety and health advocacy and training.
Friendly Workplace	Creating a diverse, equal, and inclusive environment to achieve a common future.	1. Respect human rights, emphasize equal opportunities, diverse development, and labor rights. 2. Create a respectful, warm, fair, and inclusive work environment that values diversity. 3. Enhance talent development, deepen R&D capabilities, and improve the core competitiveness for sustainable business operations.
Social Well-being	Friendly environment Caring for the disadvantaged Deepening plans	1. Actively participate in environmental conservation activities and create new lifestyles through actions. 2. Continuously provide material and volunteer assistance to disadvantaged children and the elderly living alone, helping them grow with love. 3. Deeply care for the education of rural children and provide educational resources.
Sustainable Governance	Based on the boutique philosophy of "Innovation, Quality, and Passion," establish a complete governance structure, embody the spirit of corporate governance, and implement risk management, information security, and intellectual property rights.	1. Value economic, environmental, and social governance, and pursue corporate sustainability. 2. Strictly adhere to regulations and conduct business with integrity, rejecting improper benefits, corruption, and bribery. 3. Build mutual trust and communication with stakeholders and strengthen information disclosure and transparency. 4. Implement an intellectual property management system to reduce infringement risks, enhance intellectual property value, and lay the foundation for sustainable development. 5. Promote sustainable development with the supply chain and the company, fostering long-term stability between the supply chain and the company. 6. Adhere to developing boutique IP, continually accumulate R&D capabilities, and invest in diversified product layouts.

◀▶ 1.2 Sustainability Development Committee

To realize the vision of sustainable corporate operation, the company established the "Sustainability Development Committee" as approved by the Board of Directors in December 2022. This committee serves as the decision-making and supervisory unit for the company's sustainability-related tasks, chaired by the Chairman of the Board. An executive office is set up under this committee, collaborating with the company's top executives to review the core operational capabilities and formulate various medium- and long-term sustainability development plans.

Board of Directors

Corporate Sustainability Development

Sustainable Development Committee

Chairperson: Chairman of the Board
Committee chair: CEO

Sustainable Development Implementation Team

Sustainability Management Strategy

Product Technology Brand Innovation

Sustainable Governance

Social Welfare Labor Harmony

Sustainable Society

Environmental Symbiosis

Sustainable Environment

Corporate Governance

Sustainable Governance

The Executive Office of the Sustainable Development Committee has set up four functional teams: "Product Technology and Brand Innovation," "Social Welfare and Labor Harmony," "Environmental Symbiosis," and "Corporate Governance." These teams are responsible for planning, formulating corresponding strategies and work policies, allocating budgets related to sustainable development for each organization, and executing annual plans. They also track the implementation effectiveness, ensuring balanced development in environmental, social, and governance aspects through vertical integration and horizontal specialization across departments.

The Sustainable Development Committee is responsible for planning, formulating corresponding strategies and work policies, allocating budgets related to sustainable development for each organization, and executing annual plans, while tracking the implementation effectiveness to ensure that sustainable development strategies are fully integrated into the company's daily operations. At least two meetings are held annually, with functional teams reporting to the Board of Directors, proposing strategies for the company. The board of directors must assess the likelihood of success of these strategies and regularly review the progress of the strategies, urging adjustments to the functional teams when necessary.

1.3 Sustainable Development Goals (SDGs)

M31 follows the United Nations Sustainable Development Goals (SDGs) and develops sustainable strategic objectives, integrating sustainable development goals into the company's overall business strategy. In addition to pursuing economic performance and technological innovation, M31 also considers environmental protection and compliance with other regulations. It provides competitive compensation levels and employee welfare measures to attract and retain talents, eliminates various unequal conditions in the workplace, improves water resource efficiency, promote energy conservation and corbon reduction, and invites suppliers to work together on environmental protection and create a friendly workplace environment.

Category	SDGs	SDGs Sub-Goals	Items	Implementation Strategy	2023 Execution Results
Social	**1** Eliminate Poverty	**1.4** Eliminate Poverty.	Caring for the disadvantaged	• Helping disadvantaged children improve their quality of life, and providing better care and learning opportunities. • Offering tangible material donations and care to elderly living alone.	• In 2023, the company and employees collectively contributed an amount of NT$ 926,830 towards caring for vulnerable groups. • In 2023, 89 employees volunteered to care for disadvantaged groups, totaling 290 hours.
Social	**4** Quality Education	**4.4** Developing new job skills and vocational abilities through education. **4.5** Eliminate educational disparities to ensure vulnerable populations have access to education across all social classes and vocational training. **4.6** Advocate for education on sustainable development, sustainable lifestyles, human rights, gender equality, and peace without violence.	Sustainable talent	• Arrange job-related training according to job needs. • Implement diverse learning courses to provide enriching learning experiences for each colleague. • Develop courses on sustainable development, workplace gender equality, and labor rights to encourage colleague participation.	• Total company training hours reached 5,814 hours in 2023. • There were a total of 475 participants in human rights training courses in 2023.
Social	**5** Gender Equality **10** Reduce inequality.	**5.1** Eliminate any form of discrimination against women. **5.4** Recognize and value women's family caregiving through social protection policies. **10.2** Reduce inequality.	Friendly workplace Sustainable talent	• Adhere to a code of conduct to ensure no gender discrimination, workplace gender equality, and maternity protection. • Do not use gender as a factor in employee hiring and performance evaluations for promotions. • Provide colleagues with the right to apply for parental leave regardless of gender. • Establish an employee reporting channel and ensure a robust reporting process to protect whistleblowers.	• Incorporated human rights training into annual mandatory training courses for employees. • In 2023, there was a total of 1 employee on parental leave, with 0 males and 1 female. The return-to-work rate for parental leave in that year was 100%. • Launched a comprehensive "Maternal Health Protection Program." • In 2023, there were no reports of unethical behavior or violations of professional conduct.

Category	SDGs	SDGs Sub-Goals	Items	Implementation Strategy	2023 Execution Results
Environ-mental	7 Sustainable Energy	7.3 Enhancement in energy efficiency.	Greenhouse gas management Energy management	• Promote various innovative energy-saving and emission reduction projects. • Conduct greenhouse gas inventories.	• Formally initiated ISO 14064-1 with the base year set as 2023. • Procured computer monitor equipment certified with 100% TCO eco-label.
Social	3 Health and Well-being	3.4 Promote mental health through prevention, treatment, and support.	Health Workplace	• Organize health promotion activities. • Apply for health workplace certification. • Provide health education training and seminar advocacy. • Organize employee health checks. • Implement Employee Assistance Program (EAP).	• General safety and health education and training meet legal requirements. • Held 2 health seminars in 2023. • Passed health workplace certification (Healthy Workplace Label). • Provided health checks for employees without age restrictions, completed in 2023.
Social	8 Employment and Economic Growth	8.5 Employment and economic growth.	Diverse hiring	• Hiring employees with disabilities.	• Number of disabled individuals employed according to legal standards.
		8.5 Employment and economic growth. 8.7 Prohibit child labor and eliminate forced labor. 8.8 Protect labor rights and promote safe working environments.	Human Rights policies Employee benefits	• Do not use gender as a factor in employee hiring and performance evaluations for promotions. • Declare a human rights policy. • Conduct regular employee satisfaction surveys. • Implement occupational health and safety management mechanisms to effectively enhance employee workplace safety.	• Employee turnover rate was 8.44% in 2023. • Total attendance for human rights training sessions reached 475 in 2023.
Gover-nance	9 Industry, Innovation, and Infrastructure	9.5 Encourage innovation and increase the number of R&D personnel and R&D expenditures.	Innovative R&D	• Plan and layout medium to long-term R&D innovation projects over 3-5 years. • Continuously allocate R&D budgets and recruit R&D talents.	• R&D expenses in 2023 amounted to NT$ 938,873,000, accounting for 58.23% of total revenue.

M31

Category	SDGs		SDGs Sub-Goals	Items	Implementation Strategy	2023 Execution Results
Environ-mental	**12** Sustainable Consumption and Production ∞		**12.5** Achieve significant reduction in waste generation through prevention, reduction, recycling, and reuse.	Waste management Supply chain management	• Reduce general business waste. • Promote waste reduction and environmental protection initiatives. • Implement a comprehensive ban on the use of hazardous substances.	• 100% compliance with RoHS and REACH regulations, ensuring no use of prohibited substances. • Implemented projects in 2023 including electronic business cards, electronic vouchers, reusable lunch boxes, and conference water cups, eliminating the use of disposable items.
Environ-mental	**13** Climate Action		**13.2** Incorporate climate change measures into policies, strategies, and planning.	TCFD Risk Management Environmental symbiosis	• Promote the establishment of an internal Climate Risk Management Committee. • Formulate climate change response strategies.	• In 2023, complied with TCFD climate-related financial disclosure requirements and incorporated climate risk management strategies. • Established a Climate Risk ManagementCommittee in 2023
Gover-nance	**16** Peace and Justice System		**16.6** Develop effective, accountable, and transparent institutions at all levels. **16.7** Ensure responsive, inclusive, participatory, and representative decision-making at all levels.	Sustainable governance Stakeholders	• Enhance corporate governance by ensuring compliance of employees with company regulations through internal controls, and establish whistleblower processes and reporting channels.	• Completed internal stakeholder survey in 2023. • Reported stakeholder communication status to the Board on August 3rd, 2023. • Ranked in the Top 200 Small and Medium Enterprises in Asia by Forbes Magazine USA in 2023.
			16.10 Ensure access to information and protect fundamental freedoms in accordance with national legislation and international agreements.	Information security Regulatory compliance	• Efficient and transparent information transmission within the company. • Disclose sustainability report information to demonstrate progress in sustainable development. • Implement comprehensive information security controls and various security measures. • Conduct information security education, training, awareness, and audits.	• Updated M31 official website in 2023. • Strengthened various information security protections in 2023.

M31

Category	SDGs	SDGs Sub-Goals	Items	Implementation Strategy	2023 Execution Results
Gover-nance	**17** Global Partners	**17.10** Global Partnerships	Corporate governance Information security Regulatory compliance Risk management	• Improve corporate governance evaluation indicators. • Appoint dedicated information security personnel and plan to implement ISO 27001. • Establish a complete collaboration platform with academic institutions and carry out relevant activities. • Maintain relationships with academic institutions to jointly cultivate talent.	• The performance evaluation results of the Board of Directors and functional committees in 2023 were "exceeding standards. • Ranked in the top 5% of TPEx listed companies in corporate governance evaluations in 2023.
Social		**17.10** Global Partnerships	Academic relations	• Establish a complete collaboration platform with academic institutions and carry out relevant activities. • Maintain relationships with academic institutions to jointly cultivate talent.	• Participated in a total of 13 campus activities. • In 2023, collaborated on projects with professors to mentor a total of 5 interns.

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▶ 1.4 2023 ESG Performance Highlights

Environmental Aspect

- **100%** of computer screens equipped with **TCO eco-label certification**
- **100%** compliance with **RoHS** and **REACH** related regulations, prohibiting the use of banned substances
- **100%** use of **FSC certified** paper for office supplies
- Implemented **electronic name tags, electronic tickets, and reusable tableware** in 2023
- Promoted continuous **stream cleaning activities**

Social Aspect

- Total **training hours** in 2023: **5,814**
- Hours Average training hours per employee: **20.91 hours**
- Passed **health workplace certification**
- Total **corporate social responsibility** investment in 2023: **NT$ 1,081,588**
- **Employee turnover rate** in 2023: **8.44%**
- Average **customer satisfaction** score: **4.6**
- **Zero** workplace accidents

Governance Aspect

- **Top 5% corporate governance evaluation** for three consecutive years
- Listed among the **Top 200 SMEs in Asia** by Forbes USA in 2023
- Received **MSCI** ESG rating of **BBB** in 2023
- **Revenue increase** of **18.54%** in 2023
- Total R&D expenses in 2023: **NT$ 938,873,000**, accounting for **58.23%** of total revenue

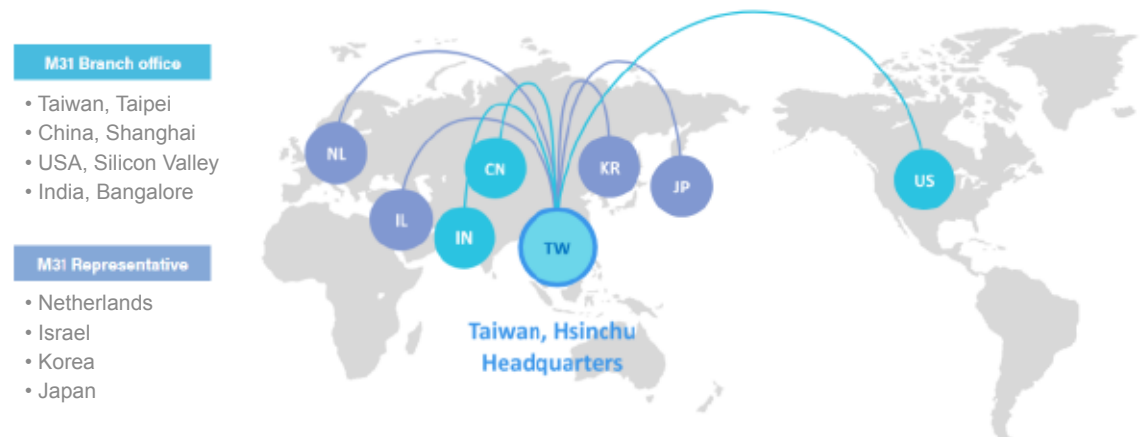# 02 Sustainable Governance

DATA PROTECTION

◀▷ 2.1 About M31

M31 was founded in 2011 and officially listed on the Taipei Exchange (stock code: 6643) in 2019. The company's headquarters are located in Hsinchu, Taiwan, with multiple subsidiaries established overseas. M31 is one of the few global specialized developers that provides pure silicon intellectual property (IP). The company boasts a robust team in R&D and services, with extensive experience in IP, integrated circuit design, and design automation.

M31 is a semiconductor IP Design Company positioned at the upstream of the semiconductor industry supply chain. With IC design companies integrating many functions into a single IC (SoC) product, the need to use verified IP to integrate into SoCs has become essential for shortening product development cycles and reducing costs. This has led to the emergence of companies specializing in IP design. In the midstream of the industry are semiconductor foundries, which manufacture ICs after the completion of product designs by IC design firms. Foundries continuously enhance and optimize their process technologies to attract IC design firms for production. Therefore, foundries also rely on IP design companies to provide the necessary IPs for smooth entry into product design and manufacturing. The downstream industry involves IC packaging and testing. After preliminary testing, wafers are sent to specialized packaging companies for cutting and packaging, followed by final testing by professional testing firms. The tested IC products are then distributed through sales channels to system manufacturers for assembly into system products.

M31's main products include high-speed interface IP designs (such as USB, MIPI, PCIe, SerDes) and foundation IP designs (including Standard Cell Libraries, Memory Compilers, General Purpose I/O Libraries (GPIO), and ONFi I/O Libraries). Moreover, with extensive experience in IP development and verification, and a deep understanding of IC design companies' needs, M31 also offers IP integration services. Over the years, M31 has consistently won the "Best IP Partner Award" from TSMC. The company not only collaborates closely with world-class foundries, actively developing and verifying various advanced process IPs, but also, based on a solid customer structure, thoroughly understands the needs of design companies and offers differentiated and innovative IP solutions. These efforts help customers shorten design cycles, reduce manufacturing costs, and enhance product competitiveness.

Global Locations

M31 Branch office

- Taiwan, Taipei
- China, Shanghai
- USA, Silicon Valley
- India, Bangalore

M31 Representative

- Netherlands
- Israel
- Korea
- Japan

Taiwan, Hsinchu Headquarters

> " "
> In 2023, despite the global semiconductor market downturn and ongoing economic and geopolitical uncertainties, M31 continued to uphold a cautious approach in project selection since the onset of the U.S.-China trade war. The company adheres to all regulations and rigorously reviews customers to ensure compliance with relevant standards, ensuring service to customers worldwide legally. Through the joint efforts of all M31 employees, the company remains dedicated to leading and differentiating in silicon IP technology, achieving counter-trend growth in annual revenue and earnings per share (EPS).

Company Information and Milestones

Company Name	**M31Technology Corporation**			
Number of Employees	278		Main Products	IP Licensing and Royalties
Capital Amount	NT$ 348,658 thousand		Operational Locations	Taiwan, Hsinchu / USA, Silicon Valley
Establishment Date	October 2011			China, Shanghai / India, Bangalore
Chairman	Huey-Ling Chen			
Headquarters	9F, No. 8, Taiyuan 2nd St., Zhubei City, Hsinchu County, Taiwan		Production Value	NT$ 1,612,337 thousand
Main Business	Silicon Intellectual Property		Industry Chain	Upstream of semiconductor industry - IP design

- Dig into ULP technology for IoT application
- Step into 12nm/16nm IP design
- Collaborate with global Top 10 fabless customers

- IPO (TPEx:6643)
- Automotive IP products with ISO 26262 certifications
- M31 IP is proven in AI & Automotive products

- USB PHY IP products with ISO 26262 certifications
- Introducing TSMC's IP platform solution in 16nm FinFET nodes
- Opens Bangalore R&D and Design Center in India

2011-2014 2015-2016 2017-2018 2019-2020 2021-2022 2023

- Founded in Hsinchu, Taiwan
- Establish Global Reach (US/China branch)
- Support multiple foundries
- Join TSMC IP Alliance
- Setup IP development quality system

- Build ISO 26262 system
- 12nm/16nm IP platform ready
- Win 1st automotive customer
- Listed in the emerging stock market

- 250+ customers use M31 IP
- Complete IP portfolio in 5nm & 7nm and development of 3nm process
- Provide IP integration service
- IFS (Intel Foundry Services) design ecosystem member

M31

Industry Promotion

M31 is committed to industry development, actively participating in external associations and organizations as a member. Through these engagements, the company seeks to understand domestic and international trends and regulations, which are crucial considerations for its sustainable operation. M31 aims to contribute to both the industry and society through its efforts.

Participating Associations	Membership Status
Chairman serves as a director of the Hsinchu branch	National Taiwan University Alumni Association
DIGITIMES	Ordinary Member
Design & Reuse	Ordinary Member
MIPI Alliance	Ordinary Member
JEDEC JC42 committee	Ordinary Member
USB-IF Association	Ordinary Member
PCI-SIG Association	Ordinary Member
VESA	Ordinary Member
Internal Audit Association	6 employees participate as individual members
Tsinghua Entrepreneur Association	Chairman participates as an individual member
National Taiwan University Alumni Association	Chairman serves as a director of the Hsinchu branch

M31's vision is to be the most trustworthy IP company in the semiconductor industry.

External Accolades

- 2023/2022/2021/2020/2019/2018/2016 Specialty IP Partner Award from TSMC
- 2023 Best Under A Billion from Forbes
- 2023/2022/2021 Corporate Governance Top 5% Awarded from Taipei Exchange
- 2022 IFS (Intel Foundry Services) design ecosystem member
- 2021 Frontrunner Award in the category of Electronics at the International Trade Council's Annual Go Global Awards Ceremony
- 2021 Asia Pacific 500 High–Growth Companies in Financial Times (FT)
- 2019/2014 Customers Choice Award TSMC OIP Ecosystem Forum
- 2015/2014 Best IP Partner Award by SMIC
- 2014 Hot Startups to Watch in EE Times Silicon 60 Report
- 2013 Emerging IP Provider Award by TSMC

M31

◀▶ **2.2 Responsible Governance**

Material Topic	Corporate Governance
Policy	• Ensure smooth operation of corporate governance and compliance with stakeholder expectations and relevant legal requirements.
Goals	• Elevate the Sustainability Committee to a functional committee by 2024. • Rank among the top 5% of listed companies in corporate governance evaluations. • Establish and implement a system linking management performance with ESG performance by 2024.
Responsible Department / Complaint Mechanism	• Responsible Department: Business Executive Center • Complaint Mechanism: M31 Official Website https://www.m31tech.com/contact-us/
Resource Allocation	• Update M31 official website to enhance efficiency and transparency in conveying company information. • Invest in green bonds to support sustainable environmental development. • Conduct external assessments of board performance to enhance board effectiveness. • Publicly disclose recorded shareholder meetings and investor conference to ensure equal access to company information for investors. • Announce internal shareholding changes by the 10th of each month to facilitate transparency in ownership information. • Regularly review company regulations and procedures and update them to comply with legal requirements. • Voluntarily disclose individual director remuneration to enhance transparency of information. • Conduct stakeholder surveys and establish communication channels. • Establish a cross-departmental Sustainability Development Committee to facilitate the operation of various sustainability projects. • Implement greenhouse gas inventory operations to facilitate carbon emission quantification and related reduction policies. • Disclose information on sustainability report content to reveal progress in promoting sustainable development.
Evaluation Mechanism	• In 2023 (10th edition), ranked in the top 5% of TPEx listed companies in corporate governance evaluations. • In 2023, the performance evaluation results of the Board of Directors and functional committees were "exceeding standards." • In 2023, received a BBB rating in MSCI evaluations.

A robust corporate governance framework includes effective board operations and efficient risk management. Besides reducing operational risks, it enhances overall competitiveness and creates brand value. Establishing a culture of integrity and accountability, adhering to laws, and implementing honest operations are vital. A well-functioning corporate governance framework ensures the healthy development of operations, safeguarding the rights of investors and stakeholders.

M31's shareholders' meeting, comprising all shareholders, makes decisions on significant company matters, regularly receiving reports from the board of directors, serving as the highest decision-making institution. The board of directors, as the highest governing institution, ensures compliance with various laws, outlines business policies, reviews financial performance, and sets strategic goals. The chairman oversees the board's establishment of all company strategic objectives and supervises operations. The CEO is responsible for daily operations, sustainability planning, and strategy development, reporting operational effectiveness to the board.

Moreover, M31's financial statements are audited by professional accountants to ensure timely and accurate compliance with legal requirements. Looking ahead, strengthening board operations, enhancing information transparency, and gradually integrating sustainable governance strategies into the corporate governance framework are the goals that M31 continually strives to achieve.

Governance Structure

M31 is committed to establishing a comprehensive corporate governance framework to ensure the sustainable operation of the enterprise. To achieve this, the company has established various organizational units, including the Board of Directors, Audit Committee, Compensation Committee, Nomination Committee, Sustainability Committee, and Risk Management Committee. These entities are carried out in accordance with the "Rules of Procedure for the Board of Directors' Meetings," "Audit Committee Charter," " Compensation Committee Charter," and "Nomination Committee Charter."

Governance Unit Responsibilities	
Unit	Responsibilities
Audit Committee	• Assists the Board of Directors in overseeing the company's financial accounting, internal controls, legal compliance, and risk management processes to ensure the quality and integrity of financial reporting.
Compensation Committee	• Assists the Board of Directors in establishing and evaluating compensation and performance assessment systems for directors and managers, and reviews the compensation of directors and managers.
Nomination Committee	• Assists the Board of Directors in formulating the qualifications and standards required for directors and senior managers, developing the board and committees, evaluating the performance of the board, committees, directors, and senior managers, and assessing the independence of independent directors. Establishes succession plans for directors and senior managers to facilitate corporate governance operations.
Audit Room	1. Reviews and evaluates the company's internal control system. 2. Establishes and revises the internal audit system to provide an early warning function. 3. Conducts regular audits of the company's management systems.
Sustainable Development Committee	• Oversees and manages the company's overall corporate sustainability policies, focusing on environmental, social, and corporate governance aspects, and promotes sustainable development and the preparation of sustainability reports, which are reported to the Board of Directors.
Risk Management Committee	• Responsible for defining and assessing various potential risks and delegating decisions to relevant departments for implementation, and overseeing the effective operation of risk management mechanisms and procedures.
Greenhouse Gas Inventory Committee	1. Responsible for the implementation of annual greenhouse gas inventory operations and responding to changes in relevant external regulations. 2. Regularly reports execution results to the Board of Directors.

Note: To enhance decision-making effectiveness and oversight, M31 's roles of Chairman and CEO are held by different individuals.

Board of Directors

The Board of Directors of M31 is the highest governance body of the company and the center for major business decisions. The board consists of seven members (including two female directors), of which three are independent directors. Under the board, there are Audit, Compensation, and Nomination committees. The board members possess professional expertise and extensive experience in areas such as finance, law, academia, technology, and management. The company emphasizes the professional capabilities and gender equality of its board members. To implement a diversified composition in alignment with corporate governance policies, the Board approved the establishment of a "Nomination Committee" on July 6, 2021, to strengthen the implementation of diversity in board nominations. All directors have extensive knowledge and professional backgrounds in business management.

To enhance the independence and diversity of the board, and to leverage its strategic guidance functions, M31, in accordance with the "Articles of Incorporation," "Rules for the Election of Directors," and the "Corporate Governance Practice Principles." Directors (including independent directors) are elected through a candidate nomination process. During the nomination and selection of board members, the company has obtained written statements, background checks, and related documents from each director (including independent directors) to verify their eligibility and independence. Moreover, all independent directors meet the qualifications stipulated by the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission and Article 14-2 of the Securities and Exchange Act. Independent directors are granted sufficient powers under Article 14-3 of the Securities and Exchange Act to participate in decision-making and express their opinions independently.

When considering the overall composition of M31's board, factors such as operational judgment, accounting and financial analysis capabilities, management skills, crisis handling ability, industry knowledge, international market perspectives, leadership, and decision-making abilities are all taken into account. The board meets at least once every quarter to help achieve the company's performance goals, and the audit supervisor attends regular board meetings to report on audit activities. Important resolutions of the board are promptly disclosed on the Market Observation Post System of the Taiwan Stock Exchange and on the company's website. In 2023, the company held seven board meetings with an attendance rate of 97.96%

| Mechanisms to Avoid Conflicts of Interest

M31's rules of procedure for the board of directors' meetings include provisions for director conflict of interest avoidance. For matters where a director or the entity they represent has an interest that may conflict with the company's interests, the director can attend the meeting to express opinions and answer questions but is not allowed to participate in discussions or voting on the matter. They must also recuse themselves from the discussion and voting and cannot act as a proxy for other directors in voting. In 2023, there were two instances where directors recused themselves from voting due to conflicts of interest. Specific details on the avoidance of conflicts of interest can be found in Chapter 3 Corporate Governance of M31 2023 Annual Report.

Board of Directors

Title	Name	Major Experience (Education)
Chairman	Huey-Ling Chen	Ph.D. in Information Science, Tsinghua University. Chairman, Sirius Venture Ltd.
Director	Yuan-Hsun Chang	M.S. in Electronic Engineering, National Chiao Tung University. CEO, M31 Technology Corporation.
Director	Li-Kuo Liu	M.S. in Electrical Engineering, State University of New York at Stony Brook. Chairman and CEO, JMicron Technology
Director	Chun-Hao Lai	M.S. in Electrical Engineering, University of California, Santa Barbara. Independent Director, TrueLight Corporation
Independent Director	Jun-Ji Lin	M.S. in Applied Chemistry, Tsinghua University Chairman, Taiwan Electron Microscope Instrument Corporation
Independent Director	Shih-Ying Huang	Ph.D. in Financial Management, Jinan University School of Management, China Partner Accountant, Zhixin United CPA Firm
Independent Director	Cheng-Wen Wu	Ph.D. in Electrical and Computer Engineering, University of California, Santa Barbara Principal, Southern Taiwan University of Science and Technology

Note: Information regarding the board members, their independence, qualifications, etc., please refer to Chapter 3 Corporate Governance of M31 2023 Annual Report.

