

# 2021 ESG INSIGHT

# OVERVIEW

## Brightening the Future

Coretronic is the lighthouse of the hopes. Based on glorious performance, we light up the society and green the environment, so as to wish everyone a sustainable and bright future.

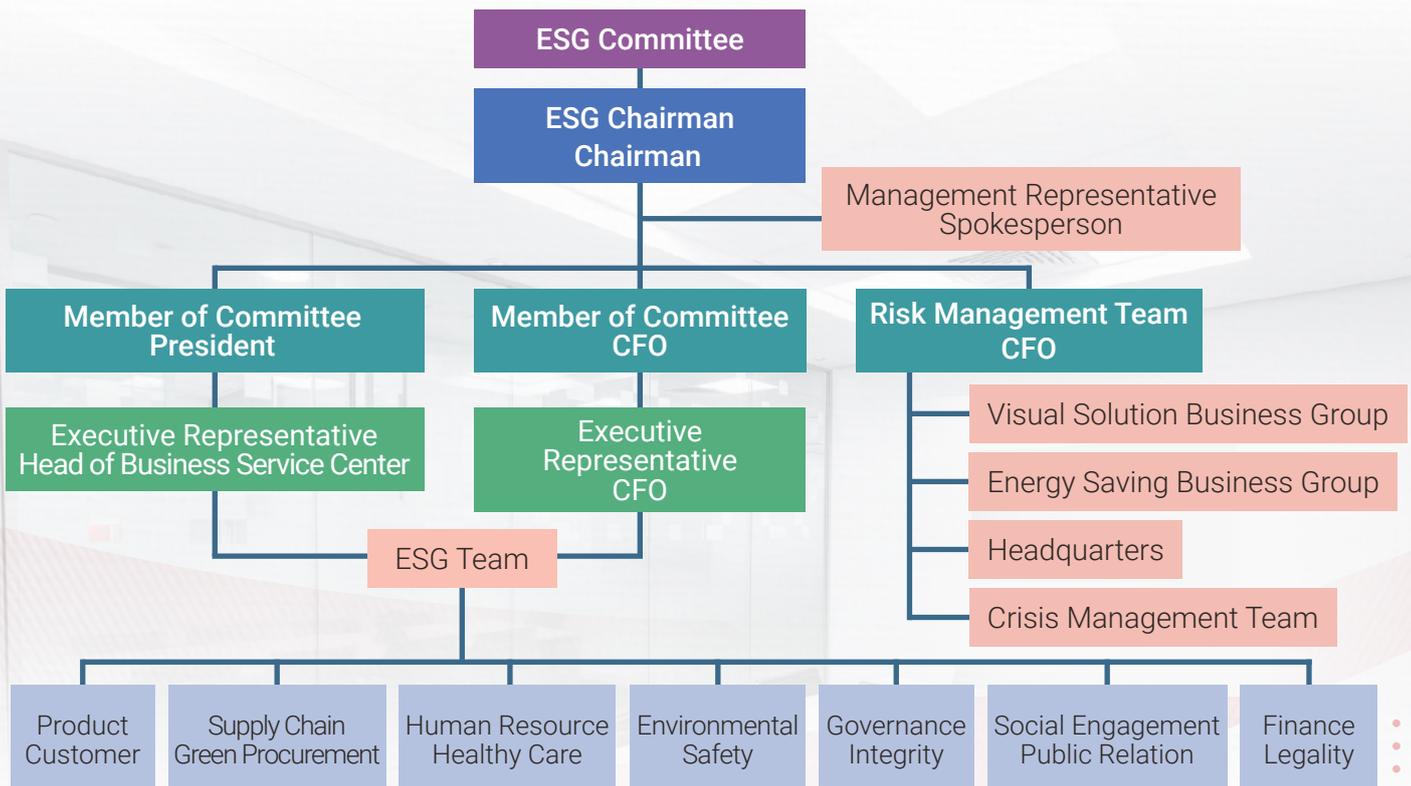
Coretronic has issued sustainability reports since 2008 following the Core Option of the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines and in 2021 began to adopt the sustainability indicators of the Sustainability Accounting Standards Board (SASB).

Since 2016, the Company voluntarily engages third-party certifier “SGS Taiwan” to provide assurance and credibility of our ESG reports.

*The 2021 report was awarded AA1000AS Type 2 High Level Assurance.*

## ESG Committee

The ESG Committee (formerly known as CSR Committee) was established in 2008 and is chaired by the Chairman of Coretronic, with presidents and the CFO as members and the spokesperson as the management representative. The ESG Committee also authorizes the executive representative of economic, social, and environmental departments to assist with ESG promotion. Members of Committee and executive representatives hold a committee meeting every quarter to audit and review the status and outcomes of ESG implementation. Currently, the ESG Committee is an independently operated unit, it presents the Board with a Report on the Status ESG and Business Integrity Performance on an annual basis. The Board also regularly reviews and supervises the implementation of sustainable development, and urges the management team to improve when it is necessary.



## Risk Management Team

In 2018, the Company reformed the risk management organization based on the organizational changes, and all of the risk management units were integrated into a “Risk Management Team”, which is affiliated to the ESG Committee.

The team is subordinate to the ESG Committee and led by the CFO. The board has approved “Risk Management Policies” in 2020 and since, the Risk Management Team will report operations to the Board once every year.

The Team offers a series of risk management courses related to quality, information security, and climate change, such as:

- Implementation of TCFD and External Performance Assessment
- The Regulations of Information Security and Network Usage
- The Introduction of Quality Systems and ISO 50001 Energy Management

Among other education and training to enhance employees’ risk awareness.

**2,591 employees attended the courses in 2021  
with a total of 3,362 person-hour trainings.**

## International Certification

Certification Type	Certification Since	Current Valid Until	Scope
ISO 9001:2015	1997/09/02	2025/07/31	Headquarters, Chunan Plant, Tainan Plant 1, Tainan Plant 2 <sup>Note 1</sup>
ISO 14001:2015	2001/01/18	2025/01/18	Headquarters, Chunan Plant, Tainan Plant 1, Tainan Plant 2 <sup>Note 1</sup>
ISO 14064-1:2018	2022/03/17	N/A	Headquarters, Chunan Plant, Tainan Plant 1, Tainan Plant 2 <sup>Note 1</sup>
ISO 50001:2018 <sup>Note 2</sup>	2016/11/20	2022/11/20	Chunan Plant
CNS 45001:2018	2020/12/17	2025/01/13 2024/12/06	Corporation, Headquarters, Chunan Plant, Tainan Plant 1, Tainan Plant 2 <sup>Note 1</sup>
ISO 45001:2018	2020/12/17	2024/12/23	Headquarters, Chunan Plant, Tainan Plant 1, Tainan Plant 2 <sup>Note 1</sup>

1. New certification in 2021

2. Taiwan plants will complete the ISO 50001 establishment of energy management systems and pass third-party verification.

