



2021 MiTAC

Sustainability Report

2021 MiTAC Sustainability Report

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Messages from the SDC Chairman



How are you all?

COVID-19 has spread for two years and the variants have continuously affected the whole world severely. Though the high vaccination rate was helpful for the mitigation of symptom, the global economy and the life of the people were affected substantially. The unstable supply chain led to unbalanced supply and demand on the global market, the rising price of the commodities aroused the concerns about the inflation, and the opposing positions of China and the USA in the technology and trade as well as the war in the Eastern Europe made the situations even worse. The loss brought about by the extreme climate accentuated the urgency of the issues on weather. With sustainable operations and steady growth as the bases of management, we put equal emphasis on business operations, human assets and environmental protection to achieve the ESG in the respect of the environmental protection, social responsibility, and corporate governance.

We referred to SBTi and TCFD to establish our emissions reduction pathways in 2021. They were reported to the Board of Directors as a response to the requirements of the customers in the reduction of the emissions along the supply chain. With respect to the carbon emissions from the organizations and products, we continuously pay attention to the risks and strategies in different climate change circumstances with the TCFD guidelines as a basis. The saving of the process energy and green power certificate management are the major strategies for the control of carbon emissions from the organizations. As for the carbon emissions from the products, the commencement of the CBAM mode requires establishment of different laws and policies in different countries and regions. The design for environment will be a required in the development and marketing of the products. Since the supply chain of the electronics industry is wider and deeper in the development, it is an extremely difficult task to realize the reduction of the carbon emissions in the supply chain. By joining industrial alliances, we fulfill our responsibilities to ask suppliers for implementation of GHG inventories and carbon reduction activities, and report the supplier carbon management effectiveness through international carbon disclosure management platforms.

We place great importance on the rights and benefits of our employees and strive to create a fair, just, friendly and flexible work environment; this is consistent with MiTAC's core values. And according to this, various employee care related systems and measures. Despite the impact of the epidemic, the Company organized many club activities, arranged health promoting competitions, encouraged ingestion of healthy diets, and provided various facilities favorable for the health of the employees, such as the air quality detection system and a gym. MiTAC Computing Technology Corp., MiTAC Digital Technology Corp. and MiTAC International Corp. received the Sports Enterprise Certificate from the Sports Administration, indicating a further step in the promotion of the friendly workplace. As for the enhancement of the CSR, we established the Taiwan-China Responsible Business Alliance (RBA) Committee to review RBA requirements and relevant laws, uphold humane treatment for employees, and promote two-way labor-management communication. Our production and management organization in Hsinchu County, Taiwan, received the RBA VAP (Responsible Business Alliance Validated Audit Program) certificate.

In the 2021 Corporate Governance Evaluation, we remained ranked among the top 6-20% of all listed companies. In the same year, we were selected as a component of the "TWSE Corporate Governance 100 Index". We continue enhancing the corporate governance and risk management in addition to optimizing and improving the information transparency. 2022 is MiTAC's 40th anniversary. With the ESG as the pivot, we continue enhancing our responsibility and commitment for the environment, society, employees and shareholders; support the UN SDGs; strengthen existing strengths and business performance; and team up with all parts of the value chain to influence and contribute to the overall positive environmental, social and economic development.

Chairman Matthew Miao

President Billy Ho



Overview

It has been 13 years since MiTAC¹ started compiling its Sustainability Report. The Report, among others, manifests our performance in global CSR in 2021 and our efforts in the environmental protection and corporate social responsibility. The management in different dimensions from the employees to the customers and suppliers has fully reflected our endeavors to implement the sustainable development of the living environment for human beings. The Report covers issues that different stakeholders were concerned about. The data were reviewed at the preparation stage based on our linear observations over the past years. A GRI standards comparison list is also provided this time. The details are explained in individual corresponding chapters and sections.

In relation to MiTAC group's online stakeholder survey report, the topic concern level questionnaire is expected to be introduced by the fourth quarter of 2021, where stakeholders will be asked to provide their feedback and suggestions, which will be analyzed internally to achieve effective communication. This in turn helps us to understand your concerns and will also be used as the main reference for information disclosure in the report.

Reporting Period and Cycle

The "MiTAC International Corp. 2021 Sustainability Report¹" covers the period between January 1 to December 31, 2021. Since 2009 we have been publishing the sustainable report every June and disclosing it on the MiTAC corporate website for public access and download to understand our status of operations.

Sustainability Report Assurance

MiTAC has incorporated the report preparation into the internal process control with the aim to improve its quality and accuracy. Corrections to the report will be made upon discovery of shortcomings and it will be submitted to the Sustainable Development Committee for approval first before publication. Currently, the Company has commissioned a third party to conduct the verification process. SGS Taiwan was commissioned to verify the content of this Report, and confirmed that this Report is in accordance with the core options of the GRI Standards framework and AA1000 Type 1 moderate-level assurance. SGS's Report Assurance Statement is provided on page 138 of this report.

Issued: June 2022 (Last edition was issued in June 2021; next edition will be issued in June 2023.)

Company website: www.mitac.com

Note 1: The title of the Corporate Social Responsibility Report was changed to Sustainability Report based on the "Corporate Governance 3.0 - Sustainable Development Blueprint" to enhance the engagement with the international community. Effort is made to issue an English edition of Sustainability Report.
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Boundaries and Scope of Data

The data contained in this report covers R&D and manufacturing locations of MiTAC Group, as well as subsidiaries of the brand. The report covers the data and description of issues including financial performance and business operations in the economic category; product responsibility and environmental protection in the environmental category; employee, supplier and contractor and social welfare in the social category.

The scope of this report includes global operating locations of the Group with over 95% revenue. They are the Taiwan operating and Taiwan R&D center and China major production locations: MSL in Guangdong/MKL in Jiangsu; assembly plant in California, USA: MiTAC Information Systems Corp. The operating locations and after-sale service centers that are not of the Company's subsidiaries or offices are not included. Information will be disclosed with respect to the GRI Standards. The scope of calculation will be explained, including the demonstration sites.

Report Framework

The Report was written in accordance with the Sustainability Reporting Standards (GRI Standards) Core Option and AA 1000. It was also a response to the "UN Sustainable Development Goals; SDGs". The issues, strategies, goals and actions to achieve sustainability in corporate social responsibility of this Company are disclosed with respect to the GRI approaches and frameworks.

Contact

Should you have any queries or suggestions regarding this report, please contact us at:

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E Environmental Protection

MiTAC Emissions Reduction Pathways & Goals Setting (2020-2050)

We referred to SBTi and TCFD to set up the emissions reduction pathways and goals during the period from 2020 to 2050 with 2020 as the base year to establish the long-term goal of net zero emissions in 2050 and the medium-term goal of a reduction by 15% in 2025 and 30% in 2030.

Setup of PV Power Generation Equipment for the Goal of 10.0% Clean Energy in 2025

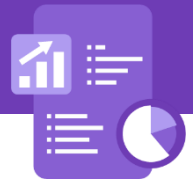
We place great importance on the energy and GHG management to mitigate the impact of the climate change. MiTAC plants set up PV power generation equipment in 2021 for the goal of 10.0% clean energy in 2025.

2021 CDP (Supplier Engagement Rating; SER): A - Leadership

In addition to participating in the international CDP (Carbon Disclosure Project) every year, we pay attention to and help in the issues on how to slow down the climate change. We received the honor of A - Leadership in the 2021 CDP Supplier Engagement Rating (SER) for our environmental activities in cooperation with our suppliers and the disclosure of our Scope 3 emissions.

Product Design for the Environment

The full server series products have passed the 80 PLUS Platinum certification. With this result, we plan to upgrade to the higher energy efficiency level of 80 Plus Titanium in 2023 with our Product Design for Environment to achieve the goal of power saving.



Sports Enterprise Certification

We implemented health promoting activities and took care of the safety and health of the employees in spite of the COVID-19 pandemic in the recent years. MiTAC received the Taiwan i Sports mark for Sports Enterprise from the Sports Administration, Ministry of Education in 2021.

International RBA Certification

We continue implementing our management philosophies in the respect of labor, health and safety, environmental standard, ethics and management system. The Hsinchu Plant in Taiwan received the international RBA VAP certificate in 2021.

S Social Responsibility

Tree Planting Plan and Implementation

MiTAC, as a citizen of the Earth, supports the mitigation of the global warming effect. We will work with the Highland Experimental Farm, National Taiwan University, and the tree planting team of the Tse-Xin Organic Agriculture Foundation to implement a 6-years tree planting plan to demonstrate our effort in the reduction of emissions through different channels. As for the UN Sustainable Development Goals (SDGs), in 2030, we are dedicated to the implementation of the SDGs 13 Climate Action, SDGs15 Life on Land, and SDGs 17 Partnerships for the Goals.

MiTAC 40th Anniversary

2022 is MiTAC's 40th anniversary. We keep being agile and resilient in our business in the quickly changing circumstances to ensure stable growth and profitability. We fulfill our corporate social responsibility, make contributions to society, and work together with stakeholders in the realization of the Common Good.



Information Security Management System ISO 27001

Facing the challenges that COVID-19 brought about, we still operate the Company with the business continuity as the first priority. MiTAC complies with ISO 27001 Information Security Management System by implementing the information security risk assessment, Preventing ransomware attacks, and enhancing the training on recovery from information service accidents. We did not become slack in these respects due to the epidemic.

TWSE Corporate Governance 100 Index

We constantly improve corporate governance and organizational structure. In the 2021 Corporate Governance Evaluation, we remained ranked among the top 6-20% of all listed companies. In the same year, we were selected as a component of the “TWSE Corporate Governance 100 Index.”

G Corporate Governance

Sustainable Operations

We take ESG as the core of the sustainable operations to create a future for the sustainable development of a smart interconnected environment by combining innovative products and services.

Risk Control

We attach great importance to risk control and establish a risk assessment mechanism for the business process, carry out audit on a regular basis, and implement corporate risk management and improvement plans continuously.



The epidemic in Taiwan became worse in May 2021. When local confirmed cases increased, MiTAC's emergency response team held meetings 24 hours a day, including holidays, whenever necessary, and established a plan for assurance of the employee safety and the business continuity of the Company. We were concerned about the health of the employees and their family members. The epidemic prevention team collected the information announced by the Central Epidemic Command Center (CECC) and adopted the measures in a timely and rolling manner to reduce the infection risk among the employees. During the Level 3 COVID-19 alert, we took a mechanism of working at different locations or from home to reduce the infection risk of the employees and ensure the business continuity of the Company.

WFH (Work From Home) is quite different from the work at the office location in terms of the environment, resources, tools, and communication modes. Hence, we put the "Work Schedule Separation and WFH Guide" in the epidemic prevention section on our website to help employees understand how to ensure the work efficiency at home. We also make more IT investments to provide various supports for WFH and prepare the "Introduction of IT System and IT Security for Work >From Home" to ensure normal work and online meetings from home. The WFH during the epidemic period may lead to alienated interpersonal relationship between the partners and the work mode may change as a result. Conflicts may occur between family members when the home is used as a workplace, inadequate professional communication may become an issue, and, in these circumstances, employees may have tension in their relations, feel anxious, and become worried. For these, the Company has established the "EPA Employee Assistance Plan" to help the employees in need work from home in a physically and mentally balanced state, maintain their interpersonal support, and demonstrate the same work efficiency to ensure the business continuity of the Company and the safety during the epidemic period.

In addition, every employee completes the "Health Statement app" in the morning to launch the self-management of health. An email is sent as a reminder to the employee who does not give a reply in time; an email is also sent as a reminder for the manager to care for the employee who shows any unhealthy conditions in the reply. The forehead temperature shall be measured and hands shall be disinfected before entering the plant. Masks shall be worn all the time during the work. The Company encourages the employees to undergo vaccination during the epidemic.

The COVID-19 pandemic remains to date. This and the challenges of the material shortage in the supply chain due to unbalanced supply and demand in the semiconductor industry, port congestion in the logistics industry, concerns about inflation, and the war in the Eastern Europe have made the global supply chain more unstable. In the circumstances, however, the challenges give MiTAC an opportunity to verify our strength and response capability. The Company has made more strategic investments in the manufacture, automated equipment, digital transformation, and other related respects, hoping that we will have more competitive strength after this crisis.

(For more information about the epidemic prevention measures, please refer to "4.1 Employee Care > 4.1.6 COVID-19 Countermeasures".)












1. Corporate Commitment and Dialogue with the Stakeholders

- 1.1 Response to UN Sustainable Development Goals (SDGs)**
- 1.2 Short-Term and Medium-Term Sustainable Development Goals**
- 1.3 Stakeholder Communication**

1.1 Response to UN Sustainable Development Goals (SDGs)



The Sustainable Development Goals (SDGs) are a series of UN goals. They have 17 goals and 169 concrete indicators covering the respects of environment, society, and governance. To respond to the SDGs, we referred to the GRI and UN SDG Compass guide to connect MiTAC's sustainability issues and their corresponding results in 2021 to the SDGs and indicators to ensure more compliance with international sustainable development and tendency.

| SDGs | Indicator | MiTAC's Corresponding Result |
|---|--|--|
|  <p>SDG7 Affordable and Clean Energy</p> | 7.3 Sustainable energy management, green energy, product design of higher efficiency | <ul style="list-style-type: none"> Power saving 1,833 kWh; carbon reduction 1,023 (tCO₂e) |
|  <p>SDG9 Industry, Innovation and Infrastructure</p> | 9.5 Improvement of technology capability and encouragement of innovation | <ul style="list-style-type: none"> A total of 126 patents received all over the world |
|  <p>SDG11 Sustainable Cities and Communities</p> | 11.6 Reduction of harmful impact on the environment | <ul style="list-style-type: none"> Compliance with the VOC requirements in China's action plan on defending the blue sky in China |
|  <p>SDG13 Climate Action</p> | 13.2 Climate change strategies | <ul style="list-style-type: none"> Implementation of energy saving and carbon reduction plans at each plant with reduction by 15% in 2025 as the medium-term goal, reduction of emissions by 30% in 2030 as the short-term goal, and zero emissions in 2050 as the long-term goal |
|  <p>SDG3 Good Health and Well-Being</p> | 3.4 Assurance of health and promotion of the welfare for the people at all ages | <ul style="list-style-type: none"> Acquisition of the Taiwan i Sports mark for Sports Enterprise from the Sports Administration, Ministry of Education |
|  <p>SDG4 Quality Education</p> | 4.4 Provision of good jobs and business management competency, including technical and vocational skills | <ul style="list-style-type: none"> Talent training activities through the Y.S. Cup Emphasis on the competency of the employees and their educational training; 34.5 training hours on average per person |
|  <p>SDG8 Decent Work and Economic Growth</p> | 8.5 Achievement of productive employment and equal pay for work of equal value | <ul style="list-style-type: none"> Fair workplace; acquisition of the International RBA Certification |

1.2 Short-Term and Medium-Term Sustainable Development Goals



E: Environmental Protection; S: Social Responsibility; G: Corporate Governance

| | MITAC management topic | Performance/status quo in 2021 | Goals in 2022 | Goals in 2025 |
|---|--|---|---|---|
| G | Corporate Governance | 1. Ranked among the top 6%-20% in Corporate Governance Evaluation 2. TWSE Corporate Governance 100 Index | TWSE Corporate Governance 100 Index | TWSE Corporate Governance 100 Index |
| | Risk management | 1. No events of high risk 2. No business interruption, data corruption, data leakage or other material information security events | 1. No risk events as disclosed in the annual report 2. No business interruption, data corruption, data leakage or other material information security events | 1. No risk events as disclosed in the annual report 2. No business interruption, data corruption, data leakage or other material information security events |
| | Business ethics and ethical codes of conduct | No violation of the Ethical Corporate Management Best Practice Principles | No violation of the Ethical Corporate Management Best Practice Principles | No violation of the Ethical Corporate Management Best Practice Principles |
| E | Climate change (mitigation and adaptation) | Carbon emissions in 2021 reduced by 10.0% compared to 2020 (Earlier achievement of the goal) | Carbon emissions reduced by 6% at each plant (2020 as the base year) | Carbon emissions reduced by 15% at each plant (2020 as the base year) |
| | | Full server products in compliance with 80 Plus Platinum certification | Full server products in compliance with 80 Plus Titanium certification | Full server products in compliance with 80 Plus Titanium certification |
| | Energy and GHG management | Setup of PV power generation equipment at each plant in 2021 | A percentage of 5% in clean energy | A percentage of 10% in clean energy |
| | Legal compliance | No violations | No violations | No violations |
| S | Labor rights | RBA-VAP certification received for Taiwan plants | RBA-VAP certification received for China MSL Plant and Taiwan plants | RBA-VAP certification received for China MSL Plant and Taiwan plants |
| | Product responsibilities | No violation of environmental protection and no product safety events | Full compliance with customer's requirements and the energy label and safety logo regulations | Full compliance with customer's requirements and the energy label and safety logo regulations |
| | Customer service | No events in violation of customer's privacy | No substantiated complaints concerning breaches of customer privacy and losses of customer data | No substantiated complaints concerning breaches of customer privacy and losses of customer data |

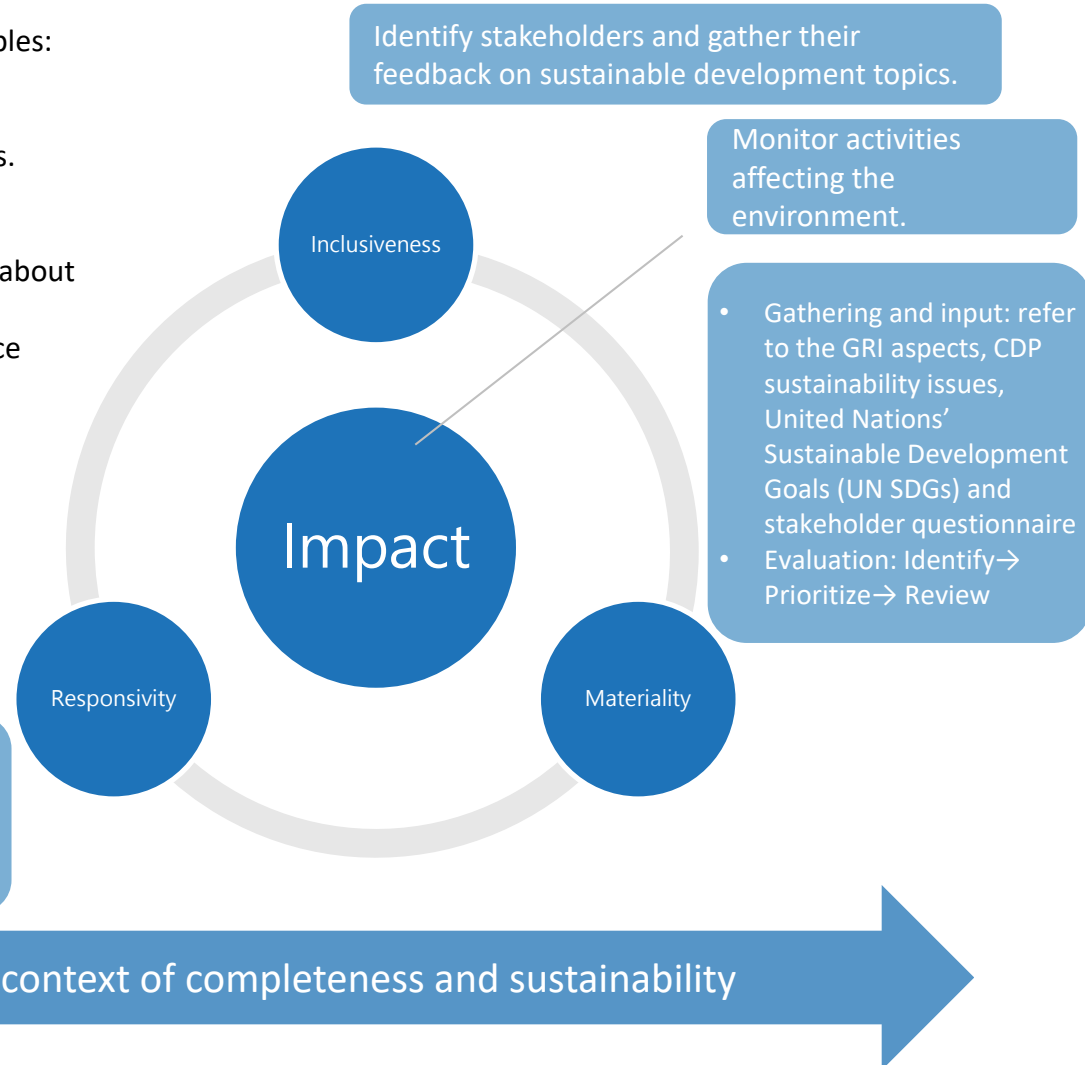
1.3 Stakeholder Communication



1.3.1 Accountability and Reporting Principles

Reference to the AA 1000 AP Standard (Accountability Principles: 2018) and GRI Reporting Principles

- **Impact:** The Company should monitor, measure and be accountable for how its actions affect broader ecosystems.
- **Inclusivity:** People should have a say in the decisions that impact them.
- **Materiality:** Decision makers should identify and be clear about the sustainability topics that matter.
- **Responsivity:** Adopted decisions, actions, and performance with regard to material issues
- ★ **Completeness:** Confirmation of material aspects, scope, boundaries, and schedules
- ★ **Sustainability Context:** Examine own performance in the context of the limits and demands placed on economic, environmental or social resources, at the sectoral, local, regional or global level.



- Qualitative and quantitative communication and engagement with stakeholders
- Prepare the sustainability report

1.3 Stakeholder Communication

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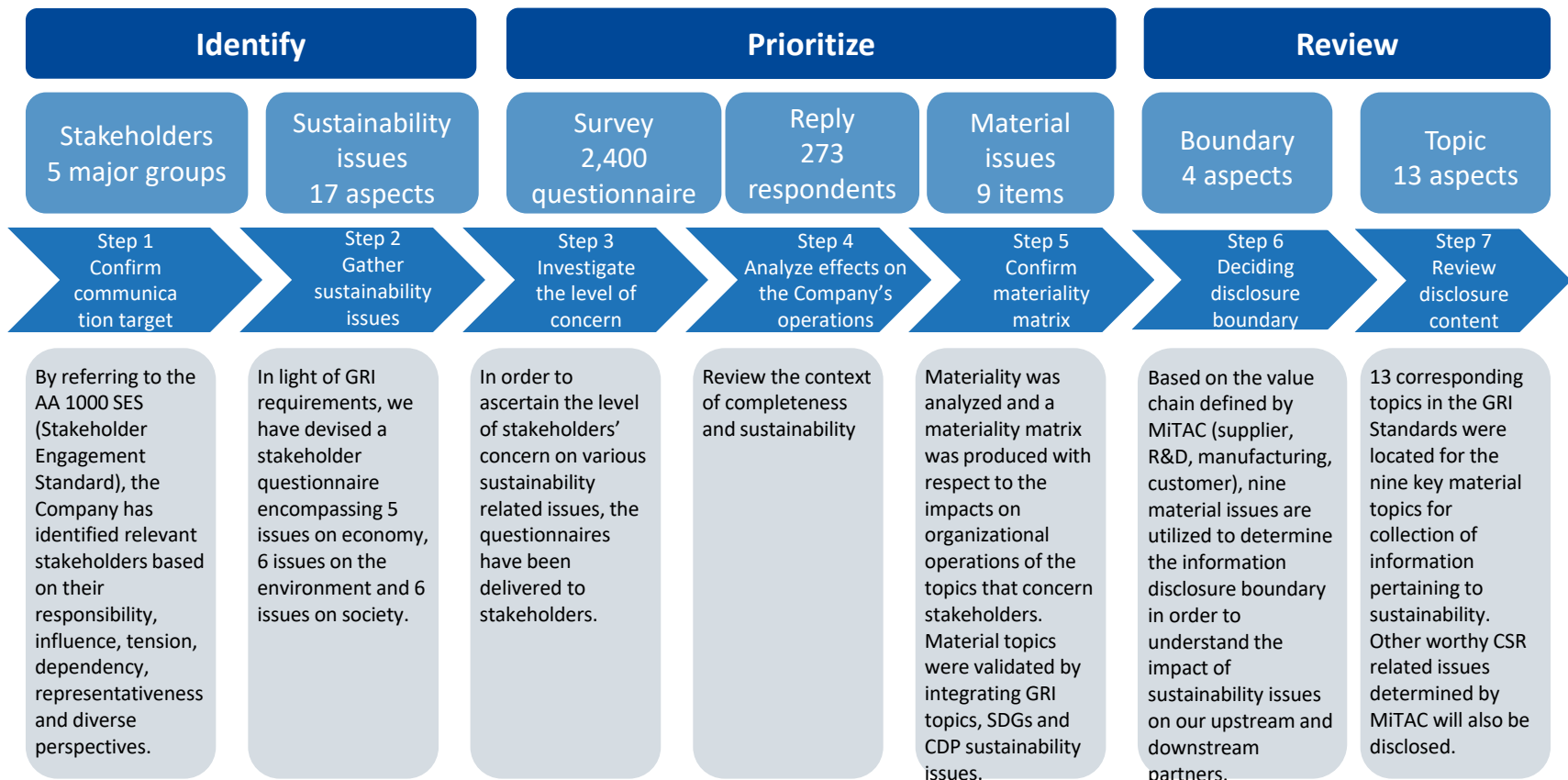
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1.3.2 Topic Determination through SOPs

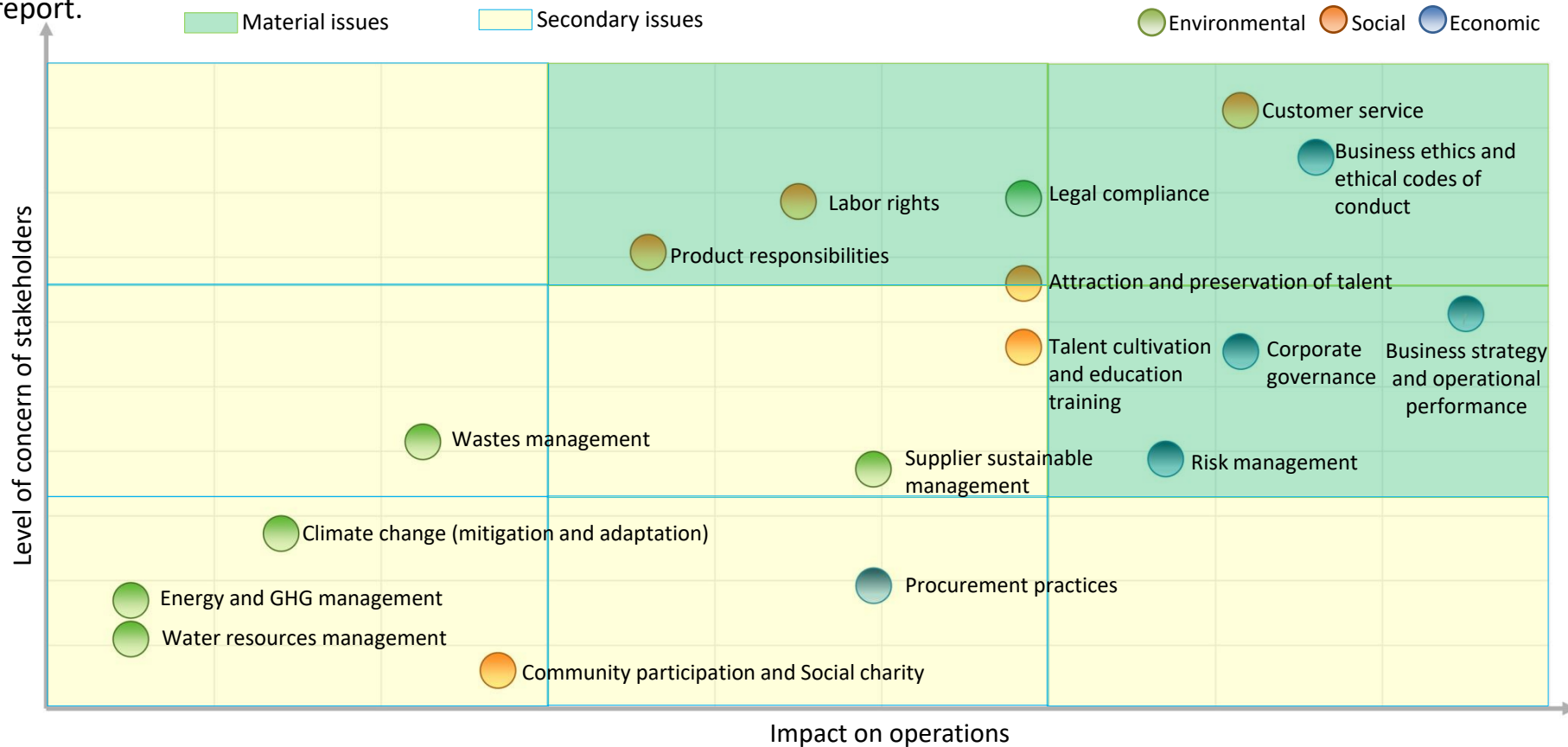
We have adhered to the GRI guideline and AA 1000 Stakeholder Engagement Standards to establish the standardized materiality analysis model in order to gauge the level of concern receive by each issue, as well as the effect of the issues on MiTAC’s operations, so that we can use them as the foundation for formulating the Company’s sustainable management goals.



1.3 Stakeholder Communication



With reference to the GRI Standards and the AA 1000 Stakeholder Engagement Standards (AA 1000 SES), we produced a materiality matrix of the issues that stakeholders are concerned about as a basis for the establishment of the sustainability strategies and long-, mid- and short-term goals as well as the information disclosures in the sustainability report.



Description: The CSR Team resolved on a total of 17 sustainability issues in 2021, the same as those in the previous year. Nine material issues were arranged in sequence based on the impact on the operations of the Company and the level of concerns of the stakeholders.

1.3 Stakeholder Communication

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1.3.3 Material Issues and MiTAC Value Chain

Communication with stakeholders represents the foundation of CSR practices. In conjunction with materiality analysis, identify the most important issues for the stakeholders and MiTAC and take the necessary measures in order to reinforce the content of information disclosure.

| Category | Material issues | GRI Topic | Importance to MiTAC | Corresponding Chapter | Upstream-Supplier | MiTAC-R&D | MiTAC-Manufacture | Downstream-Customers |
|---------------|---|---|---|--|-------------------|-----------|-------------------|----------------------|
| Economic | Business strategy and operational performance | 201 Economic performance | This can create value increment for the corporate and can be shared with society, environment and stakeholders forming a virtuous cycle. | 2.2 Corporate Governance | ⊙ | ⊙ | ⊙ | |
| | Business ethics and ethical codes of conduct | 205 Anti-corruption, 406 Non-discrimination | Integrating integrity and ethical values into corporate operation strategies is the foundation in maintaining corporate goodwill. | 2.2 Corporate Governance | ⊙ | ⊙ | ⊙ | |
| | Corporate Governance | 102 General Disclosure 201 Economic Performance | A sound corporate governance system enables the corporate management process to achieve an effective monitoring system. | 2.2 Corporate Governance | ⊙ | ⊙ | ⊙ | |
| | Risk management | 102 General Disclosure 201 Economic Performance | An effective risk management system develops better management strategies in maintaining corporate resilience. | 2.2 Corporate Governance | | ⊙ | ⊙ | |
| Social | Customer service | 416 Customer health and safety 418 Customer privacy | Raise customer satisfaction level by strengthening product functions and improving services to enhance customer trust. | 3.6 Customer Service and Satisfaction | | ⊙ | ⊙ | ⊙ |
| | Attraction and preservation of talent | 401 Employment 404 Training and Education 405 Diversity and Equal Opportunity | Create quality work environment and competitive remuneration/benefits package to attract and retain key talents building a healthy and happy work culture for employees. | 4.1 Employee Care | | ⊙ | ⊙ | |
| | Labor rights* | 401 Employment 403 Occupational Health and Safety 404 Training and Education 405 Diversity and Equal Opportunity 406 Non-discrimination | In compliance with International Human Rights Conventions, provide fair work for employees to promote talent development and to lower labor risks. | 4.1 Employee Care | ⊙ | ⊙ | ⊙ | |
| | Product responsibilities* | 416 Customer health and safety | To prevent the substances used in products from generating risks to humans and harming the environment ensuring the health and safety of the customers and to increase the confidence and recognition by customers towards the products of the Company. | 3.1 Product design for the environment | | ⊙ | ⊙ | ⊙ |
| Environmental | Legal compliance | 307 Environmental Compliance | To prevent the Company from facing penalties, maintaining corporate goodwill. | 3.1 Product design for the environment | | ⊙ | ⊙ | |

*New immaterial issues for 2021.