Board Diversity Statistics / Year			2021		2022		2023	
			Headcount	Percentage	Headcount	Percentage	Headcount	Percentage
Director	Gender	Male	5	71.43	5	71.43	5	71.43
		Female	2	28.57	2	28.57	2	28.57
	Age	Below 50	2	28.57	2	28.57	2	28.57
		50-65	4	57.14	4	57.14	5	71.43
		Above 65	1	14.29	1	14.29	0	0.00
	Education	Master's degree	3	42.86	3	42.86	3	42.86
		Ph.D.	4	57.14	4	57.14	4	57.14

M31 board of directors convenes at least once per quarter in accordance with the "Rules of Procedure for the Board of Directors' Meetings," to review corporate performance, discuss strategic issues, and communicate key events, including operations, environmental and social impacts, risks, and opportunities. Following each meeting, responsibilities are assigned for subsequent actions, which are tracked and reported in the next meeting. The board unit providing agenda items and reports to board members reviews the contents beforehand to identify and appropriately manage any conflicts of interest, providing relevant individuals with prior notifications. The company adheres to the 'Internal Handling of Material Information and Prevention of Insider Trading Management Procedures' for communicating significant information. In 2023, a total of 45 significant information disclosures were made on the Public Information Observation Platform. For more details, refer to the relevant topics by entering company code 6643 or M31 on https://emops.twse.com.tw/server-java/t58query.

Board Training and Performance Evaluation

M31 is committed to strengthening the ethical standards of its internal personnel and implementing integrity in operations. The company has established internal guidelines, including the "Codes of Ethical Conduct" and "Ethical Corporate Management Practice Principles," which cover various aspects such as conflict of interest prevention, avoidance of opportunities for personal gain, confidentiality responsibilities, fair trade practices, protection and appropriate use of company assets, compliance with laws and regulations, encouragement to report any illegal or unethical behavior, and disciplinary measures. These guidelines are approved by the Audit Committee and the Board of Directors, reported to the shareholders' meeting, and communicated to employees to promote a culture of integrity. Furthermore, M31 actively promotes adherence to the "Corporate Governance Practice Principles for TWSE/TPEx Listed Companies." Directors are required to undergo at least 6 hours of annual training covering governance-related topics such as finance, risk management, business, commerce, accounting, law, or sustainability during their tenure. The company continues to arrange courses for directors and employees on topics related to corporate sustainable management, governance, legal compliance, risk management, anti-money laundering, and combating terrorist financing.

2023 Board Training Status

Title	Name	Training Date	Organizer	Course Name	Training Hours	Sustainability Related
Chairman	Huey-Ling Chen	2023/04/27	Taipei Exchange	TWSE/TPEx Sustainability Action Plan Advocacy Seminar	3	ESG-E
Chairman	Huey-Ling Chen	2023/05/26	Ministry of Environment	Green Chemistry for Sustainability Seminar and Symposium	3	ESG-E
Director	Yuan-Hsun Chang	2023/12/12	Taiwan Corporate Governance Association	Corporate Governance Summit- Creating New Sphere of Governance for the Elevating Value of Enterprises	6	ESG-G
Director	Li-Kuo Liu	2023/03/17	Taiwan Corporate Governance Association	Board Meetings: Common Board Meeting Mistakes for Listed Companies	3	ESG-G
Director	Li-Kuo Liu	2023/10/04	Taiwan Corporate Governance Association	How should the board of directors formulate ESG	3	ESG-G
Director	Chun-Hao Lai	2023/07/31	Taiwan Academy of Banking and Finance	Corporate Governance Forum	3	ESG-G
Director	Chun-Hao Lai	2023/09/08	Taiwan Corporate Governance Association	Legacy Project Launched - Employee reward plan and equity inheritance	3	ESG-G
Independent Director	Jun-Ji Lin	2023/04/14	Taiwan Corporate Governance Association	Legal Risks and Responses to Enterprise Investment and Financing - From the Viewpoint of Corporate Directors' Responsibilities	3	ESG-G
Independent Director	Jun-Ji Lin	2023/05/12	Taiwan Corporate Governance Association	Introduction of Global and Taiwan Tax Reform and How to Improve Corporate Tax Governance Under ESG Trends and Post Covid Environment	3	ESG-G
Independent Director	Shih-Ying Huang	2023/04/27	Taipei Exchange	TWSE/TPEx Sustainability Action Plan Advocacy Seminar	3	ESG-E
Independent Director	Shih-Ying Huang	2023/05/26	Environmental Protection Administration	Green Chemistry for Sustainability Seminar and Symposium	3	ESG-E
Independent Director	Cheng-Wen Wu	2023/07/18	Taiwan Corporate Governance Association	Practice of "Sustainability Report" under Corporate Governance 3.0 Policy	3	ESG-G
Independent Director	Cheng-Wen Wu	2023/08/11	Taiwan Corporate Governance Association	Roles and responsibilities of the board of directors/senior managers in ESG governance	3	ESG-G

M31

M31 has established the "Performance Evaluation Regulations for the Board of Directors and Managers," which stipulates that an internal board performance evaluation shall be conducted at least once a year. The scope includes assessments of the board of directors, individual board members, and functional committees. The evaluation is carried out through self-assessment questionnaires for directors, assessing indicators such as their involvement in company operations, enhancement of board/committee decision-making quality, board/committee composition and structure, director selection and continuing education, and internal controls. The Nomination Committee is responsible for conducting the performance evaluation process, and the results are regularly reviewed by the Compensation Committee, which provides recommendations. To enhance the independence of board evaluations, the company engages an external professional independent organization or team of external experts and scholars at least once every three years. In 2023, the evaluation of the board's performance was conducted by the external organization "Taiwan Investor Relations Institute."

Self-Assessment Scores(%) for Board-Related Performance (Questionnaire)			
Evaluation Scope	2021	2022	2023
Board of Directors	100.00	99.94	99.68
Individual Directors	99.25	98.76	99.13
Audit Committee	100.00	99.70	100.00
Compensation Committee	100.00	99.67	99.60
Nomination Committe	100.00	100.00	99.60
External Evaluation of the Board (by Taiwan Investor Relations Institute)			Please refer to M31 official website for the evaluation summary and recommendations.

For details on the external evaluation of the board's performance, please refer to M31 official website.

STRATEGY

M31

Linking Executive Compensation to ESG Performance

M31 is committed to implementing sustainable business practices and achieving sustainability goals. As part of this commitment, sustainable development metrics have been incorporated into the senior executive's 2024 performance objectives to incentivize sustainable performance outcomes among executives. These metrics are also linked with our compensation policy, aligning with our vision for sustainable operations. Incorporating ESG Metrics into the Annual Performance Evaluation of Senior Executives:

1. Target: Company senior executives.
2. ESG Objectives:
   - Green Products and Technologies: Develop high-efficiency and low-energy products and technologies, encourage innovation and patent applications.
   - Risk Management: Review the company's risk management systems and processes, enhance information security management and trade secret protection, and regularly convene the Risk Management Committee meetings.
   - Climate Adaptation: Conduct greenhouse gas inventory and certification, and compile a sustainability report to disclose sustainable development information.
   - Friendly Workplace: Implement DEI (diversity, equity, and inclusion) measures in talent recruitment, development, and retention, and encourage social participation.
3. Evaluation Method: According to the company's performance evaluation procedures, assessment of the senior executives' annual performance based on performance indicators (including ESG metrics), leading to corresponding rewards.

Corporate Governance Implementation Status

On May 4, 2021, M31's board of directors resolved to appoint a Corporate Governance Officer. The Corporate Governance Officer's main responsibilities include providing necessary information for board operations, assisting directors in compliance with laws and continuing education, handling the qualification review of independent directors and director appointment procedures, and managing matters related to board meetings, shareholder meetings, and functional committee meetings in accordance with the law.

2023 Corporate Governance Officer Grace Liu, Vice President, Continuing Education Status

Training Date	Organizing Unit	Course Title	Training Hours
2023/08/21	Taipei Exchange	Briefing session for insiders on stock ownership, Hsinchu	3
2023/09/28	Securities & Futures Institute	Opportunities and Challenges of Taiwan's Industrial Transformation under Geopolitics - PIM / NMI Exclusive Analysis	3
2023/11/21	TPMA Organization	Big Data Analytics and Corporate Governance	3
2023/12/06	Corporate Operating and Sustainable Development Association	M&A Strategies for Taiwan Businesses from the Perspective of Global Political and Economic Situation	3

Introduction to Functional Committees

Functional Committee	Responsibilities and Key Focus	Members and Establishment Date	Meeting Frequency	Attendance Rate	Detailed Operations
Audit Committee	• Formulate or amend internal control systems and assess the effectiveness of internal controls to facilitate their effective implementation. • Establish or amend procedures for significant financial activities such as acquisition or disposal of assets, engaging in derivative transactions, lending funds to others, endorsing or providing guarantees and operating financial activities to manage existing or potential risks. • Review the annual or quarterly financial statement and the compensation or appointment (dismissal) of CPAs to ensure proper presentation of the company's financial statements. • Raise, issue or privately place equity securities to control potential risks. Address matters involving conflicts of interest for directors or significant matters required by regulatory authorities to ensure compliance with relevant laws and regulations.	The Audit Committee was established on August 18, 2017, comprising of three independent directors known for their professional expertise.	6 times	94.44%	Refer to M31 official website.
Compensation Committee	• Regularly review the Compensation Committee Charter and propose amendments. • Establish and periodically review the performance evaluation criteria and objectives for directors and managers, along with policies, systems, standards, and structures for compensation. • Regularly assess the achievement of performance objectives for directors and managers, and determine their compensation based on the results of performance evaluations. • The company's compensation system is formulated according to the company's articles of incorporation.	The Compensation Committee was established on August 18, 2017. The current committee comprises of three independent directors and two directors.	4 times	93.75%	Refer to M31 official website.
Nomination Committe	• Establish standards for diversity background including the professional knowledge, skills, experience, gender, and independence criteria required for board members and senior executives, and use these criteria to search, review, and nominate candidates for directors and senior executives. • Construct and develop the organizational structure of the board and its committees, conduct performance evaluations of the board, committees, directors, and senior managers, and assess the independence of independent directors. • Establish and periodically review director training programs and succession plans for directors and senior executives. • Amendments the company's Corporate Governance Practice Principles.	The Nomination Committee was established on July 6, 2021, by a decision of the board of directors. The current committee comprises of three independent directors and two directors.	4 times	93.75%	Refer to M31 official website.

M31

Audit Room and Internal Audit

M31 has established an internal audit unit subordinate to the board of directors, and appointed dedicated audit personnel in accordance with the company's size, business situation, management needs, and other relevant legal provisions. The internal audit is responsible for assessing the soundness, reasonableness, and effectiveness of the company's internal control systems and various management systems. The appointment, assessment, and remuneration of internal audit personnel are approved by the board of directors.

The internal audit unit formulates an annual audit plan for the upcoming year based on the results of risk assessments in the fourth quarter of each year, which is then reviewed and approved by the Audit Committee and the board of directors. Internal audits review the internal controls of the company's operational procedures according to the audit plan, including evaluating the execution of these procedures and reviewing documentation to ensure quality. The comprehensive self-assessment results are submitted to the chairman for review, and subsequently reported to the audit committee and the board of directors. This report addresses whether the design and routine operational practices of these controls are appropriate, effective, and efficient, ensuring that the internal control system continues to be effectively implemented and serving as the basis for reviewing and revising the internal control system.

There were no significant deficiencies in internal audits in 2023, and all related abnormal improvement matters have been addressed and resolved.

Please refer to the official website for the Ethics Mailbox.

Please refer to the official website for the implementation of ethical management.

Ethical Management and Regulatory Compliance

M31 has established a cross-departmental Ethical Management Task Force dedicated to promoting ethical management. The task force assists the board of directors and management in formulating and implementing Ethical Corporate Management Practice Principles based on the work responsibilities and scope of each department. Each year, the task force reports to the board of directors on the implementation status of the ethical management plan and presents the annual ethical management plan.

In order to establish a culture of ethical corporate management, promote sound development, and create a framework for good business operation, the company has formulated the "Ethical Corporate Management Practice Principles," "Codes of Ethical Conduct," and "Complaint and Report Procedures." The company conducts ethical-related education and training for managers and all employees at least once a year. New hires are required to sign an ethical statement during their orientation training. Each department follows the Ethical Corporate Management Practice Principles and Internal Controls based on their respective responsibilities to ensure the company's ethical in business operations.

The company's "Operating Procedures for Handling Internal Material Information and Preventing Insider Trading" specifically outline the precautions to be taken during business operations and strictly prohibit company personnel from using non-public information for insider trading. They are also prohibited from disclosing such information to others to prevent them from engaging in insider trading using the non-public information.

M31 has also established complaint/whistleblower channels and formulated "Complaint and Report Procedures" to establish internal and external reporting channels and a reward and punishment system. The company continuously monitors the development of domestic and international regulations related to ethical management and encourages directors, managers, and employees to make suggestions for reviewing and improving ethical management policies and implementation measures. In 2023, the company did not receive any whistleblower cases.

The Integrity Management Task Force of M31 reported to the board of directors on the implementation of the integrity management plan for 2023 on December 21, 2023, and submitted the integrity management plan for 2024 for approval.

In 2023, the company conducted ethical management-related education and training for managers and all employees, including topics such as ethical management operations and prohibition of insider trading, totaling 249 participants who completed the training and passed the course test. Course materials were made available on the internal training platform for employee reference. In addition, the company conducted an internal briefing on insider trading operations at the board of directors meeting to increase directors' understanding of insider trading.

M31

Regulatory compliance is the foundation of sustainable development for enterprises. Effective compliance not only prevents misconduct but also reduces the loss of labor, time, and expenses in facing judicial investigations, fines, lawsuits, negative Publicity, etc. It also enhances the corporate image, attracts high-quality independent directors, employees, and business partners, thereby creating a win-win situation for the company, shareholders, and stakeholders. In terms of corporate governance, establishing an audit committee to oversee financial conditions and internal control systems, as well as formulating board meeting regulations, strengthens the functions of the board.

Furthermore, in personnel management, the company has formulated and implemented a whistleblower channel. At the same time, management sets an example by requiring every employee to ensure that their business conduct complies with laws as well as the company's policies and regulations, so as to ensure that each department complies through internal control operations. Regarding personnel training, the company provides training on regulatory compliance related to different departments and positions to ensure that the company's operations comply with various regulatory requirements. In 2023, a total of 639 employees attended compliance training courses throughout the year. The company also complies with labor regulations to protect the legitimate labor rights and interests of employees.

In terms of environmental health and safety, M31 follows international and regional environmental protection and occupational safety and health regulations. Besides requiring that suppliers provide materials free from harmful substances, the company also does not use raw materials containing harmful chemicals in its service processes. The headquarters has established a fire protection plan, set up a self-defense firefighting team, and planned evacuation drills and training sessions. In the event of an emergency, emergency response and handling will be carried out by the members of each team. Furthermore, the company is committed to providing all employees with a safe and reasonable working environment and protecting their rights and interests. Regular safety and health education and training are conducted for employees, including providing necessary health and first aid facilities, and efforts are made to reduce hazards to employees' safety and health, aiming to prevent occupational accidents.

Consultation and Complaint Channels for Stakeholders

To implement the core values of integrity management in the company and in accordance with the company's "Ethical Corporate Management Practice Principles", the company has formulated "Complaint and Report Procedures" to establish clear reporting channels and investigation procedures to implement the company's "Ethical Corporate Management Practice Principles", and protect the legitimate rights and interests of whistleblowers.

In addition, M31 actively seeks to understand the needs of various stakeholders and consistently addresses their concerns. To achieve this, the company maintains ongoing communication with stakeholders through dedicated contact points as part of its daily business operations. Moreover, the official website not only provides company profiles and product information but also offers relevant information for stakeholders, such as "Investors", "Careers" , and "ESG" sections. Multiple communication channels, including email and telephone hotlines, are provided to facilitate interaction between stakeholders and the company. These efforts aim to facilitate smooth communication and ensure timely fulfillment of stakeholder needs.

Stakeholders

Stakeholders	Issues of Concern		Communication Channels and Response Methods	
Customers	• Supply Chain Sustainable • Regulatory Compliance • Information Security • Customer Service • Innovative R&D • Ethics and Integrity • Financial Performance	• Occupational Health and Safety • Risk Management • Waste Management • Energy Management • Human Rights Policy • Climate Change Response • Water Resource Management	Customer Phone/Email(Daily/Irregular) Customer Satisfaction Survey (Annually/Per Case) Online Feedback System (Irregular) Quality Meetings (Irregular)	Customer Visits (Irregular) Customer Meetings (Irregular) Customer Audits (Irregular) Sales Service (sales@m31tech.com)
Employees	• Ethics and Integrity • Economic Performance • Labor Relations • Talent Development and Retention	• Regulatory Compliance • Occupational Health and Safety • Innovative R&D • Human Rights Policy	Department Meetings (Irregular) Employee Symposium (Quarterly) Education and Training (Irregular) Performance Reviews (Biannually)	Suggestion Box/Electronic Bulletin Board (Irregular) Employee Complaint Mailbox (Irregular) Employee Ethics (hr@m31tech.com/ adt@m31tech.com)
Government Agencies	• Regulatory Compliance • Information Security • Ethics and Integrity • Corporate Governance • Occupational Health and Safety	• Energy Management • Waste Management • Social Participation • Climate Change Response	Public Announcements on the Market Observation Post System (Irregular) Official Document Exchanges(Irregular) Various Meetings (Irregular)	Surveys by Competent Authorities like Ministry of Labor, Financial Supervisory Commission, etc. (Irregular) Employee Ethics (hr@m31tech.com/ adt@m31tech.com)

Stakeholders	Issues of Concern		Communication Channels and Response Methods	
Shareholders /Investors	• Regulatory Compliance • Ethics and Integrity	• Financial Performance • Risk Management	Annual General Shareholders' Meeting (Annually) Earnings Conference or Investor Forum (Quarterly) Meetings with Investment Institutions or Brokerage Firms (Irregular)	Shareholder Phone/Email (Irregular) Announcements on the Market Observation Post System and M31 Official Website (Irregular) Investor Relations and Shareholder Service (ir@m31tech.com)
Suppliers	• Supply Chain Sustainability • Energy Management • Innovative R&D	• Regulatory Compliance • Financial Performance • Information Security	Phone/Email (Irregular) Supplier Audits (Irregular)	Complaint Channels (Irregular) Employee Ethics (adt@m31tech.com)
Banks	• Economic Performance • Regulatory Compliance • Energy Management	• Social Participation • Climate Change Response	Bank Visits (Irregular) Information Provision to Bank (Irregular)	Investor Relations and Shareholder Service (ir@m31tech.com)
Community	• Local Community • Regulatory Compliance • Climate Change Adaptation	• Energy Management • Waste Management • Water Resource Management	Corporate Volunteer Services (Irregular) Participation in Public Welfare Activities (Irregular)	Social Care and Donations (Irregular) ESG (esg@m31tech.com)

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◄► 2.3 Risk Management and Climate Change Response Strategy

Material Topic	Risk Management
Policy	• Actively promote the implementation of risk management mechanisms. Define various risks according to the company's overall operational guidelines. Prevent possible losses within the acceptable risk range to enhance company value and achieve optimal resource allocation.
Goals	• Zero major risk events affecting company operations.
Responsible Department / Complaint Mechanism	• Responsible Department: Risk Management Committee. • Complaint Mechanism: Quality Management Department extension, EMAIL.
Resource Allocation	• Quarterly Risk Committee meetings to update the evaluation/identification of various risks and monitor/review related handling status. • Report on annual risk control execution to the Audit Committee and Board of Directors in 2023.
Evaluation Mechanism	• No major risk hazard events occurred in 2023.

M31 actively promotes and implements a risk management mechanism, holding regular risk management committee meetings and reporting the operational status to the Audit Committee and Board of Directors annually. The main actions over the years are as follows:

- 2016: Completed the establishment of risk management philosophy, organizational structure, risk identification, evaluation, and management processes.
- 2017: Started quarterly Risk Committee meetings to update the evaluation and identification of various risks, and to monitor and review the handling status.
- August 4, 2020: The company's risk management policy was recognized and approved by the Board of Directors, committing to ongoing risk identification, evaluation, and management within the scope of risk management. This aimed to strengthen the ability to prevent crises, respond to crises, and recover quickly afterward, ensuring effective risk control.
- July 6, 2021: Reported the annual risk control execution status to the Board of Directors.
- 2023: Adjusted the organizational structure of the Risk Management Committee, with the highest level being the Audit Committee. On August 3, 2023, the Chief Risk Officer reported on the implementation status of risk management to the Audit Committee and the Board of Directors. The report included the identification and evaluation of various risk factors and established control and supervision mechanisms for higher-risk items.

This summary details the steps and actions taken by M31 to strengthen and formalize its risk management processes, ensuring ongoing vigilance and responsiveness to potential risks.

Risk Management Organizational Structure

Guidance for the Operation of the Risk Management Organization	Audit Committee
Decision-making on Risk Management Policies and Major Decisions	Chief Committee
Integration of Risk Control-related Matters	Chief of Staff
Definition, Evaluation, and Supervision of Risk Control-related Matters	Committee Members / Staff

Since 2016, the company has established the "Risk Management Policies and Procedures" to actively promote and implement risk management mechanisms. Various risks are defined in accordance with the company's overall operational guidelines, and potential losses are prevented within acceptable risk limits to enhance company value and optimize resource allocation. Starting in 2020, the operational status has been reported to the Board of Directors on an annual basis.

Major Issues	Evaluation Items	Management Policies	Execution Results
Sustainable Environment	Environmental Protection and Ecological Conservation	M31 is a professional intellectual property (IP) firm with no production and manufacturing activities (no physical products), thus no manufacturing-related waste is generated. General waste is managed through cooperation with a licensed cleaning company, which provides daily cleaning and resource recycling services to promote environmental protection and resource reuse. Employees are encouraged to turn off air conditioning/computer screens regularly, turn off lights and air conditioning when not in use, and practice paperless operations and water conservation. Office materials comply with international environmental standards.	• In 2023, we established a project for promoting greenhouse gas emissions reduction and initiated a counseling plan. • We plan to complete corporate carbon inventory and obtain ISO 14064-1 certification by 2024. • We are advocating energy-saving and carbon reduction measures, and environmental protection awareness, focusing on air conditioning, lighting, and electrical products. Employees are encouraged to cooperate with power-saving measures as the first step of our energy-saving strategies. Future improvements will be made annually based on electricity usage and related energy-saving projects.
Social	Workplace Safety	Committed to maintaining employee health and workplace safety, M31 regularly conducts fire safety drills and provide subsidies for gym memberships. We also organize regular health check-ups and offer on-site medical consultation services to assist employees in managing their health.	• Occupational safety and health training is provided to both new and existing employees (including workplace safety, fire safety, and first aid). • On July 13, 2023, we completed an evacuation drill for Building U. • We promote occupational safety and health education courses for employees, workplace safety and fire prevention advocacy, and gradually implement the four major plans by the Ministry of Labor: prevention of human-caused hazards, prevention of illegal harm during duty, prevention of disease caused by abnormal workload, and protection of maternal health in the workplace. We focus on ensuring workplace safety and health promotion for employees, aiming for mutual prosperity and zero workplace accidents.
	Product Safety	M31's products and services comply with relevant regulations, adhering to principles of quality, service, and accountability. We provide customers with safe and high-quality designs, maintain effective communication with customers, and conduct regular customer satisfaction surveys.	• Following our operational strategy, we establish IP management policies and goals. • We report IP plans and execution results to the Board of Directors regularly. • We disclose IP plans and execution results externally. • We conduct an annual customer satisfaction survey at the end of each year.
	Human Resources	M31 prioritizes employees and regularly review talent development management, including recruitment and effective retention and recruitment plans to ensure a continuous and sustainable operation.	• From 2023, we began conducting key talent assessments and collecting information on industry compensation and benefits to facilitate promotions. • In June 2023, we formulated and implemented a new promotion system, revising promotion (promotion and grade increase) procedures: promotions occur in March and September, while grade increases happen in April. We also revised promotion bonus regulations and job allowance standards.

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Major Issues	Evaluation Items	Management Policies	Execution Results
Social	Ethical Code	To establish a culture of ethical and achieve the objectives of corporate governance, and strengthen training and awareness, M31 provides channels for complaint and reporting.	• In Q3 2023, we conducted an online course on ethical management for all employees, followed by the signing of the [Ethical Management Declaration]. • In 2023, there were zero external whistleblowing cases and zero internal whistleblowing cases.
	Personal Data Protection	Through system access control, training, and advocacy, M31 prevents harm to stakeholders' interests.	• Each unit operates according to regulations to avoid potential disputes and litigation for the company.
Operations	Legal /Emerging Infectious Disease Outbreaks	An epidemic response team has been established to develop a business continuity management plan for critical operations, ensuring uninterrupted functionality for personnel and business operations across departments to safeguard the health and safety of employees and maintain basic or normal operations of the company.	• We established an epidemic response team. • We continuously monitor epidemic information and adjust promptly according to government regulations. • We implement a duty agent system. • We establish and execute mechanisms for responding to new infectious disease prevention measures.
	Policy and Regulatory Changes	M31 continuously monitors and collects information on relevant laws and policy changes, evaluates their impact, and, if necessary, discusses and responds appropriately, notifying relevant departments.	• Our business operations comply with all legal and regulatory requirements.
	Supplier Risks	M31 conducts annual supplier audits based on ISO 9001 to ensure quality.	• We have established a supplier management system and require suppliers to implement it. We plan to conduct environmental and social due diligence audits on suppliers starting in 2024.
	China-US Trade War	M31 thoroughly investigate entities related to US export control regulations, including relevant technologies and entities listed on control lists, before engaging or developing business to avoid violating regulations.	• We will establish audit standards and procedures and ensure their implementation to avoid any impact on company operations.
Finance	Exchange Rate Risks	For major export and import transactions, M31 quotes in foreign currencies and handle transactions in batches to diversify exchange risks. We maintain close relationships with financial institutions and continuously monitor exchange rate fluctuations to mitigate the impact of cost changes on company profits and losses.	• We continue to diversify foreign exchange risks.

M31

Major Issues	Evaluation Items	Management Policies	Execution Results
Information and Cyber Security	Data Storage and Backup Management	To prevent irreversible data loss, M31 uses professional-grade storage devices with high availability for backup and establish a regular backup mechanism, including off-site storage.	• We conduct regular data restoration drills each year to ensure data recovery capabilities are normal, with no significant data loss events.
	Information Security	To prevent and reduce the likelihood of infections, M31 continues system information security data control, conduct regular information security advocacy, install the latest antivirus software and security system settings on all computers, and block untrusted devices. To prevent data leakage, we implement access control for each R&D project and establish a system monitoring mechanism.	• We conduct an annual email social engineering drill. • We control outbound emails. • We perform an annual host vulnerability scan. • We hold regular information security courses and advocacy sessions to enhance employees' information security awareness. • All computers are equipped with antivirus software, security system settings, and mechanisms to block untrusted devices. To prevent data leakage, we implement access control for each R&D project and establish a system monitoring mechanism. • We have an information security section on our internal website for sharing internal security information. • We require regular password changes for personal company accounts and enforce complex password rules. • We have comprehensive commercial fire insurance for data center equipment. • In 2023, there were no virus infections or major data leakage events.
	Machine and Equipment Performance Management	To prevent equipment from exceeding current specifications, M31 has established has an early warning mechanism for continuous tracking and detecting the current data load on workstations for optimal distribution, and set up data classification and clearance mechanisms, with regular evaluations for updating or expanding equipment as necessary.	• Both systems and available space remain stable, with no major incidents affecting work efficiency or product development schedules.

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Climate Change Response Strategies

M31 has established an internal control system and an internal audit system. In 2016, it implemented a risk management approach to integrate sustainable operation practices across environmental, social, and governance (ESG) aspects. With the increasing significance of issues such as extreme weather due to global warming and recent concerns about energy and climate change, M31 has taken steps to mitigate the impact of climate change on its operations.

Starting from 2023, we have adopted the framework of the Task Force on Climate-related Financial Disclosures (TCFD) to identify climate-related risks and opportunities, which is categorized into governance, strategy, risk management, indicators, and objectives. The Sustainability Committee is responsible for this identification process and for drafting subsequent response strategies, taking into consideration the recommendations of external consultants. The board of directors is informed annually about the progress, and they monitor the implementation results. The operational status for 2023 will be reported to the board of directors in 2024.

