

# 2022 iST Sustainability Report ESG REPORT



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# ABOUT THE REPORT



## The report is scheduled

published annually on an ongoing basis.

## Current version

Published in December 2023

## Next version

Expected to be published in December 2024

## About "iST 2022 Annual ESG Report"

Integrated Service Technology Inc. (Stock No.: 3289 TW; hereinafter referred to as iST) published the "ESG Report" mainly to transparently and publicly demonstrate the Company's practices and results and related strategies and goals in the corporate social responsibility aspect to the community. The Company publishes the ESG Report with yearly updates. This "ESG Report" was published in December 2023; it covers iST's practices and performance data in environment protection, corporate governance, and social engagement from January 1, 2022 to December 31, 2022. Some performance data is also retroactive to 2021.

After considering the operational entities affecting the operation of the Group, this report's scope is primarily focused on the operations in Taiwan. In 1994, iST created the IC circuit edit (FIB) service, which changed the existing verification model in the entire semiconductor industry. After that, we gradually expanded our new services, including Failure Analysis (FA), Reliability Assurance (RA), Material Analysis (MA), Chemical/Process Micropollution analysis, Signal Integrity Testing and ESG greenhouse gas, Vehicle Regulation Quality, and Functional Safety Guidance. We build a complete certification and analysis engineering platform and provide full service, helping our customers enter the value chain of major international manufacturers. iST's customers extend to the entire electronics industry, from IC design to end products. The primary services are oriented towards customers in China, Europe, the United States, Japan, etc. The contents of this report do not include other subsidiaries and invested companies outside of Taiwan; exceptions, if any, will be specified in the report.

This report adhered to the GRI Sustainability Reporting Standards (GRI Standards) from the Global Reporting Initiative (GRI) and the Professional & Commercial Service guide from the SASB as the supplement. Also, it took the Reference as disclosure principle. To provide the reader with reliable public information, this report was independently verified by DQS in accordance with the Assurance Standard (AA) of the AA1000 standard.

The entities and activities of operational activities, products, services (including sales market areas), and value chain during the reporting period of this report are disclosed for the first time. The financial statements in this report are in New Taiwan dollars, and the performance related to the social aspects, environmental protection, safety, and health is expressed in international common standards. If there are assumptions or conditions, they will be noted in the relevant sections.

In response to environmental protection, we promote paperless initiatives; hence, this report is published in an electronic version on the Company's website.

You are welcome to contact us for any comments on this report. Contact information:



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# 01

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## Message from the management

**"The business mission of iST is creating maximum value for our customers, employees and shareholders."**



Chairman and President  
**Wei-Been Yu**

For nearly 30 years, iST has cemented its role as a medical center in the electronics industry; we uphold the mission of accelerating the development of customers' products and solving problems of customers' products, dedicating ourselves to creating maximum value for customers to produce a win-win situation. As the leader in the verification and analysis industry, we continue to follow the industry development trend, taking preemptive actions to help electronics industry suppliers in Taiwan keep moving toward prospective fields, such as IoT, 5G, AI, automotive electronics, and space and defense electronics.

To fulfill iST's mission of being a trustworthy third-party laboratory in the electronics industry, we continue to intensify advanced technology services, expand the strength of verification and analysis, and expand the capacity to support customers' growth. With the promotion of the advanced process, iST's capacity for material analysis has been expanded by 40%. We have gained customer recognition for our material analysis technology content at the 2/3-nanometer process node through our relentless efforts. There is also good news in the layout of automotive electronic services. After multiple reviews, the Automotive Electronics Council (AEC) officially recognize iST as an AEC member. We are the first recognized third-party laboratory in Asia.

Along the way, we adhere to ethical management, continuing to improve corporate governance and strengthen the function of the Board of Directors to steady sustainability and development. We are dedicated to establishing a friendly workplace that is diversity, equity and inclusion, focusing on talent cultivation and development and valuing the work-life balance of the employees. We actively engage in charitable activities, supporting marginalized groups to give back to society. We also implement environmental protection and energy conservation in our business, intending to achieve net-zero carbon emissions by 2050. We collaborate with our supplier partners to implement ESG sustainability concepts and actions, expecting that iST

become a responsible enterprise that makes our customers, employees, and shareholders satisfied.

The brief description of iST's efforts in various aspects of sustainable development:

### **Integrity and Innovation Balance the Interests of Stakeholders**

As a sustainable business, iST not only focuses on raising its value but also emphasizes the rights and interests of shareholders, employees, customers, suppliers, and society. Being a third-party laboratory, integrity is our foundation, as well as the faith for us to maintain the interests of stakeholders. We keep standing on the cutting edge and continue innovating to share our success with partners.

In the implementation of the corporate social responsibility, iST continuously improves corporate governance and environmental safety management. Through rigorous information safety control mechanisms, we have passed ISO/IEC 27001 certification, ensuring the utmost confidentiality of customer cases. To fulfill our commitment to environmental sustainability, iST has passed the certifications of the ISO 45001 Occupational Safety and Health System and the ISO 14001 Environmental Management System. We continuously manage, conserve resources, prevent pollution, and promote environmental sustainability through the ISO 14001 Environmental Management System.

## Valuing the Employees and Partners Commitment to Charity

The employees are the most crucial asset of iST. We adhere to the core value of “Focus on Human” and the concepts of “Respect for Human Rights” and “Diversity and Inclusiveness.” We are devoted to establishing a friendly workplace that is diversity, equity and inclusion because we believe “Happy employees lead to satisfied customers.” We expect that iST could become a company that employees are proud of. We emphasize talent cultivation and development. Through the comprehensive learning framework and the talent development mechanisms, we support the employees’ learning and development and the needs of the Company’s growth momentum; meanwhile, we strive to build a learning organization that pays attention to talent cultivation and development. We pay attention to the employees’ work-life balance and build diverse employee feedback channels and learning platforms, dedicating ourselves to establishing a workplace with integrity, health, and safety to ensure that we provide a safe working environment and good physical and emotional support to the employees.

iST concerns labor market and employment issues, dedicating ourselves to cultivating talents inside and outside the organization. Through industry–government–academia collaboration, we actively leverage our influence. We continue to participate in the government’s employment promotion plan to enhance the employment competitiveness and skills of unemployed people. By 2022, we have cooperated with the government, actively hiring over a hundred unemployed people. We actively cultivate the technical talents of the new generation through industry–academia collaboration and resources, continuing to cooperate with colleges and universities. Through industry collaboration, we inject new energy to provide robust support to students. In social engagement, we also keep collaborating with social welfare groups, striving to infuse warmth into society by donating and providing scholarships to assist disadvantaged groups.

## Implementing Environmental Protection toward Net-Zero Carbon Emissions

Global citizen has reached a consensus on ecology and environmental protection. iST, as a service-oriented company, in addition to help customers to import lead-free and halogen-free process improvement, we are closely linked to the European Union and international companies to be familiar with all environmental laws and regulations, assisting our customers in green manufacturing process to maintain the beauty of the earth.

In the future, iST will keep upholding the operating philosophy of sustainable development and integrate ESG concepts into the business direction. We will continue to maintain good communication with inside and outside stakeholders in corporate governance, social inclusion, and environmental protection, promote ESG strategy plans, and implement UN Sustainable Development Goals (SDGs) to practice the role of corporate citizenship, progress with partners and stakeholders from all sectors, and create a co-prosperous sustainability future.

Chairman and President

**Danny Yu**





# Corporate Social Responsibility Commitment and Organization Structure

To fulfill our corporate social responsibility and promote sustainable development, iST formed the “ESG Committee” on January 10, 2023, with the Chairman Wei-Been Yu as the chair and the senior managers above the department level as the committee members. The ESG Committee integrates the ESG strategy direction and resources across departments. It appoints the vice president of the Administration Division as the Committee’s convener responsible for leading the “ESG Promotion Secretariat” to promote ESG-related work and convening meetings regularly to confirm and review the effectiveness of promoting the ESG. The ESG Committee has five subcommittees: “Corporate Governance Subcommittee,” “Employee Care and Development and Ethical Management Subcommittee,” “Environmental Safety and Health Subcommittee,” “Sustainable Supply Chain Subcommittee,” and “Stakeholder and Social Care Subcommittee.” It guides the economic, environmental, and social management indicators of corporate social responsibility and supervises the “ESG Promotion Secretariat” to implement economic, environmental, and social performance management indicators.

The ESG Promotion Secretariat is responsible for performing regular identification of stakeholders, collecting and inspecting the issues concerned by stakeholders, and reporting to the ESG Committee. The ESG Committee’s convener regularly submits the relevant implementation effectiveness and resolution plans to the Board of Directors in the annual meeting held regularly. The Board of Directors would implement relevant resolutions and provide necessary resources.

iST also established the Sustainable Development Best-Practice Principles. According to the Principles, we implement corporate governance, develop a sustainable environment, maintain social welfare, and strengthen disclosure of information in corporate sustainable development.

We establish crucial promotion items and implement the following:

## 1. Implementing corporate ethical governance and risk management mechanisms to practice sustainable operating

- Developing a complied culture in ethical governance
- Enhancing the awareness of ethical conduct with integrity among the employees

## 2. Forming the low-carbon values to move toward the net-zero goal gradually

- Complying with environmental laws and regulations and reducing environmental burden
- Dedicating ourselves to energy saving and carbon reduction and building a green value chain

## 3. Establishing a diversity, equity and inclusion workplace to achieve employee value and practice sustainable development

- Enhancing personnel attraction and retention and intensifying talent cultivation and development
- Establishing a diversity and friendly workplace and providing work-life balance

## 4. Increasing social engagement and enhancing stakeholder management to create sustainable values

- Expanding industry-academia-research collaboration and enhancing social engagement and social welfare
- Establishing multiple communication channels and implementing a transparent disclosure mechanism

iST's ESG promotion structure is displayed below



iST's ESG Committee is responsible for promoting ESG projects and regularly reporting the Company's economic, environmental, and governance impacts to the Board of Directors. The Board of Directors is the highest governance body of the ESG; its overall organization authority is described below:

### Board of Directors

- Urging the implementation of the ESG sustainable development philosophy
- Authorizing the chairperson to implement due diligence for the ESG negative impact incidents
- Ensuring the implementation of the ESG sustainable development policies
- Authorizing the convener, Yearly reviewing and approving the material topics and performance in the ESG Report

### ESG Committee

- Regularly reporting the ESG material topics and implementation effectiveness concerned by the stakeholders to the Board of Directors
- Integrating the ESG strategy direction and resources across departments with the Chairman as the chair and the managers of the departments as the committee members; the convener leads the secretarial team members to prepare the promotion of the ESG policies and activities.
- The decision-making unit, responsible for ESG activities and policies, and review, determination and approval of the ESG Report.
- Regularly convening meetings and reviewing the promoting effectiveness of the ESG goals and activities to ensure the implementation of sustainability policies

### Corporate Governance Subcommittee

- Implementing ethical management and corporate governance
- Adhering to compliance with laws and regulations and risk management
- Improving the information transparencies of corporate governance

### Employee Care and Development and Ethical Management Subcommittee

- Developing a complied culture and moral cognitions in ethical governance
- Establishing a diversity, equity and friendly workplace
- Enhancing personnel attraction and retention
- Intensifying talent cultivation and development

### Environmental Safety and Health Subcommittee

- Managing and controlling environmental risks
- Ensuring compliance with environmental laws and regulations to reduce environmental burden
- Introducing the plans of saving energy and reducing greenhouse gas emission

### Sustainable Supply Chain Subcommittee

- Establishing disseminations and regulations of the ESG information for suppliers
- Building the ESG value chain

### Stakeholder and Social Care Subcommittee

- Assisting in implementing ESG communication with social stakeholders
- Being dedicated to social care and social welfare
- Communicating well with customers

### ESG Promotion Secretariat

- Assisting in planning and implementing ESG-related work
- Assisting in planning and implementing the screening of stakeholders and ESG material topics
- Assisting the Committee in screening and establishing the ESG plans and collecting data
- Assisting the Committee in implementing ESG communication



# Stakeholder Engagement and Sustainability Issue Management

## Analysis Procedure of Material Consideration Aspects

This report uses the material consideration analysis process to identify the sustainability issues of concern to stakeholders as a reference basis for information disclosure to achieve the goal of effective communication and serve as a crucial basis for future planning of corporate social responsibility for iST.

Communication and screening of stakeholders and materiality issues are important in corporate social responsibility. iST could understand the issues of concern to the relevant stakeholders. Through the disclosure of the ESG Report, we will let the relevant stakeholders understand the efforts of the Company in corporate social responsibility and the performance achieved in 2022.

The ESG Committee performs evaluations based on substantive issues in the daily operations of the Company's relevant departments and internal and external business communications. The ESG Promotion Secretariat convenes the subcommittees (Executive Committee) of the ESG Committee to identify stakeholders regarding the organization's operational communications and stakeholder inclusiveness, identify stakeholders, select priority communication targets and their issues of concern for response, and initially determine the primary stakeholders and their concerned issues. Stakeholders can be classified into seven categories: customers, employees, investors, media, suppliers, community, and government.

iST sends out questionnaires to their respective stakeholders through the ESG Committee's subcommittees (Executive Committee), and then the ESG Promotion Secretariat compiles them to summarize significant indicators for disclosure.

Since stakeholder engagement is an important part of iST's management of sustainability issues. In addition to interacting with stakeholders in various ways through our daily business, the Company also uses various channels, including telephone communication, ESG website, satisfaction surveys, site visits, and participation in associations. The issues raised by stakeholders are identified as material considerations in this report.

## Source of the Sustainability Issues








The process for identifying material considerations is based on reporting principles and guidelines for defining report content on the GRI Standard Framework. Due to the wide range of sustainability issues, iST uses the following sources to gather information on issues relevant to our organization and summarize in the material topics.

External	Internal
GRI consideration aspects and indicators, GRI industry sustainability issues List of SASB Standards – Professional Commercial Service	Corporate sustainability policy
Feedback of opinions during the process of communication between the stakeholders	Corporate operation strategy and targets

### The Outline of iST's ESG Sustainability Issues



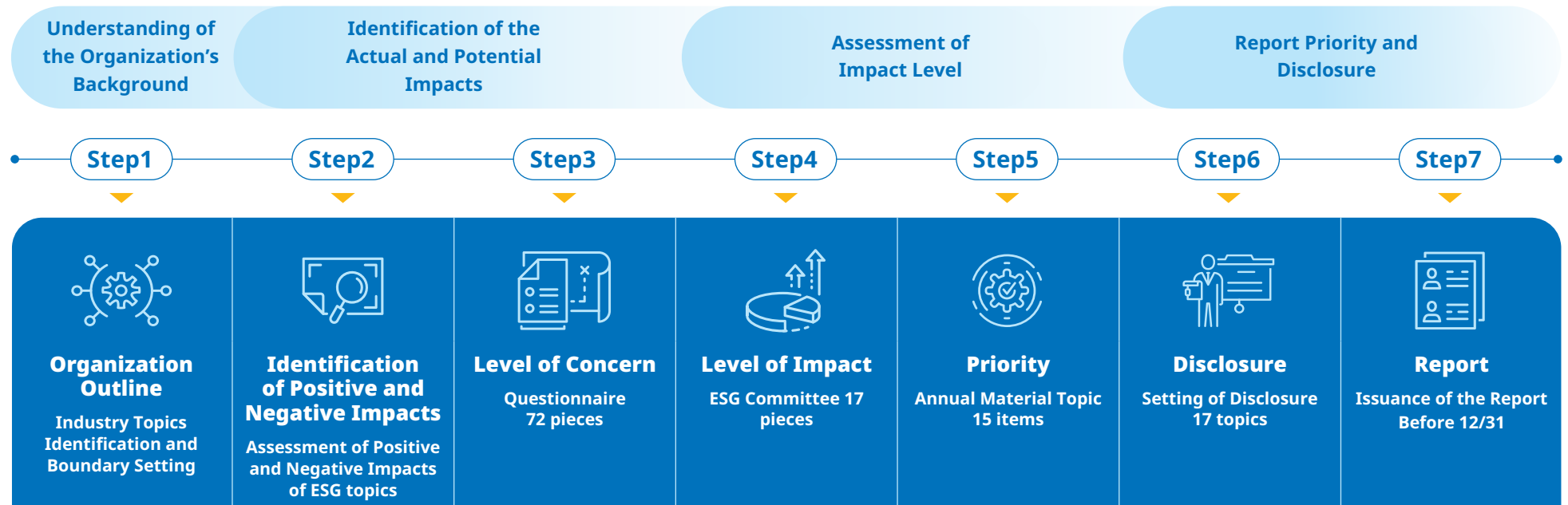
## iST's ESG Stakeholders

Stakeholders	Concerned Issues	iST's Communication Methods	Communication Frequency	Sections of Response in the Report
 Employee	Talent cultivation and development Human rights and labor-management relations Fair and friendly workplace Occupational health and safety	Mechanism and record of training development Labor-management meetings Employee Welfare Committee Occupational Safety and Health Committee	Random Quarterly Quarterly Quarterly	CH3. Environment Sustainability Force CH5. Positive Force on Society
 Government (including FSC and environmental protection departments)	Water resource management Waste management Greenhouse gas Supplier sustainable management	Regular filing and the ESG pages of the Company's website Regular filing and the ESG pages of the Company's website Regular inventory and the ESG pages of the Company's website The ESG pages of the Company's website	Annually Annually Annually Quarterly	CH2. Governance Leadership CH3. Environment Sustainability Force
 Community	Greenhouse gas Water resource management Waste	Regular inventory and the ESG pages of the Company's website Regular filing and the ESG pages of the Company's website Regular filing and the ESG pages of the Company's website	Annually Annually Annually	CH1. About iST CH2. Governance Leadership CH3. Environment Sustainability Force
 Customer	Customer privacy management Compliance with laws and regulations	Customer satisfaction survey Communication with competent authorities	Annually Random	CH3. Environment Sustainability Force CH4. Value chain competitiveness
 Shareholders/ Investors	Economic performance Water resource/Waste	Dedicated phone number for the spokesperson Regular filing and the ESG pages of the Company's website	Random Annually	CH1. About iST CH3. Environment Sustainability Force
 Supplier	Supplier sustainable management	Supplier ESG propaganda Supplier ESG appraisal Setting of contact channels on the Company's website	Annually Annually Annually	CH1. About iST CH4. Value chain competitiveness
 Media	Economic performance Occupational health and safety	Market Observation Post System Setting of contact channels on the Company's website	Annually Annually	CH3. Environment Sustainability Force CH5. Positive Force on Society



## Identification of Materiality Issues

Based on the result of a substantive issue selection, IST used the AA1000 principle to measure the level of stakeholder relationship with the Company, where the concern scores of each issue were weighted with the degree of relationship to understand the stakeholder's level of concern. The ESG Committee rated the economic, environmental, and social impact of each issue on the Company from the perspective of the internal experts and additionally added the SASB Professional Commercial Services as a supplement. Eventually, it selected the ESG topics that were highly concerning and impacted to disclose in the relevant sections of this report. The operational steps involved in the process are listed below:



We defined the Company's applied industry topics and the boundary in accordance with the SASB Professional Commercial Services and the sustainability disclosure indicators of the Market Observation Post System.

We assessed the actual and potential positive and negative impacts based on 34 ESG topics of reporting principles and guidelines for defining report content on the GRI Standards framework and sustainability messages (United Nations Sustainability Goals; SDGs).

We designed the questionnaires based on the positive and negative impacts of ESG topics on the Company. We distributed them to internal and external stakeholders and measured the extent to which various stakeholders are concerned about various sustainability issues. Seventy-two valid questionnaires were collected.

We rated the impact of each issue on the Company's sustainable development based on the questionnaire of the ESG Committee for internal experts in 2022.

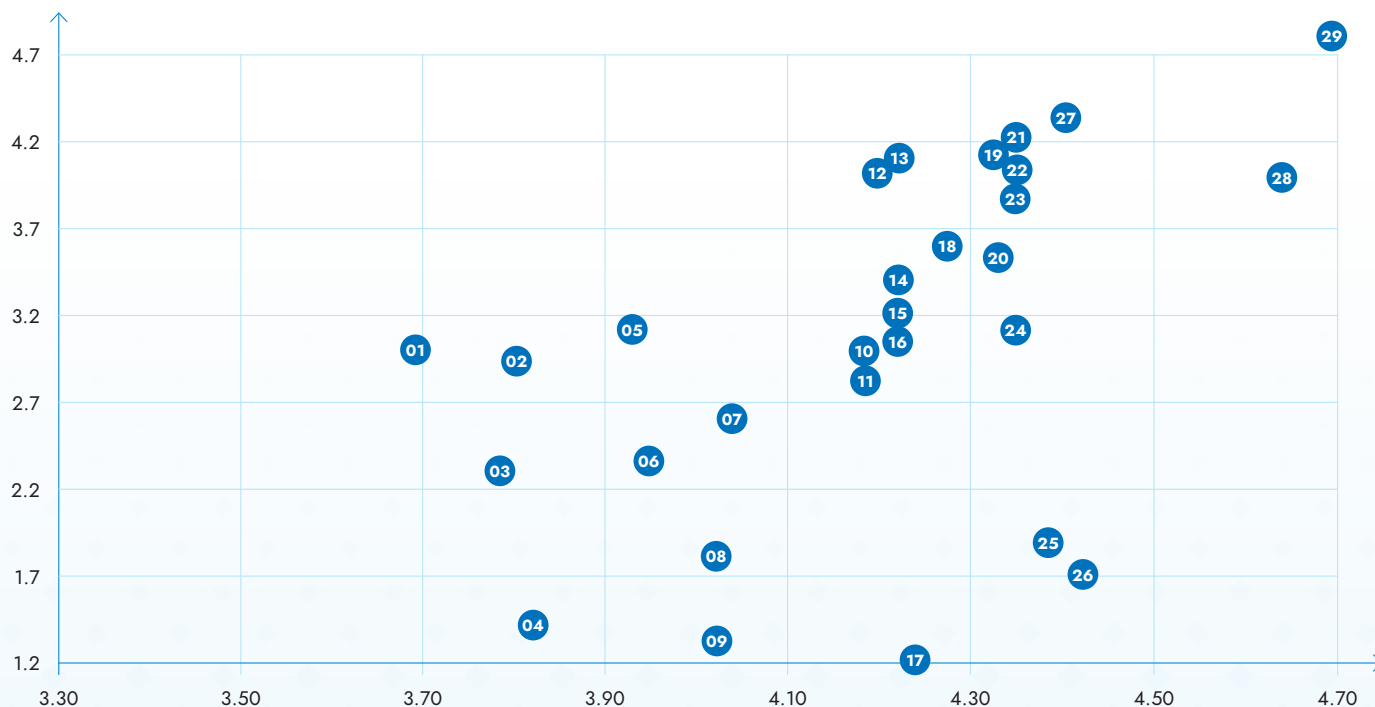
We summarized the results of the questionnaire survey on the "level of concern" and "level of impact" and multiplied the scores. Then we ranked the resultant values with the top one-half of them (15 items) as the material topics.

We had selected 15 specific topics and two voluntary disclosure topics from the ESG questionnaire to be the focus of this report and to correspond to the SDG, detailing the strategies, results, and performance of the issues.

The report presented a complete picture of the Company's performance and sustainability impact, and asked that the concerns of stakeholders be repeated in each relevant section. The report was submitted to the ESG Committee and the Board of Directors for review and public release, and stakeholder comments were collected for feedback in the following report.

## Significant Consideration Aspects Responded to in This Report

### Level of Effect



- 01 Workforce diversification and equal opportunities
- 02 Freedom of association and collective bargaining
- 03 Public Policy
- 04 Rights of aboriginal people
- 05 Local community
- 06 Procurement practices
- 07 Non-discrimination
- 08 Security practices

- 09 Human rights assessment
- 10 Anti-competitive behavior
- 11 Indirect economic impacts
- 12 Employment
- 13 Labor-Management relations
- 14 Energy
- 15 Water resource
- 16 Market position

- 17 Social and economic law compliance
- 18 Training and education
- 19 Air pollution and GHG emissions
- 20 Supplier/Value chain environmental management
- 21 Occupational safety and health
- 22 waste
- 23 Economic performance
- 24 Supplier social assessment

- 25 Forced or compulsory Labor
- 26 Child labor
- 27 Environmental Legal Compliance
- 28 Anti-corruption
- 29 Customer privacy

Environmental Aspect

- Energy
- Air Pollution and Greenhouse Gas Emissions
- Water Management
- Waste
- Environmental protection law compliance

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Economic Consideration Aspect

- Economic performance
- Market position
- Anti-corruption

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Social Consideration Aspect









- Labor-Management relations
- Employment
- Occupational safety and health
- Training and education
- Supplier social assessment
- Customer privacy
- Local community
- Workforce diversity, inclusion, and equality (voluntary disclosure)
- Participation in professional associations (voluntary disclosure)

The Report this year is the first edition, and no prior report is available for comparison to its material topics list.



## The Negative and Positive Impacts of the Consideration Aspects

Significant Consideration Aspect	Actual Negative Impact	Potential Negative Impact	Actual Positive Impact	Potential Positive Impact
 Energy	●			
 Air Pollution and Greenhouse Gas Emissions	●			
 Water Management			●	
 Waste			●	
 Environmental protection law compliance			●	
 Economic performance			●	
 Market position			●	
 Anti-corruption				●
 Employment			●	

Significant Consideration Aspect	Actual Negative Impact	Potential Negative Impact	Actual Positive Impact	Potential Positive Impact
 Labor-Management relations		●		
 Occupational safety and health		●		
 Training and education			●	
 Supplier social assessment		●		
 Customer privacy				●
 Local community			●	
 Workforce diversity and inclusion (voluntary disclosure)			●	
 Participation in professional associations (voluntary disclosure)			●	

If negative impacts occur, we will communicate with stakeholders to reduce relevant effects.

## Boundaries of Material Topics

For every material issue identified, we assess its impact and determine whether the topic has an impact on primary stakeholders inside or outside the organization.

- NA Not applicable
- The following is fully disclosed in the Report.
- Information unavailable

### iST Value Chain and Boundaries of Material Topics in the Report

Material Topic		Disclosure Basis	iST Value Chain					Affected Primary Stakeholders	SDGs
			Upstream		iST		Downstream		
			Contractor	Other Suppliers	Hsinchu	*Others (such as Neihu)	Customer		
Energy saving and carbon reduction	Energy	GRI 302	-	-	●	●	-	Government	
	Air Pollution and Greenhouse Gas Emissions	GRI 305	-	-	●	●	-	Government, society, investors	12 責任消費與生產
Clean production (service)	Water Management	GRI 303	-	-	●	●	-	Government, media, society	8 永續發展夥伴關係
	Waste	GRI 306	-	●	●	●	-	Media, society	13 氣候行動
Sustainable operating	Environmental protection law compliance	GRI 307	●	●	●	●	-	Government, society, investors	17 永續發展夥伴關係
	Supplier social assessment	GRI 414	●	●	●	●	-	Government, suppliers	
	Participated professional associations	Voluntary disclosure	-	-	●	●	●	Customers, society	
	Local community	GRI 413	-	-	●	●	-	Government, society	
Ethical management	Economic performance	GRI 201	-	-	●	●	-	Investors, society	4 優質教育
	Market position	GRI 202	-	-	●	●	-	Government, society	
	Anti-corruption	GRI 205	●	●	●	●	●	Customers, investors, employees	8 就業與經濟成長
Employee care	Employment	GRI 401	●	●	●	●	●	Investors, employees	17 永續發展夥伴關係
	Training and education	GRI 404	-	-	●	●	-	Government, employees	16 制度的正義與和平
	Diversity and inclusion	Voluntary disclosure	-	-	●	●	-	Government, society, employees	
	Labor-Management relations	GRI 408	-	-	●	●	-	Government, Investors, employees	
Deepening a culture of occupational safety and health	Occupational safety and health	GRI 403	●	●	●	●	-	Government, employees	
Customer-oriented	Customer privacy	GRI 418	-	-	●	●	●	Government, customers	








Note: \*iST's operating bases, such as Neihu.

## The Material Issues Corresponding to UN SDGs

In 2015, the UN released the Sustainable Development Goals (SDGs) which have since become a common language for sustainable development around the world. The SDGs are not just a global trend in development but they also contain important business opportunities for companies in the future. The Company uses the material issues assessed with the GRI Standards as basis to conduct evaluation regarding risks to humans and environment and the provision of effective products, services or investment and to identify the sustainable development goals related to the SDGs with the aim to make vital contribution to the SDGs.

iST enhances its sustainability strategy to advance economic growth, social equality/progress and environmental protection on a comprehensive basis to demonstrate the long-term value of iST. In 2022, iST defined priorities for the SDGs. We will disclose our performance in sustainable development with respect to the product life cycle and value chain stages in the transition from supporting the SDGs to real action plans. We will integrate these goals into our daily activities through various approaches and keep reviewing and modifying the SDG priorities in the future to gain recognition from investors and stakeholders and create sustainable values. Topics and sustainability practices and goals are disclosed in each chapter.