# ENVIRONMENTAL

## Environmental Protection Committee

Coretronic has established an Environmental Protection Committee since 2015. Regular meetings are conducted on a quarterly basis, and if necessary, extraordinary meetings can be convened to discuss and review the promotion and implementation of energy savings, carbon reduction and environmental protection.

The long-term missions of the committee include but not limited to:

- Integrating and promoting initiatives related to energy management, carbon reduction and environmental protection.
- Enhancing employees' awareness of environmental protection by promoting environmental education.
- Other issues related to environmental protection.

## Climate Change Management

In order to effectively reduce the huge impact of extreme climate change on the economy, society, and the environment, the Company introduced the Task Force on Climate-Related Financial Disclosures (TCFD) structure in 2020 and completed the education and training of relevant unit supervisors and seeds.

In 2021, the identification of climate-related risks and opportunities was carried out according to the TCFD framework, ten risks and four opportunities were identified as a result of the assessment.

### Risks reduction measures:

The company focuses on low-carbon products and green operations to formulate energy saving and carbon-reduction strategies, including sustainable development of environment-friendly technologies, the introduction of circular economy into product manufacturing, and strengthening of source waste reduction and pollution prevention measures to reduce the greenhouse effect.

### Opportunities:

The company will actively develop solutions and respond to four major management strategies:

1. Low-carbon green production
2. Innovative low-carbon products
3. Low-carbon technology transformation
4. Clean energy

We thus hope to reduce the operational and financial impact of climate change and improve organizational climate resilience. For further details, see 2021 ESG report p44-45

*Taiwan plants have responded to the Paris Agreement and undertaken the **SBT 1.5°C scenario** as the carbon reduction pathway to net zero and committed in 2021:*

**-Reduce Category 1 and Category 2 greenhouse gas emissions by 50% in 2032**

**-Achieve net zero in 2050**

## Environmental Achievements and Goals

2019 as baseline

Committed Environmental Goals Taiwan Plants	2021 Achievements	2020 -2022	2023 -2025	2026 -2028
GHG Intensity Reduction (Category 1 & 2)	✓ 9.4%	6%	10%	14%
Reduction in Electricity Consumption Intensity	✓ 31%	13%	17%	20%
Reduction in Water Consumption	✓ 17%	8.4%	12%	15%
Reduction of Waste Output Intensity	✓ 61%	5%	9%	12%
Utilization of Renewable Energy as Percentage of Annual Power Consumption	✓ 1%	1%	1.5%	2%
Annual Environmental Protection Events	✓ 10	6	7	8

## Environmental Metrics

Taiwan	Unit	2019	2020	2021
Total GHG Emissions (Category 1 & 2)	tCO <sub>2</sub> e	9,291.6	7,711.9	8,208.2
Intensity of GHG Emissions (Note 1)	tCO <sub>2</sub> e /100mn NTD	46.7	43.6	30.5
Direct Emissions - Category 1		262.2	246.1	223.1
Indirect Emissions - Category 2	tCO <sub>2</sub> e	9,029.4	7,465.8	7,895.1
Indirect Emissions - Category 3~6		3,673.1	9,346.8	7,654.6
Total Power Consumption	MWh	17,403.0	14,820.0	16,274
Power Consumption Intensity (Note 1)	MWh / 100mn NTD	87.5	83.7	60.5
Electricity		16,941	14,413	15,907
Liquefied Petroleum Gas		0	0	0
Natural Gas	MWh	317	262	233
Diesel Fuel		14	15	30
Gasoline		131	130	104
Total Waste Output	tons	861.0	569.5	462.6
Wastes Output Intensity (Note 1)	tons/100mn NTD	4.3	3.2	1.7
Domestic Wastes		189	154.5	127.1
Recyclable Wastes		618	365.3	243.5
General Industrial Waste		37.5	37.3	87.8
Hazardous Industrial Waste		16.5	12.4	4.2
Total Water Conserved and Recycled	tons	17,057	19,471	24,076
Water Conserved		14,212	16,405	16,822
Water Recycled		2,845	3,066	7,254
Water Consumption		89,034	81,052	74,171

China (Note 2)	Unit	2019	2020	2021
Total GHG Emissions (Category 1 & 2)	tCO <sub>2</sub> e	14,936.6	16,930.3	39,537.0
Intensity of GHG Emissions	tCO <sub>2</sub> e /100mn NTD	177.8	167.6	99.1
Direct Emissions - Category 1		539.7	552.6	678.8
Indirect Emissions - Category 2	tCO <sub>2</sub> e	14,396.9	16,377.7	38,858.2
Indirect Emissions - Category 3~6		-	-	-

China	Unit	2019	2020	2021
Total Power Consumption	MWh	31,840	32,121	51,617
Power Consumption Intensity (Note 3)	MWh / 100mn NTD	104.1	117.7	129.4
Electricity		29,973	31,113	49,016
Liquefied Petroleum Gas		0	0	0
Natural Gas	MWh	1,122	897	1,234
Diesel Fuel		30	24	310
Gasoline		715	87	1,057
Total Waste Output	tons	-	-	5,545.3
General Wastes Output Intensity (Note 4)	tons/100mn NTD	-	-	13.9
General Wastes		-	-	-
Recyclable Wastes		-	-	5,237.0
General Industrial Waste	tons	-	-	289.1
Hazardous Industrial Waste		-	-	19.2
Total Water Consumption (Note 4)		-	-	515,854

Note:

1. Scope of revenue in Taiwan plants:

Taiwan	Coretronic	Young Green Energy	uCare Medical Electronics	Champ Vision Display	Coretronic Intelligent Cloud Service	Coretronic Intelligent Robotics	Inno Spectra	Coretronic MEMS	Coretronic Reality	Coretronic Intelligent Logistics Solutions
2019-2020	●	●	●	●	●	●	●	●	●	
2021	●	●	●	●	●	●	●	●	●	●