Governance

Organizational Responsibility
The "Sustainability Development Committee" serves as the primary unit responsible for promoting the company's sustainable development. It collects various climate change-related issues and risks associated with the company's operations, formulates corresponding climate change strategies, and regularly reports to the board of directors, who review the response strategies and recommend feasible directions.

Strategy

Energy-Saving Policy Advocacy
This is set as a key strategy for the year, utilizing platforms or slogans for policy advocacy.

Resource Reuse
Continuously promoting paper recycling and reuse and evaluating measures for recycling everyday waste.

Efficiency Maintenance
Procurement of energy-efficient labeled products, with regular maintenance to ensure stable operational efficiency.

Risk Management

Risk Assessment
Through collaboration between the Sustainability Committee and the Risk Management Committee, conducts risk identification and assessment, and formulates corresponding measures.

Evaluation and Monitoring
Invites relevant departments annually to regularly review policies, regulations, technologies, markets, and reputations in assessing transformation risks and opportunities, continually adjusting based on assessment results.

Metrics and Targets

Water and Energy Conservation
Establishes internal indicators for water and energy conservation, and regularly tracks achievement rates and gaps.

Eco-friendly Office
Through internal platforms, advocacy is conducted to encourage employees to practice these measures, with eco-friendly office initiatives promoted annually to achieve company goals.

Carbon Reduction Plan
Developing a greenhouse gas inventory plan, aiming for a 10% reduction in total Scope 1 and 2 emissions by 2030 compared to the base year of 2023.
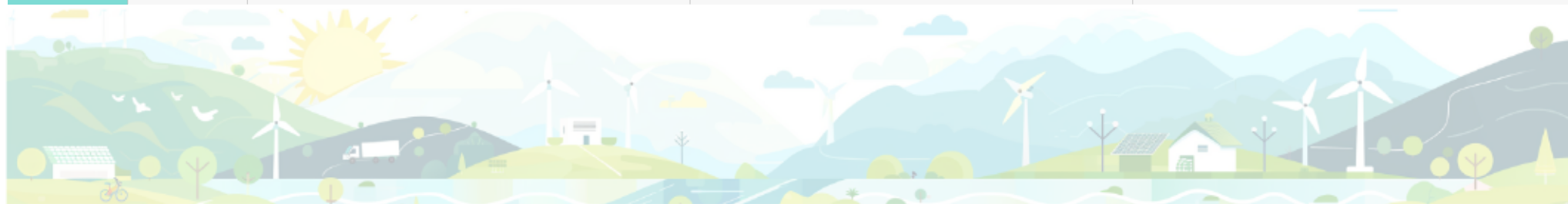
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Climate Change Risk Issues

Facing increasingly severe climate change and the extreme weather, which may have a serious potential impact on business operations and finances, M31 has implemented climate change risk and opportunity identification in accordance with TCFD. By considering internal and external environmental changes, the company has identified potential impacts, risks, and opportunities for its operations and finances and has established corresponding management policies:

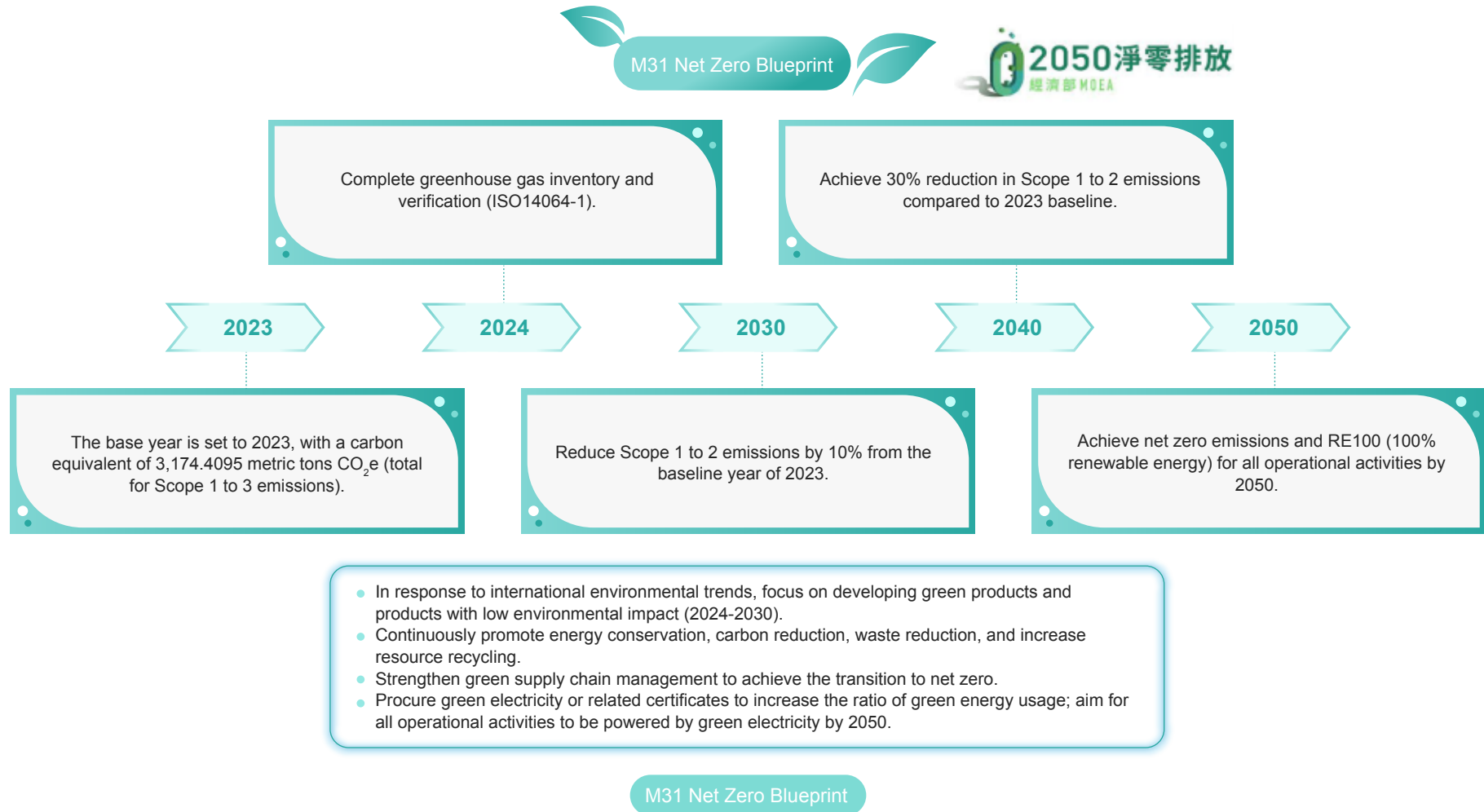| Risk Assessment	Dimension	Category	Risk Impact Description	Potential Operational and Financial Impacts	Company Management Policy
Transfor-mation Risk	Policy and Regulations	Total Volume Control and Carbon Rights	International promotion of carbon taxes and carbon border adjustment mechanisms, alone with the government imposition of carbon fees, which will affect the operating cost.	Indirect energy electricity rates increases, as well as rising carbon costs, will lead to increased operational costs.	Improve internal energy efficiency within the company, implement energy management operations, reduce electricity consumption and carbon emissions.
	Energy Supply	Energy Supply Instability	Green energy policies leading to unstable or inadequate power supply risks of government-imposed power restrictions, which could directly or indirectly cause operational interruptions.	Depending on circumstances, increasing energy storage or generator equipment to maintain uninterrupted operations can lead to higher procurement costs, resulting in increased operational costs.	• Continuously maintain UPS uninterruptible power supply systems and emergency power generation equipment to mitigate power restriction impacts. • Incorporate energy-saving designs as a priority consideration factor in system procurement.
	Market	Innovation Technology Development	Customer's demand for low-carbon products and services is increasing, shifting towards low-energy or high-efficiency IP technology services. The company needs to consider design costs required for energy efficiency improvements.	Customers no longer purchasing the company's IP, resulting in a decline in revenue.	Develop products that meet high-efficiency energy-saving requirements, meet product specifications, and cater to market trends.
Physical Risk	Extreme Weather	Increase in Extreme Weather Events	Due to the Increasing number of extreme weather days globally, such as typhoons, heavy rains, and feverish temperatures, continuously impacts operations. In extreme cases, this could directly or indirectly cause operational disruptions.	Power outages or heavy rains prevent employees from working as planned, causing operational disruptions or financial losses.	• Establish uninterruptible power systems and implement backup mechanisms for air conditioning systems in the core data center. • Implement decentralized operational facilities and establish off-site work or backup mechanisms to reduce potential impacts.

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Climate Change Opportunity Issues

Opportunity Dimension	Opportunity Category	Opportunity Identification	Potential Operational and Financial Impacts	Company Management Policy
Resource Efficiency	Resource Use Efficiency	With global climate change, customers are increasingly demanding companies to comply with government regulations on carbon emissions and energy conservation, enhancing competitiveness by early meeting green energy and energy-saving requirements.	To achieve net zero carbon emissions goals, investment in energy storage devices is necessary, increasing procurement costs.	● Continuously implement server virtualization for application servers and virtual workstations to reduce the number of physical machines used. ● Continuously optimize data center environments to further improve energy efficiency.
	Water Resource Use Efficiency	Climate change leads to extended periods of water shortages and unstable water supply, causing inconvenience to employees' daily lives. The company enhances water resource efficiency through the installation of water-saving equipment and advocating for water conservation on a regular basis.	Effective water resource management improves water resource utilization and reduces water costs.	● Install water-saving equipment to adjust water output and minimize water resource wastage.
Product and Service	Industry Innovation Technology	In response to global climate change regulations and industry chain demands, the company must enhance product energy efficiency to meet low-carbon product requirements.	Collaborate with customers to explore feasible solutions and jointly develop effective energy-saving technologies, strengthening customer relationship closeness.	● Strengthen low-energy consumption design and provide higher efficiency and energy-saving IP technology. ● Research and develop high-efficiency IP technology to achieve low-carbon and material reduction goals for integration into a low-carbon supply chain.
Resilience	Enhance Supply Chain Management	Continuously promote the supply chain towards low-carbon goals and set annual targets to reduce greenhouse gas emissions.	Commit to maintaining close partnerships with supply chain partners, balancing high-quality, high-value product output, and sustainable production management to strengthen supply chain resilience.	● Incorporate ESG aspects into supplier evaluations and conduct regular audits, tracking, and improvements.

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Sustainable Development Net Zero Carbon Emission Target Roadmap

M31 Net Zero Blueprint

2050淨零排放
經濟部 MOEA

| 2023 | 2024 | 2030 | 2040 | 2050 |

Complete greenhouse gas inventory and verification (ISO14064-1).

Achieve 30% reduction in Scope 1 to 2 emissions compared to 2023 baseline.

The base year is set to 2023, with a carbon equivalent of 3,174.4095 metric tons CO_2e (total for Scope 1 to 3 emissions).

Reduce Scope 1 to 2 emissions by 10% from the baseline year of 2023.

Achieve net zero emissions and RE100 (100% renewable energy) for all operational activities by 2050.

- In response to international environmental trends, focus on developing green products and products with low environmental impact (2024-2030).
- Continuously promote energy conservation, carbon reduction, waste reduction, and increase resource recycling.
- Strengthen green supply chain management to achieve the transition to net zero.
- Procure green electricity or related certificates to increase the ratio of green energy usage; aim for all operational activities to be powered by green electricity by 2050.

M31 Net Zero Blueprint

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◄► **2.4 Information Security Management**

M31 implements information security management to meet stakeholder requirements, protect product and service information, and prevent unauthorized access, modification, use, disclosure, and losses caused by natural disasters. This initiative aims to earn trust from customers and suppliers, ensure the continuity of critical business operations, fulfill commitments to shareholders, and comply with relevant laws and regulations. Security measures are in place to safeguard the confidentiality, integrity, and availability of critical information assets.

Material Topic	Information Security
Policy	● Ensure the confidentiality, integrity, availability, and legality of data, systems, equipment, network security, and associated information assets; comply with relevant laws, regulations, and contractual requirements to protect against intentional or accidental internal and external threats.
Goals	● Zero significant security incidents annually. ● Implement ISO 27001 Information Security Management System by 2024.
Responsible Department / Complaint Mechanism	● Responsible Department: IT Department ● Reporting Mechanism: Extension within IT Department, Email
Resource Allocation	● Implement information security education, training, awareness, and audits. ● Implement two-factor authentication system for IT security control. ● Implement data access control, restricting access to authorized personnel only. ● Conduct social engineering drills and awareness programs.
Evaluation Mechanism	● No significant security incidents in 2023. ● No incidents of confidential information leakage affecting customers or employees' personal information leading to penalties by regulatory authorities in 2023. ● External audit of accountant's account permissions shows no discrepancies in 2023.

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Information Security Policy

To strengthen information security management and ensure the confidentiality, integrity, availability, and legality of data, systems, equipment, networks security, and associated information assets, M31 commits to complying with relevant laws, regulations, and contractual requirements to mitigate internal and external deliberate or accidental threats. All employees are expected to work together to achieve the following policy goals:

- Ensure the confidentiality and integrity of information assets.
- Ensure data access based on departmental role specifications.
- Ensure the continuous operation of information systems.
- Prevent unauthorized modification or use of data and systems.
- Conduct regular information security audits to ensure the implementation of information security.
- Establish off-site redundancy and backup for company information systems based on their risk levels to ensure data security.
- Continuously enhance security defense capabilities to mitigate information security threats in response to diversified network applications.

Implementation of Information Security

- The company's Information Center regularly conducts employee information security education and awareness campaigns to enhance information security awareness. We plan to implement the ISO 27001 Information Security Management System by 2024 to strengthen our ability to respond to information security incidents and protect the assets of the company and our clients.
- To enhance employees' resilience and awareness of information security risks, the company conducted one social engineering drill in 2023, sending out a total of 290 emails with an overall employee pass rate of 91%. We will continue to conduct periodic social engineering drills and promote information security policies on the company's intranet homepage to raise overall awareness of information security among employees. Starting from 2023, the company has incorporated information security courses into mandatory training for all employees to strengthen their awareness of information security. In the fiscal year 2023, a total of 245 employees participated in relevant training sessions.
- In fiscal year 2023, the company reviewed the implementation of information security policies across departments, and no incidents compromising the company's information security occurred. The effectiveness of information security risk management was reported to the Board of Directors on August 3, 2023.

Information Security Guidelines

M31 proactively established its information security team in 2022, ahead of regulatory requirements, comprising dedicated information security managers and personnel. The Information Technology Department oversees the company's overall information security operations, responsible for formulating information security policies, planning and executing information security defenses, and promoting and implementing information security policies. The company employs various security measures to mitigate internal and external information security threats, thereby enhancing the overall security of the information environment.

Type	Item	Policy Explanation
Employee Management	• Information Security Education	• New employee cybersecurity orientation • Regular sharing of domestic and international major cybersecurity incident cases with employees
Device Management	• Antivirus Software • Blocking of Untrusted Devices	• Procurement and deployment of information security systems • Detection and updating measures for host/computer vulnerabilities, threats, and viruses • Network access permissions are granted only to computers that meet the system's compliance standards
Authorization Management	• Two-Factor Authentication • Project Permission Control	• Establishment of a two-factor authentication system • Computer logins require two-factor authentication (account password + one-time password) to prevent account theft and misuse • Development of internal research management systems • Strict permission control for research projects; team members must submit forms for access, approved by supervisors and set by IT personnel
Data Management	• Professional Storage Devices • Local Backup Architecture • Off-site Data Backup	• Purchase of professional storage devices • High availability backup capability, strict permission control for project research data, allowing access only to authorized members • Purchase of professional backup software • Comprehensive regular backup mechanism for company R&D data • Implementation of off-site storage to ensure recovery capability in the event of a disaster
Release Management	• Automated System Transfer • Exclusive Encryption Space	• Development of internal shipment management systems • When delivering products to customers, a form must be submitted and approved by relevant supervisors and sales personnel, after which the system encrypts the data and uploads it directly to an exclusive space provided by the company for customer download • The exclusive space allows connection only from specific IP devices provided by the customer, with a connection open period limited to one month

◄► 2.5 Innovative Research and Development

Material Topic	Innovative Research and Development
Policy	M31 Embracing the spirit of developing high-quality IP products with continuous innovation and enhancing efficiency, creating a future of unlimited imagination. In the face of ideals, be courageous and persistent. In the face of dreams, be bold to dream and creative. In the face of challenges, be confident and fearless. In the face of customers, be honest and open-hearted. Striving a balance between life and R&D advancement, this is the Boutique culture that M31 pursues.
Goals	Become a leader in the IP development industry
Responsible Department / Complaint Mechanism	R&D Department / ESG@m31tech.com
Resource Allocation	● R&D expenditure in 2023: NT$938,873 thousand, accounting for 58.23% of total revenue ● In 2023, 48 new R&D personnel were added
Evaluation Mechanism	Issue & Online Tracking System / Irregular meetings

Diversified Product Portfolio

M31 aims to be the most trusted IP company for customers. We allocate significant R&D resources to achieve world-leading performance, power, and area (PPA) in IP development. To quickly meet the diverse needs of different customers, we have developed specialized application IPs in various fields such as storage devices, IoT, AI, automotive, mobile, data centers for 5G applications, and high-speed, ensuring compliance with exclusive specifications and needs of different customers.

M31 also emphasizes from 180nm down to 3nm. In addition to standard IPs, we offer customized IPs tailored to specific customer requirements within corresponding processes. Meanwhile, in order to provide more complete services to our customers, M31's physical layer IP and several control unit IPs have completed FPGA validation, facilitating easier integration for our customers. Additionally, M31 provides partial integration services, saving customers time and effort in verifying control unit IP layouts. We aim to ensure our customers achieve rapid mass production with uncompromised quality through system-level services.

| Advantages of M31's IP:

1. Comprehensive process technology expertise (180nm-3nm).
2. Familiarity with collaboration models of major semiconductor foundries, maximizing capacity utilization opportunities for customers (TSMC, UMC, GF, VIS, PSMC, SMIC, HLMC, HHGrace, Nexchip, etc.).
3. Deep expertise in low-power IP development, accumulating numerous innovative patents.
4. Strong R&D team leveraging regional strengths and experiences from across the U.S., Taiwan, India, China, South Korea, etc., offering innovative design thinking and concepts, and delivering competitive product specifications.
5. Effective communication and understanding with customers, addressing individualized needs and pain points to provide optimal solutions. Collaborating with customers for mutual growth, ensuring products maintain absolute competitiveness.

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Overview of Silicon IP Applications:

M31 IP Application

Mobile / Multimedia

- High performance / High density library
- GPIO
- SRAM compiler
- USB 4.0/3.2/2.0 /eUSB
- PCIe 4.0/3.1
- PCIe 5.0/CXL
- MIPID-PHY/M-PHY Gear 3-5
- LPDDR 4/4X
- DisplayPort TX/RX 2.1

Storage

- BCK-USB 3.2/2.0
- USB 4.0/3.2/2.0
- MIPI M-PHY Gear 3-5
- PCIe 5.0/4.0/3.1
- SATA 3.2
- eMMC/SDIO
- ONFi 6.0/5.0/4.2

5G

- PCIe 5.0/4.0/3.1
- Serdes

Automotive

- GPIO
- SRAM compiler
- USB 4.0/3.2/2.0
- DisplayPort TX/RX 2.1
- PCIe 4.0/3.1
- MIPI D-PHY/M-PHY

IoT

- MIPI C/D PHY
- USB 3.2/2.0/1.1
- eUSB
- DPLL
- Low VCCMIN memory compiler
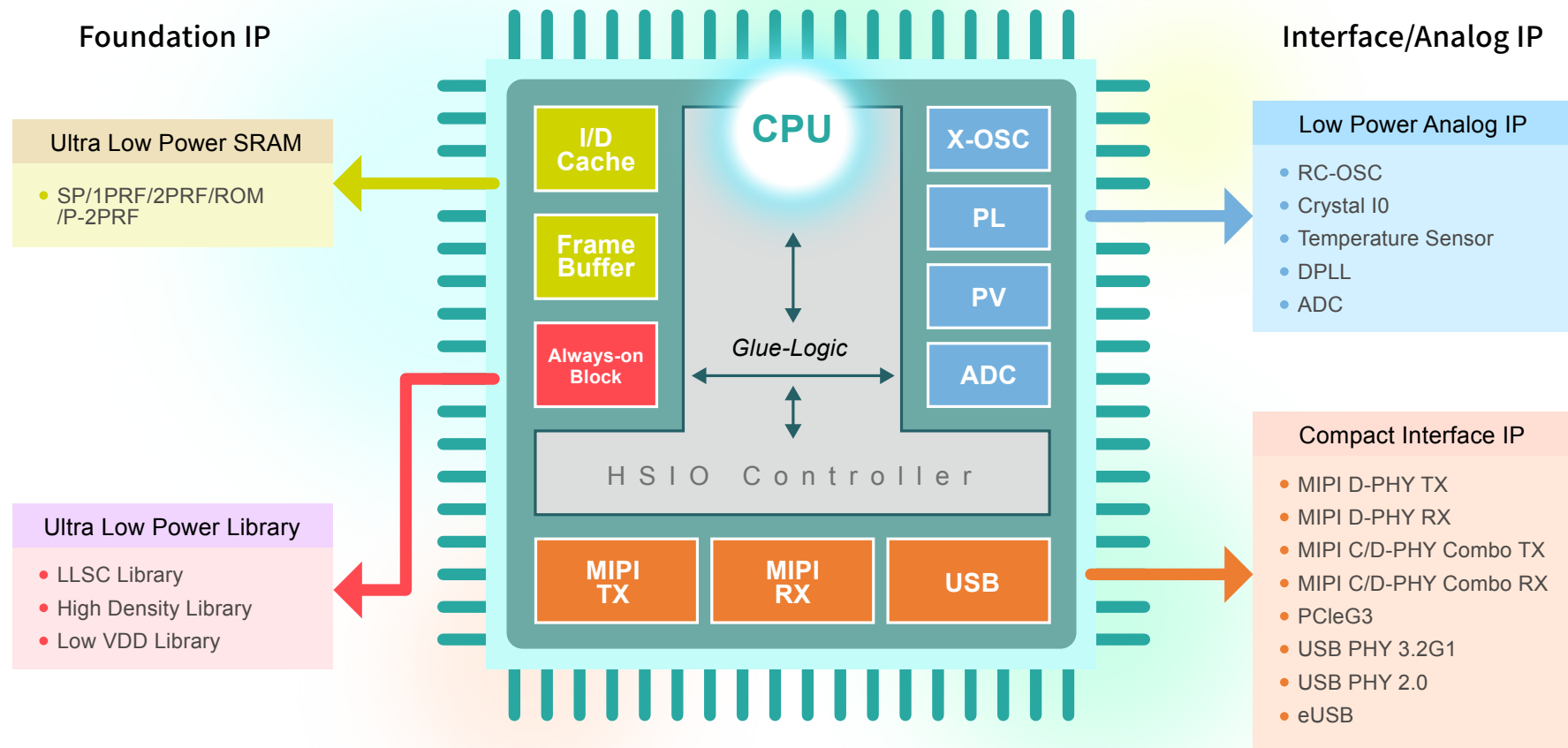- Green memory Compiler
- Low Power cell libraries

AI

- GPIO
- SRAM compiler
- PCIe 5.0/CXL
- PCIe 4.0/3.1/2.1
- MIPI C/D PHY
- USB 4.0/3.2/2.0/1.1
- DisplayPort TX/RX 2.1

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Internet of Things

M31 22nm Platform Solutions

Foundation IP

Ultra Low Power SRAM
- SP/1PRF/2PRF/ROM /P-2PRF

Ultra Low Power Library
- LLSC Library
- High Density Library
- Low VDD Library

CPU

I/D Cache		X-OSC
Frame Buffer	Glue-Logic	PL
Always-on Block		PV
		ADC

H S I O   C o n t r o l l e r

| MIPI TX | MIPI RX | USB |

Interface/Analog IP

Low Power Analog IP
- RC-OSC
- Crystal I0
- Temperature Sensor
- DPLL
- ADC

Compact Interface IP
- MIPI D-PHY TX
- MIPI D-PHY RX
- MIPI C/D-PHY Combo TX
- MIPI C/D-PHY Combo RX
- PCIeG3
- USB PHY 3.2G1
- USB PHY 2.0
- eUSB

For IOT applications, M31 provides specialized foundation cell libraries, I/O units, and memory compilers tailored for low-power consumption that support a wide range of operating voltages. This design allows for optimal performance at higher operating voltages during active modes, as well as significantly lower power consumption at extremely low operating voltages during standby modes.

M31 develops IoT-related platform IPs such as 22ULP, 22ULL, and 40LL, all of which will utilize M31's low-power foundational cell libraries, I/O units, and memory compilers specifically designed for IoT applications. Furthermore, M31 is innovatively researching and developing voltage mode drivers to replace current mode drivers, significantly reducing power consumption.

Moreover, M31 offers customers low-power all-digital Phase-Locked Loops (PLLs) for IoT-related applications. These PLLs facilitate easier integration into integrated circuits. M31's proprietary fast locking frequency and phase technology enable rapid switching between standby and active modes. It allows quick adjustment to different operational frequency requirements across various modes. This technology minimizes the time and power consumption traditionally required for PLLs to stabilize high-frequency clock outputs when switching from low-frequency idle states to high-performance states.

The rapid locking frequency and phase technology not only reduce power and time consumption during frequency and phase locking but also optimize circuit switching times. This capability ensures that integrated circuits can swiftly transition to high-performance states and return promptly to low-power idle states, enhancing overall efficiency.

M31 provides a comprehensive switching mechanism that recommends optimal voltages for different modes and operational frequencies, thereby achieving optimal power efficiency for IoT applications.
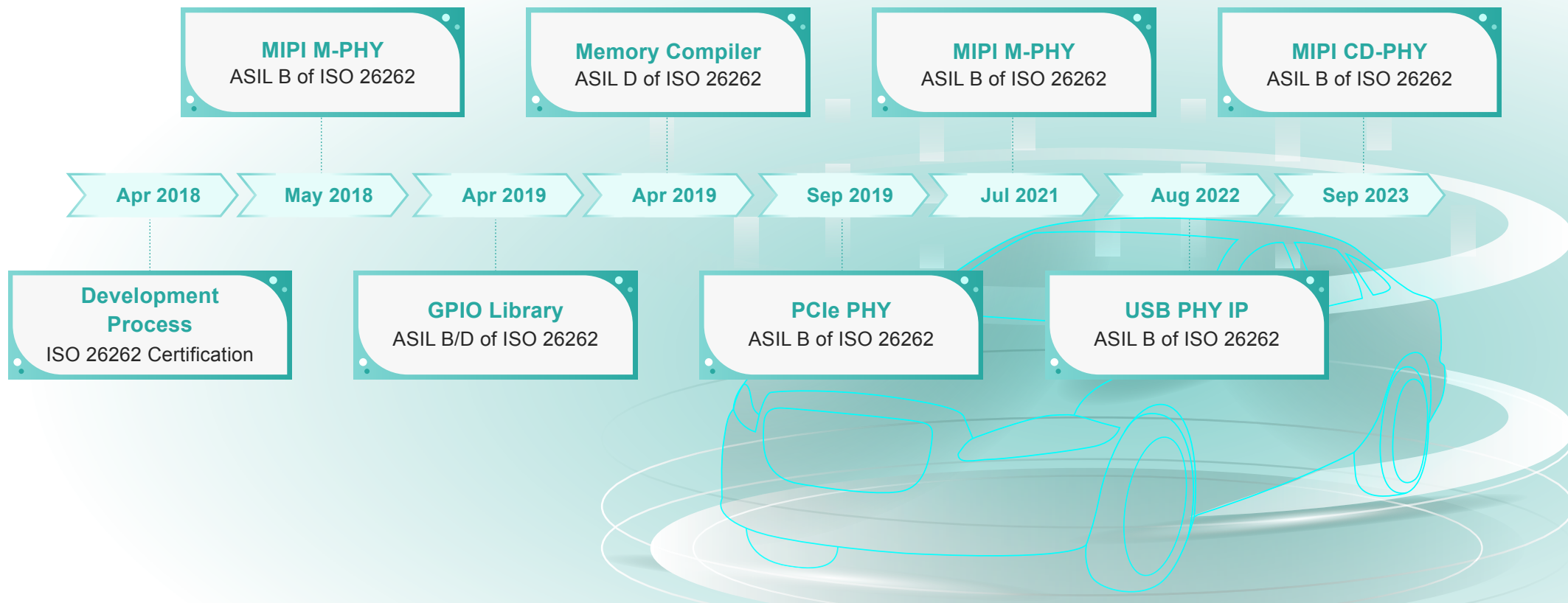
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Automotive Domain

M31 has been strategically deploying IP in the automotive sector for many years and has sequentially obtained ISO 26262 ASIL B Ready certification from the German certification body SGS-TUV for IPs such as MIPI MPHY, DPHY, CD-PHY PCIe, USB, Memory Compiler, and GPIO. Apart from obtaining automotive safety certifications for these key automotive-related IPs, M31's development processes have also been certified under ISO 26262 for automotive safety, further affirming their design capabilities in automotive electronic safety and reliability.