1.3 Stakeholder Communication

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1.3.4 General Communication

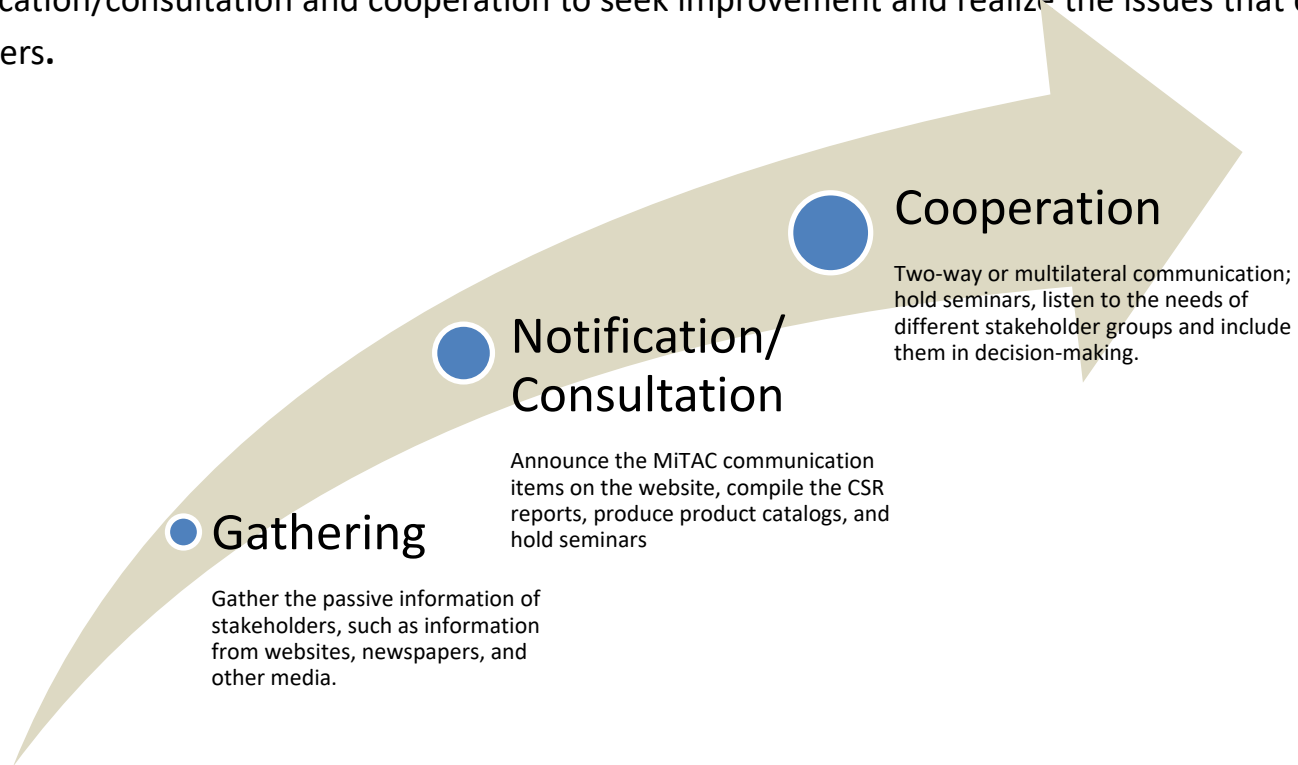
Communication with stakeholders represents the foundation of CSR practices. MiTAC aims to gain a better understanding of relevant demands and provide relevant feedback through multiple platforms and communication with stakeholders. With reference to the AA1000 Stakeholder Engagement Standard (AA1000SES), we have defined major stakeholder groups that relate to MiTAC's operations in terms of their responsibility, influence, dependency, tension, representativeness and diverse perspectives. These stakeholder groups included: employees, suppliers/contractors, shareholders/investors, customers and communities.

| Stakeholders | Concerned Topic | Method and Frequency of Communication | Performance in 2021 |
|--------------------------|---|---|--|
| Employees | <ul style="list-style-type: none"> Business strategy and operational performance Business ethics and code of conduct Corporate Governance Attraction and preservation of talent | <ul style="list-style-type: none"> Established internal "Speak out" mailbox for all employees to express their opinions and suggestions. The MiTAC Portal conveys information on the status of operations and provides public announcements on various company systems. Publishes MiTAC Focus/Global Link periodically to cover major company news, product information and events. | <ul style="list-style-type: none"> 11 opinions and suggestions from employees. 42 portal announcements. Published six volumes of Global Link. |
| Investors (Shareholders) | <ul style="list-style-type: none"> Business strategy and operational performance Business ethics and code of conduct Corporate Governance Legal compliance | <ul style="list-style-type: none"> Periodic report of financial and business status. Convening shareholders' meetings to announce the operating results and resolve on the major issues of the Company. Convening investor conferences to provide financial information and report future development directions. Establishing investor area to maintain positive interaction with investors in the long run. "The Ethical Corporate Management Best Practice Principles" ratified by the board establish a corporate culture based on integrity and ensure sound operations | <ul style="list-style-type: none"> Publication of monthly turnover data and quarterly financial reports One meeting of shareholders and two investor conferences. 132 investor inquiries. |
| Customers | <ul style="list-style-type: none"> Business strategy and operational performance Business ethics and code of conduct Corporate Governance Legal compliance | <ul style="list-style-type: none"> Addressing the customer's request for CSR from suppliers with respect to the Code of Conduct of the Responsible Business Alliance (RBA). Communication with customers on the product's conformity and legal compliance with the Green Mark. Participating in CDP (Carbon Disclosure Project) and publishing the status of corporate operation, carbon emission and management. | <ul style="list-style-type: none"> RBA-VAP certification received for Hsinchu Plant in Taiwan Product Green Mark projects for five customers. CDP (Climate Change): Level C CDP (Supplier Engagement Rating; SER): Level A |
| Suppliers | <ul style="list-style-type: none"> Business strategy and operational performance Business ethics and code of conduct Legal compliance | <ul style="list-style-type: none"> Information survey and collection is conducted through e-SCM | <ul style="list-style-type: none"> 122 CSR undertakings from suppliers. |
| Communities | <ul style="list-style-type: none"> Business strategy and operational performance | <ul style="list-style-type: none"> Through Yu Shiu Education Development Foundation, the PR Division and employee clubs, we actively promoted social engagement, such as organizing the Y.S. Award, funding vulnerable groups, organizing blood donations and sponsoring marathons every year. | <ul style="list-style-type: none"> 1,566 participants for 619 hours of activities. |



● 1.3.4 General Communication

Stakeholder communication falls into three levels. Besides gathering passive information, we engage in the more active and unfettered notification/consultation and cooperation to seek improvement and realize the issues that concern both MiTAC and stakeholders.



● 1.3.5 Communication for Report Preparation

To fully understand and address in the annual sustainability report the topics that concern stakeholders, we distributed the questionnaire in 2021Q4.

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1.3.6 Management Guidelines for Material Issues

Through continuous internal communications with the stakeholders and the Group, MITAC has developed various management approach and targets for the material issues identified to materialize specific management in aspects of the economy, society and environment.

| Category | Material issues | Management guideline | Goals in 2021 | 2021 Performance |
|---------------|---|--|---|---|
| Economic | Business strategy and operational performance | Regular strategic/operational meetings. Improvement of the R&D strength, enhancement of the quality management, and introduction of advanced production technology are the focuses. | To achieve the annual consolidated revenue financial forecast Target | The 2021 annual consolidated revenue is NTD 42.186 billion. |
| | Business ethics and ethical codes of conduct | To put the concept of business integrity into practice, the Company has established various anti-corruption management guidelines and strengthened its advocacy and evaluation through the Company's internal and external websites and online courses to ensure the employees understand the Company's requirements for ethics. Concurrently, sound anti-corruption whistle-blowing channels have been developed to provide anti-corruption complaints channels. | No violation of the Ethical Corporate Management Best Practice Principles | No violation of the Ethical Corporate Management Best Practice Principles |
| | Corporate Governance | Establishment of the Audit Committee CCGO and review of related laws and regulations for related unit; More assistance is provided to the directors for enhancement of their competency. Materials that directors need for their duties are provided and assistance is given to them for their compliance of regulations. | TWSE Corporate Governance 100 Index | 1. Ranked among the top 6%-20% in Corporate Governance Evaluation 2. TWSE Corporate Governance 100 Index |
| | Risk Management | The "Risk Management Policy and Procedure" is established and assessed annually, including quality procedures, environmental safety, labor rights, internal control and self-evaluation, information security, climate change, etc. | No occurrences of material risk that affects operation. | 1. No events of high risk 2. No occurrences of operation interruptions and material information security events. |
| | Customer service | For the ODM customers or those of consumer products, ensure that the privacy of the customer is one of the important items of the customer service. The products of the Company exported to Europe meet the GDPR requirements. The product specifications and design documents of the ODM customers are subject to ISO 27001 information security certification and the awareness of cyber security is enhanced to avoid illegal disclosure of customer's data. | No events in violation of customer's privacy | No complaints concerning breaches of customer privacy and losses of customer data. |
| Social | Attraction and preservation of talent | A salary policy of market competitiveness is established to attract talents. The Company shall provide comprehensive training programs and career counseling services to encourage retention of talents and publish the employee welfare and policy in the recruitment section of the official website. | Provide competitive employee salary. | 2021 Salary: 1. Average salary growth by 7% 2. Growth in median of wage by 5% |
| | Labor rights | Promote obtaining RBA-VAP certification by the Group's production plants. | RBA-VAP certification received for Taiwan and China plants. | RBA-VAP certification received for Taiwan and China plants. |
| Environmental | Product responsibilities | By introducing eco-friendly product design procedures, the hazardous substance management is carried out and products are designed to be energy-saving at the R&D phase in accordance with the international environmental requirements. With eco-friendly designs that feature recyclability, reduced packaging waste, and the use of recycled materials, the environmental impact can be mitigated and life-cycle carbon reduction goals can be achieved. The Company can apply for environmental labels for the products to ensure that they meet the most rigorous environmental requirements of counties that the products are sold to. | No violation of environmental protection and no product safety events | No violation of environmental protection and no product safety events |
| | Legal compliance | The factory staff and administrative personnel regularly review environmental safety and health regulations through the ISO 14001 procedure for identification and to ensure internal compliance. | No violations | No occurrences of related violation events and fines |



2. Corporate Operation and Development

2.1 Company Outlook

2.2 Corporate Governance

2.1 Company Outlook

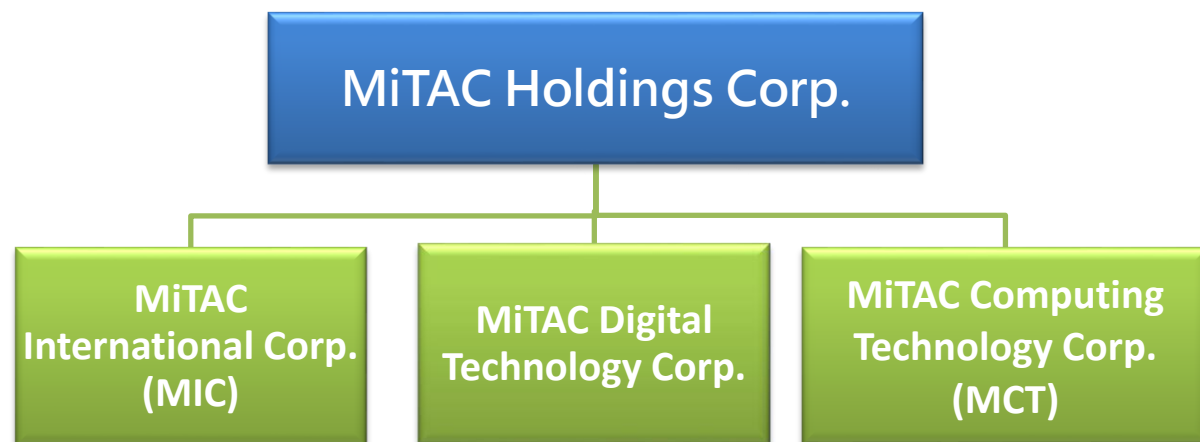
Index > Business operation and Development > Company Outlook > Company Profile



2.1.1 Company Profile

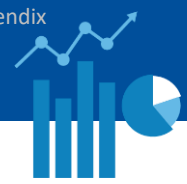
Headquartered in Taiwan, over the past four decades, we have developed into a multinational corporation of JDM/ODM/OEM/OPM (Original Product Manufacture), design and R&D, manufacture, testing, assembly, marketing, and service. Through the manufacturing and logistics centers in Guangdong and Jiangsu of China, Hsinchu of Taiwan, and California of the USA, we distribute products worldwide with leading brands including Mio, Magellan, and Navman (for auto electronics) and TYAN (for servers).

As the head of the group, MHC maps out the group's development, investment, and strategy partnership plans; provides integrated resources; enhances the integration effectiveness of marketing, manufacturing, and logistics service platform; and assists subsidiaries in operational development, talent fostering, and licensing specialty operations. All these are meant to achieve fast organization alignment with group decisions for specialization and improve governance which, in turn, would advance its industry leadership for continuous growth and sustainable management.



Membership of associations

- | | | |
|--|---|--|
| <ul style="list-style-type: none">• The Allied Association for Science Park Industries• Taipei Computer Association• Taiwan Electrical and Electronic Manufacturers' Association | <ul style="list-style-type: none">• The Allied Association for Science Park Industries• Taiwan Electrical and Electronic Manufacturers' Association• Taiwan Telematics Industry Association | <ul style="list-style-type: none">• The Allied Association for Science Park Industries• Could Computing & IoT Association in Taiwan• OCP (Open Compute Project) Platinum Membership• Peripheral Component Interconnect Special Interest Group (PCI-SIG)• Open Data Center Committee (ODCC)• Open Networking Foundation (ONF)• O-RAN Alliance |
|--|---|--|



● 2.1.1 Company Profile

MCT: Cloud Computing, Edge Computing, and IPC

With cloud computing, edge computing, and IPC as the focus of development, the MCT has developed a flexible and custom supply model that meets the demand of different systems and applications based on its capacity in design and manufacturing and performance in large datacenter construction accumulated over 30 years, alongside the customization capacity of own-brand TYAN and the well-established partnership with distribution channels and system integrators. Through constant R&D and product and platform diversity, the MCT provides servers, storage systems, networking solutions, and embedded products in the smart age featuring smart services, AI, and 5G that links edge computer and cloud computing with unlimited innovation energy, in order to provide valued solutions for different industries, such as finance, technology, retail, education, and manufacturing and to realize the smart lifestyle using IoT applications. The 2021 MiTAC system and mainboard shipment quantity ranks number 5 according to the DIGITIMES Research's investigation and research results based on the shipment quantity of the servers by the ODM manufacturers in Taiwan.

MDT: Automotive and AIoT

MDT has a full range of navigation systems, automotive-grade ODM experience, and outstanding R&D, integration, and testing capacity, and distributes products in the consumer and specialty markets with own brands including Mio, Magellan and Navman. MDT also wins numerous international design awards and earns acclaim from worldwide media. The MDT creates software-hardware-integrated total solutions covering dash cams, smart cameras, navigation systems, automotive navigation systems, and advanced driver-assistance systems (ADAS). In addition, the MDT has developed a series of professional tablets and device management platform systems for use in the logistics, tourism, healthcare and industrial fields to cut costs and enhance work efficiency. With strong R&D and design capacity and rich manufacturing experience, the MDT has become the trusted partner of world-class customers. In terms of the automobile electronics and AIoT products, the current market share for the brand in automobile electronics is secured at top 3 spots in the world.

MIC: Smart Service

MIC provides the group with smart technologies and services, professional logistics support and management for optimized operational performance of all subsidiaries. MIC manages domestic and overseas assets and investments for asset revitalization and improves investment performance and acts as solid support for the group's sustainable development.

2.1 Company Outlook

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2.1.2 Basic Information



Background

MHC was created through 100% share swap with MIC on September 12, 2013
Stock code: 3706



Group Establishment

1982



Capital

12.07 billion



Global Employees

7,126 persons

Production Locations

Hsinchu Science Park of in Taiwan, Shunde in Guangdong Province of China, MiTAC Kunshan in Jiangsu Province of China and California in the USA



Subsidiary brands

MDT Brand



MCT Brand



2.1 Company Outlook

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2.1.3 Global Locations

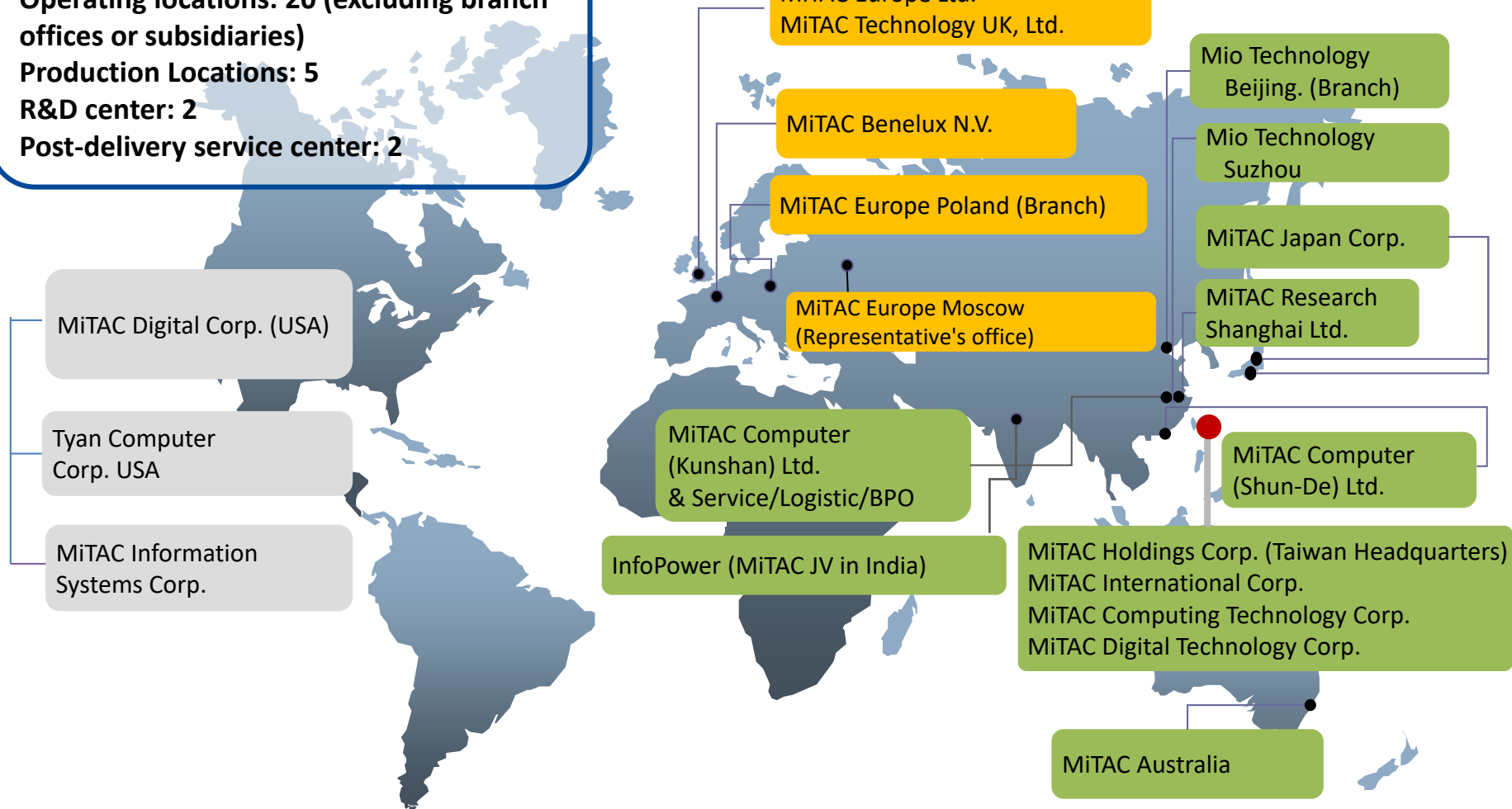
MHC's overseas locations

Operating locations: 20 (excluding branch offices or subsidiaries)

Production Locations: 5

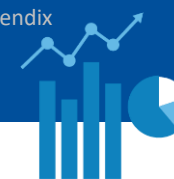
R&D center: 2

Post-delivery service center: 2



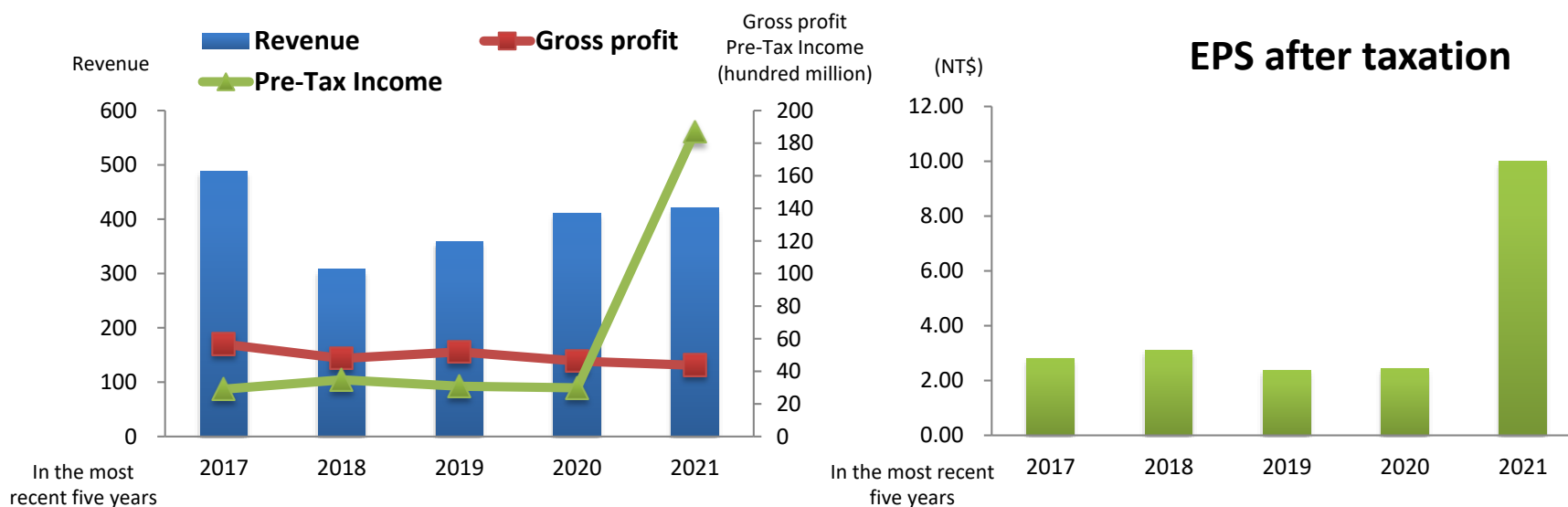
2.1 Company Outlook

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2.1.4 Operating Results

In 2021, MHC’s consolidated revenue amounted to NT\$42.186 billion, with earnings before taxation reaching NT\$18.703 billion and EPS of NT\$10.01.



Note: The shareholding ratio decreased in 2021 due to issuance of new shares for investment in TD SYNEX Corp. and merger of Tech Data on September 1, 2021. According to IFRS, the “equity method” was changed to “financial assets measured at fair value through other consolidated income” and thus recognized a one-time valuation gain, leading to a dramatic increase in the pre-tax net profit and earnings per share (EPS).

The 2021 earnings distribution proposal was passed at the board meeting on February 25, 2022. The amount of cash dividend for distribution is NT\$2,413 million (NT\$2.00 per share), which will be reported to the annual general meeting (AGM) of shareholders on May 31, 2022.

2.1 Company Outlook

Index > Business Operation and Development > Company Outlook > Operating Results

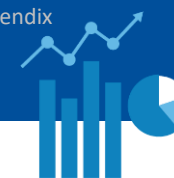
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Unit: NT\$ 1 million

2.1.4 Operating Results

Financial performance

| Item | Year | 2020 | % | 2021 | % |
|--------------------------------------|------|---------|------|---------|------|
| Operating revenue | | 41,146 | 100 | 42,186 | 100 |
| Gross profit | | 4,625 | 11 | 4,362 | 10 |
| Operating expenses | | (4,551) | (11) | (4,320) | (10) |
| Operating income | | 74 | 0 | 42 | 0 |
| Pre-Tax Income | | 2,980 | 7 | 18,703 | 44 |
| Income tax expenses | | (129) | (0) | (6,741) | (16) |
| Net income after tax | | 2,851 | 7 | 11,961 | 28 |
| Earnings per share (EPS) | | 2.45 | | 10.01 | |
| Employee salary and welfare expenses | | (5,516) | | (5,412) | |

Liabilities and shareholders' equity to total assets ratio

| Item | Year | 2020 | % | 2021 | % |
|----------------------|------|--------|-----|--------|-----|
| Total assets | | 57,172 | 100 | 76,349 | 100 |
| Total liabilities | | 14,410 | 25 | 23,742 | 31 |
| Shareholders' equity | | 42,762 | 75 | 52,607 | 69 |

Note 1: The shareholding ratio decreased in 2021 due to issuance of new shares for investment in TD SYNEX Corp. and merger of Tech Data on September 1, 2021. According to IFRS, the "equity method" was changed to "financial assets measured at fair value through other consolidated income" and thus recognized a one-time valuation gain, leading to a dramatic increase in the pre-tax net profit and earnings per share (EPS).

Note 2: The 2021 income tax expenses increase dramatically, mainly due to adjustments to dividend policy of subsidiary Silver Star Developments Ltd. It may be returned during annual earnings distribution in the future. NT\$6.32 billion is recognized as 2021 deferred income tax liabilities.

Note 3: The countries for income tax expenses include three regions, namely, Taiwan, China and the USA.

2.2 Corporate Governance

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2.2.1 Corporate Governance Chart





● 2.2.2 Operation of the Board of Directors

I. The organization and functions of the Board of Directors:

The Company's BOD is formed by 10 seats (including three independent directors) in consideration of the scale of operations, development needs, stake of its major shareholders, and actual needs of operations.

This company has already formulated "the Regulations Governing Procedures for Board of Director Meetings" and fully complies with them. Major board resolutions are disclosed on the Company website. The Company has also disclosed the attendance of the directors in the Board meetings and their status of continuing education for the information of the investors at the zone of "Corporate Governance" in MOPS so that disclosure could be made timely and transparent. In the years ahead, The Company will fortify the functions of the Board of Directors in responding to applicable legal rules and the requirements of corporate governance.

II. Board composition diversity policy

The director diversity policy has been defined with respect to the Company's "Corporate Governance Best Practice Principles."

(1) The diversity policy includes, without limitation, the following two aspects:

1. Basic requirements and values: Gender, age, nationality and culture.
2. Professional knowledge and skills: Professional backgrounds (e.g., law, accounting, industry, finance, marketing, or technology), professional skills and industry experience.

(2) Concrete management goals: board members should generally be equipped with the knowledge, skills and literacy required for carrying out their duties. To achieve the ideal goal of corporate governance, the Board should be equipped with the following abilities in general:

1. Ability to make operating judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Knowledge of the industry.
6. An international market perspective.
7. Ability to lead.
8. Ability to make policy decisions.



● 2.2.2 Operation of the Board of Directors

III. MiTAC has 10 directors. Based on the requirement for Board composition diversity, members come from backgrounds including finance, accounting and academics, with knowledge covering technology, telecommunications, venture capital and finance, complying with related regulations. The directors are all male who are over 50 years old. Relevant implementation situations are detailed in the table below:

| Titles | Core items Names | Gender | Age | Nationality | Part-time employees | Tenure and seniority of independent directors | | | Professional background | Operating judgement ability | Accounting and financial analysis ability | Management ability | Crisis handling ability | Industrial knowledge | | | | International market perspective | Leadership ability | Decision-making ability |
|-----------------------|---------------------|--------|-----|-------------|---------------------|---|-----------|-------------------|-------------------------|-----------------------------|---|--------------------|-------------------------|----------------------|--------------------|-----------------|---------|----------------------------------|--------------------|-------------------------|
| | | | | | | Less than 3 years | 3-9 years | More than 9 years | | | | | | Technology | Telecommunications | Venture capital | Finance | | | |
| Chairman | Matthew Miao | Male | >70 | USA | ✓ | | | | Industry | ✓ | | ✓ | ✓ | ✓ | | | | ✓ | ✓ | ✓ |
| Director | Billy Ho | Male | >70 | R.O.C. | ✓ | | | | Industry | ✓ | | ✓ | ✓ | ✓ | | | | ✓ | ✓ | ✓ |
| Director | Hsu Tzu-Hwa | Male | >70 | R.O.C. | | | | | Industry | ✓ | | | ✓ | | | ✓ | | ✓ | ✓ | ✓ |
| Director | Yu Cheng Chiao | Male | >60 | R.O.C. | | | | | Industry | ✓ | | ✓ | ✓ | ✓ | | | | ✓ | ✓ | ✓ |
| Director | Yung-Do Way | Male | >70 | R.O.C. | | | | | Finance and accounting | ✓ | ✓ | | ✓ | | | | ✓ | ✓ | ✓ | ✓ |
| Director | Chang Kwang-Cheng | Male | >70 | R.O.C. | | | | | Academic | ✓ | | ✓ | ✓ | | | | | ✓ | ✓ | ✓ |
| Director | Su, Liang | Male | >70 | R.O.C. | | | | | Industry | ✓ | | ✓ | ✓ | ✓ | | | | ✓ | ✓ | ✓ |
| Independent directors | Lu Shyue-ching | Male | >70 | R.O.C. | | | ✓ | | Industry | ✓ | | | ✓ | | ✓ | | | ✓ | ✓ | ✓ |
| Independent directors | Ma Shaw-hsiang | Male | >70 | R.O.C. | | | ✓ | | Industry | ✓ | | | ✓ | ✓ | | | | ✓ | ✓ | ✓ |
| Independent directors | Tsai Ching-yan | Male | >70 | R.O.C. | | ✓ | | | Industry | ✓ | ✓ | | ✓ | | | | ✓ | ✓ | ✓ | ✓ |



● 2.2.2 Operation of the Board of Directors

III. Board of Directors Fully Understand the Sustainable Development Status:

- (1) The Board of Directors has established the “Sustainable Development Best Practice Principles” and fully considered the rights and interests of the stakeholder when implementing the sustainable development goals in the Company, including:
 1. Proposing the missions or visions of sustainable development and establishing sustainable development policies, systems or management guidelines.
 2. Incorporating sustainable development in the business operation and development of the Company, and approving the concrete implementation plans for sustainable development.
 3. Ensuring the timeliness and accuracy of the disclosed information on sustainable development.
- (2) The Company reports to the Board of Directors on a regular basis about how to deal with the economic, environmental and social issues arising from the operating activities:
 1. The unit of the Company responsible for the sustainable operations submits the ESG Report on November 11, 2021.
 2. The ESG Report contains (but not limited to) the implementation status of the following information security, business operation, and climate change:
 - (i) Implementation status of risk management
 - (ii) Commitment of the Company to the net zero emissions and carbon reduction pathways in consideration of the climate change, including installation of solar panels on roofs and setting of power saving goals at plants
 - (iii) Implementation of 17 material issues in the environmental, social and corporate governance respects contained in the 2020 CSR Report and setting of the goals and schedules for the material issues in the 2021-2022 plan.

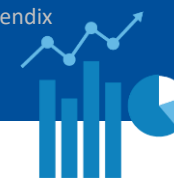


2.2.2 Operation of the Board of Directors

IV. The Board of Directors convened Six times in 2021 (A), and the attendance is shown below:

| Titles | Names | Attendance in person B | Attendance by proxy | Attendance rate (%) (B/A) | Note |
|-----------------------|--|---------------------------|------------------------|------------------------------|------|
| Chairman | Matthew Miao | 6 | 0 | 100.00% | |
| Director | Billy Ho | 5 | 1 | 83.33% | |
| Director | Yu Cheng Chiao | 6 | 0 | 100.00% | |
| Director | UPC Technology Corporation Rep.: Yung-Do Way | 6 | 0 | 100.00% | |
| Director | UPC Technology Corporation Rep: Chang Kwang-Cheng | 6 | 0 | 100.00% | |
| Director | MiTAC Inc. Rep: Hsu Tzu-Hwa | 6 | 0 | 100.00% | |
| Director | MiTAC Inc. Rep: Su Liang | 6 | 0 | 100.00% | |
| Independent directors | Lu Shyue-ching | 6 | 0 | 100.00% | |
| Independent directors | Ma Shaw-hsiang | 6 | 0 | 100.00% | |
| Independent directors | Tsai Ching-yan | 6 | 0 | 100.00% | |

2.2 Corporate Governance



● 2.2.2 Operation of the Board of Directors

Special notes:

- I. If the Board of Directors experience one of the following situations, the date, term, content and handling of Independent Directors’ opinions and the company’s opinions about the Independent Directors should be elaborated.

| Date | Term | Content of the motion | Opinions of the Independent Directors | The Company’s response to the independent directors’ opinions |
|------------|-----------------------------------|---|---------------------------------------|---|
| 2021.01.28 | The 10th meeting for the 3rd term | Review and approval of year-end bonuses for managers in 2020 | None | None |
| | | Ratification of the new and revoked external endorsements/guarantees. | None | None |
| 2021.03.08 | The 11th meeting for the 3rd term | Replacement of the CPA for financial statements. | None | None |
| | | Proposal to set a lending credit for subsidiary MCT. | None | None |
| 2021.08.12 | The 14th meeting for the 3rd term | Review and approval of pay raises for managers in 2021 | None | None |
| | | Review and approval of employee bonuses for managers in 2021 (including employee remuneration in 2020). | None | None |
| | | Addition of the credit for capital lending to subsidiaries MiTAC Computing Technology Corp. and MiTAC Digital Technology Corporation. | None | None |
| 2021.11.11 | The 15th meeting for the 3rd term | Ratification of the new and revoked external endorsements/guarantees. | None | None |



● 2.2.2 Operation of the Board of Directors

- II. In addition to the aforementioned issues, other issues related to the Board of Directors meeting that were objected or commented on by the Independent Directors (recorded or written statements): None.
- III. The enforcement of the avoidance of the conflict of interest of the directors in making decisions: directors acted to avoid possible influence on the result of decision on motions with conflict of interest to the Company:

| Date of the Board Session | Term | Names of the directors who sought to avoid the conflict of interest | Content of the motion | Reasons for the avoidance of the conflict of interest | The voting |
|---------------------------|-----------------------------------|---|---|---|---|
| 2021.01.28 | The 10th meeting for the 3rd term | Matthew Miao Billy Ho | Review and approval of year-end bonuses for managers in 2020 | Concurrent position as manager | Unanimous approval by all attending board members with voting rights (approved as proposed) |
| 2021.08.12 | The 14th meeting for the 3rd term | Matthew Miao Billy Ho | Review and approval of pay raises for managers in 2021 | Concurrent position as manager | Unanimous approval by all attending board members with voting rights (approved as proposed) |
| | | Matthew Miao Billy Ho | Review and approval of employee bonuses for managers in 2021 (including employee remuneration in 2020). | Concurrent position as manager | Unanimous approval by all attending board members with voting rights (approved as proposed) |

- IV. The 2021 self-assessment of the Board and functional committees (Remuneration Committee and Audit Committee) with respect to the “Regulations for Board Performance Evaluation” showed that the board performance was “excellent” suggesting that Board operations were perfect and complied with the governance standards.