2. Scope of GHG emissions in China plants:

	Coretronic Display (Suzhou)	Coretronic Optotech (Suzhou)	Coretronic Optics (Suzhou)	Coretronic Projection (Kunshan)	Coretronic Optics (Kunshan)
2019-2020	●	●			
2021	●	●	●	●	●

3. Scope of power consumption in China plants:

	Coretronic Display (Suzhou)	Coretronic Optotech (Suzhou)	Coretronic Optics (Suzhou)	Coretronic Projection (Kunshan)	Coretronic Optics (Kunshan)
2019-2020	●	●		●	●
2021	●	●	●	●	●

4. Scope of waste output and water consumption in China plants:

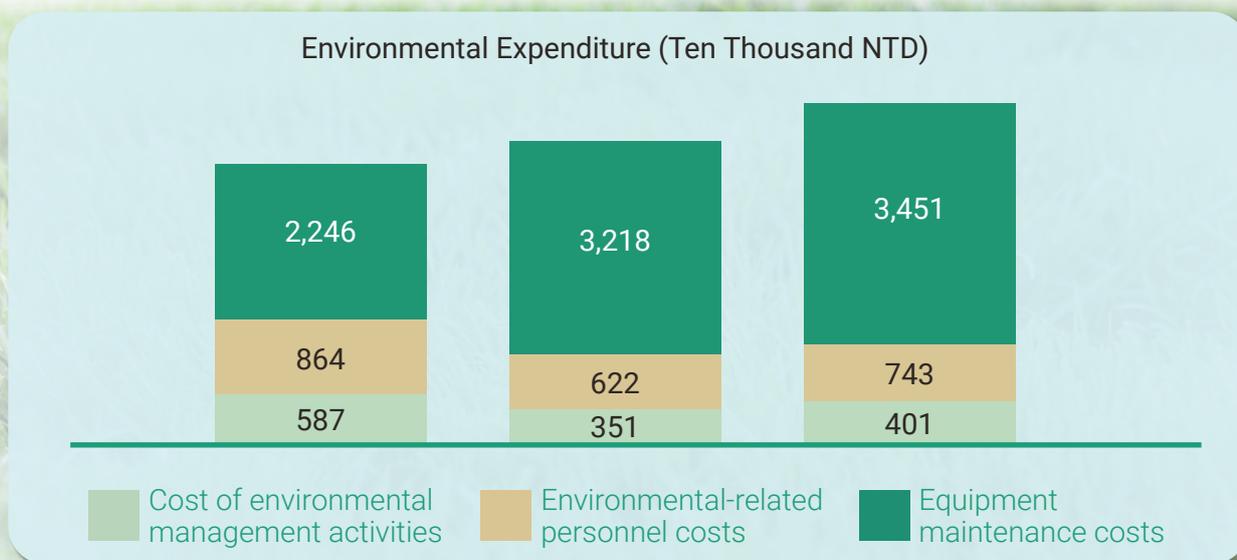
	Coretronic Display (Suzhou)	Coretronic Optotech (Suzhou)	Coretronic Optics (Suzhou)	Coretronic Projection (Kunshan)	Coretronic Optics (Kunshan)
2021	●	●	●	●	●

5: The GHG base year of Taiwan Plants was revised to 2019 by the environmental protection committee, and the ISO 14064-1:2018 has been used for investigation since 2020. The internal GHG investigation of China plants referred to the ISO 14064-1:2006, where category 1 = scope 1, category 2 = scope 2

6: The coefficient of Taiwan Plants' carbon emissions in 2021 refers to the carbon emission data of the Bureau of Energy in 2020, 1 kWh of electricity = 0.509 CO<sub>2</sub>e; the coefficient of China plants' carbon emissions refers to the results of the 2019 China regional grid baseline emission factor, 1 kWh of electricity = 0.7921 CO<sub>2</sub>e. The GWP value refers to the Global Potential Value and the scope of the investigation in the Fourth Assessment Report of IPCC 2007 in accordance with the Operational Control Law.

## Investments in Environmental Protection

Environmental investments in 2021 was approximately NT\$45.95 million, representing an increase of 9.6% compared to 2020.



Breakdown of costs:



### Cost of environmental management activities

Management-related expenses such as air pollution prevention, water pollution prevention, waste treatment and noise control, etc.



### Environmental-related personnel costs

Management system maintenance and environmental-related training costs.



### Equipment maintenance costs

Environmental protection related maintenance, equipment maintenance, and the prevention of climate change, the purchase of energy-saving equipment, etc.

## Renewable Energy

- **Taiwan:**

A total of 175 renewable energy certificates were purchased in 2021 (equivalent to 175 MWh of renewable energy), accounting for 1 % of annual electricity consumption.

- **China:**

Wujiang Plants (3 plants located in Suzhou) installed solar power generation panels with expected capacity of 6.05 GWh of energy or 4,797 tCO<sub>2e</sub> annually, which is approximately 16% of the electricity of Wujiang plants in 2021.

## Green Buildings

To achieve energy conservation in buildings, continuous reduction of energy consumption and carbon dioxide emissions, the Company commissioned a third party for assessment of the Chunan and Tainan Plant 1 buildings based on LEED green building rating system in 2021, the assessment results were "Silver" and "Certified" respectively.

## Environmental Protection Promotion

*The stair-climbing initiative with 166,043,495 steps between 2015 and 2021 helped to save 2.32 GWh of electricity and reduce carbon emissions by 1,207 tCO<sub>2e</sub>*

422 Earth Day Events – Green Knowledge and Green Action

Activities	2019	2020	2021
Environmental protection activities (number of participants)	1,337	2,584	4,471
Environmental courses (person-hours)	8,712	6,912	7,526
Monthly publication of environmental-protection posters	✓	✓	✓
Coastline Long Fong Fishing Port upkeep adoption	0.5km	1km	1km
Coastal beach clean-up activity	✓	✓	✓
Green Points achieved	3,914	2,921	2,943
"I declare, for climate change-21 days of green living" activity	-	✓	✓
Public toilets upkeep adoption	-	4	4
Environmental protection sponsorship	-	NT\$37,100	NT\$579,200
Provide decomposing bacteria for farmers for straw decay, prevent straw burning, improve air quality	-	-	2,000 bottles