M31 Automotive IP Milestone

MIPI M-PHY
ASIL B of ISO 26262

Memory Compiler
ASIL D of ISO 26262

MIPI M-PHY
ASIL B of ISO 26262

MIPI CD-PHY
ASIL B of ISO 26262

| Apr 2018 | May 2018 | Apr 2019 | Apr 2019 | Sep 2019 | Jul 2021 | Aug 2022 | Sep 2023 |

Development Process
ISO 26262 Certification

GPIO Library
ASIL B/D of ISO 26262

PCIe PHY
ASIL B of ISO 26262

USB PHY IP
ASIL B of ISO 26262

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Automotive Domain

M31 integrates security mechanisms into its automotive IP designs, alongside conducting simulation analyses and implementing preventive measures for failure modes. In circuit layout, considerations are made for issues like electromigration under high-temperature operating conditions and protection against various forms of electrostatic damage. Furthermore, M31 collaborates closely with customers to gradually pass reliability tests based on stringent AEC-Q100 verification standards set by the Automotive Electronics Council (AEC). These tests include Early Life Failure Rate (ELFR), High Temperature Operating Life (HTOL), Electrostatic Discharge (ESD) protection, and Latch-Up effects. Currently, mainstream new-generation automotive processes like N7A related IPs have been fully verified, and development for N5A related IPs have also been completed and is undergoing verification.

AEC-Q100 Ready IP Platform

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Smartphone Domain

In the mobile domain, M31 focuses primarily on low-power applications IPs, including memory, standard cell libraries, I/O devices, and interface IPs such as USB 3.2/2.0, PCIe 4.0/3.1, MIPI D-PHY/M-PHY. All of these IPs feature M31's proprietary low-power design to meet the needs of customers in mobile applications. Additionally, due to the need for high computational performance alongside low power consumption, advanced process nodes like 5nm, 3nm, and 2nm are crucial, and M31 has IPs deployed in each of these advanced processes.

As semiconductor processes evolve, challenges arise with continued chip miniaturization. M31 addresses these challenges through innovative design adjustments. For instance, to achieve maximum data transfer bandwidth while maintaining low power consumption, M31 is dedicated to the design and development of related drivers. To achieve low power consumption, these are designed on the Core Device. However, in advanced processes like 5nm, 3nm, and 2nm, the Core Device has significantly reduced voltage tolerance. We also propose our proprietary Sub 1V TX Driver technology, which balances low power consumption with Core Device voltage tolerance.

Moreover, to overcome constraints on IO voltage (1.2V) in these advanced nodes, where traditional low-dropout regulators (LDOs) cannot effectively enhance Power Supply Rejection Ratio (PSRR), M31 has patented technologies to compensate for low-voltage PSRR. This significantly improves their IPs' ability to suppress power supply noise while maintaining low power consumption, providing customers with high-performance, high-quality IPs in advanced processes.

Across key components in smartphones, M31 offers relevant IPs that balance performance and power consumption, enabling their customers to focus more on their core designs. For instance, in smartphone CMOS sensors, M31's MIPI CD-PHY incorporates exclusive Ultra Low Power Clock Recovery Technology. In applications like mobile SSDs, emphasis is placed on low latency and low power design. We provide solutions like PCIe+CXL and MPHY+UFS; for smartphone interfaces, we provide solutions such as eUSB+USB4 to meet high-speed transmission demands. Across different aspects of the mobile domain, M31 has the capability to deliver comprehensive solutions, assisting our customers in accelerating their development processes and achieving mass production.

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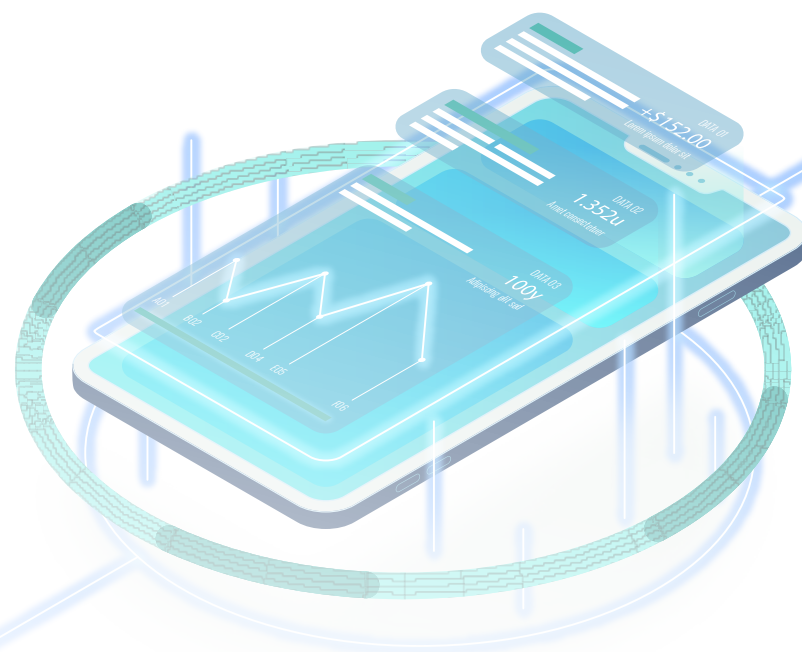
Data centers and high-speed Domains for 5G applications

The future technology market relies on edge data centers that integrate telecommunications networks, control services, computing and storage capabilities. In 5G systems, with increasingly powerful AI algorithms and high-resolution multimedia transmission demands, the wireless data volume is expected to grow exponentially. Consequently, the computational load and speed of data access in cloud data centers need corresponding enhancements.

Facing the robust demand for increased computational load and speed in cloud data centers, M31 provides 10G Serializer/Deserializer (SerDes) supporting Ethernet networks for use in PCB backplanes and optical communications (computing network); For the high-speed interface requirements of data center storage media such as Solid-State Drives (SSDs), we also have corresponding PCIe 5 solutions. Furthermore, another consideration for data center applications is the issue of transmission distance and the resulting Channel Effect. To address Channel Effect, M31 has an innovative design related to the equalizer at the receiving end, which is specifically designed to compensate for the phase and amplitude of the transmitted signal to ensure the best transmission quality.

Storage Devices Domain

In the storage device domain, M31 offers interface IP solutions for various storage media, including traditional hard drives, mainstream solid-state drives (SSDs), and USB flash drives. For example, SATA IP for traditional hard drives, PCIe IP for SSDs, and USB IP for USB flash drives.

For the USB flash drive solution, M31 has introduced the industry's first patented BCK (Built-in Clock) technology. This technology not only enhances customers' PPA (Performance, Power, Area) but also helps them eliminate the need for expensive quartz crystal components. In addition to helping customers to reduce cost, it also reduces the power consumption of quartz crystals by 3.3mW. To date, M31 has assisted many customers in successfully mass-producing USB flash drive products, the number of chips produced is 1,312,868,839, resulting in a reduction of 4,332,467,169 mW in power consumption.

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AI Domain

Due to its longstanding expertise in high-speed interface IP and IoT domains, M31's offerings such as MIPI and PCIe are highly applicable in applications like Electronic Shelf Labels (ESL) and Smart Cities. Electronic Shelf Labels enable retailers to update label content wirelessly and efficiently on shelves in real-time without the need for printed paper labels or manual labor to replace them in stores. Embedded Smart City technologies, utilizing sensors, cameras, and edge computing, allow real-time monitoring of critical issues. The data collected and analyzed by these devices optimize city operations, improving infrastructure services, enhancing public safety, promoting sustainability development, and providing insights for planning and decision-making. These solutions can also enhance public experiences in local sports arenas, theme parks, tourist attractions, or improve parking and security on university campuses, significantly impacting citizens' quality of life.

Addressing the strong demand for artificial intelligence in such applications, besides boosting computational power, advanced high-speed interface IP is crucial. Multi-Die systems emerge as a key solution for AI, surpassing Moore's Law and resolving system complexity challenges economically and efficiently. These systems enable faster expansion of system functionality, mitigate risks, and allow critical components (e.g., CPUs) to be scaled down to smaller processing nodes without reducing the entire SoC size to match. This approach minimizes waste that occurs when a single core on a chip fails, rendering the entire chip unusable. In Multi-Die systems, the Die-to-Die transmission protocol and interface, such as UCIe, play critical roles. M31 is developing UCIe physical layer solutions, encompassing analog front-end (AFE) circuits for signal transmission and reception, sideband channels for parameter exchange and negotiation between two chips, and logic layer operations for link initialization, training, calibration algorithms, testing, and repair. These advancements assist customers in achieving lower power consumption and higher throughput for rapid entry into the AI domain.

Annual Research and Development Achievements of 2023

Innovation Technology	Technical Efficiency	Product Applications
Low Voltage Operation Memory	• M31's unique low voltage operation technology breaks through the limitations of traditional memory operation by utilizing novel read/write assist circuits integrated with the Dynamic Voltage Frequency Scaling (DVFS) patent technology to provide the broad-range operational demands of chips. Low-voltage operation technology allows both performance and low-power design, providing an excellent solution for wide-range voltage operation chip designs, saving approximately 25% of power consumption for every 100mV of operating voltage reduction.	IoT devices; Wearable components; Biomedical low-power application components.
Low Voltage Standard Cell Library	• By modifying circuit modules designs, M31 has developed a lower voltages Standard Cell Library (STDL) compared to the traditional standards. Each component ensures stable operation under low voltage, meeting 6-sigma stability requirements. This not only overcomes the non-linear instability of components at low voltages but also provides accurate design margins to ensure that the chip system can tolerate the inaccuracies brought by low-voltage operations. • Low-voltage operation of the STDL can provide optimal power-saving solutions for long-lasting or durable design modules, not only allowing product designers to push low-power capabilities to the extreme of manufacturing processes, but also providing customers with product uniqueness.	Applications requiring various low-power scenarios.
ONFi-v6.0 Input/Output (I/O) Device	• M31's 3nm flash memory interface ONFI-v6.0 I/O IP, featuring the latest circuit architecture, offers higher transmission efficiency, making it the industry's first to support the highest speed of ONFI-v6.0 I/O IP (4.8GB/s). • Catalyzed by advancements in applications like artificial intelligence, edge computing, and cloud computing, the massive storage and interaction demands of vast data have ushered in a new era of high computing power for mainstream storage media such as Solid State Drives (SSDs). The core of SSDs lies in the controller and flash memory chips, crucial for significantly enhancing the efficiency of data storage and transmission. Current mainstream SSD controllers adopt PCIe Gen4 interfaces, while high-end SSDs are beginning to utilize PCIe Gen5 interfaces, resulting in a substantial increase in overall interface transmission speeds. This enhancement makes the performance of corresponding flash memory chips using ONFI interfaces a critical factor in storage chip technology. M31's development achievement in the 3nm flash memory interface ONFI-v6.0 I/O IP (4.8GB/s) provides the industry's first preferred high-speed solutions.	Memory access interfaces; Solutions for AI, edge computing, cloud computing applications.
Low Power 8x8 Multiplier	• As a Foundation IP provider, M31's mission is not only to provide customers with the best power saving solutions, but also contribute to environmental conservation on Earth. • The multiplier circuit is an indispensable component of CPU computation units. We are committed to improving and developing multiplier circuit architectures to significantly reduce power consumption and area without compromising performance, ensuring that products using this IP remain competitive. • In the industry-standard 28nm process, operating at 0.8V. Compared to traditional multiplier circuits, M31's low-power 8x8 multiplier can further reduce power consumption by approximately 15%.	High-performance CPU computation; IoT devices; Wearable components; Solutions for AI, edge computing, cloud computing applications.

M31

Innovation Technology	Technical Efficiency	Product Applications
Advanced Process Power Supply Rejection Ratio Improvement	• In response to the constraints of 1.2V I/O voltages in advanced processes such as 5nm, 3nm, and 2nm, where traditional low-dropout regulators (LDOs) cannot be used to enhance power supply rejection ratio (PSRR). M31 has introduced a patented technology to compensate for PSRR at low voltages, which not only improves the rejection of power supply noise but also takes into account the low power consumption, providing customers with high-performance and high-quality IPs for advanced processes.	Phase-locked loop (PLL) and clock data recovery (CDR) circuits that can be applied to all advanced process requirements.
Fast Locking Frequency and Phase	• In response to the constraints of 1.2V I/O voltages in advanced processes such as 5nm, 3nm, and 2nm, where traditional low-dropout regulators (LDOs) cannot be used to enhance power supply rejection ratio (PSRR). M31 has introduced a patented technology to compensate for PSRR at low voltages, which not only improves the rejection of power supply noise but also takes into account the low power consumption, providing customers with high-performance and high-quality IPs for advanced processes.	PLL for IoT-related applications, RTC clock, and other low FREF input, designed to meet UCIe and DDR specifications.
Continuous Minor Frequency Hopping for Small Decimal Mode PLL	• M31's proprietary patented technology of fine-grained updates enables clock circuits to avoid consuming additional energy and resources to re-lock timing sequences, thereby preventing unnecessary jitter in the loop. Moreover, because re-locking is unnecessary during frequency hopping, it allows for continuous operation of spreading functions (enabled). This eliminates the complex operation of turning off and on spreading functions before and after re-locking. This technology not only provides at least one clock but also enables frequency hopping and/or spreading for the clock, meeting the diverse clock requirements of current integrated circuits. It offers the best solution for customers in applications requiring minor frequency hopping.	Applicable to PLLs supporting small decimal and spread spectrum modes.
Adjustable Low-Frequency Zero Linear Equalizer	• In today's applications such as AI and 5G, particularly with the increasing demand for massive data transmission, M31 has dedicated significant efforts to address data transmission challenges arising from high speed and severe channel effects. Specifically targeting interference (ISI) caused by losses in the mid-to-low frequency range, M31 has developed compensation techniques that optimize performance to ensure the accuracy of transmitted data. This innovative technology not only optimizes performance but also enhances the tolerance of the receiving end (RX), especially in the face of temperature variations and ensures optimal compatibility across different channels.	Solutions for AI, 5G, and scenarios involving high-speed and severe channel effect data transmission.

Excellent Design Process

- Facing the rapid advancements in industry technology and process evolution, M31 invests significant R&D resources into the design flow of IPs, including IP module development and verification, IP integration development and verification, and IP design environment and physical verification. Besides completing the design execution flow for advanced processes, ongoing innovation is also applied to process aspects. For instance, automated generators that produce register transfer level (RTL) code corresponding to configuration tables, key path analysis programs using SPICE to calculate differences in simulation results for cell libraries and integrated circuits, automated generation of UPF (Unified Power Format) files compliant with IEEE1801, and Cell Evaluation utilities for calculating delays, skews, and constraints.
- Furthermore, with process advancements necessitating consideration of extreme parameter variations, M31 has developed exclusive static timing analysis (STA) and automated Violation Summary generation processes. These innovations significantly reduce the time spent on manual review and confirmation, mitigate risks associated with human errors, accelerate tape-out processes, and assist customers in speeding up product development timelines.

- To enhance the quality of M31's IP and meet customer product development schedules, continuous improvements in all design processes are pursued, accompanied by corresponding process automation solutions. This includes comprehensive PDK (Process Design Kit) automated verification, automatic generation of test data for schematic/symbol/layout databases/callbacks and achieving circuit design automation through independently developed algorithms and processes. This addresses bottlenecks in current EDA tools during netlist and circuit conversion, a system covering all Foundry Process DSM variabilities, and enhancement of layout integration data consistency and performance while preserving original circuit hierarchy structures. Through innovative process automation, efficiency is greatly enhanced, human error risks are reduced, data accuracy is ensured, product reliability is improved, and product development timelines are accelerated.

- Additionally, M31 has developed automated generation of process-related technical specifications of automated layout and routing (APR) for various foundries, as well as verification of standard cell libraries (Multi-foundry APR tech. creation & Lib QA), further provide P&R Check for memory units and standard cell libraries. With M31's comprehensive low-power process, excellent chip floor planning capabilities, and rich tape-out experience, we meet customer demands for power consumption and area reduction, thereby lowering production costs and enhancing competitiveness to meet energy-saving requirements and reduce carbon emissions. M31 leverages innovative high-standard verification processes (Sign-off Criteria) and testing experience to assist our customers in improving chip yield, reducing chip rejection rates, and avoiding unnecessary chip and packaging waste.

M31

Green Energy Design

We provide a comprehensive low-power IP platform: 55ULP/40ULP/28ULL/22ULL/N12e/N6e

Industry-first BCK (Built-in Clock) Patented Technology

Unique DVFS technology development providing wide-ranging memory operations.

Unique low-voltage operation technology, including SG standard cell library development (0.5V ultra-low voltage operation) and High-Sigma design read/write auxiliary circuits to surpass the basic voltage operation limits of memory cell elements (enabling normal voltage operation below 200mV).

Helped customers produced 1,312,868,839 chips for USB-related products, further reducing power consumption by 4,332,467,169 mW

2.6 Patent Portfolio and IP Strategy
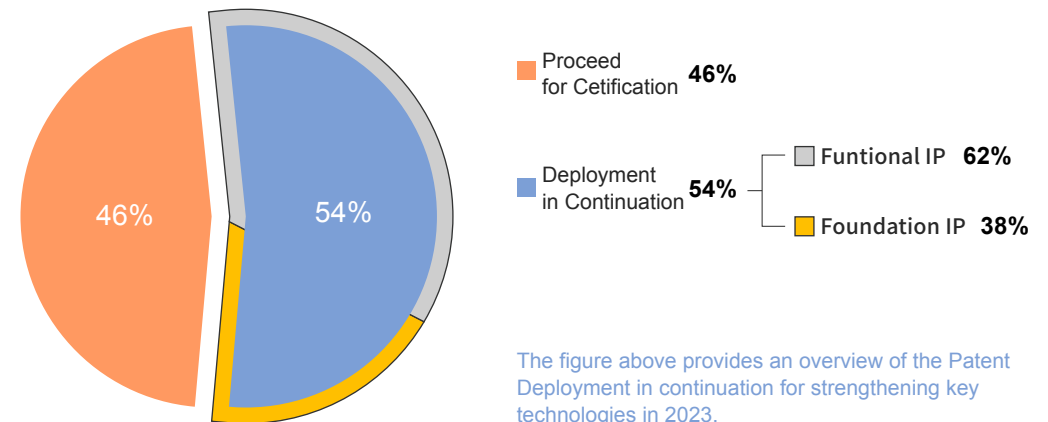
Patent Portfolio

M31 allocates substantial R&D workforce and resources annually, developing proprietary advanced technologies, maintaining a leading position in the IP industry. The company actively establishes a patent portfolio and safeguards trade secrets to fully protect its technological innovations and ensure the freedom of its global operations.

Our high patent grant rate reflects our stringent standards for innovation and patents. In addition to technical innovation, department of Intellectual Property and R&D teams evaluate patent applications based on product applications and market trends as criteria for patent application strategies, ensuring that our patents are strongly aligned with the company's operational goals.
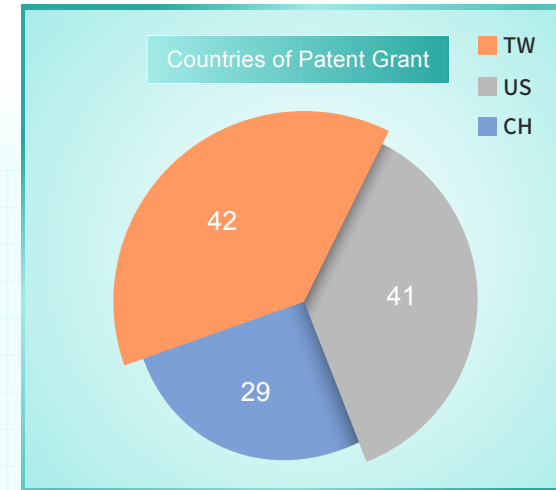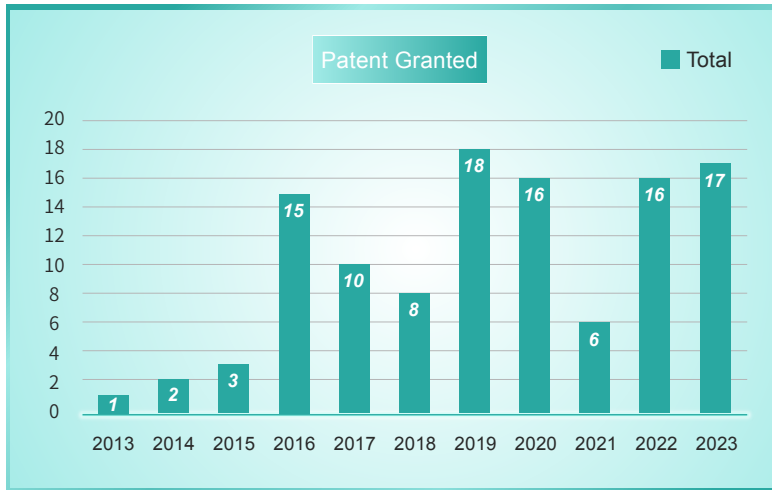
To protect M31's leading position in innovative technology and strengthen overall market competitiveness, we have continuously filed patent applications from our 2023 innovation proposals, which include a series of circuit designs addressing power noise issues due to voltage bottlenecks in advanced processes, a Digital PLL design targeting IoT applications and compliant with UCIe and DDR standards, ONFi IO, POC, SRAM DVFS, among others. These patent deployment focus on key product developments and actively growing markets for M31.

In addition, to strengthen key technologies and actively extend our patent portfolio, department of Intellectual Property and R&D teams will closely collaborate to analyze the application status of previously applied and soon-to-be-granted patents in products and assess the market development trends of these patent technologies.

This will lead to an extended deployment of these patent technologies, thereby enhancing and strengthening the patent family of these key technologies and increasing the advantages in future licensing negotiations. More than half of our patented technologies have further deployment in continuation, with 60% in functional IP applications such as MIPI and ADC products, and 40% in foundation IP applications such as High-speed SRAM and Dual rail memory.

Proceed for Cetification	**46%**
Deployment in Continuation	**54%**
Funtional IP	**62%**
Foundation IP	**38%**

The figure above provides an overview of the Patent Deployment in continuation for strengthening key technologies in 2023.

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Patent Granted

Year	Total
2013	1
2014	2
2015	3
2016	15
2017	10
2018	8
2019	18
2020	16
2021	6
2022	16
2023	17

Countries of Patent Grant

- TW: 42
- US: 41
- CH: 29

To encourage innovation and patent applications among all employees to enhance company competitiveness, we have established a patent-related reward system to incentivize innovation and recognize contributors to company intellectual property. The accumulated fruitful R&D achievements have been converted into a robust patent portfolio. As of 2023, we have granted 107 patents, and there are totally 150 patent applications.

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Intellectual Property Strategy:

(1) M31Technology Intangible Asset Database

To enhance the innovation culture among R&D personnel, M31 has implemented a tiered innovation proposal system, coupled by increased incentives. Through this tiered system, critical information from relevant innovation proposals is acquired and recorded in the Intangible Asset Database for subsequent data analysis purposes.

The following chart illustrates the distribution of A/B grade innovation proposals since the implementation of the tiered system:
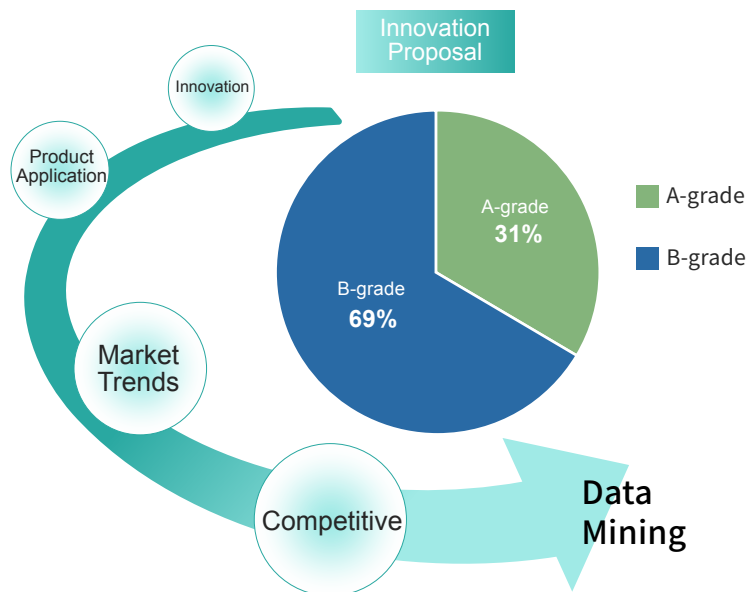
More than 30% of innovation proposals are categorized as A-grade, focusing on technical aspects such as USB4, LPDDR, DPLL, DVFS, CTLE, DFE, and flow enhancement. The database provides relevant analysis to the management team on a regular basis to review the output and technology distribution of R&D results, and adjust the R&D resources accordingly.

In addition to technical grading of innovations, information concerning the application of technologies in products, market trends and the overall competitive advantage of the innovative technology, will also be collected in the Intangible Asset Database. Furthermore, annual excellent proposal evaluations and patent inventories are utilized to enhance various aspects of the database.

Through the help of the intangible asset database, whether in strategic cooperation negotiations, providing relevant innovative technology or patent portfolio for product market classification quickly as bargaining power at the negotiation table, or swiftly deploying corresponding defenses in the face of infringement lawsuits from the intangible asset database; or in the subsequent linkage between the database and the talent inventory, which can provide a quantitative data for reference in terms of the innovation ability of the R&D personnel.

A complete database can be used for data mining, not only to better understand its own strengths, but also to further explore the special correlations or previously unknown characteristics hidden in the database to assist in the operation and management of the enterprise.
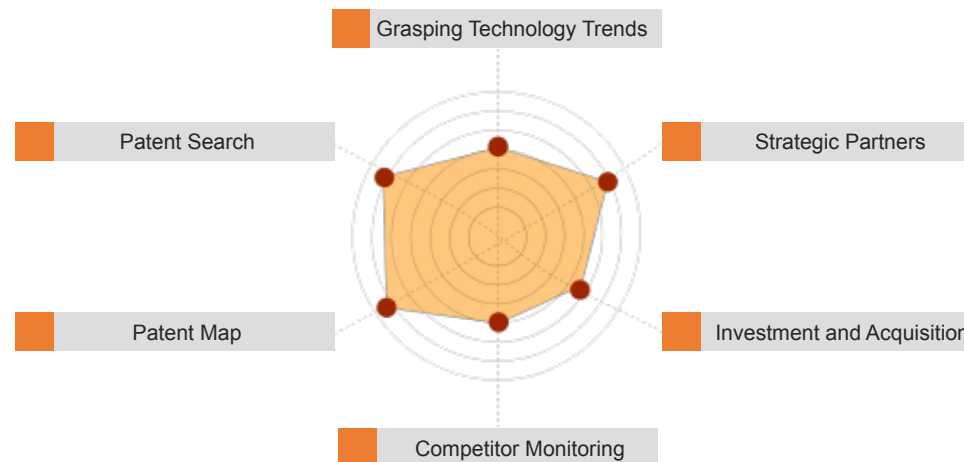
(2)Patent Intelligence

Department of Intellectual Property annually initiates projects to support patent intelligence-related activities, including patent searches, patent map, and competitor monitoring. Furthermore, patent intelligence is applied to grasp market technology trends, strategic partnerships, or aspects of mergers and acquisitions. Patent intelligence contains extensive technical and business information, which can be used to understand industry trends and customer demands, thereby applying them to the creation of new inventions.