● 2.2.3 The Operation of the Auditing Committee

I. The organization and functions of the Auditing Committee:

1. The Company has replaced supervisors with the Audit Committee comprised of all the independent directors since May 2019. It works in accordance with the “Audit Committee Organization Regulations” of the Company for supervision of the following matters:
 - (1) The fair presentation of the Company’s financial statements
 - (2) The selection (and dismissal), independence and performance of Company’s certificated public accountants
 - (3) The effective implementation of the Company’s internal control system
 - (4) The Company’s compliance with the relevant laws and regulations
 - (5) The management of the Company’s inherent or potential risks
2. The duties of committee members are as follows:
 - (1) Adoption or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
 - (2) Evaluate the effectiveness of the internal control system.
 - (3) Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
 - (4) A matter bearing on the personal interest of a director.
 - (5) A material asset or derivatives transaction.
 - (6) A material monetary loan, endorsement, or provision of guarantee.
 - (7) The offering, issuance, or private placement of any equity-type securities.
 - (8) The hiring, discharge, or compensation of an attesting CPA.
 - (9) The appointment or discharge of a financial, accounting, or internal auditing officer.
 - (10) The annual financial statements signed by the chairperson, CEO, and CFO.
 - (11) Other major matters specified by the Company or the competent authorities.



● 2.2.3 The Operation of the Auditing Committee

- II. The communications between the independent directors, the chief internal auditor, and the certified public accountants:
 1. The communications between the independent directors and the chief internal auditor:
 - (1) The Company submits a report on the identified deficiencies, improvements and follow-ups in the previous month to the independent directors for review on a monthly basis, and the independent directors review the report and give suggestions.
 - (2) The Company's internal audit officer regularly explains the implementation of audit activities and reports on the self-inspection carried out in response to the recent internal control failure incidents that occur externally to the independent directors at the Audit Committee meeting held quarterly.
 - (3) The Company's internal audit officer and independent directors may directly reach each other, if needed, through smooth communication channels.
 2. Communications between the independent directors and CPAs: The Audit Committee's independent directors shall communicate with CPAs through an Audit Committee meeting or by holding a separate communication meeting at least once every six months, and the CPAs may communicate and have discussions with the directors by correspondence when necessary.



● 2.2.4 The Operation of the Remuneration Committee

I. The organization and functions of the Compensation Committee:

MiTAC established the Remuneration Committee on September 12, 2013 organized by 3 external professionals with independent status. The committee convenes at least twice a year and performs the following duties from a professional and objective perspective, and presents their recommendations to the Board of Directors for discussion.

- (1) Periodic review of these regulations and recommendations for amendment.
- (2) Establishment and periodical review of the performance evaluation standards, annual and long-term goals, and the policy, system, standard and structure of the salary and remuneration of directors and officers.
- (3) Periodically assessment of the target achievement of directors and officers and determination of the contents and amounts of the salary and remuneration of individual officers.

II. The Compensation Committee convened twice in 2021 (A), and the qualification of the members and attendance is shown below:

| Titles | Names | Attendance in person (B) | Attendance by proxy | Attendance rate (%) (B/A) | Note |
|----------|----------------|--------------------------|---------------------|---------------------------|------|
| Convener | Ma Shaw-hsiang | 2 | 0 | 100.00% | |
| Members | Lu Shyue-ching | 2 | 0 | 100.00% | |
| Members | Tsai Ching-yan | 2 | 0 | 100.00% | |

2.2 Corporate Governance



2.2.5 Departmental Business Operation

| Departments | Principal business operation |
|-----------------------------------|---|
| Auditing Office | <ul style="list-style-type: none"> Review the condition of the Company's operations and offer recommendations for improvement. |
| Risk Management Team | <ul style="list-style-type: none"> Promoting and coordinating senior officers or process and business implementation units to implement the relevant management procedures of risk events or cross-department risk assessment with risk interested parties to lower the operational impact of risks on the Company's operations. |
| Sustainable Development Committee | <ul style="list-style-type: none"> The Committee is responsible for establishing sustainable development goals and supervising functional departments in the implementation of sustainability-related action plans and their effectiveness to ensure accomplishment of the sustainable operations of the Company. |
| Legal Affairs | <ul style="list-style-type: none"> Contract formulation and review. Consultation, support, and provision of business-related legal service; legal issues in other aspects. |
| Investment planning management | <ul style="list-style-type: none"> Assess the operation and the development of the investees and map out related investment plans. Design and establish management regulations and manage the result of operation of the investees Shares registration and transfer. |
| Financial | <ul style="list-style-type: none"> Financial operations and planning. Evaluation and research of domestic and international investment opportunities. Financial planning and various tax-related accounting treatment. |
| Human Resource | <ul style="list-style-type: none"> Human resources strategic planning and execution. Human resources management and talent development. Execution and management of administration, safety, and health issues. |

2.2 Corporate Governance



Index > Business Operation and Development > Corporate Governance > Continue to Improve Corporate Risk Management

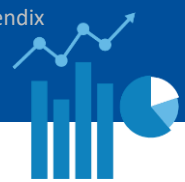
2.2.6 Continue to Improve Corporate Risk Management

Through the risk items identified in the annual internal audit process of the various management systems, the Risk Management Team conducts the prioritization and identification of the risks, conducts impact analysis and review the effectiveness of relative measures.

MiTAC established the Remuneration Committee on September 12, 2013 organized by 3 external professionals with independent status.

The committee convenes at least twice a year and performs the following duties from a professional and objective perspective, and presents their recommendations to the Board of Directors for discussion:

| Risk topic | 2021 Risk issue | Impact to MiTAC | Main countermeasures of MiTAC |
|----------------------|--|--|---|
| Information security | Continuous strengthening of MiTAC information security protection and management mechanism | If faced with incidents of internet attacks and ransom, there might be operation disruptions, finance and business reputation damages, and any information leaks might lead to legal and compensation liabilities. | <ol style="list-style-type: none"> 1. Raise the information security risk assessment (91 points in 2021) 2. Execute the BCM (Cyber attack) program 3. Share industry peer experiences in their handling methods for attacks. |
| Operation strategies | Over reliance on specific customers or single customer | When revenues of customers decline, it might result in losses to the Company. | <ol style="list-style-type: none"> 1. Diverse products 2. Develop more customers |
| | Financial Risk | Changes in exchange and interest rates might result in dramatic losses | Regular report to sales on the trend analysis for both rates |
| | Unaccomplished backup of important information/ system | Leads to losses in important information of the Company | Regular backup and review of important information |
| | Supply interruptions/ raw materials delivery delays | Increase in procurement costs affect production and shipment | <ol style="list-style-type: none"> 1. Conduct supply chain risk identification and BCP audit 2. Key/scarcely parts safety stock |
| | Raw materials stock risk: Excess material/scrap/material losses | Reduced stock usage performance. Raw materials that are stored for too long may affect product quality. | Comply with SOP procurement control and production processes, and regular review of related indexes. |
| | Insufficient production capacity/Production and marketing imbalance | Affect delivery schedule and reduce customer's level of trust | <ol style="list-style-type: none"> 1. Regular review meeting for production and marketing 2. Prioritize based on level of influence |
| | Project and schedule conflicts | Result in production delays and affect delivery schedule | <ol style="list-style-type: none"> 1. Regular review meeting for production and marketing 2. Prioritize based on level of influence |
| | RBA labor overtime work | Affect employee health and safety | Build risk response mechanism, such as system control and reminder of work hours |
| Climate change | Local legislations on carbon reduction | Fines occurred due to non-compliance to related laws and regulations | <ol style="list-style-type: none"> 1. Pay close attention to and identification of local carbon reduction regulations 2. Build emissions reduction pathway and promote related carbon reduction methods |
| | Carbon border tax | Increase raw materials operation related costs | Build emissions reduction pathway and promote related carbon reduction methods |
| | Extreme climate | Affect company production and order fill rate | Promote Business Continuity Plan (BCP) |



2.2.6 Continue to Improve Corporate Risk Management - Internal Control and Audit

MiTAC’s internal control system is designed by managerial officers pursuant to the “Regulations Governing Establishment of Internal Control Systems by Public Companies” and in consideration of the overall operating activities of the Company. It is approved by the Board of Directors. The internal control contain the formation elements and major control items to ensure achievement of the following goals reasonably:

1. The effectiveness and efficiency of the operations
2. Reliability, timeliness, transparency and compliance of reports
3. Observance of relevant laws and regulations

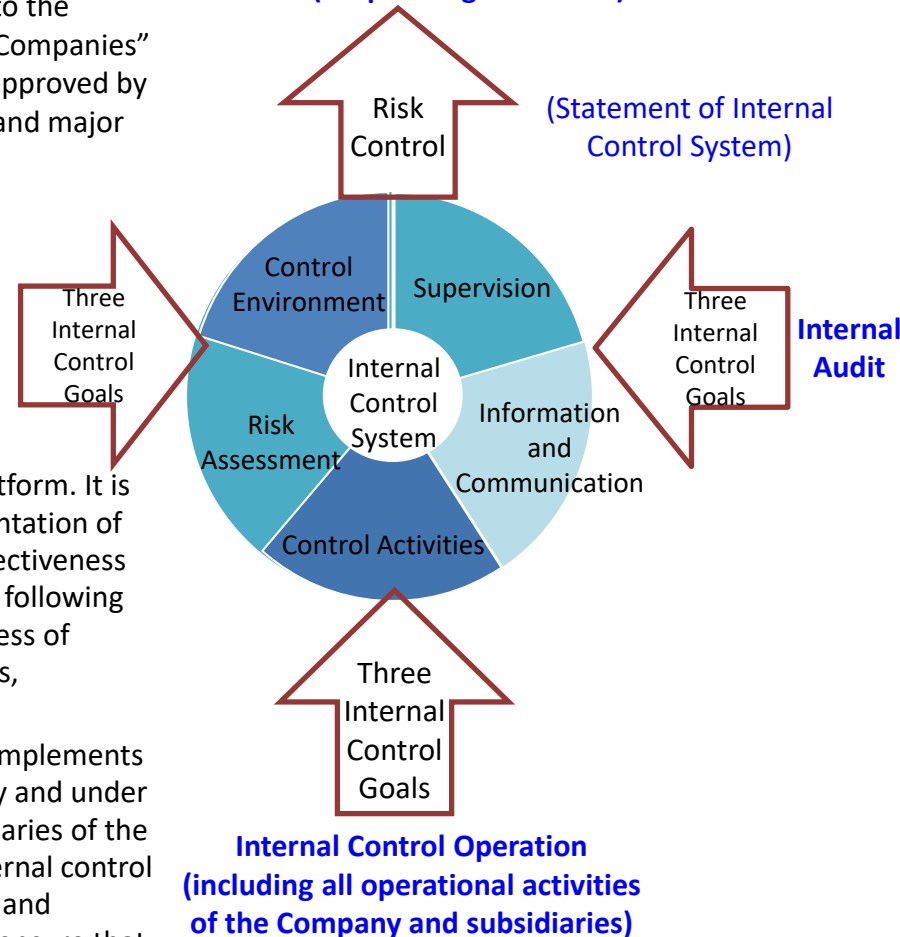
Internal Control Self-Assessment (all units of the Company)

The self-assessment of the internal control is conducted on an electronic platform. It is conducted at least once a year. The effectiveness of the design and implementation of internal control system is evaluated based on the judgment items for the effectiveness of the internal control system. The internal control system is divided into the following five elements based on the judgment items and in compliance with the process of management control: control environment, risk assessment, control activities, information and communications, and monitoring activities.

The internal control unit assesses risk regularly, prepares an audit plan, and implements relevant inspection accordingly. In addition, auditors carry out audit routinely and under a project on a regular or irregular basis. It urges the departments and subsidiaries of the Company to conduct regular self-assessment for the effectiveness of the internal control system every year. The results of the audit together with the working papers and relevant documents are compiled to make an audit report for submission to ensure that the internal control system of the Company can be implemented continuously and effectively.

Illustration of corporate governance and operational governance

Board of Directors/Chairman/President (Corporate governance)

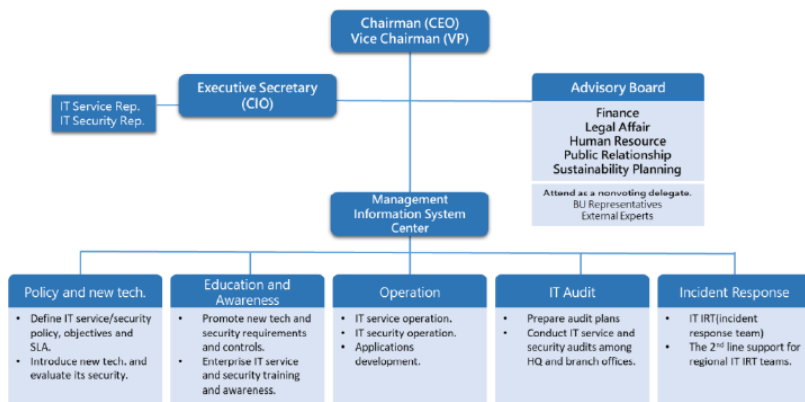




2.2.6 Continuous Improvement of Corporate Risk Management: Information Security Management

Cyber Security Policy and Implementation Organization

- To continue enhancing the information security protection and management, MiTAC received the ISO 27001:2013 Information Security Management System certificate in 2019 and passed the audit every year. In 2021, MiTAC passed the audit conducted by a third-party verification institution to confirm the validity of the information security management system and relevant certificates.
- The President serves as the chair of the cyber security implementation organization with the Vice President of the MiTAC Digital Development Center as the deputy chair. The chief of the Information Center serves in the position of executive secretary. The Company has a department dedicated to cyber security. An information security manager and several information security personnel were appointed to be responsible for promoting, coordinating, overseeing and reviewing matters in relation to cyber security management.



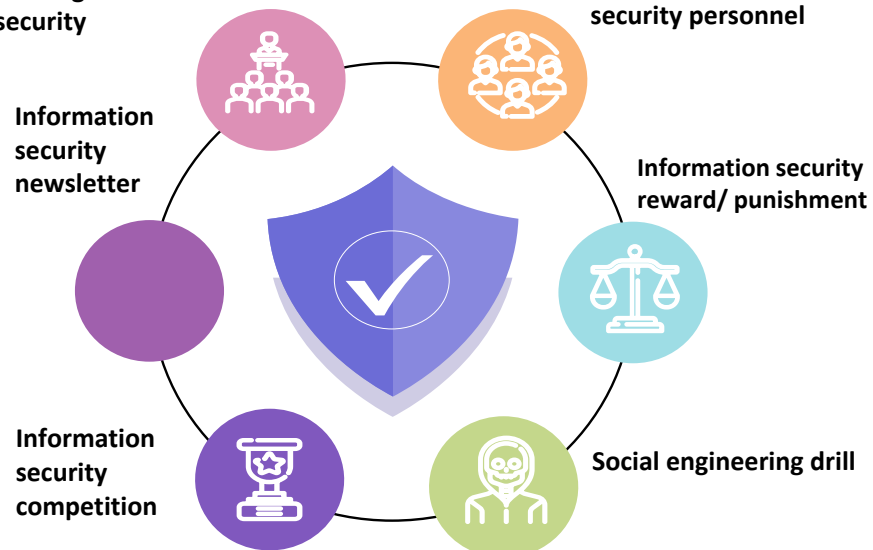
- The cyber security department reports on the implementation of cyber security measures to the management or the Audit Committee on a regular basis to ensure the appropriateness and effectiveness of the operation.

Information security awareness raising and training

- All personnel using the information systems must participate in information security courses every year.
- Managers and personnel responsible for information security shall take part in professional information security training annually.
- The significance and necessity to observe the information security policy of the Company are communicated to the employees on an ongoing basis.

Orientation and annual training on information security

Education and training for information and security personnel



2.2 Corporate Governance



Information and communication system inventory and risk assessment

The Company checks information assets and cyber systems and update the information assets list every year to identify their value. We identify and update the list of internal and external stakeholders and the laws and contractual requirements to be observed every year.

In addition to the annual risk assessment, we identify and review regularly the potential information risks to our core businesses and information assets that should be protected, analyze the impact in case of loss of the confidentiality, integrity and availability and perform corresponding control measures with respect to cyber security management and technology. The probability and possible impact of business interruptions are also assessed to set the clear recovery time objective (RTO) and recovery point objective for the core businesses with complete backup mechanisms and plans in place.



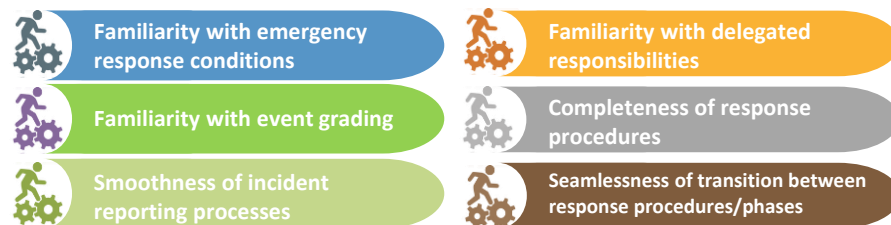
- | | | |
|---|---|---|
| <ul style="list-style-type: none"> Information asset inventory Summarization of information security issues | <ul style="list-style-type: none"> Assessment of the asset value Assessment of threat and vulnerability Generation of risk value | <ul style="list-style-type: none"> Development of acceptable risk level Development of risk handling plan Tracking |
|---|---|---|

We have an information service continuity plan in place to stay resilient and secure the Company's continuous operations. Six drills and reviews were conducted in 2021. To ensure the normal operation of key application systems directly related to business operations, such as production, R&D, and sales systems, the IT center arrange the disaster recovery (DR) drills at offsite IT room every year to ensure business continuity from the offsite IT room after the service of key application systems at the IT center of headquarters is prevented by a disaster. In order to test effectiveness in 2021, the actual switchover was conducted, and the operation was effective and complied with RPO / RTO goals.

| ERP drill outcome | Projected results | Drill outcome |
|-------------------|-------------------|---------------|
| RPO | 0 | 0 |
| RTO | <= 4 hrs | 3.83 hrs |

- Recovery Time Objective (RTO)
- Recovery Point Objective (RPO)

Considering the endless emergence of domestic and foreign ransomware attacks that can easily cause serious impacts on the operation and production, the Company carried out a cross-functional emergency drill for response to the ransomware attacks in 2021 to make sure that the Group could effectively handle disasters and reduce losses with its response structure and capability in case of emergency. The drill was performed to improve the personnel's crisis management and response skills.

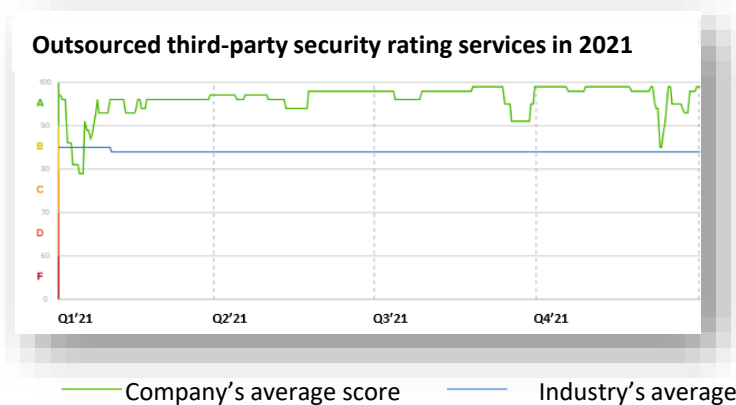


Cyber security protection and control measures

The Company not only abides by the control requirements under the ISO27001:2013 standard, but also uses the "Cyber Security Management Act", "Cyber Security Control Guidelines for TWSE/GTSM Listed Companies", NIST SP 800-53 and other domestic or foreign regulations or standards as reference for analyzing the needs for information security protection based on the Cyber Defense Matrix and revising our 3-year cyber security plan every six months to optimize the cyber security budgets, control procedures, and protection measures.



2.2 Corporate Governance



•We constantly gather various cybersecurity risk analysis indicators externally through external information security risk rating service to continuously monitor and lower information security risk.

| | | | | |
|----------------------|-----------------------|----------------------------|---------------------|---------------------------------|
| Cyber Security | DNS Security | Vulnerability Repair Cycle | Node Security | Malicious Connection/Reputation |
| Application Security | Proprietary Indicator | Hacker Chatter | Information Leakage | Social Platform Analysis |

•Cyber security incident response/reporting and information assessment

- In line with the Group's business continuity management framework, information security incident response, handling and reporting procedures are established, including the assessment for impacts and damages caused by incidents, internal and external reporting procedures, methods for informing other affected departments, contact persons and methods for reporting of incidents.
- The Company has participated in the cyber security information sharing organization of the Hsinchu Science Park Bureau and the Taiwan Computer Emergency Response Team & Coordination Center (TWCERT/CC) for receiving cyber security alerts as well as information security threat and vulnerability information in order to take preventive actions, improve information security protection capabilities and reduce the risk of being hacked.
- No business interruption, data corruption, data leakage or other material information security events occurred in 2021.

| Material Topic | Implementation Method/System | Target | 2019 | 2020 | 2021 |
|----------------------|---|--|--|--|--|
| Information security | Compliance with the management system under the SO27001 Information Security Management System, protection of the confidentiality, integrity and usability of the Company's information services and the operational and customer data. | Events causing business interruption, data corruption, data leakage or other material information security events < 1 case | 0 cases; no business interruption, data corruption, data leakage or other material information security events | 0 cases; no business interruption, data corruption, data leakage or other material information security events | 0 cases; no business interruption, data corruption, data leakage or other material information security events |



3. MiTAC and the Environment

- 3.1 Green Commitment**
- 3.2 Green Product Design**
- 3.3 Response to Climate Change and Global Warming**
- 3.4 Green Factory**
- 3.5 Supply Chain Management**
- 3.6 Customer Service and Satisfaction**

3.1 Green Commitment



● 3.1.1 Eco-friendly Product Strategies

Facing the increasingly severe challenges of global warming and energy and resources depletion, to reduce the environmental impact of products, MiTAC engages in product eco-design. Based on international environmental protection laws and regulations and customer requirements, we include energy conservation, materials reduction, ease of disassembly and waste recovery simplification in product design. In the control of hazardous chemical substances, we set short- and medium-term goals for the reduction of hazardous substances, reduce environmental impacts in the manufacturing process, establish the environmental management system and establish various environmental management SOPs to control waste produced and energy and materials used in the process.

In addition to the existing foundation, we continued to promote the circular economy concept in 2021 to progressively realize our green commitment in CSR.



3.1 Green Commitment



● 3.1.2 Introduction of Product Design for the Environment

Through compliance with international environmental protection regulations, product eco-design and passing ecolabel certification, we constantly realize our green commitment described as follows:

- International environmental laws: From an international law development perspective, product design for the environment is now more than just concept promotion. Taking the ErP (EU) as an example, it has proposed that all energy-using products must adopt design for the environment to minimize resource depletion and pollution emission.
- Design for the environment: MiTAC has stipulated DFE (Design for Environment)/Eco-design as one of the prerequisites of product design, therefore we demand our R&D personnel take into consideration the products' environmental impact during different stages, including design, production, packaging, transportation, usage and re-cycle for re-use to waste disposal.
- Ecolabels: We distribute products that meet the highest eco-standards and eco-design requirements of different countries, such as the EPEAT and Energy Star of the USA, the SEPA and CECP of China, the Green Mark of Taiwan, the EU Flower of Europe, and the Blue Angel of Germany, in response to the customer's sales needs. To meet the green procurement threshold of different countries, we strive to fulfill the environmental protection requirements for the design, use, recycling, energy consumption and toxin allowance right at the product development stage.





● 3.1.3 Product Design for the Environment Case Study

Increases materials efficiency

Product type: Datacenter enterprise server and storage server systems

Include materials use efficiency in product design to reduce materials wastage and extend product lifetime.

1. Modular design of products
2. Convenient product disposal by waste collectors
3. Concerns about the composition of key materials in products

The following four practices are implemented to fulfill the above three requirements:

- Ease of disassembly of key parts and components: benefit future maintenance and repair, product upgrading, part and component re-use and EOL material sorting.
- Provision of the important information of the composition of globally concerned key materials in parts: Currently, information of the cobalt in batteries and neodymium (Nd) in the hard disk drives is provided.
- Provision of continuous software updates for customer systems: For customers to use our systems without worrying about forced disposal of products due to discontinued software maintenance and for users of pre-owned MiTAC systems to have system software support after system refurbishment and upgrading, in order to prolong product lifetime.
- Provisions of software for customers to expunge data stored in system: for customers to ease the worries about information security after system disposal or transfer to enhance the willingness of system transfer and the chance of product re-use.

3.1 Green Commitment



3.1.3 Product Design for the Environment Case Study

Increases energy efficiency

Product type: Datacenter enterprise server and storage server systems

1. Selection of PSU with higher energy efficiency

Use of high-efficiency and high-power-factor PSUs meeting with the global 80 PLUS specifications to reduce energy consumption. Progressive enhancement of the energy efficiency level of PSUs every year from the commonly used 80 PLUS Gold to 80 PLUS Platinum in 2019 and further to 80 PLUS Titanium in 2023.

| PSU Energy Efficiency Requirement | | 2018 | 2019 | 2023 |
|--|---------------|-------------|-------------|-------------|
| Minimum PSU efficiency @ 50% load rate | Multi output | 90% | 92% | 94% |
| | Single output | 92% | 94% | 96% |
| Minimum power factor @ 50% load rate | Multi output | 0.9 | 0.9 | 0.95 |
| | Single output | 0.9 | 0.95 | 0.95 |
| 80 PLUS 等級 | | 80 PLUS-金牌級 | 80 PLUS-白金級 | 80 PLUS-鈦金級 |



2. Reduction of electricity consumption in the standby (idle) mode and enhancement of energy efficiency in operation.

3.1 Green Commitment



3.1.3 Product Design for the Environment Case Study

| Product type | Key aspects of design for the environment | Design content and benefits |
|----------------|--|--|
| Thin client PC | <ul style="list-style-type: none"> ■ Increases energy efficiency ■ Ecological design ■ Minimizes toxic environmental hazard | <ul style="list-style-type: none"> □ Conforms to the GB28380 Minimum allowable values of energy efficiency and energy grades for microcomputers and the Energy Star international standard in the US. Adopt external power supplies that conform to the Level V standard in order to improve energy conversion efficiency. □ The plastic case is made from monomer plastics, metal and plastic that does not stick and are easily dismantled for recycling. The metal and plastic are not painted to increase the recycling rate. □ We only use plastics free from plasticizers (environmental hormone), HBCDD-free mainboards, CFC-free production process, materials complying with the RoHS recast and REACH standard and halogen-free materials in order to decrease environmental impact. □ Adoption of Level VI compliant power supplies for AIO series products. □ Use plastics that do not contain the following four types of plasticizers (environmental hormones): DEHP, BBP, DBP, and DIBP and comply with the new hazardous substances added to RoHS in 2015/863/EU. |
| Servers | <ul style="list-style-type: none"> ■ Increases energy efficiency ■ Ecological design ■ Minimizes toxic environmental hazard | <ul style="list-style-type: none"> □ Comply with the current Energy Star 3.0 international standard in the US to increase energy efficiency. Use integrated power supply conforming to the 80Plus standard in order to improve energy conversion efficiency. □ Use CFC-free production process, materials complying with the RoHS recast and REACH standard to decrease environmental impact. □ Implement the modular mechanism design to achieve elasticity, adjustment flexibility, and easy maintenance, simplify future component upgrade and repair and maintenance, and accelerate new product development. □ Trial adoption of RoHS exemption (6a/6b/6c-alloy materials, 7c-i glass or ceramic piezoelectric material) components for specific server products and verifications. □ Trail PCB containing no BFRs/CFRs on specific server products for verification. □ Use plastics that do not contain the following four types of plasticizers (environmental hormones): DEHP, BBP, DBP, and DIBP and comply with the new hazardous substances added to RoHS in 2015/863/EU. |

3.1 Green Commitment



● 3.1.3 Product Design for the Environment Case Study

| Product type | Key aspects of design for the environment | Design content and benefits |
|------------------|--|--|
| Server mainboard | <ul style="list-style-type: none"> ■ Optimize packing and shipping ■ Reduce environmental impact | <ul style="list-style-type: none"> □ A priority for packaging to share existing design. This not only decreases stock materials but also saves purchasing cost, transportation fee and fuel. □ Minimize the materials, energy, water resources used for mold-making as well as waste water, air and material generated at the end of the production cycle, thereby effectively mitigating environmental impact. □ Redesign the space for accessories in order to increase the number of products per box. □ Replace complete user’s manual with single-sheet Quick Guide, and electronic user’s manual is available for download by the client. □ Use 100% non-toxic packaging materials which are recyclable eco-friendly materials. □ Conforms to Packaging and Packaging Waste (PPW). |
| Drive Recorder | <ul style="list-style-type: none"> ■ Optimizing packing and shipping ■ Reduce environmental impact | <ul style="list-style-type: none"> □ A priority for packaging to share existing design. This not only decreases stock materials but also saves purchasing cost, transportation fee and fuel. □ Minimize the materials, energy, water resources used for mold-making as well as waste water, air and material generated at the end of the production cycle, thereby effectively mitigating environmental impact. □ Redesign the space for accessories in order to increase the number of products per box. □ Replace complete user’s manual with single-sheet Quick Guide, and electronic user’s manual is available for download by the client. □ Use 100% non-toxic packaging materials which are recyclable eco-friendly materials. □ Conforms to Packaging and Packaging Waste (PPW). |



● 3.2.1 Eco-friendly Products Materials

MiTAC is dedicated to mitigating excessive resource depletion, increasing resource utilization efficiency and lowering the use of high energy consumption resources. In terms of raw materials for the mass production of core products, the usage quantity is not only directly associated with operating performance, but also the depletion of environmental resources, therefore we regularly keep track of raw material consumption, hoping to improve raw material usage efficiency and decrease the amount of materials needed for packaging and shipping. All products comply with the restriction of the use of certain hazardous substances in electrical and electronic equipment (recast) as in the RoHS recast Directive (2011/65/EU) and the RoHS Commission Delegated Directive (2015/863/EU). Based on the design requirements in the WEEE Recast Directive (2012/19/EU), the recycling rate of all materials used in products is over 80%.

Packaging material

Packaging material is divided into sales/primary packaging, grouped/secondary packaging and transport/tertiary packaging. In order to minimize packaging material's environmental impact, we have recycled grouped/secondary packaging and transport/tertiary packaging used by our component suppliers for reuse during product shipment, thereby reducing the total volume of packaging materials used.

For procurement strategy related to the packaging of core products, besides complying with the Packaging and Packaging Waste Directive, 94/62/EC, PVC-free packaging materials are also introduced. EPE (extended polyethylene) is used in place of EPS (extended polystyrene) to protect products during transport, which in turn decreases environmental impact. As for decreasing transport/tertiary packaging, optimized packaging designs are adopted for shipping and air freight to maximize the product weight each pallet can carry.





● 3.3.1 Global Climate Change and Greenhouse Gas Inventory

MiTAC Group cares about global climate change, protecting the Earth's resources and fulfilling our CSR. Besides continuing to promote greenhouse gas emission control in order to decrease cost, we also strive toward sustainable energy development that encompasses resource efficiency, energy conservation and environmental protection, so as to help materialize a low carbon economy and society.

Energy-Saving Target

To exercise due diligence for social responsibility and implement progressive energy conservation and carbon reduction, we set the long-term and medium-term goals with 2020 as the base year with reference to the SBTi to achieve net zero emissions in 2050 and reduce the emissions by 15% in 2025 and 30% in 2030, respectively. Annual reviews will be conducted and adjustments will be made in accordance with actual resource needs, the outcome of various improvement measures and adaptability/necessity.

Revision of energy conservation targets

When any one of the following situations occurs in the future, we will re-calculate and revise the base year:

1. Changes to operational boundaries.
2. The ownership and control of GHG sources or sinks transferred into or out of organizational boundaries.
3. Changes to GHG quantification methodologies that result in significant changes to quantified GHG emissions or removals.

The significance threshold is 3%. The base year is set and revised according to the Company's needs or related national policies.



3.3 Response to Climate Change and Global Warming



3.3.1 Global Climate Change and Greenhouse Gas Inventory

Every year, we inventory the GHG emissions in the previous year to identify the emission volume and gather related data according to The Greenhouse Gas Protocol. The GHG emissions inventory report covers the emission sources and absorption sinks of carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), perfluorocarbons, (PFCs), hydrofluorocarbons (HFCs) and sulfur hexafluoride (SF₆). The results show that: CO₂ generated by externally purchased electricity is the highest (90-96%)¹. Every year, we also participate in the Carbon Disclosure Project (CDP), support strategic actions, and concerns about and assist in climate change migration.

Group GHG inventory

- According to the IPCC 2006 assessment report, the GWP value for each factory has been corrected. The 2021 carbon emissions quantity from electricity consumption was calculated based on the electricity carbon emission factor announced by each region².
- Scope of inventory for Scope 1 and 2: inventory of the emission results of the operations center, R&D center, and plants in Taiwan; major production bases in China: Shunta Plant in Guangdong and Kunshan Plant in Jiangsu; and the assembly plant in California, USA: MiTACIS.
- Scope of inventory for Scope 3:
 1. Business trips: same as the above locations.
 2. Downstream transportation and delivery: Major production bases in China—MiTAC Shunde in Guangdong.

Note 1: Includes Scope 1 and 2's scope of calculation only.

Note 2: Source of carbon emission factor for every factory: 2020 Electricity Carbon Emission Factor announced by the Taiwan Bureau of Energy, MOEA, 2021 Corporate Carbon Dioxide Emission Information Reporting Guideline in Guangdong Province, China, 2021 Corporate Greenhouse Gases Emissions Accounting and Reporting Guideline in China, PG&E California, USA.