# SOCIAL

## Workforce Overview

Item	Contract Type	Male	Female	Total
<b>2021 Taiwan Employees Overview</b>				
Employed Workers	Open-Ended Contract	910	622	1,532
	Fixed-Term Contract	20	6	26
	Migrant Workers	0	0	0
<b>Total Employees - Taiwan</b>		<b>930</b>	<b>628</b>	<b>1,558</b>
Non-Employed Workers	Temporary Workers	9	10	19
<b>2021 China Employees Overview</b>				
Employed Workers	Open-Ended Contract	2,641	1,739	4,380
	Fixed-Term Contract	90	12	102
	Migrant Workers	1	0	1
<b>Total Employees – China</b>		<b>2,732</b>	<b>1,751</b>	<b>4,483</b>
Non-Employed Workers	Temporary Workers	969	459	1,428
<b>2020 Total Employees in Taiwan &amp; China</b>		<b>3,662</b>	<b>2,379</b>	<b>6,041</b>

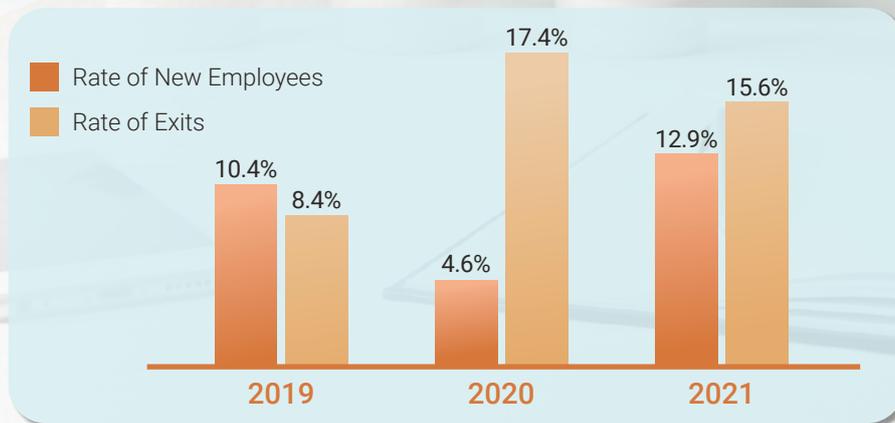
China plants began to implement strategies in late 2021 to lower temporary worker numbers by incentivizing transition to employed workers and newly hired workers are all contracted employees.

In 2021, the overall proportion of female employees in Taiwan and China plants (including Kunshan and Wujiang plants) was 39%, and overall female senior executives accounted for 22%

## Gender Pay Equality

Ratio Female/ Male	R&D Staff	Production Staff	Sales Personnel	Administrative Staff	All categories of employees
Taiwan	0.986	1.010	0.988	0.969	0.982
Kunshan	0.948	0.978	N/A	0.925	0.971
Wujiang	0.985	0.981	0.985	0.997	0.987

## Turnover Rate in Taiwan



## Parental Leave in Taiwan from 2018 to 2021

Gender / Item	Male	Female	Total
A. Employees Qualified for Parental Leave	107	95	202
B. Employees Applying for Parental Leave	4	18	22
C. Employees Resuming Work in the Year	5	20	25
D. Actual No. of Employees Resuming Work	3	8	11
E. Employees Resuming Work After 2020 Leave	3	12	15
F. Retention Rate 1 Year After Work Resumption	2	11	13
G. Resumption Rate (D/C)	60%	40%	44%
H. Retention Rate (F/E)	67%	92%	87%



## Unions

Company	Establishment Date	Collective Agreements	Coverage
Coretronic Projection (Kunshan)	July 2014	Collective agreement for wages, Collective agreement	99.9%
Coretronic Optics (Kunshan)	Dec 2020	Yet to be signed. Will collaborate with the Kunshan development area Union for signing.	
Coretronic Display (Suzhou)	July 2015	Agreement expired in 2021, expect to sign new agreement in 2022	
Coretronic Optotech (Suzhou)	June 2019		
Coretronic Optics (Suzhou)	May 2021	Expect to sign in 2022	

## Training

Adhering to the belief: Talents are our most important corporate asset, and we nourish employees with the nutrients required for learning and growth through comprehensive channels and platforms.

To establish a common value, we apply the experiential learning approach for employees to deeply experience our R.I.S.E. corporate culture featuring: responsibility, innovation, superiority, and entrepreneurship.

Based on their own career planning and learning map, employees can attend systemic training courses to learn management competency or professional competency. Our global strategic deployment, regional job rotation, and foreign language training enable employees to fulfill their dreams on the international stage.

### Taiwan Training Expenditure

Training fees decreased in 2021 compared to 2020 without reducing the number of training hours and employees, where many courses were led by internal speakers and practical management courses led by senior management.



## Human Rights, Diversity and Equality

As an electronic industry citizen, Coretronic agrees to comply with the Responsible Business Alliance (RBA) Code of Conduct, fulfills corporate social responsibility to protect the basic human rights of all employees, and recognizes and abides by various international human rights agreements, including the Universal Declaration of Human Rights (UDHR), The United Nations Global Compact (UNGC), The United Nations Guiding Principles on Business and Human Rights (UNGPs), and International Labour Organization (ILO). We further agree to eliminate any acts that infringe upon or violate human rights and state our aim to treat and respect all employees with justice and equality.

The Coretronic Corporation Human Rights Policy includes:

## Diversity, Inclusion, and Equal Opportunities

### Goals

- The recruitment, hiring and wages of employees will not be based on or affected by their race, class, language, thought, religion, political party, place of birth, gender, sexual orientation, age, marital status, appearance, physical or mental disability or past labor union membership.
- Ensure the development opportunities for ethnic minorities, without affecting operating efficiency and overall fairness.
- Disclose the aforementioned equality commitments in the "Operating Procedures for Employees Recruitment."

### Results

- No reports of discrimination have been reported.
- In terms of gender, the employee ratio of male to female is about 3:2, which is related to the nature of the jobs; the ratio of salaries for the same job category and same performance is about 1:0.982, almost reaching equal pay.



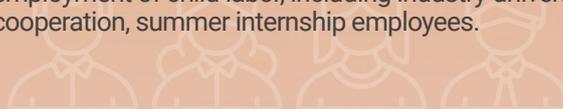
## No Child Labor

### Goals

- The applicants who are under 16 years old will not be recruited for any of the Company's positions in order to protect the growth and development opportunities for the young, except for the industry-education cooperation internships that are conducted in accordance with the government regulations; the aforementioned commitments are stated in the "Operational Procedures for Employees Recruitment" and related process documentations.