### Comparison Table for iST's ESG Material Topics and the SDGs

iST's ESG Material Topics	Related SDGs Item	United Nation SDGs Notes and Metrics	iST's Sustainable Development Practices and ESG Targets in the Future
Energy saving and carbon reduction		<ul style="list-style-type: none"> <li>Ensure affordable, stable and sustainable modern energy for all people.</li> <li>7.3_By 2030, double the global rate of improvement in energy efficiency.</li> </ul>	Continuously promote ISO 50001 energy management system and gradually reduce energy-intensity rate. [Target] Acquiring ISO 50001 third party certification to establish a mechanism of energy saving and carbon reduction.
		<ul style="list-style-type: none"> <li>Take emergency measures to address climate change and impacts.</li> <li>13.2_Integrate climate change measures into policies, strategies and planning.</li> </ul>	Implement GHG management and reduction in compliance with national 2050 net-zero emission policies on an ongoing basis. [Target] Developing climate-related financial disclosures under TCFD structure.
Clean production		<ul style="list-style-type: none"> <li>Ensure to implement the sustainable consumption and production mode.</li> <li>12.5_Reduce waste generation significantly through prevention, reduction, recycling and reuse by 2030.</li> </ul>	Implement environmental risk management through the ISO 14001 environmental management system to ensure sustainability of the environment. [Target] Improving reduction of industrial waste and clean production performance through the ISO 14001 environmental risk management and control measures.
Sustainable value chain		<ul style="list-style-type: none"> <li>Ensure continuous and high-quality collaboration with business partners.</li> <li>17.14_Enhance policy coherence for sustainable development.</li> </ul>	Explicitly specify Employee and Supplier Code of Conduct and develop a complied culture. [Target] All suppliers implement ESG dissemination of the "Partner Code of Conduct."
Ethical management		<ul style="list-style-type: none"> <li>Facilitate inclusive and sustainable economic growth, realize full employment, and create productive and quality jobs.</li> <li>8.2_Achieve higher levels of economic productivity through diversification, technological upgrading and innovation.</li> </ul>	Continue to increase our revenues and enhance economic productivity through patents, r&d and innovation. [Target] Increasing the Company's revenues every year and maintaining good corporate governance mechanism through internal control system.
		<ul style="list-style-type: none"> <li>Create peaceful and inclusive societies to promote sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels.</li> <li>16.5_Substantially reduce corruption and bribery in all their forms.</li> </ul>	Implement good corporate governance and risk management mechanisms to ensure that corruption incidents will not happen. [Target] Maintaining good corporate governance mechanism through ESG education and training and internal control system.
Employee care		<ul style="list-style-type: none"> <li>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.</li> <li>4.4_Increase the number of people with relevant skills for employment and decent jobs.</li> </ul>	Continuously intensify talent cultivation and development, provide competitive compensation, and establish a friendly and inclusive workplace to attract and retain talents. [Target] Continuously improving employee retention rates and internal customer satisfaction.
Deepening a culture of occupational safety and health		<ul style="list-style-type: none"> <li>Facilitate inclusive and sustainable economic growth, realize full employment, and create productive and quality jobs.</li> <li>8.8_Protect labor rights and promote safe and secure working environment for all workers.</li> </ul>	Establish safety and health policy through the ISO 45001 occupational safety and health management system in line with the core value of safety first. [Target] Pursuing the goals of zero accidents and zero injuries.
Customer-oriented		<ul style="list-style-type: none"> <li>17.17_Encourage and promote effective and sustainable public-private partnerships.</li> </ul>	We set a vision of information safety and management objectives through the ISO/IEC 27001 information safety management system to connect with the Company's core value of protecting customers' confidentiality. [Target] Protecting customers' privacy through continuous measures of information safety risk management and control.






# 02

## Governance Leadership

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	Metric	2022 Plan	2022 Result	Medium-Term and Long-Term Goals
 <b>Economic performance/Corporate Governance</b>	Revenue increasing	Expand the capacity to support customers' growth and gain customer recognition for our analysis technology at the 2/3-nanometer process node.	The revenue grew by 16.6% compared to the previous year.	Continuously increase revenue through innovation and outreach.
	Maintaining investor relations	Investor Meetings and maintaining Investor & Stakeholders Relations Pages on our official website	The Investor Conference was held once.	Increase the Company's revenues every year and maintain good corporate governance mechanism through internal control system.
 <b>Market position</b>	Preserving high-level job opportunities for locals	Hire residents in Taiwan with priority as senior management.	A total of 172 Taiwanese managers	Continuously create employment opportunities in Taiwan.
 <b>Anti-corruption</b>	Training related to the Ethical Code of Conduct	Enhance ethical awareness and emphasize the anti-corruption policy and procedure in the Employee Handbook and new employee orientation; extend the training to include the Board of Directors.	6,229 employees 1,135 managers 21 directors	Continuously implement ESG education and training.

## Company History

### Company Profile

Date of Incorporation Established in	1994
Headquarter	No. 10-1, Lixing 1st Rd., Science Park, Hsinchu City
Operating bases	Please refer to iST's official website <a href="https://www.istgroup.com/tw/locations/">https://www.istgroup.com/tw/locations/</a>
Tel	+886-3-579-9909
Total employees in 2022	993 employees
Total temporary workers in 2022	12 employees

iST was established in 1994. During the beginning period of the semiconductor industry in Asia, we created the IC circuit edit (FIB) service, which changed the verification model in the semiconductor industry. After that, we gradually expanded our new services, including Failure Analysis (FA), Reliability Assurance (RA), Material Analysis (MA), Chemical/Process Micropollution analysis, and Signal Integrity, building a complete certification and analysis engineering platform and providing full service. iST's customers cover the whole scope of the electronics industry, from IC design to end products. As AI Cloud smart handheld devices/IoT/Internet of Vehicles have emerged, iST has focused on core services and paid attention to international trends to expand diverse services. We built a semiconductor advanced process/package validation platform, an automotive electronics verification platform, an IoT/Internet of Vehicles platform, a 5G / HPC /AI verification platform, a wide-bandgap semiconductor verification platform, and a space electronic testing platform and provide our customers with ESG greenhouse gas guidance, Vehicle Regulation Quality, and Functional Safety Guidance. We build a complete certification and analysis engineering platform and provide full service, helping our customers enter the value chain of major international manufacturers.

In addition, iST is a qualified laboratory for many downstream international brand manufacturers of end products. We assist upstream and midstream Taiwanese component manufacturers in interpreting regulations, enhancing their product quality, and overcoming bottlenecks of new products to move toward the next generation.

## Milestones

### 1994

- Founded the company in Hsinchu, Taiwan, the company changed the existing verification model of the entire semiconductor industry with its initial service- IC FIB.



### 2000

- Established the Reliability Assurance (RA) Lab.

### 2002

- Established an operating location in Shanghai, China, to actively develop the China market.

### 2005

- Established an operating location in Kunshan, China, to continue expanding the market in China.



### 1999

- Established the Failure Analysis (FA) Lab.

### 2001

- Acquired the laboratory accreditation for the IECQ ISO/IEC 17025 quality system.

### 2004

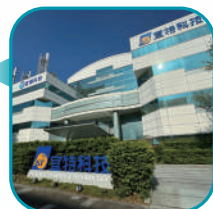
- Became a public company listed on the Taipei Exchange with the stock code 3289.

### 2006

- Acquired the TÜV NORD and ISO 9001 Quality Management System certificates.
- Joining IPC International, Inc. (The Global Association for Electronics Manufacturing ) and participated in establishing and developing industry standards.

### 2018

- Established Hsinchu Plant II to enter the back-end process area of wafers.
- Acquired the TÜV NORD ISO 9001: 2015 management system certificate.



### 2015

- Established the "DEKRA IST" as a joint venture with DEKRA, a European company, extend our global verification business to the European market.



### 2011

- Selected by the Republic of China Fine Manufacturer Association as the First Brand, recognizing that IST's premium service quality is the best choice for customers.

### 2007

- Established operating locations in the USA, as well as Beijing and Shenzhen China. Acquired the CNAS certificate to align with the global leading trends.
- Became a member of SMTA, providing professional and premium SMT technology.

### 2017

- Founded headquarters in Hsinchu Science Park to provide customers with promptest and most complete solutions.



### 2014

- Established the Signal Integrity (SI) Lab.
- Acquired the official authorization from Simplay Labs as a lab under the HDMI/ MHL testing system.

### 2010

- Established the Material Analysis (MA) Lab.



### 2019

- Won the "5th Taiwan Mittelstand Award" from the Economy Ministry, being recognized for high competitive strength on global markets with outstanding operating performance.
- Won the Moving Award from the Chinese Lean Management Association (CLMA) for our continuous improvement of competitive strength.
- Acquired the TÜV NORD ISO 14001: 2015 environmental management system certificate.
- Acquired the TÜV NORD ISO 45001: 2018 occupational health and safety management system certificate.

### 2020

- Collaborated with the Taiwan Space Agency (TASA) and industry-academia-research institutions to form the "Taiwan Space Radiation Environment Verification and Testing Alliance (TSREVTA) to enter the international space market.
- Acquired the IEC-61340-5-1:2016 certificate for protection against electrostatic discharge.
- Acquired the ISO/IEC 27001: 2013 information security management system certificate.



### 2021

- Acquired the 7th National Industrial Innovation Award from the Economy Ministry, recognized by the government for our contributions to domestic industries.
- Won the global top 10 semiconductor packaging solution provider award from the Semiconductor Review in the U.S.A.
- Acquired the ANSI/ESD S20.20:2021 certificate for protection against electrostatic discharge.

### 2022

- Acquired the membership of the Automotive Electronics Council (AEC) and became a navigator for IC design and semiconductor companies entering the automotive electronics field.
- Established a laboratory in Zhubei.
- Recognized as the "Outstanding E-Invoice Business Entity" by the Ministry of Finance.

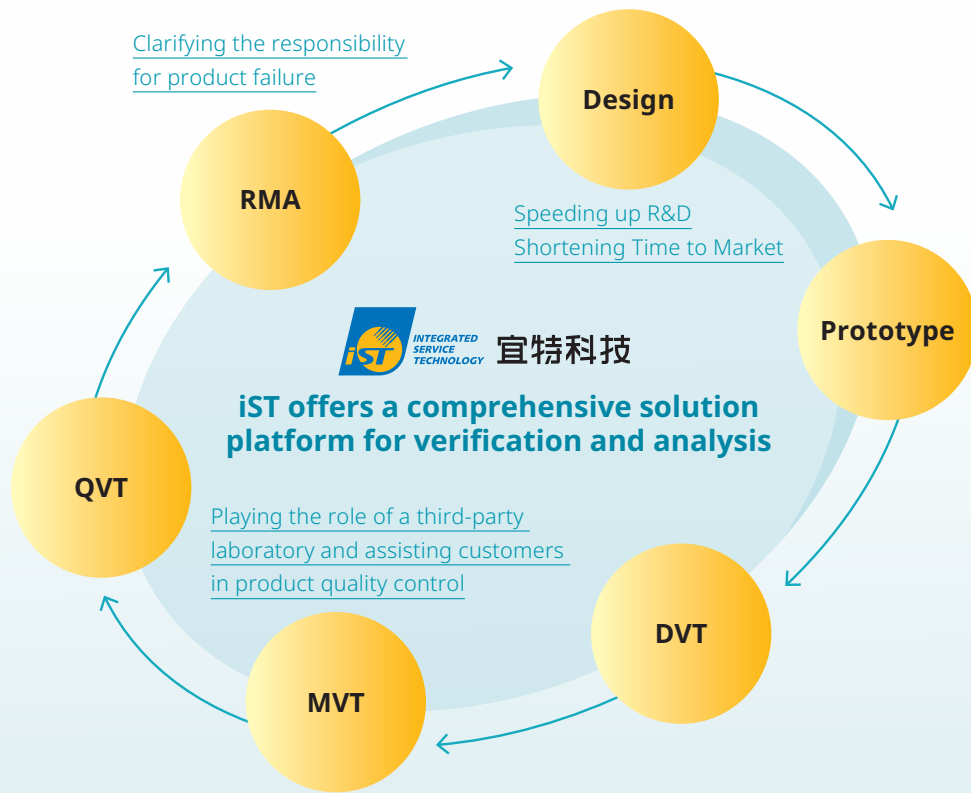




## Corporate Positioning

- iST provides solutions for electronic products beyond expectations for our customers to help shorten the time to market.
- iST plays the role of a “third-party laboratory,” assisting customers in product quality control.

**iST keeps close tabs on electronic products at each stage, from the cradle to the grave (design to return)**



## Major Business Items

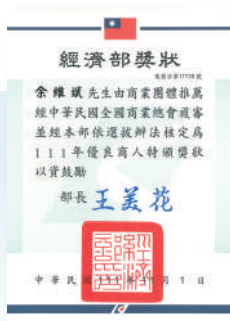
Over the past nearly 30 years, iST has continuously innovated and developed. Our current services can be divided into four categories: failure analysis, reliability test, material analysis, and signal test. Taking a hospital to compare, iST functions as the medical center of the electronics industry, helping customers speed up R&D and keeping close tabs on the quality of their products.



## Honors and Awards

IST has received many awards in recent years. The award information is as follows

- Receiving the 2022 “Golden Merchant Award” at the 76th General Chamber of Commerce of the Republic of China
- Recognized as the 2022 “Outstanding E-Invoice Business Entity” by Ministry of Finance
- Acquiring the “7th National Industrial Innovation Award” in 2021 from the Economy Ministry
- Acquiring the “100 MVP Managers” in 2020
- Acquiring the “5th Taiwan Mittelstand Award” in 2019 from the Economy Ministry
- Acquiring the “36th National Management Excellence Award” in 2018 from the Chinese Professional Management Association
- Acquiring the “First brand Award” in 2011 from the Republic of China Fine Manufacturer Association
- Acquiring the “31st Model of Entrepreneur Award” in 2009 from the National Innovation and Entrepreneurship Association, R.O.C.



The Chairman Danny Yu acquired “76th Golden Merchant Awards” in 2022.



Winning the 2022 award of Outstanding E-Invoice Business Entity from the Ministry of Finance



Acquiring the “36th National Management Excellence Award” in 2018 from the Chinese Professional Management Association



Acquiring the National Industrial Innovation Award in 2021 from the Economy Ministry



The Chairman Danny Yu acquired “100 MVP Managers” in 2020.

## Global Vision

Headquartered in Taiwan, iST has led it to expand its operations worldwide, including China(Kunshan), Japan, and the United States to provide customers with more complete, faster, more cutting-edge, and more innovative technical services with high quality and grow with the world's leading trends. There have been no material changes in relevant services and value chains in recent years.

## Financial Performance

iST implements full disclosure principles of corporate governance. We accept invitations from the investor conference, convene the annual shareholders' meeting, and regularly update the Market Observation Post System and the financial and business information on the Company's website every year. Shareholders and investors may know the status of the Company's operation well through transparent information disclosure.

The consolidated operating revenue of iST was NT\$3,742,682,000, growing by NT\$528,894,000 compared to 2021. The consolidated profit before tax was NT\$468,113,000, growing by NT\$255,882,000 compared to 2021. The consolidated profit after tax was NT\$386,502,000. Regarding profitability, the earnings per share for 2022 was NT\$5.33, and the Board of Directors resolved to distribute NT\$2 per share. The earnings per share and the dividend distribution increase compared to 2021. Please refer to the 2022 iST Consolidated Financial Statements for other details.

## Financial Risks

iST's routine work is affected by multiple financial risks, including market risk (exchange rate risk and interest rate risk), credit risk, and liquidity risk. The countermeasures of the aforementioned risks are as follow:

### Countermeasures of Financial Risks



#### Exchange rate risk

- Adopt the natural hedge strategy and offset receivables and payables by foreign currencies.
- The designated personnel collect the information of exchange rate change at any time to instantly take response measures.



#### Interest rate risk

- The designated personnel collect the information of interest rate change at any time to instantly take response measures.
- Adjust the financial plans following interest rate trends to mitigate the impact of interest rates on the operation.



#### Credit risk

- Establish the regulation for credit granting management.
- Regularly review the content of accounts receivable and the status of collections.



#### Liquidity risk

- Analyze cash planning for long-term liabilities that are yet to mature.
- Maintain good relationships with financial institutions and develop capital channels to ensure a secure capital source and reduce the risk of liquidity shortage.

iST supports the tax policies that help advance economic growth and is committed to transparent information. The Company's primary income tax expense source is from Taiwan, accounting for 99.99%. The cash tax rate is close to the prevailing income tax rate of 20% in Taiwan. The effective tax rate in 2021 accounted for approximately 42%.

iST received the 2021 Notice of Assessment for Profit-seeking Income Tax in April 2023. The investment tax credit approved by the National Taxation Bureau of the Northern Area is NT\$18,353,000.

# Corporate Governance

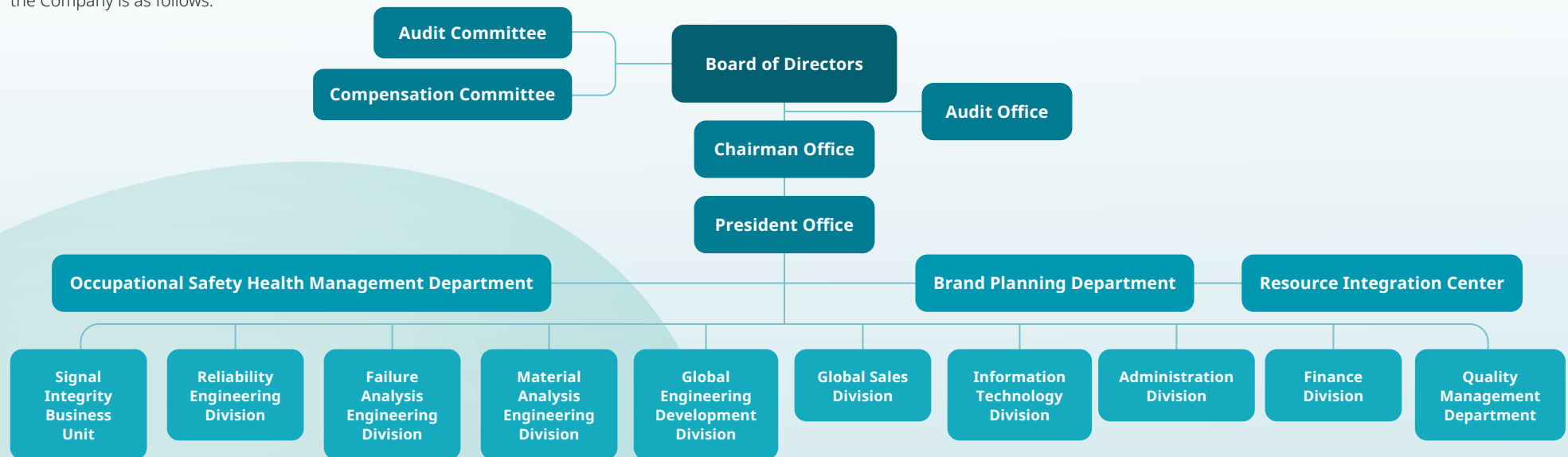
As a third-party laboratory, iST upholds integrity, rigorously keeping close tabs on every detail. We provide solutions for our customers with a responsible attitude, work alongside them with passionate services, and keep innovating to stay at the forefront of trends. Discovering the newer and better testing methods for our customers is iST’s mission and promise. iST’s management team has been implementing the transparency of operation and financial information for a long time, aiming for good corporate governance with ethical corporate standards and commitments. iST’s corporate governance principles require consideration of diversity and independence, ensuring no conflicts of interest. Moreover, the new directors elect the chairperson at the first board meeting of each term. In the Board of Directors, female directors are not included.

## Corporate Governance Evaluation

The Taipei Exchange (TPEX) and the Taiwan Stock Exchange Corporation (TWSE) jointly commissioned the Securities and Futures Institute (SFI) to conduct the 9th “2022 Corporate Governance Evaluation.” The 9th (2022) Corporate Governance Evaluation included 1,662 companies, with 928 TWSE listed companies and 734 TPEX listed companies. Our evaluation result placed in the top 21% to 35% among the TPEX listed companies, which is an outstanding performance, helping foster healthy competition among companies, strengthen corporate governance, and voluntarily shape corporate governance as the Company’s organizational culture. In the future, iST will continue to strive for corporate governance goals, including evaluating the executing status of the Board of Directors, maintaining the stakeholders’ rights, voluntary disclosure of financial operations, and implementing the Company’s core values. We believe that the implementation of corporate governance not only safeguards the interests of investors and other stakeholders but also serves as a necessary method for the Company to practice environmental (E), social (S), and governance (G) responsibilities.

## iST Organization Structure Chart

iST’s corporate governance structure consists of a shareholders’ meeting with all shareholders as the highest deliberative body. The directors elected by the shareholders shall constitute the Board of Directors as the Company’s executive body. Independent directors are elected to be an Audit Committee to supervise the execution of the Company’s business. The Chairman, the chairperson of the Board of Directors, represents the Company externally as the head of the Company and works concurrently as the President. Our directors participate in relevant education training of corporate governance and the ESG from time to time, which are held by the Securities and Futures Institute (SFI) and the Taiwan Corporate Governance Association (CGA). The Corporate Governance structure of the Company is as follows:





## Composition of the Board of Directors

The Board of Directors is the highest governance body of the Company, exercising its powers following laws, the Articles of Incorporation, or resolutions of the shareholders' meetings. It is responsible for the shareholders' meeting. The material matters related to the Company's operations and the corresponding procedures are submitted to the Board of Directors for discussion, ensuring proper communication and decision-making on material matters. The current Board of Directors consists of 10 members (including four independent directors), each serving a three-year term. Conducting the nomination system, the shareholders elect the directors from the candidate list. Consecutive re-election is allowed. According to the "Board of Directors Meeting Rules," the Company's Board of Directors must meet at least quarterly. The reasons for calling the Board of Directors meeting should be notified to each director and supervisor at least seven days in advance. In emergency circumstances, a meeting may be called on shorter notice. The Company's Board of Directors held six meetings in 2022 with an attendance rate of 100% (including in-person and proxy attendance).

### iST Board of Directors

Title	Name	Age			Main Work Experience (Educational Background)
		51-60	61-65	66-70	
Chairman	Han Sheng Investment Co., Ltd. Representative: Wei-Been Yu	●			Education: EMBA from National Chengchi University Experience: Senior Engineer at Electronic System Research Laboratory, Industrial Technology Research Institute
Vice-president	Hui Long Co., Ltd. Representative: Ching-Chuo Chen	●			Education: Master from Institute of Electronics, National Chiao Tung University Experience: Director of Server Business Division, Ying Chi Enterprise Co., Ltd.
Director	Chung-Cheh Tu	●			Education: Master's in Information Management from Fairleigh Dickinson University, USA Experience: Financial Manager of Artplus International Co., Ltd. Manager of Management Department, Anatek
Director	Fu-Han Liu		●		Education: EMBA from National Chengchi University Experience: General Manager of Kye Systems Corp.
Director	Kai Ou Investment Co., Ltd. Representative: Yang-Kuang Chen		●		Education: Department of Economics, National Taiwan University Experience: IBF Financial Holdings Co., Ltd. Representative of the juristic person director President of Shan Yi Investment and Consultation Co., Ltd.
Director	Wen-Hao Lo	●			Education: EMBA from National Chengchi University Experience: Representative of the juristic person director, Magic Technology Co., Ltd. Director of TONAL
Independent Director	Chih-Hung Wang	●			Education: Ph.D. from Graduate School of Macromolecular Materials, National Taiwan University of Science and Technology Experience: General Manager of Entire Technology Co., Ltd. Full-time Assistant Professor at Department of Chemical Engineering, Kuang Wu Institute of Technology
Independent Director	Wen-Ming Hung			●	Education: Department of Political Science, Soochow University Experience: President of Yuanta Securities and Investment Consulting Co., Ltd.
Independent Director	Yung-Chien Lo		●		Education: Ph.D. in Marketing from the Department of Business Administration, University of Illinois Urbana-Champaign, USA Experience: Associate Researcher at the Industrial Economic Research Center, Industrial Technology Research Institute
Independent Director	Chuo-Min Yu			●	Education: Ph.D. in Business Administration from University of Michigan Experience: Independent Director of Yuanta Futures Co., Ltd. Independent Director of Advantech Co., Ltd.

## ● Diversification of the Board of Directors

Based on the diversification policy and aiming to enhance corporate governance as well as facilitating the development of a robust composition and structure of the Board of Directors, iST adopts a candidate nomination system for the Board of Directors in accordance with the Company's Articles of Incorporation. In this system, we evaluate the qualification of each candidate according to their educational backgrounds and work experience. We also evaluate their professional backgrounds, integrity or relevant professional qualifications and, upon resolution and approval of the Board of Directors, submit the list of candidates to the shareholders' meeting for election. For the composition of the Board of Directors, the number of directors serving as the Company's does not exceed one-third of the total number of directors. In addition, an appropriate diversification policy is established in accordance with the operation of the Board, type of operations, and developmental needs.

The current Board of Directors of the Company consists of 10 directors, and the specific management goals of its Board composition diversification policy and the status of goal achievements are described below:

### Diversity Evaluation of the Board of Directors



**Number of independent directors exceeds one-third of the total number of directors**

Achieved

**Number of independent directors serving as the Company's managers does not exceed one-third of the total number of directors**

Achieved

**The term of office for an independent director does not exceed three terms**

Achieved

**Professional knowledge and skills that are diverse enough**

Achieved

Members of iST's Board of Directors are highly experienced in business management. They not only have relevant professional backgrounds, but are also specialized in the knowledge, skills and literacy required for fulfilling their responsibilities. In addition, iST continues to arrange various courses for continuing education in order to improve the quality of their decisions, help them fulfill their supervisory responsibility, and further enhance the functions of the Board. For the core abilities of the Board members, please refer to the 2022 iST Annual Report.

## ● Independence of the Board of Directors

The current Board of Directors of iST is composed of 10 members, including 4 independent directors (accounting for 40% of all board directors) and 2 directors who are also employees of iST (accounting for 20% of all board directors). All of the members are male. As of the end of 2022, all independent directors met the requirements provided by Securities and Futures Bureau, Financial Supervisory Commission for independent directors. In addition, none of the matters stated in Paragraphs 3 and 4 of Article 26 of the Securities and Exchange Act occur between a director and an independent director. The Board of Directors approved of the "Rules for Performance Evaluation of the Board of Directors" on August 6, 2020. The performance evaluation is conducted periodically every year. Methods of evaluations include the internal evaluation of the board, self-evaluation by individual board members. For the evaluation results, please refer to the 2022 iST Annual Report.

In response to the international concern over and global trends of corporate governance and sustainable development in recent years, every director of iST has continued to participate in courses for more than 6 hours as continuing education. These courses related to aspects such as finance and accounting, law, corporate governance, ESG and others. Please refer to the 2022 iST Annual Report for relevant details.



## Remuneration to Directors

The distribution of remuneration to iST's Board of Directors depends on the extent of engagement of a director in the Company's business policies and profitability. The remuneration to directors includes travel expenses, perquisites and compensation. The remuneration to the Company's directors is subject to the Articles of Incorporation. Where the Company makes a profit in the current year, no more than 3% of the profit shall be allocated as the directors' compensation, which shall be reviewed by the Compensation Committee and the Board of Directors and then reported at the shareholders' meeting.

## Audit Committee

The Audit Committee comprises all four independent directors, who hold a meeting prior to the Board of Directors meeting on a quarterly basis to review the Company's internal control system, implementation of internal audits, and material financial and business transactions. The Committee also communicates and exchange information with the CPA to actually monitor the operations and risk control of the Company. The Audit Committee holds periodical meetings every quarter. Within its terms of reference, it may request department officers, internal auditors, certified public accountants, legal counsels or other personnel to attend the as nonvoting participants and provide pertinent and necessary information. The Audit Committee of the Company held six meetings in 2022 with an attendance rate of 100% (including in-person and proxy attendance).

### The focuses of the Audit Committee's work in 2022 are as follows:

- Review of the financial statement in each quarter.
- The adoption or amendment to the internal control system and relevant major regulations.
- Assessment of the effectiveness of the internal control system.
- Amendment to the procedure for acquisitions or disposal of assets.
- Amendment to the procedure for loaning of funds to others and endorsements or guarantees for others.
- Audits on the assets transactions or derivatives trading of a material nature.
- The offering, issuance, or private placement of equity-type securities.
- Matters in which a director is an interested party.
- Matters related to the Company's management of information security and risks.
- Other material matters as may be required by this Corporation or by the competent authority.



For the result of the performance evaluation of the Audit Committee, please refer to the 2022 iST Annual Report.