Group's Carbon Footprint Verification





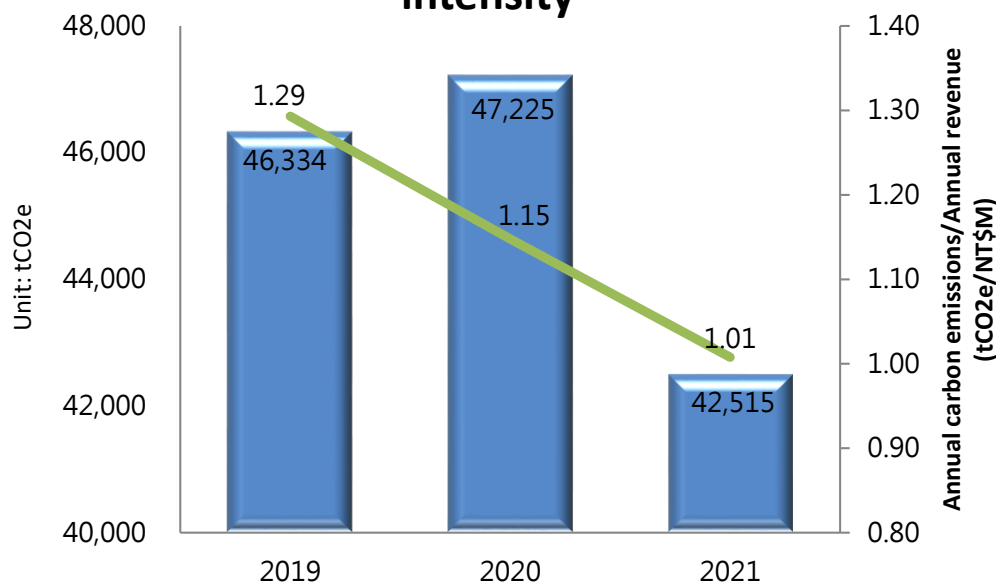
3.3.1 Global Climate Change and Greenhouse Gas Inventory

Group GHG emissions and intensity

Besides setting legal compliance as the basic requirement, we make constant adjustments to lower environmental impact, including the design for environment (DFE) of products and enhancement of equipment efficiency. The intensity of GHG emissions is calculated based on the intensity of CO2 emissions (tCO2e/million NT\$ output) for Scope 1 and Scope 2.

For the importance of the issues in the climate change and energy saving and carbon reduction, MiTAC sets the long-term and medium-term goals with 2020 as the base year to achieve net zero emissions in 2050 and reduce the emissions by 15% in 2025 and 30% in 2030, respectively.

Greenhouse gas (GHG) emission and intensity



Scope: include the Taiwan operating, R&D center and Factory; China major production locations: MSL in Guangdong/MKL in Jiangsu; assembly plant in California, USA: MiTACIS. Due to adjustment of the carbon emission factor at Kunda and MiTAC plants, the total carbon emission value in the 2020 base year was modified from 51,192(tCO2e) to 47,225(tCO2e).



3.3.2 Environmental Information

MiTAC is mainly involved in assembly, therefore our impact on the environment is minimal. The production facility in the plant: From planning, installation and operation, we have energy efficiency in mind. In terms of the measurement and implementation of environmental performance, we focus on the following items as the basis for subsequent environmental performance information evaluation.

| Environmental factor | Description |
|----------------------|--|
| Air | Act accordingly to the local environmental measurement management regulation, such as the air quality is measured every six months (legal standard of CO2 should be 5,000PPM) in the Taiwan region to comply with the regulations; In addition, our waste gas emission during the production process is also within the legal standard, therefore no illegal incidents of air pollution, water pollution or toxic substances occurred. |
| Water | Regular wastewater testing in accordance with local government regulations with results showing in compliance with the standard requirements. Additionally, the household sewage is discharged to the municipal sewage treatment plant. There was no industrial wastewater. |
| Energy | Electricity use is the largest use of energy consumption. Each production location continues to undergo electricity saving measures. Measures such as ventilation system, compressed air system, lighting system and manufacturing process improvements. |
| Wastes | Adopted concentrated waste sorting management, commissioned qualified sub-contractors for treatment of waste, and the wastes are divided into recyclables and non-recyclable waste. |
| Recyclables | These include waste paper, scrap metal (metal), waste plastics, scrap aluminum, waste batteries, IC trays, etc., of which paper accounts for about 90%. In addition, the suppliers recycle and reuse them as recycled resources for waste tin slag to reduced production of waste materials. |
| Non-recyclables | These consist of mixed metal scrap, printing plating board, domestic waste. |

3.3 Response to Climate Change and Global Warming



Index > MiTAC and the Environment > Response to Climate Change and Global Warming > Environmental Information

3.3.2 Environmental Information

In 2021, the total investment of MiTAC’s global operations (energy, resources, materials) and total output (GHG, air pollutants, waste, wastewater) are summarized in the following Table.

| 屬性Process | 範疇Category | 項目Item | 神達(MIC) | | 神雲(MCT) | | 神數(MDT) | | 順達(MSL) | | 昆達(MKL) | | MIS(MiTACIS) | |
|-------------------------------|--|--|---------|------|---------|-------|---------|------|---------|-------|---------|-------|--------------|------|
| | | | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 |
| 投入Input | 能源Energy | 外購電力Purchased electricity (MWh) | 1291 | 682 | 10922 | 10889 | 3227 | 2603 | 28564 | 30502 | 17077 | 18706 | 6484 | 4796 |
| | | 天然氣Natural gas (GJ) | 0 | 0 | 0 | 0 | 0 | 0 | 1745 | 1629 | 0 | 0 | 1871 | 1254 |
| | | 柴油 Diesel(GJ) | 15 | 5 | 105 | 18 | 35 | 8 | 48 | 42 | 267 | 527 | 0 | 0 |
| | | 汽油Gasoline (GJ) | 63 | 57 | 320 | 282 | 54 | 40 | 331 | 382 | 359 | 290 | 0 | 0 |
| | | 液化石油氣LPG (GJ) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 可再生能源 Renewable energy | 太陽能 Solar(MWh) | 0 | 0 | 0 | 0 | 0 | 0 | 559 | 562 | 0 | 0 | 0 | 0 |
| | 水資源Water | 自來水Tap water (million liters) | 6 | 4 | 41 | 40 | 13 | 12 | 226 | 238 | 130 | 143 | 17 | 20 |
| 材料Materials | 包裝 / 運輸材料Packing/shipping materials(ton) | — | — | — | — | — | — | 1643 | 1405 | 674 | 625 | 137 | 95 | |
| 產出Output | 溫室氣體GHG | 直接排放Scope1 (ton CO2e) | 65 | 44 | 480 | 292 | 157 | 111 | 805 | 970 | 426 | 240 | 4 | 41 |
| | | 間接排放Scope2 (ton CO2e) | 657 | 343 | 5559 | 5466 | 1642 | 1307 | 22517 | 19457 | 10418 | 10923 | 4493 | 3322 |
| | | 直接 + 間接排放Scope1+2 (ton CO2e) | 722 | 387 | 6040 | 5759 | 1799 | 1417 | 23321 | 20427 | 10844 | 11162 | 4497 | 3363 |
| | | 員工飛行差旅Scope3 (ton CO2e) | 1 | 0 | 49 | 0 | 16 | 0 | 87 | 0 | 10 | 0 | 7 | 0 |
| | 廢水Wastewater | 生活污水Domestic wastewater (million liters) | 3 | 2 | 23 | 82 | 6 | 5 | 68 | 71 | 58 | 84 | 4 | 4 |
| | | 製程廢水Process wastewater (million liters) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 廢棄物Waste | 一般事業廢棄物General waste (ton) | 17 | 8 | 120 | 82 | 30 | 21 | 250 | 260 | 58 | 54 | 116 | 81 |
| | | 有害事業廢棄物Hazardous waste (ton) | 0 | 0 | 9 | 9 | 0 | 0 | 14 | 36 | 73 | 94 | 0 | 0 |
| | | 資源類廢棄物Resource waste (ton) | 1 | 1 | 20 | 9 | 2 | 2 | 950 | 930 | 538 | 688 | 0 | 0 |
| 廢棄物總重Weight of the waste(ton) | | 18 | 8 | 148 | 100 | 32 | 23 | 1214 | 1226 | 669 | 836 | 116 | 81 | |
| 廢氣Volatile organic compounds | 揮發性有機物 (VOC)(ton) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | |

Note: “_” indicates the item is not available at the plant.

Inventory Scope: include the Taiwan operating, R&D center and Factory; China major production locations: MSL in Guangdong/MKL in Jiangsu; assembly plant in California, USA: MiTACIS.

3.3 Response to Climate Change and Global Warming

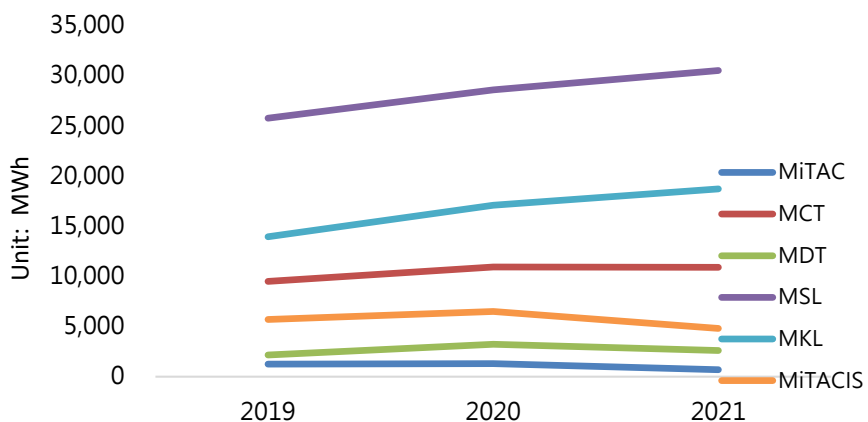


3.3.2 Environmental Information

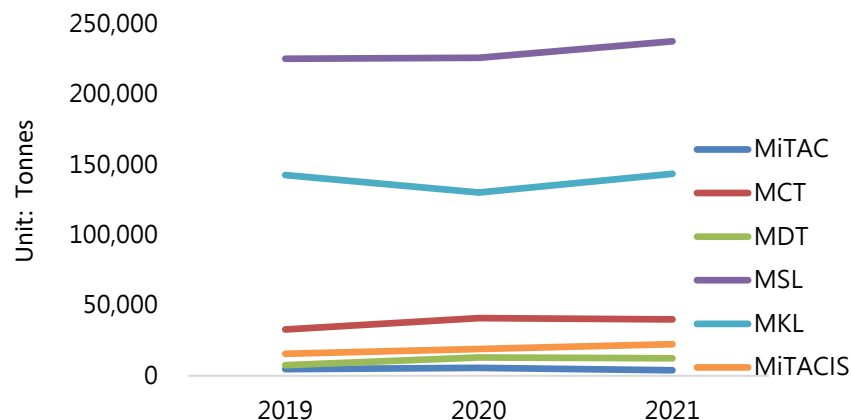
MiTAC complies with ISO 14064 regulations to identify the main source of Scope One + Scope Two carbon emissions is externally purchased electricity, accounting for over 95%. Therefore energy conservation is used in a way to reduce carbon emissions, while energy management systems will also be implemented. In water resource protection, various water conservation programs are established for corporate sustainable development and management of water consumption for operations is achieved with various water conservation and water reclamation/reuse measures.

Sou

Power Consumption



Water consumption

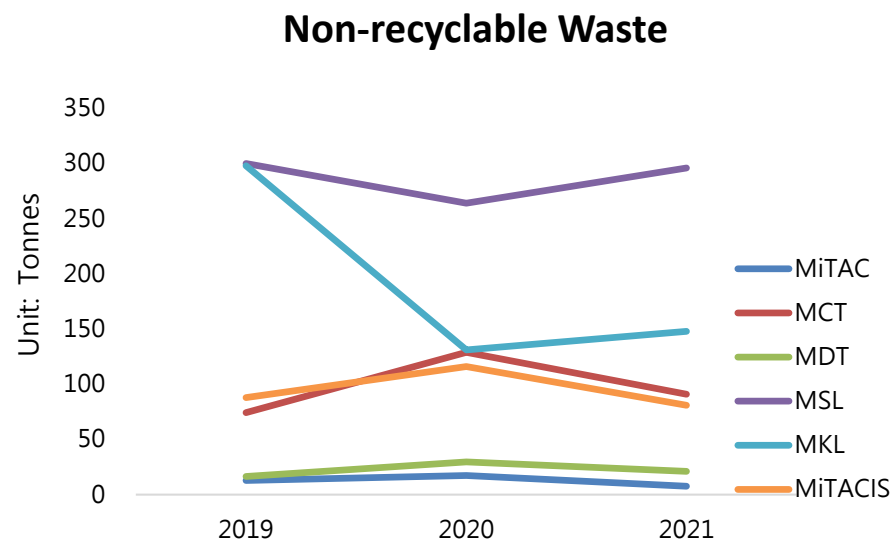
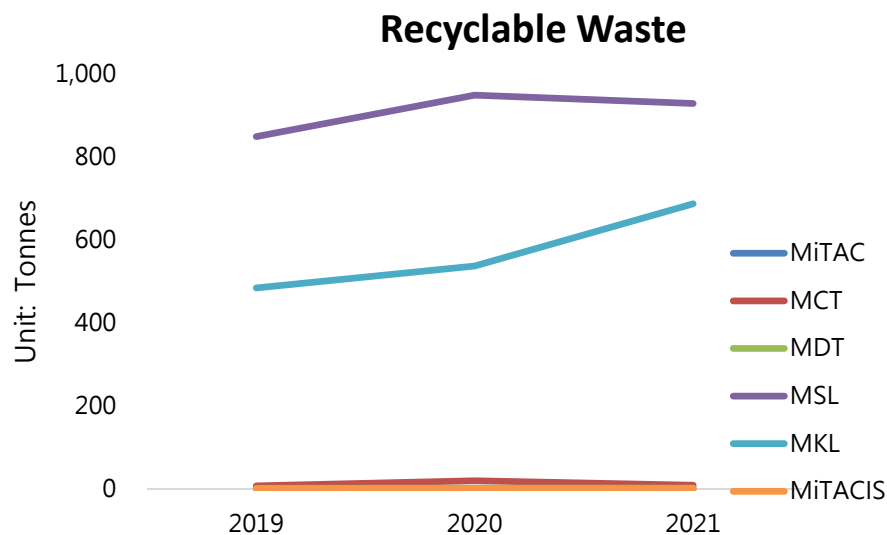


Inventory Scope: include the Taiwan operating, R&D center and Factory; China major production locations: MSL in Guangdong/MKL in Jiangsu; assembly plant in California, USA: MiTACIS.



3.3.2 Environmental Information

By setting legal compliance as the basic requirement, all operational bases are operated according to the environmental management system (EMS) and responsible management units are established. As waste sorting and management are enhanced and waste disposal is outsourced, qualified contractors are selected based on the ability to provide optimal disposal of corresponding waste type. In addition, irregular audits are conducted to ensure the proper disposal of waste.



Inventory Scope: include the Taiwan operating, R&D center and Factory; China major production locations: MSL in Guangdong/MKL in Jiangsu; assembly plant in California, USA: MiTACIS.



3.3.2 Environmental Information

Energy intensity of purchased electricity

In the regular inventory of the GHG emissions in the previous year, we found that CO2 generated by purchased electricity is the highest (90%-96%). Energy intensity is described as follows:

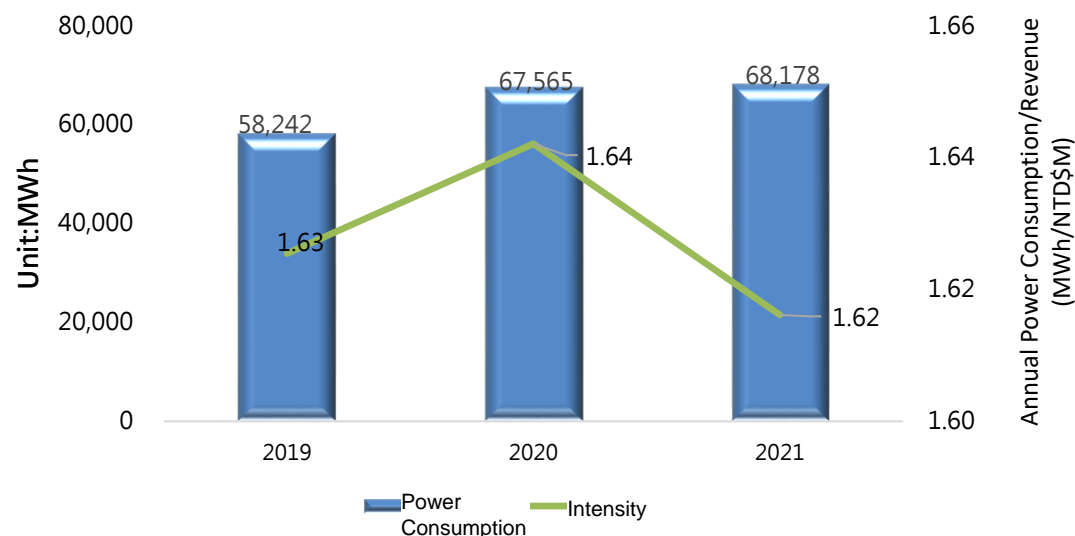
Electricity consumption tends to increase every year. Three main reasons:

1. Energy consumption of plants in China is the highest, and the consumption increased in the last two years as the annual output increased.
2. MCT returned to Taiwan and built a plant in Hsinchu in 2018 with electricity demand for production and domestic use.
3. In response to COVID-19, personnel isolation was implemented in the dormitory of plants in China, leading to the increase in electricity consumption for single rooms.

The office and plant energy conservation activities in 2021 enhanced energy efficiency to reduce electricity consumption by 1,833kWh/year.

Inventory Scope: include the Taiwan operating, R&D center and Factory; China major production locations: MSL in Guangdong/MKL in Jiangsu; assembly plant in California, USA: MiTACIS.

Power Consumption and Intensity

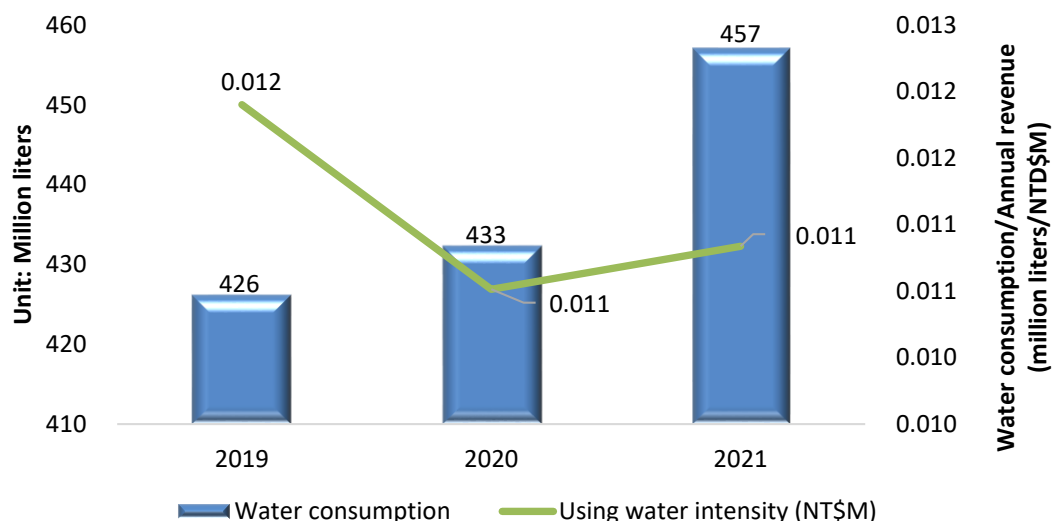




3.3.3 Water Resource

MiTAC’s water consumption at production locations worldwide consists of mainly service water (approx. 95%). Most of the water is tap water, no ground water is used. A water audit is conducted and various water-saving measures are implemented using water intensity (Million liters/NT\$ 1 million of output) as the observation indicator in order to respond to water resource risks caused by climate change in advance.

Water consumption and intensity



Water resource policy:

- Collaborate with regional authorities and utilities companies to coordinate water resource deployment.
- Identify short-term and long-term water resource risks.
- Stipulate water conservation targets for various plants to conserve water.

Inventory Scope: include the Taiwan operating, R&D center and Factory; China major production locations: MSL in Guangdong/MKL in Jiangsu; assembly plant in California, USA: MiTACIS.



3.3.4 Environmental Performance

In 2021, MiTAC’s global energy conservation efforts were: 16 energy saving projects facilitated power saving of 1,833 kWh and a total reduction of carbon emissions by 1,023 (tCO₂e), occupying 2.4% of the carbon emissions in 2021.

| Items | Energy conservation activities | Statistics | MiTAC | MCT | MDT | MSL | MKL | MiTACIS | Total |
|-------|--|---|-------|------|------|------|------|---------|-------|
| | | | 2021 | 2021 | 2021 | 2021 | 2021 | 2021 | 2021 |
| 1 | Air conditioner and ventilation system | Number of energy-saving solutions | 3 | 1 | 1 | 0 | 3 | 0 | 8 |
| | | Annual power saving (thousand kWh) | 40 | 594 | 54 | 0 | 167 | 0 | 855 |
| | | Total carbon emissions reduced (tons CO ₂ eq) | 20 | 298 | 27 | 0 | 100 | 0 | 445 |
| 2 | Air compressor system | Number of energy-saving solutions | 0 | 0 | 0 | 0 | 2 | 0 | 2 |
| | | Annual power saving (thousand kWh) | 0 | 0 | 0 | 0 | 865 | 0 | 865 |
| | | Total carbon emissions reduced (tons CO ₂ eq) | 0 | 0 | 0 | 0 | 516 | 0 | 516 |
| 3 | Lighting system | Number of energy-saving solutions | 0 | 2 | 0 | 0 | 1 | 0 | 3 |
| | | Annual power saving (thousand kWh) | 0 | 73 | 0 | 0 | 7 | 0 | 80 |
| | | Total carbon emissions reduced (tons CO ₂ eq) | 0 | 37 | 0 | 0 | 4 | 0 | 41 |
| 4 | Manufacturing process improvement | Number of energy-saving solutions | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Annual power saving (thousand kWh) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Total carbon emissions reduced (tons CO ₂ eq) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5 | Others (management) | Number of energy-saving solutions | 0 | 0 | 0 | 2 | 1 | 0 | 3 |
| | | Annual power saving (thousand kWh) | 0 | 0 | 0 | 23 | 10 | 0 | 33 |
| | | Total carbon emissions reduced (tons CO ₂ eq) | 0 | 0 | 0 | 15 | 6 | 0 | 21 |





3.3.5 Climate Change Risk

MiTAC adopts the framework of the Task Force on Climate-related Financial Disclosures (TCFD) and establishes relevant measurement indicators and management by objectives.

| Governance | Strategy | Risk Management | Indicator & Objective |
|---|--|---|--|
| <p>We conduct regular review the corresponding strategies in the environmental, social and corporate governance respects, including the implementation status of the climate change issues, which we report to the Board of Directors together with the future action plans every year.</p> | <p>To cope with the natural disaster brought about by the climate change and the port congestion in the logistics industry, which causes delayed delivery of materials, unstable supply, and resultant effect on the timeliness of the delivery, we request our suppliers to be capable of delivering goods flexibly through our supply chain management. To adapt ourselves to the climate change effectively, we take the ISO 14064 greenhouse gas inventory standard as the guideline for the calculation from Scope 1 to Scope 3 and the implementation of the carbon reduction.</p> | <p>We adopt the TCFD framework, link climate change with financial risk, and participate in the climate change and water resources projects under CDP (Carbon Disclosure Project). We conduct risk assessment, financial assets configuration and investment management in the circumstances of the climate change in consideration of the internal transition from the physical risk to the transformation risk in order to reduce and cope with the risks in different circumstances and in the satisfaction of the external regulations and customer requirements.</p> | <p>With 2020 as the base year, annual reviews will be conducted and adjustments will be made in accordance with actual resource needs. MiTAC sets the short-term, medium-term and long-term goals based on the characteristics of the GHG gas emissions to achieve net zero emissions in 2050 and reduce the emissions by 15% in 2025 and 30% in 2030.</p> <p>The energy saving and carbon reduction effectiveness is reviewed on a quarterly basis, and improvement plans are carried out based on suitability and necessity.</p> |



3.3.6 Global Warming Effects and Global Carbon Reduction Issues

The fiercer climate change and the global warming effect may likely be brought about by the human activities that intentionally or unintentionally damage the normal environment of the Earth. Human beings have not stopped behavior that is harmful to it. If these circumstances remain, scientists expect a rise of the global temperature by 1.4°C to 5.6°C in the next century, and the resultant extreme climate may include heat wave, drought, forest fire, hurricane, rainstorm, flood, snowstorm, and many other natural disasters. These may globally bring about serious damage to the life and property of the people.

The governments of many countries have been aware of the fierce impact that the climate change produces on the ecosystems and realized a possible opportunity to reverse the crisis as long as people change their decision-making and operation modes. The reduction of the CO2 emissions is the key point for the control of the rising global temperature. The carbon reduction issues as a global concern in 2021 are summarized below:

| Issue | Summary |
|--|--|
| The climate summit of global leaders was held on April 22, 2021 in the form of a video conference (Earth Day). | The USA announced a reduction of the GHG emissions, one of the reasons for the climate change, by 50% to 52% by 2030 in comparison with 2005, and redeclared the carbon neutrality to be accomplished by 2050. |
| | Japan set a new goal for the reduction of the GHG emissions and raised it substantially from 26% to 46% by 2030 in comparison with 2013. |
| | UK announced a reduction of 78% by 2035 in comparison with 1990, indicating an upgrade of the 2015 Paris Agreement. |
| | China would accomplish the carbon neutrality by 2060. |
| EU officially announced the Carbon Border Adjustment Mechanism (CBAM) plan on July 14, 2021. | CBAM certificates will be required for all the carbon-intensive products imported to EU to be sold on the European market. |
| | A declaration of carbon emissions to the importing country will be required for the cement, steel & iron, aluminum, fertilizer and electricity products imported to EU. |
| | The CBAM will be brought into force in 2026 after a three-year transitional phase starting from January 1, 2023. |

3.3 Response to Climate Change and Global Warming



| Issue | Summary |
|--|---|
| <p>COP26 (United Nations Climate Change Conference) (10/31-11/12/2021)</p> | <p>The 2015 Paris Agreement requires the governments of the countries to update their carbon reduction plans every five years. COP26, held during the COVID-19, was the first conference of the state parties after the adoption of the Paris Agreement. The contributions of each state to the carbon reduction over the past five years were reviewed in the conference. It was also the first conference after the USA return to the Paris Agreement.</p> |
| | <p>“Prohibition from denudation of forest trees by 2030” -- More than 100 countries including UK, the USA, Brazil and Canada were committed to stopping significant deforestation by 2030 and compensating the loss and transformation of affected industries with subsidies to realize the sustainable and inclusive transformation of the agriculture simultaneously.</p> |
| | <p>The control of the global temperature rise within 1.5°C and a review of the carbon reduction effectiveness of each country to be conducted every five year were redeclared. To reduce the carbon emission, many countries announced stop of the export credit to coal-fired power plants in the hope not to build new coal-fired units in the future.</p> |
| | <p>According to the agreement between China and the USA, both countries agreed to take actions for the climate issues to accomplish the core targets of the 2015 Paris Agreement, i.e. control of the global temperature rise within 1.5°C, including establishing an explicit framework and environmental standard governing the greenhouse gases, enhancing transformation to clean energy, promoting decarbonization and electrification among the industries, eliminating unlawful deforestation, developing circular economy such as green design and utilization of renewable recourses, and reducing methane and CO2 emissions. Both parties are committed to exchange of information and solutions for their respective emission reduction plans.</p> |

Regulations on management of greenhouse gases

Under the effects of global warming, the Company, as one of the citizens of the Earth, shall continue reducing the GHG emissions during the operating process to reduce the negative effect on the climate. Based on ISO 14064, we found that electricity consumption is the main source of GHG emissions, up to 95%, at MiTAC. With the energy saving as a means for the reduction of the carbon, we implement the GHG emission reduction plan in line with the greenhouse gas management guidelines of the local government and the reduction target of the Company.

3.3 Response to Climate Change and Global Warming



Index > MiTAC and the Environment > Response to Climate Change and Global Warming > Global Carbon Reduction Issues

The regulations of different governments for management of greenhouse gases are summarized below:

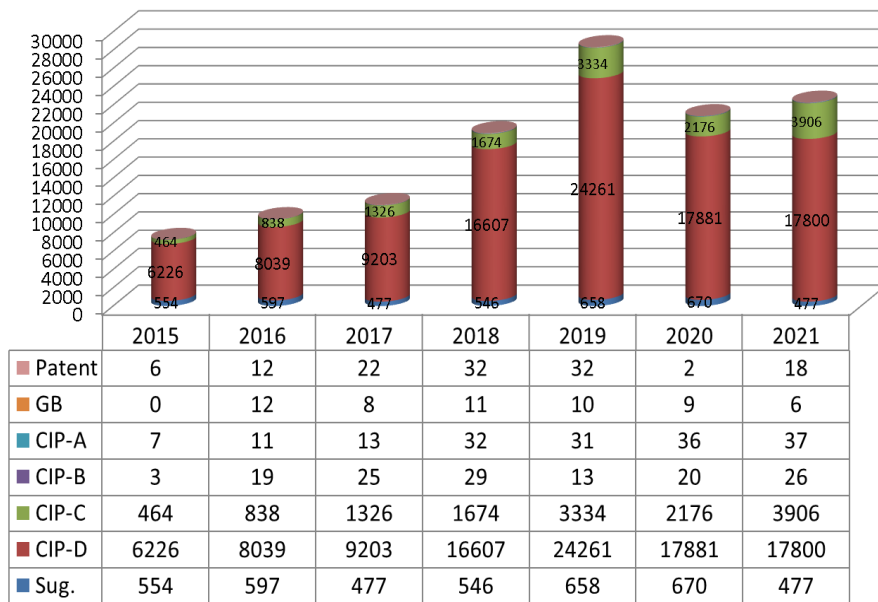
| | Applicable Regulations |
|--------|---|
| USA | <ul style="list-style-type: none"> ■ Affordable Clean Energy (ACE) Rule, a national ordinance nullified on January 19, 2021 ■ Clean Air Act, a national ordinance amended and brought into force in 1990 ■ California Global Warming Solutions Act of 2006, AB32/SB32/AB398/AB617 Bill <ul style="list-style-type: none"> □ AB32 enacted and came into force in 2006 □ SB32 enacted and came into force in 2016 □ AB398/AB617 enacted and came into force in 2017 □ The government of the California, USA, extended the cap-and-trade system to 2030. |
| China | <ul style="list-style-type: none"> ■ “The 13th Five-Year Plan”: Work Plan for Controlling Greenhouse Gas Emissions (2016-2020), published on November 4, 2016 ■ Carbon Emissions Trading Management Regulations (Draft), enforced and brought into force on February 1, 2021. ■ “The 14th Five-Year Plan” Planning and 2035 Vision Scheme (2021-2025~2035 Visions), published on March 12, 2021 ■ National Climate Change Plan (2014-2020), published on September 19, 2014 ■ Interim Measures for the Administration of Voluntary Greenhouse Gas Emission Reduction Transactions, enforce and brought into force on June 13, 2012 |
| EU | <ul style="list-style-type: none"> ■ 2030 Climate Target Plan, fourth phase (2021-2030) of EU ETS published in 2021/7 ■ European Climate Law established and came into force on 2021/6/30 |
| UK | <ul style="list-style-type: none"> ■ The Greenhouse Gas Emissions Trading Scheme (Amendment) Order 2020, came into force on 2020/12/31 ■ The Greenhouse Gas Emissions Trading Scheme Auctioning Regulations 2021, came into force on 2021/4/22 |
| Taiwan | <ul style="list-style-type: none"> ■ Greenhouse Gas Reduction and Management Act, amended and brought into force in 2014; the draft was amended and approved by the Environmental Protection Administration, Executive Yuan, on April 21, 2022 and the title was changed to “Climate Change Adaptation Act”. ■ Regulations Governing Greenhouse Gas Offset Program Management, amended and brought into force on December 27, 2018 |



3.4.1 Quality Commitment

MSL has established the ISO 9001/IATF 16949 quality management system. In order to elevate the employees' concept of quality, MSL Plant held 6 internal Sigma and quality management education-training courses, where case studies were utilized throughout various stages of DMAIC. Since 2002, MSL Plant has completed over 4,916 GB and BB project improvements that resulted in financial benefit. Furthermore, employees' competitiveness is reinforced through the Best Practice benchmarking platform, presentations and project competitions.

(MSL) Project improvements performance



- Introduction of 6Sigma to MSL Plant
- Number of projects: 4,916
- Cost savings: 103Million (USD)
- GB/BBs: 505 (2002-2021)



MSL annual 2021 GB/CIP award ceremony

3.4 Green Factory

Index > MiTAC and the environment > Green Factory > Quality Commitment

Corporate Commitment and Dialogue with the Stakeholders

Corporate Operation and Development

MiTAC and the Environment

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Appendix



3.4.1 Quality Commitment

In order to elevate the employees' concept of quality, MiTAC held a monthly quality competition activity at MKL Plant from July 28 to October 27. A total of 130 employees participated in the activity (occupying 65% of the QA employees) and 66 of them won the awards (51% winning rate) and about NSD 1,900 was distributed.



| Participant | QA direct employee | IQC/OQA staff | IPQA staff | QA engineer |
|-------------|---|--|---|---|
| Content | Basic quality knowledge *70% MiTAC tips *30% | Parts, PCBA, Assembly appearance inspection | Scores of the time-limited inspection in the preliminary PK contest + Quiz competition in the finals | Quality knowledge*50% Manufacturing process*30% Product knowledge*20% |
| Photo | | | | |

3.4 Green Factory



3.4.2 Green Production

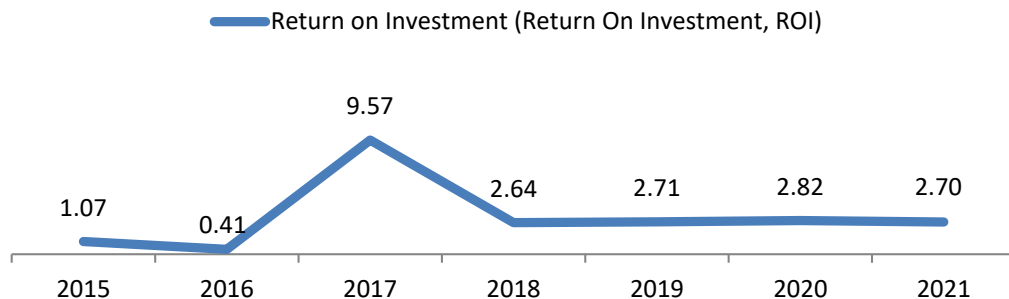
- Green production stresses energy/water conservation, toxic substance processing, waste reduction/waste gas emission reduction and various environmental protection indicators.
- Automation is the future development trend in the manufacturing industry, which is set to improve production efficiency, save labor, competitiveness and energy utilization efficiency.