In addition to analyzing the technological evolution of strategic partners based on patent information, and combining the technical advantages of both parties, market dynamics, competition, industry development and other aspects, whether it is an investment or merger and acquisition, there is an opportunity to use patent intelligence to present information that can assist the management team in making decisions.

Department of Intellectual Property consolidates and analyzes patent information for potential strategic partners or M&A targets. They analyze aspects such as the number of technical applications, evolution, changes, etc., to further understand whether there is a unique technical for patent deployment and strength to provide the management team with decision-making insights.

In accordance with Sun Tzu's Art of War "Know thyself, know thy enemy, a hundred battles, a hundred victories," our company's intangible asset database and patent intelligence aim to assist enterprises in the era of information explosion by providing precise information to aid decision-making and reduce risks. Through a robust intangible asset database and patent intelligence, we further strengthen the foundation for sustainable business operations.

Grasping Technology Trends

Patent Search

Strategic Partners

Patent Map

Investment and Acquisition

Competitor Monitoring

2.7 Financial Performance

Financial performance is the core focus of company operations, and pursuing maximum profitability remains a continuous goal. Since its inception, M31 has embraced a culture of innovation, quality, and passion, striving towards sustainable operation: maintaining technological leadership, ensuring customer satisfaction, pursuing shared benefits for all, enhancing shareholder value, and fulfilling social responsibilities, all aimed at continually creating financial performance.

Furthermore, through sound corporate governance, we continuously strengthen operational resilience, control operating costs, and enhance competitive strength. Beyond enhancing confidence among shareholders, internal staff, supply partners, and customers, we also create a win-win situation for mutual prosperity, moving towards sustainable operations.

M31 demonstrates robust financial performance results through prudent management and a solid financial foundation, achieving continuous revenue growth annually, continually generating profits, and returning earnings to shareholders through dividend distribution. Investor confidence in the company is evident in the trend of rising stock prices.

In 2023, operating income was NT$1,612,337 thousand, an 18.54% increase from NT$1,360,165 thousand in 2022. The gross profit margin for both years was 100%. In 2023, technical service revenue accounted for 83.52% of operating income, while royalty income accounted for 16.48%, slightly down from 2022. Net profit after tax for 2023 was NT$435,170 thousand, with a net profit margin of 26.99%, an increase of 14.74% from NT$379,252 thousand in 2022, primarily due to revenue growth. Earnings per share for 2023 were NT$12.60.

Operating Performance from 2021 to 2023

(Unit: NT$ Thousands)

Item	2021	2022	2023
Operating Revenue (a)	1,011,879	1,360,165	1,612,337
Operating Costs (b)	-	-	-
Employee Salaries and Benefits (c)	465,569	651,136	766,823
Payments to Investors (d)	248,856	197,782	253,584
Payments to Government (e)	40,921	63,877	78,146
Community Investment (f)	255	217	364
Retained Economic Value = a-b-c-d-e-f	256,278	447,153	513,420

Note: d refers to cash dividends to shareholders; e refers to business income tax.

For Financials details, please refer to M31 official website.

03 Sustainable Environment

3.1 Environmental Management

In response to global climate change and deteriorating environmental conditions, every member of our organization has a responsibility to contribute to energy conservation, carbon reduction, and the minimization of greenhouse gas emissions, as well as ensuring environmental health and safety. M31 is committed to sustainable operations and development, fulfilling its corporate social responsibilities by continuously promoting energy conservation and carbon reduction, protecting water resources, focusing on environmental sustainability, and promoting green products to create green value services. Our goal is to embed an eco-friendly corporate culture and minimize activities that negatively impact environmental safety and health.

In terms of environmental, safety, and health policies, M31 is committed to reduce the environmental impact of the company's related activities by:

1. Responding to international environmental trends by developing green products with low environmental impact.
2. Continuously conserving energy, reducing carbon emissions, minimizing waste, and increasing resource recycling.
3. Conducting environmental, safety, and health education and promotional activities to ensure that all employees and representatives of M31 understand their environmental safety and health responsibilities.
4. Making relevant information publicly available and accessible to stakeholders.
5. Regularly reviewing and ensuring the implementation of policies, maintaining its relevance and appropriateness, and making continuous improvements.

In terms of energy policy, M31 is committed to energy conservation and carbon reduction as part of our corporate social responsibility and goal of sustainable operation. We promote an energy management policy that aligns with international standards.
We commit to the following energy policy:

1. Supporting energy-efficient design concepts and prioritizing the procurement of energy-saving equipment.
2. Enhancing energy use efficiency and continuously improving energy effectiveness.
3. Cultivating a green corporate culture and striving for sustainable business operations.
4. Encouraging all employees to participate in energy conservation and carbon reduction, and complying with relevant legal requirements.

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M31's Practices:

- Encourage employees to set indoor air conditioning to the optimal temperature and consider various levels of sun exposure and heat load when appropriately installing heat-insulating curtains.
- Regularly maintain air conditioning equipment to ensure high-efficiency operation.
- Implement waste sorting, reduction, and resource recycling.
- Plan and implement operational environment monitoring to provide a safe and comfortable working environment for employees.
- In internal meetings, encourage employees to bring their own water bottles or mugs, and do not provide disposable plastic bottles to visitors, instead offering reusable cups.
- Promote turning off computers and monitors when leaving work or stopping work to reduce unnecessary power consumption and achieve energy conservation and carbon reduction.
- Choose energy-efficient appliances such as air conditioners, refrigerators, and multifunctional office equipment.

- Use environmentally certified toner cartridges and photocopy paper that comply with green procurement standards.
- Advocate for the reduction of single-use tableware and cups among employees.
- Adjust the flow rate of water faucets to a smaller amount to achieve water conservation.
- After meetings, turn off the lights, air conditioning, and projectors in the conference rooms.
- Use LED energy-saving lighting throughout the office.
- Gradually implement green procurement for office infrastructure and equipment.
- Address other important necessary matters (to be rolled out and adjusted annually).

Environmental Management Performance

| **Greenhouse Gas Performance** of M31 in the Last Two Years:

Year	Greenhouse Gas Inventory: CO_2 Emissions (tons)		
	Total Emissions	Average per Person	Reduction Rate
2022	1,088.764	4.9265	5.69%
2023	Refer to the 2023 ISO 14064-1 Carbon Inventory Data		

Note: The 2022 inventory scope covers the headquarters and only Scope 2 emissions were checked.
Note: The 2023 inventory expanded to include the Taipei office and followed ISO 14064-1 standards, covering Scopes 1 to 3.

| **Water Usage** Performance of M31 in the Last Two Years:

Year	Water Usage (million liters)		
	Total Usage	Average per Person	Target
2022	3.508	0.01432	reached
2023	4.036	0.01452	reached

Note: The target is to maintain annual water usage below 0.017 million liters per person per year.
Note: The water usage scope is limited to the headquarters; all water is for domestic use, with no process water consumption.
Note: The water source for M31 is tap water, all of which is used in offices with no process consumption. Therefore, the water usage equals the water intake and discharge, with zero water consumption.

| **Domestic Waste Performance** of M31 in the Last Two Years:

Year	Domestic Waste Weight (kg)		
	Total Usage	Average per Person	Target
2022	3,005	13.6	-
2023	3,537	13.5	0.74%

Note: The average weight of domestic waste generated per person per year * the average number of people for the year.

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◂▸ 3.2 Greenhouse Gas Management

M31 adheres to its Environmental, Safety, and Health policy by promoting "Green Product Development" and implementing "energy-saving and waste-reduction" measures. We are committed to promoting energy conservation and carbon reduction and publicly disclosing carbon management information to fulfill our corporate social responsibility. We aim to minimize the environmental and climate impacts caused by greenhouse gas emissions that contribute to global warming. The summary of major themes related to greenhouse gas emissions is as follows:

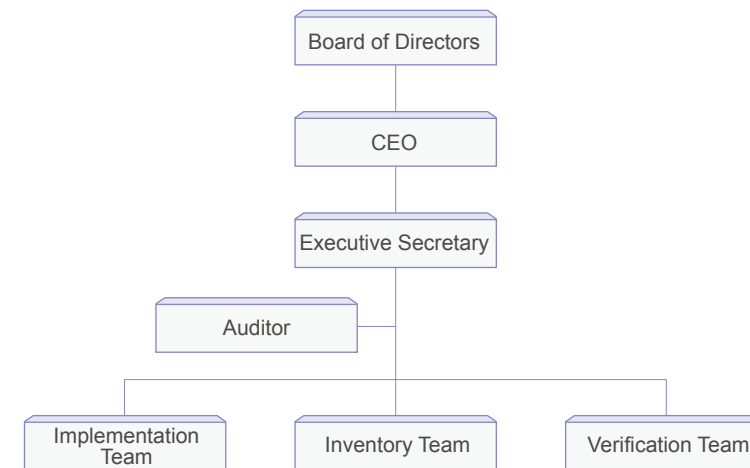| Material Topic	Greenhouse Gas Emissions
Policy	The company is committed to fulfilling its corporate responsibility for environmental protection by reducing the impact of greenhouse gas emissions on global warming. Efforts include: ● Conducting greenhouse gas inventories. ● Continuously promoting energy-saving and carbon-reducing measures.
Goals	● The company acknowledges the significant impact of greenhouse gases on the planet, recognizing the necessity of addressing this issue as global citizens. ● Starting in 2023, the company will conduct greenhouse gas inventory operations and plan energy-saving and reduction activities based on the inventory results. ● M31 aims to complete the planning of its net-zero carbon emission pathway, the Net Zero Blueprint. For details, refer to section 2.3 on Risk Management and Climate Change Response Strategies.
Responsible Department	Greenhouse Gas Inventory Committee.
Resource Allocation	Initiate annual greenhouse gas inventories through the Greenhouse Gas Inventory Committee. The executive secretary coordinates and oversees team members during the inventory certification process.
Evaluation Mechanism	● Report Frequency: Annually. ● Report Responsibility: The Greenhouse Gas Inventory Committee is responsible for compiling and providing relevant information for the report. ● After completion of the report, it will undergo an internal verification process, and after correcting any deficiencies, it will be internally issued. ● Once the report is externally verified and all deficiencies are corrected, it will be officially announced and become effective to ensure its accuracy. ● The report is formulated and revised according to company regulations. ● Any subsequent changes in the inventory scope will be reflected in the report, which will be revised and reissued accordingly.

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Greenhouse Gas Inventory Committee

M31 Greenhouse Gas Inventory Committee, with the following terms of reference:

- Greenhouse Gas Inventory: Greenhouse Gas Inventory Committee (as shown in the diagram on the right)
- Greenhouse gas inventory checklist creation: Inventory Team
- Internal verification of greenhouse gas inventories: Verification Team (trained personnel)
- Assisting the CEO with progress management of the greenhouse gas inventory (including report preparation): Executive Secretary
- Managing greenhouse gas inventory goals and performance: CEO
- Approval of the greenhouse gas inventory report: Board of Directors