## Communication Between Independent Directors & the Chief Internal Auditor and CPAs

iST's independent directors may directly communicate with the chief internal auditor and CPAs to understand the financial and business conditions of the Company. The chief internal auditor provides an audit report to the independent directors monthly. If there are any questions about the report, both parties will make a discussion via phone calls or e-mail at any time. Further, the chief internal auditor participates in the Audit Committee's meeting held by iST and reports the audit operations, follow-ups and implementation status to the independent directors. She shall also attend the Board of Directors meeting and report the conditions of internal audit operations. In addition to providing the report monthly and communicating through the Audit Committee's meeting, the chief internal auditor also hold an independent forum before the Audit Committee's meeting or in accordance with the requirements of the independent directors for the meeting.

On the other hand, the CPAs attend the Audit Committee's meeting quarterly for communication regarding the quarterly financial statements and corporate governance, and to provide the latest information on finance and taxes. They also discuss and exchange opinions with the independent directors at the meeting. Other than communicating through the Audit Committee's meeting, the CPAs also hold an independent forum before the Audit Committee's meeting or in accordance with the requirements of the independent directors for the meeting. For the summary of relevant communicated matters, please refer to the 2022 iST Annual Report.

## 02 Compensation Committee

iST established the Compensation Committee in December 2011, which is currently in its fifth term. The Committee consists of three members (including two independent directors and an independent outside director) and holds meetings at least twice a year. In 2022, the Compensation Committee of the Company held 3 meetings with an in-person attendance rate of 100%.

To achieve equal remuneration, iST's Board of Directors has established the "Compensation Committee Charter" and appointed members of the Compensation Committee to perform their duties. The Committee members shall exercise the care of a good administrators to faithfully perform the following duties. Being responsible to the Board of Directors, they shall also present its recommendations to the Board for discussion.

**01 Establish and periodically review the performance evaluation of the directors, supervisors and managers as well as the compensations policy, system, standards, and structure. Then, take the completion rate of the Board's review of ESG performance into consideration for performance evaluation.**

**02 Periodically evaluate and establish the remuneration to the directors, supervisors and managers.**

**03 Other business items authorized by the Board of Directors.**

In accordance with the requirements of the Articles of Incorporation, the directors' remuneration shall be in connection with annual net profit after tax and distributable earnings of the Company. Every year, the remuneration shall be prepared by the Board of Directors and reported at the shareholders' meeting. For the detailed proportion of directors' remuneration, please refer to the section on directors' remuneration in the description of dividend policies in the Annual Report. In 2022, there were no severance payments to or claims made by members of the Board and the management.

### List of Compensation Committee Members

Title	Name	Professional Qualification and Experience
Independent Director (Convenor)	Wen-Ming Hung	The members have more than 5 years of work experience required for the business of the Company. They currently serve as independent directors of Integrated Service Technology Inc. and have not incurred any matter stated in Article 30 of the Company Act.
Independent Director	Chih-Hung Wang	
Others	Tien-Hsiang Lee	The member has the work experience relevant to commerce, legal affairs and accounting required for the business of the Company. The member's educational qualifications and experience include: Department of Business Administration, National Taiwan University Master from the Department of Management Science, National Yang Ming Chiao Tung University Specialist/Junior Manager of the CDIB Capital Group Deputy Manager of Jing Ying Investment Co., Ltd. President of Susino Development Associate Inc. President of Golden Canyon Venture Capital Investment Co., Ltd.



## ● Compensation Committee Performance Evaluation

The evaluation was performed internally and covered four aspects: the extent of participation in the Company's operation; understanding of the responsibilities of functional committees; improvement of quality of decisions made by functional committees; composition of functional committees, and member election and appointment. There was a total of 19 evaluation items, for all of which the Committee received 5: Excellent (Totally Agree).

The Compensation Committee of iST will continue to maintain good operation and, in a professional and objective position, evaluate the remuneration policy and system for directors and managers and provide recommendations to the directors as a reference to decision-making related to the remuneration matters and performance targets of the Company.



### 19 evaluation items

all of which the Committee received 5:  
Excellent (Totally Agree).

## Internal Audit and Control System

iST sets up the internal control system in compliance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" established and announced by the Financial Supervisory Commission as well as relevant laws and regulations or public letters. A manager designs and enforces the operating principles after the approval of the Board of Directors to facilitate the robust operation of the Company and ensure the effective implementation of iST's policies and regulations, aiming to achieve the three major goals: effectiveness and efficiency of operations, reliability of reporting and compliance with applicable laws.

## ● Internal Audit Organization

The internal audit unit of iST is the Audit Office, which is subordinate to the Board of Directors and shall report directly to it and the Audit Committee. The Audit Office has one dedicated auditor, who serves as the Auditing Head as well and whose appointment shall be approved by the Audit Committee and the Board of Directors.

## ● Internal Audit Work Procedure




## Implementation Status of Internal Audits

In accordance with the requirements of the Financial Supervisory Commission, the internal audit unit must not only inspect the audit items annually, but shall also include some matters related to operating cycles and operational control in the annual audit as per the results of the risk assessment, formulating an annual audit plan. The internal audit unit then performs regular audits in accordance with the annual audit plan approved by the Board of Directors. After the inspection of each operation, an audit report shall be prepared. Where deficiencies are identified, the unit will persist in following up on the results of the improvements to ensure that the inspected unit has taken proper improvement measures. After submission for approval, the deficiencies and improvement results shall be submitted to each independent director for review before the statutory deadline. In addition, the chief internal auditor shall attend the periodical Audit Committee's and the Board of Directors meetings to report on the implementation status of the audit plan. In 2022, iST performed inspections on a total of 36 audit items, and followed up on and inspected deficiencies one by one until improvements were made for all of them.

In addition, based on the "Regulations Governing Establishment of Internal Control Systems by Public Companies," iST and our subsidiaries conduct annual self-assessments for internal control in order to implement the self-monitoring mechanism as well as adjusting the design and implementation of the internal control system promptly in response to changes in the environment. The internal audit unit shall review the self-assessment reports prepared by all of iST's units and subsidiaries, and submit the self-assessment reports, together with the reports on the correction of defects and irregularities of internal control system discovered by its internal audit unit, to serve as the primary basis for the Board of Directors and overall efficacy of all internal control systems and to produce Internal Control System Statements.

### Annual Declaration Items for Internal Audits

Deadline	Item	Declaration Method
Before the end of January	Information of substitute internal auditor Hours of continuing education of substitute internal auditor	 Electronic certification and declaration system of the Market Observation Post System
Before the end of February	A report on the execution of its previous year's annual audit plan	
Before the end of May	Recordation its correction of any defects and irregularities of the internal control system discovered during the past year's internal auditing	
Before the end of December	Internal audit plan for the next year approval date by the Board Internal audit plan for the next year	

### The status of continuing education of the the chief internal auditor in 2022 is shown in the table below

Continuing Education Institution	Course Name	Hours
The Institute of Internal Auditors-Chinese Taiwan	Advanced Functions in Excel for Financial and Audit Data Editing ("Secret" Technique) Practices	6
	Inspection Technique Practices	6

## Appointment of Chief Corporate Governance Officer and Implementation of Governance

Upon resolution and approval at the Board of Directors meeting in 2022, iST appointed the Accounting Manager from the Finance and Accounting Division, Yu-Sang Lin, as the chief corporate governance officer. Ms. Lin has served as a manager head for a public company for over three years, which makes her qualifications conform with the requirements of laws and regulations. The chief corporate governance officer is mainly responsible for handling matters related to the Board of Directors and shareholders' meetings in accordance with laws and regulations, and matters related to the preparation of minutes of the Board of Directors and shareholders' meetings; assisting the directors in taking the office, continuing education, and complying with laws and regulations; and providing the directors with the information required for business execution. The chief corporate governance officer is underpinned by a sufficient number of professional corporate governance personnel to protect the rights and interests of the shareholders as well as enhancing the functions of the Board of Directors. Other than that, dedicated personnel is appointed to collect and disclose the information of the Company, implement the spokesperson system, and regularly update the information on iST's website.

In accordance with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies," iST has formulated and disclosed the "Corporate Governance Principles" on our website and the Market Observation Post System. We have also established the "Material Internal Information Handling and Prevention of Insider Trading Procedure" to prohibit insiders from trading securities by using information not disclosed to the market. In addition, the directors are not allowed to trade the shares of the Company during the closed period of 30 days prior to the publication of the annual financial reports and 15 days prior to the publication of the quarterly financial reports. In addition to disseminating relevant laws and regulations to the insider when he/she takes the office, relevant education and dissemination shall also be provided to the directors of the current term and in-service employees to ensure that all insiders actually know about and comply with the specifications.

### The status of continuing education of the chief corporate governance officer in 2022 is shown in the table below

Title/Name	Continuing Education Institution	Course Name	Hours
CFO/Yu-Sang Lin	Taiwan Corporate Governance Association	Analysis of Fights Over Management Rights and Prevention Strategies	3
	The Institute of Internal Auditors-Chinese Taiwan	Subsidiary Audit Practices	6

## Ethical Management Policy

In order to implement high-quality corporate culture and maintain the Company's image and corporate ethics, iST established the "Ethical Corporate Management Practice Principles" and "Ethical Management Procedure and Guidelines for Ethical Behaviors" in accordance with the "Company Act," "Securities and Exchanges Act" and "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies," committing to implement due diligence on nonconforming behaviors and protect the non-anonymous whistleblower; avoiding the employees taking advantage of their job duties to seek improper profits for themselves and their relatives, and prohibiting leaks of the customer's privacy when the employees are handling business activities and procedural regulations. We regularly review the Company's "Value," "Core Competencies" and "Management Competencies," and request compliance from all relevant personnel, and implement those in the Annual Performance Review Form for employees. For employees who violate the relevant regulations, they shall be handled in accordance with the iST's specifications for rewards and disciplinary measures.

### Communication and grievance Channels for Stakeholders

Relevant Party	Responsible Unit	Communication & Complaint Channel
Community	Brand Planning Department	Company website
Investor	Finance and Accounting Division; Brand Planning Department	<ul style="list-style-type: none"> <li>Dedicated phone number of the spokesperson/deputy spokesperson stated in the Annual Report</li> <li>Shareholders' meeting</li> <li>Investor conference</li> <li>Company website</li> </ul>

Relevant Party	Responsible Unit	Communication & Complaint Channel
Supplier	Purchasing Department	The ESG hotline stated in this Report
Employee	Human Resources Department	The "Employee Playground" platform
Customer	Sales Division	Customer service phone number

## Implementation of Ethical Management

As the unit responsible for promoting ethical corporate management, the Administration Division of iST reports the implementation status of ethical corporate management to the Board of Directors once a year. The recent implementation status, which was that in 2022, was reported to the Board of Directors on November 2, 2022. The content is as follows:

Promotion status of educational training for and dissemination of ethical policies.



Effective operation of the prevention measures set up for the implementation of ethical management. In addition, the Company has established a section dedicated to the stakeholders on our website to provide a channel for the employees, shareholders and relevant stakeholders to communicate on illegal and unethical behavior.

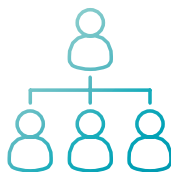


In 2022, no violations related ethical corporate management were identified, and iST did not receive any internal/external complaint letter or legal case about our ethical management, neither did we involve in any significant violation of ethical corporate management.



Establishment of the inspection mechanism

To prevent the employees from engaging in unethical or immoral actions, and after taking the fraud risk into consideration, iST has set up the internal control system to monitor and follow up on the daily operations to prevent risks resulting from fraudulent behavior. The Company has also conducted independent audits through the audit unit to ensure the operation of the whole mechanism, further managing and preventing the occurrence of unethical behavior.



Establishment of the whistleblowing system

The Company has established specific regulations and the whistleblowing system to ensure that the identity of the whistleblower and the reported content are kept confidential. We are also committed to protecting the whistleblower from improper treatment or retaliation resulting from his/her report in the hope of preventing unethical behavior. In order to encourage the internal and external personnel to be the whistleblower of unethical behavior or misconduct, any person who identifies violations of standards of ethical conduct shall make a report directly through the dedicated e-mail address/phone number.



In addition, iST has integrated provisions of fair trade and anti-corruption into the established “Ethical Corporate Management Practice Principles,” and promoted ESG requirements in internal and external operations and business activities throughout the Company through dissemination and training. We also provide all stakeholders with channels for ESG-related complaints and feedback through our “ESH Communication Procedure” to confirm the effectiveness of remedy measures.

To implement ethical management, iST also enhances ethical awareness and emphasize the anti-corruption policy and relevant procedure in the Employee Handbook and training for new employees in our operating locations. The directors are included in the training as well.



## Training Related to the Ethical Code of Conduct in 2022

Type	Year	Employee		Management		Director/Supervisor		Total		Hours
		Sessions	Participants	Sessions	Participants	Sessions	Participants	Sessions	Participants	
Principles for employees-training for new employees	2021	58	139	5	5	0	0	63	144	216
	2022	67	228	4	4	0	0	71	232	348
Ethical management best-practice principles	2021	243	1,892	31	312	8	20	282	2,224	2,306
	2022	287	6,001	33	1,131	7	21	327	7,153	4,653
Total	2021	301	2,031	36	317	8	20	345	2,368	2,522
	2022	354	6,229	37	1,135	7	21	398	7,385	5,001

## Investor Service Overview

Information disclosure the most important part of IST's investor services. In addition to announcements and material information that are uploaded promptly to the Market Observation Post System (MOPS), information on finance, corporate governance, shareholder services, technical operation news, and material messages can be inquired on the Company's website. This information are also linked to the content in the MOPS. Please see the relevant links below:



[https://www.istgroup.com/tw/investors/shareholder-service/investor-contact-service/?doing\\_wp\\_cron=1687661028.3725008964538574218750](https://www.istgroup.com/tw/investors/shareholder-service/investor-contact-service/?doing_wp_cron=1687661028.3725008964538574218750)



# 03

## Environmental Sustainability Force

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	Metric	2022 Plan	2022 Result	Medium-Term and Long-Term Goals
 <b>Energy saving and carbon reduction</b>	Inventory of GHG emissions	Establishing a GHG inventory mechanism to assess environmental costs	Implementing GHG inventory for each factory area in Taiwan	Developing climate-related financial disclosures under TCFD
	Reducing service carbon footprint	Making administrative and factory energy saving measures more complete	1,014,838kWh energy saving benefit (2021 consolidated)	Acquiring ISO 50001 third party certification to evaluate energy saving performance specifically.
 <b>Clean production</b>	Reducing pollution intensity	Identifying and controlling waste and water resource consumption risks through the ISO 14001 environmental management system	Reducing waste and water consumption intensity up to 0.005 and 2.5 tons / NTD million revenue	Continuously implementing reduction of industrial waste and clean production performance
 <b>Sustainable environmental protection</b>	Number of punishment cases due to violation of environmental regulations	Periodically inquiring new environmental regulation versions and ensuring compliance	No punishment cases due to violation of environmental regulations	Continuously reducing environmental pollution by spending on environmental protection

## Reducing service carbon footprint

### ● Setup of an Environmental Management System and Acquisition of Certification

We uphold the essence of corporate sustainability and take “energy saving and carbon reduction,” “environmental protection” and “green production” as part of our belief in sustainable operations. We are committed to observing relevant environmental protection and energy regulations as well as the requirements of the customers, and will continue to make improvement and prevent pollution in line with the environmental protection policy of the government. To fulfill our commitment to environmental sustainability, iST has passed the certifications of the ISO 45001 Occupational Safety and Health System and the ISO 14001 Environmental Management System since 2019. We continuously conserve resources, prevent pollution, and promote environmental sustainability through the ISO 14001 Environmental Management System.

We have been dedicated to solving the environmental pollution problems related to wastewater and waste for a long time. To implement the environmental policy of “efficient use of resources, prevention of pollution and continuous improvement,” we have actively promoted CO2 inventory in recent years in addition to ensuring legal compliance. The environmental protection task is complicated and multi-variant. It involves an interactive relationship of changeable aspects. Thus, for on-site personnel and environmental protection professionals, learning new knowledge of environmental protection through continuous education and training is the only way to improve the effectiveness of the work.



## Greenhouse Gas Management

Facing the challenge brought about by global climate change, we know very well that companies must reduce the GHG emissions generated from the operating process and thus mitigate the negative impact on the climate. In 2022, we were dedicated to promoting the awareness of green production and low carbon to facilitate premium ecological environment, fulfill our corporate social responsibilities, and put the corporate philosophy of sustainable operations into practice.

### iST's Responses to Climate Change Topics

- 1 Continue to make improvement based on the latest climate change information and the internal status of the Company.
- 2 Take emergency response measures if needed.

- 1 Arrange drills in accordance with the business continuity plan.
- 2 Maintain the accident early warning system on a regular basis.
- 3 Check infrastructures on a regular basis.



- 1 Understand the possible risk that extreme climate may bring about.
- 2 Understand the possible impact that extreme climate may bring about to the Company.
- 3 Help the employees understand the importance of the extreme climate to the operations and continuous management of the Company.

- 1 Make business impact analysis (BIA) with respect to the extreme climate.
- 2 Make risk assessment with respect to the climate, and determine the operation strategies aiming at the risk brought about by climate change.
- 3 Set up an accident early warning system and establish a business continuity plan.

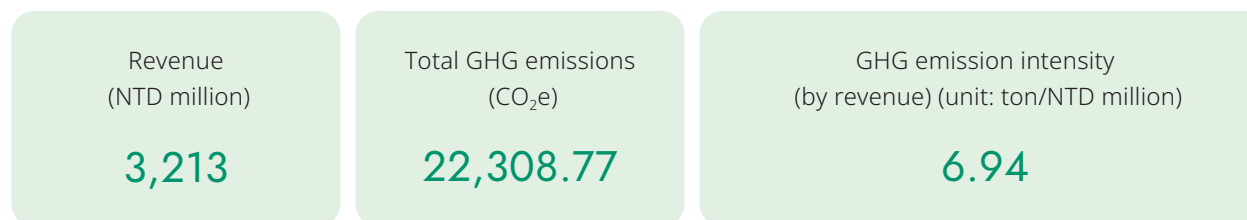
The following table shows iST's GHG inventory results. Scope 1 (Category 1) shares a proportion of more than 88% with the electricity consumption of the laboratories as the major source of contribution. Please refer to the following table for the GHG emissions / NTD million revenue.

### Total GHG emissions in 2022

GHG (ton)	Hsinchu Plant I	Hsinchu Plant II	Puding Plant	Dean Plant	Taiyuan Plant	Others (Changyi / Neihu)	Total
Scope 1	1,385.16	90.00	77.77	728.36	0.43	221.88	2,503.60
Scope 2	11,000.70	518.66	2815.87	2,132.93	112.88	3,224.13	19,805.17
Scope 3	14.72	0	38.72	2.28	0	0	55.72
<b>Total</b>	<b>12,400.58</b>	<b>608.66</b>	<b>2932.36</b>	<b>2863.57</b>	<b>113.31</b>	<b>3,446.01</b>	<b>22,364.49</b>



### GHG Emission Intensity in 2022 (by revenue)



Note: the total GHG emissions are the total of Scope 1 and Scope 2.

IST is a leading company in lab services in Asia, especially in the reliability lab service field. Since the machines for this service have the characteristics of continuous power consumption, we pay special attention to the power and energy usage intensity (as shown in the following table), and formulate an energy saving plan with this as a basis. IST's Energy Consumption in 2022.

### Energy Intensity (Electricity) Statistics in 2022

Statistics of energy intensity (Electricity)	Hsinchu Plant I	Hsinchu Plant II	Puding Plant	Dean Plant	Taiyuan Plant	Others (Changyi / Neihu / VIS)	Total
Purchased electricity usage (MWh)	21,612	1,019	5,532	4,190	222	6,334	38,909
Total energy consumption (MJ)	77,803,200	3,668,400	19,915,200	15,084,000	799,200	22,802,400	140,072,400
Revenue (NTD million)	3,213						
Energy intensity (MJ / NTD million)	43,593						

Note: According to the International System of Units, one degree of electricity = 1 KW/H = 3.6 MJ

### Energy Consumption Table

Year	*Direct Energy Consumption	Indirect Energy Consumption	Total Energy Consumption (MJ)	Revenue (NTD million)	Energy Intensity (MJ/NTD million)
2021	1,662	132,588,000	132,589,662	2,755	48,127
2022	1,897	140,072,400	140,074,297	3,213	43,594

Note:

\*Gasoline and diesel were the major consumption sources.

The total consumption of gasoline / diesel was 50732.81L and 79.2L, respectively, in 2021; the total consumption of gasoline / diesel was 58714.70L and 261.83L, respectively, in 2022.

As the data of the Energy Administration shows, one liter of gasoline = 7800 Kca1 X 0.0042 MJ/ 1000Kca1 =0.0327 MJ (million joule)

As the data of the Energy Administration shows, one liter of diesel = 8400 Kca1 X 0.0042 MJ/ 1000Kca1 =0.0353 MJ (million joule)

\*The emergency generator operated in compliance with the law and emitted limited SOx and NOx. The emissions did not reach the standard according to which reporting of air pollution is required.

We know very well that GHG reduction is a key part of the international corporate value chain. We are dedicated to reducing the greenhouse gas generated during the operation process to mitigate the impact on the climate. The Company had implemented nine energy saving plans from 2021 to 2022 to save 1,014,838 degrees of electricity, equivalent to a reduction of carbon emissions up to 517 tCO<sub>2</sub>e. The Company does not use CFCs or other substances of international concern that may damage the ozone.

### iST's Energy Saving Plans and Performance in Recent Years

Item	Energy Saving Plan	Factory	Description	Power Saving (kWh)
①	PCW outlet pressure reduction	Hsinchu Plant I	The PCW outlet pressure was reduced from 4kg/cm <sup>2</sup> to 3.6kg/cm <sup>2</sup> . The frequency of the inverter was reduced from 50.7Hz to 48.2Hz.	196,020
②	An additional valve was mounted to the chilled water inlet and return connection pipes.	Hsinchu Plant I	A valve is installed to the interconnected pipeline for feeding and returning chilled water reduces power consumption of chiller.	283,866
③	Chilled water pump for energy saving	Hsinchu Plant I	Improve the uneven flow of chiller and reduce power consumption of pump.	61,232
④	The head of the air compressor #3 was changed.	Hsinchu Plant I	The operation efficiency of the air compressor #3 was about 50%. It was upgraded to 100% after change of the head.	213,978
⑤	An additional inverter was mounted to the chilled water and cooling water pumps of the of new TECO chilling machine #1 respectively.	Puding Plant	An additional inverter was mounted to the chilled water and cooling water pumps of the of new TECO chilling machine #1 respectively.	54,567
⑥	Lighting equipment was mounted in the parking area on the basement second floor and in the water purification machine room on the basement second floor.	Puding Plant	All the 150 T8 tubes (40W*2 per set) were changed to LED tubes (12W*2 per set).	73,382
⑦	4' T5 lamps in the lab on the first floor were changed to LED T8 lamps.	Puding Plant	4' T5 lamps in the FIB and DB-FIB labs on the first floor were changed to LED T8 lamps.	8,387
⑧	An additional inverter was mounted to the chilled water pump in the HITACHI chilled water machine room on the basement first floor.	Puding Plant	An additional inverter was mounted to each of the three chilled water pumps (including a backup unit) in the HITACHI chilled water machine room to subject them to frequency control.	27,046
⑨	An additional inverter was mounted to the cooling water tower of the chilled water system.	Puding Plant	An additional inverter was mounted to the two 11kW fan motors of the RF cooling water towers, respectively. The frequency was set to 30Hz after the installation to save the energy by 50% in comparison with the full load.	96,360
Total				1,014,838

## Marching Toward Clean Production

### Waste management

As a technology service company in the electronics industry, we run in a business and production model of providing professional services instead of production or manufacturing. Thus the impact on the environment during the entire production process is limited. However, by upholding the spirit of corporate citizenship, we are well aware that we can reduce waste and water consumption during the operation process through clean production. For this, we promote sorting of waste from the source, set up the ISO 14001 environmental management system, and, starting with the environmental aspects of each unit, assess the usage of materials, generation of waste, and its sorting status. Based on these, we develop the objectives and targets of waste reduction to continue mitigating environmental pollution, improving performance, and reducing water resource risk.

In addition, to reduce the GHG emissions, we are looking for a waste disposal site with that closer to Hsinchu as the first priority. The following table shows the volume of waste disposed under commission and ourselves. We implement the waste disposal plan and the delivery manifest checking mechanism to check the waste disposal service provider. There was no leakage of waste in 2022.

#### Waste management practice

01

After the department sorts and stores the waste in accordance with its characteristics, the EHS personnel look for lawful waste clearance and disposal service providers depending on the type of the waste, and then make assessment and enter into an agreement after confirming they have acquired the EHS related permit and license. We perform on-site audit of each waste disposal service provider every year and assess the renewal of the agreement and partnership in accordance with the compliance of the EHS related permit and license, management of the waste storage area, operation of the pollution prevention equipment, and on-site safety management of the operations.

02

Hazardous industrial waste is subject to testing conducted by a third party according to its characteristics every year. The purpose of this test is to confirm that the property of the waste complies with the waste code and the disposition approach. The temporary storage and generation volumes of the waste in every factory area are reported every month to confirm a mass and energy balance is achieved between the generation and disposition of the waste.



Temporary Storage Site of Hazardous Industrial Waste

03

We perform inspection and audit of the waste storage site and make records accordingly to confirm the sorting and storage status of the waste, the safety of the storage environment, and the compliance with the law.

04

Before waste is cleared and leaves the factory, the "Triplicate Delivery Manifest for Joint Disposal and Control of Industrial Waste under Commission" is reported online. The vehicles used for clearance of the waste must have a GPS for control during the waste clearing process to ensure the waste is transported to the disposal organization appropriately. After confirming the disposal organization has received the batch of waste concerned, we enter the system website of the Environmental Protection Administration to confirm that the waste clearance and disposal service provider has report the clearance of the waste and the status of the disposal to ensure that the waste is finally disposed in compliance with the law.



Temporary Storage Site of General Industrial Waste

## Statistics of waste generated

iST's total generation of waste in 2022 was 53.26 tons. The waste is classified into general and hazardous industrial wastes and the recyclable or reusable waste is declared.

## Waste Disposal Status in 2022

Waste Disposal Classification (ton)	Hsinchu Plant I	Puding Plant	Dean Plant	Total
Total weight of incinerated general industrial waste (including general garbage) under commission*	25.37	3.35	6.62	35.34
Total weight of recyclable waste	9.42	0	0	9.42
Total weight of disposed hazardous industrial waste under commission*	8.39	0.47	0	8.86
Total weight of waste directly disposed in factory	0	0	0	0
Total	43.18	3.82	6.62	53.62
Revenue (NTD million)	3,213			
Waste volume by revenue (ton/ NTD million)	0.017			

Note: This is controlled under the outsourcing manifest system to ensure there is no significant impact on the Company.

## Waste Intensity – Waste Volume / NTD Million Revenue

Year	Hsinchu Plant I	Puding Plant	Dean Plant	Total (ton/NTD million)
2021	0.0139	0.0032	0.0045	0.022
2022	0.0134	0.0012	0.0021	0.017



## Water Resource Management Measures

In terms of production, providing technology services is the core business of the Company and large water consumption is not needed for the production. Most of the water is used for daily life and some factory facilities. The water used in each factor area is tap water and thus there is no significant environmental impact on the water resources and the ecological environment in the water source area. Nevertheless, we collect water usage data actively, monitor water quality and consumption status periodically, and organize water saving events on an irregular basis for the water resource protection purpose.

We reduce consumption of tap water and total emissions generated by the factory through saving domestic water and a water purification system. The water used in all the factor areas is tap water and no groundwater or well water is used. None of the water source areas are environmentally sensitive and the water used is completely treated before it is released to the nearby creeks or rivers (e.g. the Keyi Creek near the Hsinchu Science Park).

We use water mainly for daily life and air conditioning. A limited volume of water is used as pure water for the labs. The volume of water used is generally similar to that used in an office. In addition, we reduce consumption of tap water and total emissions generated by the factory by saving domestic water, recovering condensed water from air conditioners, recycling process water, and reducing tap water consumption and total emissions of the factory.

### Saving domestic water



We will use water-saving faucets, urinals and toilets and enhance the dissemination on protection of precious water resources and water-saving awareness to reduce the demands for water consumption.

### Recovering condensed water from air conditioners and recycling process water



A system for recovery of condensed water from air conditioners and UF-treated polishing wastewater is set up at Hsinchu Plant I. A total of 22,578 tons of water were recovered in the recent two years. We will continue developing water saving plans in the future to improve the overall recovery of the process wastewater.