Promote automation to increase production efficiency

MiTAC's MSL Plant in Huanan established an automation team, adopted an automation program, and developed relevant capabilities in 2014. In 2021, we continued to implement smart manufacturing (Industry 4.0) and completed at least 11 automation projects, including automatic screw securing and jig automated reflow. An automatic visual system was established according to the current model of small-volume/multiple type production. Furthermore, intelligent manufacturing systems (IMS) were established. The first stage of linkage and integration of the IMS system was completed.

Return on Investment (Return On Investment, ROI)



| Project category | Implemented items |
|-----------------------------------|---|
| Manufacturing process improvement | Production process optimization is carried out for production stations requiring a high number of personnel |
| Process improvement | Simplification of traditional or complex processes |
| Logistics improvement | Improve material distribution and warehousing methods |
| Automation improvement | Introduce automation control projects |

3.4 Green Factory

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3.4.2 Green Factory

Enhancement of production efficiency and reduction of resource wastage. MSL's performance in 2021:

- Adoption of the FUJI NXTIII module mounter, increasing efficiency significantly.
- Introduced the automatic washing machine to prevent cleaners from exposing to irritating smells in washing.
- Update workshop layout, replace obsolete equipment and implement 7S management onsite.



Upgraded SMT equipment



New factory layout



Robotic arms increase production efficiency



3.4 Green Factory

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3.4.2 Green Factory

In 2021, MKL in Jiangsu upgraded the manual X-Ray inspection to the automatic version, introduced automated technology to the SMT sorting process, installed high-pressure micro mist equipment for control of the temperature and humidity in the production shop, and improve the single-lens automated assembly and packaging processes to save labor, optimize environment, and improve efficiency.



Automated X-RAY inspection



Automated sorting



Single-lens automated assembly



High-pressure micro mist



Automated packaging line

3.4 Green Factory

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3.4.2 Green Factory

In 2021, the plant site, office area, control room, common area, and employee shoe-changing area at MiTAC Kunshan were made over for environmental optimization.



Entrance security

Draw up a passing lane for auto facial recognition and a fire fighting diversion lane.



Plant site greening

Enhance the greenery around the factory area by laying out green grasses and fountains.



Overall office area

Collective office planning, collective cool air and heat supply, to enhance the office environment to facilitate work communications.



Control room

Dedicated personnel on 24-hour shifts. Emergency measures can be taken during emergency situations to prevent the occurrences of security events.



Public area

The original two shared lanes are now divided into employee and customer tour lanes. Employee use lane is to provide employees the convenience for clothes changing when starting and ending work, and for security checks; The door access security has been established for the customer tour lane to improve the passage environment and savings in security costs.



Employee shoe-changing area

The environment for changing closet and space is uniform with wooden floors and lowering of dust to enhance ESD control.

3.4 Green Factory

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3.4.2 Green Factory

The MIC Hsinchu Plant improved its hall, office area, public area and employee shoe-changing area with optimized environment in 2021.

MiTAC International Corp. (MIC) front



- (1) Regular trimming of the garden and removal of dead tree branches and withered leaves to maintain a beautiful front and image.
- (2) Roundabout design to improve vehicles traffic entering the venue.

Greening of individual office space.



Place pots of cactus and snake plant to purify air and to absorb radiation from the computer screens.

Hall



- (1) Company lobby with potted plants for greening the environment.
- (2) Increase lighting for enhanced illuminance.
- (3) Kanban board on upper right hand side corner to monitor the reported temperature and humidity levels and dust data of the factory at any time.

Public area of the office.



Place different types of plants to beautify the office environment and purify the office air.

Production line switched to become electrostatic clothes and shoes area.



- (1) re-layout to expand the production line switching to become the electrostatic clothes and shoes area.
- (2) Increase shoes closets to accommodate operation personnel for day and night shifts.
- (3) Increase many SMT for entry and exit of shower doors to expedite entry to the production line by personnel to avoid group clustering.

Overall office area



- (1) The office area is divided by partitions to maintain employee privacy and the overall orderliness planning of the office area.
- (2) Place large pots to benefit air purification in the office area.

3.4 Green Factory



3.4.3 Green logistics

Domestic truck shipping cycle

Reuse of the empty export containers to contain imported goods for delivery to the factory. This can reduce the number of vehicle transport trips for the imported goods: The import department will issue goods pickup instructions to the container trailer party based on the Shenzhen and Dongguan vendors import plan. The container driver at the Shenzhen port will propose to use the export empty container and will pick up the imported materials from the Shenzhen and Dongguan vendors for delivery to the factory as instructed. After the container arrives at the factory and the goods are unloaded, the finished goods for export by sea are then loaded which will be transported back to the Shenzhen terminal for export. In 2021, the ports are congested leading to container shortages. The goods delivery vehicle trips are also reduced as compared to the past, with a total of 234 vehicle trips reduced for the year.

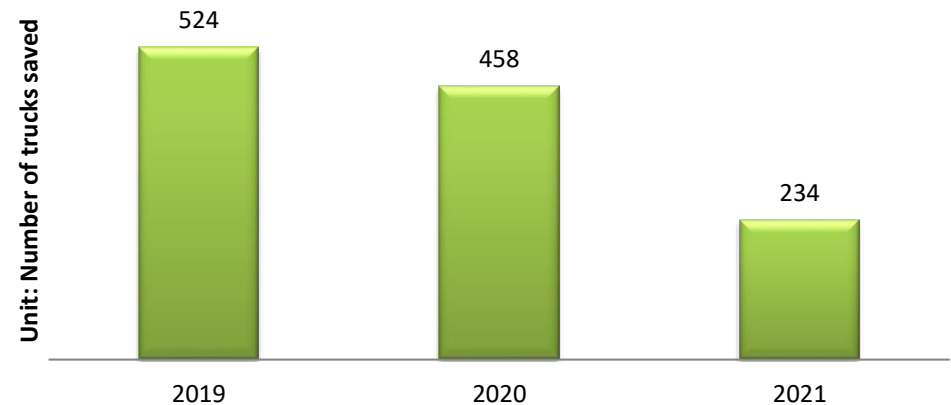
Combined shipment

Regarding the goods shipment from the factory and Huanan supplier to the Northwest customers or sea freight goods of the Taiwan factory, each week the shipment plan will be confirmed in advance with the factory and suppliers. The original 20 plus containers are combined into one large container or bulk goods of different customers of the same destination will be combined to shared containers. This can save sea freight spaces and container quantity, reducing sea freight costs.

Changing air freight to shipping

For non-urgent shipments, shipping is used instead of airfreight.

Truck shipping cycle



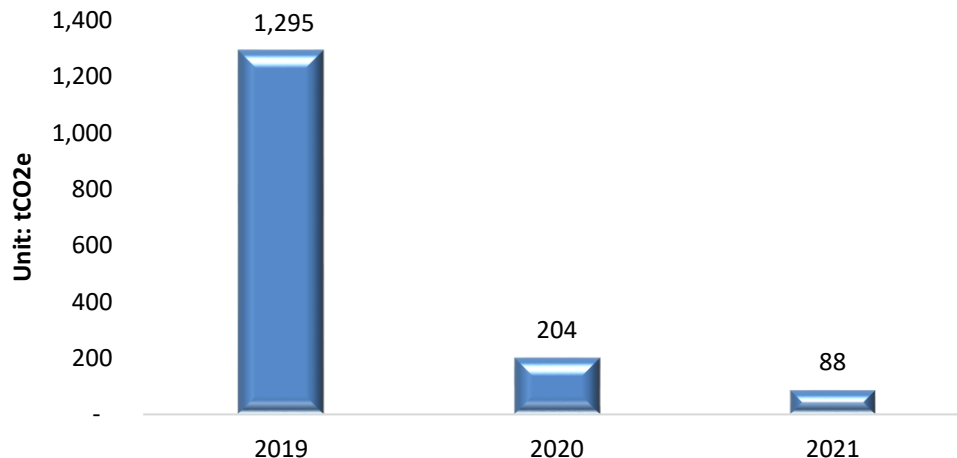


3.4.3 Green logistics

MiTAC cherishes the Earth and dedicates itself to mitigating the phenomenon of global warming, therefore we have introduced the following internal energy-saving measures concerning employee travel management.

- **Carpool:** We encourage our colleagues to join a carpool or use public transport. The Company has also made arrangements for shuttle buses in order to save energy consumption.
- **Introduction of video conferencing:** In order to minimize energy consumption in the office during business travels, the Company has invested nearly NT\$10 million to install digital video conferencing equipment in subsidiary offices in Taiwan and abroad, thereby bridging long-distance communication and enhancing meeting efficiency through decreased business travels domestic and overseas.
- **Domestic and overseas business travel:** If the colleagues must travel abroad, we always arrange for direct flight as much as possible, thereby reducing carbon emission by decreasing the number of connecting flights and the frequency of aircraft taking off and landing. In 2021, COVID-19 prevented the international mobility of personnel. Compared to 2019, mobility reduced by 57%.

MiTAC Annual employee business travel carbon emission



Inventory Scope: include the Taiwan operating, R&D center; China major production locations:MSL in Guangdong/MKL in Jiangsu; assembly plant in California, USA: MiTACIS.



● 3.5.1 Types of Supply Chain and Localized Procurement

Specific measures adopted by MiTAC in response to fluctuations in the interest rate and exchange rate and inflation.

In light of hikes in oil and materials prices, combating inflation has become an important task. The Group has formulated long-range plans to make advance purchases in response to the market fluctuations, and we have also searched for substitute materials and adopted active procurement methods. Since the material supply chain is prone to be affected by delayed delivery time, it is imperative to expand demand assessment and minimize unpredictable factors such as long supply period and labor shortage. Moreover, other non-production material costs and external costs must also be controlled. As a result, the distributor may expand their stock, such as: For key materials, we activate capacity regulation planning and procure spare materials in advance to reduce the effect of profit and loss on the Company as a result of unsmooth material supply or cost instability.

The Risks of Centralized Procurement and Sales and Contingency Measures

- Procurement: The main material purchasing policy involves maintaining at least two suppliers and decentralized purchasing. Furthermore, we also strive to maintain a long-term cooperative relationship with our suppliers in an effort to guarantee the adequate supply of various materials.
- Supplier strategy (profit-oriented): The consolidation and merger trend in the IT industry continues to prevail, and the next step is to forge strategic alliances in order to seek niches in the industry chain. With the emergence of suppliers in China, Chinese labor wage and material prices fluctuate rapidly, while the supply chain has gradually shifted its production capacity to the handheld device and cloud application fields, therefore we regularly review material selection and supply with our suppliers as well as changes in the industry chain and the market in response to the cost of product materials and supply pressure. The sound financial position of the suppliers is a key issue that must be controlled. For example, introduction of new suppliers is controlled by the internal supplier management system. The basic data investigation, payment terms, remittance data are reviewed and supervised by the audit unit.

3.5 Supply Chain Management



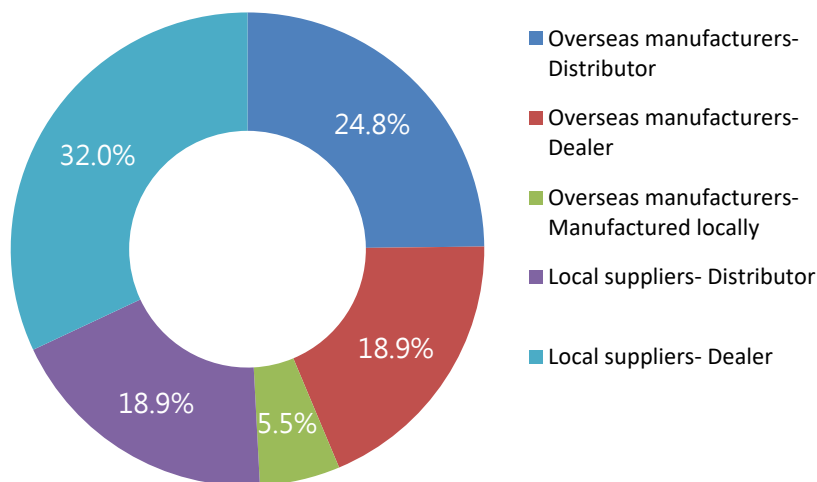
3.5.1 Types of Supply Chain and Localized Procurement

| MiTAC Digital Technology Corp. | |
|---|---|
| Local suppliers | Overseas suppliers |
| <ul style="list-style-type: none"> We have 236 local suppliers, constituting 54.6% of the total transaction amount. Distributor: 79 Dealer: 134 Manufactured locally in overseas plants: 23 | <ul style="list-style-type: none"> We have 183 overseas suppliers, constituting 45.4% of the total transaction amount. Distributor: 104 Dealer: 79 |

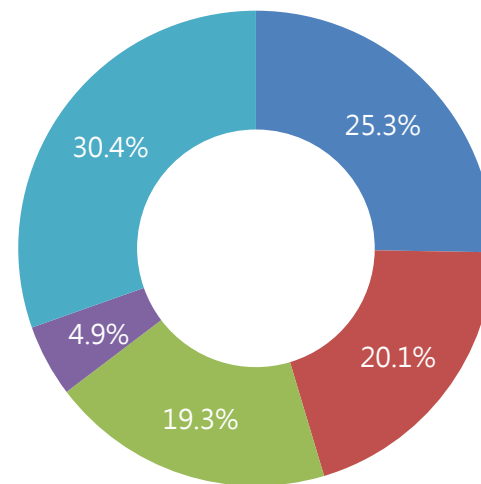
Original supplier description: Vendor who trades for us, manufacturers of the trading materials.

Distributor description: Vendor who trades for us, distributor who has obtained license from manufacturers of the trading materials.

According to type of suppliers (MDT)



By Transaction Amount (MDT)



3.5 Supply Chain Management



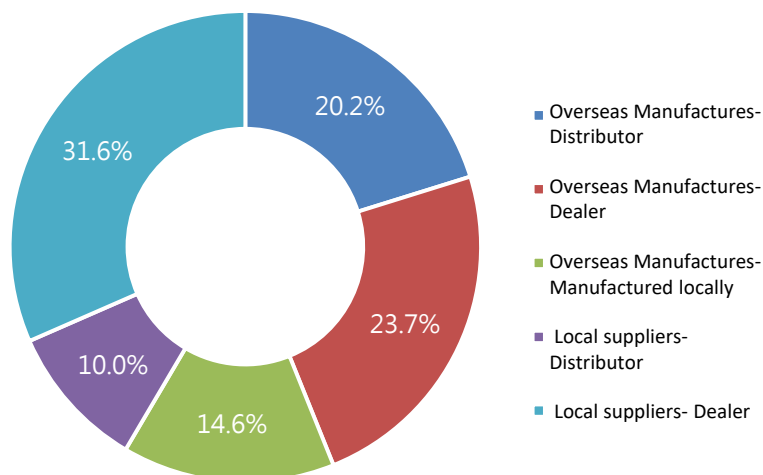
3.5.1 Types of Supply Chain and Localized Procurement

| MiTAC Computing Technology Corp. (MCT) | |
|--|--|
| Local suppliers | Overseas suppliers |
| <ul style="list-style-type: none"> We have 400 local suppliers, constituting 26.4% of the total transaction amount. Distributor: 71 Dealer: 225 Manufactured locally in overseas plants: 104 | <ul style="list-style-type: none"> We have 313 overseas suppliers, constituting 73.6% of the total transaction amount. Distributor: 144 Dealer: 169 |

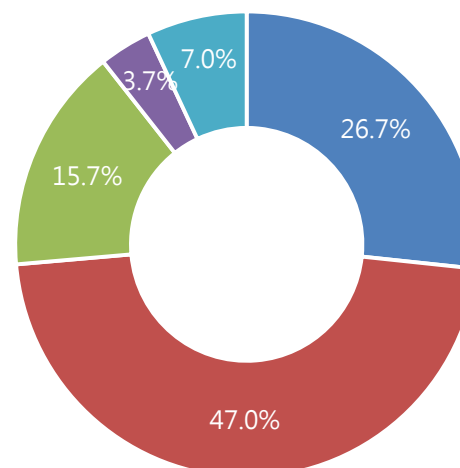
Original supplier description: Vendor who trades for us, manufacturers of the trading materials.

Distributor description: Vendor who trades for us, distributor who has obtained license from manufacturers of the trading materials.

According to type of suppliers (MCT)



By Transaction Amount (MCT)



3.5 Supply Chain Management



Index > MiTAC and the Environment > Supply Chain Management > Conflict Mineral Purchasing Policy

3.5.2 Conflict Mineral Purchasing Policy

It is possible to achieve “management at source” by implementing investigations of smelters. The Company has placed “conflict minerals” investigations into supplier green product policies to coordinate customer investigation report demands. Also, required investigations are done on all raw materials required for use in the processes on whether they contain conflict minerals and the sources from suppliers annually to conduct investigation for non-use of the CMRT survey questionnaire. This ensures that the Company and its suppliers will abide by relevant regulations with utmost effort.

Conflict mineral purchasing policy

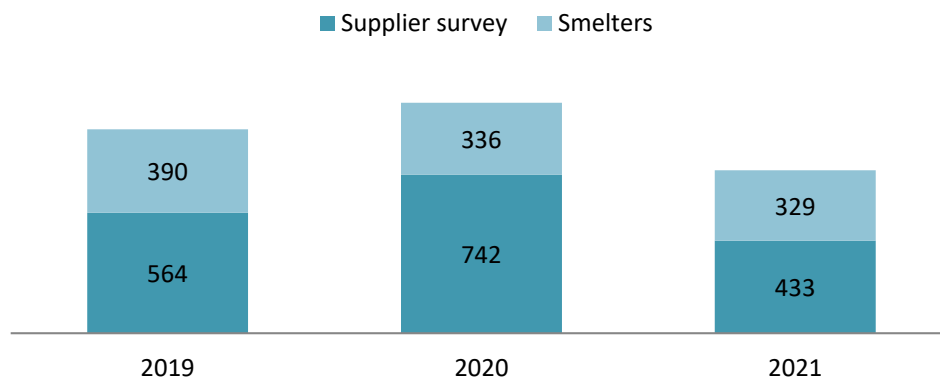
MiTAC’s suppliers shall shoulder relevant social and environmental protection responsibilities

MiTAC suppliers shall establish an adequate and effective Conflict Minerals Policy and Management Program that is designed and implemented due diligence for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas

MiTAC suppliers shall adopt a policy and exercise due diligence on the source and chain of custody of tantalum, tin, tungsten, gold (3TG) and cobalt in the products they manufacture are sourced in a way consistent with the OECD Guidance for Responsible Supply Chains of Minerals or an equivalent and recognized due diligence framework.

MiTAC suppliers shall relay these requirements to their upstream suppliers

Supplier conflict mineral audit



Response measures for conflict minerals

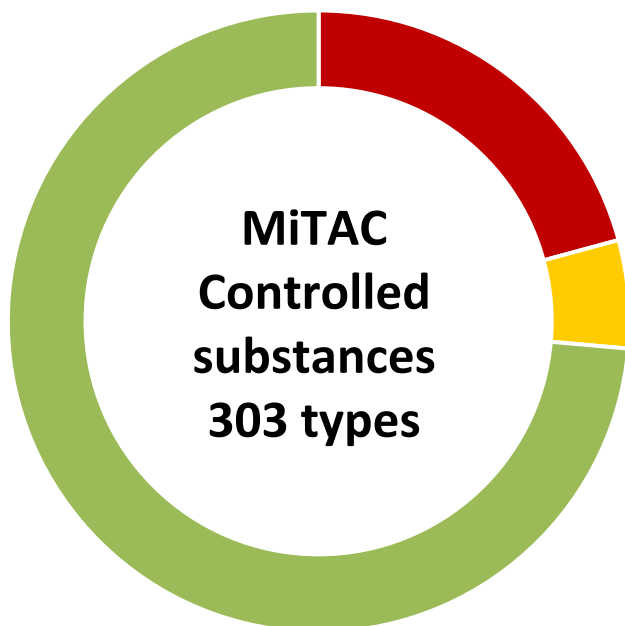
- Responsible minerals sourcing originates from the tantalum, tin, tungsten, gold (3TG) of the Democratic Republic of Congo (DRC). Currently, it has been strategically expanded to areas outside of DRC and the countries adjoining it, including areas consistent with the OECD Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas or an equivalent and recognized due diligence framework.
- The Company demands our suppliers purchase and use conflict-free minerals. Each year, regular investigations are carried out to disclose the status of conflict minerals within MIC’s supply chain. Furthermore, the list of smelters used is published to complete the investigation.
- In 2021, MiTAC has conducted investigation on 433 suppliers and compiled the profits on 329 mining companies in order to ensure the Company and the suppliers comply with such requirement.



● 3.5.3 Restriction on the Use of Hazardous Substances and Management

MiTAC Product Environmental Management and Regulations

To produce eco-friendly products, all parts, components, and materials comply with the international regulations, such as EU directives including RoHS recast, WEEE recast, REACH, POPs, Section 6(h) of TSCA and China VOC and Measures for the Control of Pollution from Electronic Information Products. We also request the supply chain to strictly comply with the MiTAC Product Environmental Management Specifications (GP-1-00001). Through a green supply chain management and hazardous substance management, MiTAC is able to provide products with low toxicity and low pollution, in turn minimizing hazards to the environment and people's health.



63 types of prohibited substances

Pb, Cd, Hg(Cr(VI)), PBB, PBDE, Asbestos, Formaldehyde, Azo compounds, SCCP, Phosphorus etc.

17 types of restricted substances

BFRs, CFRs, PVC, , Sb₂O₃, As, Ni, DEHP/BBP/DBP/DIBP etc.

223 types of declarable chemical substances

EU's REACH SVHC (1-26), Be, Bi, DIDP/DNOP/ DnHP/DINP etc.

3.5 Supply Chain Management



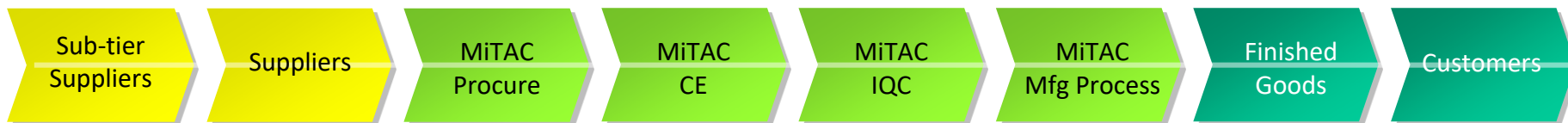
Index > MiTAC and the Environment > Supply Chain Management > Restriction on the Use of Hazardous

3.5.3 Restriction on the Use of Hazardous Substances and Management

Green Product Management Platform Creation

MiTAC has created a green product management platform (eGP System) and high efficiency supply chain management system (eSCM System), where cross-platform collaboration is adopted to allow suppliers to declare the status of hazard substances within components, upload third-party testing results and respond to customers about green management related information instantaneously.

eGP and eSCM platforms ensure that our products comply with the latest environmental regulations (regional and client restricted), in turn making MiTAC's green product management system more stringent and efficient. Qualified and capable suppliers are selected to supply electronics and components that comply with environmental protection regulations in order to improve competitiveness, customer trust and satisfaction.



eGP System



eSCM System



3.5.3 Restriction on the Use of Hazardous Substances and Management

Random inspection of Materials

- Provides green products with low toxicity and low pollution: Supplier design, manufacturing and management are reinforced through upstream supply chain management.
- Utilize eSCM/eGP to communicate with suppliers and manage green products and components: Ensure compliance with international and customers' environmental regulations.
- Establish containment strategy: Form hazardous materials analysis labs to conduct random testing of materials for hazardous materials, thereby effectively preventing substandard, non-eco-friendly products from entering or exiting.

| Design/Source GP Compliance Materials | GP Compliance Production | GP Compliance Products |
|---|---|---|
| <ul style="list-style-type: none"> ● Green Agreement ● Environmental BOM ● Material Breakdown ● Test Reports ● Raw Material Lot Control ● Process Control ● Traceability | <ul style="list-style-type: none"> ● Agreement Sign-off ● Spec and Drawing Released ● Approval Doc.: ■ Environ. ■ Material ■ Test Report ■ Qualification | <ul style="list-style-type: none"> ● RoHS Documents ● EDX/ICP / GC-MS / UV-Vis ● Test Report ● Sample Inspection ● Solder Pb Conc. Calibration ● RoHS Compliance: <ul style="list-style-type: none"> ■ RoHS Documents Rechecks ● e-Legal Process: <ul style="list-style-type: none"> ■ RoHS Guarantee ■ REACH Guarantee ■ IEC-62474 form |



Materials with hazardous substances

Pb / Cd / Hg / Cr(VI) / PBB / PBDE / DEHP / BBP / DBP / DIBP

Purchase state-of-the-art testing equipment

ED-XRF/ ICP-OES/ GC-MS/ UV-Vis



3.5.4 Supplier Screening and Green Purchasing

For new suppliers, MiTAC conducts review using the QSA (Quality System Audit), as charted below, including items such as design control, sub-supplier management and production control etc. Particularly, green parts control is a mandatory review item to help the suppliers improve their management standards, hoping to reduce management risks and costs for the Company and the supplier and establish a sustainable, growing partnership.

3.5.5 Supplier Responsibility Counseling and Auditing

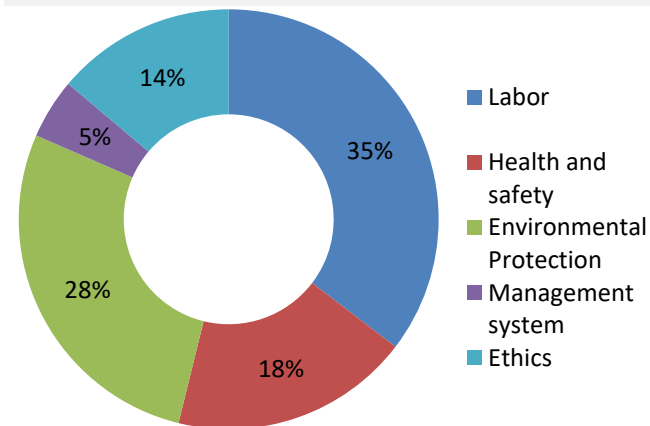
We observe the RBA Code of Conduct and establish mechanisms for the guidance and audit of supplier responsibility and the concrete commitment of various topics. Assessments include business ethics, labor human rights, environmental protection, safety and health, and management systems. In order to make sure that the suppliers abide by relevant policies and codes of conducts, audits and evaluations are conducted from time to time to ascertain performance. Below we will use MSL as an example to explain the status of RBA since its implementation in recent years.

| | 2019 | 2020 | 2021 | Total | % |
|--------------------------|------|------|------|-------|-----|
| Labor | 7 | 8 | 8 | 23 | 35% |
| Health and safety | 4 | 4 | 4 | 12 | 18% |
| Environmental Protection | 7 | 6 | 5 | 18 | 28% |
| Management system | 1 | 1 | 1 | 3 | 5% |
| Ethics | 3 | 3 | 3 | 9 | 14% |

Supplier Assessment

Suppliers must pass the supplier evaluation and comply with the supplier code of conduct

- Manufacturing process related materials supplier: Must pass ISO9001 quality management system certification
- Plant administration and related contractors: Must obtain ISO 45001 occupational health and safety management system certification
- Local suppliers: Must obtain valid factory registration certificate issued by local government in accordance with the business category as well as ISO14001 environmental certification



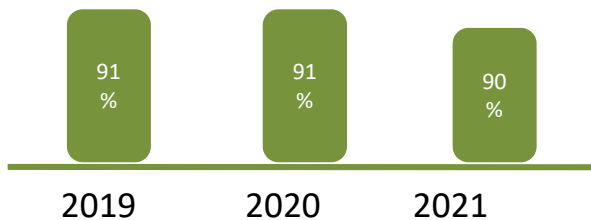


3.5.5 Supplier Responsibility Counseling and Auditing

Taking MSL as an example, the 2021 annual supplier RBA audit reveals that the improvement rate of supplier deficiencies is 90%. Supplier shortcomings are mostly related to labor, such as excessive working hours and remuneration/benefits management. Suppliers were requested to make improvements to the aforementioned deficiencies according to the established improvement action plan within a given deadline, and a follow-up date was stipulated to ensure that they comply with RBA regulations and MIC management requirements.

Suppliers are required to provide their mid-to long-term improvement plan. In 2022, the Company will continue tracking the improvement status of our suppliers to make sure that they comply with RBA related regulations.

RBA supplier audit shortcoming improvement rate



RBA supplier shortcoming improvement follow-up status (2019-2021)

| | Number of shortcomings | Number of shutdowns |
|--------------------------|------------------------|---------------------|
| Ethics | 9 | 8 |
| Management system | 3 | 3 |
| Environmental Protection | 18 | 17 |
| Health and safety | 12 | 12 |
| Labor | 23 | 19 |

3.6 Customer Service and Satisfaction



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3.6 Customer Service and Satisfaction

VOC (Voice of Customer)

Customer satisfaction is the core value of MiTAC in perpetual corporate development. The routine VOC evaluation (quarterly/semi-annually, or annually) is essential for improvement. MiTAC makes ceaseless efforts in continued improvement on the basis of the feedback of consumers in the market. The feedback will be taken as the indicators of product design, which includes quality, technology, price, delivery.

Customer Privacy

For the effective management of customer information with a single system, visits of customers are strictly monitored and controlled. After deploying relevant DLP software across the globe and implementing measures stipulated by ISO 27001, MiTAC Shunde and MIC successfully passed ISO 27001 certification in 2007 and 2020, respectively. There is no material damage to the privacy rights of the customers so far.

Legal Compliance

Abide by the applicable law of a country and the international law and the code of ethics. In the region where the Company operates: promote fair competitions, the safety of products and services for customers, compliance with labor laws and practices, the Universal Declaration of Human Rights, international standards and copyright protection, the Company's assets and any form of intellectual property rights to comply with regulatory requirements. The Company did not receive any fines for non-compliance with laws and regulations in 2021.

Customer Health and Safety

To ensure sustainable development of the Earth, we supply green products. In consideration of the environmental impacts during the product lifecycle, we reduce the carbon footprint from product design, to shipping and packaging.





● 3.6.1 Mio Milestones and Credentials

Brand Power Wins Global Market Recognition

In 2021, Mio continued to launch dash cams with comprehensive functions with its strong brand power to lead the market with a 55% market share in Taiwan, way ahead of competitors. We also actively cultivate the Southeast Asian and European automotive electronics markets for Mio products by providing localized products that meet local needs, turning dash cams into multifunctional electronics. We launched the epochal 2K dual-lens drive recorder in 2021 and won the Computex Best Choice award with it.

In the Internet of Vehicle era, the demand for the V2X version of drive recorders is significant. MiTAC Digital Technology Corp. introduced the B2B carborne communication solution, MioEYE K series, to integrate three important elements of parking space back end, carborne driver recorder and cloud management service. The product won the 30th Taiwan Excellence Award for its conformance to the market tendency and innovativeness.

After cultivating the tablet market for over one decade, Mio has earned the appraisal and recognition from suppliers at home and abroad, with product lineups covering 5-inch, 7-inch and 10-inch industrial tablets for different application scenarios, such as factory automation, fleet management, warehouse management, logistics management, and convenience store stocktaking. Mio industrial tablets can simplify unimportant documents and labor to help customers enhance work efficiency and contribute to the sustainable development of Earth.

In 2021, we also introduced the Mio Cyclo™ Discover Series navigation products for bicycles. Apart from enhancing hardware adaptability and including trip planning tools, the product provides hardware and software functions and is equipped with exclusive Mio app, trip planning management back end, and the trip planning sites beloved by European local travelers. The brand-new, more advanced Cyclo™ Discover Plus Series even won the 30th Taiwan Excellence Award.

Enhancing global exposure of Mio products through virtual channels

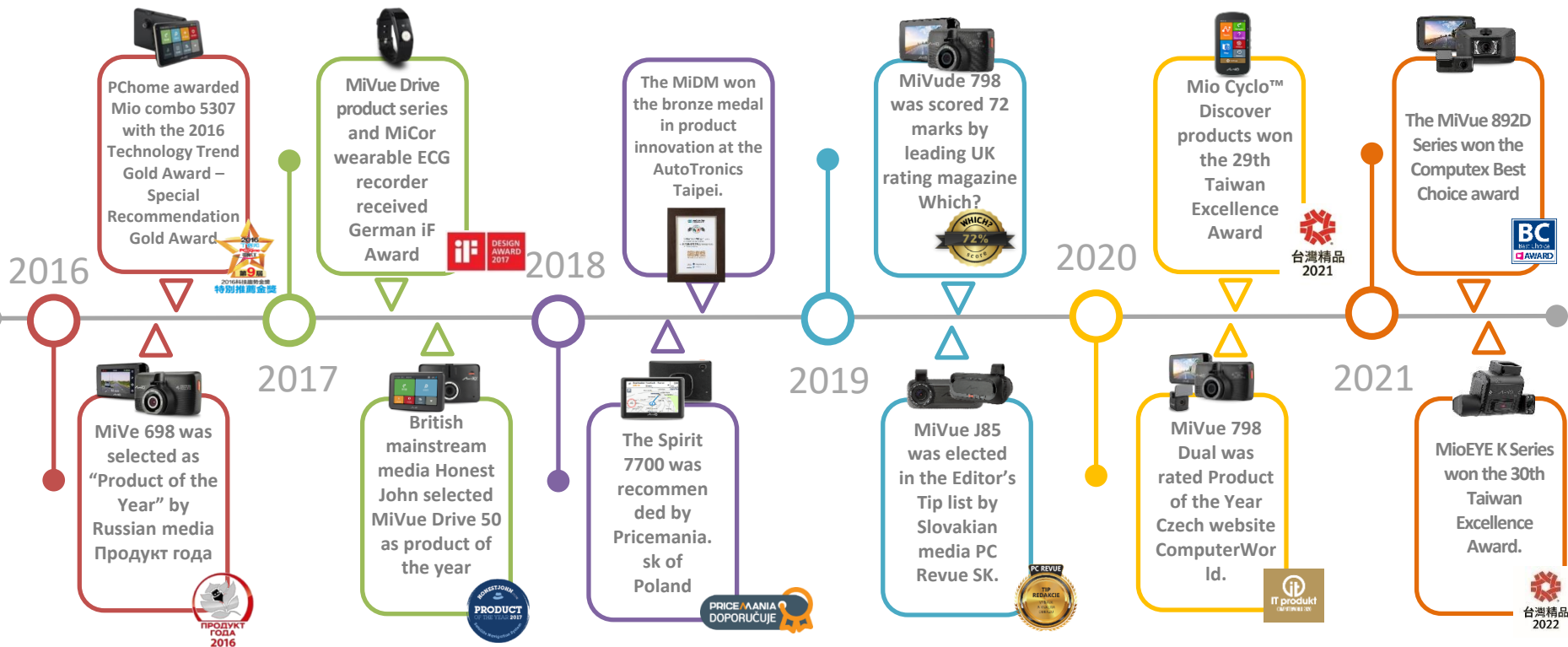
Many overseas important exhibitions and fairs were prevented due to COVID-19. Through online forums and virtual exhibition platforms, Mio expanded its brand R&D capacity and innovative technologies to many important markets across the globe. Besides participating in the HKTDC Autumn Sourcing Week emphasizing Asian buyers and the Bangkok International Motor Show focusing on the Southeast Asia consumer market, we ubiquitously communicated Mio's brand power in the European market through cooperation with local media and social medial activities and increased brand discussion in emerging markets.