Greenhouse Gas Inventory Committee

```
Board of Directors
        |
       CEO
        |
Executive Secretary
        |
     Auditor
        |
  +-----+-----+
  |     |     |
Implementation   Inventory Team   Verification Team
Team
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Greenhouse gases contribute to extreme climate conditions, which are significant global environmental issues. Although M31 is not a major energy consumer, as a responsible member of the global community, we share the goal of reducing greenhouse gas emissions. Starting this year, we have fully implemented ISO 14064-1 for greenhouse gas inventories (with 2023 as the baseline year). Through these inventories, we aim to understand current conditions and trends to establish emission reduction targets.

Emission Source Scope and Category

The items covered by direct greenhouse gas emission sources and significant indirect greenhouse gas emission sources within the boundary of this inventory report are shown in the tables below:

(1) Emission Source Scope and Category

Category		Equipment (Emission Source)
Scope 1: Category 1	1.4 Anthropogenic Systems/Fugitive Emissions	Chillers HFC-134a/R-134a (Tetrafluoroethane HFC-134a/R-1), Residential and Commercial Building Air Conditioners R22, Household Refrigeration Equipment R-600A (Isobutane (CH3)CHCH3), Residential and Commercial Building Air Conditioners Refrigerant R410a (a blend of R32/125 (50/50)), Fire Extinguishers Weight, Household Refrigeration Equipment HFC-134a/R-134a (Tetrafluoroethane HFC-134a/R-1), Industrial Refrigeration Equipment (including food processing and storage weight), Industrial Refrigeration Equipment (including food processing and storage refrigeration) R404a (a blend of R125/143a/134a (44/52/4)) (HFCs), Fire Extinguishers Carbon Dioxide (CO_2), Septic Tank Waste (CH_4)
Scope 2: Category 2	2.1 Purchased Electricity	Power Consumption Equipment（CO_2、CH_4、N_2O）
Scope 3: Category 3	3.2 Downstream Transportation	Product Transportation (Air Transport) Mileage（CO_2、CH_4、N_2O）
	3.3 Employee Commuting	Employee Commuting (Motorbike) Mileage, Employee Commuting (Car) Mileage, Employee Commuting (Train) Mileage（CO_2、CH_4、N_2O）
	3.5 Business Travel	Employee Business Trips (Self-driving) Mileage, Employee Business Trips (Airplane) Mileage, Employee Business Trips (High-speed Rail) Mileage (CO_2 , CH_4 , N_2O)

(2) Emission Volume Statistics by Emission Source Type

Item	CO_2	CH_4	N_2O	HFC_S	PFC_S	SF_6	NF_3	Category 1 - Annual Total Equivalent Emissions of Seven Greenhouse Gases	Biogenic Emission Equivalent
Emission Equivalent (metric tons CO_2e/year)	0.0180	21.0913	0.0000	1,488.6684	0.0000	0.0000	0.0000	1,509.7777	0.0000
Gas Proportion (%)	0.00%	1.40%	0.00%	98.6%	0.00%	0.00%	0.00%	100.00%	-

(3) 2023 Greenhouse Gas Emission Statistics by Category

Reporting Boundary	Type	Greenhouse Gas Emission (metric tons CO_2e/year)	Total Greenhouse Gas Emission by Category (tons CO_2e/year)	Proportion of Greenhouse Gas Emission by Category (%)
Scope 1: Category 1	1.1 Fixed Combustion	0.0000	1,509.7777	47.56
	1.4 Anthropogenic Systems/ Fugitive Emissions	1,509.7777	1,541.0617	48.55
Scope 2: Category 2	2.1 Purchased Electricity	1,541.0617		
Scope 3: Category 3	3.2 Downstream Transportation	0.2083	123.5701	3.89
	3.3 Employee Commuting	82.3191		
	3.5 Business Travel	41.0427		
Total Direct and Indirect Greenhouse Gas Emissions - Location-based (tons CO_2e/year)			3,174.4095	100
Total Direct and Indirect Greenhouse Gas Emissions - Market-based (metric tons CO_2e/year)			3,174.4095	100

Note: The 2023 inventory information was completed with third-party assurance in April 2024. The official assurance statement has been updated on M31's website.
Note: The emission factors are referenced from the Taiwan EPA Greenhouse Gas Emission Factor Management Table version 6.0.4. The GWP values are adopted from the IPCC AR6 version.

M31

◀▶ **3.3 Energy Management**

M31 is a state-of-the-art boutique IP design company engaged in product design, research and development, and sales. The company's energy demand is mainly for data center IT equipment, air conditioning, and lighting in the server room. No renewable energy is used, and only non-renewable energy is used. The primary energy source is electricity, purchased from Taiwan Power Company. In 2023, the purchased electricity was 3,113,256 kWh, equivalent to 11,208 GJ; the energy intensity was 6.95 GJ per million revenues.

◀▶ **3.4 Waste Management**

M31 is an IP R&D and design company that provides services without producing harmful wastewater and emissions. All waste produced by the company is domestic waste, which is centrally managed and processed by the Taiyuan Management Center, with no industrial waste or hazardous industrial waste generated. The reduction principles for domestic waste according to the 5R principle are detailed in the table below.

Domestic Waste Treatment	
Reduce	Reduce the amount of office waste, such as reducing paper usage and minimizing the use of paper cups.
Reuse	Office supplies can be for other purposes or can be reused, e.g., recycling used paper for printing.
Recycle	Collect and classify used office items for recycling, such as waste batteries, waste paper, and iron and aluminum cans.
Repair	Repair and reuse office items to reduce resource waste and save on procurement costs.
Refuse	Promote green procurement of office suppliers, avoiding the purchase and use of items that pollute the environment or lack environmental protection concepts, such as photocopy paper and paper towels.

04

Industry Sustainability

M31

◀▶ 4.1 Talent Sustainability

Material Topics	Labor-Employer Relationship
Policy	We are committed to creating a favorable work environment that offers competitive compensation and comprehensive on-the-job training to ensure continuous enhancement of employees' professional skills. We encourage open and transparent communication between labor and management to resolve issues and promote cooperation. Additionally, we are dedicated to fostering a healthy workplace environment by providing necessary safety measures and support to ensure the physical and mental well-being of employees.
Goals	● Actively promote a work-life balance atmosphere for employees. ● Annually adjust the salary structure based on individual employee performance and contributions. ● Continue deepening engagement with educational institutions to establish industry-academic cooperation, thereby advancing talent development.
Responsible Department /Complaint Mechanism	● **Responsible Department:** Human Resources Department. ● **Complaint Mechanism**: Feedback can be provided through the employee complaint mailbox or the suggestion box.
Resources Allocation	● **Recruitment and Employment**: Effectively provide or utilize human resources according to the annual manpower planning goals to meet the needs of various departments and ensure high-quality staffing. ● **Compensation and Benefits**: Establish a competitive and fair compensation and benefits system based on market salary trends and job evaluations. The company shares profits with employees, such as wages and year-end bonuses based on operational conditions, domestic economic growth rates, inflation indices, and industry-wide salary adjustments.
Evaluation Mechanism	● **Recruitment Efficiency**: Recruitment timeliness target achievement rate >70%. ● **Employee Compensation**: The average and median salaries of full-time employees in non-managerial positions have increased compared to the previous year and are higher than industry standards.

M31 places great emphasis on the labor rights of employees, creating a happy and safe workplace that offers friendly and equal work opportunities, implements gender equality policies, and fosters an atmosphere of mutual respect. We provide a market-competitive compensation package to enhance employee loyalty to the company, reduce frequent staff turnover, and ensure stable business development. M31 also has a comprehensive training system, regularly organizing various courses to enrich employees' professional skills and enhance their competitiveness in the workplace. The transparent promotion pathway allows employees to foresee their career development possibilities. Through positive labor-management interactions, employees can freely express their opinions during meetings, and the company responds positively to reach a consensus. Additionally, M31 implements an occupational safety and health management system, strengthening performance in this area to effectively protect the physical and mental health of employees. Lastly, adhering to the principle of giving back to society, M31 not only consistently achieves excellent revenue performance but also actively engages in public welfare activities, supporting underprivileged groups and fulfilling its social responsibilities.

Human Rights Policy

M31 treats employees equally and eliminates potentially unequal working conditions through various equal rights measures to protect labor rights. M31 values employees' rights, fostering a friendly environment that safeguards human rights. The company adheres to the principles outlined in international human rights conventions such as the United Nations Universal Declaration of Human Rights, the UN Global Compact, the UN Guiding Principles on Business and Human Rights, and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. M31 acknowledges internationally recognized fundamental human rights, including respect for employees' freedom of association, concern for underprivileged groups, prohibition of child labor, elimination of all forms of forced labor, elimination of employment discrimination, and prevention of any actions that infringe upon human rights, ensuring gender equality and fair treatment of all employees. M31's compensation policy also ensures that employees' salaries are not affected by their gender, age, race, religion, or political stance.

Meanwhile, M31 complies with labor and human rights laws, educating new and current employees about the protection of human rights and labor rights. The company also provides reporting channels for employees to use. Reports are handled by designated personnel, who conduct diligent investigations while maintaining the confidentiality of the informants' personal information. If the report is verified as true, the company commits to not subjecting the informant to any adverse treatment. In 2023, M31 had no recorded violations of human rights. The adherence to other human rights policies is as follows:

- The company respects employees' rights to collective bargaining and participation in assemblies, holding labor-management meetings quarterly by law to coordinate labor relations, promote cooperation, and improve employee efficiency.
- The company has established a human rights policy, requiring suppliers not to employ child labor.
- The company, through its human rights policy, requires that suppliers do not engage in forced or compulsory labor.
- In 2023, a total of 475 participants received training on human rights, including personal data protection, sexual harassment prevention, and occupational safety and health courses.

M31

Employee Statistics

M31 employs 100% local talents as senior executives, demonstrating the company's commitment to collaborating with the local community to discover talent and attract outstanding professionals to work nearby. This approach helps in gaining local community recognition and further enhancing the local economy.

Key Operational Location	Total Senior Executives	Senior Executives Who Are Local Residents	Proportion
Headquarters	26	26	100%

Note: Senior executives are defined as managerial positions at the level of Deputy Director and above.

Employee Composition						
Statistic/Year		2021		2022		2023
Total Employees		210		245		278
Employment Contracts		Non-Fixed Term	Fixed-Term	Non-Fixed Term	Fixed-Term	Non-Fixed Term	Fixed-Term
Gender	Male	155	1	171	5	188	6
	Female	53	1	68	1	81	3
Employment Type		Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time
Gender	Male	155	1	171	5	190	4
	Female	53	1	68	1	81	3

Note: In 2023, there were a total of 4 non-employee workers, including 4 outsourced personnel.

Employee Diversity Statistics

Employee Diversity Statistics/Year			2021		2022		2023	
			Headcount	Percentage	Headcount	Percentage	Headcount	Percentage
Board of Directors	Gender	Male	5	71%	5	71%	5	71%
		Female	2	29%	2	29%	2	29%
	Age	Under 50	2	29%	2	29%	2	29%
		50～60	1	14%	1	14%	1	14%
		Over 60	4	57%	4	57%	4	57%
	Education	Master's degree or above	7	100%	7	100%	7	100%
		Bachelor's degree	0	0%	0	0%	0	0%
		Other	0	0%	0	0%	0	0%
Employees	R&D Personnel	Gender	Male	147	70%	167	68%	186	67%
			Female	37	18%	47	19%	59	21%
		Age	Under 30	43	20%	56	23%	66	24%
			30-40	74	35%	76	31%	86	31%
			40-50	58	28%	69	28%	79	28%
			Over 50	9	4%	13	5%	14	5%
		Education	Master's degree or above	129	61%	153	62%	179	64%
			Bachelor's degree	53	25%	59	24%	64	23%
			Other	2	1%	2	1%	2	1%
	Non-R&D Personnel	Gender	Male	9	4%	9	4%	8	3%
			Female	17	8%	22	9%	25	9%
		Age	Under 30	3	1%	4	2%	3	1%
			30-40	5	2%	9	4%	10	4%
			40-50	11	5%	11	4%	12	4%
			Over 50	7	3%	7	3%	8	3%
		Education	Master's degree or above	13	6%	12	5%	14	5%
			Bachelor's degree	13	6%	18	7%	19	7%
			Other	0	0%	1	0%	0	0%

M31

Material Topic	Talent Development and Retention
Policy	• M31 provides a diverse and inclusive environment to attract professional R&D talent. • Emphasis continuous talent development for sustainable growth of the company. • The company aims to establish a strong employer brand to attract and retain outstanding IP talent.
Goals	• 100% Training Rate for New Employees: Ensure all new hires receive training. • Average Training Hours: Each category of employees to receive an average of 10 hours of training per year. • Professional and Personal Development: Provide courses to enhance personal effectiveness and professional skills, supporting career development. • Leadership Enhancement: Strengthen managerial skills through competency-based training programs, enhancing leadership at all levels to meet future challenges and growth. • Leadership Blueprint: Re-evaluate and update the leadership development blueprint to cultivate leaders capable of facing future challenges. • Innovation and Competitiveness: Continue to offer advanced technology forums and courses to foster innovative thinking and competitiveness among employees. • Training System Upgrade: Ongoing updates to the training system.
Responsible Department / Complaint Mechanism	• Responsible Department: Human Resources Department. • Complaint Mechanism: Employee complaints can be submitted through the employee complaint mailbox or suggestion box.
Resource Allocation	• Leadership Competency Review: Continuously review and update the leadership competency model, maintaining communication with company managers to align development directions. • Education and Training: Implement an annual training plan to enhance employee capabilities and support their growth, aligning with company development goals. • Annual Consensus Camps: Organize camps on specific themes each year to deepen talent development and foster a culture of continuous learning.
Evaluation Mechanism	• Annual Plan Review: Check annually whether training hours have met the targets set in the annual plan. • Post-Training Satisfaction Surveys: Conduct surveys to assess satisfaction with training programs. • Learning Application Sharing Sessions: Hold sessions for sharing practical applications of learned skills. • Technical and Professional Evaluations: Conduct evaluations to assess technical and professional competencies.

Talent Development

For M31, the key to sustainable business operations lies in the continuous learning and growth of its employees. Education and training are crucial for ensuring the ongoing enhancement of human capital, which is why M31 places great emphasis on employee development. The company's comprehensive learning and development strategy is based on on-the-job training, supplemented by new employee orientation, specialized training, and self-initiated learning. The introduction of a credit system allows for the establishment of a well-rounded education and training framework that aligns with annual goals and the specific needs of various business functions.

To strengthen talent cultivation and development, deepen R&D capabilities, and enhance the company's core competitiveness for sustainable operation, M31 has developed a robust educational and training system. This system offers a comprehensive talent development programs, supporting employees in their learning and growth. The company encourages continuous learning enthusiasm combined with self-professional competencies, hoping that every employee to enjoy their work and learning experiences.

M31 Talent Development Programs

INNOVATION   PASSION   QUALITY

Newcomer Skill Tree

Innovative R&D Learning

Annual Boutique Seminar

Professional Development Courses

Management Leadership Programs

Diverse Learning Experiences

M31

Diverse Talent Training Framework

R&D Innovative Learning

Based on different R&D expertise, we have developed an R&D training roadmap and arranged internal and external technical sharing seminars to accumulate technical competence. These initiatives ensure that our colleagues stay connected with global advancements and remain updated with the latest technological knowledge.

Annual Boutique Seminar

Each year, we meticulously organize 1 to 2 high-quality seminars covering a variety of themes including insights from outstanding people across industries, humanities, arts and culture, chicken soup for the soul, boutique culture, etc. Through the sharing of experts and scholars in various fields, the essence of the boutique cultural connotation is learned.

Professional Development Courses

To cultivate the key competencies of each job function, we plan professional courses in accordance with the annual key development strategies, including project management, quality training, recruiting skills, patents, and many other courses, to actively strengthen the key competencies of each professional staff.

Management Leadership Programs

M31 places great importance on the continuous improvement and learning of supervisors, offering a diverse range of management courses, including supervisors' book clubs, online learning platforms, managerial skills courses, financial statement reading and analysis, executive-level seminars, and more. These initiatives gradually accumulate leadership and management thinking among our supervisors.

Diverse Learning Experiences

Based on annual employee training needs assessments, we facilitate unique learning opportunities beyond professional development. These include financial management seminars, cultural enrichment activities such as wine appreciation courses, English learning groups, health promotion seminars, and work-life balance parenting courses. By offering a variety of learning experiences, we stimulate curiosity and encourage employees to explore and expand their horizons.

Training Benefits and Outcomes

Statistics of Employee Training Hours from 2021 to 2023

Item / Year		2021	2022	2023
Average Training Hours per Employee		8.76	14.10	20.91
Average Training Hours by Gender	Female	10.57	14.95	23.61
	Male	8.14	13.78	19.75
Average Training Hours by Category	R&D	8.54	13.67	17.93
	Non-R&D	9.39	15.37	43.06

Note:
- The average training hours for all employees is calculated as (total training hours for all employees in the given year / total number of employees at the end of the year).
- The average training hours for female employees is calculated as (total training hours for female employees in the given year / total number of female employees at the end of the year).
- The average training hours for each category of employees is calculated as (total training hours for that category in the given year / total number of employees in that category at the end of the year)

Training Benefits and Outcomes

Item	Category	Course Description	Achievement
New Employee Onboarding	New Employee Training	Product courses, quality system introduction, quality awareness promotion, occupational safety and health courses, HR system introduction, annual plan writing explanation, the first lesson of M31 employees	• Number of classes: 10 • Average class hours: 7.77 hours • Participants: 423
Work Skills Development	Professional Development Courses	Quality process promotion, 8D report writing + RCA analysis, DFMEA Workshop, CAR lesson learns, total quality management	• Number of classes: 14 • Average class hours: 27 hours • Participants: 364
	Innovative R&D Learning	R&D seminars, ESD technology seminars, Tool Training, CAD Flow update, Agent Training, MEM internal training, SF3P training	• Number of classes: 20 • Average class hours: 52.5 hours • Participants: 528
	ESG	ESG Sustainability Report Overview and Introduction, GRI guidelines explanation	• Number of classes: 2 • Average class hours: 2.33 hours • Participants: 51
	English Courses	• English Presentation Skills • English Course - Creating Professional Meetings • English Course - Email Survival	• Number of classes: 3 • Average class hours: 24 hours • Participants: 32
Management Leadership Programs	Management Skills Development	• Multinational Business Dynamics Camp • How to Attract Potential Talent through "Employer Branding" • Senior Executive Management Sharing Session • 1 on 1 Leadership Traits/Skills	• Number of classes: 5 • Average class hours: 13 hours • Participants: 175
Diverse Learning Experiences	Diverse Learning Programs	• Stress Relief and Fat-Burning Party • Health Lecture - Build a Metabolism to Get Leaner While Eating More + Exercise Nutrition • Expert Tips - Real Estate Information Sharing • Environmental Protection Lecture - Hsinchu's Mother River (Toucian River)	• Number of classes: 4 • Average class hours: 6 hours • Participants: 168

M31

Implementing Diverse Learning for All

Annual Managerial Consensus Camp

Annual consensus camp themes are planned based on company strategy each year.

Language Learning Program

English-themed small group classes are organized based on job requirements.

Diverse Learning Courses

Comprehensive and inclusive courses in which all employees participate.

Campus Engagement

In recent years, M31 has actively cultivated its employer brand, deeply engaging with campuses and establishing channels for communication with universities. It has initiated industry-academic cooperation models with institutions such as National Tsinghua University and National Yunlin University of Science and Technology, integrating academic knowledge to enhance its R&D capabilities. Additionally, the company has been actively visiting campuses, participating in activities from academic seminars to campus recruitment fairs, and hosting corporate presentations to introduce opportunities, inviting R&D managers and alumni to share insights and career advice, which has fostered strong connections with academic departments.

Moreover, the company strongly supports organizing corporate visits, actively cooperating with schools to allow students to explore the future workplace culture while still in school. In 2023, M31 organized its first corporate visit with Tsinghua University, receiving positive feedback. During the visit, R&D managers introduced the company's development and intellectual property products, while alumni shared insights into company benefits and career life. Students also had the opportunity to tour the R&D office environment, such as art galleries, to experience the workplace atmosphere firsthand. At last, the HR department provided detailed explanations of various job roles, helping students gain clearer career directions during the employment process.

Looking ahead, M31 plans to further strengthen its collaboration in talent development with universities, aspiring to become a cradle for cultivating professionals in the IP industry, fostering more specialized R&D talent dedicated to intellectual property.

During the visit to M31, students from Tsinghua University were immediately captivated by the natural elements surrounding the employee lounge area, experiencing firsthand the tranquil atmosphere reminiscent of nature created by M31.

M31

Talent Development through Industry-Academia Collaboration

Since 2020, M31 has been actively developing industry-academia collaborations, accumulating advanced technological capabilities in IP technologies and seeking technical development partnerships with university professors through joint research projects, technology seminars, and internship programs. During these collaborations, the company provides technical guidance and professional support to interns, involving them in practical projects. Through hands-on learning experiences, interns can become familiar with industry culture, explore career planning, and envision future development while still in school, embodying the spirit of integrating academic knowledge with practical experiences.

Highlights of Campus Operations in 2023

Corporate Visits

- First-time corporate visits and career seminars held with Tsinghua University

Academic Seminars

- In 2023, participated in 5 academic seminars, reaching 600 students

Industry-Academia Collaboration

- Maintain long-term close technical cooperation with schools and professors to sustain competitiveness

Career Fairs

- Visited campuses 7 times for recruitment sessions, interacting with potential talents

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◀▷ **4.2 Friendly Workplace**

▶ 4.2.1 Compensation and Benefits

M31 determines employee compensation based on the achievement rate of annual operational targets and company profitability, offering compensation packages that exceed local legal requirements and are competitive in the market. The company ensures that employees' work performance is adequately reflected in their individual compensation through regular performance and career development evaluations for all staff. The results of these evaluations are incorporated into employees' career development considerations, allowing those with professional skills to grow into experts in their field through diligent effort. Employees demonstrating managerial ability and leadership potential also have opportunities for promotion to management positions, providing ample opportunities for career advancement at M31.

Overall, M31's employees' compensation is based on their years of service, education background, and professional skills, rather than differences in gender, physical, or psychological characteristics. As employees gain seniority and expertise within the company, and the company is happy to share profits with them. This not only allows employees to excel in their roles but also ensures their financial stability, increasing their loyalty and sense of belonging to the company.

Additionally, M31 compares the ratio of base salary and overall compensation across different genders and job categories, showing that the base salary and compensation for men and women are comparable. For non-managerial staff, regardless of gender, standard salaries are higher than the local minimum wage. According to the disclosure requirements of the Taiwan Stock Exchange, the company's average and median salaries for full-time employees who do not hold managerial positions rank in the top 20% of listed IC design companies (89 semiconductor companies were listed in 2023).

Base Salary and Compensation Ratio			Ratio	
			2023	
Key Operational Locations	Employee Category	Item	Male	Female
Taiwan Region	R&D	Base Salary	1.40	1
		Compensation	1.53	1
	Non-R&D	Base Salary	1.32	1
		Compensation	1.27	1

Note: The reason for the significantly higher salary and compensation for men compared to women is due to differences in job nature, professional skills, and performance between male and female employees.

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Furthermore, to enhance employee work efficiency, M31 offers various benefits and a comfortable office environment. The company organizes periodic welfare activities to help reduce work-related stress and foster positive interactions among colleagues. Additionally, considering the importance of work-life balance, M31 encourages employees to take parental leave to support better family care.

Benefit Item	Description
Holiday Bonus	Provides holiday bonuses for Dragon Boat Festival, Mid-Autumn Festival, and Lunar New Year, allowing employees to feel warmth and care during festive times.
Performance Bonus and Employee Bonus	Year-end bonuses are issued based on company performance, individual performance, departmental performance, and length of service base, rewarding excellent performance and sharing the company's success.
Employee Stock Ownership	Issues restricted employee shares, allowing them to share in the company's success.
Group Insurance	Provides NT$1 million in term life insurance, NT$1 million in accident insurance, and accident medical insurance, ensuring basic protection for employees in times of need.
Hospitalization Condolence Allowance	Provides hospitalization condolence allowance to employees hospitalized due to illness, showing the company's care for their health.
Wedding Gifts and Funeral Condolences	Provides wedding gifts and funeral condolence, sharing both the joyous and sorrowful moments of employees' important life events.
Regular Health Checks and Medical Room	Offers annual health checks and a medical room equipped with a blood pressure monitor and body fat scale, ensuring employees' health is monitored and supported.
Breastfeeding/Nursing Room	Provides a breastfeeding/nursing room to support employees' family needs, enhancing the workplace's friendliness and attractiveness.
Uninterrupted Snack Box	Provides an uninterrupted supply of snacks, allowing employees to replenish energy during work hours.
Lunch Subsidy	Offers lunch ordering and meal subsidies, facilitating employees' daily living and work.
Parking Subsidy	Provides parking fee subsidies for cars and motorcycles, reducing employees' commuting costs.
Maternity and Childcare Subsidies	Provides maternity and childcare subsidies, supporting employees' family growth, along with scholarships for children to encourage academic achievement.

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Benefit Item	Description
Birthday Voucher	Providing birthday voucher to make colleagues feel especially cared for on their special day.
Department Activity Fund	Provides a department activity fund to promote cross-department communication and interaction, enhancing team cohesion.
Club Activity Subsidy	Offers club activity subsidies to enhance team cohesion, promote employee interaction, and increase job satisfaction.
Flexible Working Hour	Provides flexible working hours, allowing employees to better balance work and life.
Recognition of Senior Employees	Recognizes long-serving employees to encourage continued contributions, enhance job satisfaction, retain company knowledge, stabilize the team, and improve work efficiency.
Domestic and International Employee Travel Subsidy	Offers domestic and international employee travel subsidies, allowing employees to relax and rejuvenate outside of work, enhancing team cohesion.
Education and Training Subsidy	Provides education and training subsidies to encourage employees to pursue further studies, enhancing professional skills and job satisfaction.
Festive Activities	Organizes festive activities (e.g., year-end parties, team gatherings, Engineer's Day, Mid-Autumn Festival, Christmas caroling, etc.), enhancing employee cohesion, corporate culture, and employee interaction.

- Engineer's Day - Engineers, You Are Even Greater Than I Thought

- 2023 Year-End Party

The theme of the 2023 Year-End Party is "International Night," symbolizing M31's establishment of its first overseas R&D center in 2023.

- 2023 Christmas
For Christmas 2023, the Welfare Committee joined Immanuel Club in caroling.

Personnel Turnover Statistics

New Hires and Departures Statistics/Year		2021		2022		2023	
		Total	Percentage	Total	Percentage	Total	Percentage
New Employees							
Age	< 30 years old	26	12.38%	25	10.20%	28	10.07%
	30 - 39 years old	27	12.86%	18	7.35%	19	6.83%
	40 - 49 years old	15	7.14%	11	4.49%	10	3.60%
	≥ 50 years old	4	1.90%	2	0.82%	2	0.72%
Gender	Male	54	25.71%	34	13.88%	36	12.95%
	Female	18	8.57%	22	8.98%	23	8.27%
Resigned Employees							
Age	< 30 years old	15	7.14%	6	2.45%	8	2.88%
	30 - 39 years old	16	7.62%	9	3.67%	5	1.80%
	40 - 49 years old	9	4.29%	5	2.04%	10	3.60%
	≥ 50 years old	5	2.38%	1	0.41%	3	1.08%
Gender	Male	36	17.14%	14	5.71%	18	6.47%
	Female	9	4.29%	7	2.86%	8	2.88%

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Parental Leave Statistics

Parental Leave/Year	Gender	2021	2022	2023
Number of Employees Eligible for Parental Leave	Male	13	16	16
	Female	3	3	2
Number of Employees Applied for Parental Leave	Male	1	0	0
	Female	1	0	1
Number of Employees Expected to Return After Parental Leave (A)	Male	1	0	0
	Female	1	0	1
Number of Employees Actually Returned After Parental Leave (B) (Including Early Returns)	Male	0	0	0
	Female	1	0	1
Return Rate (B/A)	Male	0%	-	-
	Female	100%	-	100%
Number of Employees Still Employed 12 Months After Returning from Parental Leave in Previous Year (C)	Male	0	0	0
	Female	1	1	0
Retention Rate (C/Previous Year B)	Male	-	-	-
	Female	100%	100%	-

Note1: The number of employees eligible for parental leave is based on the number of male and female employees who applied for maternity and paternity leave in the past three years.

Note2: Return Rate = (Total number of employees who actually returned to work / Total number of employees expected to return to work) * 100%.

Note3: Retention Rate = (Total number of employees still employed 12 months after returning from parental leave in the previous year / Total number of employees who actually returned to work in the previous year) * 100%.

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▶ 4.2.2 Labor-Management Communication

Effective communication between labor and management facilitates cooperation and allows employees to understand the company's operational plans, business status, and market conditions. At the same time, it allows the company's management to promptly grasp the working conditions of employees and build a friendly workplace based on employee needs. At M31, we strictly adhere to legal requirements and ensure that our internal human resources management complies with local labor laws at each operational site. By law, regular labor-management meetings are held at least every three months, with management representatives including the CEO, Governance Director, and HR Department Head. Labor representatives are elected from various departments, and both sides engage in these meetings to coordinate labor-management relations. Through regular communication and dialogue, labor and management cooperation is promoted, allowing employees to express their opinions and advocate for improved working conditions, effectively enhancing their status.

Additionally, the company has established diverse communication channels (such as employee forums, meetings between senior executives and employees, suggestion boxes, and managerial meetings). These channels facilitate two-way communication, enabling employees to express their opinions fully and allowing the company to respond promptly and translate their suggestions into policies for implementation. In recent years, M31 has maintained harmonious labor-management relations without incidents of disputes.

The company has recently established a new office, leading in changes to employees' work locations. We complied with labor regulations by providing advance notice and explanations of this change during labor-management meetings and forums. No employees were laid off due to this adjustment.

Finally, to ensure proper financial planning for employees' retirement, all employees' service years at the company are covered under the Labor Pension Act. Each month, 6% of the employees' monthly salary is contributed to their individual retirement accounts in accordance with the Labor Pension Act. Retirement-related matters are handled in accordance with the provisions of the Retirement Pension Act. Since the company's establishment, no employees have yet retired.

▶ 4.2.3 Performance Evaluation

M31 conducts an annual performance evaluation for employees, assessing individual performance to distribute performance bonuses. Supervisors provide fair and objective evaluations based on employees' performance and goal achievement, through interviews to understand employees' situations and provide appropriate assistance as needed.

Performance Evaluation				
Category		Number of Employees Reviewed	Total Number of Employees	Percentage
Gender	Male	174	194	89.69%
	Female	74	84	88.10%
Employee Type	R&D	220	245	89.80%
	Non-R&D	28	33	84.85%

Note: Employees who did not participate in the performance evaluation are those who joined after September (i.e., employees who have been with the company for less than three months) or contract employees.

▶ 4.2.4 Occupational Health and Safety

M31 is committed to providing a healthy work environment and ensuring worker safety through the implementation of an occupational safety and health management system. We pledge to provide our customers with high-quality and safe products and services that comply with relevant laws, regulations, and standards. We prioritize occupational hazard prevention and promote workplace health, striving towards a friendly work environment and fulfilling our corporate social responsibilities.

