



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

By M31 2024 Annual Report

Evaluation Item	Implementation Status			Deviations from "the Sustainable Development Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Explanation	
1. Has the Company established a governance structure to promote sustainable development, and set up a dedicated (or non-dedicated) unit to promote sustainable development, relevant affairs of which are handled by senior managerial officer under the Board's authorization and supervision?	✓		<p>On August 6, 2024, the Company established a Sustainable Development Committee composed of board members. Chairman Huey-Ling Chen leads the Committee, along with its cross-departmental executive units and working groups, in actively fulfilling the Company's commitments to society, employees, and shareholders. The Committee also ensures transparency and disclosure of sustainability-related information and reports its implementation progress to the Board of Directors annually.</p> <p>The executive units and working groups of the Sustainable Development Committee held quarterly meetings throughout 2024 to discuss various sustainability-related initiatives and the disclosure of sustainability information, including updates to the Company's official website and the 2023 Sustainability Report. These efforts were overseen and authorized by Chairman Huey-Ling Chen. The content of the Sustainability Report was subsequently approved by the Board of Directors on May 27, 2024.</p> <p>On December 20, 2024, the Company's Board of Directors approved the 2025 Sustainable Development Plan, which includes key initiatives such as annual materiality assessment, preparation and development of the Sustainability Report, greenhouse gas inventory, ESG education and advocacy activities, implementation of energy-saving actions, ESG performance disclosure on the official website, performance reporting (covering risk management, information security, intellectual property rights, and ethical business conduct), and participation in ESG-related award programs.</p>	No significant differences.

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2. Did the Company conduct risk assessments of environmental, social and corporate governance issues for its operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	✓		<p>The Company's Risk Management Committee operates in accordance with the established "Risk Control and Management Procedures." Each department is responsible for regularly assessing and reviewing risk-related matters, reporting the results to the Risk Management Committee, and discussing major risks and corresponding solutions.</p> <p>In line with the materiality principle, the Company periodically assesses environmental, social, and corporate governance (ESG) risks related to its operations (for details on risk assessment and management strategies, please refer to the Company's corporate website). No risks with significant impact on the Company have been identified. Relevant factors are used as a reference for risk control and are regularly reported to the Audit Committee and the Board of Directors.</p> <p>On August 6, 2024, the Company reported to the Audit Committee and the Board of Directors on risk management and information security performance for the year.</p>	No significant differences.

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3. Environmental Issues				
(1) Has the Company established an appropriate environmental management system in accordance with its industrial characteristics?	✓		(1) The Company operates in the IC design service industry, primarily engaged in licensing IP (intellectual property) and does not produce physical products. As a non-polluting enterprise, the Company has not undergone environmental management system certification.	No significant differences.
(2) Has the Company made effort to enhance the resources efficient use and used regenerated materials to mitigate the impact on the environment?	✓		(2) The Company complies with relevant environmental protection regulations. It monitors air conditioning temperatures to promote energy conservation and carbon reduction. A contract has been signed with a licensed cleaning company to conduct daily cleaning and resource waste recycling, in line with the Company's sustainable development policy on environmental protection and resource reuse.	
(3) Has the Company assessed the potential current and future risks and opportunities from climate change for the Company, and has the Company taken measures to address climate related issues?	✓		(3) The Company evaluates the potential risks and opportunities of climate change on its operations and has implemented responsive measures to address climate-related issues. For details, please refer to the Company's corporate website.	
(4) Has the Company compiled statistics on greenhouse gas emissions, water consumption, and total volume of waste materials for the past two years, and has the Company formulated policies for greenhouse gas reduction, water use reduction, and other waste management?	✓		(4) The Company has established relevant environmental protection policies and has compiled statistics on greenhouse gas emissions, water consumption, and total waste volume over the past one to two years. Details are available on the Company's corporate website. In April 2024, the Company completed ISO 14064 certification and obtained the certificate.	

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4. Social issues				
(1) Has the Company established related management policy and procedure in accordance with applicable legal rules and international conventions on human rights?	✓		(1) The Company protects employee rights in accordance with the United Nations Universal Declaration of Human Rights to establishes work rules, Complaint and Report Procedures, workplace sexual harassment prevention measures, complaint and disciplinary measures, and other related management policies and procedures in accordance with the Labor Standards Law and related labor laws and regulations to protect the legitimate rights and interests of employees.	No significant differences.
(2) Has the Company established and implemented reasonable employee benefit measures (including compensation, leave, and other benefits), and are operational performance and results appropriately reflected in employee compensation?	✓		(2) The Company has established a reasonable salary and compensation policy and a clear system of rewards and penalties. Annual salary adjustments, year-end bonuses, employee compensation and performance bonuses are based on the Company's operating conditions, individual employee and departmental performance, and other relevant factors to determine the amount of bonuses to be distributed.	
(3) Has the Company provided a safe and healthy work environment for the employees, and provided education on labor safety and health regularly?	✓		(3) The Company regularly promotes and implements labor safety and health measures for its employees and conducts regular inspections of the working environment, as described on pages 94 to 95 of this annual report.	
(4) Has the Company established the training program for the effective planning of career development for the employees?	✓		(4) The Company arranges on-the-job training from time to time according to the needs of employees and work. For details, please refer to pages 93 to 94 of this annual report and the Company's corporate website.	