3.6 Customer Service and Satisfaction



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3.6.1 Mio Milestones and Credentials



3.6 Customer Service and Satisfaction



3.6.2 TYAN Milestones and Credentials

2018

Provide the best TOC solutions for large cloud datacenters in North America, Europe, and China with advanced R&D and design capacity to extend the strengths of cloud computing.



2019

Provided customers with a complete and flexible business model through collaboration with partners Intel, AMD, and NVIDIA to stand firm in the HPC, datacenter, and sever storage markets.



2020

Established the joint sales model with AMD and Intel to seize the datacenter customers in the market growth and opportunity during the pandemic.



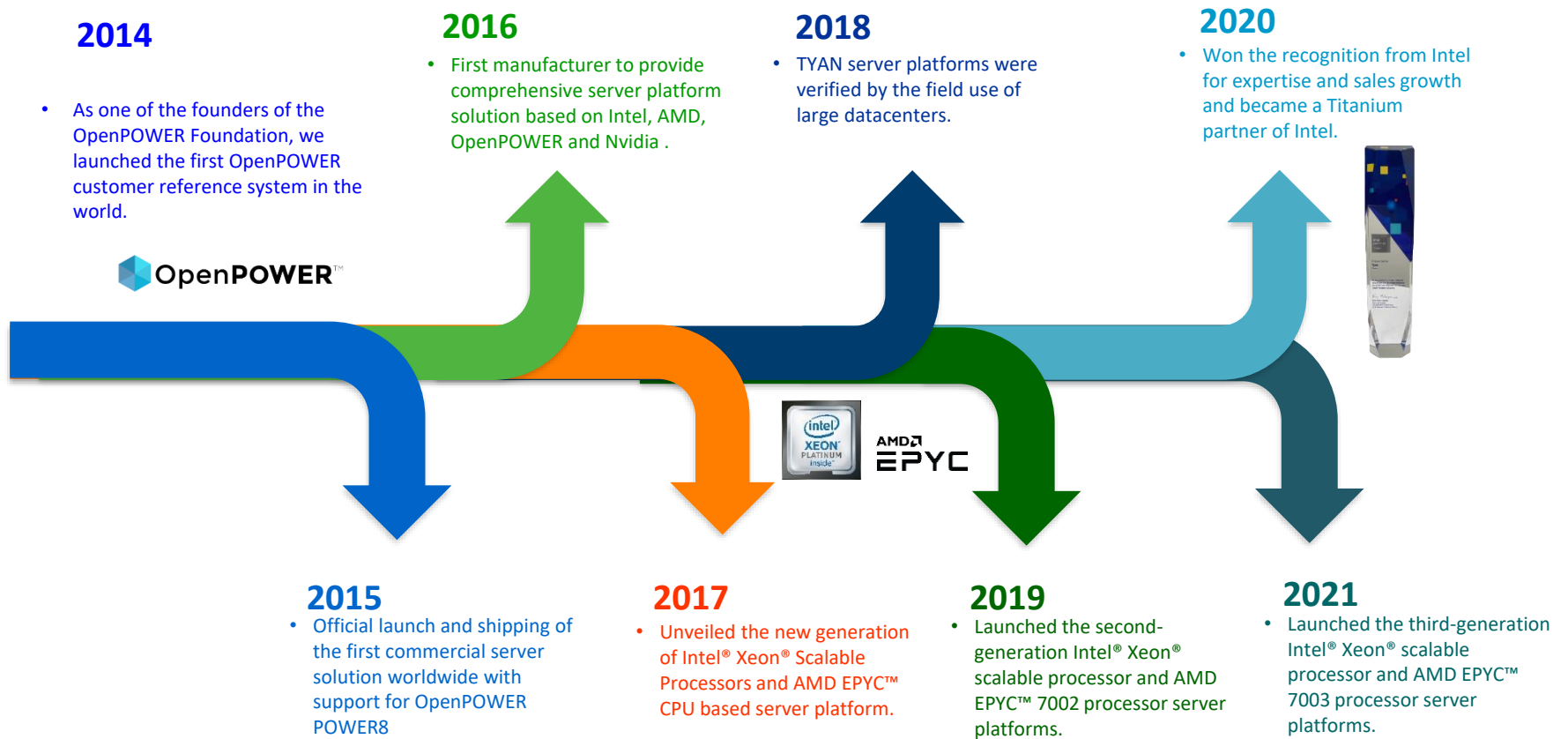
2021

Used the advantages of the high-performance and cloud computing products on the market to provide companies and large data centers customized and standardized products and services to accelerate the deployment of servers.





3.6.2 TYAN Milestones and Credentials





● 3.6.3 Product and Service Labels

Product design: We demand the suppliers' raw materials, semi-finished products and production process to comply with specific environmental and safety regulations as well as industry standards in order to achieve environmental protection and energy conservation. All products comply with EU RoHS recast directive and EU ErP directive. Our systems products (ENERGY STAR) have passed various 80Plus certifications in accordance with the Energy Star system, thereby ensuring the system will increase efficiency, decrease greenhouse gas emission and attain the goals of energy conservation and carbon reduction.

Packing design: We have adopted the green environmental concept for product internal and external packaging design, where low toxin, low pollution, resource-saving, reusable and recyclable raw materials are applied to minimize waste and pollution and materialize the concept of sustainable Earth.

- External packaging material: 100% recycled paper pulp is used for the cartons to decrease deforestation and conserve water resources that are consumed during the manufacturing of paper products.
- Internal packaging material: Non-toxic, low pollution and recyclable environmental materials are utilized. A priority for packaging to share existing design. This decreases resource and energy depletion caused by opening molds and producing new packaging materials.
- In response to the plant's internal testing as well as external marketing and sales needs during the Company's production process, when products or samples are transported internally, only 100% used packaging materials are used to minimize the consumption of new materials.

User Health and Safety In order to ensure the health and safety of the users, MiTAC conducts electromagnetic compatibility (EMC) or electromagnetic interference (EMI) testing on all ITE products and complies with mandatory legal requirements in every sales region.

Products
Design

Packing
design



● 3.6.4 Marketing Communications

Group's customers include business clients, distributors, channels and direct consumers, thus diverse activities and interactions are designed for different clientele from various regions.

Corporate clients we assist them to conduct market trend analysis, where telephone and videoconferences are held from time to time along with regular quarterly meetings in order to maintain bilateral communication. Moreover, a strict firewall mechanism was established to protect trade secrets between the Company and our clients. At the same time, we also participate in professional exhibitions, forums or visits held by associations in order to search for potential opportunities for cooperation.

Distributors and dealers we try to understand more about customers' product through e-newsletters, education/training, professional exhibitions/fairs, products seminars, online product shows, and periodic meetings. We also establish the Partner Portal that enables customers to acquire our latest offers, product documents and marketing supports online.

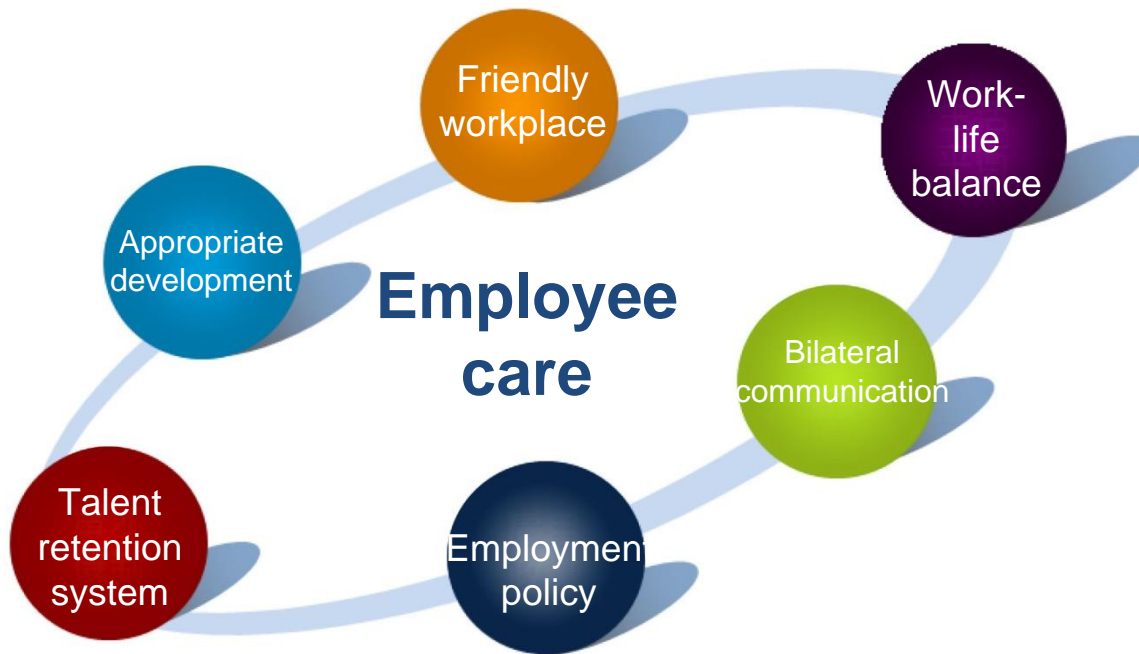
Consumer besides traditional e-letters, website and physical or virtual exhibitions, bilateral communications are implemented through influential medial and Professional media in order to reinforce promotion and service for consumers. We also rigorously check our advertising materials, news releases and statements to ensure that only the facts are presented. We do not over exaggerate our products' functions nor maliciously attack the integrity and honesty of our competitors, thereby building our brand values in the minds of the consumers.



4.1 Employee Care



Employees are the most valuable asset of MHC, and the Company perceives great importance in our employees' needs and rights. Therefore, we strive to create a fair, just, friendly and flexible work environment; this is consistent with MiTAC's core values. According to this, various employee care related systems and measures. After joining MiTAC, new employees are able to develop their career and grow with the Company. We have created a suitable environment to cultivate our employees' skills, and MiTAC's employee communication channel ensures that everyone will be able to unleash their potential and work with peace of mind. In turn, they will be able to continue developing their professional career at MiTAC in the long run.



- Average training hour/person **44.7** hours.
- Return rate **89%**: Nearly 90% of employees return to work.
- Employee disabling injury severity rate (SR) **6.13**/ Disabling injury frequency rate (FR) **0.31**.



4.1.1 Employment Policy and Labor Force Structure

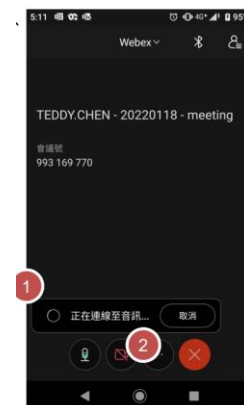
Adherence to the Employment Policy

We care about employee rights and interests. Therefore, we strictly abide by the local labor laws and regulations and RBA's Code of Conduct (RBA-CoC). In fact, we have never hired child labor aged under 15 years. We have also designed a security mechanism and adopted measures to address and prevent child labor misuse. We even strictly prohibit forced labor and underage youth from engaging in dangerous work. In addition, we protect female employees and maintain their rights to and interests in work.

The Company recognizes contributions from diverse talents, hence we strive to employ local people and those who are physically and mentally impaired as the first priority. The criteria for selection shall be the capacity of the people in performing the required duties. There is no discrimination against gender, religion, race, nationality or political affiliation. The employment policy of MiTAC explicitly states that all applicants and employees be fairly treated in recruitment, employment, development, evaluation, reward and remuneration. In addition, the Company has implemented a comprehensive IT system to manage our employees' work hours and leave, thereby fostering their physical and spiritual balance.

Multiple convenient interview approaches

MiTAC introduced cross-platform video equipment and integrated hardware with the operating system to provide interviewees with multiple interview approaches. They can take part in the interview and talk to the interviewer online using various carriers, such as computers tablets or mobile phones, without the limitation in time, place and equipment. These makes interview more flexible and can save time and cost as well as reduce the risk of contacting people to ensure the health of both parties. In 2021, more than 90% of the interviews with indirect employees were conducted online, and this improved the flexibility of the interview effectively.



4.1 Employee Care

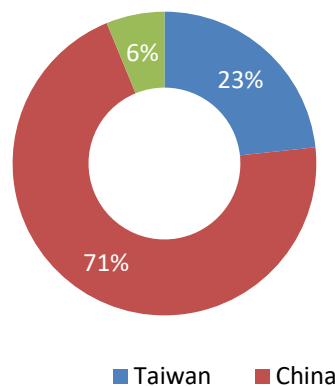


4.1.1 Employment Policy and Labor Force Structure

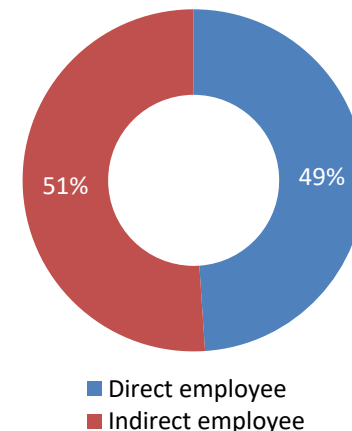
Employment Structure

Employee composition at MiTAC is multifaceted. By the end of December 2021, there were over 7,126 employees across the globe, covering Taiwan, China and overseas locations. Among which, there are (note) 6,684 employees for important subsidiaries. Its labor force structure consists of 49% direct personnel and 51% indirect personnel; based on gender, there are 61% males and 39% females; Mid-level management accounts for 9% of all employees, and female managers account for 27%; The full time employees in Taiwan stands at 99%, regular contract personnel stands at 1%. Full time employees in China account for 66%, dispatched employees stand at 33.5%, regular contract stands at 0.5%; Taiwan's full time employees stand at 97%, part-time employees are 3%, China's full time employees stand at 99.5% and the part-timers are 0.5%.

Labor force distribution worldwide (by region)

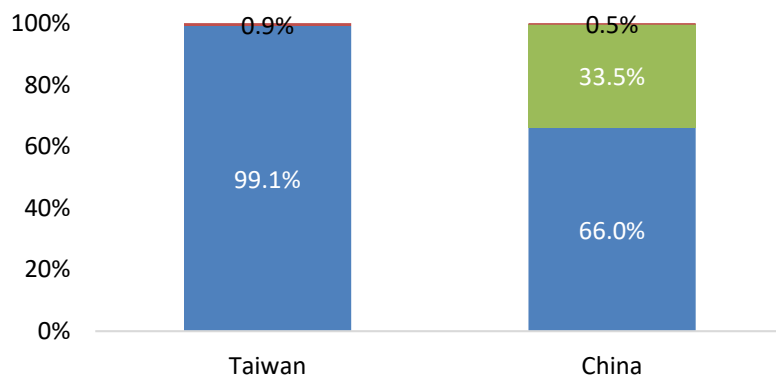


HR structure of important subsidiaries (by employee category)

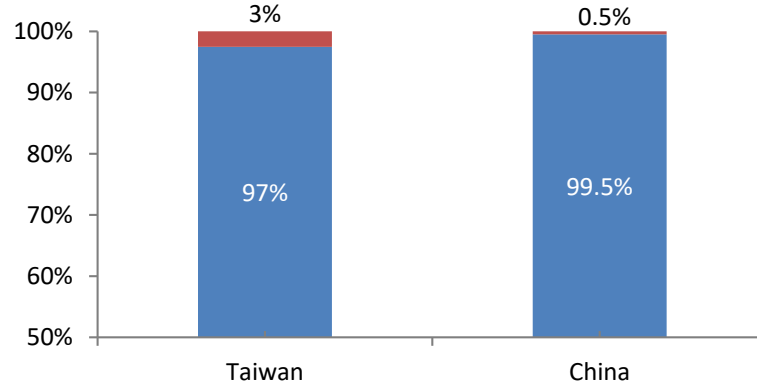


Note: The subjects of this disclosure are based on important subsidiaries in Taiwan and China for 2021.

Types of contract by important subsidiaries



Types of hire by important subsidiaries



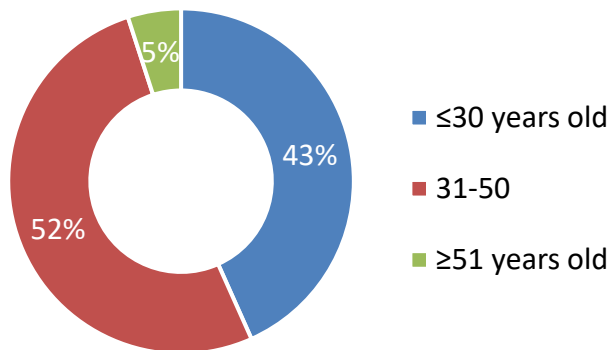
4.1 Employee Care



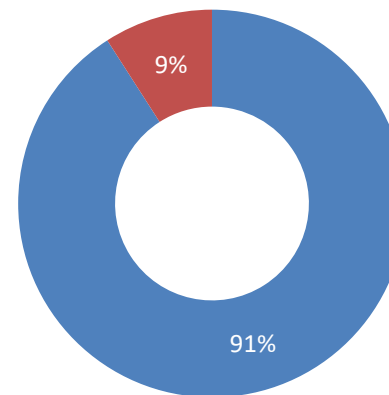
4.1.1 Employment Policy and Labor Force Structure

Employment Structure

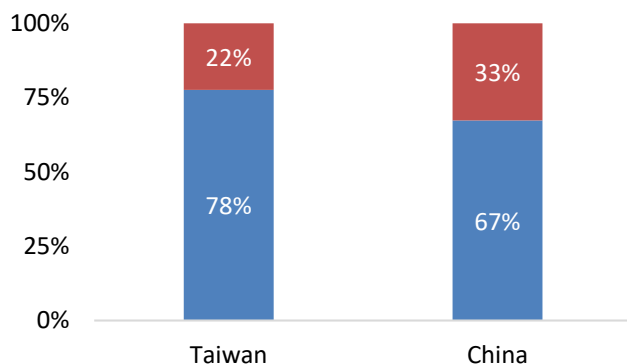
HR structure of important subsidiaries (by age)



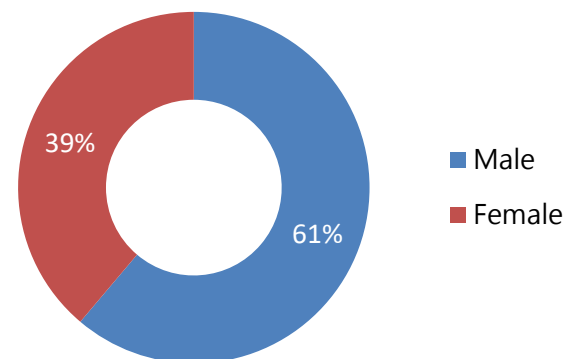
Important subsidiaries (based on management/professional position)



HR structure for managerial level employees of important subsidiaries (by gender)



HR structure of important subsidiaries (by gender)



Note: There are constraints in information collection and statistics in 2021. Partial information not possible for complete disclosure is expected to be adopted for disclosure in 2022.



4.1.1 Employment Policy and Labor Force Structure

Status of new employees and their retention

MiC values each employee's development and provides comprehensive training program and career counseling in order to assist them to maintain growth momentum and constantly upgrade their skills. MiTAC encourages the retention and development of talents within the group; if suitable job positions become available, employees may apply for transfer via the internal transfer mechanism. Simultaneously, cultivate new personnel through employee recruitment in maintaining the growth momentum of the Group; In relation to severance management, as soon as an employee decides to leave the Company, our human resources unit will arrange for an interview with the employee depending on the circumstances in order to understand the cause for his resignation. Furthermore, if suitable job openings in other departments become available, we will strive to retain the employee and offer our care.

Comparison of Taiwan new hires and resigned staffs in 2021

| | Gender | | Age | | |
|-------------------------------|--------|--------|-------|--------|-------|
| | Male | Female | ≤ 30 | 30-50 | ≥ 51 |
| Average number of personnel | 1105 | 610 | 240 | 1234 | 241 |
| Number of new hires | 196 | 126 | 139 | 178 | 5 |
| Number of resignations | 223 | 91 | 71 | 223 | 20 |
| Turnover rate of new recruits | 11.43% | 7.35% | 8.10% | 10.38% | 0.29% |
| Employee turnover rate | 13.00% | 5.31% | 4.14% | 13.00% | 1.17% |

Average number of personnel: (Number of personnel at beginning of period + number of personnel at end of period)/2

Turnover rate of new recruits: Number of new hires / average number of personnel

Employee turnover rate: Number of resignations / average number of personnel



● 4.1.2 RBA Standards and Ethical Corporate Management Best Practice Principles

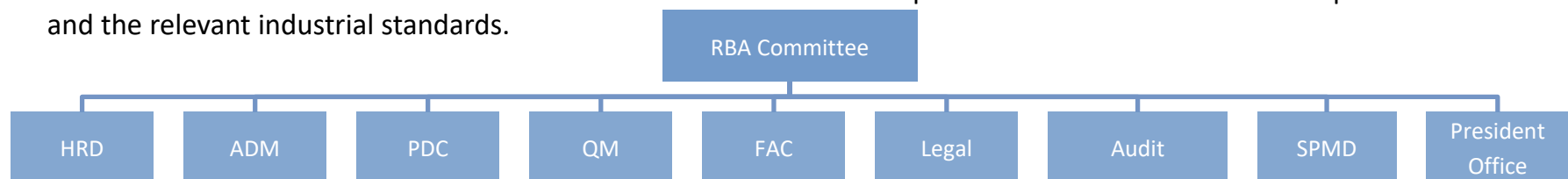
Responsible Business Alliance (RBA) Committee

Responsible Business Alliance includes labor, health and safety, environmental protection, management system and business ethics. The Company's activities all abide by the laws and regulations of the country and region in which it is operating. Besides abiding by the law, we strive to attain internationally recognized standards in order to shoulder more social and environmental responsibilities.

In order to reinforce the Company's CSR management system, we have stipulated the RBA internal audit protocol. During the audit process, aspects clearly stated include defining responsibilities, ethical conduct, audit regulations, period, audit report and the improvement and follow-up of unconformities. MiTAC formed RBA Committees for the Hsinchu Plant in Taiwan and the MSL Plant in China to ensure complete compliance with labor, health and safety, environmental and business ethics regulation standards.

Establishment of the RBA Committee and Approved VAP Certification Audit

To extend RBA-CoC to employees, we follow the RBA-CoC to abide by the local laws and regulations, value the legally mandated rights and benefits rights of employees, provide fair wages and remunerations, uphold humane treatment for employees, and promote two-way labor-management communication to build a friendly work environment. The work distribution of the dedicated organization is illustrated below. Taiwan Hsinchu Plant received the 2021 RBA VAP audit certificate in 2021 to institutionalize the management philosophies that the Company has upheld over the past years in the respects of labor, health and safety, environmental standard, ethics and management system, enhance the system to make it more complete, and make implementation more properly to ensure compliance with established standards. Passing the audit certification indicates an embodiment of MiTAC's culture in response to the international rules specified in the RBA and the relevant industrial standards.



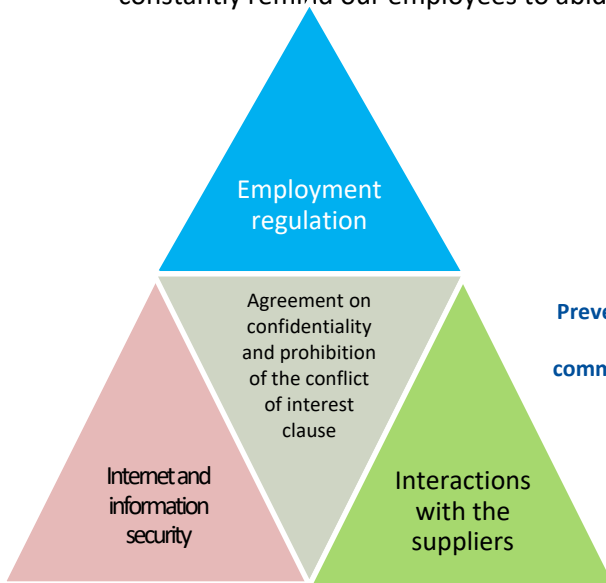


4.1.2 RBA Standards and Ethical Corporate Management Best Practice Principles

Materialization of Business Integrity and Reinforcement of the Belief of Integrity Among the Employees

Ethics is the cornerstone of MHC, in order to uphold this principle, the Company has stipulated “Ethical Corporate Management Best Practice Principles” to ensure sound management. At the same time, MiTAC has also instituted the “Code of Conduct” for employees as the guideline for performance. All employees are subject to 4 major regulations, including the rules of employment regulations, agreement on confidentiality and prohibition of the conflict of interest clause, Internet and information security, and interactions with the suppliers. Particularly, we have established explicit rules to govern the value and frequency of gifts received from interaction with suppliers. We also request employees maintain a detailed record of the value and frequency of gifts provided by suppliers to maintain ethical management.

For all employees to understand business ethics and integrity, we include the “Ethical Corporate Management Best Practice Principles” as part of the newcomer training and post it on the corporate intranet for ubiquitous access by employees. Every year we also arrange recurrent training for employees to request them to strictly follow the “Ethical Corporate Management Best Practice Principles.” We uphold the principle of integrity, honesty, openness, transparency and doing the right thing, as well as implementing employee selection, retention and education to garner trust from stakeholders such as our employees, clients and shareholders, and in turn achieving sustainable management. We constantly remind our employees to abide by Company regulations and build upon the foundation of integrity to achieve sustainability.





4.1.3 Fair and just talent retention system

Employment rights

We value the rights to and benefits in work of employees and establish a set of work rules. Externally, besides abiding by the related labor regulations, such as the Labor Standards Act and Act of Gender Equality in Employment and their by-laws or local laws regulations, we also follow the RBA-CoC. Internally, we establish the performance management and evaluation system, salary and remuneration policies, promotion system and reward and punishment regulations; strictly prohibit public shaming, bullying, verbal abuse, or any form of mental or physical coercion. We also maintain jurisprudence to build a fair and reasonable workplace with humanized management and respect for employees to maintain the legally mandated rights and benefits rights of employees. Furthermore, the procedures for terminating labor contract are in full compliance to local regulations. For example, according to the Taiwan Labor Standards Act: For those who work for more than 3 months and less than one year, there need a 10-day advance notice; For those who work for over 1 year and less than 3 years, there need a 20-day advance notice; For those who work over 3 years, there need a 30-day advance notice.

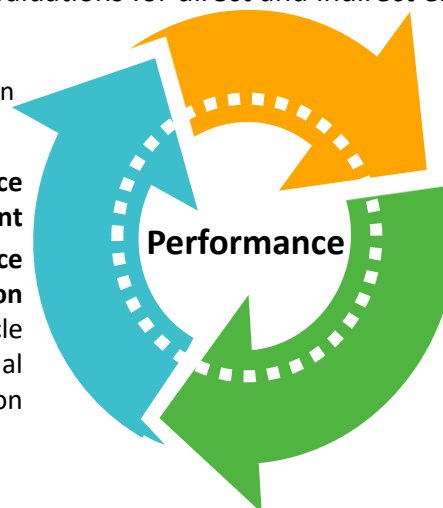
Performance evaluation

MiTAC has a viable performance management system under which the managers will liaise with their staff on the objectives of their duties in line with the development strategy of the organization once semi-annually. Related key performance indicators (or KPI) will be set up and adjusted according to the circumstances during midterm and final assessment will be carried out. Besides outcome appraisal, the evaluation covers relevant professional items and 360 degrees evaluation feedback in a fair and reasonable procedure. The evaluation results will be used as reference for promotion, salary adjustment, bonus payment, individual career development and training needs. Taking 2021 as an example, MiTAC conducts performance evaluations for direct and indirect employees once every half a year. The performance assessment acceptance rate is 100% (note).

Note: The subjects of the 2021 disclosure are based on important subsidiaries in Taiwan region.



Final: performance assessment
Performance evaluation
 End of cycle discussion and Final evaluation



Beginning: objectives setting

Performance planning
 Establishment and communication
 Performance indicator

Midterm: objectives tracking
Continuous assessment.
 Observation, documentation, feedback and mid-term evaluation

4.1 Employee Care



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4.1.3 Fair and just talent retention system

Wage guarantee

MHC perceives tremendous importance in our colleagues' remuneration and benefits. MiTAC conducts annual survey on salary level in the market and consults with the macroeconomic indicators based on which the salary scales for all employees will be adjusted to attract talents to join the Company with competitive salaries.

The employees' remuneration is adjusted in accordance with their education, expertise, experience, seniority and personal performance, not by gender. New employees' starting salary is not differentiated based on race, religion, political stance, gender and marital status.

MiTAC's remuneration policy meets local laws and regulations. Appropriate remuneration is paid based on market value and employee productivity combining with performance management system. The starting salary of new employees not only conforms to the local law but should also be competitive on the market. To encourage employees who are able to create performance and make contributions continuously, performance bonuses are given based on the Company's annual operation and personal performance to stimulate the morale of the employees.

As required by the Taiwan Stock Exchange Corporation, listed companies in Taiwan must disclose the number of full-time non-managerial staff, the average and median of their wages, and the difference between the Top-3 employees and from the previous year. (See the following table.)

| Year | Number of Full-time Employee | Average of Wage (NTD thousand) | Median of Wage (NTD thousand) |
|------|------------------------------|--------------------------------|-------------------------------|
| 2021 | 1,135 ¹ | 1,147 | 1,001 |
| 2020 | 1,644 | 1,073 | 949 |

Note 1: Investment holding companies include domestic "important subsidiaries" (including head office and branches) among the consolidated company's individual entities that meet the requirements of the "Rules on the Audit and Certification of Financial Statements Conducted by Independent Auditors" The number of full-time non-managerial staff in 2021 was reduced because there was less number of important domestic subsidiaries in the statistics. (2020 consists of 3 important subsidiaries in Taiwan, 2021 consists of 2 important subsidiaries in Taiwan)

Retirement policy

MiTAC contributes to our employees' retirement pension fund according to the retirement regulations of various regions. In Taiwan, MiTAC has established a complete and legal retirement system in accordance with the Labor Standards Act and the Labor Pension Act, where individual retirement pension accounts are opened for employees, and an oversight committee was formed by capital and labor representatives to supervise the operation of the accounts. All colleagues are covered by labor and health insurance since the day of reporting to duty based on their salary grading, and 6% of their salaries are contributed to their retirement pension.

In China, our employees are insured with endowment/medical/unemployment/employment injury/maternity insurance and housing provident fund in accordance with the local laws, in turn ensuring safe retirement life for them. At present, all of the retirement pension systems in our subsidiaries worldwide are functioning normally.



● 4.1.3 Fair and just talent retention system

Reinstatement Rate after Unpaid Parental Leave

For employees with parental leave needs, MiTAC has offered them substantial care measures such as unpaid leave, career re-planning and related benefits and subsidies. Furthermore, maternity protection measures are implemented to help employees become re-instated, and re-instatement training is provided to help them return to their jobs. As a result, 89% of the employees on unpaid parental leave were re-instated in 2021. Retention rate is 50%.

| Region | Item | Male | Female |
|--------|---|------|--------|
| Taiwan | Number of persons qualified for unpaid parental leave | 232 | 97 |
| | 2021 actual number of applicants | 5 | 14 |
| | 2021 expected number of reinstated employees | 1 | 8 |
| | 2021 actual number of re-instated employees | 1 | 7 |
| | Return Rate after Parental Leave without Pay | 100% | 87.5% |
| | 2020 number of re-instated employees | 2 | 4 |
| | Continue one year of work after re-instatement | 0 | 3 |
| | Retention Rate after Parental Leave without Pay | 0 | 75% |

Note:

1. Number of qualified persons: Number of personnel applying for maternity leave/paternity leave during the 2018~2021 period.
2. Calculation formula for reinstatement rate: 2021 actual number of restated employees/2021 expected number of reinstated employees*100%
3. Calculation formula for retention rate: 2020 number of employees who continue one year of work after reinstatement/Number of reinstated employees in 2020 *100%
4. The subjects of the disclosure for return to work status is based on important subsidiaries in Taiwan region in 2021.