M31 actively promotes labor safety and health, striving to reduce the occurrence of occupational hazards. The company adheres to occupational safety and health management systems and social responsibility standards, continuously improving the safety and health of the work environment and preventing occupational injuries and illnesses by reducing risk factors in the workplace. We aim to comply with all regulations of occupational safety and health laws, creating a high-quality, safe, and healthy corporate workplace.

Conduct fire safety training to enhance emergency response capabilities and reduce the likelihood of disasters.

Comprehensive Occupational Safety and Health Management System

- Formulate occupational safety and health management objectives and promote implementation to reduce the occurrence of occupational injuries.
- The company has established internal occupational safety and health and fire prevention management personnel, and has signed contracts with security, mechanical, electrical, and air conditioning maintenance vendors to be responsible for daily inspections and routine checks (e.g., scheduled air conditioning maintenance, electrical inspections), and to assist in handling emergencies.
- Implementation of automated checks: The company has developed an implementation plan for automated checks on electrical equipment, fire safety facilities, and operational environments to actively identify potential hazards and address related deficiencies. This effort effectively controls the occurrence of risks, including biennial building inspections and annual fire inspection and maintenance, to prevent potential safety hazards.
- Conduct hazard identification for employees' task and provide appropriate safety protective equipment based on the higher-risk operation.
- Provide emergency first-aid kits for employees and offer free masks and rapid test kits during the pandemic.
- Regularly conduct fire safety awareness and establish fire safety teams to carry out evacuation drills and organize first-aid personnel training (including AED) to enhance employees' emergency response and rescue capabilities. Currently, an AED is installed in the lobby of the office building, and plans to install an additional AED within the company with the security rental premises in 2024.
- In accordance with the "Labor Workplace Environment Monitoring Implementation Measures," the company has contracted certified workplace environment monitoring agencies approved by the Ministry of Labor to conduct environmental measurements. These measurements, including carbon dioxide (CO_2) levels and illumination, are conducted biannually. The relevant test data are announced to employees per the "Labor Workplace Environment Monitoring Implementation Measures" and are used by the General Affairs Department as a reference for evaluating environmental improvements and energy-saving measures in various.
- Appoint first aid personnel in accordance with laws and regulations, and conduct regular retraining for these personnel as required.
- In the event of an occupational accident, follow-up preventive measures are taken after the accident investigation. Information and reminders regarding these measures are communicated to employees through internal emails.

For a long time, we have been committed to employee care, health, and safety, fulfilling its corporate social responsibility and pursuing for sustainable business operations. We have always firmly believed that the safety and health of our employees are invaluable assets to the company.

M31

Occupational Safety and Health Training

2023 Occupational Safety and Health Training Outcomes

Training Course	Description	2023 Achievement Rate
3-Hour Labor Safety and Health Education (Mandatory)	Every employee receives 3 hours of training every 3 years.	Follow-up exams are conducted, and HR administers related tests and confirms qualifications.
First Aid Personnel Safety and Health Education	First Aid Personnel Retraining (3 hours).	In accordance with the M31 organizational structure, personnel are scheduled to attend initial and refresher training for first aid responders and obtain relevant certificates.
Fire Safety Awareness	Fire safety awareness (Employee workplace safety and disaster prevention education).	New hires first receive work safety and fire prevention training, followed by a full-scale evacuation drill for all employees.
Workplace Health Promotion Course	Organize health promotion seminars from time to time (e.g., "Nutrition for Weight Management" and "Stress Relief Exercise").	• Nutrition Seminar: Attendance **71.7%**, Satisfaction **92.5%** • Exercise Courses: Attendance **95.3%**, Satisfaction **89%**

M31

Employee Participation, Consultation, and Communication

M31 has dedicated personnel for occupational safety and health, including safety officers, occupational physicians, and nurses. Through safety and fire safety education, employees are provided with emergency contact points for incidents such as workplace injuries or fainting. In addition, the company also holds quarterly employee symposiums where if employees raise any occupational health and safety concerns, the dedicated unit of occupational safety and health will carry out planning and improvement guidelines to meet the needs of each employee and improve the company's internal insecurity and environmental cleanliness.

Hazard Identification, Risk Assessment, and Incident Investigation

M31 may encounter occupational health hazards primarily related to abnormal workloads and ergonomic risks. To address these concerns, the company not only selects office furniture and chairs designed ergonomically but also establishes health management plans such as the "Ergonomic Hazard Prevention Plan," "Abnormal Workload Disease Prevention Plan," and "Occupational Safety and Health Act Work Rules," to ensure effective hazard identification and risk assessment.
We provide our colleagues with health protection services, including health promotion activities, regular health checks, and abnormal management; we also provide annual employee health check-ups and incorporate surveys related to occupational safety and health, including the " Ergonomic Hazard Prevention Guideline", "Guidelines for the Prevention of Diseases Prompted by Abnormal Workloads", and the "Questionnaires for individuals Aged 45 and above." Our goal is to mitigate risks such as abnormal workload-induced diseases and musculoskeletal disorders, ensuring employees are free from physical and mental health hazards at work. Meanwhile, to ensure the environmental safety of employees in the workplace, we also provide annual check-ups for employees in special operations, monitor employees from occupational hazards, and remind them of the implementation of relevant protective measures. From new employee physical examinations to annual employee check-ups, we conduct comprehensive assessments of employee health, analyzing strengths, weaknesses, and trends. Based on these findings, we appropriately plan annual health seminars and health promotion activities, offering courses or training that meet the physical and mental health needs of our employees.
In addition, the company has established an accident reporting and investigation process to manage incidents effectively. Any workplace injuries will be reported to occupational safety and health operation manager, who will also provide health care and condolences to the employees concerned and assist them in applying for various welfare and insurance measures. The investigation of workplace accidents will be conducted in accordance with the Occupational Safety and Health Act and the monthly occupational accident report will be made.

Occupational Injury/Disease Statistics and Analysis

According to the statistics and analysis of employees' occupational injuries and diseases shown in the table below, there were no fatal cases of occupational injuries or occupational diseases (including recordable occupational diseases) among all employees from 2021 to 2023, achieving the goal of zero occupational injuries.

Statistic/Year		2021	2022	2023
Total Hours Worked		395,088	460,200	506,232
Fatalities Due to Occupational Injuries	Headcount	0	0	0
	Ratio	0	0	0
Serious Occupational Injuries	Headcount	0	0	0
	Ratio	0	0	0
Recordable Occupational Injuries	Headcount	0	0	0
	Ratio	0	0	0
Occupational Diseases	Headcount	0	0	0
	Ratio	0	0	0
Recordable Occupational Diseases	Headcount	0	0	0
	Ratio	0	0	0

Note1: Ratios are calculated per million work hours.
Note2: Serious occupational injuries: An injury resulting in death or causing the worker to be unable to return to their pre-injury health state within six months; however, the number of fatalities should be excluded from the statistics.
Note3: Recordable occupational injuries or occupational diseases: Any occupational injuries or diseases resulting in death, leaving the job, restricted work or job transfers, medical treatment beyond first aid, or loss of consciousness, as well as significant injuries or diseases diagnosed by a physician or other licensed healthcare professionals; however, data statistics should include the number of fatalities.
Note4: Traffic accidents occurring during commutes are not included in occupational injury statistics.

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Promoting a Healthy Workplace

As society and the economy evolve, the International Labour Organization (ILO) and World Health Organization (WHO) advocate that workplace safety and health services are fundamental rights. M31 adheres to these principles and actively plans, promotes, and implements health initiatives in compliance with legal requirements. Our initiatives cover three main areas: health services, health education, and a healthy work environment. We regularly provide health bulletins, health promotion lectures, occupational health consultations, and employee health check-ups. From the standpoint of protecting employee health, we focus on health risk assessment, health management, health promotion, and workplace hazard assessment and recommendations, as well as providing employees with concepts of hygiene and education, in the hope that health problems will not affect their work during the workday and that health care can be implemented for workers in the workplace.

To fulfill our mission of "Connecting the World with Innovation and Care," we are fully committed to the health care of our employees, consistently adhering to holistic care for their physical, mental, and spiritual well-being. Based on this principle, the HR and General Affairs Department not only focuses on recruiting, developing, employing, and retaining talent but has also established occupational safety and collaborated with hospitals to appoint qualified occupational specialists and nurses to ensure that employees can work comfortably and securely in a high-quality work environment. M31 has also adopted a comprehensive health management service model, which includes four main areas: "Health Monitoring and Management", "Occupational Safety and Prevention", "Health Promotion and Maintenance" and "Employee Assistance Program", to safeguard the health of employees, and actively enhance their health, well-being and happiness.

Professional Team	Core Functions
Occupational Specialist Physician	Provides on-site services once each quarter, offering medical consultations, concerns about medical reports, infectious diseases, occupational diseases, or employees returning to work after recovering from major illnesses and crises, and to provide immediate assistance in the form of medical counseling.
Occupational Nurse	General and emergency physiological care, injury and illness classification, physical fitness testing, regular and special health check-ups for employees, health consultations, and management, as well as organizing health promotion activities.

M31

Comprehensive Health Management Services

In order to enable employee to achieve a balance between work and mental and physical health, and to implement the concept of preventive medicine, the company exceeds regulatory requirements by providing annual health check-ups and partnering with reputable health examination institutions. The company subsidizes health check costs based on employee grade and extends discounts to employees' family members. In 2023, a budget of NT$3,000 per employee was allocated for health check-ups subsidies, and arrangements were made for on-site health checks with certified medical institutions. Employees who were unable to attend the onsite check-ups were provided with a "health checkup leave" to visit hospitals for their check-ups arranged by the company. After employees complete their health check-ups, occupational nurses will classify their health status into four levels: Normal (Level 1), Mild Abnormal (Level 2), Moderate Abnormal (Level 3), and Severe Abnormal (Level 4). Depending on the severity, they will refer individuals to occupational physicians for personalized consultation services and ongoing monitoring. Or to provide relevant health management and education to ensure comprehensive health care and continuous monitoring to maintain employees' overall well-being.

Health Check-up

- The company selects high-quality medical examination institutions and conducts annual health check-ups for all employees. In addition to basic tests such as blood tests and urine analysis, the health check includes various examinations such as abdominal ultrasound and electrocardiogram(ECG), exceeding regulatory requirements.
- Family members of employees can also benefit from discounted rates and special packages available for self-paid registration.
- Every year, additional specialized health screenings are provided for laboratory staff to ensure their well-being.

Health Management

New employee physical examinations, existing employee health check-ups, and specialized health screenings for specific hazards, and classification management with examination results.
Health risk classification and corresponding measures:

o Level 1 Management Measures (Normal): Regular health check-ups.
o Level 2 Management Measures (Mild abnormalities): Disease prevention and health promotion.
o Level 3 Management Measures: Health care and referral to occupational physicians for individual consultation services.
o Level 4 Management Measures: Health care, referral to occupational physicians for individual consultation services, and job nature assessment and adjustment.

◆**Health Promotion and Maintenance:**
Healthy employees are the cornerstone of maintaining normal business operations within the company. Given the innovative R&D responsibilities of our staff and based on occupational safety regulations and employee health and wellness surveys, we have planned customized health seminars and workplace wellness programs. These include activities such as :

- Musculoskeletal Injury Prevention: For employees at work, occupational nurses provide health consultations and suggestions for preventing musculoskeletal disorders to avoid posture-related pain/soreness caused by inadequately arranged office environments.
- Metabolic Syndrome Management: Given the prevalence of metabolic syndrome among employees due to prolonged sitting in the office, the company organized two sessions of nutrition workshops and aerobics classes in 2023.

M31

Health Promotion Activities and Facilities

Fitness Center Membership Subsidies	To encourage employees to actively participate in sports, promote healthy living, reduce the risk of chronic diseases, and improve emotional and psychological well-being, the company provides quarterly subsidies for fitness center membership for the Taiyuen Industrial Park fitness centers.
Sports Events	To promote employee health and enhance team cohesion, the company organizes annual sports events.

Weight Loss Activities

Every year, the company holds the "Health Management Competition - Body Sculpting/Fitness Competition," inviting colleagues to join together with neighboring office mates to reduce body fat percentage and increase skeletal muscle rate. During the process, participants not only undergo pre-tests and post-tests but also receive guidance from nutrition experts on healthy eating and fitness instructors on exercises and core muscle training. Through personal and group weight loss efforts, the initiative encourages employees to pay attention to their diet, adopt exercise habits, learn about new health knowledge, and enjoy for a leaner lifestyle!

● In 2023, the company organized a super fun "M31ers Sports Day"

M31

Maternal Health Protection

When workplace environments pose hazardous factors that could adversely affect pregnancy and breastfeeding, the importance of maternal health protection becomes especially apparent. M31 has fully implemented the "Maternal Health Protection Program," which is a company-wide maternal health protection list that includes pregnant women, women who are pregnant or breastfeeding within one year after giving birth, and women who are breastfeeding, and carries out care measures in accordance with the program, such as list surveys, risk assessments, individualized medical consultation, resumption of employment, and workplace accommodations. According to the occupational physician's assessment, the work environment and job responsibilities of female colleagues are classified under the first level of management safety. Concurrently, the nurse practitioners continue to care for maternal health and implement protective measures.

- Setting up a breastfeeding room (or lactation center) supports employees' family needs, enhancing workplace friendliness and attractiveness.

- The breastfeeding room environment is comfortable, providing female colleagues with a safe and wholesome environment.

M31

Friendly and Diverse Workplace

M31 provides employees with a trusted and safe environment, fostering a warm and caring psychological safety atmosphere. In 2023, we not only actively participated in the government's initiative for promoting healthy workplace certification but also established a diversified management system to promote work-life balance among colleagues, aiming to generate positive effects that benefit both work and family. We are committed to promoting workplace equality by implementing complaint channels for anti-discrimination, prevention of sexual harassment and stalking, gender equality, and prevention of bullying and unlawful infringements. Our goal is to create a diverse, inclusive, happy, and friendly workplace environment. In 2023, there were no incidents of sexual harassment, discrimination, or unlawful harm.

Friendly Workplace	Policy Explanation	2023 Performance
Medical Room	Accessible to employees, family members, customers, vendors, suppliers, and other stakeholders.	In Use
Breastfeeding Room	Available for employees, family members, customers, vendors, and suppliers; breastfeeding time is considered as work hours.	In Use
Childcare Center	Sign cooperation contracts and offer discount programs with neighboring childcare centers.	Signed agreements with onsite kindergartens and coordinated with designated childcare centers discount program within the Taiyuen Industrial Park
Sexual Harassment Complaint Channel	Promulgate and revise the "Sexual Harassment Prevention" and "Complaint and Disciplinary Measures," and periodically promote and provide employees with gender equality education and training.	Ongoing Implementation "Drinking Etiquette Advocacy," "Sexual Harassment Prevention Advocacy and Quiz"
Other Misconduct Complaint Channel	Formulate the "Complaint and Reporting Measures" and publish them on the intranet website. Promote periodically, maintaining zero tolerance for unlawful violations.	Ongoing Implementation
Other Gender Equality Benefits	• All employees receive 3 days of paid sick leave (including menstrual leave), 3 days paid family care leave. • Provision of marriage and childbirth gifts. • Maternal care protection measures during pregnancy. • Reinstatement and resumption of salary after maternity leave without pay. • During the pandemic, employees can apply to work from home if their children under 12 years old are infected. • Organize health seminars on gender or gender equality courses.	Ongoing Implementation
Employee and Family Care Program	In the event of accidents or significant changes at home, we immediately activate a comprehensive employee and family care mechanism. This includes visiting, comforting, providing subsidies, and assisting family members in handling emergencies, funeral arrangements and periodic follow-ups. We also offer employee assistance programs involving finance, legal, and other necessary support when needed.	Ongoing Implementation During the epidemic, telephone counseling and caring assistance

M31

◀▶ **4.3 Sustainable Supply Chain**

M31 adheres to principles of integrity, ethics, and sustainable development, striving for a sustainable supply chain. Regarding environmental sustainability, we require our suppliers to minimize their environmental impact and support energy conservation, carbon reduction, and environmental protection measures. Simultaneously, we prioritize labor rights, firmly opposing forced labor and child labor, and demanding safe and healthy working environments. We also require transparency from suppliers, adherence to ethical standards, and full support for anti-corruption measures. To achieve these goals, we conduct regular assessments of supplier compliance, actively fostering genuine partnerships to collectively uphold responsibilities for sustainable development.

Supply Chain Integration and Risk Diversification
In today's uncertain business environment, M31 has implemented several key strategies to ensure robust business operations. Firstly, we have established close partnerships with multiple suppliers to reduce dependence on any single supplier, thereby mitigating risks of business disruptions or supply delays. Secondly, we actively engage with stakeholders throughout the supply chain to enhance efficiency and flexibility, ensuring smooth information flow and collaborative efforts. Lastly, we regularly assess supply chain performance and risks to promptly address issues, continuously improve business processes to adapt to market changes, and ensure M31 remains resilient in a fluctuating environment.

Promotion of Green Procurement to Reduce Environmental Footprint
In IT procurement, we fully consider Total Cost of Ownership (TCO) and procure computer monitors certified with comprehensive environmental standards to achieve 100% compliance with environmental standards. Green procurement is a crucial part of M31's procurement process, seeking environmentally friendly and socially responsible solutions. By setting clear green procurement goals, we can effectively reduce our environmental footprint and promote sustainable development. Our medium to long-term objectives include achieving a 20% share of green products and services in total procurement and expanding a sustainable supply chain by increasing suppliers compliant with ESG standards.

Procurement Policy

M31 adheres to sustainable business practices through rigorous supplier management systems, emphasizing supplier compliance in core areas such as ethical conduct, environmental protection, workplace safety, and respect for labor rights. During the assessment phase of new suppliers, we require them to provide relevant information and explicitly adhere to local laws and regulations. This system not only helps maintain high standards throughout the supply chain but also ensures suppliers operate in compliance with local regulations, safeguarding regulatory compliance. Through this supplier management system, M31 collaborates with partners to pursue sustainable development, constructing a partner ecosystem that aligns with legal, environmental, and ethical standards.

Additionally, M31 will establish a Supplier Code of Conduct, including clear evaluation criteria for comprehensive assessments of existing and potential suppliers, monitoring their performance in environmental, social, and governance aspects. To further ensure supplier social responsibility, we will develop an ESG Commitment for suppliers, outlining their commitments and responsibilities in these critical areas. Furthermore, we completed the establishment of a Supplier Sustainability Assessment Survey in 2023, planned for implementation in 2024, aiming to strengthen sustainable practices in environmental, social, and governance aspects within our supply chain. This survey not only assists suppliers in understanding their performance comprehensively but also provides us with comprehensive information to better collaborate with suppliers and drive sustainable development throughout the supply chain.

Supplier selection mechanism

In selecting suppliers, we consider not only price but also supplier's strengths and risk factors as the basis. We are committed to maintaining strong relationships with suppliers to ensure they meet M31's procurement requirements in terms of quality, cost, delivery schedule, service, management, and environmental considerations. According to our "Supplier Management" we emphasize that suppliers must adhere to a code of conduct in the procurement contracts we sign with them. This includes requirements related to environmental protection, human rights, safety, health, and sustainable development, as well as expectations of suppliers in the areas of environmental, health, and safety risks, prohibit the use of child labor, adhere to labor management standards, respect the fundamental rights of workers, uphold ethical standards, and ethical management. In our sustainability blueprint, we have established a "Responsible Supply Chain" team responsible for auditing and guiding suppliers. Through collaborative efforts, we integrate sustainability requirements into daily supply chain management. In 2023, we conducted evaluations of 17 suppliers whose procurement amounts exceeded certain thresholds, and all suppliers met our standards and expectations.

◄► 4.4 Quality and Customer Service

Material Topic	Customer Service
Policy	● Enhance customer service and product quality to meet customer needs and expectations. ● Establish a service-oriented operating model and optimize service processes to win customer trust.
Goals	● Short-term goal: Achieve an average customer satisfaction score of 4 or higher (on a 5-point scale) in customer satisfaction surveys. ● Medium to long-term goal: Commit to providing comprehensive service, continuously building customer satisfaction and trust relationships. ● Innovate technologies and deliver optimal products, establish customer service systems and diverse communication channels.
Responsible Department	Technical Support
Resource Allocation	● Conduct customer satisfaction surveys. ● Establish collaborative service models among marketing, R&D, and sales at each operational site to facilitate closer cooperation upstream and downstream, successfully securing orders for key products developed in collaboration with customers. ● Establish "Customer Service Operating Procedures" with standard operating procedures for business operations, technical support, product aspects, customer satisfaction, and handling of emergencies. ● Contractually mandated confidentiality to ensure customer privacy protection.
Evaluation Mechanism	● Achieved a satisfaction score of 4.6 in 2023, meeting the target. ● Annual management review meetings to assess customer service performance.

Quality Assurance

Developing the company's quality management system with the goal of being customer-oriented and meeting the needs of our customers.

By clearly understanding customer requirements, we convert them into IP design specifications and utilize rigorous design thinking and validation processes for IP design. Our objective is to provide customers with first-cut work IP that meets their needs. Through high-quality design, efficient execution, accurate delivery schedules, low error rates, immediate technical support, and comprehensive post-sales service, we aim to achieve customer satisfaction.

Follow work discipline and continuously improve to enhance efficiency and effectiveness.

Approach every work detail diligently with a dedicated and persistent attitude.

Show an attitude of accountability, by paying a little more attention, thinking a little more, and doing a little more in every matter.

Ensure that what you are doing is correct, do your best to get things right from the first attempt.

Continuous Improvement

Attention to Details

QUALITY POLICY

Accountability

Get It Right the First Time

M31

Item	Strategy
Quality Commitment	• M31 values customer feedback and voices. • The company conducts regular customer satisfaction surveys to ensure thorough understanding and fulfillment of customer needs.
Quality Awareness	• Publishes quality importance advocacy, posting quality stories or sending them via mail. • Regularly hosting quality complaint CAR experience sharing sessions.
Quality Capability	• All new employees receive basic training in ISO9001 and ISO26262 upon entry. • Arranges annual internal audit training for employees.
Quality Assurance	• Establishes quality verification checkpoints in the IP design development process to ensure compliance of deliverables with customer requirements.

Annual Performance

1. Engineering team members received RCA root cause analysis and 8D report writing training in March 2023.
2. Engineering and quality unit members attended DFA Workshop training on June 16, 2023, and July 4, 2023.
3. Held the 2023 Quality Awareness Seminar to enhance awareness of continuous improvement in quality.
4. Held the TQM Quality Awareness Seminar on November 22, 2023.
5. No significant customer complaint incidents occurred in 2023.

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Customer Service

M31's mission is to become the most trustworthy IP partner for our customers. From pre-sales to post-sales services, our primary goal is to ensure the successful mass production of our customers' products. Only by achieving customer success can we establish a win-win and sustainable partnership.

- Pre-Sales Service: M31 thoroughly understands customer needs and develops competitive IP and service solutions that satisfy customers from their perspective.
- Post-Sales Service: M31 delivers high-quality IP and assists customers through the design-to-production process.

To maintain close contact with our customers, M31 has offices in Taiwan (headquarters), the USA, and China, as well as dedicated service points in Europe, Korea, Japan, and Israel. We continuously nurture customer relationships through regular meetings such as Quarterly Business Reviews (QBRs) and Management Review Meetings (MRMs), as well as through ad-hoc visits. Our foundational mission is to meet customer demands, and our sustainable business philosophy is to elevate the level of service that exceeds customer expectations.

Diverse Communication Channels

M31 values customer feedback and offers various communication channels tailored to customer preferences. Customers can communicate their feedback through our service hotline, email, M31 Online platform, or JIRA. M31 has established a customer service handling mechanism where dedicated personnel provide timely and appropriate responses. For major incidents, an improvement process (CAR) is initiated, and solutions, along with an 8D report, are provided to the customer for closure.

Customer Communication and Confidential Information Protection

M31 treats customer information as confidential. We ensure the protection of customer data and technical documents through information security and trade secret eduction and training, as well as account permission control to ensure the confidentiality of customer data and technical documents. In 2023, there were no incidents of violating customer privacy rights or data leaks that resulted in damage to customers.

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Customer Satisfaction Survey

To ensure customer satisfaction with M31's products and services, M31 conducts customer satisfaction surveys upon project completion or in the fourth quarter of each year. In this regard, the **"Customer Satisfaction Survey Procedure"** has been established for this purpose. Through collecting and analyzing customer satisfaction survey results, we review relevant aspects and formulate improvement plans to enhance product and customer service quality.

**Description of Survey Participants:**

Sponsor Program Customers
Non-Sponsor Program Customers
VIP Customers

Survey Topics:

Competitiveness
Quality
Service

M31 Customer Satisfactory Survey

2021	2022	2023
4.5	4.6	4.6

Customer Satisfaction Survey Results

The summary of customer satisfaction performance from 2021 to 2023 is illustrated in the chart above. In 2023, the overall satisfaction averaged 4.6 points out of 5, and has consistently exceeded 4.5 points for three consecutive years. Moving forward, M31 will continue to focus on customer needs, providing high-quality products and services to meet customer demands, striving to become a trusted long-term partner for our customers as we move towards sustainability together.
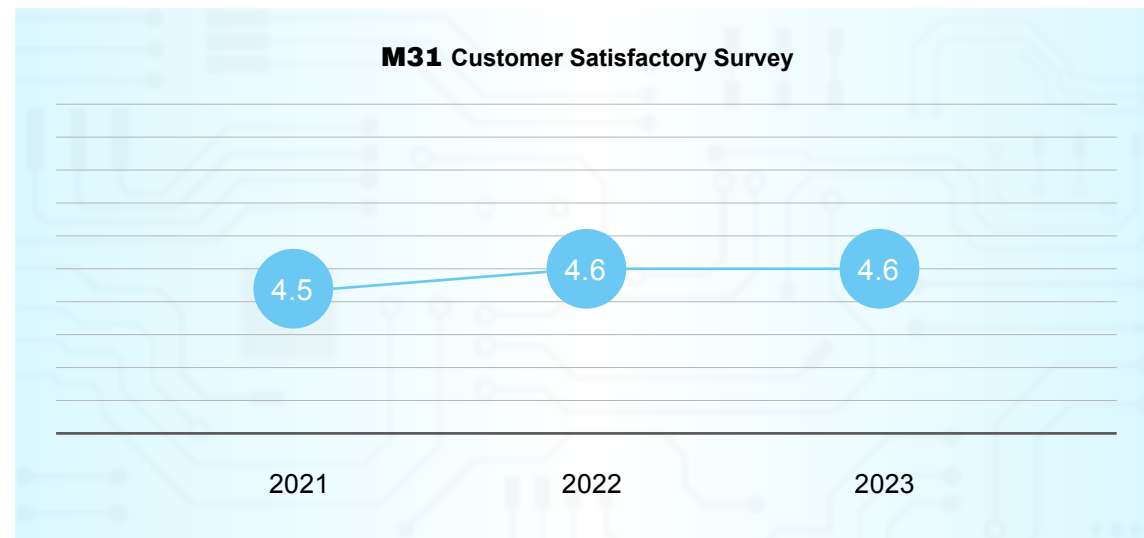
05 Common Good for Society

Main Theme One:

"Friendly Environment: Creating a New Life Through Action"

Main Theme Two:

"Caring for the Underprivileged: Supporting Growth with Love"

Main Theme Three:

"In-depth Development Plan: Diligently Expanding Broader Horizons"

M31

◀▶ **Common Good for Society**

M31 is committed to planning and executing initiatives with a people-centered spirit, bringing love and care to society through three major themes. These initiatives not only communicate sustainable principles through activities but also invite employees to participate, thereby fulfilling corporate citizenship responsibilities. Since 2022, M31 has launched several public welfare activities, encouraging employees to join in community volunteer events. These activities not only bring love and assistance to those in need but also strengthen the company's bonds with employees, fostering cohesion and team collaboration. Participation in social welfare activities has brought numerous positive feedback to both the company and employees, providing a sense of satisfaction and accomplishment, increasing empathy, and enhancing the willingness to participate in public welfare activities. This creates a virtuous cycle, embodying the concept of **"M31 Sustainable New Living: Spreading and Sharing Love Together,"** allowing every employee to take social responsibility and work together to create a better new life.

Main Theme One: "Friendly Environment: Creating a New Life Through Action"

In response to the impact of climate change, M31 advocates for energy conservation internally and implements plastic reduction plans, encouraging employees to use eco-friendly tableware. Externally, M31 actively engages in environmental protection activities such as river conservation and the donation and recycling of second-hand items to maximize their utility. Simultaneously, M31 plans to adopt tree planting initiatives and strengthen natural conservation efforts. Through these practical actions, we aim to raise environmental awareness among employees, to do our part to care for our planet, and contribute to a cleaner and more sustainable environment.

River Conservation: Embracing Toucian River, Environmental Protection Together

Walking by the clear riverbanks, breathing in fresh air, and enjoying the tranquility of nature, but there are many hidden environmental threats around our lives. The rapid development of high technology and the high demand for convenience in daily life have endangered these pristine areas of water, bringing ecological harm to what was once a beautiful riverside and causing the entire ecosystem to gradually collapse.

The "Toucian River" is the mother river of Hsinchu, providing drinking water for the locals and serving as a crucial habitat for many animals. In 2023, M31 collaborated with "The Society of Wilderness," gathering nearly forty M31 environmental volunteers to initiate a river clean-up and conservation campaign. This effort aimed to restore the clear waters of Hsinchu's rivers. Through this activity, we not only contributed to the local river conservation but also gained a deeper understanding of the ecological and cultural significance of rivers, highlighting the importance of protecting our hometown's river ecosystems through hands-on conservation efforts.

Sharing the Importance of River Conservation Through a River Clean-up Video:

Protective Action – Toucian River Clean-up
Activity Documentary Video

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River Conservation – Embracing Toucian River

The company, in partnership with its employees, focuses on the importance of protecting the ecological environment of our hometown's rivers through practical conservation actions. This approach provides a deeper understanding of the ecological value and cultural significance inherent in rivers.

● Employees and their families joining hands in river clean-up, protecting the homeland environment

● Group photo of the 2023 river conservation effort outcomes
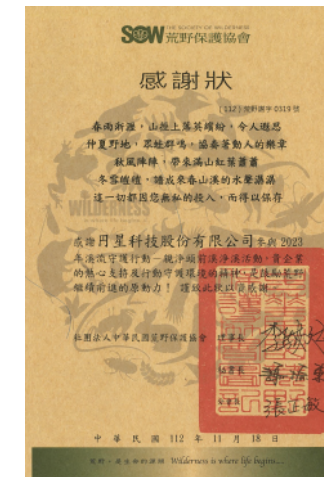
● Certificate of Appreciation for participating in the 2023 river conservation efforts with "The Society of Wilderness"

Main Theme One: "Friendly Environment: Creating a New Life Through Action"

Other Eco-Friendly Environment Projects