UF-based Wastewater Recovery System



Collection of Recovered Water in a Tank for Reuse

### Total Water Withdrawal in Recent Years

Year	Hsinchu Plant I	Hsinchu Plant II	Puding Plant	Dean Plant	Taiyuan Plant	Others (Changyi / Neihu)	Total (ton)
2021	39,897	0	11,271	13,629	0	1,046	65,843
2022	43,771	750	10,909	11,653	523	1,161	68,767

Note: \*100% of the water used are tap water

\*Not yet established in Hsinchu Science Park Building 2 and Taiyuan Building, hence presented as 0 in 2021

## Statistics on Reduction of Water Consumption Intensity by Year

Year	Water Consumption (ton)	Revenue (NTD million)	Water Consumption Intensity (ton/NTD million)
2021	65,843	2,755	23.90
2022	68,767	3,213	21.40

## Statistics on Water Recovery in Recent Years

Year	UF Recovered Water (ton)	Recovered AC Condensed Water (ton)	Total Recovery Water (ton)	Water Consumption Excluding Recovered Water (ton)
2021	572	10,928	11,500	54,343
2022	549	10,529	11,078	57,239

## Management of Effluent

Tap water is the water source for each factory of the Company and domestic sewage is the main source of the wastewater discharge, followed by an extremely small amount of wastewater from the labs. Nevertheless, we observe laws and regulations strictly and set up a MBR (Membrane Bio-Reactor) system to treat the ammonia nitrogen generated from the domestic wastewater of the employees. A wastewater treatment system is also available to treat the wastewater discharged from the labs. The water treated conforms to the "The water quality standard for the capacity of the water discharged into the sewage system of Hsinchu Science Park" established by Hsinchu Science Park Bureau. The specific water discharge and consumption are described in the following table.

### Water Discharge and Consumption



Water Discharge (ton)\*

17,492



Water Consumption (ton)\*

26,206

Note: \*Hsinchu Plant I is the statistical target. The water discharge data are not available in other factory areas.



Wastewater Treatment System



Ammonia Nitrogen – MBR



Collection of Process Wastewater


Specific wastewater management measures are described below\*:

- Observe the law. Perform and report wastewater quality tests of 22 items (water temperature, pH value, COD, BOD, SS, villiamite, ammonia nitrogen, nickel, copper, lead, boron, anionic surfactant, zinc, mercury, cyanide, total chromium, cadmium, hexavalent chromium, arsenic, nitrate nitrogen, tin and molybdenum) annually.
- Establish the regulations for maintenance of wastewater treatment system equipment. The maintenance and calibration of the wastewater system equipment is performed according to the SOP. The are tabulated for recording the operation values of the equipment in order to implement monitoring and management.
- Conduct periodical internal and external audits in accordance with the ISO 14001 environmental management system, check the reasonableness of the forms for each system, make sure system operations are implemented in accordance with the SOP and comply with environment regulations, and find out the possibilities for continuous improvement.

## Legal Compliance and Continuous Improvement

We are concerned about the external environmental cost resulting from discharge of pollutant. Thus, we continuously reduce external environmental pollution through environmental expenditure. Please refer to the following table for the specific expenses in 2022.

### Environmental Cost – Pollution Control and Environmental Expenditure

	Wastewater/sewage treatment expense (Sewer connection expense/test expense/wastewater treatment facility maintenance expense)	NTD 1,555,924
	Waste clearance expense (General and hazardous waste treatment expense/review of waste clearance document)	NTD 1,571,317
	Air pollution control expense (Air pollution control equipment operation expense)	NTD 727,114
	ISO 14001 and ISO 45001 maintenance expense	NTD 252,000
	Planting and greening expense	NTD 164,346

Implementing “environmental protection” is the commitment of iST.

Thanks to the continuous implementation of the environmental policy, we did not have significant violations in 2022 and there was no negative impact on the surplus and competitiveness of the organization due to any public sentiments or fines related to environmental pollution.





# 04

## Value Chain Competitiveness

Insight into Customer's Needs

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Ensuring the Chain Resilience

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	Metric	2022 Plan	2022 Result	Medium-Term and Long-Term Goals
<b>Customer-oriented</b>	Number of customer privacy violations	Protecting customers' privacy through information risk control measures	No complaints concerning breaches of customer privacy and losses of customer data	Developing an information security obligation compliance culture
	Customer satisfaction score	Performing customer satisfaction survey by making at least 30 phone calls per week and reporting the result to relevant departments for reference	Customer satisfaction > 90%	Continuous improvement of customer satisfaction
	Mysterious visitor audit	Performing mysterious visitor audit externally and review related deficiencies	Mysterious visitors making a phone call twice to audit service quality	Continuous improvement of customer satisfaction
<b>Supplier social assessment</b>	Building a sustainable value chain	Performing ESG related assessment of new suppliers	Assessment of 24 suppliers completed	All high-risk suppliers implement ESG dissemination of the "Partner Code of Conduct" and assessment

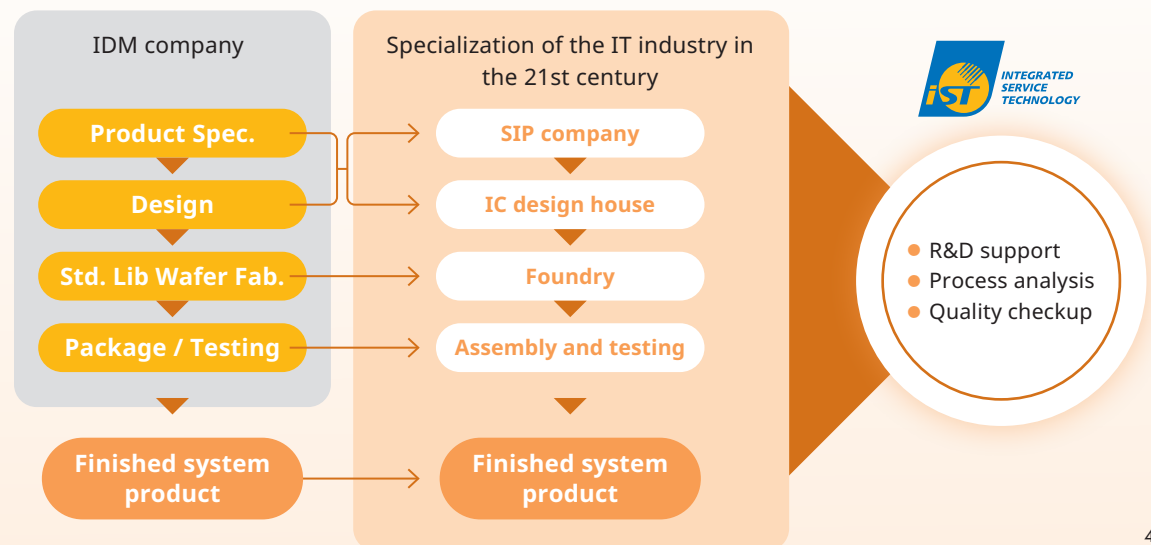
## Insight into Customer's Needs

### iST's Value is to Create Value for Customers

"Strengthen the quality, solve critical problems for customers, and play the role of a R&D partner helping shorten the time to market for customers" are iST's vision of account management. Our brand is imprinted in the history of the global electronics industry. We have accumulated thousands of hundreds of solutions and core technology platforms. They are developed in line with international specification on the one hand, and define the new standards on the other hand; they even create new metrics. We have spared no efforts to achieve all of these just for one original intention: create more value for customers.

In consideration of the current specialization in the electronics industry, companies focus on R&D, processes and assembly of products, respectively. iST is running an innovative niche business in this specialization system and plays a key role that connects the upstream and downstream supply chains.

### iST's Positioning in the Electronics Industry in Taiwan



## ● Keeping Up with Industrial Trend, Leading Diversified Verification Services in R&D

iST's leadership in electronic verification industry is built on three differentiating core values of "Customer First, Teamwork, and Value Creation" and an excellent operational strategy. Grounded in the field of semiconductor verification analysis, iST is committed to developing various verification services that keep up with industrial trend, continuously expanding service capabilities into new markets. Apart from iST's longstanding presence in the electric vehicle market, we have made inroads into emerging markets such as space satellites, advanced processes, wide band gap semiconductors, LTS low-temperature soldering processes, and 5G/HPC/AI. The Company strives to create for customers, positioning ourselves as the best assistant in product R&D and the foremost quality assurance guardian.

### 5G Cloud/HPC/AI Verification Platform

The development of high-performance computing (HPC) and cloud computing has not slowed down, ushering in the new era of artificial intelligence (AI). The emergence of ChatGPT and the high demand for training computing power accelerate the application of generative AI, driving another wave of technological transformation in human life. Customers in related fields are actively participating in the arms race of AI servers.

AI servers highly rely on graphics processing unit (GPU) for fast data processing and execution of commands. The effectiveness of GPU depends on verification analysis to ensure early-stage R&D quality and chip functionality. Being at the forefront of the market, iST has deployed relevant platforms in advance, which is a robust backbone for the technology industry in the future.

### Space Electronic Components Verification Platform

As low Earth orbits (LEO) satellites gradually move towards the commercial market, how to get into the industry chain in the shortest possible time has become the key focus for the suppliers. However, the stringent requirements for reliability and durability in space necessitate thorough verification of satellite components, modules, and systems. This includes testing for radiation, temperature, vibration, shock, thermal vacuum, outgassing, etc.

iST was invited to join the "Taiwan Space Radiation Environment Verification and Testing Alliance (TSREVT)" by Taiwan Space Agency (TASA) to provide comprehensive verification plans and tests, and assistance for suppliers obtaining space certification for their components and modules, thereby shortening their entry timeline into the space industry.

### Advanced Process/Advanced Verification Platform

In order to meet the demands of today's smart products for higher efficiency, lower power consumption, and smaller size semiconductor components, semiconductor foundries are rapidly advancing in the development of advanced processes, with a competitive race unfolding in the semiconductor industry, ranging from 10nm, 7nm, 5nm, 3nm to 2nm. Each adjustment in the process requires the reanalysis of materials and the verification of the quality of new processes.

Furthermore, as advanced processes continuously strive for further miniaturization, the increase in production capacity, construction costs, and technical complexity implies a reduction in the number of economically viable customers. The semiconductor industry is also questioning whether Moore's Law is heading towards history. Therefore, in the Post-Moore Era (More than Moore), focusing on "advanced packaging" can address process costs and physical limitations. However, advanced packaging is involved in heterogeneous integration, which will lead to reliability issues that need to be verified and analyzed in the early stage to ensure the quality of R&D.

With years of accumulated expertise in semiconductor verification analysis, iST provides the customers with a comprehensive solution across "material analysis," "failure analysis," and "reliability verification" to meet different customers' specifications and needs, assisting them in shortening the product development cycles and saving equipment costs.



## Automotive Electronic Verification Service Platform

In the field of electric vehicles (EVs), the trend toward automotive electrification is driving the demand for research and development in vehicle semiconductors. With the global EV sales estimated to reach nearly ten million units in 2022, the annual growth rate in shipments is expected to exceed 40% by 2025, which means that the number of semiconductor components used in EVs will double.

iST is the pioneer of automotive electronics verification. It started deploying its layout in the field of automotive electronic verification as early as 2008. For instance, it established a joint venture company known as DEKRA iST in 2015 with the world's largest automotive safety appraisal and testing partner, DEKRA. In 2020, it joined the MIH (Mobility in Harmony) Open EV Alliance and over a decade has successfully helped up to 70% of semiconductor manufacturers to step into the automotive electronics market. Now, in 2022, after laying the foundation in the automotive electronics market over the years, iST has finally passed the stringent reviews by the AEC and become a member of AEC, which has only 93 global members and 9 members from Taiwan. As the first third-party independent laboratory in Asia accredited by the AEC, iST will be able to assist more customers to join the introduction of EVs.

After iST has become an AEC member, its role has shifted from “a member bound by the specification standards into a member involved in formulating the specification standards.” It will be able to more rapidly grasp the market trend of automotive electronics, effectively gain insights into the verification approaches of international automotive companies and Tier 1 manufacturers, as well as providing knowledge about the trend of international quality control; iST will also lead in the analysis of international standards, thereby becoming a navigator for IC design and semiconductor companies to step into automotive electronics.

## WBG Semiconductors Verification Platform

Existing Si-based wafer products have reached the limit in term of the physical characteristics of the material, and thus it is almost impossible to raise power, reduce heat loss, and increase speed. That is, Si-based wafers have to give way to those with better electron transmission efficiency and low energy consumption. This makes Wide Band Gap (WBG) semiconductors, featuring higher energy efficiency and lower energy consumption, the second to none choice. Foundries and power IDMs are continuously working on the R&D of WBG materials. iST needs a lot of verifications in the early stage of developing new semiconductor materials, therefore we have established “WBG Semiconductors Verification Platform” to provide assistance with multiple WBG suppliers for their development and production verification.

## LTS Verification Platform

In recent years, responding to carbon neutrality trend, the major brands have begun to set carbon emission targets and required the downstream supply chain to reduce carbon emission jointly in order to meet the issue of environmental sustainability. To assist customers in achieving carbon reduction targets, iST and DEKRA iST announced the launch of low temperature soldering (LTS) verification platform together. This platform serves customers ranging from terminal brands, system assembly plants, PCB suppliers, and CPU& GPU chip companies, connecting the entire industry chain to contribute collectively to the sustainable development on Earth.

## Timely Sharing of Industrial News and Assistance in the Industry's Connection to the World

In addition to opening workshops, iST irregularly publishes the "iST Classroom" e-Newsletter and makes YouTube videos to share the latest news about industrial trends and technologies with the customers. From 2018 to the end of 2022, iST had gotten a total of over 1.32 million views.



iST Irregularly Publishes the "iST Classroom" e-Newsletter to Share the Latest Knowledge in the Industry with Customers



Sharing Failure Case Analysis, Trends in Verification and Solutions With Customers Through the "Ease-Your-Pain" Serial Videos

## Publishing Papers in Major International Organizations of Standardization and Receiving the Best Paper Awards for Multiple Times

Founded as a solution provider, iST has accumulated tens of thousands of verified technologies every year, which we have selflessly documented down and published in major international organizations and associations of standardization. In the recent 5 years, iST has published a total of 25 papers at international conferences (4 at IPFA, 6 at ECTC, another 6 at IMPACT, 3 at SMTA, 1 at IPC, and so on). The papers cover a wide range of topics, including "Research on New Materials for the Assistance in Passing the ANSI/ISA G3 Corrosion Test," "Accelerated Method for Anti-sulfur Corrosion Capacity Validation," "Methods of Improving Accuracy in InGaN MQWs Quantitative Analysis by STEM/EDS," "Moisture Effect on Physical Failure of Plastic Molded SiP Module," and other research results and sharing in various fields.

## Actively Participating in International Organizations, Leading in Analyzing International Specifications, and Providing Complete Solutions

iST plays an important role in verification and testing for major R&D projects in AEC, MIH, SMTA, IPC, JEDEC and other domestic and international organizations. Hence, iST can not only assist semiconductor manufactures in chip verification, but also get a deep insight of verification methods taken by major manufacturers around the world to provide the customers with knowledge of international trends in quality control and take the lead position in analyzing international specifications for the customers, offering them complete solutions.

iST has joined guilds and associations to share management techniques and practical experience. The details of the guilds/associations are as follows:

- |  |   |
|--|---|
| 01 Automotive Electronics Council (AEC)  | 07 Taiwan Battery Association (TBA)                                   |
| 02 Global Association for Electronics Manufacturing (IPC)                                    | 08 Lithium-Ion Battery R&D Center                                     |
| 03 Surface Mount Technology Association (SMTA)   | 09 Mobility In Harmony (MIH) – an open platform for electric vehicles |
| 04 JEDEC Solid State Technology Association  | 10 Taiwan ITRI New Venture Association (TINVA)                        |
| 05 Taiwan Printed Circuit Association (TPCA)   | 11 Taiwan Space Industry Development Association (TSIDA)              |
| 06 International Microelectronics Assembly & Packaging Society Taiwan Chapter (IMPAS Taiwan) |   |



## Continuous Improvement of Quality

### iST Organizes the Audit Team and Establishes Unprecedented 6S Requirements for Labs as 5S Quality Requirements Were Insufficient

iST has established a 6S audit team to promote 6S activities. By doing so, we enable all employees to effectively maintain work areas after creating a good working environment. Every week, we audit the labs for deficiencies, which shall be measured so as to let all employees attach importance to their own safety at work and make sure that the principle of keeping the customers' properties confidential is implemented. To exceed the customers' expectations, iST continuously improve engineering technology and internal processes through statistical analysis, quality management methods and various improvement channels to build the employees' capability in quality improvement.

#### Improving Service Quality and Level Through the Implementation of 6S Activities



### iST Introduces Lean Management, Receiving an Annual Benefit of Over Ten Million & 3rd Place – the Moving Award

It is generally believed that Lean management can only be applied in the manufacturing industry. However, as a third party that performs impartial verification and testing on labs in the electronics industry, iST utilizes Lean methods to review the operational processes. From the seven waste items, we analyzed the major ones to be improved and developed corresponding countermeasures one by one. After taking these countermeasures, we have shortened the delivery time by 10%, and the annual benefit even has exceeded ten million NT dollars, which earned us the third place – the Moving Award at the 3rd meeting for the Lean Improvement Award organized by the Chinese Lean Management Association (CLMA).

#### Eliminating Waste and Creating Value for Customers With Lean Management



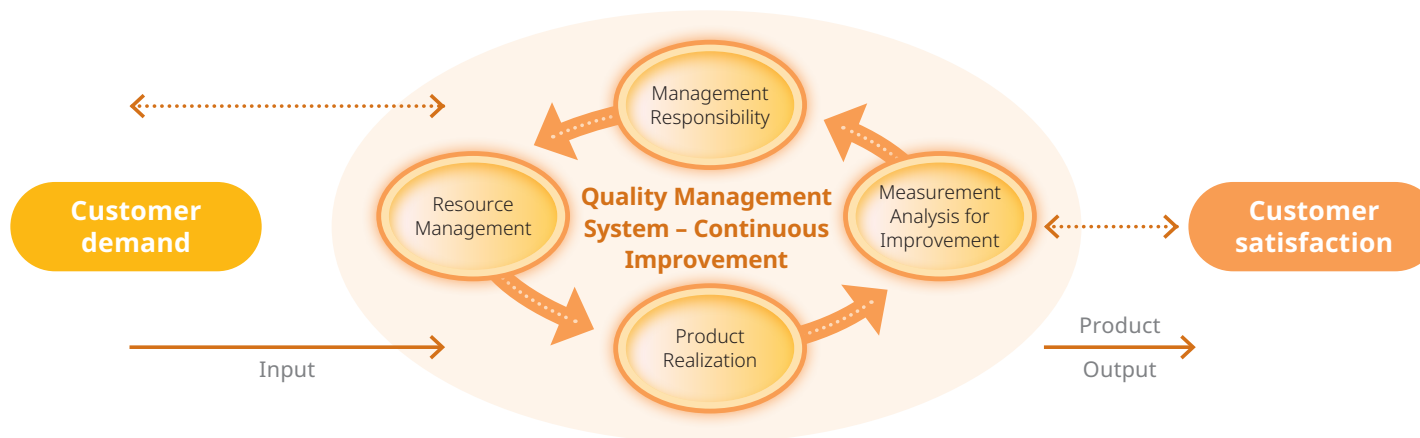
## iST Continues to Improve Technical Capabilities and Enhance Quality to Provide Reliable Verification Services

Over the years, iST has followed the quality policy established by the Company, which is “Providing Customers with Fast, High-quality and All-round Services,” and spared no effort in improving our technical capabilities and enhancing the quality level. iST has successfully obtained certifications from a number of world-renowned and credible agencies, and has become one of the best labs in the world. We provide reliable certification services in accordance with the requirements of international standards (ISO 9001 and ISO/IEC 17025) to meet the demands of the customers, regulatory competent authority, and certification bodies.

### Quality Management System Operating Cycle

Value-added activities

Information flow



## Providing Reliable Verification Services Backed by Multiple Professional Certifications

Over the years, iST has spared no effort in improving our technical capabilities and enhancing the quality level. As a result, we have successfully obtained certifications from many world-renowned and credible agencies and become one of the best labs in the world. The Lab has various professional certifications as well as mature instruments and equipment that meet international standards, enabling us to provide reliable verification services.

### iST's Quality Management Relevant Awards and Certifications



ISO/IEC 17025



ISO 9001



ISO/IEC 27001



ANSI/ESD S20.20

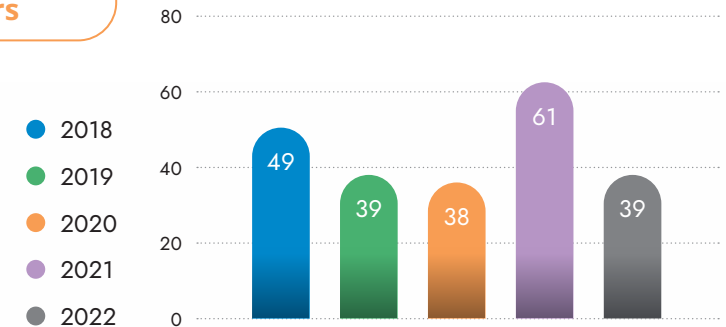
## Experts Knowing the Best of the Problems Serving On-site and Proposing Improvement Activities to Enable Continuous Efficient Work

IST makes proposals for improvement so that all employees can ponder on working skills and methods, further proposing their own creative improvement methods. The Company will judge these methods in line with the specified channels and review standards, and then reward the employees for such methods. By doing so, we not only boost employee morale at work, but also develop the employees' mental resources and realize their potential to reach the maximum benefit by improving production efficiency, reducing the defect rate and costs, and creating revenue.

### Four Aspects of Evaluating Improvement Proposals



### Number of Proposals in Recent Years



## Continuous Improvement in the Employees' Skills

In order to achieve the operational goals of the Company as well as improving the service quality of all employees and professional capabilities of the engineers in the lab, we enable the employees to fully understand the work content and professional knowledge by implementing educational training. This is to achieve standardization of operations and operational efficiency as well as cultivating employees who are capable of meeting the needs in each stage. In addition, we hope to assist the employees in the development and growth in different periods. Thus, we provide relevant training so as to improve the competitiveness of the Company and create a good corporate culture.

### List of Courses on Service Quality

Course Name	Course Description	Number of Participants	Participation Rate	Hours
Introduction to Quality Systems	Understanding the quality policy and goals of the Company; introduction to structure of quality management	133	100%	1
Corporate Information security advocacy course	Introduction to common phishing and fraud techniques and prevention	885	100%	1
Principles of Information Security for Employees	Implementation of the Company's information and communication security to protect the confidentiality, completeness and availability of information and processing equipment	747	100%	1
Education and Training for Security Against Social Engineering	Prevention of defrauding of important and confidential data with the influence or persuasiveness of social software	834	100%	1
Occupational Safety and Health Education and Training	Including prevention of occupational disasters, protection of the safety and health of the employees, and introduction to fundamental principles of safety and health practices	291	100%	6
Annual Retraining for Protection Against Electrostatic Discharge	Periodical retraining of knowledge related to electrostatic discharge (ESD) every year, including the articles of ANSI/ESD S20.20, the ESD TR53 measurement techniques, verification of conformity, product approval, and basic knowledge of static electricity	531	100%	2

## Being Intimate and Eco-friendly to Provide Customers with Diverse Receiving and Delivery Services

The scope of iST's services covers all regions in Taiwan (northern, central, southern, and others). With courier and logistics, we not only provide all-round receiving and delivery services, but also offer diverse supporting measures regarding the customers' special needs to meet their expectations.

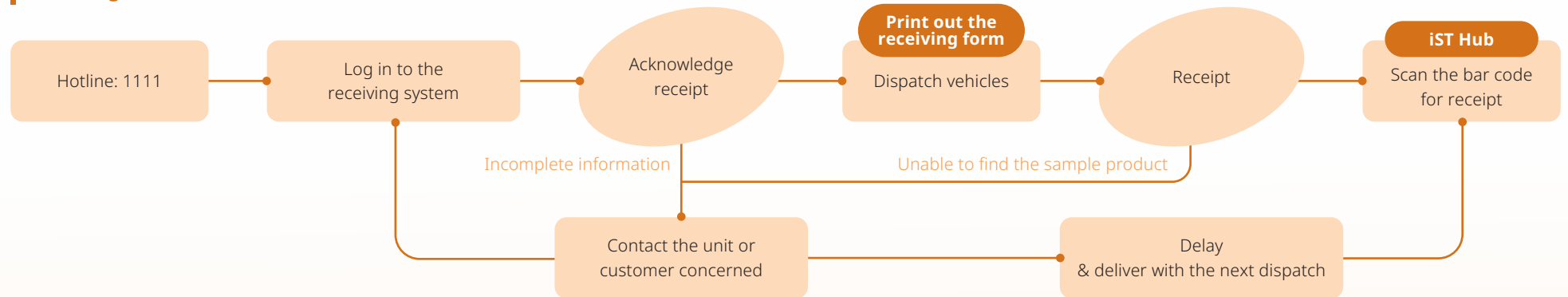
As for issues of carbon emissions that are of global concern, iST tries to plan optimized routes and utilize vehicles that are more energy-saving and eco-friendly. Recently, we have replaced two hybrid electric vehicles in an effort to protect the Earth's environment.



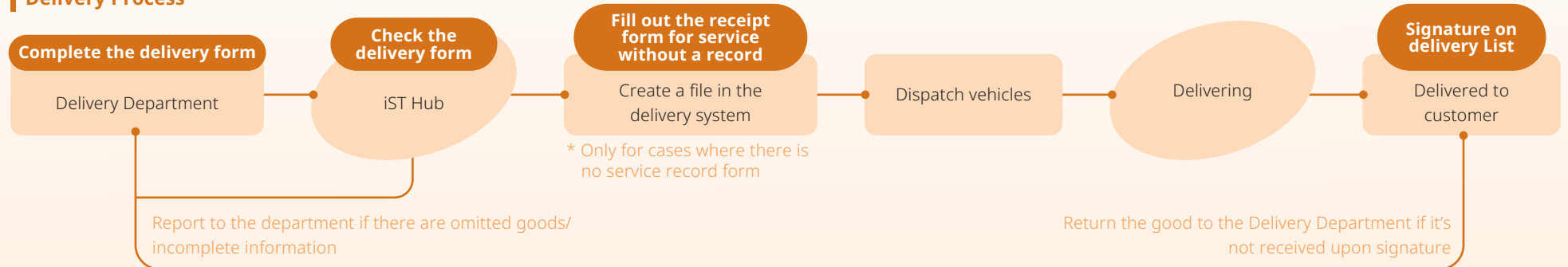
Timely and Fast Receiving and Delivery Services

### iST Receiving and Delivery Process

#### Receiving Process



#### Delivery Process



## Weekly Phone Calls and High Customer Satisfaction

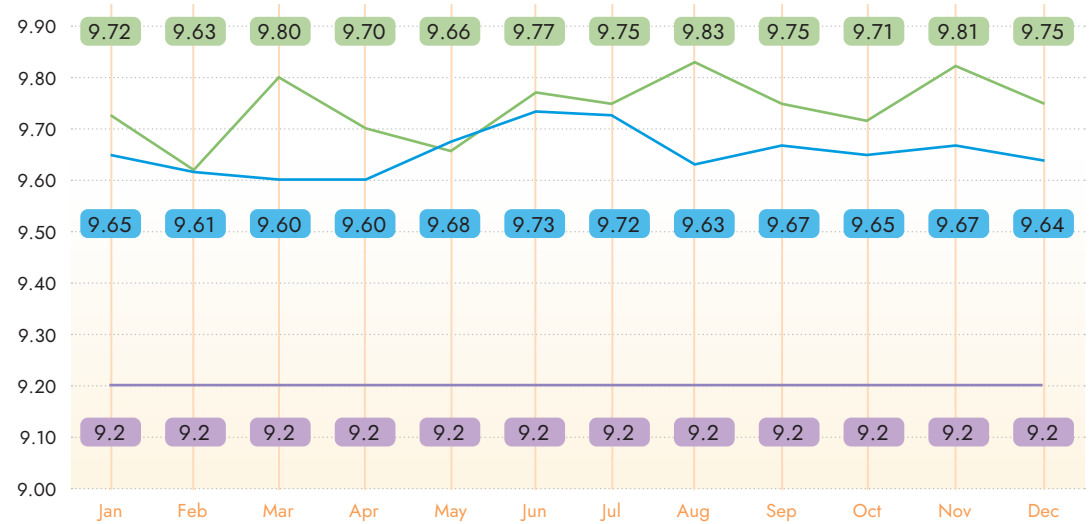
iST believes that there are three methods to learn about customer satisfaction: weekly phone calls, annual satisfaction surveys, and mysterious visitor investigations. Through these methods, it is clear that iST not only scores over 9 points in customer satisfaction, but also surpasses other companies in the industry regarding this.

iST makes an average of 30 phone calls every week for sampling, and implements customer satisfaction surveys by calling customers who commissioned us each week. We survey on “service attitude,” “professional capabilities,” “speed of response to inquiries,” and “delivery time for verification services” allowing the customers to evaluate their satisfaction with the products and services provided by the Engineering Department of iST. In 2022, the average weekly satisfaction in each month exceeded 9.72 points.