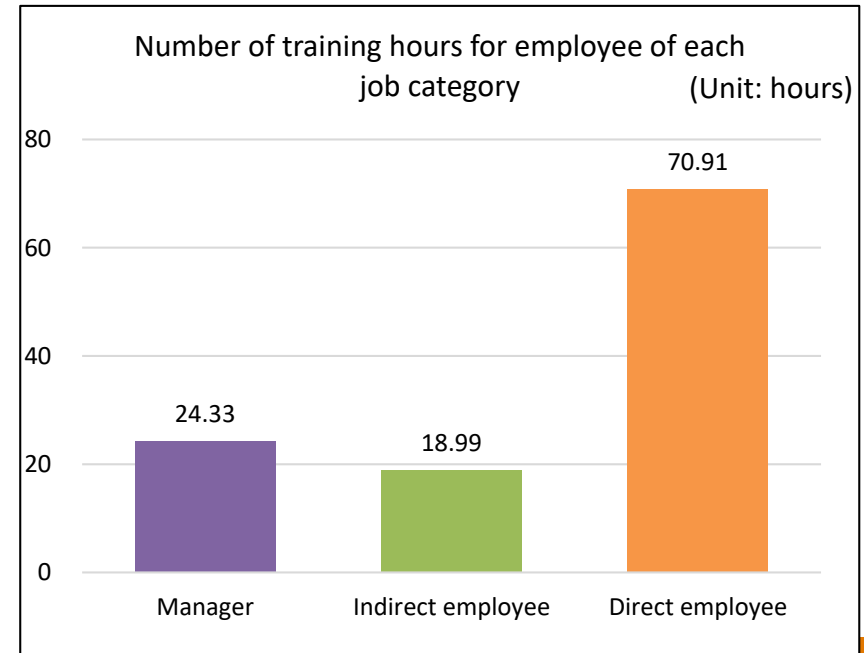
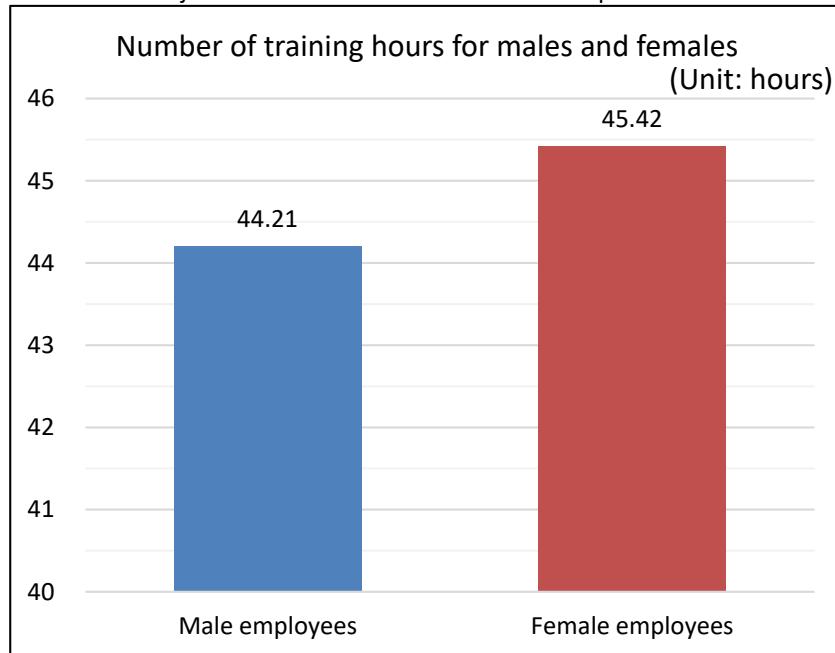
● 4.1.4 Facilitate employee adaptive development

A diversity of channels for training

Here at MiTAC, we take the improvement of employees' professional skills seriously. And as such, we have established a comprehensive training system to provide systematic employee education, which includes orientation training, competence training, supervisor training and so forth. Coupled with other learning resources such as e-learning, OJT, and OFFJT, we provide an ideal environment for employees to learn and grow. Although the year 2021 is affected by the pandemic, the average number of training hours received by every personnel still achieves 44.7 hours/person (note).

We emphasize and value human rights education, endeavor to align our HR system with international standards and issues regarding legal and human rights, and enforce human rights education in daily work. In 2021, we arranged a total of 600 hours training that relates to human rights to ensure human rights education is implemented to each employee and the human rights concept is engrained in every member.

Note: The subjects of this disclosure are based on important subsidiaries in Taiwan and Mainland China for 2021.





4.1.4 Facilitate employee adaptive development

Suzanne B. Summers (1997)'s strategic skill analysis procedure focuses human resources database in the employees' and candidates' knowledge, skill and ability (KSA).

Create a Corporate Culture through Orientation

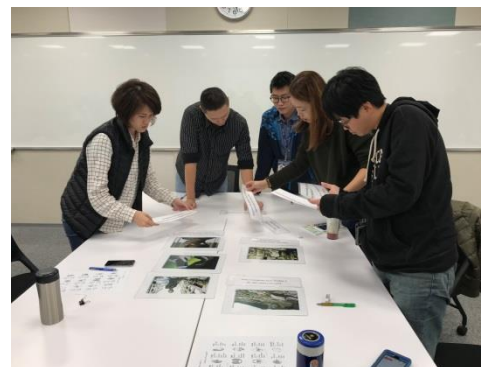
In order to help new employees blend in and optimize their learning time, each employee undergoes a series of new employee training programs upon entering the Company, where various company policies and work-related K.S.A (knowledge-skill-attitude) are combined with the "new talent camp" activity to help them gain further understanding about the Company's management philosophy and core values. In addition, each new employee is assigned a "work tutor" to share experiences with each other and facilitate them to become acclimatized with the work environment.

Managerial Training with Equal Emphasis on Theory and Practice

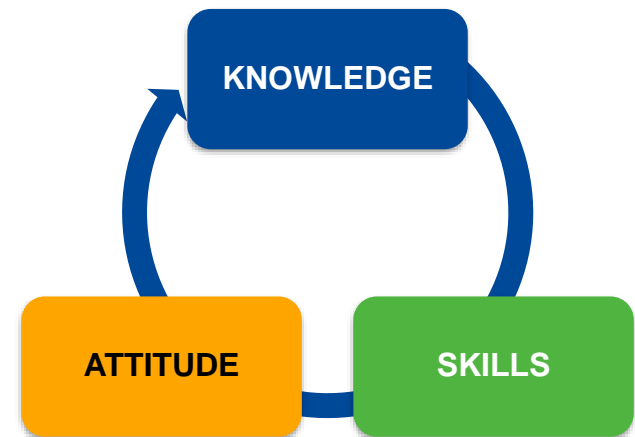
Management training is designed on the basis of six management competencies, including decision making, cross-team work, talent management, innovation, conflict management, performance management. We adopt the experiential learning method to conduct new management training programs. Coupled with case studies and sharing sessions, these managers were able to acquire relevant management skills in ascending levels of sophistication.



Management training



Orientation training



KSA (Knowledge, Skills, Abilities)



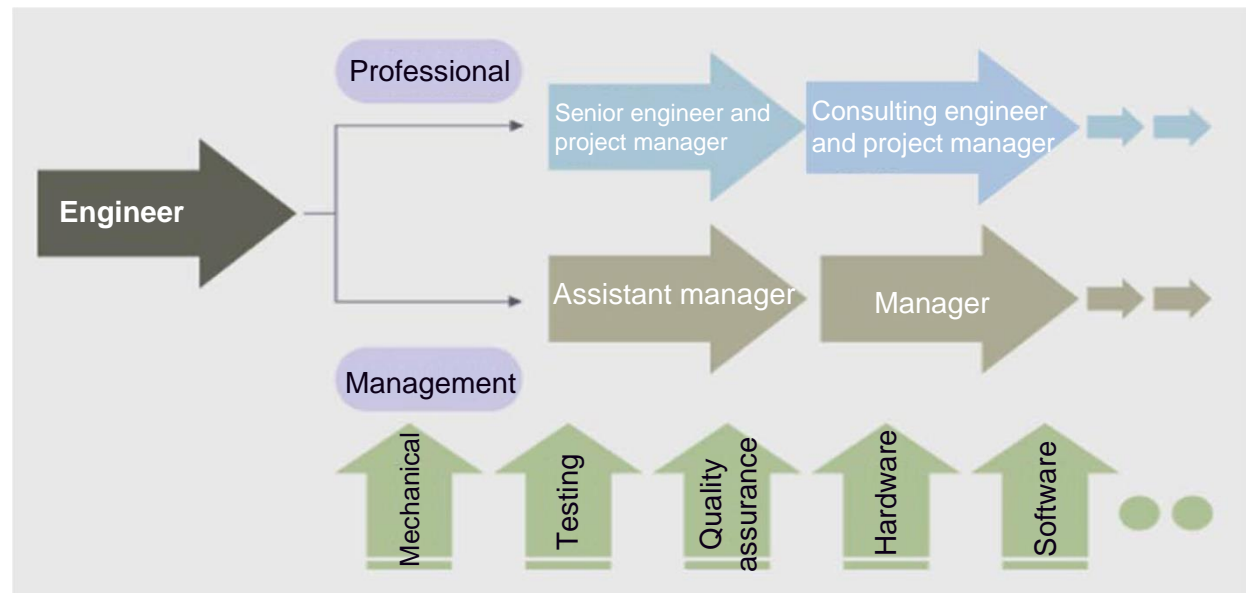
● 4.1.4 Facilitate employee adaptive development

Life time learning scheme

MiTAC encourages managers to further their continuing education in master's programs and EMBA programs so that they can improve their professional and management skills. Further to the subsidy of tuition fees, MiTAC also permits relevant personnel to take leave in the duration of the study every month. Under this arrangement, related personnel can be concentrated on learning.

Career Development

MiTAC helps its people properly plan for their career lives by adopting a dual-track system for promotion. The managers will communicate with the personnel for promotion on the basis of the organizational needs, and select those who are competent in professional skills or management capacity. At the same time, MiTAC also practiced the global job rotation system to assist its people to develop more than one professional skill as a means for long-term human resources development and strengthening the competitive power of the enterprise.



4.1 Employee Care



● 4.1.5 Creating a friendly work environment

Flexible work hours

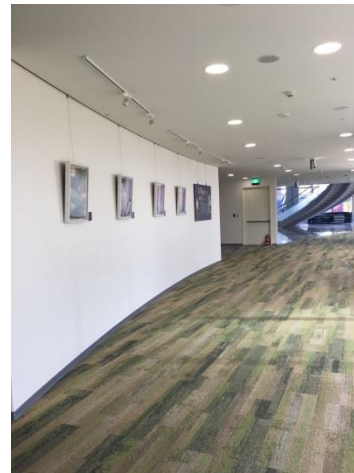
In order to free our employees from the pain of traffic congestion during commuting, as well as to cater to the commuting needs of colleagues to live far away from the office, the Company has devised a flexible work hours system with two hour leeway (clock-in: 7:30-9:30am/out: 16:30-18:30). The system was implemented to save commuting time for our colleagues, so that they can achieve quality and balance between work and family life.

Safe and Comfortable Work Environment

Office workers spend at least 8 hours a day in the office. Being a people-oriented Company, MiTAC values the comfort of our employees while working, and thus we have created a bright, spacious office space that is furnished with ergonomic desks and chairs for each employee to minimize their physical fatigue and maintain their health.



Ergonomically designed office space



Art gallery



Recreational space

Note: 4.1.5 The subjects of the disclosure information for friendly work environment is based on the important subsidiaries in the Taiwan region.



● 4.1.5 Creating a friendly work environment

Safe and Comfortable Work Environment

MiTAC provides a safe and low-risk work environment, encompassing physical security of the plant and the safety of the employees. All plants of MiTAC have been accredited by a third-party of the ISO 45001 and ISO 14001 systems. In addition, MiTAC designs and executes its HSE system in compliance with applicable laws, international rules, and its own internal standards. Designated functions, like Plant Administration, Equipment, and HSE are responsible for the monitoring of safety and health under standard operation procedures subject to strict assessment and approval before implementation.

The plants are required to properly enforce RBA and conduct safety inspection and organize events for safety education in order to monitor risk and review potential threats to safety. MiTAC sees the health and safety of employees as a vital asset of the corporate sustainable development, and will commit all necessary resources to maintain an appropriate work environment for the safety and health of employees.

Restaurant and Living Area

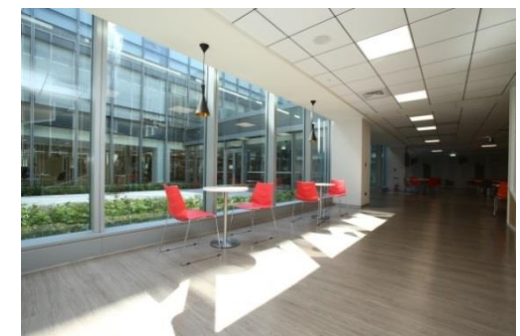
Colorful, vibrant elements are employed to design the restaurant and living area, where colleagues may enjoy lunch and supper in a delightful ambiance and setting. Jian Nature Health-Living has opened a branch store in the company to provide our colleagues with healthy diets and safe, toxin-free foods.



Pleasant dining environment



Jian Nature Health-Living – Safe food ingredients for your peace of mind



Well illuminated and ventilated



● 4.1.5 Creating a friendly work environment

Safe and Comfortable Work Environment

Well Stocked library with a Vast Collection of Diverse Books

When employees grow, so do we. MiTAC constantly strives to help our employees advance their knowledge and skills, thus a library was created in the company, where librarians are hired to manage the abundant collection of books using the professional library management system. Moreover, books and magazines in various disciplines are purchased regularly for our colleagues to check out and read. There were a total of more than 4,500 books in 2021. periodicals in 26 categories were available for the employees to borrow and more than 800 employees borrowed the books.

Accessible Facilities

In order to provide disabled employees with a more friendly work environment, MiTAC has designed signs, wheelchair ramps and handrails along major routes in the office. Furthermore, accessible toilets and parking spaces are also created to minimize any inconvenience at work.

Multipurpose religious space

MiTAC cares about the multiple cultural needs of employees. By integrating the hardware and software systems, we establish the prayer room and flexible work processes to provide employees with timely support and assistance for their religious needs.



Friendly, convenient accessible facilities



Prayer room



● 4.1.5 Creating a friendly work environment

Friendly nursing space

Maternity protection measures

In order to assist our female colleagues to achieve a work-life balance, and alleviate any physical and psychological discomfort that may occur during and after their pregnancy, the Company has thoughtfully designed 5 nursing rooms and 10 pregnant women's parking spaces and provided them with care and counseling. The aim is to support our female colleagues during their pregnancy.

MiKids Land

For employees to take care of children more conveniently, the "MiKids Land" is established to fulfill the employee's temporary childcare needs. Employees can bring their children to work and take care of them while working. This flexible childcare policy has earned employee recognition and keep them away from worries. Though affected by the epidemic, there were 22 employees using the MiKids Land services in 2021.



Pregnant employees' exclusive parking space



Cozy MiKids Land





● 4.1.5 Creating a friendly work environment

Gender Friendly

The Company perceives great importance in gender equality and emphasizes gender equality and independence among our employees. MiTAC's comprehensive measures and spatial design have helped to eliminate gender related problems for our employees.

Stress the Concept of Gender Equality

Equal remuneration between male and female employees, as well as equal opportunities for promotion. The concept of gender equality is fostered among our employees through internal email and the employee section.

Established Task Force on Sexual Harassment

If our employees encounter verbal harassment at work, they may file a complaint through the complaint hotline, and the Company will form a task force to conduct a fair investigation and decide on the subsequent course of action. If the allegation is proven to be true, counseling and the individual responsible will be dealt with accordingly in order to protect the rights of our employees. Over the last 3 years, no such complaint has been received, indicating that MiTAC has applied the philosophy of gender equality to the work environment.

Established Gender Friendly Facilities

With gender independence in mind, the Company has established gender friendly facilities, such as gender friendly toilets, in order to minimize problems associated with gender identity.





● 4.1.5 Creating a friendly work environment

Employee healthcare

The Company values the health of our employees' body and mind, therefore in addition to establishing safe, comfortable fitness facilities, regular health examinations are also conducted for them. Prior to their health exams, self-assessment questionnaires are provided for employees to understand their physical and mental health. Furthermore, consultations with doctors are arranged during the health examination to help the employees assess their health conditions and achieve physiological protection. The Company nurses will implement employee health grading management conducting regular tracking and care to high risk groups. Additionally, the Company employs resident occupational medicine and family medicine specialist to provide regular one to one professional consultation service, assisting employees with more professional medical suggestions.

Professional Assistance and Consultation

In order to prevent and resolve on any organizational or personal issues that may decrease our employees' productivity, so that they can engage in work with a healthy body and mind, in turn enhancing corporate competitiveness and creating a win-win situation between capital and labor, our employees may seek assistance through the following professional channels.

Human Resources Unit

MIC's HR unit can provide our colleagues or department directors with timely assistance regarding issues such as: employee attendance, performance and emergency relief. Professional, caring perspectives are utilized to help our employees determine problems that may affect personal performance at work and resolve them.



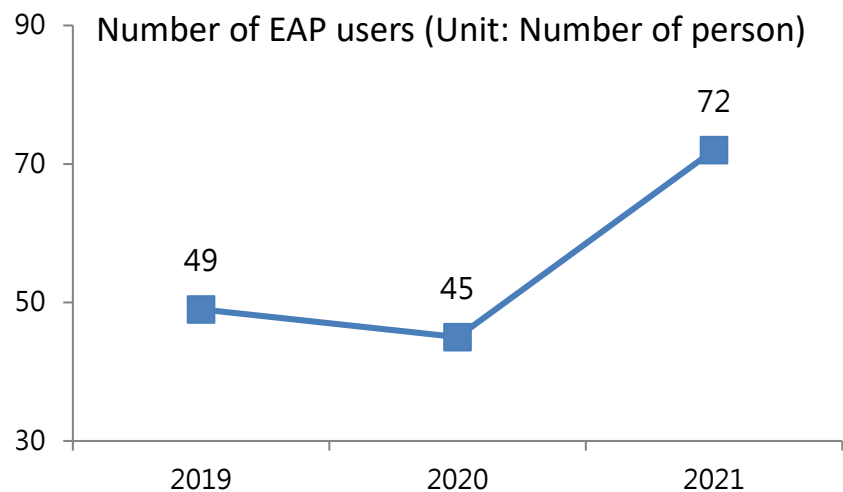


● 4.1.5 Creating a friendly work environment

Professional Assistance and Consultation

Employee Assistant Program (EAP)

- MiTAC has been working with professional consultant teams to launch our EAP (Employee Assistant Program) with a team of experts comprising psychological therapists, legal councilors, nutritionists, financial consultants and so forth.
- Through professional counseling and channels such as seminars, articles and EAP websites, we provide employees and their families professional advice in their daily life, including pressure from the workplace, interpersonal relationships, family and marriage, the two genders, law, wealth management, and health care so that they could maintain proper balance in the workplace, in daily life, and in health.
- Employee Assistant Program (EAP) provides year-round service for personal/work related problems. (Consultation services are protected by privacy policy)



Note: The subjects of the disclosure information is based on important companies in Taiwan region.



● 4.1.6 COVID-19 Countermeasures

Real-time capture of epidemic control responses

To address the changes in the epidemic situations, we established the MiTAC Epidemic Control Response Team to keep up with the changes in the epidemic situations. We also established the Epidemic Control Section on the corporate website and sent emails to keep employees updated with and publicizes the Company's up-to-date epidemic countermeasures to ensure that employees can work at MiTAC without worries.

Risk control through external control

In response to the changes in the epidemic situations, we timely adjusted our visitor control to video or voice conferences to minimize risk exposure of employees and thereby ensure work safety.

Split operations and work from home

At the peak of the pandemic, we activated the advanced split operation plan and implemented the work from home (WFH) policy by integrating with the Company's well-established hardware and software equipment to reduce the inconveniences of split office and lower the risk of infection due to physical contacts and interaction among employees.

Physical condition capture through entry control

Employees working in the office were required to adopt various epidemic control measures, including wearing a face mask at all times to reduce transmission by droplet, maintaining social distancing in common areas and implementing crowd control in enclosed areas, and reducing cross-floor and cross-site mobility to avoid cross infection.

Operations with technology for internet communication

The office is equipped with comprehensive videoconferencing software for employees to communicate with uninterrupted videoconferencing. From whether the mobile, tablet, or laptop, employees can achieve seamless connection for full communication with customers or visitors.



● 4.1.7 Virtuous labor-management communication

Diverse, Open Communication Channels

For the realization of its corporate philosophy of humanity in management, MiTAC provide two-way transparent communication channels and actively creates different environments of communications. MiTAC values the ideas of the employees in order to buttress labor-management harmony. This will be essential for creating a win-win situation between the enterprise and the employees.

We have set up a range of offices for globalization and diversification. To hold meetings smoothly across offices and regions and save employees from the tiredness and risk of traveling, we have purchased various communication products to facilitate employees to hold multinational discussions and meetings.

- Video conferencing equipment: MiTAC has invested about NT\$10 million in setting up high definition and high stability videoconferencing equipment connecting the 9 locations in Taiwan, China, USA, and the UK. This facility helps to bridge the distance and makes business meetings more efficient.
- Diverse communication: MiTAC people can view the monthly magazine and the quarterly magazine published by the group over the web so that they can understand the status of operation and the latest products launched by the Company to market. Indeed, internal communication is viable at MiTAC.

Complete videoconference equipment



Multinational Communication



Comprehensive communication platforms





4.1.7 Virtuous labor-management communication

Periodic labor-management meetings

We periodically hold labor representative elections according to the law, hold labor-management meetings with labor representatives every quarter and communicate the results within the Company. We also arrange multiple channels for employees to express their opinions in order to build a better and more thoughtful labor system and promote virtuous labor-management interaction.

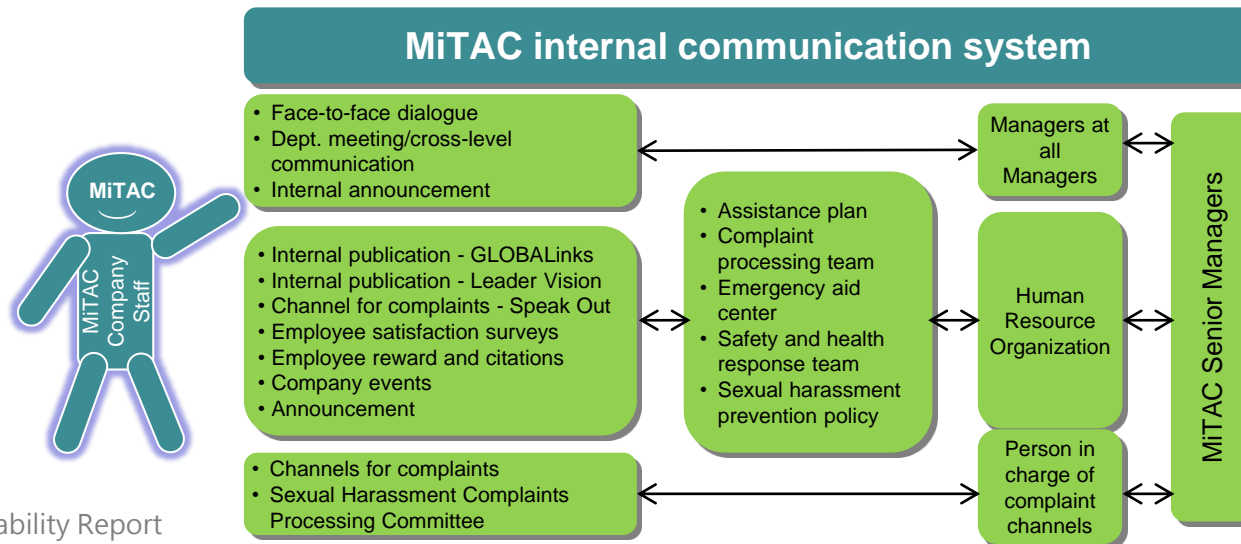
Multiple channels for opinion exchange

1. Established interactive Website

Through the Company's internal website, MiTAC is able to announce corporate governance related rules and regulations, as well as the latest developments within the Company. Furthermore, an interactive area has been created, allowing the employees to voice their thoughts and opinions besides receiving the latest work/life related information, as well as information from the employee welfare committee.

2. Speak Out dedicated line and employee suggestion box

We value of the opinions of each employee. Employees can speak their opinions through the Employee Suggestion Box in the plant or dormitory, over the "Speak Out Box" or even the grievance line on the external corporate website. We value each employee. After receiving a grievance, whether signed or not, case officers will listen, understand and properly handle each case. If it is necessary, anonymization protection will be arranged for complainants and a task force will be convened to propose improvement plans to property address the grievance, conduct impartial investigation, and handle the grievance without bias. We have also designed the whistleblower protection system to keep whistleblowers away from retaliation and unfavorable treatment. There were no whistleblowing cases in 2021.





● 4.1.8 Promoting Work-life Balance

Fostering Employees' Physical and Mental Health

1. MiGYM-Professional Fitness Center

MiTAC values the health of our employees' body and mind, therefore we have established a comfortable fitness center equipped with comprehensive equipment in the company for our colleagues to workout in their spare time. At the same time, professional instructors are hired to offer activities such as boxing aerobics, yoga and dance. The fitness center also features showers, allowing our colleagues to shower and change after their workout.



MiGYM

2. Thoughtful Massage Service

When the Company was founded, we employed 5 visually impaired employees to offer a massage service, so that our colleagues can find relief in a relaxing ambiance. This is also a means of providing employment opportunity for the physically and mentally impaired.



Taiwan i Sports mark
for Sports Enterprise

3. MiTAC Won the Taiwan i Sports mark for Sports Enterprise with Our Health Promotion Program.

Extended from the employee health issue, we went outdoors to put the ESG spirits into practice by organizing the "Health Promotion Program" in 2021. The event lasted for seven months in spite of the epidemic. It included fore facets of external physical training, external physical challenge, contribution to society, and internal lecture courses. It covered 56 different activities that attracted 410 participants, and encouraged employees to realize the ESG philosophies in multiple approaches. It was this encouragement of sports that helped MiTAC acquire the Taiwan i Sports mark for Sports Enterprise from the Sports Administration, Ministry of Education, and fulfill the responsibility of the Company to care for the employees.



2021 Health
Promotion Program



● 4.1.8 Promoting Work-life Balance

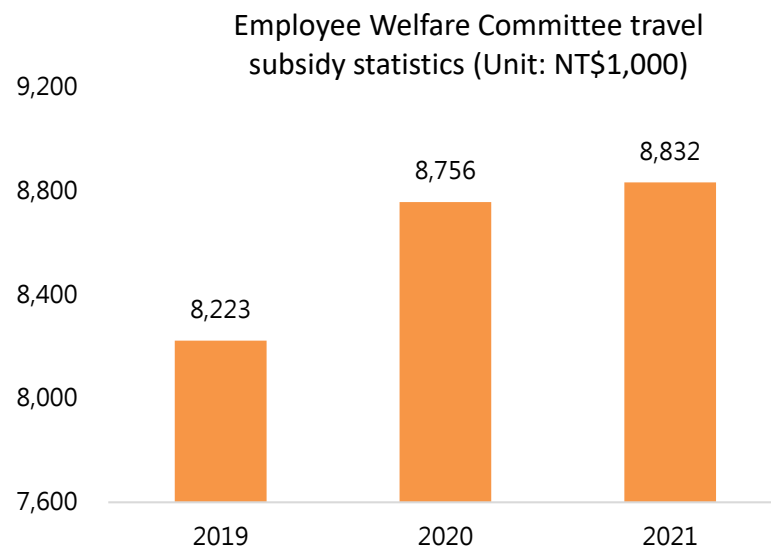
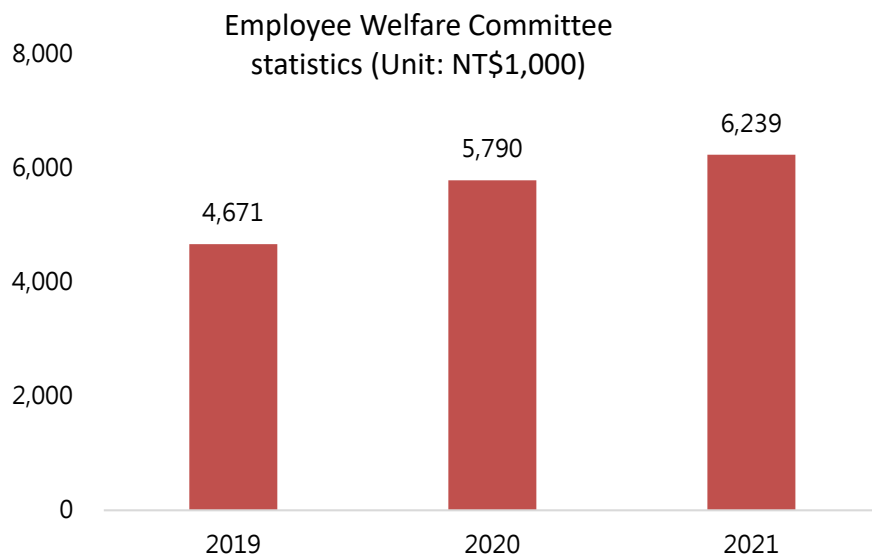
Support Employees' values in Life

1. Employee welfare committee cares

MIC offers comprehensive, diverse welfare measures through the employee welfare committee, including: gift for festival to show that the Company cares about them; furthermore, gift money is disbursed for three major festivals in Taiwan in order to recognize their contributions to the Company. In this year, the employee welfare committee disbursed over NT\$ 6 million in related grants.

2. Travel Grants

To encourage employees to fully relax themselves after busy work, the Employee Welfare Committee (EWC) offers annual travel allowances. In 2021, the amount was over NT\$8 million for over 1,000 employees to enjoy this benefit.





● 4.1.8 Promoting Work-life Balance

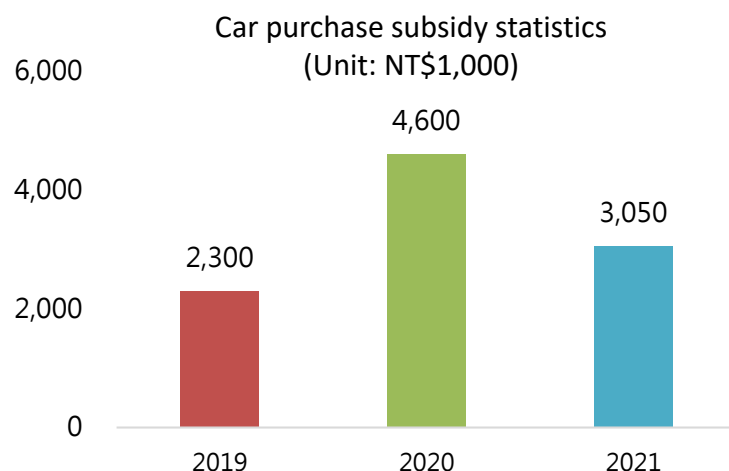
Support Employees' values in Life

3. Complete group insurance plan

MiTAC seeks to provide additional protection for our employees. In addition to the coverage of labor insurance and national health insurance, MiTAC also provides comprehensive Group insurance for the employees and their dependent family members at a lower premium rate for better protection. Expatriate employees are also given higher group insurance to allow them to work overseas with peace of mind.

4. Car Purchase Subsidy

In catering for the transportation and commuting needs of our employees, the Company provides fixed amount, interest-free car loans. Two applications are available every year, and a total of more than NT\$3 million was allocated for our colleagues' benefit this year.



Note 1. Subsidized amount varies depending on the number of applications received

Note 2: The subjects of the disclosure information is based on important companies in Taiwan region.

| Group insurance coverage | |
|--------------------------|--------------------------------------|
| Item | Insurance coverage |
| Life insurance | Death benefit |
| | Level 2-11 disability benefit |
| | Accelerated critical illness benefit |
| Accident insurance | Accident benefits |
| Health insurance | Daily hospital benefit |
| | Accident medical care benefit |
| | Outpatient surgery benefit |
| | Cancer medical benefits |



4.1.8 Promoting Work-life Balance

Encouraging Interactions Among Our Employees

1. Birthday party

Employee Welfare Committee regularly organizes birthday parties for our colleagues. Aside from exquisite meals, entertainment programs are also arranged in conjunction with the festival of the month. In total, over 1800 employees from 2 regions celebrated birthdays together.

2. Social Clubs

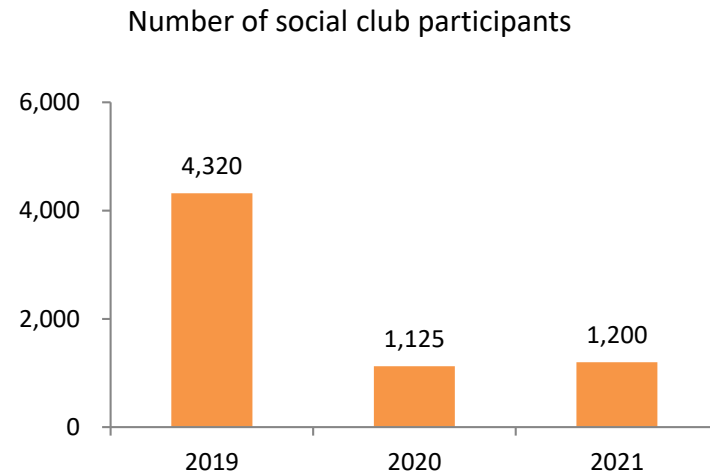
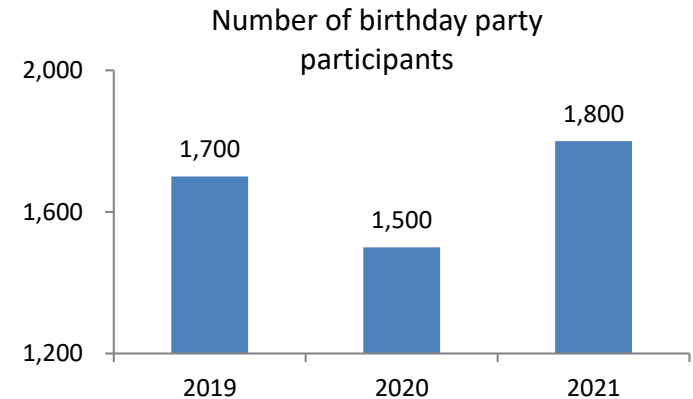
Boxing, aerobics, bowling, coffee club or table game club etc. in addition to offering our colleagues to work off stress and demonstrate their talents outside of work. A total of over 1500 people participated in 20 social clubs across 3 regions in 2021.



Health Promotion Program



Body Combat Club



Note: 1. In response to the pandemic, birthday celebrations and employee club activities were reduced to prevent cluster infection.
2. The subjects of the disclosure information is based on important companies in Taiwan region.