In 2022, M31 refurbished and inspected 70 computer monitors that were slated for replacement, the monitors were packaged collaboratively by our employees and donated in full to the "Hsinchu Orphanage and Family Support Center." The center then assisted in distributing the monitors to students and underprivileged families in remote areas who needed them, enhancing the information infrastructure for education, at the same time, cultivate the environmental protection concept of resource recycling and reuse, and do our best for the earth's environmental protection.

● Second-hand monitors donated to the Orphanage and Family Support Center were given to families in remote areas
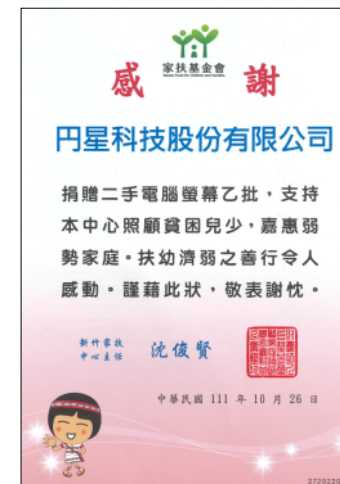
● Certificate of Appreciation for donating second-hand monitors to the Hsinchu Orphanage and Family Support Center

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M31, with love and empathy, strives to enhance the quality of life for underprivileged children, providing them with better care and learning opportunities. We offer substantial support to underprivileged groups and elderly people living alone, providing them with essential supplies and care to ensure a worry-free life. This effort promotes social harmony and helps expand their horizons. Additionally, M31 takes proactive measures to provide tangible support to children in remote areas, enabling the beneficiary organizations to use their expertise and skills to give back to M31 and our employees. This creates a sense of accomplishment for these children and fosters a mutual supportive relationship between them and M31, making us each other's moral supporters.

M31's Long-term Collaboration with the Syin-Lu Social Welfare Foundation (Syin-Lu)

● A letter from Syin-Lu Foundation to all M31 employees

Everyone has a passionate heart within. Led by the M31 volunteer team, M31ers have join hands to embark on our own volunteer journey, "The M31's path."

Under the guidance of the "M31," our volunteer team is deeply involved in a project supporting early intervention for children in the Hsinchu area. Focusing on care, assistance, and inclusion, gathering everyone's strength to embark on "Syin-Lu" journey together.

We concentrate on helping underprivileged groups and early intervention children by connecting with each other through the Syin-Lu Foundation Hsinchu Center. M31 volunteer team provides long-term course support to the early intervention center, regularly assisting teachers with outdoor educational activities for early intervention children. Volunteers, through their care and actions, become supporters for teachers, children, and families, fostering collective learning and growth. By participating in various events organized by the Syin-Lu Foundation (as demonstrated by the measures taken and community development outcomes below), we join hands to pave a "New Path" filled with love and care.

We will continue our efforts, led by the "M31," and starting from the "Syin-Lu," to collectively create a "New Path." Regardless of the challenges and difficulties we may face, we will stand side by side, creating endless possibilities and working together to build a beautiful and warm society.

Main Theme Two: "Caring for the Underprivileged: Supporting Growth with Love"

The Long-Term Collaboration Between M31 and Syin-Lu Foundation

- Accompanying Syin-Lu Foundation children in community activities (Photo provided by Hsin-Lu Foundation)

- Certificate of Appreciation for M31's gift donation to Syin-Lu Foundation activities

- The M31 CEO leads the team in volunteering for Syin-Lu Foundation activities

Main Theme Two: "Caring for the Underprivileged: Supporting Growth with Love"

Measures Taken and Community Development Outcomes

- Certificate of Appreciation for Employees Participating in Syin-Lu Foundation's Christmas Wish Gift Subscription

- In a spirit of solidarity and compassion, M31 and its colleagues joined forces to support the "Turkey Disaster Relief Charity Donations." Through the "Ministry of Health and Welfare Disaster Relief Account," a total of NT$382,643 was donated to help restore damaged infrastructure in the affected areas, enabling local residents to rebuild their homes.
- Since 2022, the M31 volunteer team has been partnering with the Syin-Lu Foundation Hsinchu Early Intervention Center. We have participated in volunteer activities in the Hsinchu area, served as volunteers for their 10th 'Good Day' charity walking event, and volunteered for the 'Little Professionals Achievement Presentation and Graduation Ceremony.' Additionally, we have continuously invited colleagues to participate in the Christmas Wish Gift Subscription activity in both 2022 and 2023, at the same time, we also held a charity sale within the company, allowing the children of the Early Intervention Center and M31 employees to enjoy a warm and joyous Christmas atmosphere. On our journey as volunteer partners, we have witnessed the children's passion for life and their hopes for the future, as well as their growth. Throughout this process, M31 and our colleagues have worked hand in hand, playing an important role as partners for the Syin-Lu Foundation and the children!

- Serving as graduation ceremony volunteers for the Syin-Lu Foundation, witnessing the children's growth

- Joining hands to fulfill children's dreams by delivering gifts to the children of Syin-Lu Foundation

- Serving as volunteers for the 2023 Syin-Lu Foundation charity walk, accompanying early intervention children on outdoor walks

Main Theme Two: "Caring for the Underprivileged: Supporting Growth with Love"

M31 joined forces in 2022 and 2023 for the "Sending Love to Home & Love Subscription" material collection campaign. Through this initiative, we helped fill the necessary supplies for underprivileged individuals and the elderly in the Hsinchu area by purchasing needed items. During the procurement process, we also collaborated and purchased goods provided by other charitable organizations to increase the number of beneficiaries. With the collective efforts of hundreds of colleagues, we raised nearly NT$200,000 worth of supplies, which were warmly delivered to the "Huashan Social Welfare Foundation Hsinchu Guanxi Branch" and the "Genesis Social Welfare Foundation Hsinchu Branch."

● Certificate of Appreciation from Genesis Social Welfare Foundation for M31's material donations

● Certificate of Appreciation from the Taiwan Autism Family Association for M31's donation of charity rice

● Certificate of Appreciation from Huashan Social Welfare Foundation for M31's material donations

● Recognizing the needs of local underprivileged groups in Hsinchu, M31 donated materials to deliver love to their homes

● A Thank-You letter from the director of Genesis Social Welfare Foundation, Hsinchu Branch

Main Theme Two: "Caring for the Underprivileged: Supporting Growth with Love"

Co-organizing a Charity Fair for the Hsinchu Orphanage and Family Support Center
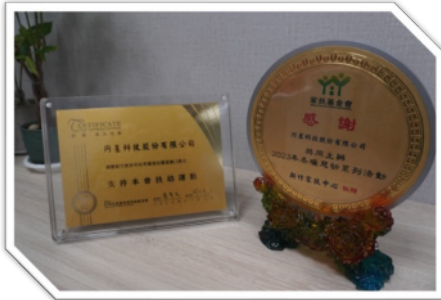
● Plaque of Appreciation Hsinchu Orphanage and Family Support Center for co-organizing 2023 charity fair

In the "Hsinchu Orphanage and Family Support Center 2023 Winter Warmth Charity Fair," M31 responded to the goodwill of its employees by donating NT$130,000 as event funds and warmhearted support gifts. This effort helped underprivileged families in the Hsinchu area participate in society with their children, allowing them to experience the beauty of the world and create more precious memories.

CONTENTS   WORDS FROM
THE CHAIRMAN AND CEO   ABOUT
THIS REPORT   STAKEHOLDER
ENGAGEMENT   MATERIAL TOPIC
ASSESSMENT   01 SUSTAINABLE
MANAGEMENT   02 SUSTAINABLE
GOVERNANCE   03 SUSTAINABLE
ENVIRONMENT   04 INDUSTRY
SUSTAINABILITY   05 COMMON GOOD
FOR SOCIETY   APPENDIX   116

M31

M31 is attentive to the development needs of every corner of society. We have observed that rural schools often face long-term resource shortages, leading to a lack of educational resources for underprivileged families. Our goal is to unite everyone's efforts to support children in rural areas by nurturing their fundamental learning skills and capabilities. We also aim to enhance their reading opportunities, making reading a part of everyday life. Additionally, we support the development of diverse skills in children, ensuring that those with special talents have the opportunity to learn and train in a conducive environment, thereby transforming the educational journey of rural schools.

We emphasize the sustainable cultivation of talent by integrating the concept of sustainable development into the cultural and educational systems. M31 actively works to create a dynamic and multifaceted work environment, fostering school-based management, and promoting industry-academia education. We collaborate with schools to nurture students with interdisciplinary knowledge, innovative capabilities, and a sense of social responsibility, preparing them to seamlessly transition into the workforce and continue to grow and achieve their goals across various fields.

Activities and Measures to Promote Academic Development

❖ **Reading Promotion Project:**
M31 employees have participated in the Eslite Foundation for Culture and the Arts "Reading Sharing Program" for two consecutive years and donated nearly 200 new and second-hand books, which were maximized the use through this activity and redistributed to schools and communities with insufficient resources to promote the reading initiative.

❖ **Supporting Rural High Schools:**
In 2023, M31 was invited to participate in a national reading charity event for high schools organized by Business Today Magazine. The company sponsored NT$100,000 to sponsoring 40 rural high school libraries with a year's supply of periodicals and magazines. This initiative aims to cultivate reading habits among rural students, allowing them to gain a broader understanding of current affairs and connect more closely with society through the diverse content of each issue.
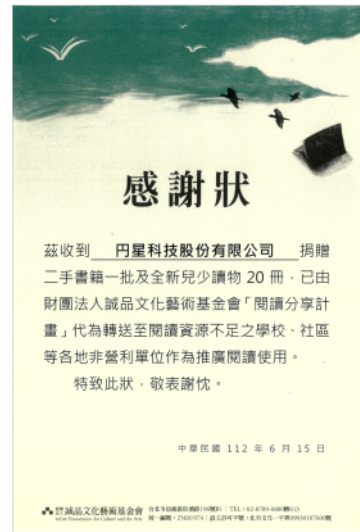
● Certificate of Appreciation from Eslite Foundation for M31 donating second-hand books

● M31 employees enthusiastically participated in the donation of second-hand books, hoping to give rural children a broader view of the world.

M31

KIDS' BOOKHOUSE: Supporting Education in Rural Schools

In Taiwan, rural elementary schools and remote underprivileged families often face long-term resource shortages. To address this, M31's running club rallied 60 employees and their family members to participate in the ADA Charity Christmas Run. All registration fees from this event were donated to "Kids' BookHouse" and "Grass Book House." Through this run, they aim to make a tangible contribution to the children in rural Taiwan, demonstrating the power of "doing good through sports." The goal is to help these children gain more resources, improve their learning environments, and create more opportunities and possibilities for their future.

● Employees and their families participating in the ADA Charity Run, contributing to children in rural Taiwan through "doing good through sports" charity.

M31

Implementation Outcomes of Resource Investment

Bar chart values:
- Eco-Friendly Initiatives: $50,000
- Education Enrichment Programs: $104,578
- Supporting the Underprivileged: $926,830

Total Participants
89 Individuals

Total Hours Contributed
290 Hours
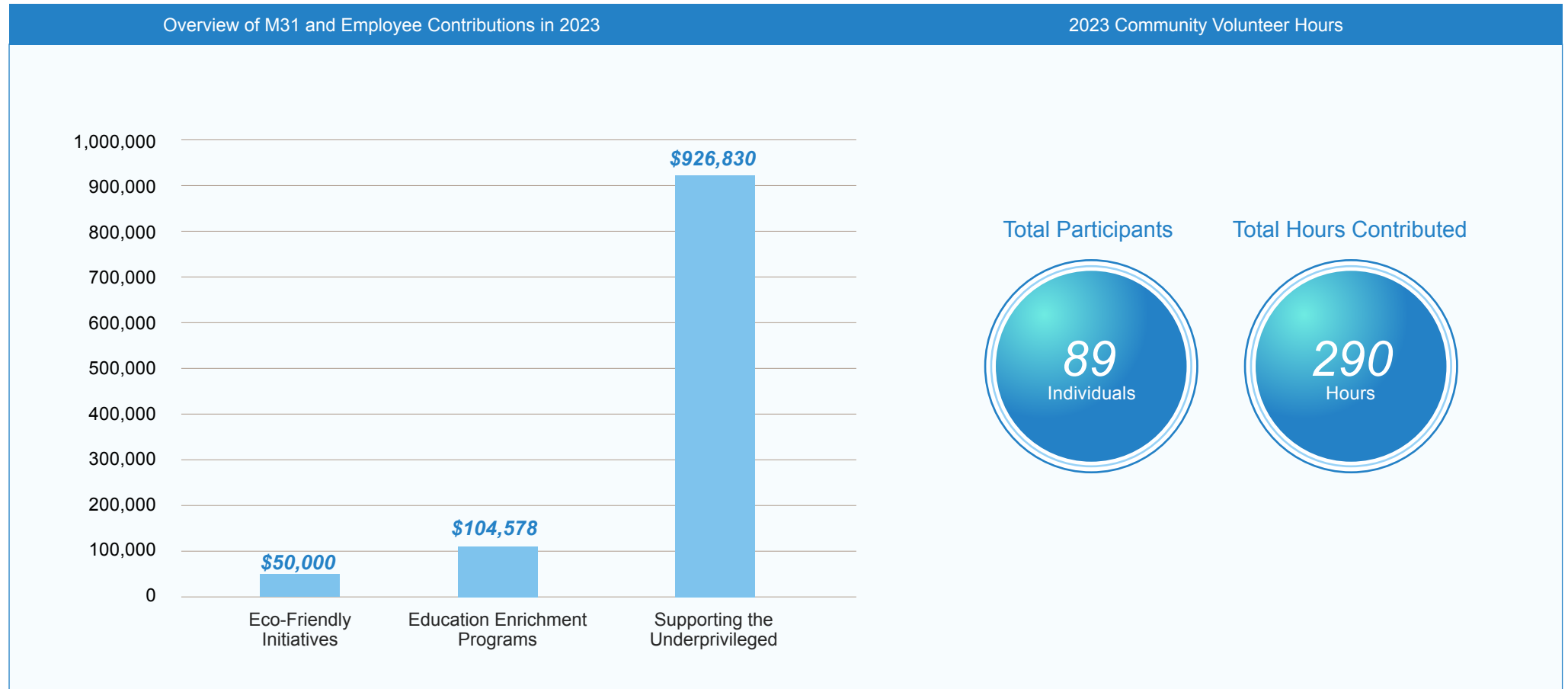
Note: M31 has always been very concerned about the issue of caring for underprivileged groups. Starting in 2023, the company has clearly defined three major focus areas: Supporting the Underprivileged, Eco-Friendly Initiatives, and Education Enrichment Programs. In addition to maintaining its efforts in aiding underprivileged groups, M31 has also begun dedicating substantial resources to environmental sustainability and educational development. The goal is to make meaningful contributions across all three focus areas.

Appendix

◀▶ A1:GRI Sustainability Reporting Standards Cross-Reference Table

Statement	M31 has reported in accordance with GRI Standards for the period January 1, 2023 to December 31, 2023.
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	Semiconductor industry, no specific GRI industry standard applicable
Note	Topics marked with * are significant topics

Topic	Disclosure Item	Item Description	Section	Page	Omission/Remarks
		GRI 2: General Disclosures 2021			
Organization and Reporting Practices	2-1	Organization Details	2.1 About M31	P21	
	2-2	Entities Included in the Organization's Sustainability Reporting	About this Report	P04	
	2-3	Reporting Period, Frequency, and Contact Information	About this Report	P04	
	2-4	Restatements of Information	About this Report	P04	No significant changes in organizational structure or reporting period
	2-5	External Assurance/Verification	About this Report	P04	
Activities and Workers	2-6	Activities, Value Chain, and Other Business Relationships	2.1 About M31	P21	
	2-7	Employees	4.1 Talent Sustainability	P75	
	2-8	Workers Who Are Not Employees	4.1 Talent Sustainability	P75	
Governance	2-9	Governance Structure and Composition	2.2 Responsible Governance	P24	
	2-10	Nomination and Selection of the Highest Governance Body	2.2 Responsible Governance	P24	
	2-11	Chair of the Highest Governance Body	2.2 Responsible Governance	P24	
	2-12	Role of the Highest Governance Body in Overseeing the Management of Impacts	2.2 Responsible Governance 2.3 Risk Management and Climate Change Response Strategy	P24 P36	
	2-13	Person in Charge of Impact Management	2.2 Responsible Governance 2.3 Risk Management and Climate Change Response Strategy	P24 P36	

M31

Topic	Disclosure Item	Item Description	Section	Page	Omission/Remarks
		GRI 2: General Disclosures 2021			
Governance	2-14	Role of the Highest Governance Body in Sustainability Reporting	1.2 Sustainability Development Committee	P14	
	2-15	Conflicts of Interest	2.2 Responsible Governance	P24	
	2-16	Communication of Critical Concerns	2.2 Responsible Governance	P24	
	2-17	Collective Knowledge of the Highest Governance Body	2.2 Responsible Governance	P24	
	2-18	Performance Evaluation of the Highest Governance Body	2.2 Responsible Governance	P24	
	2-19	Remuneration Policies	2.2 Responsible Governance	P24	
	2-20	Process for Determining Remuneration	2.2 Responsible Governance	P24	
	2-21	Annual Total Remuneration Ratio			The maximum annual total compensation is company confidential information
Strategy, Policies, and Practices	2-22	Statement on Sustainable Development Strategy	Words from the Chairman and CEO	P02	
	2-23	Policy Commitments	1.1 Sustainable Development Policy	P13	
	2-24	Incorporation of Policy Commitments	1.3 ESG Development Goals 1.4 ESG Performance Highlights	P15 P19	
	2-25	Role of the Top Governance Body in Overseeing impact Management	2.2 Responsible Governance 2.3 Risk Management and Climate Change Response Strategies	P24 P36	
	2-26	Mechanisms for Seeking Advice and Raising Concerns	2.2 Responsible Governance	P24	
	2-27	Compliance with Laws and Regulations	2.2 Responsible Governance	P24	
	2-28	Membership of Associations	2.1 About M31	P21	
Stakeholder Engagement	2-29	Approach to Stakeholder Engagement		P06	
	2-30	Collective Bargaining Agreements	Stakeholder Engagement	––	The company has no labor union and has not signed any collective agreements

Topic	Disclosure Item	Item Description	Section	Page	Omission/Remarks
GRI 3: Material Topics 2021					
Material Topic	3-1	Process to Determine Material Topics	Material Topic Assessment	P09	
	3-2	List of Material Topics	Material Topic Assessment	P09	
*Risk Management					
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Material Topic Assessment 2.3 Risk Management and Climate Change Response Strategy	P09 P36	
* Innovative R&D					
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Material Topic Assessment 2.5 Innovative R&D	P09 P47	
* Information Security					
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Material Topic Assessment 2.4 Information Security Management	P09 P44	
* Quality and Customer Service					
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Material Topic Assessment 4.4 Quality and Customer Service	P09 P103	
* Corporate Governance					
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Material Topic Assessment 2.2 Responsible Governance	P09 P24	

Economic Aspect

Topic	Disclosure Item	Item Description	Section	Page	Omission/Remarks
Financial Performance					
GRI 201: Economic Performance 2016	201-1	Direct Economic Value Generated and Distributed	2.7 Financial Performance	P64	
	201-2	Financial Implications and Other Risks and Opportunities Due to Climate Change	2.3 Risk Management and Climate Change Response Strategy	P36	
	201-3	Defined Benefit Obligations and Other Retirement Plans	4.2 Friendly Workplace	P86	
Market Presence					
GRI 202: Market Presence 2016	202-1	Ratios of Standard Entry Level Wage by Gender Compared to Local Minimum Wage	4.2 Friendly Workplace	P86	
	202-2	Proportion of Senior Management Hired from the Local Community	4.1 Talent Sustainability	P75	
Social Engagement					
GRI 203: Indirect Economic Impacts 2016	203-1	Investment in Infrastructure and Development and Impact of Support Services	5 Common Good for Society	P109	

Environmental Aspect

Topic	Disclosure Item	Item Description	Section	Page	Omission/Remarks
Energy Management					
GRI 302: Energy 2016	302-1	Energy Consumption within the Organization	3.3 Energy Management	P73	
	302-3	Energy Intensity	3.3 Energy Management	P73	
	302-5	Reductions in Energy Requirements of Products and Services	2.5 Innovative R&D	P47	
Water Management					
GRI 303: Water and Effluents 2018 Management Approach	303-3	Water Withdrawal	3.1 Environmental Management	P66	
* Greenhouse Gas Emissions					
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Material Topic Assessment	P09	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG Emissions	3.2 Greenhouse Gas Management	P69	
	305-2	Energy Indirect (Scope 2) GHG Emissions	3.2 Greenhouse Gas Management	P69	
	305-3	Other Indirect (Scope 3) GHG Emissions	3.2 Greenhouse Gas Management	P69	
	305-4	Greenhouse Gas Emission Intensity	Appendix A5	P131	
Waste Management					
GRI 306: Waste 2020	306-3	Waste Generation	3.1 Environmental Management 3.4 Waste Management	P66 P73	

Topic	Disclosure Item	Item Description	Section	Page	Omission/Remarks
Supply Chain Environmental Assessment					
GRI 308: Supplier Environmental Assessment 2016	308-1	Waste Generation	4.3 Sustainable Supply Chain	P101	
	308-2	Negative Environmental Impacts in the Supply Chain and Actions Taken	4.3 Sustainable Supply Chain	P101	
GRI 414: Supplier Social Assessment 2016	414-1	New Suppliers Screened Using Social Criteria	4.3 Sustainable Supply Chain	P101	
	414-2	New Suppliers Screened Using Social Criteria	4.3 Sustainable Supply Chain	P101	

Social Aspect

Topic	Disclosure Item	Item Description	Section	Page	Omission/Remarks
*Labor Relations					
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Material Topic Assessment	P09	
GRI 401: Employment 2016	401-1	New Employees and Resigned Employee	4.2 Friendly Workplace	P86	
	401-2	Benefits Provided to Full-Time Employees (Excluding Temporary or Part-Time Employees)	4.2 Friendly Workplace	P86	
	401-3	Parental Leave	4.2 Friendly Workplace	P86	
Labor-Management Relations					
GRI 402: Labor-Management Relations 2016	402-1	Minimum Notice Periods Regarding Operational Changes	4.2 Friendly Workplace	P86	
Occupational Health and Safety					
GRI 403: Occupational Health and Safety 2018	403-9	Work-Related Injuries	4.2 Friendly Workplace	P86	
*Talent Development and Retention					
GRI 3: Material Topics 2021	303	Management of Material Topics	Material Topic Assessment	P09	
GRI 404: Training and Education 2016	404-1	Average Hours of Training per Employee per Year	4.1 Talent Sustainability	P75	
	404-2	Employee Skill Enhancement and Transition Assistance Programs	4.1 Talent Sustainability	P75	
	404-3	Percentage of Employees Receiving Regular Performance and Career Development Reviews	4.2 Friendly Workplace	P86	
Diversity and Equal Opportunity					
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of Governance Bodies and Employees	4.1 Talent Sustainability	P75	
	405-2	Ratio of Basic Salary and Compensation of Women to Men	4.2 Friendly Workplace	P86	

◀▶ A2：SASB Standards Mapping Table

Disclosure Topic	Metric Number	Disclosure Metric	Nature	Corresponding Section	Omission/Remarks
Greenhouse Gas Emissions	TC-SC110.a.1	(Scope 1) Total emissions, total emissions from perfluorinated compounds	Quantitative	3.2 Greenhouse Gas Management	
	TC-SC-110.a.2	Discussion of long-term and short-term strategies or plans, emission reduction targets, and performance analysis for managing Scope 1 emissions	Qualitative	3.2 Greenhouse Gas Management	
Energy Management in Manufacturing	TC-SC-130.a.1	Total energy consumption, percentage of total energy consumption from grid electricity, and percentage of total energy consumption from renewable energy	Quantitative	3.3 Energy Management	No grid electricity and renewable energy used
Water Management	TC-SC-140.a.1	Total water withdrawal and proportion of high-water stress area Total water consumption and proportion of high-water stress area	Quantitative	3.1 Environmental Management	Company operations are based in northern Taiwan, not in a high-water stress region
Waste Management	TC-SC-150.a.1	Hazardous waste generated during the manufacturing process and the recycling rate	Quantitative	3.1 Environmental Management 3.4 Waste Management	No industrial or hazardous waste; 0% waste generation and recycling
Employee Health and Safety	TC-SC-320.a.1	Description of methods for assessing, monitoring, and reducing employee exposure to hazardous environments	Quantitative	4.2 Friendly Workplace	
	TC-SC-320.a.2	Total monetary losses from legal incidents related to employee health and safety violations	Quantitative	4.2 Friendly Workplace	No violations, with a loss amount of NT$0
Recruitment and Management of Global Professional Talent	TC-SC-330.a.1	Description of (1) foreign employees and (2) overseas employees as a percentage of total employees	Quantitative	4.1 Talent Sustainability	2 foreign employees this year, accounting for 0.7% of the total; overseas employees not counted
Product Lifecycle Management	TC-SC-410.a.1	Revenue from products containing substances listed in IEC 62474	Quantitative		Revenue from products not conforming to IEC 62474 is 0%
	TC-SC-410.a.2	Overall System-level energy efficiency of processors: (1) Servers, (2) Desktops, (3) Laptops	Quantitative		The company is not a terminal product manufacturer, not applicable
Materials Sourcing	TC-SC-440.a.1	Description of risk management methods related to the use of key materials	Quantitative		The company is in IP industry, no conflict mineral risk
Intellectual Property Protection and Competitive Behavior	TC-SC-520.a.1	Total monetary losses from legal incidents related to anti-competitive behavior	Quantitative	2.5 Innovative R&D	No legal incidents in 2023, total loss was NT$0

◄▶ A3：Correspondence with TCFD Disclosure Items

Category	TCFD Disclosure Items	Corresponding Section	Page Number
Governance	The board of directors' oversight of climate-related risks and opportunities	2.3 Risk Management and Climate Change Response Strategy	P36
	The role of management in evaluating and managing climate-related risks and opportunities	2.3 Risk Management and Climate Change Response Strategy	P36
Strategy	Climate-related risks and opportunities identified by the organization in the short, medium, and long term	2.3 Risk Management and Climate Change Response Strategy	P36
	Description of the impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning	2.3 Risk Management and Climate Change Response Strategy	P36
	The resilience of the organization's strategy, considering various climate-related scenarios	2.3 Risk Management and Climate Change Response Strategy	P36
Risk Management	Organization's processes for identifying and assessing climate-related risks	2.3 Risk Management and Climate Change Response Strategy	P36
	Organization's processes for managing climate-related risks	2.3 Risk Management and Climate Change Response Strategy	P36
	How processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	2.3 Risk Management and Climate Change Response Strategy	P36
Metrics and Targets	Metrics used by the organization to assess climate-related risks and opportunities in line with strategy and risk management processes	2.3 Risk Management and Climate Change Response Strategy	P36
	Disclosure of Scope 1, Scope 2, and Scope 3 (if applicable) greenhouse gas emissions and related risks	2.3 Risk Management and Climate Change Response Strategy 3.2 Greenhouse Gas Management	P36 P69
	Targets used by the organization to manage climate-related risks and opportunities, and performance in achieving those targets	2.3 Risk Management and Climate Change Response Strategy 3.1 Environmental Management	P36 P66

A4：Stock Exchange Sustainable Disclosure Indicators - Semiconductor Industry

No.	Indicator	Indicator Type	Unit	Report Section
1	Total energy consumption, percentage of purchased electricity, and renewable energy usage rate	Quantitative	Gigajoules (GJ), Percentage (%)	3.3 Energy Management No use of renewable energy
2	Total water withdrawal and consumption	Quantitative	Thousand cubic meters (m³)	3.1 Environmental Management
3	Weight of hazardous waste generated and recycling percentage	Quantitative	Metric Tons (t), Percentage (%)	3.1 Environmental Management No industrial or hazardous waste; 0 waste generated and recycled
4	Description the types, number, and rates of occupational injuries	Quantitative	Rates (%), Number	4.2.4 Occupational Health and Safety Occupational Injury Statistics and Analysis
5	Product life cycle management disclosure: weight of scrapped products and electronic waste, and recycling percentage	Quantitative	Tons (t), Percentage (%)	4.3 Waste Management No products or electronic waste generated in 2023, 0 metric tons; recycling rate 0%
6	Description of risk management related to the use of key materials	Qualitative	Not applicable	The company is in the IP industry, no conflict mineral risk
7	Total monetary loss from legal actions related to anti-competitive behavior	Quantitative	Reporting Currency	No related lawsuits in 2023, Total loss of NT$0
8	Major product output by category	Quantitative	Varies by product type	Output cannot be quantified, production value NT$1,612,337 thousand

◄▶ A5：Climate-Related Information for Listed Companies

Risks and opportunities caused by climate change and the corresponding measures taken by the company

Item	Company Response
1.Explanation of the board and management's oversight and governance of climate-related risks and opportunities.	2.3 Risk Management and Climate Change Response Strategy
2.Explanation of how identified climate risks and opportunities impact the company's business, strategy, and finances (short-term, medium-term, long-term).	2.3 Risk Management and Climate Change Response Strategy
3.Explanation of the financial impact of extreme climate events and transition actions.	2.3 Risk Management and Climate Change Response Strategy
4.Explanation of how the processes for identifying, assessing, and managing climate risks are integrated into overall risk management system.	2.3 Risk Management and Climate Change Response Strategy
5.If scenario analysis is used to evaluate the resilience to climate change risks, explanation of the scenarios, parameters, assumptions, analytical factors, and major financial impacts used.	2.3 Risk Management and Climate Change Response Strategy
6.If there is a transition plan to manage climate-related risks, explanation of the plan content, and the indicators and targets used for identifying and managing physical risks and transition risks.	No related transition plan
7.If internal carbon pricing is used as a planning tool, explanation of the basis for pricing.	No internal carbon pricing used
8.If climate-related targets are set, explanation of the covered activities, greenhouse gas emission scopes, planning timelines, and annual progress; if carbon offsets or renewable energy certificates (RECs) are used to achieve targets, explanation of the offset source and quantity or number of RECs.	2.3 Risk Management and Climate Change Response Strategy Net-Zero Blueprint
9.Greenhouse gas inventory and verification status, and emission reduction targets.	See table below

Scope 1	Total Emissions (metric tons CO_2e)	Intensity (metric tons CO_2e/million NT$)	Verification Body	Verification Status (Certificate)
Parent Company	1,509.7777	0.9366		
Scope 2	Total Emissions (metric tons CO_2e)	Intensity (metric tons CO_2e/million NT$)	Great International Certification Co., Ltd.	Expected to receive verification statement by June 2024
Parent Company	1,541.0617	0.9560		
Scope 3	Total Emissions (metric tons CO_2e)	Intensity (metric tons CO_2e/million NT$)		
Parent Company	123.5701	0.0767		

Note: Subsidiaries will complete the inventory in accordance with the schedule required by the competent authority in the future.

Reduction Targets	Strategy Actions and Plans
2023 is the baseline year. - By 2030, achieve a 10% reduction in total emissions for Scope 1 and Scope 2 compared to the baseline year. - By 2040, achieve a 30% reduction in total emissions for Scope 1 and Scope 2 compared to the baseline year. - By 2050, achieve net zero emissions.	- Through green procurement, purchase eco-labeled infrastructure equipment and completely replace the refrigeration and air-conditioning systems with energy efficiency Grade 1. (2024-2030) - Implement energy-saving projects for facilities. (2024-2030) - Utilize renewable energy and purchase green power certificates. (2030-2050)

A6：Independent Third-party Assurance Statement

格瑞國際驗證有限公司
GREAT International Certification Co., Ltd.

Independent Assurance Statement Based on 2023 Sustainability Report of M31 Technology Corporation

Statement No.：2405006

M31 Technology Corporation (hereinafter referred to as M31 Technology) and GREAT International Certification Co., Ltd. (hereinafter referred to as GREAT) are independent companies and organizations. Except for the evaluation and verification of the company's 2023 sustainability report, GREAT has no financial relationship with M31 Technology.

The purpose of this independent assurance statement (hereinafter referred to as the Statement) is only to serve as the conclusion of guaranteeing the relevant matters within the scope defined in the following relevant M31 Technology's Sustainability Report, and not for other purposes. Except for the independent assurance statement for fact verification, GREAT does not bear any relevant legal or other responsibilities for the use of other purposes, or anyone who reads this independent assurance statement.

This independent assurance statement is based on the conclusions made by the relevant information verification provided by M31 Technology to GREAT. Therefore, the scope of the review is based on and limited to the content of the information provided. GREAT believes that the information content is complete, accurate and precise. Any questions about the content of this independent assurance statement or related matters will be answered by M31 Technology.

The Scope of Assurance
The verification scope of M31 Technology and GREAT agreement includes:
- The contents of the entire sustainability report and all operating performance of M31 Technology from January 1, 2023 to December 31, 2023;
- According to the type 1 of AA1000 Assurance Standard v3, evaluate the nature and degree of M31 Technology's compliance with the AA1000 Accountability Principles (2018), excluding the verification of the reliability of the information/data disclosed in the report
- This Statement is made in Chinese and translated into English for reference.

Verification Opinion
We summarize the content of M31 Technology's sustainability report, and provide a fair standpoint of M31 Technology 's related operations and performance. We believe that the specific performance indicators of M31 Technology in 2023, such as economy, society, environment and corporate governance, are presented correctly. The performance indicators disclosed in the report demonstrate M31 Technology's expectations and efforts to identify and satisfy stakeholders. For example: The water usage of M31 is 4.036 million liters in 2023.

Our verification work is carried out by a group of teams with verification capabilities according to the AA1000 Assurance Standard v3, as well as the planning and execution of this part of the work to obtain the necessary information data and instructions. We believe that the evidence provided by M31 Technology is sufficient to show that its reporting method and self-declaration in accordance with the AA1000 Assurance Standard v3 and its 2018 appendix are in line with the GRI Sustainability Reporting Guidelines.

Verification method
To gather the evidence relevant to the conclusions, we performed the following:
- To conduct a senior management review of issues from external parties related to M31 Technology 's corporate policies to confirm the appropriateness of the statement in this report;
- To discuss with the managers of M31 Technology about the way of stakeholder participations, and have no direct contact with external stakeholders;
- To interview with employees related to the preparation of the sustainability report and information provision;
- To audit the performance data of M31 Technology on a sampling basis;
- To evidence supporting the claims made in the review report;
- To Review the management process of the principles of inclusivity, materiality, responsiveness, and impact described in the company report and its related AA1000 Accountability Principles (2018).

Conclusion
The results of a detailed review of the AA1000 Accountability Principles (2018) including inclusivity, materiality, responsiveness, impact and GRI sustainability reporting standards are as follows:

- **Inclusivity**
  M31 Technology has established a process of cooperation with major stakeholders, including employees, customers,

Page 1 of 2

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GREAT International Certification Co., Ltd.

suppliers, banks, government agencies, shareholders/investors and community, etc., and will launch a series of stakeholder activities in 2023, involving economy, society, environment, corporate governance and a series of major themes. In terms of our professional opinion, this report covers the inclusivity issues of M31 Technology.

- **Materiality**
  The report has stated that M31 Technology focuses on environment, society and corporate governance topics, and identified 8 major topics including greenhouse gas emissions, labor-employer relationship, talent cultivation and retention, customer services, corporate governance, innovative research and development, information security and risk management, etc. In terms of our professional opinion, this report appropriately covers the materiality issues of M31 Technology.

- **Responsiveness**
  M31 Technology responds to requests and opinions from stakeholders. Implementation methods include establish various complaint/reporting channels, customer satisfaction survey, customer online feedback system, department meeting, colleague symposium, suggestion box/electronic bulletin board, public information observatory/company official website announcement and supplier audit, those numerous internal and external stakeholder communication mechanisms, as an opportunity to provide further responses to stakeholders, and to promptly respond to stakeholder concerns. In terms of our professional opinion, this report covers the responsiveness issues of M31 Technology.

- **Impact**
  M31 Technology has identified and fairly demonstrated its impact with balanced and effective measurement and disclosure. M31 Technology has established a process for monitoring, measuring, evaluating and managing impacts, which helps to achieve more effective decision-making and results management within the organization. In terms of our professional opinion, this report covers the impact issues of M31 Technology.

- **GRI Guidelines**
  M31 Technology provides the self-declaration of compliance with the GRI Sustainability Reporting Standards and relevant information. Based on the results of the review, we confirm that the report refers to the social responsibility and sustainability of the GRI Sustainability Reporting Standards. Relevant disclosure items for developments have been disclosed, partially disclosed, or omitted. In terms of our professional opinion, this self-declaration covers M31 Technology 's social responsibility and sustainability themes.

Assurance level
According to the AA1000 Assurance Standard v3 and its 2018 Appendix, we have verified that this Statement is a moderate level of assurance, as described in the scope and methods of this Statement.

Responsibility
The responsibility of the sustainability report, as stated in this Statement, is owned by the person in charge of M31 Technology. The responsibility of GREAT is solely to provide professional opinions based on the scope and methods described, and to provide an independent assurance statement for the stakeholders.

Ability and Independence
GREAT is composed of experts in various management system fields. The verification team is composed of members with professional background, who have received training in a series of sustainable development, environmental and social management standards such as AA1000 AS v3, ISO 9001, ISO 14001 and ISO 45001, and are qualified as lead auditors.

On behalf of the assurance team MAY 31, 2024
GREAT International Certification Co., Ltd.
Taiwan, Republic of China

Signed by General Manager   W. J. Chen

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Page 2 of 2

M31

M31 Technology Corporation
2023 Sustainability Report