- 2021
- 2022
- Benchmark

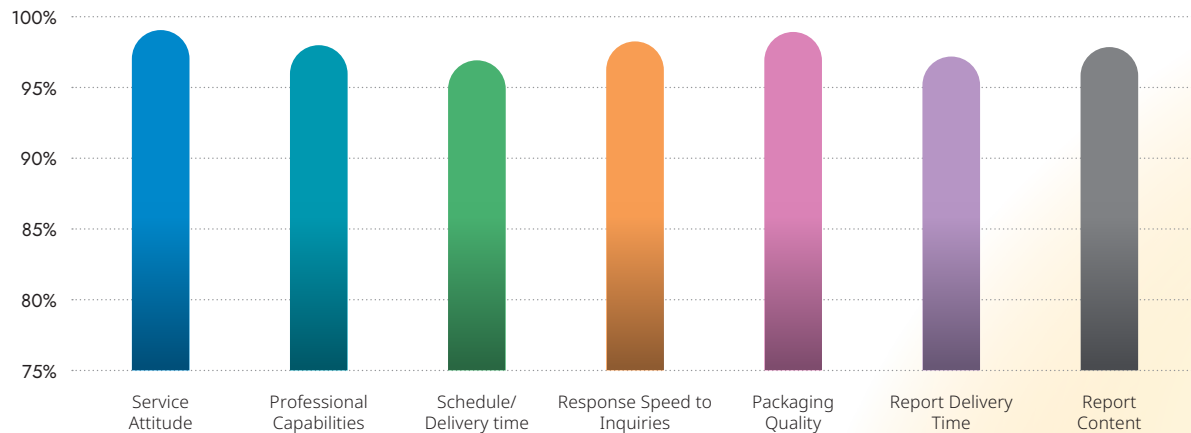
### Run Chart of Average Customer Satisfaction Score by Weekly Phone Calls



## Annual Satisfaction Questionnaire

Every year, iST conducts satisfaction surveys by sending emails to all customers who commissioned cases to us in the year, asking them to evaluate their satisfaction with the services provided by iST. In 2022, more than 95% of the customers were satisfied with our service attitude, professional capabilities, response to inquiries and other aspects. Through the data from each satisfaction analysis, the Company took multiple internal measures for quality improvement, after which we found that the percentage of customers being “very satisfied” significantly increased.

### 2022 Satisfaction Survey for Engineering Category



Satisfaction in Various Aspects Achieved over

# 95%



## Information Security and Risk Management

Increasing customer value is one of iST's goals so long as the Company exists. As a professional technical service provider, iST knows well that the provision of accurate and precise data can accelerate the customer's progress in R&D. Considering that relevant analytical data is the customer's property and brainchild, the data must be kept in good custody. In this regard, iST has created an information security obligation compliance culture through the ISO/IEC 27001 information security management system, further ensuring that our professional services can increase customer value.

### Information Security and Management Structure

To ensure the security of iST's and the customers' information assets, the Company has set up a Security Governance Committee to integrate internal resources and perform information security risk assessment as well as developing annual information security plans and inspection standards.

We also coordinate relevant resources and activities across units to implement various information security controls, annual education and training on information security for employees, and information security audits. The Security Governance Committee hold meetings biannually to review and resolve on information security and protection guidelines and policies in order to realize the effectiveness of the information security management measures.

iST establishes various information security measures through three operating policies – "Establishing a dedicated information security organization", "Obtaining support from senior management", "Implementing all-staff participation", and in compliance with relevant requirements of ISO/IEC 27001 information management system, such as information security policies, management procedures, and operating standards, in order to safeguard the security and interests of iST and its customers' information assets.



#### Dedicated Information Security Organization

Establish a "Security Governance Committee" under jurisdiction of:

- **Convener:** Ensure that information security policies and goals are established and aligned with the strategic direction of the organization to drive continuous improvement.
- **Executive secretary:** Assisting the convener to operate information security related procedures and improvements.
- **Information security implementation team:** Responsible for planning and implementing various information security operations.
- **Emergency response team:** Responsible for the handling of information security incidents.
- **Information security audit team:** Responsible for evaluating the implementation of the information security management system.
- **Document management center:** Responsible for tasks such as document issuance and related operations.



#### Senior Management Support

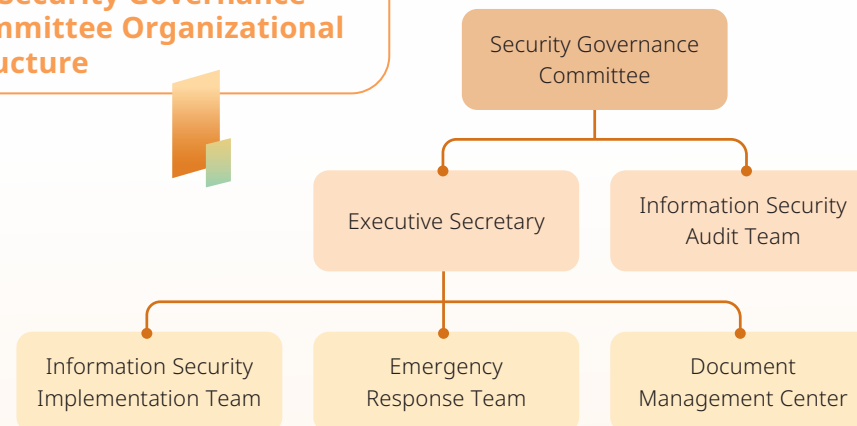
The Chief Information Security Officer is the convener of the meeting of security control committee, with Heads of Divisions as ex officio members. A meeting is held at least every half year to review internal and external information security issues, and resolve on measures and policies of information security.



#### Implementation of All-staff Participation

Through a variety of educational training and drills, we have implemented and enhanced the information security awareness of all employees.

#### iST Security Governance Committee Organizational Structure



### Convey Information Security Message and Implementing Information Security Training

To enhance iST information security defense capability, in addition to taking precautions through security tools and management measures, it is also essential to foster and elevate the personnel's awareness of information security. Therefore, iST enhances the personnel's awareness of information security and overall security resilience through "Establishing Multifaceted Information Security Message Communication" and "Implementing Information Security Educational Training."



## Establishing Multifaceted Information Security Message Communication

Post information security management slogans in the security control areas and laboratory entrances, sending e-newsletters in accordance with current events or information security measures.

## Establishing Information Security Operations Management

IST's 2022 information security technical measures are as follows:

### Network Security Control

#### Internet Security and Access Control

- ▶ Antivirus and anti-hacking measures.
- ▶ Prohibition of accessing entertainment, high-risk, and low-credit-rated websites.
- ▶ Prohibition of using online storage services such as Google Drive, iCloud, Dropbox, and OneDrive.
- ▶ Prohibition of unauthorized file transfer.

#### Perimeter Network Security

- ▶ Application and review procedures for system configuration changes.
- ▶ Scanning and remediation of host vulnerabilities.
- ▶ Introduction of a network security platform with scores meeting client requirements.

#### Intranet Security

- ▶ Inventory of network devices and management, reinforcing protection (firewall, e-mail filtering).
- ▶ Network segmentation management (office areas, laboratory areas, and security control areas).
- ▶ Enhance the control in security control areas (network access and monitoring management).
- ▶ Implementation of virtual networking with micro-segmentation.



### Information Asset Management

#### Asset Management and Control

- ▶ Account access management.
- ▶ Prohibition of using personal devices.
- ▶ E-mail protection.

#### Application Security

- ▶ Management of system development and deployment process.
- ▶ Scanning and remediation of host vulnerabilities.



## Implementing Information Security Educational Training

- All new employees must pass the information security educational training on their first day.
- All employees are required to undergo annual information security related retraining courses.
- Personnel who work in the security control areas must pass specific security control area information security educational training, and are also required to undergo annual retraining courses.
- Encourage security personnel to obtain certifications or participate in external security training to enhance their awareness and technical capabilities in information security.

### Physical and Environmental Security

#### Physical Security Protection

- ▶ Operational management of security personnel at factory entrances and exits.
- ▶ Installation of monitoring system and access control system in the facility environment.

#### Sample Security Management

- ▶ Digitalization of sample collection and delivery to track sample movements easily.
- ▶ Store the safety samples in warehouses under access control and monitoring.
- ▶ Use of GPS management systems in vehicles transporting safety samples to track sample dynamics and routes in real-time.



### Access Control Security

#### Data Management and Storage Control

- ▶ Inventory of crucial assets and management of data classification.
- ▶ File are encrypted by file encryption software.
- ▶ Data access control and application review.
- ▶ Employee/supplier non-disclosure agreement.


#### Account/Network Access Control

- ▶ Procedure for creating, modifying, and removing various accounts.
- ▶ Password management policy.
- ▶ Access control of special account.



## Implementation Result of Information Security Measures in 2022

The Addition of Information Security Management System Related regulations in Recent Years is Summarized in the Table Below



Item	2022	2021	2020
New or revised information security regulations	17 pieces	19 pieces	31 pieces

The Compilation of Violations of Information Security Regulations in Recent Years is Presented in the Table Below



Item	2022	2021	2020
Employees penalized for violating information security regulations	0 persons	0 persons	0 persons

The Compilation of Education Training and Promotions in Recent Years is Presented in the Table Below

Course Name	2022	2021	2020
Information security education training course	299 persons	174 persons	70 persons
Annual information security education training (retraining)	826 persons	763 persons	679 persons
Release of information security e-newsletters	10 pieces	26 pieces	9 pieces
Social Engineering training	834 persons	192 persons <sup>(note 1)</sup>	None
Corporate Information security advocacy course	2,542 persons	None <sup>(note 2)</sup>	None <sup>(note 3)</sup>
Information security education training in security control zones	296 persons	162 persons	None
Information security education training in cloud operation	163 persons	None <sup>(note 4)</sup>	None <sup>(note 5)</sup>
Information security personnel professional education training <sup>(note 6)</sup>	5.6 hours	3.04 hours	11.43 hours

Note 1: In 2021, not all employees were required to undergo training courses.

Note 2, 3: These were not activated in that year and published in the form of information security e-newsletter.

Note 4, 5: These were not activated in that year.

Note 6: Calculated on average per person basis.

### Audit

- Completed and passed on-site audits from 2 clients and information security questionnaire surveys from 3 clients.



### Internal Questionnaire Survey

- On a 5-point scale questionnaire, general employees rated aspects such as "Understanding of Company Information Security Policies," "Importance of Information Security," "Implementation of Information Security Protection," and "Satisfaction with Information Security Protection Measures" at 4.6, while supervisors rated at 4.72.
- The response rate was 61% for supervisors and 63% for employees, with a total of 564 questionnaires.



Through rigorous information security control measures mentioned above, there were no complaints in 2022 related to the violation of customer privacy and loss of customer data.

## Ensuring the Chain Resilience

### ● Creating Sustainable Value Chain

iST regards supplier partners as operational collaborators in co-creating value. We aspire to construct a sustainable service value chain with suppliers to provide optimal solutions to our customers while reducing environmental and social risks, which build a proactive and responsible value chain network.

iST upholds the principles of sustainable development, environmentally friendly, ethical management, and information security. iST and suppliers collaborate on environmental, security, health, and other issues to fulfill corporate responsibilities. The “Supplier Code of Conduct” is published on the official website, serving as a standard for supplier adherence. A summary is provided below:



#### Labor Right

iST and suppliers share the responsibility for upholding labor rights, health and safety, company management mechanisms, and systems. Child labor is prohibited, and excessive working hours are not permitted. The aim is to create a healthy, safe, and high-quality work environment.



#### Environmental Responsibility

Suppliers recognize their role in environmental responsibility as an essential part of manufacturing world-class products. Efforts are made to minimize negative impacts on communities, the environment, and natural resources during the manufacturing process. This includes reducing carbon emissions, waste, and pollutants through improved production, maintenance, material substitution, recycling, and reuse to conserve natural resources.



#### Ethical Business Practices

The highest standards of integrity are maintained in all business interactions. Suppliers are expected to adopt a zero-tolerance policy against bribery, corruption, extortion, and embezzlement in any form.



#### Information Security

Suppliers must maintain confidentiality for business information obtained through transactions with iST. Without company permission, relevant data must not be copied, modified, reverse-engineered, or disclosed to third parties.

Equipment suppliers are also required to sign an “Information Security Declaration,” having responsibilities and obligation to protect the information assets they obtain or use and prevent unauthorized access, alteration, destruction, or improper disclosure of customer information. In 2022, 51 copies were issued, with 48 completed and signed.

## ● ESG Green Procurement Policy

As a major third-party laboratory recognized by important domestic and international clients, iST's equipment purchases are required to meet customer verification requirements. In addition to large equipment sourced from internationally renowned manufacturers, other items such as consumables, instruments, chemicals, outsourcing, and testing peripherals are purchased with the goal of sustainable operations. Considering energy-saving and environmental factors in procurement, logistics, recycling, and reuse processes. Collaboration with suppliers fulfills social responsibilities in environmental protection and energy conservation and emission reduction. Products are prioritized from local, environmentally friendly suppliers (with eco-labels and approvals from Environment Protection Administration) for creating a green supply chain. iST also requires all suppliers to confirm ESG issues when accepting orders. Over the past three years, the proportion of domestic purchases, excluding large equipment, has consistently exceeded 90%, with the percentage of local procurement increasing each year (as detailed in the table below).

### iST Local Procurement Statistics

Annual purchas amount	2020	Proportion	2021	Proportion	2022	Proportion
Foreign	61,158,558	8.0%	54,256,657	5.8%	33,455,101	3.3%
Domestic	706,753,694	92.0%	878,112,382	94.2%	994,967,260	96.7%
Total amount	767,937,252		932,369,039		1,028,422,361	

Note: Large equipments are not included in the above statistical amounts.

## ● Conflict Minerals Sourcing Policy

Following OECD's "Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas," iST establishes a framework for responsible investigation. In addition to advocating the prohibition of "conflict minerals," suppliers are required to sign the "Non-Use of Conflict Minerals Declaration" after evaluation and assessment, this due diligence process is utilized to identify and assess whether raw materials and components provided by suppliers involve conflict minerals. In 2022, a total of 12 relevant suppliers were required to sign the commitment after the survey. Currently, all have been fully executed.





## ● Supplier Management and Annual Audit

To ensure product quality and on-time delivery meet Company and customer requirements, iST has established “Suppliers Management Procedure” and “Purchasing Management Procedure.” iST assesses and evaluates critical suppliers based on quality policies, management processes, supply chain management, and anomaly management. A score above 70 is qualified, 60-70—is conditionally approved, and below 60 is not approved. Qualified suppliers are required to sign a “NON-DISCLOSURE AGREEMENT” to safeguard sensitive information.

iST conducts annual evaluations for key suppliers engaged in significant transactions. The evaluation is based on criteria such as cost, delivery, service, and process. Scores above 3.5 are considered qualified, scores between 3.0 and 3.5 are conditionally approved, and scores below 3.0 are considered not qualified. In the year 2022, a total of 24 suppliers underwent evaluation, resulting in a 100% qualification rate.

iST also conducts both regular and random on-site assessments of suppliers. These assessments encompass an evaluation of the supplier’s process capabilities, quality standards, delivery control, and internal management processes. In the 2023 assessment, corporate social responsibility was added as a criterion, reviewing suppliers’ adherence to occupational safety, environmental protection, and labor rights. In cases where discrepancies are identified, the supplier is required to implement continuous improvement measures, reduce deficiencies, or potentially terminate the business cooperation.

iST mandates that all construction contractors and equipment suppliers entering our premises undergo safety induction training provided by our Safety Health Section (SHS) unit. In 2022, 11 safety education sessions were held with 107 participants. Waste disposal contractors must possess relevant certifications and comply with environmental regulations, signing a “Contractor’s Letter of ESH Commitments” to ensure adherence to safety and environmental management guidelines.

iST requires suppliers to commit to strict adherence to the Company’s established integrity-related regulations. During the course of normal business transactions with iST, suppliers are obligated to refrain from engaging in any bribery, offering inducements, or providing undue benefits to iST employees or their associates in order to facilitate business interactions. Suppliers are strictly prohibited from influencing, persuading, or enticing iST employees to deviate from their duties or faithful obligations to the Company. For suppliers involved in substantial financial transactions, the company mandates the signing of a “Supplier Integrity Commitment Letter.” In 2022, 45 new commitment letters were issued to eligible suppliers, and all have successfully signed and returned the document.

In summary, when implementing our supply chain management, iST considers not only efficiency and costs, but also focuses on the performance of partners in various dimensions such as environment, society, and governance. Through regular evaluations, iST continuously understands the supplier operational status to enhance mutual sustainability, as well as encouraging the suppliers internalize ESG into their company management and operations. This will enhance the overall resilience and adaptability of iST’s supply chain in facing unforeseen events, ensuring iST can consistently provide professional services to customers and maintain supply chain resilience.










# 05

## Co-Prosperity Force

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Cultivating Key Competencies for Customer Value Creation	66
Diverse, friendly workplace	74
Promotion of Occupational Safety and Health	78
Social Engagement	84

	Metric	2022 Plan	2022 Result	Medium-Term and Long-Term Goals
 <b>Employment</b>	Creating a welcoming and inclusive workplace	<ul style="list-style-type: none"> <li>Adhering to principles of Diversity and Equality/Employing Talent Based on Suitability</li> <li>Implementing unpaid parental leave program in response to "Gender Equality in Employment Act"</li> </ul>	<ul style="list-style-type: none"> <li>Employees turnover rate 11.4%</li> <li>A total of 11 employees applied for unpaid parental leave, with an average annual re-employment rate of 72.7%</li> </ul>	<ul style="list-style-type: none"> <li>Continuously improving employee retention</li> <li>Continuously improve employee return-to-work rates</li> </ul>
 <b>Labor-Management relations</b>	Employee communication meeting and labor-management meeting	Discuss and resolve internal labor-related issues, review the contents of work regulations	<p>Holding numerous labor-management and employee communication, achieving a 100% employee opinion handling rate</p> <p>The internal customer satisfaction rate is 4.3 out of 5</p>	Continuous improvement of internal customer satisfaction
 <b>Occupational Health and Safety</b>	Establishing health promotion and disease prevention	Establishment of infirmary for employee health management	Provide dedicated nursing and on-site physician services every month, and occupational medicine specialist services every four months	Implement OHS risk assessment and reduce accident
 <b>Training and education</b>	On-job training hours	Enhance employee performance and achieve retention through OJT and other training programs	In 2022, a cumulative training of 24,912 hours was completed, with an average annual learning time per person of 25 hours	Continuously improving employee professional competency and increase the average annual learning hours per personnel
	Industry-Academia Collaboration	Developing Industry-Academia Cooperation Internship Program for early deployment of excellent talents in the industry	Collaborating with 13 leading industries to establish a Semiconductor Talent Development Alliance	Continuously cultivating Industry-Academia Collaboration Program to attract excellent talents
 <b>Local community</b>	Social influence	Investing resources from reading skills to emotional intelligence education to enhance the potential of students in rural areas	Assisting 37 schools in promoting rural elementary school reading programs	Continuously embodying the spirit of giving timely assistance to those in need, contributing to society

# Talent Attraction and Retention

## Human Resource

iST is committed to complying with international human rights treaties, following the principle of “Universal Declaration of Human Rights,” “The United Nations Global Compact,” “Responsible Business Alliance Code of Conduct,” as well as other relevant industry standards and international treaties. Upholding the principles of “Respecting Human Rights” and “Employing Talent Based on Suitability,” our aim is to create a diversity, equity and inclusion workplace and actively promote gender equality. With a percentage of 50% in male-female ratio in our workforce, we foster an environment where employees can return to work confidently after parental leave, achieving a return rate of 72.7% and a retention rate of 75%. We ensure that all employees, regardless of nationality, ethnicity, or gender, enjoy the same company benefits. Exceptional foreign blue-collar employees are offered equal opportunities for career advancement. iST places a high value on labor and business ethical policies. We communicate these through work regulations, document management systems, announcement systems, and various platforms, and consistently review and optimize related systems. We respect the human rights of all employees and aim to provide equal and suitable job opportunities for applicants and employees without discrimination related to race, belief, religion, political affiliation, gender, marital status, disabilities, or other government-protected factors. These principles apply to recruitment, appointment, training, advancement, compensation, and benefit. We look forward to growing together with our employees.

### Employee Labor Structure

Category	Class	2021						2022					
		Male	Male Ratio	Female	Female Ratio	Total	Total Percentage	Male	Male Ratio	Female	Female Ratio	Total	Total Percentage
Position	Managers	101	63.1%	59	36.9%	160	19.2%	103	59.9%	69	40.1%	172	17.3%
	Professionals	368	51.3%	350	48.7%	718	80.8%	429	52.3%	392	47.7%	821	82.7%
Age	Under 29Y	154	51.9%	143	48.1%	297	33.8%	195	52.8%	174	47.2%	369	37.2%
	30-49Y	292	54.0%	249	46.0%	541	61.6%	311	53.8%	267	46.2%	578	58.2%
	Over 50Y	23	57.5%	17	42.5%	40	4.6%	26	56.5%	20	43.5%	46	4.6%
Education	Ph.D.	5	100.0%	0	0.0%	5	0.6%	5	100.0%	0	0.0%	5	0.5%
	Master	62	53.4%	54	46.6%	116	13.2%	69	54.8%	57	45.2%	126	12.7%
	Bachelor	330	54.1%	280	45.9%	610	69.5%	383	54.6%	319	45.4%	702	70.7%
	Junior college	37	46.3%	43	53.8%	80	9.1%	43	47.3%	48	52.7%	91	9.2%
	High school	29	49.2%	30	50.8%	59	6.7%	26	41.9%	36	58.1%	62	6.2%
	Others	6	75.0%	2	25.0%	8	0.9%	6	85.7%	1	14.3%	7	0.7%
Contractor	Permanent employee	459	53.4%	400	46.6%	859	97.8%	527	53.7%	454	46.3%	981	98.8%
	Temporary employee	10	52.6%	9	47.4%	19	2.2%	5	41.7%	7	58.3%	12	1.2%
	Total	469	53.4%	409	46.6%	878	100%	532	53.6%	461	46.4%	993	100%

Note 1: Managers personnel include managers at a technical level or above (all of whom are Taiwanese); the rest are technical personnel.

Note 2: iST primarily employs regular full-time employees while non-regular employees are contracted on a fixed-term basis (including interns, dispatched, and temporary contract workers).

Note 3: The number of employees is calculated based on iST’s headcount as of December 31 of the current year, including full-time employees, contract workers, corporate interns, and temporary workers.



Talents are iST's most important core competitiveness. We continuously recruit high-quality talents through diverse channels, and in response to the epidemic, we have switched to digital recruitment, allowing flexible adjustments to our hiring measures, which ensures uninterrupted talent acquisition. In 2022, the number of new employees was 272, an increase of 106 employees compared to 2021. The average recruitment cost per person in 2022 was \$42,520. Over 46.3% of newly hired employees were women, demonstrating our active implementation of a diverse hiring policy. iST builds a friendly workplace, with diversity, tolerance and integration, and create a work environment that inspires passion among our partners through competitive compensation and developmental learning programs.

### New Recruit Labor Structure

Year	2021			2022		
Category	Male	Female	The Percentage of Age Group	Male	Female	The Percentage of Age Group
Under 29Y	52.3%	47.7%	59.9%	55.8%	44.2%	65.7%
30-49Y	46.4%	53.6%	39.0%	50.9%	49.1%	33.7%
Over 50Y	100.0%	0.0%	1.1%	33.3%	66.7%	0.6%
Ratio	50.6%	49.4%	100.0%	53.7%	46.3%	100.0%

In addition to regular employees, the composition of outsourced employees at iST in 2022 is presented in the following table according to age, gender, and position

### Outsourced Employee Labor Structure

Age Category	Gender	Security	Group Catering	Cleanness	Contractor
Under 29Y	Male	1	0	0	15
	Female	1	0	0	3
30-49Y	Male	3	0	0	48
	Female	4	0	2	4
Over 50Y	Male	9	2	1	32
	Female	3	5	10	5
Subtotal	Male	13	2	1	95
	Female	8	5	12	12
Total		21	7	13	107

Note: FTE (Full-Time Equivalent) method is used with 8 working hours/person-day, in comparison to annual working hours (220 person-days at 8 hours per person-day), to convert into the number of personnel.

iST values the opinions and feedback of each employee, establishing two-way communication through various channels to promote harmony in labor and management relations. Due to the Company's effort to providing employees with positive communication channels, attractive compensation and benefits, and a training and development platform, the turnover rate in 2022 was 11.4%, which is lower than the industry average and indicating a healthy talent retention. We also strive to continue efforts to further reduce the turnover rate. If the Company's significant operational changes effect the labor rights or result in suspension of employment with some employees, advance notice will be provided in accordance with legal regulations. In 2022, iST did not have any significant operational changes.

iST actively deploys semiconductor advanced process/advanced packaging verification platforms, automotive electronics verification platforms, IoT/V2X platforms, and 5G verification platforms. The Company possesses development momentum, and the workforce tends to be stable, which is beneficial to the Company's overall operational development.

### Annual turnover rate

Year	2021	2022
Turnover rate	12.7%	11.4%
Voluntary turnover rate	10.4%	10.9%
Turnover rate of new recruit	13.9%	17.1%



## Compassionate Equality Care

In response to government's implementation of "Act of Gender Equality in Employment". In 2022, a total of 11 employees applied for unpaid parental leave, with an average annual re-employment rate of 72.7%. Moreover, iST continues to observe the retention of returning employees. For female and male employees who resumed work after taking parental leave and completed one year of service in 2022, the retention rate was 66.7% and 100% respectively. iST is committed to creating a friendly and equal workplace, and continually striving to enhance retention rates for those on leave and returning to work.

iST formulates comprehensive training programs based on professional duties, enabling employees to steadily progress, and deeply cultivate their expertise, and utilize performance management and development systems to promptly review and communicate, which serve as the basis for employee assignments, promotion, salary adjustments, and development, continuously creating the motivation for the Company's sustainable development. iST is committed to building a diversity, equity and inclusion, and friendly workplace, actively promoting gender equality. In 2022, the proportion of female managers was increased to 53.6% with an additional increase of 6% compared to 2021.

### Annual Parental Leave Status

Year	2021			2022		
	Male	Female	Total	Male	Female	Total
Employees who met parental leave count (A)	64	56	120	55	49	104
Employees who applied parental leave count (B)	3	4	7	0	11	11
Expected to return to work after parental leave during the current Year (C)	1	7	8	3	8	11
Employees who returned to work after parental Leave during the current Year (D)	1	3	4	2	6	8
Employees who returned to work after completing parental leave in the preceding year (E)	0	8	8	1	3	4
Employees who returned to work after completing parental leave in the preceding year and remained employed for over a year (F)	0	6	6	1	2	3
Rate of Parental Leave Application (B/A)	4.7%	7.1%	5.8%	0.0%	22.4%	10.6%
Return to Work Rate (D/C)	100.0%	42.9%	50.0%	66.7%	75.0%	72.7%
Retention Rate (F/E)	0.0%	75.0%	75.0%	100.0%	66.7%	75.0%

Note: Employees within three years from childbirth are eligible for parental leave, for instance, in 2021, the qualified statistic range includes employees who gave birth between January 1, 2018, and December 31, 2021 (source: Number of maternity and paternity leave applications).

In 2022, female employees in Taiwan accounted for approximately 46.4% of the total workforce, with 42.3% of female first level managers and 18.8% of senior level managers. In 2022, a total of 7 employees with disabilities are employed in Taiwan Factory Area, and we will continue to offer job positions for individuals with disabilities in the hope of attracting more potentially suitable candidates with disabilities to proactively apply for these positions.

iST upholds gender equality, with salary determination based on individual's ability and job requirements, adhering to principles of reasonableness and fairness, without any gender-based differential treatment. iST gives priority to hiring local employees, with standard salary for junior staff meeting local regulatory salary requirements. Additionally, Taiwanese residents are given priority for senior management positions within the Taiwan operational headquarters.

### Promotion Rate of iST

Year	2021		2022	
	Male	Female	Male	Female
Managers	52.4%	47.6%	46.4%	53.6%
Professionals	54.7%	45.3%	54.9%	45.1%



### The Proportion of iST's Female Employee and Female Management

Year	2021		2022	
	Male	Female	Male	Female
Professionals	53.4%	46.6%	53.6%	46.4%
Managers	63.1%	36.9%	59.9%	40.1%
Junior management	59.7%	40.3%	57.7%	42.3%
Top management	83.3%	16.7%	81.3%	18.8%

Note 1: Junior management refers to technical level, department-level managers; Top management are managers at or above department level.