### Results

- Strictly abide by the principle of prohibiting child labor. The number of full-time employees under 16 years old is zero.
- All outsourcing units abides by the rules of non-employment of child labor, including industry-university cooperation, summer internship employees.



## Compliance with Minimum Wage

### Goals

- All employees' wages comply with the local laws and regulations and meet the basic salary level based on the business operating location, and the social insurance will be conducted in accordance with the laws and regulations, to ensure the welfare and well-being of employees.
- Offer insurance and welfare benefits beyond the laws and regulations, to provide extra care for employees.
- The aforementioned commitments are stipulated in the "Work Regulations of Coretronic."

### Results

- In 2021, the starting salary for both male and female entry-level staff (direct staff) is NT\$24,000, which is in line with Taiwan's legal minimum wage standard.



## Reasonable Working Hours

### Goals

- Stipulate a working hour system and management plan in accordance with the local laws and regulations based on the business operating location, to protect the physical and mental health of employees and their life arrangements.
- For the demands of business operations, make overtime arrangements based on employees' agreement and in accordance with the laws and regulations; and provide overtime pay or compensatory day off as compensation based on the desire of the employees.
- The aforementioned commitments shall be stated in the "Work Regulations of Coretronic," "Management Regulations of Work Time," "Overtime Management Regulations" and related process documentations.

### Results

- Coretronic offers employees a "golden travel week" as a holiday every year, providing 7 days of flexible leave for ample rest.
- Night broadcastings and patrols are arranged to prevent excessive working hours of employees.
- "Attendance and Working Hours" system promptly reminds our employees and their supervisors about their attendance status to prevent overworking hours.



## Workplace Health and Safety

### Goals

- It is the Company's responsibility to continuously care for the employees' health; we are dedicated to creating a healthy, safe, comfortable, and friendly working environment. Coretronic actively promotes various health-related activities to improve employees' health and evaluate the effectiveness and plan improvement strategies after the activities, so that all employees will be able to receive comprehensive health care.
- For a safe working environment, the Occupational Health and Safety Committee was established and responsible for review and promotion of annual goals regarding occupational health and safety affairs, to continuously promote a safe working environment and prevention of occupational disasters.

### Results

- Artworks and music provided in public spaces to relieve work pressure and build up a healthy workplace.
- Hosted a competition of stair-climbing and Company-wide sports games in order to encourage a healthier lifestyle.
- COVID-19 pandemic prevention measures.
- Occupational health and safety measures.



## Freedom of Association

### Goals

- The Employees' Welfare Committee was established to ensure the employees' welfare; employees are selected as the representatives of the committee based on the regulations, to ensure the rights and benefits of employees.
- In order to improve employees' physical and mental health, enhance their work and life quality, we encourage the employees to participate in suitable recreational and welfare activities; and the employees' rights of forming social clubs are ensured according to the welfare committee's "Activity Management and Subsidy Regulations of Social clubs."

### Results

- Established complete welfare and benefits for employees.
- 6 clubs have been established, with NT\$ 53,000 for clubs.



## Collective Bargaining

### Goals

- The labor-management meetings will be regularly conducted in accordance with the "Labor Standards Act" and "Regulations for Implementing Labor-Management Meeting," to protect the rights of employees, create a win-win situation for the labor-management system, establish a two-way labor-management communication channel, and create a good labor-management relation; the labor representatives are chosen by the employees to communicate and negotiate subjects regarding labor-management and the Company's business operations.

### Results

- Held labor-management meetings in each plant every quarter. In 2021, a total of 16 labor-management meetings were held, and the meeting minutes were announced on the internal website to ensure open communications.



## Open Communication Channels

At Coretronic, we have established and arranged comprehensive communication channels, such as the hotline and mailbox, physical suggestion box, free service hotline, EIP employee website, employee forum, Coretronic APP, internal publication, annual employee satisfaction survey, quarterly labor-management meeting, quarterly employee welfare committee meeting, department communication meeting, quarterly newcomer's seminar, and technology and products seminar to publicize organizational policies, systems, benefits, and activities, and enable employees to fully express their opinions. All opinions will be gathered by related units to make timely responses to employees or offer them support.

Communication Channel	Area	Content	2021 Details		
Labor-Management Meetings	Taiwan	Quarterly at each plant, total of 16 meetings, reporting on operating status and respond to employee QA and improvement measures			
Welfare Committee Meetings	Taiwan, China	Quarterly, total of 14 meetings, welfare committee operations, future plans, activity satisfaction questionnaire and improvements			
Email	Taiwan	8585@coretronic.com	Taiwan	China (Kunshan)	China (Wujiang)
	China (Kunshan)	1885@coretronic.com.cn			
	China (Wujiang)	6885@coretronic.com			
Direct Phone	Taiwan	037-777000#8585; 0800-299-988	- 4 cases regarding: employee benefits, meals, sanitation - 100% resolved	-43 cases regarding: labor management relations, activity benefits, workplace relationships -100% resolved	-93 cases regarding: labor management meals and dormitory, salary benefits -100% resolved
	China (Kunshan)	0512-57360000#1885			
	China (Wujiang)	0512-85168838#4885; 0512-63828588#6885			

## Occupational Health and Safety Committee

The Occupational Health and Safety Committee meetings are held regularly in Taiwan and China. The number of labor representatives in each factory accounts for more than one-third of the total number of the factory committees. They are responsible for the review of occupational safety and health affairs and the promotion of annual goals.

*In 2021, a total of 31 meetings were held in Taiwan and China plants along with 107 contractor agreement meetings.*

### Proportion of Labor Representatives, Occupational Safety and Health Committees

Implementation and Consultation Matters:

- Continuous promotion of a safe work environment and the prevention of occupational accidents.
- Continuous promotion of energy conservation, emission reduction and industrial waste reduction in all plants.
- Arrange periodic education/training activities to raise OHS awareness of employees.
- Continuous promotion of environmental safety audits.
- Manage, review and ensure the effective operations of EMS and OHSMS.