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(5) Does the Company comply with laws, regulations, and international standards when managing customer health and safety, customer privacy, and marketing and labeling of products and services and relevant issues? Has the Company established a policy and complaint procedure to protect consumer rights?	✓		(5) The Company has established procedures for handling customer complaints and a customer-oriented quality system to assess customer satisfaction with the Company's products and services to achieve the goal of sustainable business operation.	
(6) Has the Company established a supplier management policy that requires suppliers to comply with regulations on environmental protection, occupational safety and health, and labor rights issues? Has the Company established an implementation method for such?	✓		(6) The Company is committed to ethical management, ethical behavior and sustainable development. To ensure that our supply chain is consistent with our values, we have formulated a supplier management policy. Through a rigorous implementation of the supplier management system, we emphasize supplier fulfillment in the areas of ethics, environmental protection, workplace safety, respect for labor rights, and other core values. Since 2020, we have required new suppliers to sign a "Supplier Commitment Letter." During the evaluation stage of new suppliers, our company requests them to provide relevant information and also requires them to comply with the laws and regulations of their respective countries and regions. Each year, we conduct comprehensive performance evaluations of new suppliers or suppliers who have already passed the qualification standards based on the "Supplier Evaluation Assessment Form." In 2023, we evaluated 20 suppliers whose procurement amounts exceeded specific thresholds, demonstrating that they met our company's standards and expectations in sustainable operations, quality management, timely delivery, and reasonable pricing.	

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5. Does the Company refer to international standards / guidelines in the preparation of its reports, such as Sustainability Report, that disclose non-financial information? Has the Company obtained a third-party verification or assurance opinion on previously disclosed reports?	✓		The Company prepared its 2023 Sustainability Report with reference to the GRI and SASB Standards. The report was approved for publication by the Board of Directors, and an assurance statement was obtained from Great Certification in May 2024.	No significant differences.
6. If the Company has its own sustainable development practice principles formulated in accordance with the "Corporate Sustainable Development Practice Principles for TWSE/TPEx Listed Companies", please describe the differences between its operations and the said principles: The Company has formulated the "Sustainable Development Practice Principles." and there are no significant differences between actual operations and the established principles.				

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7. Other important information to facilitate better understanding of the Company's corporate social responsibility practices:				
<ul style="list-style-type: none"> ➤ Disclose investor-related issues in a timely manner and communicate effectively with investors through regular domestic and international institutional investor conferences. ➤ Continuously improve product energy efficiency and reduce power consumption. ➤ Make donations and provide supplies to social welfare organizations, and participate in community service activities: 				
Mar. 2024 In collaboration with employees, the Company participated in the "Taiwan Native Tree Planting Project," with 46 colleagues collectively sponsoring and planting 90 saplings on the campus of Ming Chuan University.				
Mar. 2024 A total of 23 employees volunteered for the 10th "Good Day" charity walking event organized by the Syin-Lu Social Welfare Foundation. Additionally, 33 employees and their family members participated in the walk.				
May/Aug. 2024 The Company sponsored NT\$112,000 to the Hsinchu Building Love Association and jointly organized two Love Building Concerts.				
Jun. 2024 Employees participated in a year-long sponsorship and education fund support program for "Hsinchu Fang-Chi Kindergarten." A total of 78 employees joined the initiative, providing monthly deliveries of NT\$20,650 worth of supplies and NT\$37,000 in education fund donations.				
Aug. 2024 Eleven employees were invited to join the volunteer team for the "Syin-Lu Foundation" graduation ceremony and helped prepare graduation gifts for the graduating students.				
Aug. 2024 Assisted Fang-Chi Kindergarten in completing summer disinfection of both indoor and outdoor areas of the campus.				
Sep. 2024 Collected 200 new and used books donated by employees and delivered them to the Eslite Cultural and Arts Foundation and Fang-Chi Kindergarten. In addition, the Company participated in the "SDGs Book Donation Project" organized by the Eslite Cultural and Arts Foundation by purchasing 176 new children's books on related topics, which were donated to five under-resourced rural schools.				
Oct. 2024 The Company sponsored NT\$50,000 to the "Hsinchu Building Love Association" and jointly co-organized the "Love Building Aesthetic Festival x Dear Violin Story Festival."				

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Nov. 2024 Purchased NT\$100,000 worth of charitable supplies and donated them to the “Huashan Social Welfare Foundation” and the “Genesis Social Welfare Foundation Hsinchu Branch.”				
Nov. 2024 In collaboration with the Society of Wilderness, the Company participated in the “Touqian River Cleanup – Hsinchu’s Mother River” activity, with 37 employees and their family members joining the effort.				
Dec. 2024 A total of 86 employees and their family members were invited to participate in the “ADA Charity Christmas Run.” The organizer donated the full registration fee of NT\$68,200 to "Children's Bookhouse" and "Little Grass Bookhouse."				
Dec. 2024 Employees sponsored 75 Christmas gifts for children in early intervention programs and underprivileged rural areas through the Syin-Lu Foundation. The Foundation was also invited to organize a charity sale event, with all proceeds donated back to the Foundation. In addition, children from Fang-Chi Kindergarten in Jianshi, Hsinchu, were invited to join the Christmas celebration and sing carols.				
Jan. to Dec. 2024 A total of 58 employees served as community volunteers for the Syin-Lu Foundation, contributing a combined total of 390 service hours.				
<ul style="list-style-type: none"> ➤ In support of environmental protection, the Company encourages employees to use electronic documents whenever possible to reduce paper consumption and to reuse the blank sides of discarded documents. The Company has also been deeply committed to social responsibility and public welfare over the long term, giving back to society in a timely and meaningful manner. ➤ Campus-Industry Exchange Seminars: Senior executives from the Company delivered guest lectures at various universities to help students gain a better understanding of the IP industry and support their future career planning. 				
For more details, please visit the Company’s corporate website.				