## Competitive Compensation and Benefits

iST provides competitive compensation to attract and retain talents, while performance-related rewards encourage employees to create performance and contribution. In addition to referencing benchmark companies, we conduct annual industry salary surveys and formulate compensation strategies based on changes in company operations and industry environment to ensure that our compensation policies are externally competitive and internally fair. We provide our employees with generous compensation, a high-quality work environment, and a comprehensive benefits system, enabling them to achieve a balanced development in work, life, and leisure. In 2022, the median total compensation (excluding pension) of iST was approximately NT\$870,000, which is roughly 1:20 in comparison to the total compensation (excluding pension) of the chairman and general manager.

### The Average Basic Salary Ratio between Male and Female Employees at Various Level

Year	2021		2022	
	Male	Female	Male	Female
Professionals	1:0.97		1:0.94	
Managers	1:0.86		1:0.85	

### The Average Remuneration Ratio between Male and Female Employees at Various Level

Year	2021		2022	
	Male	Female	Male	Female
Professionals	1:0.93		1:0.90	
Managers	1:0.87		1:0.83	

### 2022 Salary Status

Year	2021	2022
Number of full-time non-managerial employees	777	833
The average salary of full-time non-managerial employees	900,881	977,294
The median salary of full-time non-managerial employees	814,095	871,292

## Salary System

iST values talent, employee rewards closely linked with individual performance, with annual salary adjustments that outperform industry standards. The Company provides competitive compensation levels, regardless of gender, age, race, religion, etc. Additionally, it implements a diverse incentive bonus system, aligning employees with the success of the Company's operations.

### Employee Welfare Policy

Based on the belief of taking good care of the employees' lives, iST provides a competitive welfare policy, aiming for employees to work without worries and focus on creating value for the Company. In accordance with the provisions specified in the "Labor Standards Act," the "Labor Pension Act" and Enforcement Rules and the Pension Fund Accounting Guidelines, a monthly pension is set up by to the employees' individual accounts at the Bureau of Labor Insurance and regular meetings are held to review the utilization of pension status in order to protect employees' retirement benefits. In addition to the statutory insurance system, iST also provides comprehensive group insurance for its employees. The premiums are fully covered by the Company, including life insurance, accident insurance, health insurance, and cancer insurance, enhancing overall employee protection.

## Reward System

### Employee compensation

- We conduct an annual market salary survey to ensure that our employees are paid competitively in the market.
- Employees' compensation is directly linked to the Company's operational performance, team achievement, and individual performance.

### Incentive bonus and performance bonus

- Bonus is determined according to the achievement of quarterly company operational goals, and in conjunction with departmental performance and individual contributions.

### Diversity incentives

- Including referral bonuses, improvement proposal bonuses, coaching bonuses, sprint bonuses, achievement bonuses, retention bonuses, performance incentives, and more.

### Employee stock option

- To attract and retain professional talents, the Company has established the method of issuing and subscription of stock options to encourage and enhance the employees' devotion to Company.

## Industry-Academia Collaboration – Standing on the Shoulders of Giants to See the World, Fostering Excellent Talents through Industry-Academia Collaboration

iST focuses on labor market and employment issues, dedicating to fostering talents both inside and outside the organization. Through mentors, internships, work-study, and corporate visits, guiding students from school to workplace, actively enhancing the employment competitiveness of young students.

iST has continued to cooperate with 13 universities, including THU, NTUT, TKU, and MUST. Through multi-faced cooperative programs including talent cultivation program, industry-academia cooperation program, on-the-job training program, and summer internship program, establishing win-win partnerships with each institution.

### 01 Corporate Visits

iST assists schools in providing students with opportunities for hands-on practical work, guiding them through on-site visits to understand work contents and environment. Through exchange activities with managers, gaining a deeper understanding of iST's vision, organizational culture, work environment, and education training, etc.

### 02 Internship and Scholarship

Cultivating outstanding professional talents in schools and promoting industry-academia collaboration. Cooperating with schools to establish scholarship program, enabling students to focus on their studies with peace of mind. Achieving long-term corporate cultivation plan, laying the groundwork for excellent talents to join iST smoothly after graduation.

### 03 Freshman Pre-employment Program

We implement an AO (Advanced Offer) system. While making up the gap of recruitment, we give new employees more time to understand their roles and responsibilities and thus help them become familiar with their tasks and improve the work efficiency.

### 04 Corporate Mentorship Program

iST's experts in various fields assist schools in providing career planning and enterprise operations guidance to students. This support helps students understanding industry development and dynamics, strengthens the connection between theory and practice, and cultivates their adaptability to the workplace and future competitiveness.

### 05 Instrument Donation

To enhance students' analytical and practical abilities, iST donates specialized equipment and benefits students through industry-academia collaboration. This strengthens the link between the corporate and school, aligning curriculum design and talent cultivation with industry needs, enabling students to possess key skills that integrate practice and theory.

### 06 Corporate book donations

We collaborate with schools by providing textbooks for required courses. By doing so, we demonstrate our respect to the cultivation and development of talents and hope to encourage students to learn more deeply and foster their professional capacities.

### Industry-Academia Collaboration with Off-Campus Internship, Internship for Cultivating Talents

iST values the cultivation of talents. Through industry-academia collaboration, we enhance the abilities in technological and practical skills, and assist the young graduates in employment. In recent years, iST has cooperated involving approximately 30 individuals in industry-academia collaborations. iST will continue to actively cultivate the campus, attract excellent talents, and work together to create a new situation of win-win cooperation between industry and academia.



Students visit iST Laboratory



Semiconductor Talent Development Alliance



Students' Off-Campus Internship, School Visiting – Caring for Students



### Insights from Employees Transitioning from Intern to Full-time in 2022

Name/Student ID: CHEN, o-Yu/ D107414\*\*\*\*

When I first came in, I didn't know much of anything. Fortunately, our department has dedicated mentor to ensure that new employees are well taken care of. After receiving guidance from the mentors, I began handling cases. At first, I was always worried about whether I could do a good job. However, upon completing the first case, I felt a great sense of accomplishment.

During the internship, my adaptability improved significantly. If I encountered some structures I had never seen before while working on a case, I could always approach our senior engineers for assistance. They were always generous in sharing a lot of knowledge with me, and I learned a great deal of information beyond textbooks from them. The reason why I chose to stay in the Company after graduating was that, in addition to learning a lot of knowledge, the atmosphere among employees here is excellent. In addition to having meal together, sometimes we will discuss the way we work on the case, so that we can make progress together. Therefore, if you are interested in semiconductors or learning more knowledge, welcome to iST.



### Insights from Employees Transitioning from Intern to Full-time in 2022

Name/Student ID: Wang, o-Ming/ D107414\*\*\*\*

When I was a junior in college, I decided to become an engineer at Hsinchu Science Park after hearing the introduction of iST. Through the internship, I have learned a lot of knowledge that college doesn't typically cover. When I started working, they asked me to sit in front of the computer desk to learn about the tests the Company conducts and the semiconductor structures and principles I'd encounter in the future. In my department, we often encounter various major companies in the semiconductor industry, which enables us to learn in detail about the elements they use and the processing techniques that turn into the finished products you see on the market.

Now, regarding the work atmosphere, in my department, everyone is cheerful. When working on cases, if there's a process we haven't seen or a technique we haven't used before, ask questions and you will get detailed answers from everyone. There's often a lot of food available, and we're all about the same age, so there isn't much of a generation gap.

I think iST provides a great internship experience in terms of Company scale and benefits, so I genuinely recommend students looking for internships to consider iST and seize this rare opportunity.

### Campus Recruitment – Making Talent for Sustainable Progress

To actively attract excellent talents, iST campus recruitment has extended to multiple excellent universities in the northern, central, and southern regions, and continues to recruit exceptional academic talents to enhance the sustainable value of our workforce.



### Combing Government Employment Resources to Unveil a Wealth of Employment Opportunities

iST spares no efforts in talent recruitment and has been consistently participating in local recruitment activities organized by employment centers since 2018. We provide job seekers with diverse job positions and first-hand industry information, fostering a strong collaborative relationship with the employment stations. Together, we serve as the optimal partners for the career development of job seekers.

In response to the lifelong learning policy and development trend of industry talents, iST has cooperated with the government's Youth's Employment Ultimate Program to assist young graduates in making a solid transition to workplace. From 2018 to 2022, the program has employed over 320 young individuals. Through practical on-the-job training, these young employees accumulate professional skills and enhance their employability and workplace experience.

Due to the significant impact of COVID-19 on the domestic job market, iST is concerned about enhancing sustainable human resources development strategies to aid social employment welfare. By 2022, we actively employed over a hundred unemployed individuals through Stabilized-Hiring Incentives Program, providing stable and secure job opportunities for those who were seeking employment.



Recruitment Activities

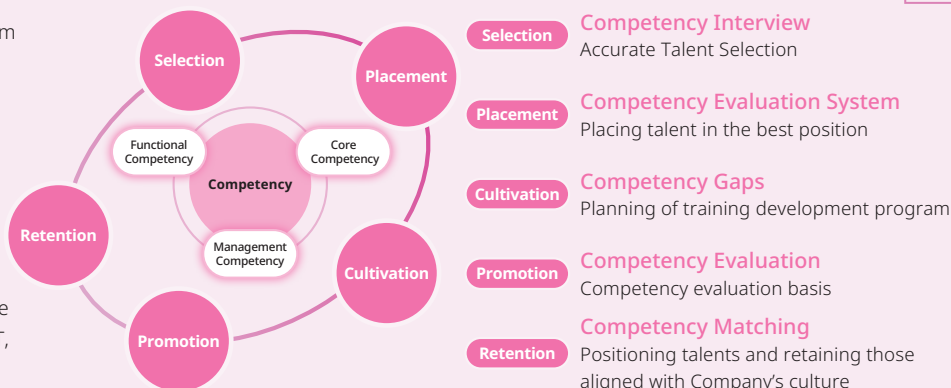
# Cultivating Key Competencies for Customer Value Creation

iST is the medical center for the semiconductor industry, with our great vision and objective to become a customer-oriented comprehensive platform. With "Focus on Human" serving as our core principle, developing our core values of "Customer First," "Teamwork," and "Value Creation." We view employees as our most crucial assets, expecting that iST could become a company that employees are proud of.

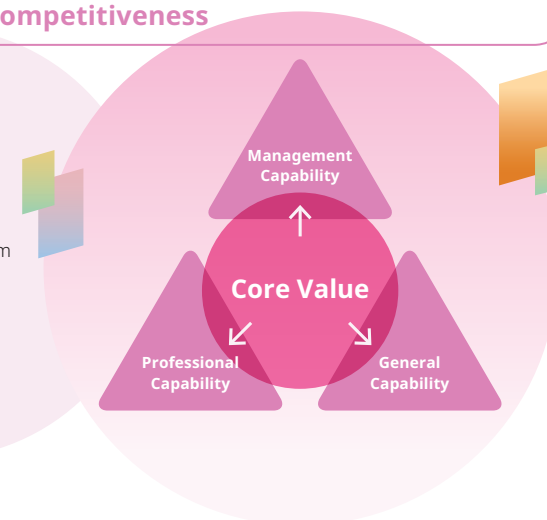
Each year, iST formulates its annual top-down talent development strategy through the organizational operational objectives and follows the core principles and values to guide training and development policies. Along with diverse developmental channels, we facilitate the employees' growth, stimulate their potential to achieve the objectives of departments and organization, enable both employees and Company to grow together and create a win-win value.

## Comprehensive Management and Development System

iST's talent management and development system structure is built based on "Competency." iST builds the competency model based on the core value, explicitly stipulates the core competency of corporation, professional competency and management competency. iST implements competency in all mechanisms of human resource development. It systematically focuses on selection, placement, cultivation, promotion, and retention of talents while connecting with the organizational objectives to build key talent of iST, and increase corporate competitiveness.



### Employee Competency Pyramid: Employee Competencies Determine Corporate Competitiveness



## Diverse Developmental Channels

Employees are the most crucial asset of iST. We value comprehensive learning and growth opportunities for our employees and encourage them to continuously learn and reach their potential. We provide various development plans for employees at different stages to retain and nurture talent. Through diverse developmental channels and job training roadmap, employees can proactively acquire the skills necessary for the future and continuously cultivate their individual career development plans, creating an environment that offers unlimited growth opportunities for employees, which foster talent competitiveness and ensure a complete talent pipeline.

### Diverse Development Chart



#### New Employee Development (Sustaining Energy)

- Professional competency certification and development
- online learning /Self Directed Learning

#### Integrated Development (Building Competitiveness)

- Combination of core competency and general capability
- Multi-skilled training and cross-department cooperation

#### Professional Development (Deepening and Internalizing Experience)

- Duty and project experience
- Continued enhancement of professional and technical skills

#### Dual Track Development (Right Person in the Right Place)

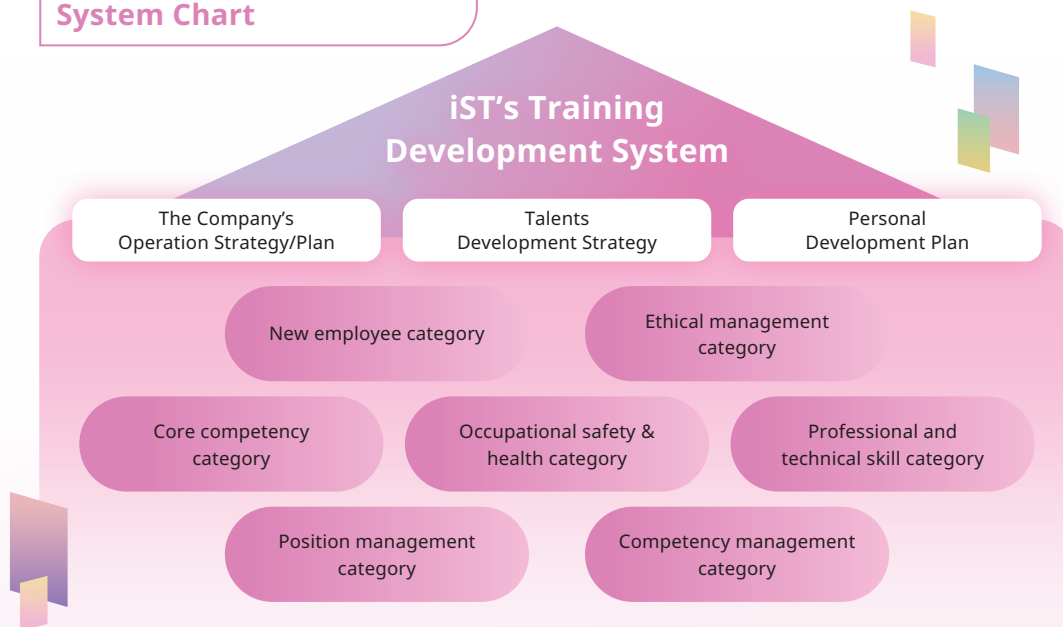
- Leadership roadmap for managements roles
- Leadership roadmap for technical roles

## Training Development System

iST plans 7 types of programs based on employees' development needs, creates diverse and rich learning journey, and promotes various training and projects through diverse training methods.

In 2020, the world has been affected by the COVID-19 epidemic. Although the promotion of physical courses has encountered various challenges, iST has adopted the digital learning platform as early as 2008 and has been at the forefront of digital learning. While adhering to the prevention of epidemics, we have also committed to cultivating talents through diverse and hybrid training approaches.

### iST's Training Development System Chart





### Training Time Investment Table By Gender

Items	2019	2020	2021	2022
Training hours (hrs)	8,402	7,302	7,444	11,488
Female employees count (persons)	413	432	409	461
Average training hours (hrs)	20	17	18	25

Items	2019	2020	2021	2022
Training hours (hrs)	11,609	12,174	8,864	13,424
Male employees count (persons)	496	527	469	532
Average training hours (hrs)	23	23	19	25

### Training Time Investment Table By Status

Status	Items	2019	2020	2021	2022
 Employee	Training hours (hrs)	15,032	15,689	13,699	22,808
	Employees count (persons)	692	787	718	821
	Average training hours (hrs)	22	20	19	28

Status	Items	2019	2020	2021	2022
 Managers	Training hours (hrs)	4,919	3,734	2,549	2,041
	Employees count (persons)	207	162	160	172
	Average training hours (hrs)	24	23	16	12

iST values the development of talents and spares no efforts in investing in training resources each year. The Company experienced a reduction in the rate of physical course offerings from 2020 to 2022 due to the epidemic. However, the Company adhered to its talent development policy and continued to invest in online resources. Therefore, the training hours in 2022 showed an approximately 20% increase compared to 2019, showing the quality of learning development results.

### Training Investment Table By Course Type

Course Category	Course Type	2019			2020			2021			2022		
		Batch	Participants	Hours	Batch	Participants	Hours	Batch	Participants	Hours	Batch	Participants	Hours
New employee category	Employee Code of Conduct, laws and regulations, environmental safety, quality management, information security, general capability, professional capability training and certification, and new employee consensus training camp	439	1,452	4,781	377	1,475	4,197	410	2,205	4,332	442	5,052	6,665
Core competency category	Customer service and competency development training	31	4,000	3,737	34	3,878	2,807	27	2,287	1,773	37	3,957	2,136
Professional and technical skill category	Professional competency development, keynote lecture, and technical seminar	287	2,171	4,301	251	2,222	2,815	133	1,639	1,517	256	1,742	3,056
Environmental, safety, and health category	Environmental safety and certification	66	1,056	3,163	68	928	3,717	41	1,243	3,368	37	899	5,336
Competency management category	Regulation management and competency development	7	378	1,804	4	232	933	10	313	1,138	8	35	16
Quality management category	Quality system and management	35	591	1,394	60	1,991	2,438	26	1,057	1,877	12	1,018	3,050
Ethical management category	Information security advocacy, workplace unlawful harm prevention, business secrets and non-compete, intellectual property rights, and ethical and integrity.	334	1,488	830	304	1,591	2,569	282	2,224	2,306	327	7,153	4,653
Total		1,199	11,136	20,011	1,098	12,317	19,476	929	10,968	16,309	1,119	19,856	24,912

- Note1:
- 2019: iST offered various training courses, with a total participation of 11,136 persons, 1,199 phases, and a total of 20,011 training hours. The average duration per employee was 22.0 hours; the total training cost was NT\$1,333,000.
  - 2020: iST offered various training courses, with a total participation of 12,317 persons, 1,098 phases, and a total of 19,476 training hours. The average duration per employee was 20.3 hours; the total training cost was NT\$1,056,000.
  - 2021: iST offered various training courses, with a total participation of 10,968 persons, 929 phases, and a total of 16,309 training hours. The average duration per employee was 18.4 hours; the total training cost was NT\$1,024,000.
  - 2022: iST offered various training courses, with a total participation of 19,856 persons, 1,119 phases, and a total of 24,912 training hours. The average duration per employee was 25.0 hours; the total training cost was NT\$1,150,000.

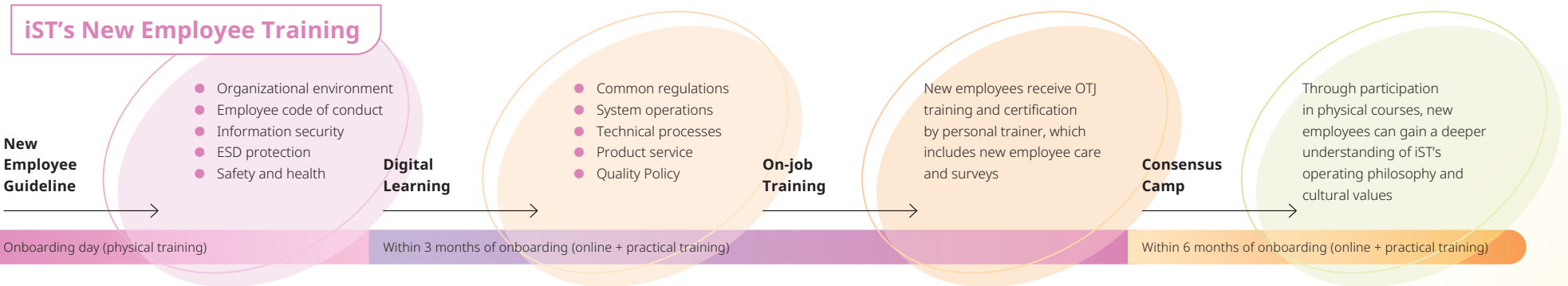
Note2: Due to the impact of epidemic from 2020 to 2022, physical courses were reduced and shifted to online learning methods (both synchronous and asynchronous).

Note3: The aforementioned course fees statistics only include external trainers and training expenses, excluding internal trainers and self-produced courses.



## New Employee Development Roadmap

iST systematically reinforces the professional capabilities of each iSTer through a comprehensive development roadmap. By means of iST consensus camp, we convey our operating philosophy and cultural values, and establish a common language to enhance indispensable service, unity, and innovative DNA in each iSTer.



### A Must For iSTers - iST Consensus Camp

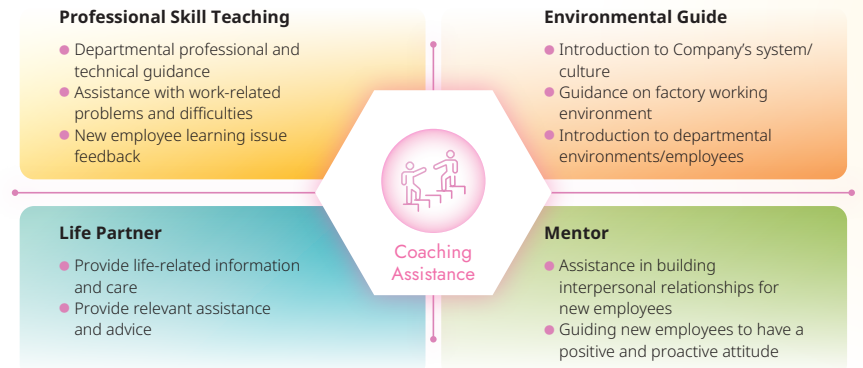
iST consensus camp is an essential experience for every iSTer, enabling new partners to gain a deeper understanding of iST's corporate vision and core values, and to create a co-prosperous future! The chairman never refrains from personally participating and sharing, demonstrating the value he places on talent development and cultivation.



The Chairman gives lessons personally to share operating philosophies and core values

### Hands-on Coaching System

In order to ensure the transfer of departmental expertise and knowledge, iST has implemented a coaching system that not only provides teaching in professional field, but also offers care and concern for new employees in their work and life to assist them in quickly getting their career on track and contributing to iST's competitiveness.



iST is dedicated to building a diversity, equity and inclusion workplace. In addition to local employees who are assisted and taught by coaches, foreign employees also experience consistent care and warmth, aiming to ensure that foreign employees live and work in peace and contentment.

*In my first week in morning shift under training, I had an amazing experience, the people made me feel welcome and I feel more challenge I do.*

*In my first week, while I'm observing, what happened inside the room, first is the good communication the leader and the employees are very good nice to other.*

**From Gideon**

*I like the environment especially the people surrounds me, they are very kind and helpful. They encouraged me and boost myself to the job.*

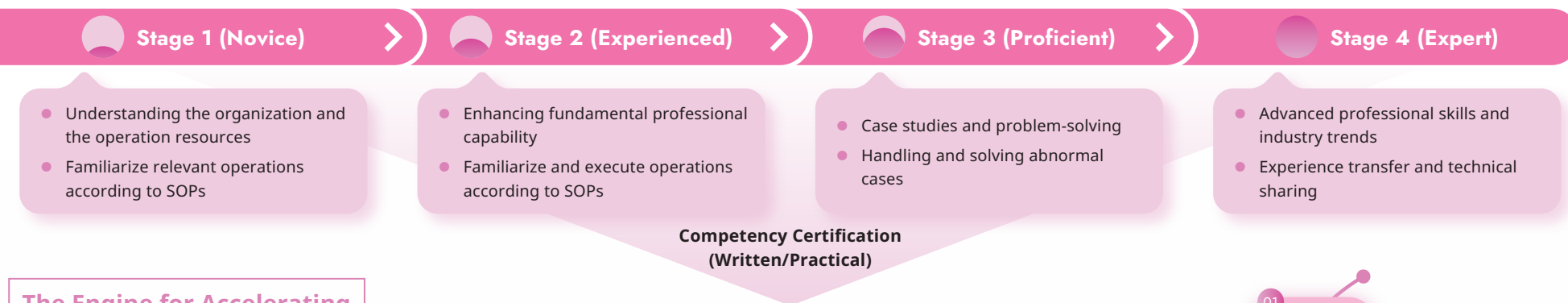
*I would better choose iST company because all people here work in company is very kind and always smile to the Philippine people.*

**From Karolelyn**



## Professional Training and Competency Certification

In addition to employees' experience in tasks and projects, iST establishes a professional training roadmap for each role and proceeds with training and certification to continuously enhance employees' professional capabilities.



### The Engine for Accelerating Talent Capability

iST has a complete system of internal lecture system to actively cultivate the next generation of talent, spreading the benefits of organizational growth through knowledge extraction and experience sharing; on the other hands, internal instructors accumulate essential corporate knowledge and operational wisdom, allowing for sustainability of experience and professional skills, and further helping customers to achieve sustainable business goal.



Physical and Digital Instructor Training

### Employee is the Master of Your Own Learning

iST flexibly utilizes the training platform system, offering abundant online course resources and numerous internal knowledge repositories for technical transfer, providing an environment for independent learning to break through time and space limitations, making learning ubiquitous and shaping a learning-centric organization.