Area	Taiwan				China	
	Quarterly				Monthly	Yearly
Meeting Frequency						
Location	Headquarters	Chunan Plant	Tainan Plant 1	Tainan Plant 2	Kunshan Plants	Wujiang Plants
Number of Labor Representatives	9	13	8	3	6	6
Total Committee Members	16	20	21	9	15	16
Proportion of Labor Representatives	56%	65%	38%	33%	40%	38%

## Occupational Accident Management

In Taiwan, there were 2 false alarms and 0 incidents of work-related injuries (excluding traffic accidents), achieving 2021 target.

*In Taiwan, there were 0 work related injuries in 2021*

### Wujiang:

7 incidents which is 1 more than in 2020. The expansion of Wujiang production lines increased the number of employees by 30%. To effectively prevent injuries, Wujiang plants plans for automation of production line in 2022, increase employee safety trainings and duly execute onsite monitoring.

### Kunshan:

6 incidents occurred. Increase employee awareness and education, onsite management and work injury prevention are measures to reach targeted annual goal.

Area	Taiwan <sup>5</sup>		China <sup>5</sup>	
	Employee <sup>4</sup>	Worker <sup>4</sup>	Employee <sup>4</sup>	Worker <sup>4</sup>
Occupational Injury Rate				
Death Rate Due to the Occupational Injury <sup>1</sup>	0	0	0	0
Serious Occupational Injury Rate <sup>2</sup>	0	0	1.6	0
Documentable Occupational Injury Rate <sup>3</sup>	0	0	1.6	0

1. The death rate due to the occupational injuries - the number of deaths due to the occupational injuries/working hours x 1,000,000
2. Serious occupational injury rate (excluding the number of deaths) = the number of serious occupational injuries (excluding the number of deaths) / working hours x 1,000,000
3. Documentable occupational injury rate = documentable occupational injuries / working hours x 1,000,000
4. Employees and workers: Taiwan based on 2021 OHS system, China based on HR system.
5. **Taiwan:** Headquarters, Chunan Plant, Tainan Plant 1 and 2  
**China:** Coretronic Projection (Kunshan), and Coretronic Optics (Kunshan), Coretronic Display (Suzhou), Coretronic Optotech(Suzhou), Coretronic Optics (Suzhou)

## Supply Chain Management

With total of 1,639 suppliers (1,422 domestic suppliers reaching 87% and 217 overseas suppliers), Coretronic has established comprehensive supply chain management regulations to pursue mutual development and sustainable operation for both parties.

Current Strategies
  2021 Strategies
  2022-2025 Targets



Sustainable Suppliers Code of Conduct

Sustainability Commitment Statement

The Sustainability Commitment Statement is required by suppliers involving manufacturing and raw material procurement products and services, with exemptions for customer specified suppliers and affiliated companies.

## 80% completed signing of commitment (392/489 required suppliers) in 2021

Commitment entails compliance with:

- RBA 7.0
- Green Product Warranty to ensure compliance with Code of Green Product Procurement, including provision of RoHS lab test and examination report from an accredited third-party unit, environmentally hazardous substance questionnaire, lead-free part reliability report, safety data sheet (SDS), certificate of authenticity (COA), test integrated form.
- Responsible Minerals Procurement Policy and Declaration on Non-Use of Conflict Mineral.
- Integrity Commitment which includes clause committing to anti-corruption policy.
- Environmental Sustainability and Occupational Safety and Health Policy.

### Conflict Minerals Management

Coretronics does not accept illegally extracted minerals (Tantalum, Tin, Tungsten and Gold) from Democratic Republic of Congo and neighboring conflict areas. We established “Responsible Minerals Procurement Policy” and “Declaration on Non-Use of Conflict Mineral” according to RBA and have included these into the Sustainability Commitment Statement.

Additionally, Visual Solutions Business Group, as requested by customers, conducts “Conflict Minerals Survey Form” based on RMI CMRT 6.1 to investigate the information of smelters for the Tantalum, Tin, Tungsten and Gold required in the products, Coretronic received responses from 208 suppliers in 2021, 100% response rate.

### Risk Evaluation



#### RBA Self-Assessment Questionnaire

RBA self-assessment questionnaires are sent to all suppliers who are subject to RBA audits, so that the suppliers can first assess their own sustainability performance and then conduct written/on-site RBA audits after the self-assessment questionnaires are completed.

#### Annual financial risk assessment of suppliers

Since 2020 financial risk evaluation is conducted on suppliers based on public financial information and reports, third party credit agency reports and provided for CFO for review. In 2021, 8 suppliers were assessed for financial risk, of which 2 suppliers were removed from suppliers list.

#### ESG Self-Assessment Questionnaire

In order to better understand the development of environmental, social and governance and other sustainability aspects of suppliers, and to offer subsequent guidance for suppliers to be a sustainable supply chain partner, we started sending ESG self-assessment questionnaires to all suppliers in 2021. Based on the self-assessment results, we can identify the degree of the suppliers' awareness of sustainability management, so that we can plan appropriate improvement measures for them.

## Audit

### RBA Paper/On-site Audit

61 suppliers audited,  
100% pass rate

### Annual Audit

161 suppliers audited,  
100% pass rate

### Quarterly Audit

500 suppliers audited,  
100% pass rate

## Training

### Greed Products Management System (GPMS)

In order to enhance suppliers' awareness of sustainability and make them become a member of the sustainable supply chain, we will upgrade GPMS with on-line ESG courses, latest ESG knowledge and information, and uploading documents related to "Sustainable Suppliers Code of Conduct."

The platform currently provides green product specs and educational training videos, regulations, status of supplier green products documentation amongst other functionalities.

### Supplier AEO Trade Security Training Conference

In order to carry through supply chain trade security management, AEO trade security training conference is held regularly with the attendance of 36 suppliers.

## Improvement

### Annual Supplier Conference

In 2021, one session held in Taiwan, one held in Wujiang, total attendance of 112 suppliers. Collaborative discussion on issues of sustainability trends, supply chain management and future pathways, adjustment to climate change impacts, net zero target and HSF & UL management.