4.1.8 Promoting Work-life Balance

Encouraging Interactions Among Our Employees

3. Social contribution: Winter Donation

In addition to work, MiTAC employees spare no efforts making in social contribution and provide proactive assistance for different vulnerable groups in society. Through internal in-kind donation, periodic monetary donation, and blood donation, they timely support those in need of help. In 2021, MiTAC employees donated more than NT\$500,000 and more than 100 types of materials. They also recruited passionate employees to donate up to 369 blood packs reaching 92,250 cc of blood to repay society in real action.

4. Art Exhibition at the Art Corridor

Apart from changing works regularly at the art corridor for employees and visitors to appreciate, we give full support to employees to display their paintings or photographic work at the corridor by setting up exclusive display areas for them to share their works with more people.



Blood Donation



MiTAC Painting Competition Works of Female Employees



Art Corridor Exhibition



2021 Warmth in Winter Activity



● 4.1.8 Promoting Work-life Balance

Employee Care Measures

1. Emergency relief fund

In addition to providing our employees with daily assistance, MIC also provides them with comprehensive care in the event of natural disaster or emergency. If colleagues are injured and hospitalized or killed in an accident or disaster, the Company's representatives and management will immediately pay a visit to provide the employees and their families with consolation money in order to console them.

2. Emergency Relief

If the employees require financial assistance after experiencing an accident, the Company will help them apply for an emergency loan ranging from NT\$ 100,000 to 300,000 in order to get them through difficult times. In 2021, employees applied for special assistance from MIC due to family accidents, and they have since been reinstated after timely assistance from the HR unit.

3. Emergency relief abroad

If our expatriate employees are in need of support due to illness or major accident, the Company will provide emergency relief abroad such as emergency medical transfer back to Taiwan for treatment, or local emergency medical assistance will be arranged.

4. Critical patient care

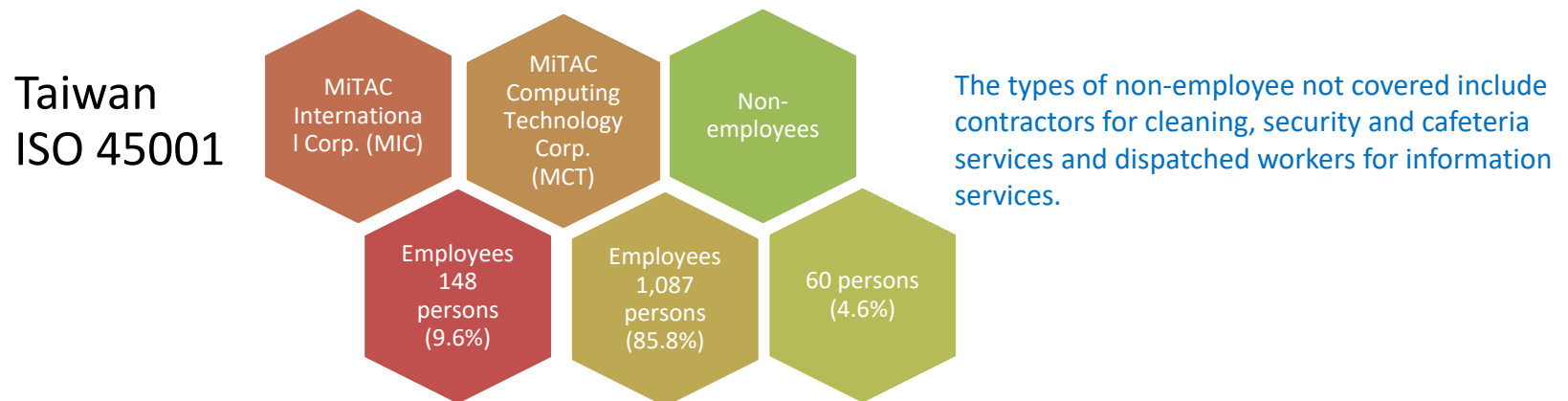
If an employee is suffering from a severe illness, we will immediately activate the employee assistance program (EAP) to provide employees with more days of sick leave to maintain his social security and income during the treatment. We also give him our spiritual support, so that he can reinstate in the same position after recuperation and continue to grow with the Company. In 2021, we offered a total of 164 days of special sick leave.





4.1.9 Environmental health and safety

HSE management performance is our concern. We provide stakeholders including customers, communities, and partners with a safe, low environmental load, and high-efficient operating base. In view of the importance of continual HSE improvement, top management of the plants sets up the EHS organization, with labor representatives holding a minimum of one-third of seats in compliance with the Occupational Safety and Health Act. In addition, we have implemented and passed ISO 14001, ISO 45001, and RBA certification and various programs through the PDCA cycle to achieve continual improvement.



- For the 2021 Taiwan Occupational Safety and Health Management Systems, the number of persons covered is 1,720 persons (MiTAC + MiTAC Computing Technology + MDT employees + contractors) with 100% coverage rate.
- The number of persons covered for the internal audit system in Taiwan is 1,720 persons (MiTAC + MiTAC Computing Technology + MDT employees + contractors) with 100% coverage rate.
- The number of persons covered by the system in Taiwan audited by external audit organization is 1,295 persons (MiTAC + MiTAC Computing Technology employees + contractors) with 75.3% coverage rate.

Note: Scope of coverage for the MiTAC ISO 14001 and ISO 45001 certifications.

- ISO 14001: Taiwan Taoyuan R&D center/Hsinchu Plant; China Guangdong MSL Plant/Jiangsu MKL Plant; USA California MiTACIS Plant.
- ISO 45001: Taiwan Taoyuan R&D center/Hsinchu Plant; China Guangdong MSL Plant/Jiangsu MKL Plant.



MiTAC Occupational Health and Safety management measures



Hazard identification and risk assessment

To reduce hazards from routine and non-routine process activities, MiTAC established related procedures in accordance with the risk assessment technical guidance. Through continuous health and safety identification and risk assessment, each responsible unit will proceed from physical, chemical, biological and ergonomic aspects to identify hazards that belong to unacceptable risks or possess opportunities for improvements. Suitable preventive management measures are adopted to control risks within acceptable level.

Risk Assessment Value (R) = Possibility in occurrence of hazards (P)*Severity (S), identify risks, opportunity items and consider the regulative/level of concern by related interest groups/technical aspects/effectiveness factors, decide on the grade items for priority actions, or take actions for necessary procedural control and internal training for hazard control. There are 4 items of unacceptable safety hazard risks identified in the most recent two years, and 1 item on employee health promotion improvement opportunities, implementing the plan management.

There are a total of 8 female employees who are pregnant accepting the maternal labor health protection for the Taiwan region in 2021. The hazard identifications, risk assessments, and work content confirmations have been completed through telephone or face-to-face interviews for the 8 personnel. Related health educational information is also provided during pregnancy and postpartum.

4.1 Employee Care



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Incident investigation

For accidents that happened at the labor workplace, the department that is involved in the accident shall inform the health and safety management office immediately to initiate the handling and investigation procedures. Corrections and preventions are to be made according to the root cause factor of the hazard occurrence to guarantee the safety and health of the employees preventing the accidents from happening again. Additionally, the department shall proactively inform the local labor inspection authority within 8 hours if severe occupational hazards occurred.

Definition of severe occupational hazards: Occurrence of hazards resulting in deaths, more than three persons suffering from the accident, more than one person suffering from the accident who needs to stay in the hospital for treatment.

In 2021, there are a total of 1 occupational hazard for employee within the plant and 4 false alarm incidents in Taiwan. Prevention improvements have been completed. There are also 18 traffic accidents for employees commuting to and from the workplace. Proactively organizes the traffic safety courses entitled “It takes practice to drive with safety concept.” There have been no discovery of diseases relating to the occupations during the occupational health and safety physical examinations.

2021 injuries statistics

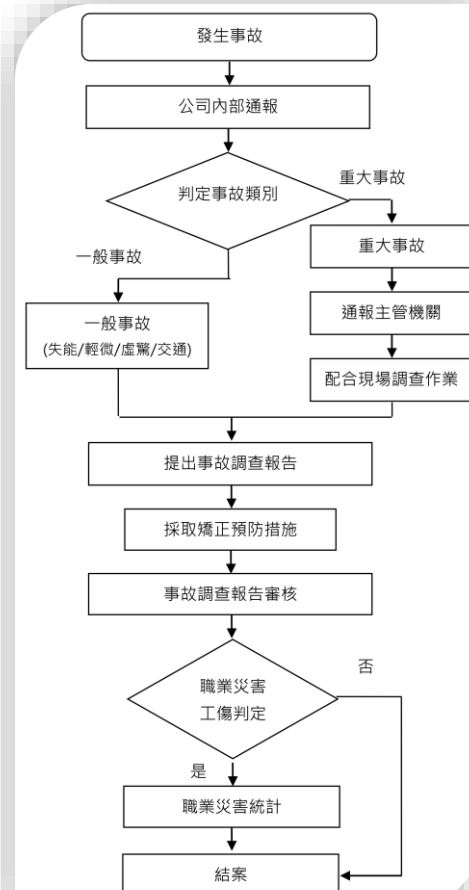
| Category | Item | Subtotal | Annual FR | Annual SR |
|-----------|------------------------------|-----------|-----------|-----------|
| Employees | Number of disabling injuries | 1 | 0.31 | 6.13 |
| | Number of work days lost | 20 | | |
| | Total working hours (hours) | 3,261,664 | | |

| Category | Item | Subtotal | Annual SR | Annual FR |
|---------------|------------------------------|----------|-----------|-----------|
| Non-Employees | Number of disabling injuries | 0 | 0 | 0 |
| | Number of work days lost | 0 | | |
| | Total working hours (hours) | 147,936 | | |

Disabling injury frequency rate (FR) calculation formula=Number of disabling injuries*1,000,000/total hours worked

Disabling injury severity rate (SR) calculation formula=Number of work days lost over the year*1,000,000/total hours worked over the year

MiTAC accident handling and investigation procedures





Workers participation, consultation and communications

To maintain the operation safety of the work environment and workplace, every plant of the Company has established the Occupational Health and Safety (OHS) Committee. It is composed of the Occupational Health and Safety management personnel, every departmental supervisor/monitoring and command personnel, technical engineering personnel and labor representative of a total of 45 persons. Among which, there are 16 labor representatives accounting for 35.6% of the workers participation ratio; The Committee jointly provides suggestions on the Company's draft Occupational Health and Safety policies; It reviews, coordinates, and suggests Occupational Health and Safety related matters and participates in investigations of internal occupational hazards events. There are 15 items on health and safety proposed during meetings in 2021 for Taiwan and the improvements have been implemented.

The Company has set up the Speak out email and physical comments box. When employees have concerns or suggestions in regards to health and safety aspects, they can inform the labor representative committee member of the OHS Committee who will raise the matter for consultative discussions at the regular committee meeting; Or, when there are any suggestions of concerns by external related groups towards EHS management, the information received shall be recorded in the "Internal and external factory communications log" for discussions and handling during the committee meeting. The original proposer shall be informed of the handling results for the case, and the handling situation after the end of the case shall be recorded by the responsible department in the communications log. A total of 20 cases have been recorded in the internal and external factory communications log for 2021 in Taiwan.

Health and safety educational trainings

Each year MiTAC establishes the health and safety educational trainings plan, cultivating employees on hazard awareness in work environment and the required concept and knowledge on EHS for disaster prevention. This is to assure the operation safety and health of the employees. Every training will be arranged according to category and time hours requirement. The trainings include:

| Employees Health and safety educational trainings | Contractor Health and safety educational trainings | Emergency response drills |
|--|--|---|
| <ul style="list-style-type: none"> • General health and safety training for new/current employees • Before change of work for current employees • New and revalidation trainings for emergency rescue personnel • Hazardous chemical use educational training • Fire prevention management personnel training • Energy management personnel training • Educational training on forklift with load over one metric ton • Educational training on radioactive material or operating equipment capable of producing ionizing radiation • New or revalidation trainings for other professional and technical licenses | <ul style="list-style-type: none"> • Work environment introduction • Health and safety notice matters • Plant introduction • General operation construction application • Construction application for dangerous operation involving flame, viaduct, hoist, confinement, hazardous materials management. • Fire protection offline application | <ul style="list-style-type: none"> • Notice and evacuation emergency fire fighting training • Typhoon and flood prevention drill • Chemical spill response drill |

4.1 Employee Care



Index > MiTAC and Society > Social Participation > Yu Shiu Education Foundation

As always, MiTAC upholds the idea of “Taking from society and giving back to society” as only a harmonious society can produce a blueprint for the sustainable development of an enterprise. Only a society of perpetual progress can make room for the sustainable growth of an enterprise.



Give back to society with professionalism, products and services. Get involved in public relations and marketing and support social concerns in order to serve society better.

Develop good talents in technology

Advocate low carbon living

Concern for disadvantaged groups



● 4.2.1 Yu Shiu Education Foundation

The 19th Y.S. Award on Campus with the theme of “Sustainable Practice+” to create cross-industry collaboration, thinking and innovativeness

The Yu Shiu Education Development Foundation was established under the sponsorship of MiTAC and other group companies, and has organized the annual Y.S. Award on Campus for the Development of Good Talents in Technology and Design since 2003. The event aims at students in schools of higher education for the encouragement of product design education and the incubation of good talents in software.

MiTAC gets to know young students through its assistance in the contest and related promotion. MiTAC employees also shared their experience in the industry with the students, particularly the experience in brand product design and the practice of global marketing, and the carborne device and driver recorder related issues. MiTAC encourages students to apply their creativity to portable devices and software application.



4.2 Social Participation

Index > MiTAC and Society > Social Participation > Concern for Disadvantaged Groups

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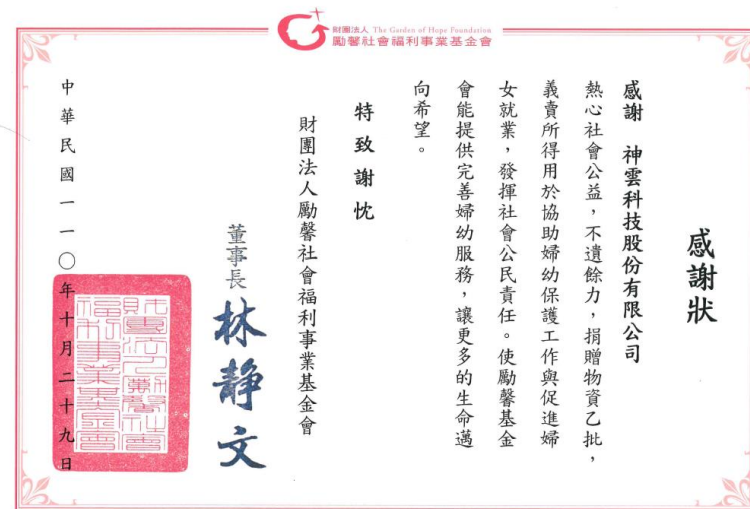
Appendix



4.2.2 Concern for disadvantaged groups

Recruiting materials for winter in-kind donation

Public welfare groups were more difficult in fundraising due to the epidemic. The Warmth in Winter Activity organized by the MCT employees has been held for many years. “The Garden of Hope Foundation - Linkou Center” was selected for the activity in 2021. The Foundation mainly purposes to help women and children who are threatened with violence, provide them with temporary protection, and train them for their employment competency. The MCT employees collected daily suppliers, household appliances and funds for the Foundation to take care of the women, young children and disadvantaged families who live under violence.



財團法人 The Garden of Hope Foundation
勵馨社會福利事業基金會

感謝狀

感謝 神雲科技股份有限公司

熱心社會公益，不遺餘力，捐贈物資乙批，

義賣所得用於協助婦幼保護工作與促進婦

女就業，發揮社會公民責任。使勵馨基金

會能提供完善婦幼服務，讓更多的生命邁

向希望。

特致謝忱

財團法人勵馨社會福利事業基金會

董事長 林靜文

中華民國一一〇年十月二十九日



4.2 Social Participation

Index > MiTAC and Society > Social Participation > Care for Local Communities

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● 4.2.3 Care for local communities

Supporting food offerings on Hungry Ghost Festival as assistance for the vulnerable

People always embrace the value of universal salvation. In recent years, MiTAC Holdings have made a big change in the universal salvation ceremony by using eco-friendly joss paper and handing it for central incineration by the Science Park Administration to reduce air pollution without reducing respect for the wandering souls. In addition, we have replaced the food offering with the food required by vulnerable groups and donated it to these groups after the ceremony. In 2021, we donated the food offering to Guishan Angel Service Station of Huashan Social Welfare Foundation. As that station provides service for disabled, dementia, and homeless elderly people, we purchased supplies including noodles, brown rice milk, sunflower oil, can food, oatmeal, etc. that meet the needs of elderly people. Besides reducing unnecessary expenses and pollution, helping the wandering souls pass over to the paradise to pray for peace, we also demonstrated the “universal salvation” spirit of the festival.



4.2 Social Participation

Index > MiTAC and Society > Social Participation > Charity Sale



4.2.4 Charity Sale

Environmental Protection, Love and Charity

Employees donated their domestic things that were not used any more for sale during this 15-day charity sale activity and, by doing so, made these things sustainable. Nearly 700 brand new and second-hand things were collected during the activities, including books and stationeries, daily supplies, children's products, computers, communication devices, consumer electronics, clothes, bags, and sports and leisure products. They were sold to earn NTD 80,000, an all the amount was donated to Taoyuan Angel Development Center for the people with mental disabilities. This activity demonstrated the environmental protection and the care and assistance for disadvantaged groups. Many employees supported the activity enthusiastically.



4.2 Social Participation

Index > MiTAC and Society > Social Participation > Blood Donation Promotion

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4.2.5 Blood Donation Promotion

One Bag of Blood for One Life

MiTAC encouraged employees to donate blood because the blood donation centers were facing the shortage of blood due to the epidemic in 2021. The donation activity was held in July and November to collect 369 bags or 92,250cc of blood.



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|----------------------------|---------------------|--|---|-------------|------|
| General Disclosure GRI 102 | | | | | |
| Organizational profile | 102-1 | Name of the organization | 2.1.1 Company Profile | 21 | |
| | 102-2 | Activities, brands, products, and services | 2.1.1 Company Profile | 22 | |
| | 102-3 | Location of headquarters | 2.1.3 Global locations | 24 | |
| | 102-4 | Location of operations | 2.1.3 Global locations | 24 | |
| | 102-5 | Ownership and legal form | 2.1.2 Basic information | 23 | |
| | 102-6 | Markets served | 2.1.3 Global locations | 24 | |
| | 102-7 | Scale of the organization | 2.1 Company Outlook | 21, 23, 26 | |
| | 102-8 | Information on employees and other workers | 4.1.1 Employment Policy and Labor Force Structure | 92-93 | |
| | 102-9 | Supply chain | 3.5 Supply Chain Management | 74 | |
| | 102-10 | Significant changes to the organization and its supply chain | 2.1 Company Outlook | 21 | |
| | 102-11 | Precautionary Principle or approach | 2.2.6 Continue to improve corporate risk management | 38-42 | |
| | 102-12 | External initiatives | 3.3 Response to Climate Change and Global Warming | 51 | |
| | 102-13 | Membership of associations | 2.1.1 Company Profile | 21 | |
| Strategy* | 102-14 | Statement from senior decision-maker | Messages from the SDC Chairman | 3 | |
| | 102-15 | Key impacts, risks, and opportunities | 2.2.6 Continue to improve corporate risk management | 38-42 | |
| Ethics and integrity | 102-16 | Values, principles, standards, and norms of behavior | 4.1 Employee Care | 91 | |
| | 102-17 | Mechanisms for advice and concerns about ethics | 4.1.7 Virtuous labor-management communication | 112-113 | |

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|---------------------------------|---------------------|---|--|----------------|---|
| General Disclosure GRI 102 | | | | | |
| Governance* | 102-18 | Governance structure | 2.2.1 Corporate Governance Chart 4.1.1 Employment policy and labor force structure | 27-29 92 | |
| | 102-22 | Composition of the highest governance body and its committees | 2.2.2 Operation of the Board of Directors | 28-33 | |
| | 102-23 | Chair of the highest governance body | 2.2.2 Operation of the Board of Directors | 28-33 | |
| | 102-24 | Nominating and selecting the highest governance body | 2.2.2 Operation of the Board of Directors | 28-33 | |
| | 102-25 | Conflicts of interest | 2.2.2 Operation of the Board of Directors 2.2.3 The Operation of the Auditing Committee | 28-33 34-35 | |
| | 102-35 | Remuneration policies | 2.2.4 The Operation of the Remuneration Committee | 36 | |
| | 102-36 | Process for determining remuneration | 2.2.4 The Operation of the Remuneration Committee | 36 | |
| | 102-37 | Stakeholders' involvement in remuneration | 2.2.4 The Operation of the Remuneration Committee | 36 | |
| Communication with stakeholders | 102-40 | List of stakeholder groups | 1.3.4 General Communication | 17 | |
| | 102-41 | Collective bargaining agreements | | | There is currently no collective bargaining agreement |
| | 102-42 | Identifying and selecting stakeholders | 1.3.4 General Communication | 17 | |
| | 102-43 | Approach to stakeholder engagement | 1.3.4 General Communication 1.3.5 Communication for Report Preparation | 18 18 | |
| | 102-44 | Key topics and concerns raised | 1.3.4 General Communication | 17 | |
| Reporting practice | 102-45 | Entities included in the consolidated financial statements | MiTAC Sustainability Report 2.1.1 Company profile | 4-5 21 | |
| | 102-46 | Defining report content and topic Boundaries | 1.3.1 Description of accountability and reporting principles 1.3.2 Topic Determination through SOPs | 14 15 | |
| | 102-47 | List of material topics | 1.3.2 Topic Determination through SOPs | 15-16 | |

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|------------------------------|---------------------|--|--|-------------|--|
| General Disclosure GRI 102 | | | | | |
| Reporting practice | 102-48 | Restatements of information | 3.3.1 Global Climate Change and Greenhouse Gas Inventory | 53 | Due to adjustment of the carbon emission factor at Kunda and MiTAC plants, the total carbon emission value in the 2020 base year was modified from 51,192(tCO ₂ e) to 47,225(tCO ₂ e). |
| | 102-49 | Changes in reporting | | | Remain unchanged |
| | 102-50 | Reporting period | MiTAC Sustainability Report | 4 | |
| | 102-51 | Date of most recent report | MiTAC Sustainability Report | 4 | |
| | 102-52 | Reporting cycle | MiTAC Sustainability Report | 4 | |
| | 102-53 | Contact point for questions regarding the report | MiTAC Sustainability Report | 5 | |
| | 102-54 | Claims of reporting in accordance with the GRI Standards | MiTAC Sustainability Report | 5 | |
| | 102-55 | GRI content index | Global Sustainability Report Index Mapping Table | 125-132 | |
| | 102-56 | External assurance | | 4 | |
| Management guideline GRI 103 | | | | | |
| Management guideline | 103-1 | Explanation of the material topic and its Boundary | 1.3.3 Material Issues and MiTAC Value Chain | 16 | |
| | 103-2 | The management approach and its components | 1.3.6 Management Guidelines for Material Issues | 19 | |
| | 103-3 | Evaluation of the management approach | 1.3.6 Management Guidelines for Material Issues | 19 | |

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|---|---------------------|--|--|------------------|---|
| Economic sphere GRI 201, 202, 204, 205 | | | | | |
| Economic performance* | 201-1 | Direct economic value generated and distributed | 2.1.4 Operating Results 4.2 Social Participation | 25-26 124-129 | |
| | 201-2 | Financial implications and other risks and opportunities due to climate change | 2.2.6 Continue to Improve Corporate Risk Management 3.3.5 Climate Change Risk | 38-42 61 | |
| | 201-3 | Defined benefit plan obligations and other retirement plans | 4.1.3 Fair and just talent retention system | 98-100 | |
| Market Presence | 202-1 | Ratios of standard entry level wage by gender compared to local minimum wage | 4.1.3 Fair and just talent retention system | 98-100 | |
| | 202-2 | Proportion of senior management hired from the local community | 4.1.1 Employment policy and labor force structure | 92-95 | |
| Procurement practices | 204-1 | Proportion of spending on local suppliers | 3.5.1 Types of supply chain and localized procurement | 74-76 | |
| Anti-corruption | 205-3 | Confirmed incidents of corruption and actions taken | | | There have been no incidents of corruption for the Company in 2021. |
| Environmental sphere GRI 302, 303, 305, 306, 307, 308 | | | | | |
| Energy | 302-1 | Energy consumption within the organization | 3.3.2 Environmental Information | 55-56 | |
| | 302-2 | Energy consumption outside of the organization | 3.3.1 Global climate change and greenhouse gas inventory | 51-53 | |
| | 302-3 | Energy intensity | 3.3.2 Environmental information-Energy intensity of purchased electricity | 58 | |
| | 302-4 | Reduction of energy consumption | 3.3.4 Environmental performance | 60 | |
| | 302-5 | Reductions in energy requirements of products and services | 3.1.2 Introduction of product design for the environment | 46 | |
| Water and Effluents | 303-3 | Water withdrawal | 3.3.3 Water resource | 56, 59 | |
| Emission | 305-1 | Direct greenhouse gas (GHG) emissions (scope 1) | 3.3.1 Global Climate Change and Greenhouse Gas Inventory | 52 | |
| | 305-2 | Energy indirect (GHG) (scope 2) greenhouse gas (GHG) emissions | 3.3.1 Global Climate Change and Greenhouse Gas Inventory | 52 | |
| | 305-3 | Other Indirect greenhouse gas (GHG) emissions (scope III) | 3.3.1 Global Climate Change and Greenhouse Gas Inventory | 52 | |

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| Environmental sphere GRI 302, 303, 305, 306, 307, 308 | | | | | |
| Emission | 305-4 | Greenhouse gas (GHG) emission and intensity | 3.3.1 Global Climate Change and Greenhouse Gas Inventory -GHG emissions and intensity | 53 | |
| | 305-5 | GHG emission reduction | 3.3.4 Environmental performance | 60 | |
| | 305-6 | Emissions of ozone-depleting substances (ODS) | | | MiTAC's manufacturing process and products do not involve the use of ozone-depleting substances |
| | 305-7 | Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions | | | The Company did not have significant related gas emissions |
| Wastes | 306-1 | Waste generation and significant waste-related impacts | 3.3.2 Environmental Information | 54, 55, 57 | We are not in an industry requiring intensive water consumption. Therefore, we don't need an effluent discharge policy. |
| | 306-2 | Management of significant waste-related impacts | 3.3.2 Environmental Information | 54, 55, 57 | |
| | 306-3 | Waste generated | 3.3.2 Environmental Information | 55, 57 | |
| | 306-4 | Waste diverted from disposal | 3.3.2 Environmental Information | 57 | No hazardous wastes controlled by the Basel Convention were shipped internationally. |
| Environmental Compliance* | 307-1 | Non-compliance with environmental laws and regulations | | | The Company did not receive any fines for non-compliance with environmental laws and regulations in 2021. |
| Supplier environmental assessment | 308-1 | New suppliers that were screened using environmental criteria | 3.5.4 Supplier screening and green purchasing | 81 | |
| | 308-2 | Negative environmental impacts in the supply chain and actions taken | 3.5.5 Supplier Responsibility Counseling and Auditing | 81-82 | |

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| Social sphere GRI 401-419 | | | | | |
| Employment* | 401-1 | New employee hires and employee turnover | 4.1.1 Employment policy and labor force structure | 95 | |
| | 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | 4.1.5 Creating a friendly work environment | 104-110 | |
| | 401-3 | Parental leave | 4.1.3 Fair and just talent retention system - Reinstatement Rate after Unpaid Parental Leave | 100 | |
| Labor/Management Relations | 402-1 | Minimum notice periods regarding operational changes | 4.1.3 Fair and just talent retention system | 98 | |
| Occupational Health and Safety* | 403-1 | Occupational health and safety management system | 4.1.9 Environmental health and safety | 120-123 | |
| | 403-2 | Hazard identification, risk assessment, and incident investigation | 4.1.9 Environmental health and safety | 120-123 | |
| | 403-3 | Occupational health service | 4.1.9 Environmental health and safety | 120-123 | |
| | 403-4 | Worker participation, consultation, and communication on occupational health and safety | 4.1.9 Environmental health and safety | 120-123 | |
| | 403-5 | Worker training on occupational health and safety | 4.1.9 Environmental health and safety | 120-123 | |
| | 403-6 | Promotion of worker health | 4.1.6 COVID-19 countermeasures 4.1.8 Promoting Work-life Balance 4.1.9 Environmental health and safety | 111 114-119 120-123 | |
| | 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 4.1.9 Environmental health and safety | 120-123 | |
| | 403-8 | Workers covered by an occupational health and safety management system | 4.1.9 Environmental health and safety | 120-123 | |
| | 403-9 | Work-related injuries | 4.1.9 Environmental health and safety | 120-123 | |
| | 403-10 | Work-related ill health | 4.1.9 Environmental health and safety | 120-123 | |

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|--|---------------------|--|--|------------------|--|
| Social sphere GRI 401-419 | | | | | |
| Training and education* | 404-1 | Average hours of training per year per employee | 4.1.4 Facilitate employee adaptive development | 101 | |
| | 404-2 | Programs for upgrading employee skills and transition assistance programs | 4.1.3 Fair and just talent retention system 4.1.4 Facilitate employee adaptive development | 98-99 101-103 | |
| | 404-3 | Percentage of employees receiving regular performance and career development reviews | 4.1.3 Fair and just talent retention system | 98 | |
| Diversity and equal opportunity* | 405-1 | Diversity of governance bodies and employees | 2.2.2 Operation of the Board of Directors 4.1.1 Employment policy and labor force structure | 28-29 93-94 | |
| Non-discrimination* | 406-1 | Incidents of discrimination and corrective actions taken | 4.1.1 Employment Policy and Labor Force Structure | 92 | |
| Freedom of Association and Collective Bargaining | 407-1 | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | 3.5.5 Supplier Responsibility Counseling and Auditing | 81-82 | |
| Child labor | 408-1 | Operations and suppliers at significant risk for incidents of child labor | 3.5.5 Supplier Responsibility Counseling and Auditing 4.1.1 Employment Policy and Labor Force Structure | 81-82 92 | |
| Forced or compulsory labor | 409-1 | Operations and suppliers at significant risk for incidents of forced or compulsory labor | 3.5.5 Supplier Responsibility Counseling and Auditing 4.1.1 Employment Policy and Labor Force Structure | 81-82 92 | |
| Indigenous rights | 411-1 | Incidents of violations involving rights of indigenous peoples | | | In 2021, the Company was not involved in any incident violating the rights of indigenous people. |
| Human rights assessment | 412-1 | Operations that have been subject to human rights reviews or impact assessments | 4.1.1 Employment Policy and Labor Force Structure | 92 | |
| Supplier social assessment | 414-1 | New suppliers that were screened using social criteria | 3.5.4 Supplier screening and green purchasing | 81 | |
| | 414-2 | Negative social impacts in the supply chain and actions taken | 3.5.5 Supplier Responsibility Counseling and Auditing | 81-82 | |

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|-----------------------------|---------------------|---|---|-------------------|--|
| Social sphere GRI 401-419 | | | | | |
| Customer Health and Safety* | 416-1 | Assessment of the health and safety impacts of product and service categories | 3.1.2 Introduction of product design for the environment 3.5.3 Restriction on the Use of Hazardous Substances and Management 3.6.3 Product and Service Labels | 45 78-80 88 | |
| | 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | | | The Company did not violate any laws concerning product and service health and safety issues in 2021. |
| MARKETING AND LABELING | 417-1 | Requirements for product and service information and labeling | 3.1.3 Case of design for environment (DFE) of products-Enhancing material efficiency | 46 | |
| Customer privacy* | 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | | | The Company did not receive substantiated complaints regarding breaches of customer privacy and losses of customer data in 2021. |
| SOCIOECONOMIC COMPLIANCE | 419-1 | Non-compliance with laws and regulations in the social and economic area | | | In 2021 the Company did not receive any fines for violating the law. |

*Material issue related consideration aspects



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE MITAC HOLDINGS CORP.'S SUSTAINABILITY REPORT FOR 2021

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by MITAC Holdings Corp. (hereinafter referred to as MITAC) to conduct an independent assurance of the Sustainability Report for 2021 (hereinafter referred to as the Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during verification (2022/08/24-2022/07/20). SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all MITAC's Stakeholders.

RESPONSIBILITIES

The information in the Report and its presentation are the responsibility of the directors or governing body (as applicable) and management of MITAC. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the report content within the scope of verification with the intention to inform all MITAC's stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for report quality, and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

The assurance of this report has been conducted according to the following Assurance Standards:

| Assurance Standard Options and Level of Assurance | |
|---|--|
| A. | SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000) |
| B. | AA1000ASv3 Type 1 Moderate Level (AA1000AP Evaluation only) |

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SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

Reporting Criteria Options

- GRI Standards (Core)
- AA1000 Accountability Principles (2018)

- AA1000 Assurance Standard v3 Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018) at a moderate level of scrutiny; and
- evaluation of the report against the requirements of Global Reporting Initiative Sustainability Reporting Standards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with.

ASSURANCE METHODOLOGY

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

LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts, Task Force on Climate-related Financial Disclosures (TCFD) and SASB related disclosures has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from MITAC, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 28000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

FINDINGS AND CONCLUSIONS

VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the specified performance information included in the scope of assurance is accurate, reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.

We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

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AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

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

Materiality

MITAC has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders.

Responsiveness

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

Impact

MITAC has demonstrated a process on identify and fairly represented impacts that encompass a range of environmental, social and governance topics from wide range of sources, such as activities, policies, programs, decisions and products and services, as well as any related performance. Measurement and evaluation of its impacts related to material topic were in place at target setting with combination of qualitative and quantitative measurements.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, MITAC's Sustainability Report of 2021, is adequately in line with the GRI Standards in accordance with Core Option. The material topics and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. For future reporting, it is recommended to describe the boundaries clearly once more overseas information is disclosed. More systematic and efficient data collection process could also help to build a quality report.

Signed:

For and on behalf of SGS Taiwan Ltd.

Stephen Pao
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Taipei, Taiwan
25 August, 2022
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