### Overview of Recent Internal Instructor Teaching Status

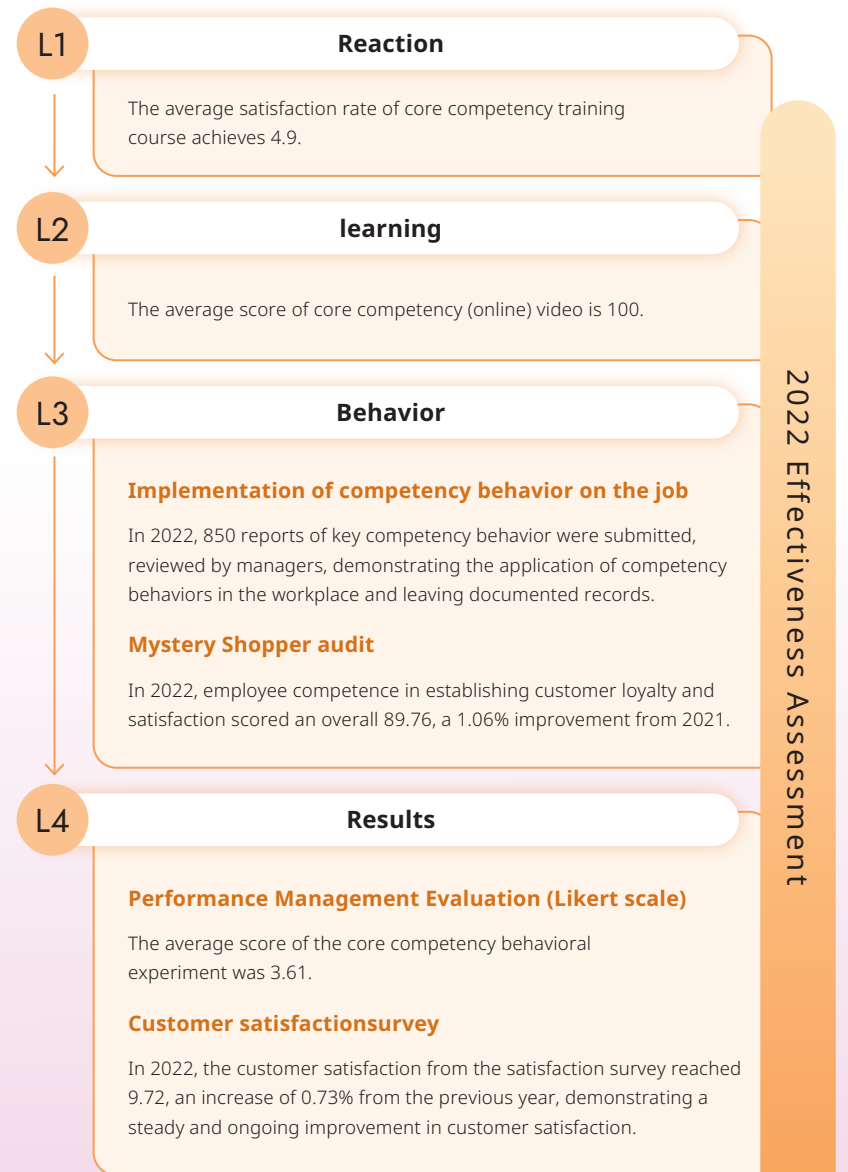
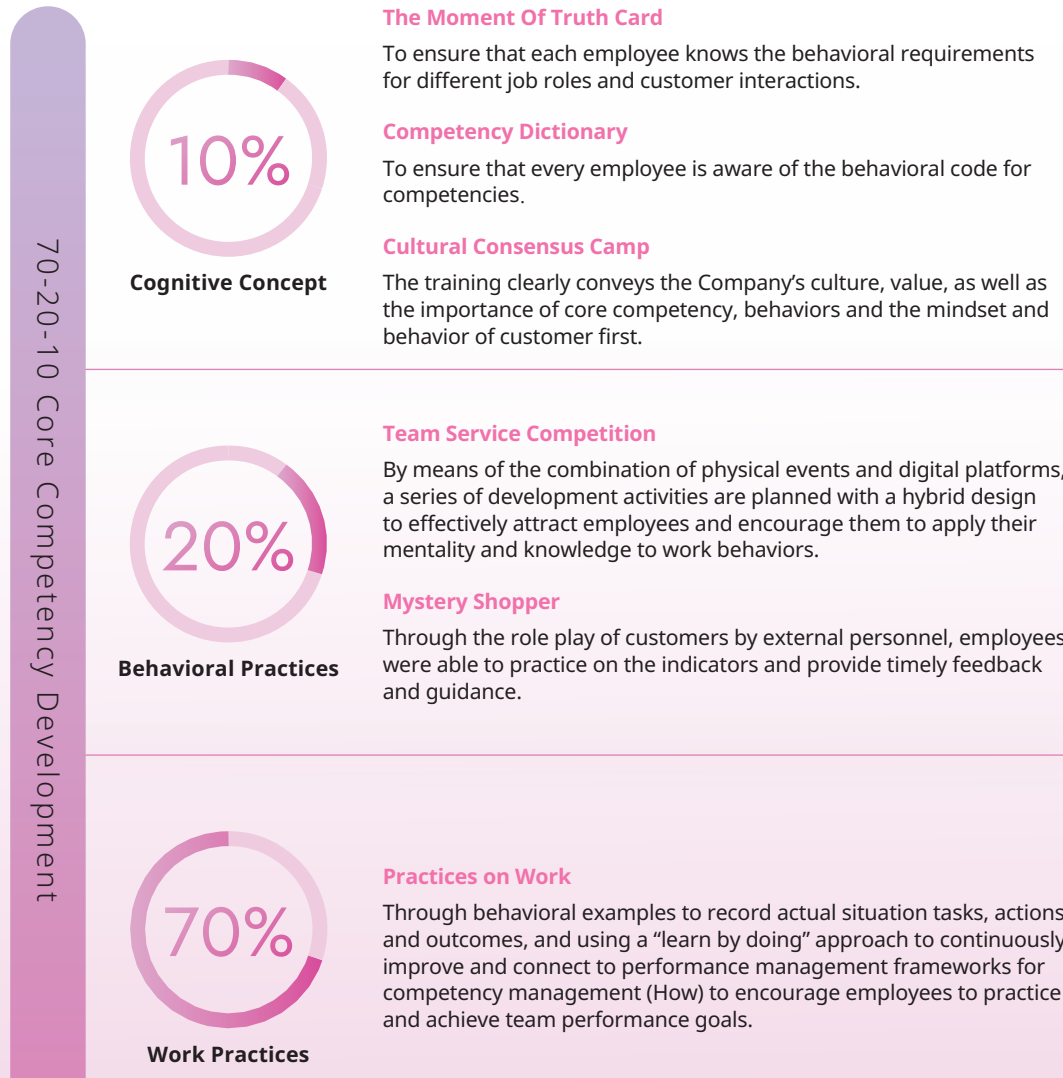
Year	2019		2020		2021		2022	
	Physical	Digital	Physical	Digital	Physical	Digital	Physical	Digital
Training courses	172	41	169	57	70	74	93	190
	213		226		144		283	
Total participants	3,271	6,048	3,452	7,172	2,248	7,261	2,502	15,375
	9,319		10,624		9,509		17,877	
Total training hours	9,877	3,477	9,442	2,945	8,703	3,224	13,633	5,246
			12,387		11,927		18,878	

- 01 Using the platform for online surveys targeting learning needs
- 02 Breaking through time and space limitations, making online learning more convenient
- 03 Linking post-training effectiveness to actual work behaviors evaluation
- 04 Employees and managers monitor and manage online learning data in time
- 05 Online courses and a library of technical articles enable employees to learn without time and space limitations

## Core Competency Development

iST follows the 70-20-10 model for core competency development, emphasizing 10% learning concepts and ideas, 20% practicing behaviors, and 70% practical work, to achieve the most effective learning outcomes. Each year, the Company organizes diverse cultural activities and implement multi-learning through the concept of “begin with the end in mind” to enhance learning motivation, inspire employees to take the initiative in demonstrating, and carry out their competency requirements. iST adopts the Kirkpatrick Model to track the effectiveness of training through four levels of evaluations: reaction, learning, behavior, and results, ultimately achieving the goal of win-win situation for both individuals and organization.

### iST Core Competency Development



## Dual-track development

To arouse the potential and retain talents, we provide a complete employee training mechanism and ensure the development of the employees in line with their respective characteristics, specialties, talent and aptitude using a “dual system” that can enhance their management and professional competency. The purpose of the system is to improve their initiative and engagement as well as the management benefit of the organization.

### Navigator of management



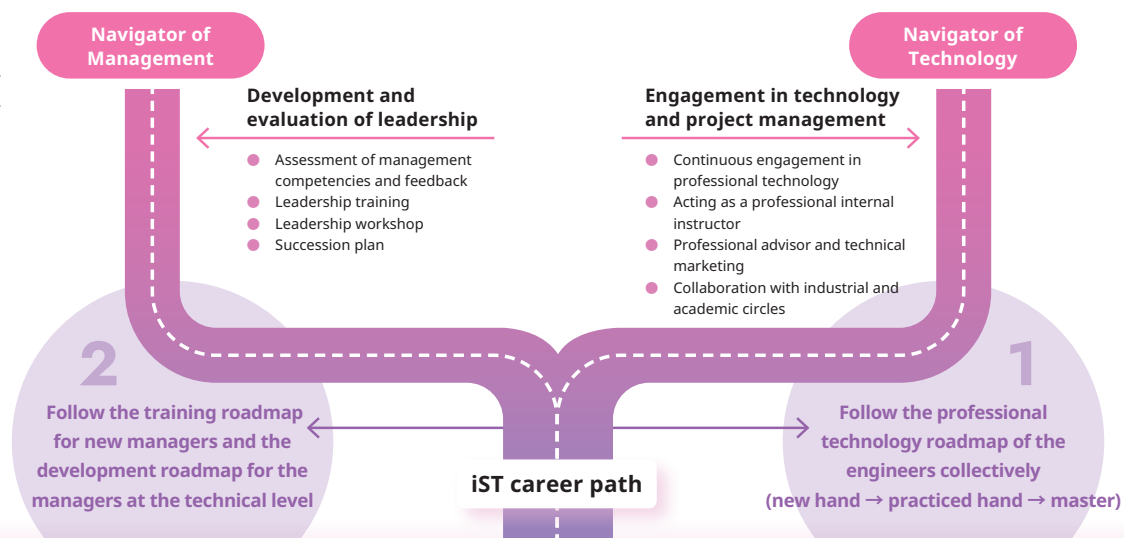
Improve the leadership of the manager in the aspects of planning, organization, leading and comprehensive control through the training under a management competency program to ensure stability and continuous growth at all levels of the organization.

### Navigator of technology



Continue to engage in the research and development of technological services, provide more professional judgments and recommendations within the organization, and look into the direction of development with respect to the technological services in the future.

### Dual Development Chart



### Customer Satisfaction Achieved through Dedicated Service

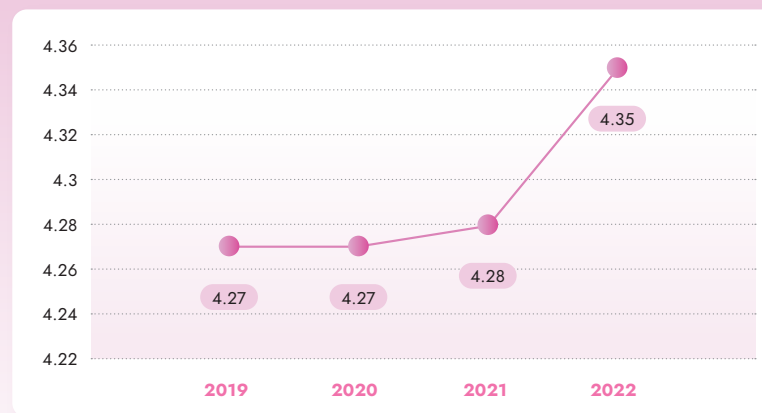
Building customer loyalty as the top priority of iST, we conduct service quality check through mysterious visitors to continuously enhance service quality by evaluating customer perception, learning, and behavioral changes, showcasing excellent service at iST.



BTS of iST Mysterious Visitor

### Employees as iST's Internal Customer

At iST, employees are regarded as customers, putting ourselves in their shoes, gathering feedback, understanding their needs, and striving to improve and provide solutions to satisfy iST's internal customers (employees).



Internal Customer Satisfaction Survey

## Performance Management and Development

IST's performance management and development system is helpful for the linkage and consistency of the organization, department and individual in terms of their goals. We make sure the direction of implementation among the employees by conducting performance review and communication in a timely manner, and make adjustment in response the alteration of the industrial environment. The result of the employees' work performance is reflected in the performance evaluation, which is helpful for their appointment, promotion, wage adjustment and development.

We combine the performance of all the employees with their individual development, promotion, reward and remuneration. The employees help with the continuous operational growth of the Company through a performance management system. And for the employees, they receive a real return and recognition in addition to a sense of accomplishment.

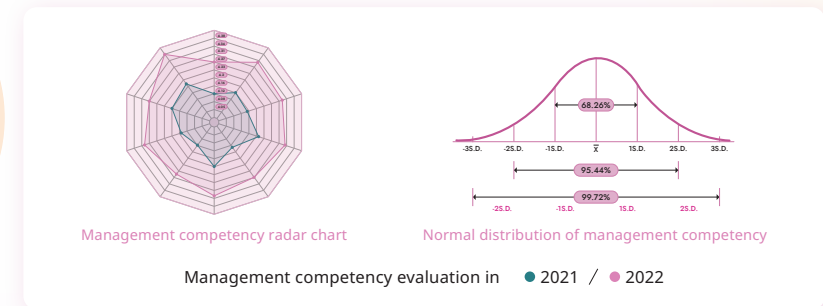
### Performance Management and Development Chart



### Competency Management Evaluation

In the performance management mechanism, managers play a key role in the continuous encouragement of teams and thus their management capabilities are reviewed every year to provide a reference for the training in this aspect and their promotion.

IST executes management competency evaluation through the competency evaluation system, examines managerial capacity from the perspective of manager and employee, generates a complete personal feedback and group analysis report. The application aspect focuses on talent development from personal ability and organizational performance enhancement.



### Award ceremony for outstanding employees

In addition to organizational and personal performance, we place more importance on the development and retention of key talents. Organizes rewarding, discussing and dining events for the employees who have outstanding performance every year. The Chairman and senior managers are invited to these events and the employees present put forth their opinions and suggestions to the Company.

The Chairman shows his appreciation and recognition to the outstanding employees in these events. He communicates and exchange with them in respect of their opinions and suggestions. In addition to creating a positive two-way interaction, the employees can further understand the expectations of the Chairman and the perspective of the Company.

In addition to a generous reward, outstanding employees can receive an exclusive lecture, an exquisite gift and a personal honorary leave, so that the partner can have a trip together with his/her families and they can share the honor with the employee and extend it further. We also adjust the wages of the outstanding employees to the extent of competitiveness, showing our appreciation and respect to the excellent talents of the Company.





## Diversity, friendly workplace

### Human Rights Policy

iST is committed to complying with international human rights treaties and upholding the principles of “Respecting Human Rights” and “Employing Talent Based on Suitability.” Our aim is to create a diversity, equity and inclusion workplace and actively promote gender equality, regardless of race, belief, religion, political affiliation, gender, marital status, disabilities, or other government-protected factors. These principles apply to recruitment, employment, training, advancement, compensation, and benefits, respecting the human rights of all employees. We look forward to growing together with our employees.

#### The following are iST’s regulations related to human rights management

##### Formulation of “Guidelines for the Prevention of Unlawful Infringement in the Performance of Duties,” “Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace”

We have sworn to protect all employees from physical or mental unlawful harm during the execution of their duties, creating a communicative, open management, and friendly working environment. A total of 230 participants attended workplace unlawful harm prevention education training sessions, with zero cases of discrimination or harassment-related complaints.

##### Regular labor-management meetings are held in accordance with “Regulations for Implementing Labor-Management Meeting”

Conduct labor-management meetings to publicize important messages and policies of the Company, at the same time, set up an employee communication mailbox to directly listen to employees’ opinions, make improvements, and facilitate an effective and fair communication mechanism to promote harmonious labor relations and create a win-win situation. Meanwhile, in accordance with labor rights and regulations, a labor contract adhering to Taiwan’s labor and human rights-related statutes is signed with each employee. In 2022, there were no complaint regarding violation of employee rights.

### Positive Communication with Employees through Diversities Channels

We have set up multiple smooth employee communication platforms to demonstrate the core value of “Focus on Human,” and created a harmonious and positive partnership by listening carefully and having dialogues actively. The opinions of the employees were addressed and replies were given to a rate of 100%. The Company also persist in “zero tolerance” to illegal infringement. The whistleblowing channel is confidential and smooth to the employees.

New employees can clearly understand the labor regulations through the employee guidelines on the date when they report for duty. We encourage the employees to put forth their opinions related to the business behavior of the Company and the labor conditions at the labor-management meeting. The employees authorized their representatives to participate in the labor-management collective bargaining in 2022.



#### Labor-management meetings

Held every quarter, both the employees and the management have full communication with each other and demonstrate a positive labor-management relationship.



#### Employee’s opinion

The opinions of the employees are understood through diverse and confidential communication and feedback platforms. The problem solving efficiency is demonstrated in a way of timely communication.



#### Welfare Committee Meeting

The Welfare Committee acts as a platform for understanding the employees’ opinions. It organizes proper employee exchange events to maximize the benefit of the employees.



#### Outstanding Personnel Discussion Meeting

The Chairman shows his recognition and appreciation in person. He exchanges opinions with outstanding employees to establish a positive two-way interaction and let them understand his expectations and the perspective of the Company.



#### Foreign Labor Discussion Meeting

Dissemination of laws and regulations, healthcare or related measures is held on an irregular basis. A two-way communication is achieved by encouraging employees to give their opinions.



#### Questionnaire & feedback

A satisfaction survey is conducted on a regular basis to collect the opinions of the employees as a reference for the planning of events in the future.



#### Employee assistance hotline

- Zero tolerance to illegal infringement hotline: 995
- Occupational health nurse hotline: 885



## ● Healthy, vital employee relations

Employees are the most valuable assets of a company. "There are no satisfied customers without happy employees" is the belief that we persist in. We treat employees as our family members and care about the physical and mental health of all the "iST folk." With the organization of different activities, we encourage employees to endeavor hand in hand with their families and keep balance between their work and life to create a warmhearted and positive workplace culture.

During the period from 2020 to 2022, the Welfare Committee suspended large-scale events in accordance with CDC's instructions due to the pandemic. However, in consideration of the corporate responsibility for the joint promotion of economy, we distributed additional iST consumption money to that distributed by the government. A total amount of \$7 million was distributed to arouse the willingness of the employees to participate in small social events.



### Employee Tour

Annual employee tour to create common tour experiences and enhance the affections among the employees.



### Family Day

The family day with different interesting events, public services and many activities including passing challenges, DIYs, and blind massage.



### Sport Competition

Exciting and interesting sports competitions attracted the departments to compete. The big reward, creative team name, and ordinary master excited the departments to hold together for a positive competition.



### iST Film Festival

The iST Film Festival that receives good comments is favorable and expectable to the employees and their children with a total of more than 1,200 participants every year.

## An energetic club

“Love your club and love your partner.” We encourage employees to join clubs and provide a high amount of subsidies for membership dues to encourage positive interaction between the employees of different departments.

The number of the clubs and members grow every year and more than 200 employees have joined the clubs. They provide many different events and all the employees have the opportunity to join them. The clubs include Wuxing and Yijing Club, Softball Club, Softball Club, Badminton Club, Muscle Training & Body Shaping Club, Yoga Club, Boxing Club, and Long Board Club. Employees may gather at the club and become more solidary to enhance the positive atmosphere in the organization.

We have a sports center and a multi-functional classroom, and encourage all the employees to exercise by providing sports courses.





## Contribute to Sustainability and environmental protection



### Sustainable Environment Event

Environmental protection and earth sustainability are the material issues that we have been concerned about for a long period of time. With the “small events creating great benefit” as the start point, we demonstrate our influence and work with the employees to promote environmental protection and education. Relevant events, including beach cleaning events, meatless diets, hand-made planting, recycle of used batteries, eco-friendly cups, an environment test for you, and microfilms of environmental protection, draw the attention of the employees to the environmental issues and form an awareness of sustainability among the employees. The number of participants increases every year with more than 800 participants in 2022.

## Support of Diversity and Equality, Emphasis on Teamwork

Benefit Items	Specific Measures
Social activity funds	The Company provide a fund of NT\$6,000/person to facilitate activities for promoting friendship between departments. A total amount of NT\$6,000,000 was distributed in 2022.
IST club activity	The Company grants clubs a high subsidy to encourage employees to participate in club activities. Extra incentives are offered to outstanding clubs. A total amount of NT\$600,000 was granted as subsidiaries in 2022.
Festival benefits	We provide every employee with a gift box and a cash gift of NT\$6,000 for Labor Day, Dragon Boat Festival and Moon Festival.
Subsidy to employee welfare	The Welfare Committee provides subsidies for marriage, childbirth, funeral, illness, hospitalization, etc. It also provides scholarship and grant-in-aid for the employees and their children.
Massage services of visually impaired people	Massage services are rendered by visually impaired people in every factory area to help employees relieve the stress.
Employee café/ recreation center	The Company has set up a café and a recreation center for the employees to relax after work.
Dedicated parking spaces for expectant mothers	In consideration of the difficulties that the employees are encountering during the pregnancy, the Company arranges dedicated parking spaces to reduce the walking distance for their convenience.
Employee dormitory	We provide new employees from other locations other than Hsinchu with safe and convenient accommodation environment.



## Promotion of Occupational Safety and Health

### Occupational safety and health policy and occupational safety and health management system

The Company has established an occupational safety and health management system that meets the requirements of ISO 45001. We protect the life, health and safety of the employees at each factory and of all the contractors and are dedicated to eliminating and preventing injury and illness through OJT, discussion within the safety committee and internal audit. In addition to improving the work environment and facilities, we continue setting up the equipment that meets the regulations and engineering standards, enhancing education and training of employees, implementing safety requirements and care for contractors, and establishing a complete and operable safety & health system and operation procedure in order to improve the safety and health level of the Company and create a premium safety and health culture.

In 2022, 993 employees of the Company and 148 contractors, respectively, were incorporated in our occupational safety and health management system; the acceptance of the ISO 45001 internal and external audits at Plant I in the Hsinchu Science Park during the reporting period was 49% (based on 485 employees) and 81% (based on 120 contractors), respectively.

### Occupational health and safety organization

We have established the ISO 45001 occupational safety and health management system with Plant I in the Hsinchu Science Park as the main certification site. In addition to enhancing the awareness of safety and health among the employees through education and training, we have established a Occupational safety and health committee in accordance with the law. It is formed by a chairman, 13 management representatives, and 13 labor representatives appointed according to Article 11, Regulations Governing Occupational Safety and Health. They occupy more than one third of all the committee members.

### Periodical Convention of Occupational Safety and Health Committee and Management Review Meetings

iST establishes the Occupational Safety and Health Committee, prevent occurrence of accidents, improve the work environment, and protect the health of the employees. The Committee holds a meeting every quarter and follows up the implementation of the resolutions until they are implemented completely. The Company holds an EHS management review meeting every year on a regular basis in the hope of finding out improvement and promotion solutions for EHS issues through brainstorming among the departments.

### Contractor Safety Management

As for the safety management of contractors, since construction is usually a high-risk project, we have established regulations on safety and health management of contractors to improve the Company's safety and health performance and reduce unforeseen risks. The same standards as those applicable to our employees are applied to the management of the personnel of the contractor and implemented strictly. In addition, we periodically hold a Mutual Agreement Organization meeting to communicate the awareness of occupational safety and health to the personnel of the contractor. Our occupational safety personnel come to the construction site on an irregular basis to implement inspection without early warning, correct unsafe actions of the contractor's personnel and thus reduce the risk.



## Health Promotion System and Prevention of Illness

IST establishes an occupational safety hazard identification and risk assessment system in the ISO 45001 occupational safety and health management system to conduct significant OHS risk assessment. Unacceptable risks and acceptable improvement opportunities are incorporated in the goal and action plan to control the risks effectively. We also develop the regulations on reporting safety and health incidents of different grades, including near miss, pursuant to the established abnormal incidents addressing system.

IST places much importance on the physical and mental health of the employees. The departments in charge of industrial safety and environmental protection follow the Health Management Procedure and comprehensively assess the OHS impacts of different social aspects such as physical and mental disorder at the workplace, verbal abuse, sexual discrimination, and sex harassment, hoping to take countermeasures as early as possible to protect the rights of the employees.

We have been educating our employees on the correct safety and health concepts regarding the specific occupational diseases, effectively communicate occupational safety and health policies of the Company, managing the professional occupational health training for employees, and developing the employees' good working habits, reducing human error, and arranging health examinations for employees working with special hazards in accordance with the laws and regulations. In addition to establishing the Safety, Health and Environmental Education and Training Regulations pursuant to ISO 45001, we appoint manager and relevant personnel of occupational safety and health affairs. They are required to take retraining within a given education and training period. For the employees who are transferred to other positions or whose functions are changed, the head of the new department shall determine if appropriate in-service occupational safety and health training is needed.

The topics on occupational safety and health in 2022 are described below



### Factory

- Employment of an occupational medicine specialist to provide on-site services.
- Formation of a pandemic prevention team was formed and dynamic adjustment of prevention measures
- Investigation of accidents by type and implementation of management measures by grade
- Improvement related to the accidents in the factory parking area
- Implementation of chemicals change control



### Supplier

- Development of contractor safety management measures
- Control of annual haul operations

## Infirmary Service

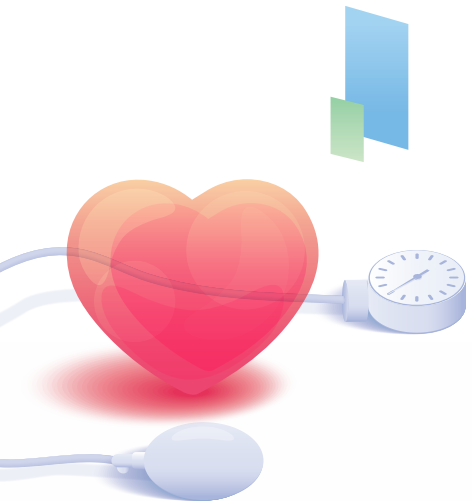
In addition to setting up an infirmary in charge of employee health management matters not associated with occupational disaster, we provide dedicated nursing and on-site physician services every month, and occupational medicine specialist services every four months. To have an in-depth understanding of the employees' physical and mental health, the occupational health nurse and doctor interview and pay an on-site visit on an irregular basis for the physical and mental health of the employees. They also give health education and presentation to indirectly enhance the awareness of health among the employees. We create files for the cases of special or critical illness and occupational disease in order to implement continuous care, follow-up and management, such as follow-up of injury cases healing at home and adaptation of the body after return to work.

A blood pressure device and a multi-functional scale are set up in the infirmary for the employees to use, so that they can understand their health status at any time. The professional dedicated nurse provides preliminary consultation and interview services about the medical issue and health concern of the employees. Further professional medical assessment and consultation will be arranged to provide the employees with a real-time and complete healthcare mechanism.



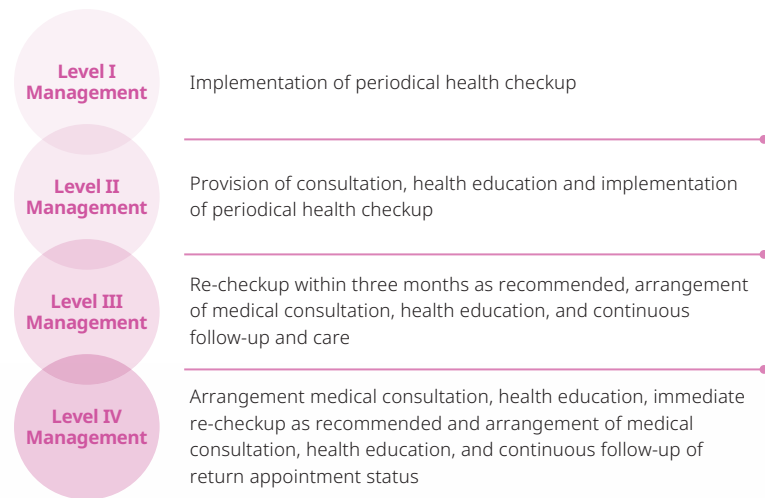
OM specialist onsite visit





## Health check-up and hierarchical management

We arrange “labor health checkup” and “special health checkup” every year under the conduction better than what the law requires. To ensure more complete checkup services, all the employees are checked at the hospital and the services cover the items more than the statutory coverage. The resultant checkup data are collected for analysis and a high-risk group is acquired under specific filtering conditions, for which health follow-ups and consultations are performed.



We organize a checkup presentation after the annual health checkup. For the employees who have abnormalities identified during the checkup, we arrange an interview by phone or in person and take individualized health education and follow-up measures. For example, we encourage them to monitor their blood pressure indexes and remind them of their health in order to enhance the awareness of health among the employees and achieve the goal of “prevention of illness as early as possible.” We act in compliance with personal data protection regulations. In consideration that the checkup data of the employees are personal, the Company implements retention, processing and application of relevant data in accordance with the Regulations of the Labor Health Protection, and does not use them for specific purposes without the written consent of the labor.

During the annual health checkup, we arrange special checkups for the employees who are engaged in specific hazardous operations (including ionizing radiation and operations involving lead, arsenic, hafnium or nickel). A doctor is arranged to provide on-site services and interviews for the employees who are classified into Level II Management. For the employees who are classified into Level III Management, we assist in the re-checkup at the hospital, arrange medical consultation, give care, provide health education, and recommend appropriate adjustment of the jobs. Relevant information in 2022 is described below.

### Statistics on the Number of Employees Taking Special Health Checkups

Laboratory	Special health checkup by type	Number of Employees
DECAP Lab	Ionizing radiation	12
SMT Lab	Ionizing radiation	2
MA Lab	As + hafnium + Ni	15
PFA Lab	Ionizing radiation	3

Laboratory	Special health checkup by type	Number of Employees
NDE Lab	Ionizing radiation	22
EFA Lab	Lead operations	23
ESD Lab	Lead operations	2
Others	Ionizing radiation	2

## Occupational disaster statistics and prevention

No occupational accidents or diseases occurred in 2022. We spare no efforts in the provision of safe work environment for employees. In addition to setting up a committee or dedicated department in charge of occupational safety and health affairs, we request the person in charge of the business operation or his/her deputy to hold meetings in the nature of occupational safety and health on a regular basis, in order to achieve the occupational safety system that can meet the requirements for proposition, communication, monitoring and implementation between the labor and management.

## Investigation and Handling of Accidents

Through relevant dissemination, we help the employees clearly understand the exercise of the right to refuse or to stop working under relevant occupational safety regulations when imminent danger may occur during the implementation of their duties and such exercise will not affect the safety of other workers; for the investigation of accidents, we have established an accident investigation procedure and, in addition to the department where an accident occurs, professional personnel will participate in the investigation. The result of the investigation will be announced to the employees. Improvements and follow-ups will be performed through audits and the management review meeting to avoid recurrence of the accident. No occupational accidents occurred in 2022.

### Employee and contractor disabling injury in 2022

Type	Metric	Statistics
Employee	Accident Work Hours of Employees	0
	Number of Occupational Diseases	0
	Injury Frequency Rate (FR) / Occupational Disease Rate (ODR) / Disabling Injury Severity Rate (SR)	0
	Number of Occupational Accidents / Number of Work-related Fatalities	0

Type	Metric	Statistics
Contractor	Accident Work Hours of Contractors	0
	Number of Occupational Accidents / Number of Work-related Fatalities	0

Note 1: Disabling Injury Severity Rate (SR) = (lost days/total work hours)\*1000000. Lost days: the number of "days" of "lost" work hours of the workers who are unable to work due to an occupational accident or occupational disease. Employees engaged in limited duty or substitution in the same organization is not included in lost days.

Note 2: Injury Frequency Rate (FR) = (total occupational injuries / total work hours)\*1000000

Note 3: The SR and FR statistics do not include traffic accidents and contractors.