Area	Taiwan	Wujiang
Session	1	1
Participants	34 suppliers	78 suppliers
Main Issues	<ul style="list-style-type: none"> <li>ESG Lecture 1: ESG Themes and Trends</li> <li>ESG Lecture 2: Sustainable Environment</li> <li>Best Supplier of the Year Award</li> <li>Supplier collaborative discussion</li> </ul>	<ul style="list-style-type: none"> <li>ESG Lecture: ESG Trends and Sustainable Environment</li> <li>Promotion of supplier HSF &amp; UL management</li> <li>Best Supplier of the Year Award</li> <li>Excellent suppliers experience</li> </ul>

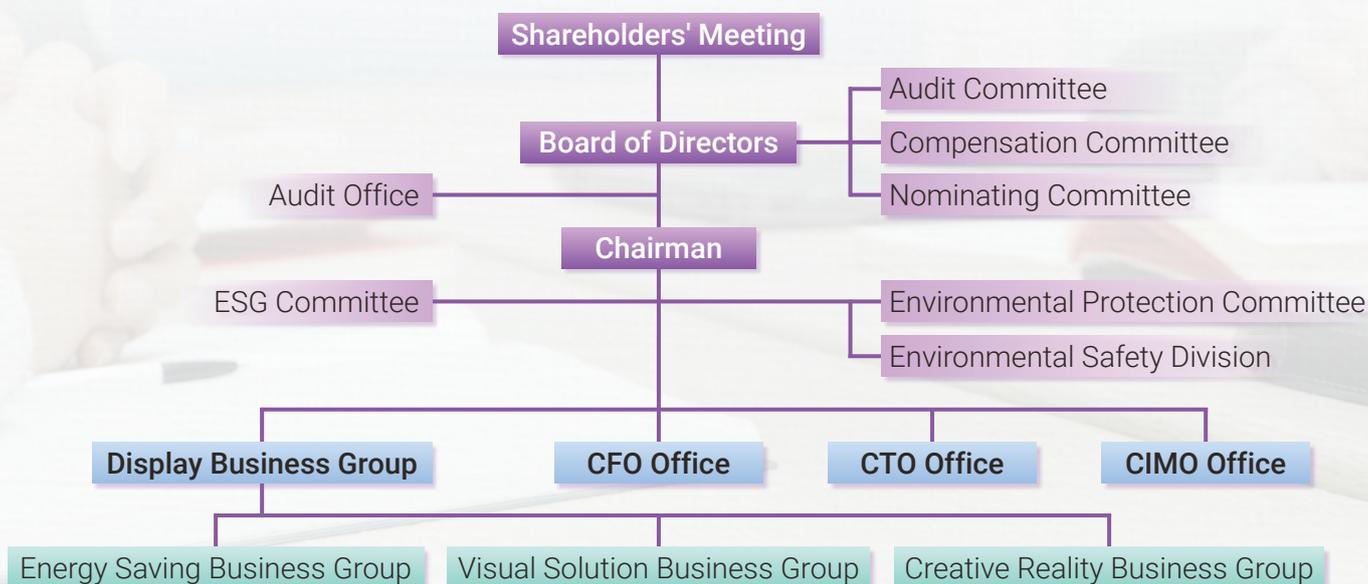
### Best Supplier of the Year Award

### Green Alliance

### ESG Lecture

# Governance

## Key Governance Goals and Results



## Board Composition

2022 annual meeting of shareholders conducted a re-election of board of directors, the new term tenor is from June 10, 2022 to June 09, 2025 and includes 1 female independent director.

Position	Name	Gender	Age	Professional Field
Chairman	Wade Chang	M	61-70	<ul style="list-style-type: none"> <li>Operating &amp; Management</li> <li>Leading Decision</li> <li>Industrial Knowledge</li> </ul>
Director	Hsun Chieh Investment Ltd. Representative: Tai-Shung Ho	M	61-70	<ul style="list-style-type: none"> <li>Operating &amp; Management</li> <li>Leading Decision</li> <li>Industrial Knowledge</li> </ul>
Director	Hanns Prosper Investment Corporation Representative: Yu-Chi Chiao	M	51-60	<ul style="list-style-type: none"> <li>Operating &amp; Management</li> <li>Leading Decision</li> <li>Industrial Knowledge</li> </ul>
Director	Han-Ping D.Shieh	M	61-70	<ul style="list-style-type: none"> <li>Operating &amp; Management</li> <li>Leading Decision</li> <li>Industrial Knowledge</li> </ul>
Independent Director	Hsing-Yi Chow	M	61-70	<ul style="list-style-type: none"> <li>Risk Management</li> <li>International Finance</li> <li>Investment and Entrepreneurial</li> <li>Financial Management</li> <li>Financial Accounting</li> <li>Corporate Governance</li> </ul>
Independent Director	Audrey Tseng	F	61-70	<ul style="list-style-type: none"> <li>Financial Accounting</li> <li>Multinational Financial and Tax Planning</li> <li>Industrial Development and Business Strategy</li> </ul>
Independent Director	Hung-Pin Ku	M	41-50	<ul style="list-style-type: none"> <li>Legal Affairs</li> </ul>

There were 6 meetings held in the year 2021 with 100% attendance by the previous term director and independent director members: Wade Chang, Hsun Chieh Investment Ltd. (Representative: Tai-Shung Ho), Ted Tu, Chual-Hsin Teng, Houn-Gee Chen, Edward H.Chow, Yao Chien.



## Functional Committees

Committees	Audit Committee	Compensation Committee	Nominating Committee
Year Established	2010	2012	2020
Current Term Members	3 independent directors (Mr. Hsing-Yi Chow, Ms. Audrey Tseng, Mr. Hung-Pin Ku)		
Tenor	June 10, 2022 ~ June 09, 2025		
Responsibilities / Matters for consideration	<ul style="list-style-type: none"> <li>Establish or revise internal control systems</li> <li>Evaluate the effectiveness of the internal control systems</li> <li>Procedures for handling material financial or business transactions</li> <li>Matters related to the personal interest of directors</li> <li>Material asset or derivatives transactions</li> <li>Material fund lendings, endorsements or guarantees</li> <li>Offering, issuance or private placement of any equity-type securities</li> <li>Appointment, dismissal or remuneration of CPA</li> <li>Appointment or dismissal of financial, accounting, or internal auditing officers</li> <li>Financial Reports</li> <li>Other important regulations</li> </ul>	<ul style="list-style-type: none"> <li>Regularly review the "Compensation Committee Charter" and submit recommendations for improvement</li> <li>Develop and regularly review the long-term performance goals and the policies, systems, criteria, and structure for compensation of the directors and managerial officers of the Company</li> <li>Regularly review how well the directors and managerial officers achieve their goals, and develop their respective compensation content and amount</li> </ul>	<ul style="list-style-type: none"> <li>Candidates for directors and senior management are sought, reviewed and nominated based on the criteria of independence, and diversified background such as professional knowledge, skill, experience and gender</li> <li>Conduct the performance evaluation for the board, the functional committees and the directors, while evaluating the independence of the independent directors</li> <li>Other matters that the board entrusts to this committee</li> </ul>
Previous Term Members	3 independent directors (Mr. Houn-Gee Chen, Mr. Edward H.Chow, Mr. Yao Chien)		
No. of Meetings held in 2021	5	3	1
Tenor	June 13, 2019 ~ June 12, 2022		Oct 26, 2020 ~ June 12, 2022
Average Attendance	100%	100%	100%

## Corporate Governance Team

The board has resolved the appointment of CFO, Franck Ho, as the corporate governance officer on April 29, 2019, to safeguard the shareholder interests and to enhance the functional capability of the board; in addition, the CFO office will also be responsible for matters regarding corporate governance.