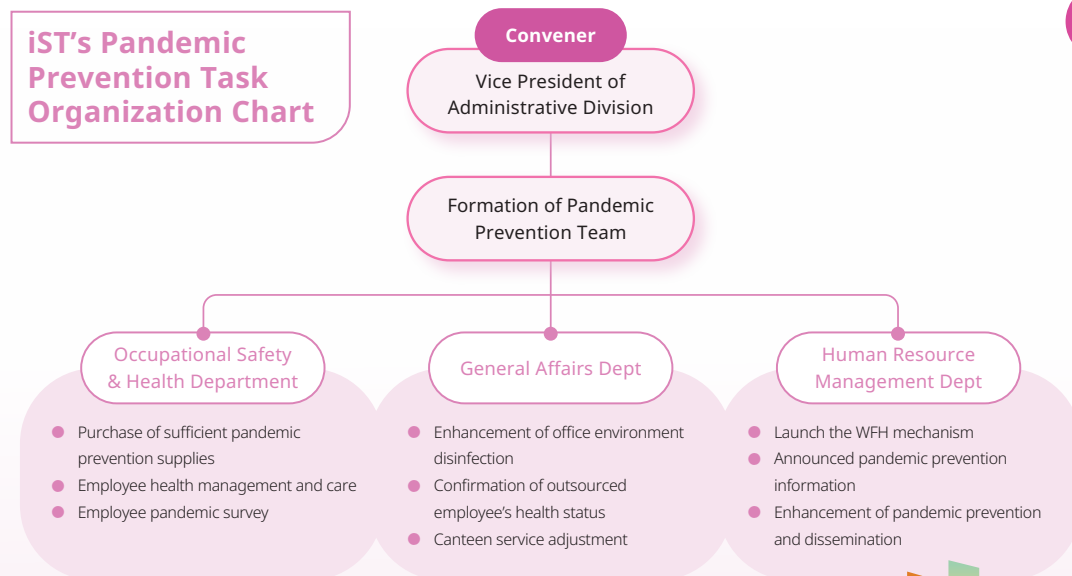
## Crisis and Emergency Response Countermeasures

We have established an EHS emergency response plan to control accidents. Drills are conducted on a regular basis to become familiar with the response steps. This is helpful to minimize the spread of an accident when it occurs and reduce the damage to the personnel and equipment.



## ● Prevention Response to COVID-19 Pandemic, Protection of the Health at the Workplace for Customers and Employees

Protecting the health of the customers and employees was the highest policy of the Company during the pandemic prevention period. Based on this policy, we established a pandemic prevention and response team before the spread of the pandemic began, and the Vice President of Administrative Division acting as the convener. Every department established its own emergency response team to take positive pandemic prevention measures. We also performed pandemic impact assessment and took response measures in accordance with the regulations established by the competent authority of the government to ensure the Company could continue providing services for customers and protecting the health of the customers and all the employees. No cluster infection has occurred since the outbreak of the pandemic. The Company operated normally during the pandemic and there was no interruption of production.

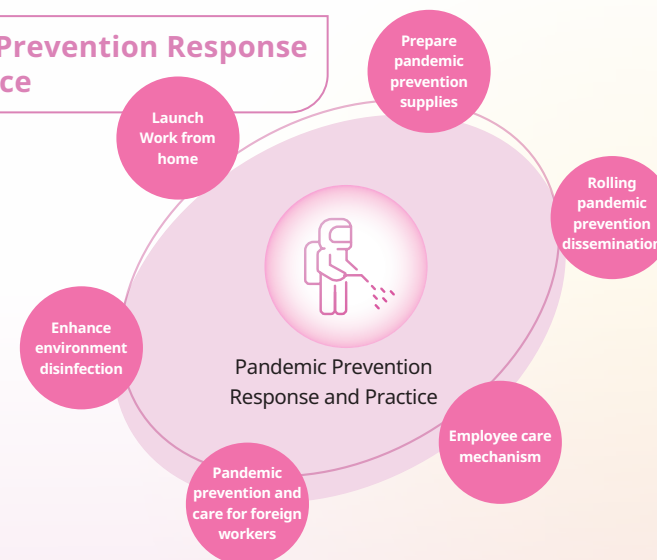


### Purchase sufficient pandemic prevention supplies

- These supplies included surgical masks, hand sanitizers, 75% medical ethanol, ear thermometers, forehead thermometers, goggles, bleach, and non-contact rubbish cans with lids. They were distributed to specific employees of high risk in accordance with the resolution of the pandemic prevention meeting.
- Provide free masks and rapid test kits for employees and customers.
- Set up additional "face recognition temperature measurement terminals."

### The Coronavirus Disease 2019 (COVID-19) prevention measures in 2022 are described below

#### COVID-19 Prevention Response and Practice



### Rolling pandemic prevention dissemination

- Pandemic reporting: Employees could call the occupational health nurse hotline "885" directly. The Company has created an official Line Group for the infirmary to provide employees with consultation and health education services.
- Access control, body temperature monitoring, and care in abnormal circumstances were conducted.
- An emergency response mechanism and health education have been established for suspected or confirmed COVID-19 cases among the employees.
- We provided the "pandemic prevention insurance policy" for the employees who were on business travel or exposed to high risk.



### Rolling pandemic prevention dissemination

- Pandemic prevention dissemination: In response to the rolling pandemic update, health education information was announced on an irregular basis to enhance new pandemic prevention knowledge and correct health awareness. There were about 20 pieces of information in 2020, 50 pieces in 2021 and 55 in 2022 to keep update in line with the pandemic prevention policy of the government.
- Provision of pandemic prevention lectures.
- Weekly questionnaire survey to interrupt the pandemic.
- For vaccination, paid sickness leave was provided to encourage employees to have an inoculation. The coverage of two inoculations reached up to 96% in 2022.



### Work from home

- Drills of work from home were conducted in the factory and office areas.
- Specific employees launched



### Enhancement of environment disinfection

- Additional ethanol and disinfectant were available on each floor as well as in the public area and meeting room.
- Disinfection was conducted more frequently and twice a day in the public area.
- Partitions were set up between seats and employees had meals in a single row.



### Pandemic prevention measures for foreign workers

- Payment of a pandemic prevention assistance bonus: To encourage less gathering and reduction of the pandemic spread risk, the Company provides a pandemic prevention assistance bonus as an encouragement for the employees to cooperate in the pandemic prevention measures and protect personal health at the workplace.
- Payment of a vaccination bonus: In response to the vaccination policy of the government, we pay a bonus for foreign workers who have finished the vaccination as an encouragement for them to finish the vaccination as soon as possible.
- Free PCR testing: As the first company supporting the PCR test, we communicated with the government proactively and arranged the test for foreign workers. The Company bore all the test costs.
- Pandemic prevention dissemination and health education: We continued to conduct health education and dissemination in English to remind them of related pandemic prevention information.
- Enhancement of disinfection: We conducted daily disinfection of the dormitory and shuttle bus for foreigner workers.
- Provision of care and supplies packs: In consideration of the physical and mental care, we provided correct healthcare information for the foreign worker who was a confirmed case during the isolation period to make them feel secure. We also provided care and supplies packs for them to show our warmheartedness.

### Pandemic Prevention Dissemination Bulletin

#### Prevent Pandemic Together • Everyone's Responsibility

#Wear Mask #Wash Hands



#### Wear Mask

Wear mask  
(including in the workplace area)  
except dining



#### Do not Talk

Don't talk when picking up food and  
during the meal.  
(Please have the meal at your seat, if any.)



#### Do not Eat

Food and beverage prohibited in meeting  
room/staff room/101 Cafe/VIP room  
(except for drinking water)



#### Visit a Doctor ASAP

Visit a doctor and don't enter the  
factory if you have a fever, sore throat  
or related symptoms.

The Administrative Division cares about you



## Social Engagement

As a leader in the verification and analysis field of the electronics industry, we know very well that the actions we take will affect the customers, suppliers, our life, the communities at our business locations, and the global climate and environment. Keeping our responsibilities in mind, we fulfill our corporate social responsibilities while pursuing the growth of our business, and are dedicated to caring for the disadvantaged groups and promoting the environmental safety, diverse and inclusive workplace, and other aspects.

### Supporting National Core Strategies and Promoting Upgrade of the Industry

The major purpose of the Phase-III National Long-Term Space Technology Development Plan of Taiwan is to combine domestic advantageous industries for the development of the space industry in Taiwan and have a share on the international space market. In the meantime, we support the six national core strategic industries by working with other companies in the industry and the strategic industry-academy alliance to promote upgrade of the semiconductor industry. As a company that has developed deeply in the verification of electronic parts and components in the semiconductor industry for a long time, iST is very familiar with relevant regulations. In this alliance, we not only need to analyze space-related specifications of the European Union and other foreign countries and plan radiation verification regulations and procedures, but also play a key role in the establishment of the space radiation environment testing regulations for Taiwan.

#### Play a key role in the establishment of the space radiation testing regulations for Taiwan

The space market and the radiation-resistant product market in the world have grown rapidly in recent years. To deploy Taiwan's space development road map, Taiwan Space Agency has worked with domestic academic and research institutions to test the radiation resistance of components since 2019. iST joined the "Radiation Testing Alliance of National Space Organization" in 2020 to provide space component testing services.

As Taiwan Space Agency changed its legal system to a non-departmental public body in 2023, iST signed a MOU with it and other nine institutions to improve our testing and verification capacities and bring more momentum to the Radiation Testing Alliance of National Space Organization.

#### Work with national institutions to assist academic and research institutions with prospective academic research

We have become a partner of Taiwan Instrument Research Institute under the National Applied Research Laboratories (TIRI) in recent years. iST's responsibility is to provide professional verification and analysis services and assist in the analysis of new semiconductor materials and their applications.

In addition, iST, National Chung Shan Institute of Science & Technology (NCSIST) and National Synchrotron Radiation Research Center (NSRRC) signed the "High Resolution Detection Alliance MOU" at the end of 2019, aiming to collaborate in various aspects including reliability assurance (RA), failure analysis (FA) and material analysis (MA).

We also work with academic institutions and assist the professors of the University of Pennsylvania (USA), Chang Gung University, National Yang Ming Chiao Tung University and National Cheng Kung University, in the research of the most advanced processes.

As the above-mentioned collaborations show, our strength in the verification and analysis is highly recognized by national research institutes. We make contributions in line with the science and technology policies of the government, support prospective researches, and promote new scientific discoveries.



Invitation to the MOU Signing Ceremony for the Radiation Testing Alliance of National Space Organization

## ● Accumulation of Technological Capabilities and Implementation of Technological Exchange

iST upholds the core essence of solving critical problems and creating values for customers, and turns our profound technology into knowledge services. By organizing workshops, issuing e-newsletter, and producing videos, we are committed not only to standing at the front of the trend, but also growing together with the customers.

### Generously sharing verification methods to assist Taiwan industries in achieving co-prosperity and mutual benefit

As a professional company in solving electronic verification problems, iST's solution-oriented informative speeches are highly recognized. We irregularly organize workshops or accept invitation from external institutions to give speeches openly based on current trends and demands. In the most recent 5 years, we have organized 18 workshops and accepted invitation to give 8 external speeches. We share our solutions deriving from tens of thousands of products with industries in the hope to promote co-prosperity and mutual benefit among them.



iST Has Organized Many Large-Scale Workshops Lectured by Professional Instructors

## ● Community Care and Education

Except for the operating base in an office & factory building in Neihu, all of our factories are located in Hsinchu where the characteristics of an industrial cluster are evident. The Branding Planning Dept. and the Welfare Committee are currently communicating with local communities and making environmental and social impact assessment. There were no significant environmental, social and economic impacts on surrounding communities and factories during the reporting period.

We have not produced potential negative impact on the communities at the places where our operating bases are located. Instead, we have continued cultivating talents for the technology industry and taking care of the students in remote and rural areas by supporting surrounding social welfare organizations and granting scholarships. We also implement a reading program for the pupils of remote and rural schools to help them develop a good reading habit and learn the knowledge of chemistry, and thus improve their competitiveness for the future. In addition to improving the learning capacity, we work with related organization to promote EQ education for children, improve individual emotional quotient capacity, and thus facilitate a harmonious and happy society. For the organization of the people with disabilities, we launched the "Palm Down" plan and made contributions to society by inviting them to sell their agricultural products.

### Organize the 2nd Sweet Girl Public Welfare Event to Raise \$1 million and Invite Customers to Light Up the Corner

iST initiated the public welfare event – The Sweet Girl – and granted the donator a self-made Sweet Girl Desk Calendar. Customers were invited to make a contribute to the disadvantaged people in the corner of society. \$1 million was raised in this 2nd public welfare event. Without deducting the cost, we donated all of the money to the local social welfare organizations that we have supported for a long time, including Boyo Social Welfare Foundation, TFCF Hsinchu Branch, SAINT JOSEPH Sunrise Opportunity Center, Children Are Us Foundation, Grown-up with Hands Family, Miracle Home, Taiwan Happiness Village Emotion Education Association, SAINT JOSEPH Social Welfare Foundation, Catholic Change-An Home for the Elderly.

## Love circulation plan for connection of two generations with love

We collaborate with social welfare organizations and provide our factory area for them to sell their products. We also share the stories of these special children during the event and help employees understand more about these organizations, in the hope to spread love by exerting the influence and help more people in need.

All the charity bazaar events held in the laboratory were suspended due to the pandemic from 2021 to 2022. To continue encouraging the children, we launched the “Love Circulation Plan” during the pandemic by buying fresh vegetables and fruits grown by the children and having them transported directly to Catholic Change-An Home for the elderly, connecting the “children who support themselves by their own labor” with the “elderly who enjoying their peaceful life.” In addition to securing the operations of the social welfare organizations that we have been concerned about for a long time, we provided the sources of safe and health food for the elderly. We paid close attention to every corner during the pandemic, connected two generations with love, and marched forward with them.



The Residents at the Catholic Change-An Home for the Elderly Enjoyed Cakes and Fresh Vegetable and Fruit Happily

## From reading skills to emotional intelligence education to support and enhance the limitless potential of students

We have worked with Global Views Commonwealth Publishing Co., Ltd. Since 2016 to jointly implement reading plans for the students of the elementary schools in remote and rural areas. By helping 37 to 38 schools every year, we have cumulatively provided extracurricular readings for 4,386 children and helped them develop a good reading habit from their childhood. The images of the children are expanded through reading and enlightenment, and they are expected to be more positive in attitude, full of confidence and unique in their development.

In addition to the improvement of the learning capacity, we work with Taiwan Happiness Village Emotion Education Association to promote EQ education for children, improve individual emotional quotient capacity, and thus facilitate a harmonious and happy society. In addition to school-age children, we have long been concerned about the dependent teenagers of broken families. For them, we work with Miracle Home to offer them scholarship and arrange them to visit workplaces, arousing their imagination of their career in the future. By doing so, we hope that their motive power of self-directed learning and improvement can be aroused by their own broadened road maps in their heart.



Sponsored Remote and Rural Schools and Children Sent Us a Thank-You Letter

## ESG Dissemination from the Inside Out

### Environmental protection activities to make a contribution to the earth

We have supported environmental protection and earth sustainability activities for a long time. With the “small events creating great benefit” as the consideration, we demonstrate our influence, promote our awareness of environmental protection, and implement environmental education to call the employees to march toward the goal of environmental protection.

### Periodical blood donation event: Call employees to roll up sleeves for public welfare

We work with local blood centers to organize blood donation events periodically and demonstrate our influence to call employees to roll up sleeves for public welfare.



iST supports the beach-cleaning and environment-protection events of the government





# 06

## Appendix

GRI Standards Comparison Table / The Professional Commercial Service Guidelines from the Sustainability Accounting Standards Board (SASB)	88
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## Appendix I. GRI Standards Comparison Table



Statement on Use	With reference to GRI Standards, iST reported the content from January 1, 2022 to December 31, 2022.
Used GRI	GRI 1: Foundation 2021
Applied GRI Sector Standards	None

GRI Standards/Source	Disclosure Item	Page	Note		
			Omission	Reason	Explanation
General Disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	3,17			
	2-2 Entities included	14			
	2-3 Reporting period, frequency and contact point	3			
	2-4 Restatements of information		V		First year compilation
	2-5 External assurance	94			
	2-6 Activities, value chain and other business relationships	3,14			
	2-7 Employees	17			
	2-8 Workers who are not employees	17,61			
	2-9 Governance structure and composition	7,8,23			
	2-10 Nomination and selection of the highest governance body	22			
	2-11 Chair of the highest governance body	5,22			
	2-12 Role of the highest governance body in overseeing impacts	8,25,27			
	2-13 Delegation of responsibility	8			
	2-14 Role of the highest governance body in sustainability reporting	8,26			
	2-15 Conflicts of interest	22,29,30			
	2-16 Communication of critical concerns	29			
	2-17 Knowledge of the highest governance body	24			
	2-18 Performance evaluation organization of the highest governance body	8			
	2-19 Remuneration policies	26			

GRI Standards/Source	Disclosure Item	Page	Note		
			Omission	Reason	Explanation
GRI 2: General Disclosures 2021	2-20 Process to determine remuneration	26			
	2-21 Annual total compensation ratio (cannot be excluded)	63			
	2-22 Statement on sustainable development strategy	5			
	2-23 Policy commitments	29			
	2-24 Embedding policy commitments	29,30			
	2-25 Processes to remediate negative impacts	14			
	2-26 Mechanisms for seeking advice and raising concerns	29			
	2-27 Compliance with laws and regulations	41			
	2-28 Membership associations	46			
	2-29 Approach to stakeholder engagement	10			
	2-30 Collective bargaining agreements		V		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	11			
	3-2 List of material topics	12,13			
GRI 201: Economic Performance 2016					
G3: Material Topics 2021	3-3 Material topic management	17			
201-1	Direct economic value generated and distributed by the organization	21			
201-2	Financial implications and other risks and opportunities due to climate change	36			
201-3	Defined benefit plan obligations and other retirement plans	63			
201-4	Financial assistance received from government		V		No relevant assistance in 2022
GRI 202: Market Presence 2016					
G3: Material Topics 2021	3-3 Material topic management	17			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage		V		Minimum wage complied with the labor law and regulation in Taiwan
202-2	Policy of hiring locals and proportion of locals in senior management	62			
GRI 205: Anti-corruption 2016					
G3: Material Topics 2021	3-3 Material topic management	30			
205-1	Operations assessed for risks related to corruption	30			
205-2	Communication and training about anti-corruption policies and procedures	30			
205-3	Confirmed incidents of corruption and actions taken		V		No relevant incident in 2022





GRI Standards/Source	Disclosure Item	Page	Note		
			Omission	Reason	Explanation
GRI 302: Energy Consumption 2016					
G3: Material Topics 2021	3-3 Material topic management	33			
302-1	Energy consumption within the organization	35			
302-2	Energy consumption outside of the organization	35			
302-3	Energy intensity	35			
302-4	Reduction of energy consumption	36			
302-5	Reductions in energy requirements of products and services	36			
GRI 303: Water 2018					
G3: Material Topics 2021	3-3 Material topic management	33			
303-1	Interactions with water as a shared resource	39			
303-2	Management of water discharge-related impacts	40			
303-3	Water withdrawal	39			
303-4	Water discharge	40			
303-5	Water consumption	40			
GRI 305: Emissions 2016					
G3: Material Topics 2021	3-3 Material topic management	33			
305-1	Direct (Scope 1) GHG emissions	34			
305-2	Energy indirect (Scope 2) GHG emissions	34			
305-3	Other indirect (Scope 3) GHG emissions	34			
305-4	GHG emissions intensity	35			
305-5	Reduction of GHG emissions	36			
305-6	Emissions of ozone-depleting substances (ODS)	36			
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	35			
GRI 306: Waste 2020					
G3: Material Topics 2021	3-3 Material topic management	33			
306-1	Waste generation and significant waste-related impacts	38			
306-2	Management of significant waste-related impacts	37,38			

GRI Standards/Source	Disclosure Item	Page	Note		
			Omission	Reason	Explanation
306-3	Amount of waste generated	38			
306-4	Amount of waste outsourced for final disposal	38			
306-5	Amount of waste directed to disposal in factory	38			
GRI 307: Environmental Compliance 2016					
G3: Material Topics 2021	3-3 Material topic management	33			
307-1	Non-compliance with environmental laws and regulations	41			
GRI 401: Employment 2016					
G3: Material Topics 2021	3-3 Material topic management	59			
401-1	New employee hires and employee turnover	61			
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	63			
401-3	Parental leave	62			
GRI 402: Labor-Management Relations 2016					
G3: Material Topics 2021	3-3 Material topic management	59			
402-1	Minimum notice periods regarding operational changes	61			
GRI 403: Occupational Health and Safety 2018					
G3: Material Topics 2021	3-3 Material topic management	59			
403-1	Occupational health and safety management system	78			
403-2	Hazard identification, risk assessment, and incident investigation	81			
403-3	Occupational health services	79			
403-4	Worker participation, consultation, and communication on occupational health and safety	78,79,81			
403-5	Worker training on occupational health and safety	79			
403-6	Promotion of worker health	79			
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	79			
403-8	Workers covered by an occupational health and safety management system	78			
403-9	Work-related injuries	81			
403-10	Work-related ill health	81			



GRI Standards/Source	Disclosure Item	Page	Note		
			Omission	Reason	Explanation
GRI 404: Training and Education 2016					
G3: Material Topics 2021	3-3 Material topic management	59			
404-1	Average hours of training per year per employee	67			
404-2	Programs for upgrading employee skills and transition assistance programs	71			
404-3	Percentage of employees receiving regular performance and career development reviews	73			
GRI 405: Diversity and Equal Opportunity 2016					
G3: Material Topics 2021	3-3 Material topic management	59			
405-1	Diversity of governance bodies and employees	24			
405-2	Ratio of basic salary and remuneration of women to men	63			
GRI 413: Local Communities 2016					
G3: Material Topics 2021	3-3 Material topic management	59			
413-1	Operations with local community engagement, impact assessments, and development programs	85			
413-2	Operations with significant actual and potential negative impacts on local communities	85			
GRI 414: Supplier Social Assessment 2016					
G3: Material Topics 2021	3-3 Material topic management	43			
414-1	New suppliers that were screened using social criteria	55			
414-2	Negative social impacts in the supply chain and actions taken	57			
GRI 418: Customer Privacy 2016					
G3: Material Topics 2021	3-3 Material topic management	43			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	54			

## Appendix II. The Professional Commercial Service Guidelines from the Sustainability Accounting Standards Board (SASB)

Disclosure Topic	Metric Code	Nature	Disclosure Metric	Page	Note
 Information security	SV-PS230a.1	qualitative	Description of approach to identifying and addressing data security risks	52	
	SV-PS230a.2	qualitative	Description of policies and practices relating to collection, usage, and retention of customer information	53	
	SV-PS230a.3	quantitative	(1) Number of data breaches, (2) percentage involving customers' confidential business information or personally identifiable information, and (3) number of customers affected	N/A	(1) 0 case (2) 0 % (3) 0
 Professional Integrity	SV-PS510a.1	qualitative	Description of approach to ensuring professional integrity	N/A	
	SV-PS510a.2	quantitative	Total amount of monetary losses as a result of legal proceedings associated with professional integrity	N/A	
 Workforce Diversity and Engagement	SV-PS-330a.1	quantitative	% of gender for executive management and all other employees	60,61	
	SV-PS-330a.2	quantitative	Employees turnover rate		
	SV-PS-330a.3	quantitative	Employee engagement (%)		
 Operational Metrics	SV-PS-000.A	quantitative	Number of employees by (1) full-time and part-time, (2) temporary and contract	60	
	SV-PS-000.B	quantitative	Employee working hours and pay rate		pay rate 100%

# Appendix III. Independent Third-Party Assurance Statement



## Independent Assurance Statement

### To the Management and Stakeholders of Integrated Service Technology Inc.

DQS has been engaged by Integrated Service Technology Inc. to provide independent assurance over parts of a Sustainability Report 2022. The engagement took place from August to September 2023.

The objective of this assurance engagement was to independently express conclusions on underlying reporting processes and validate qualitative and quantitative claims, so as to limit misinterpretation by stakeholders and increase the overall credibility of the reported information and data.

### Scope of assurance

The assurance encompassed parts of a Sustainability Report during the reporting period January 2022 to December 2022. The assessment includes following indicators:

- GRI 2-1-2-30, GRI 3-1-3-2
- GRI 201-1-201-4, GRI 202-1-202-2, GRI 205-1-205-3
- GRI 302-1-302-5, GRI 303-1-303-5, GRI 305-1-305-7, GRI 306-1-306-3, GRI 307-1
- GRI 401-1-401-3, GRI 402-1, GRI 403-1-403-10, GRI 404-1-404-3, GRI 405-1-405-2, GRI 413-1-413-2, GRI 414-1-414-2, GRI 418-1
- SASB: SV-PS230a.1-3, SV-PS510a.1-2, SV-PS-330a.1-3, SV-PS-000.A, SV-PS-000.B

The assurance engagement was performed in accordance with a Type 2 assurance of the AA1000 Assurance Standard (AA1000AS v3), which consists of:

- Evaluating the company's sustainability framework and processes using the inclusivity, materiality, responsiveness and impact criteria of the AA1000 AccountAbility Principles (AA1000APS 2018), and
- Evaluating the quality of the reported sustainability performance information.

The report has been self-declared to be in accordance with requirements of the GRI and SASB Standards.

### Level of assurance and limitations

A moderate level of assurance under AA1000AS was provided for this engagement. Information and performance data subject to assurance is limited to the scope described above.

The assurance did not cover financial data, technical descriptions of buildings, equipment and production processes or other information not related to sustainability.

The assurance engagement is not a compliance audit and does not assess or evaluate compliance with applicable laws and regulations.

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### Independence and Competences of the Assurance Provider

The DQS Group is an independent professional services firm that provides assurance on sustainability disclosures under the Global Reporting Initiative (GRI), CDP and other specialized management and reporting mechanisms. Independent verifiers have not been involved in the development of the report or have they been associated with Integrated Service Technology Inc. sustainability program, data collection or strategic processes.

DQS Group ensures that the assurance team possesses the required competencies, maintained neutrality and performed ethically throughout the engagement. Further information, including a statement of impartiality, can be found at: [www.dqsglobal.com](http://www.dqsglobal.com).

The management of Integrated Service Technology Inc. was responsible for the preparation of the sustainability data.

### Assurance Methodology

The assurance procedures and principles used for this engagement were drawn from the International Standard AA1000AS and methodology developed by DQS, which consists of the following steps:

1. Identifying statements and data sets, which are classified according to the relevant data owners and the type of evidence required for the verification process.
2. Reviewing the Sustainability Report to determine whether the material topics identified during our procedures have been adequately disclosed.
3. Carrying out interviews with key functional managers and data owners at Integrated Service Technology Inc. office in No.10-1, Lixing 1st Rd., East Dist., Hsinchu City 300094, Taiwan ROC
4. Assessing the collected information and provide recommendations for immediate correction where required or for future improvement of the report content.

The following sites have been assessed as part of the assurance engagement:

- Head Quarters: No.10-1, Lixing 1st Rd., East Dist., Hsinchu City 300094, Taiwan (R.O.C.)
- Hsinchu 2nd site: No.15, Yuanqu 2nd Rd., East Dist., Hsinchu City 30075, Taiwan (R.O.C.)
- Puding Site: 1F, NO.19, Puding Rd., East Dist., Hsinchu City 300047, Taiwan (R.O.C.)
- Taiyuan Site: 2F-2, No. 6, Taiyuan 1st St., Zhubei City, Hsinchu County 302082, Taiwan (R.O.C.)

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### Evaluation of the adherence to AA1000 AccountAbility Principles

**Inclusivity** – People should have a say in the decisions that impact them

The stakeholder identification and engagement process is documented and implemented through the Integrated Service Technology Inc. Sustainability program and the Report brings out key stakeholder concerns as material aspects of significant stakeholders. Therefore, it is recommended that Integrated Service Technology Inc. should continue with the process of direct dialogue with the stakeholders at determined intervals.

**Materiality** – Decision makers should identify and be clear about the sustainability topics that matter

The sustainability data included in the scope of the assurance engagement consists of sustainability performance indicators for ESG topics that are considered material, through a materiality assessment.

**Responsiveness** – Organizations should act transparently on material sustainability topics and their related impacts

Integrated Service Technology Inc. is responding to those issues that it has identified as material and demonstrates this in ESG performance indicators. The organization and its stakeholders can use the reported ESG information as a reasonable basis for their opinions and decision-making.

**Impact** – Organizations should monitor, measure and be accountable for how their actions affect their broader ecosystems

Integrated Service Technology Inc. has implemented systems to monitor and measure its economic, environmental and social impacts through selected performance indicators based on the GRI and SASB standards. The company has set up a comprehensive and robust management of data, including data collection, data retention and data validity.

### Conclusion

On the basis of a moderate assurance engagement according to the above-listed criteria, nothing has come to our attention that causes us to believe that the disclosures within the scope of this assurance engagement are materially misstated. The processes for collecting and consolidating the data are structured in such a way as to enable independent verification.

On behalf of the assurance team

November 13, 2023

Frankfurt, Germany

**Guido Eggers**  
Managing Director  
DQS CFS GmbH



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