### Responsibilities

1. Assist directors in carrying out their duties, provide directors with the required data, and arrange extended education for directors.
2. Assist functional committees, the board and the annual general meeting of shareholders in establishing the rules of procedure and fulfilling legal compliance.
3. Maintaining investor relations.

## Other Committees

Apart from functional committees, the Company has established: an Occupational Safety and Health Committee, Environmental Protection Committee chaired by the Business Resource Center.

In December 2021 established the "Information Security Management Committee", chaired by the CIO, which is responsible for inspecting the information security management policies of various departments and subsidiaries of the Group and supervising the security management operations and will report to the board every year.

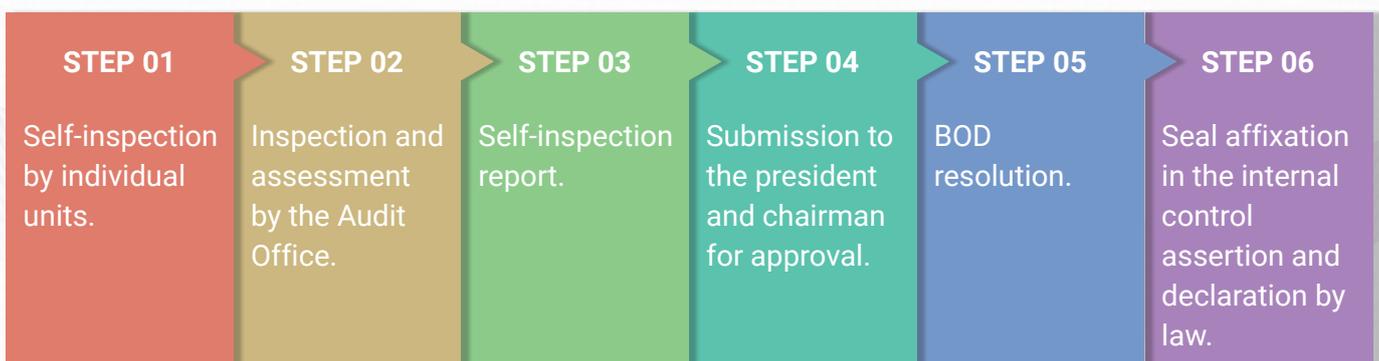
## Internal Audit

Coretronic's Internal Audit function is an independent unit that reports directly to the Board of Directors. Besides reporting the schedule and outcome of the audit every month, it briefs the Board of Directors during its ordinary meetings.

An internal audit system is planned and designed with reference to the internal control system of individual departments. Based on this internal audit system, the internal control of each process is reviewed, and the suitability of the design, practice, effectiveness, and efficiency of such control are reported. In accordance with regulatory requirements, an internal audit shall be implemented every year to review the self-inspection of the internal control system of individual departments.

Apart from the audit description, indication of materiality levels, and proposal of recommendations, a responsible unit will be requested to submit an action plan with an estimated date of improvement completion in the audit report.

After the date of improvement completion is due, the improvement will be traced with reference to the action plan.



## Integrity and Ethics

At Coretronic, we uphold business integrity and request all employees to maintain integrity and honesty so as to maintain the assets, rights and interests, and image of Coretronic and protect the rights and interests of the Company and its stakeholders. Hence, we have established the policies as a reference for ethics compliance of all members and suppliers of Coretronics. These principles, codes, and regulations strictly prohibit the collection of improper advantages (including banquets, kickbacks, bribes, and other improper treatments) or committing any acts that may affect the image and competitiveness of the Company by taking advantage of duty.

- Corporate Governance Best Practice Principles
- Ethical Corporate Management Best Practice Principles
- Procedures for Ethical Management and Guidelines for Conduct
- Codes of Ethical Conduct
- RBA® Code of Conduct Management Manual
- Regulations Governing the Avoidance of Conflicts of Interest for Suppliers
- Coretronic Supplier Integrity Commitment

Trainings are provided to enhance employees' awareness of business integrity and anti-corruption mindset.

**Taiwan:** "Awareness on Business Integrity" and "Insider Trading Prevention (2021)" training, with a total of 1,013 persons (reaching 95% indirect employees).

**China:** RBA requisite classes includes integrity and anti-corruption classes. Kunshan plants had 82% participation and Wujiang plants began to implement the RBA classes.

In the future, all employees will be required to undertake such trainings.

## Whistleblower Mechanisms

The Company has implemented measures in accordance with the "Professional Ethics Violation of Stakeholders and Employees Enquiry and Grievance Channels" where employees and outsiders may use to report any improper conduct in violation of integrity standards. The Company's "Business Integrity Procedures and Behavioral Guidelines" outlines standard operating procedures and confidentiality practices for investigating misconducts and dedicated personnel have been assigned to accept and process reports.

The Company maintains confidentiality over informant's identity and details of each misconduct report, and is committed to protecting informants from retaliation as a result of their report.

Email: [8215@coretronic.com](mailto:8215@coretronic.com)

China (Kunshan) [+86-512-5736 0000](tel:+86-512-5736-0000) ext. 2199

Enquiry and grievance hotline:

China (Wujiang) [+86-512-6335 8838](tel:+86-512-6335-8838) ext. 6220

Taiwan [+886-37-777000](tel:+886-37-777000) ext. 8215

***The investigation will be confidentially done by an independent audit team of the Company. The identity of whistleblowers will be held in absolute confidentiality.***

### 2021 Reports

	Taiwan Plants	China Plants
Grievance Reports	0	2
Results	No grievance violated the Company regulation	